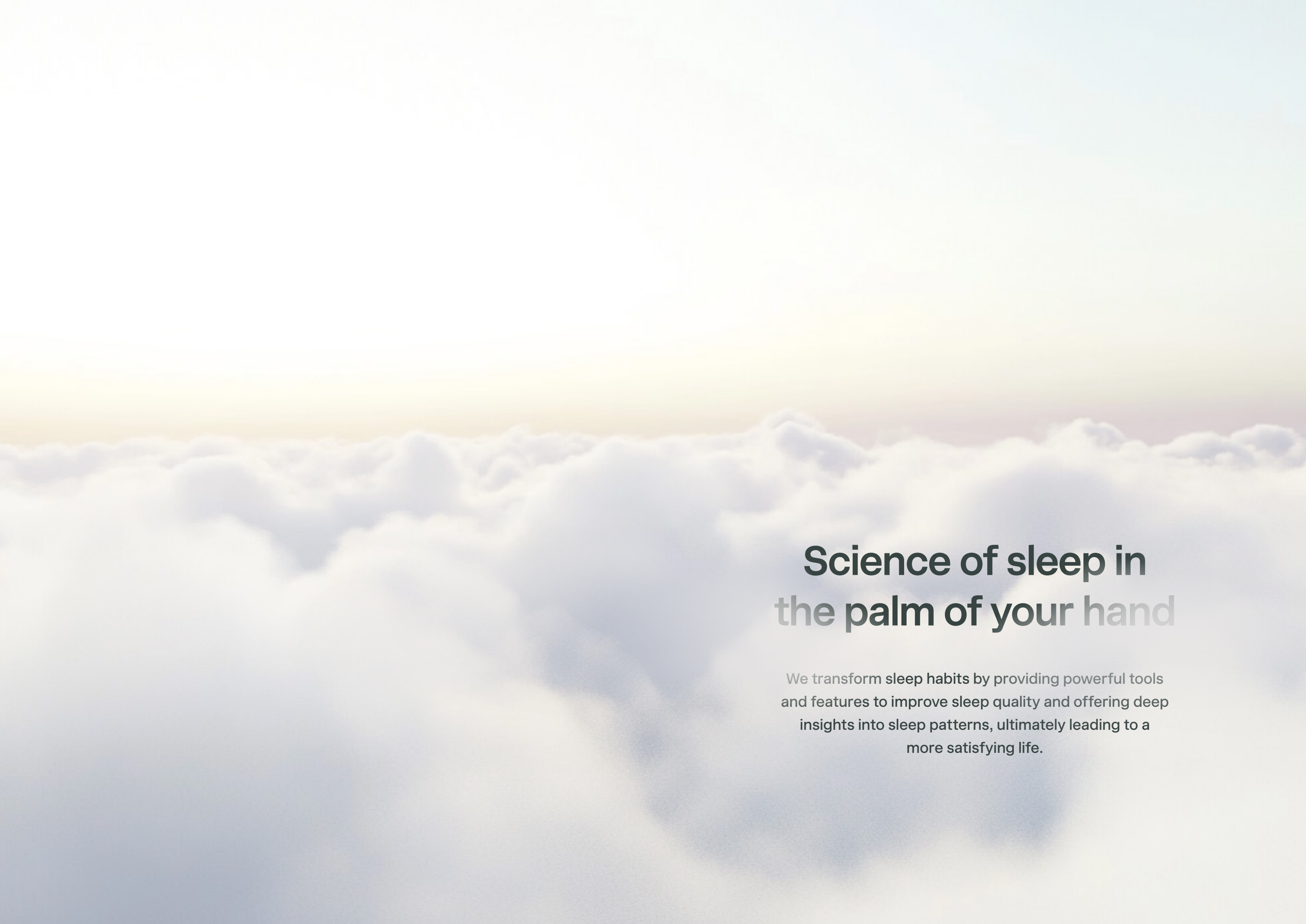




WORLD'S NO 1. SLEEP APP

ANNUAL AND SUSTAINABILITY REPORT

2024



Science of sleep in the palm of your hand

We transform sleep habits by providing powerful tools and features to improve sleep quality and offering deep insights into sleep patterns, ultimately leading to a more satisfying life.



SLEEP CYCLE'S MISSION

Sleep Cycle's mission is to improve global health by helping people sleep better.

This is a translation of the original Swedish Sleep Cycle Annual Report for 2024. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

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The world's most used sleep app

Sleep Cycle is a world leader in sleep analysis, with a clearly defined mission: to improve global public health through better sleep habits. Since inception in 2009, we have helped millions of people around the world understand and improve their sleep. Today we have millions of daily active users and have analyzed over three billion nights in more than 150 countries.

Using our unique AI technology and patented sound analysis, we deliver precise and personalized insights that make it easier to fall asleep, wake up more rested, and improve personal health. We also have one of the world's most comprehensive sources of sleep statistics and are actively engaged in international sleep research.

Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP and is headquartered in Gothenburg, Sweden. Combining cutting-edge technology and a passion for health, we are working to make a real difference – one night at a time.



2.8

MILLION ACTIVE USERS

+30

SCIENTIFICALLY BASED SLEEP PROGRAMS

+3

BILLION NIGHTS ANALYZED

75

MILLION DOWNLOADS

+150

COUNTRIES

262

SEK MILLION IN NET SALES

34

EMPLOYEES

29%

OPERATING MARGIN

**NEW MANAGEMENT**

A new management team took shape during the year with a new Chief Product Officer (CPO) and Chief Financial Officer (CFO) and the establishment of a new Chief Commercial Officer (CCO) position to strengthen the company's commercial ambitions and in line with our new business strategy.

**NEW STRATEGY FOR GROWTH**

A new business strategy was launched during the year, and we presented new financial targets to guide our long-term development.

2024 – The Year in Review

Sleep Cycle continued its strong growth throughout 2024 and we implemented several major strategic changes to secure this trajectory going forward. We have created solid conditions to continue leading the way in sleep analysis and have taken important and clear steps in line with our mission of improving global public health through better sleep habits.

SEK **262** MILLION

NET SALES
Up 11 PERCENT

SEK **77** MILLION

OPERATING PROFIT
Up 36 PERCENT

29 PERCENT

OPERATING MARGIN
Up 5 percentage points

918 K

NUMBER OF PAYING SUBSCRIBERS
up 3 PERCENT

RELOCATION & REORGANIZATION

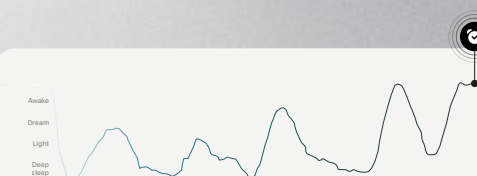
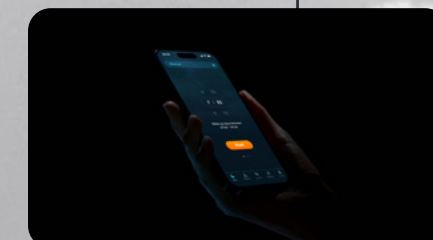
As part of our restructuring, we also implemented organizational changes to create a more targeted and efficient business, where we have concentrated our workforce in the Gothenburg office to strengthen our strategic focus areas.

**KEY PARTNERSHIPS**

In order to reach more users and highlight the link between sleep and well-being while strengthening our global growth strategy, we partnered with MyFitnessPal and Langham Hospitality.

NEW FEATURES FOR IOS 18

A host of new features in our iOS 18 update, including Siri integration, customizable app icon, live activities and reminders on Apple Watch, plus the ability to add Sleep Cycle to the control center for quick access to sleep tracking.

**LAUNCH OF SLEEP STAGES BASED ON NEW TECHNOLOGIES**

With the launch of the world's first non-contact audio analysis of both movement and breathing patterns, trained on a comprehensive body of data, Sleep Cycle can now easily determine a user's sleep stage at any given moment.

RESEARCH WITH CAMBRIDGE

Collaboration with a research team from the University of Cambridge and University College London (UCL) for a study investigating the possibility of using mobile sensor data to analyze navigation and sleep patterns to facilitate early detection of Alzheimer's disease.

COUGH RADAR FOR ALL IOS USERS

The Cough Radar premium feature was opened to all iOS users over the winter months, when respiratory illness peaks. It measures and analyzes cough trends at the individual and community level, providing users with a tool to reduce the risk of both spreading and contracting respiratory infections.

GIANT HEALTH

Mikael Kågebäck, Head of Technology at Sleep Cycle, was invited as a speaker at GIANT Health Event 2024, one of the UK's leading venues for innovation in healthcare, where he had the opportunity to present Cough Radar.



Sleep science designed for your life

Powerful, groundbreaking technology based on science. This is how one might sum up Sleep Cycle. We help our users establish good sleep habits that lay the foundation for better health and well-being.

Through our patented audio analytics and advanced AI technology, we collect and analyze massive amounts of sleep data — over 300,000 hours of sleep data per hour. Together with recognized universities and researchers in sleep health, this lays the foundation for the features our users love while also training our algorithms for increasingly accurate analyses.

Our Cough Radar can detect an impending disease outbreak before individuals perceive symptoms themselves and can show trends at both global and local levels. Sleep Stages, a new feature launched at the end of the year, is the first of its kind. Based on the new technology, Sleep Stages can use sounds from both breathing patterns and movements to identify sleep stages such as dream (REM sleep), light, and deep sleep and thereby create a deeper understanding of the individual's sleep cycle - with nothing else but your smartphone.

Sleep Cycle is not just an app for better sleep, but a science-based solution to optimize both the sleep and overall well-being of the individual.

NEW UNIQUE SLEEP ANALYSIS TECHNOLOGY

Our unique technology is based on extensive polysomnographic data from sleep labs and our own data collected since 2009. Our algorithms can analyze sleep without contact, based solely on sound via a mobile phone, and capture both breathing patterns and sounds from movements. This combination is unique in the world and the technology expands the possibilities for continued product development.

Sleep stages

With the launch of our contact-free audio analysis, the first of its kind in the world, the Sleep Stages feature enables identification of the user's sleep stage at any given moment. Sleep Stages shows when the user is in the dream stage (REM sleep), light sleep, or deep sleep and what the balance between the dream stage and deep sleep looks like.

COUGH RADAR

Our unique technology detects nighttime coughs and compiles them into an interactive map. The anonymized function analyzes rising cough rates in geographic areas and can indicate disease outbreaks both globally and locally.

Coughing

Cough Radar also identifies changes in the user's own coughing pattern, which can indicate an approaching cold, as cough often occurs during the night, even before symptoms appear during the daytime.

UNMATCHED DATA

We have analyzed over 3 billion nights from more than 150 countries and process over 300,000 hours of sleep data every hour. This makes us one of the most comprehensive sources of sleep statistics in the world.

BACKED BY SCIENCE

We work with world-leading universities and contribute to the international research community through our product, data, and expertise. Dr. Michael Gradisar, sleep researcher and Head of Sleep Science at Sleep Cycle and Mikael Kågeback, CTO and Professor in AI and machine learning, are two of the experts guiding development of our product.

POWERFUL AI AND MACHINE LEARNING

We own and have patented our algorithms, and process almost a millennium's worth of audio data every single day. With our unique AI audio technology, we handle approximately 71 TB of information every 10 minutes and use that information to further develop both functions and our algorithms.

SLEEP GPT

A personal sleep assistant built into the app that can sum up your sleep, give you tips on how to improve your sleep and sleep habits, and answer all your sleep-related questions.

SNORING

Snoring disturbs not only the person snoring, but also the person sleeping next to them. The Who's Snoring? feature can identify whether it is you or your partner that's snoring. The app uses machine learning to distinguish your own snoring patterns from those of your partner for accurate analysis.

SMART ALARM

Set your wake-up window and our patented smart alarm analyzes your breathing to wake you up during your lightest sleep. Choose from soothing sounds and music for a gentle awakening, and use the intelligent snooze function to snooze until you're at the end of your awakening phase.

SLEEP AID

The Sleep Sound Library is full of soothing sounds to ease sleep – from calming stories, music and poetry, meditation guides, green noise and ASMR.



STATEMENT BY THE CEO

A strong year marked by continuous growth

The past year has been a time of change and development for Sleep Cycle. We have managed to reverse the downward trend, and looking back at 2024, we see a year of stable growth for Sleep Cycle quarter after quarter – both in terms of subscribers and revenue. This is a confirmation that we're doing the right things. Revenue increased by 10.7 percent during the year, mainly driven by partnerships and new customer acquisition. Over the course of the year, we introduced new features to increase customer value and invested in our technology and platform, which in turn opened up for new strategic opportunities while maintaining a strong operating margin. For the full year, the operating margin was 29.4 percent, with an adjusted operating margin of 31.6 percent.

AN ORGANIZATION READY FOR THE FUTURE

In 2024, we consolidated operations into our headquarters in Gothenburg, which has given us a sharper focus while also strengthening our internal collaboration. 2024 was a year of change, during which we recruited key personnel for both the management team and other key positions in the organization to help us reach the goals we have set out. We have established new teams with a focus on optimizing the customer journey.

A CONTINUED FOCUS ON THE CORE PRODUCT

One of the most important launches in 2024 was Sleep Stages, a feature that gives users a deeper understanding of their sleep cycles and new insights into what it takes to wake up refreshed every day. Behind this feature is groundbreaking technology that analyzes both breathing and movement via sound analysis – something that was previously not possible using only the phone's microphone. Sleep Stages opens up new opportunities for us, and we plan to explore medical screening for sleep apnea in 2025. Expanding our product offering is a strategic initiative that aims to strengthen both our commercial offering and our market position.

TRENDS IN THE HEALTH SEGMENT

Despite economic uncertainty, high inflation, and political instability impacting consumer purchasing power – which we see affecting our segment as well – we continue to grow and remain an important partner for our users. This strongly confirms that our offering is both relevant and in demand. We are an accessible and cost-effective partner that helps our users improve their sleep. At a time when people are becoming increasingly proactive about their own health and wellbeing, sleep continues to be a key ingredient.

Sleep as a phenomenon is more relevant than ever – awareness of its importance to health and wellbeing continues to increase. At the same time, we are noticing a shift in how people consume health-related products and services. Sleep remains a central part of health but is now increasingly integrated into broader health and lifestyle contexts. With this shift, we see a clear opportunity to strengthen our position. Sleep is evolving from a niche category for enthusiasts to becoming a natural part of a wider range of experiences and services.



POWERED BY SLEEP CYCLE

Interest in our technology and health data is significant, both inside and outside the health sector, and we see continued potential in building strategic partnerships that create long-term value. If 2024 was about laying the groundwork and demonstrating that we can grow our core product across all KPIs, then 2025 will be the year we actively explore the full potential of our platform and data. Building on our leading position in sleep analysis, we are strengthening our role as a strategic partner for companies looking to differentiate themselves through innovative sleep solutions.

In conclusion, I would like to thank the board and shareholders for your commitment and trust, as well as our employees. Without you, none of this would have been possible.

We are world leaders in sleep analysis, and through our ongoing work, we are ensuring that position for the future.

ERIK JIVMARK, CEO



Four reasons to invest in Sleep Cycle

1. NUMBER ONE IN THE WORLD IN SLEEP ANALYSIS

Sleep Cycle is a world leader in AI-based sleep analysis, based on scientific research and protected by numerous patents. Close collaboration with leading universities in sleep research ensures that our product development remains aligned with and based on the latest science.

The fact that Sleep Cycle is the most downloaded sleep-related app and has a strong organic influx of new customers is proof that Sleep Cycle is perceived as the best option in a global market.



2. A STABLE CORE BUSINESS WITH HIGH PROFITABILITY

Sleep Cycle has already proven itself with a core business that is stable and profitable and has been so for a long time. One of the financial targets is to have an operating margin of at least 25% yearly. Recurring revenues from subscriptions provide predictable cash flows and the strong profitability enables annual dividends equivalent to 40-60% of annual profit after tax.



3. INCREASING AWARENESS OF SLEEP'S IMPORTANCE FOR HEALTH DRIVES GROWTH

With the growing recognition of sleep's importance to our overall well-being, Sleep Cycle is positioned for growth in a global sleep tech market estimated at SEK 17 billion. Since everyone has a need for a good night's sleep, the company's potential target audience essentially includes anyone with a smartphone.



4. STRATEGIC EXPANSION FOR LONG-TERM SUCCESS

Given our proactive management with strong faith in the company, the strategy and set goals, there are several paths to continued growth:

- Organic growth in the core business through strategic focus on conversion, price differentiation, and geographic alignment.
- Growth through the further development of strategic partnerships.
- New revenue streams through product development of existing data and knowledge – with 3 billion nights analyzed, Sleep Cycle has a world-leading database.



The share and majority shareholders

The Company's share has been listed on Nasdaq Stockholm under the ticker SLEEP since June 8, 2021. Share capital on the balance sheet date totaled tSEK 563.

OUTSTANDING WARRANT PROGRAM

WARRANT PROGRAM	NUMBER WARRANTS	CORRESPONDING NUMBER OF SHARES	% OF TOTAL NUMBER OF SHARES	EXERCISE PRICE	EXERCISE PERIOD
2021/2024:2	3,449	4,242	0.0%	77.14	2025
2021/2026 (CEO LTIP)	340,909	419,318	2.1%	196.87	2026
2022/2025	53,700	54,774	0.3%	69.58	2025
2023/2027 (CEO LTIP)	100,000	100,000	0.5%	52.60	2027
2024/2027	800,000	800,000	3.9%	59.20	2027
Total	1,298,058	1,378,334	6.8%		

MAIN SHAREHOLDERS IN SLEEP CYCLE AB (PUBL) AS OF DECEMBER 31, 2024

OWNER	NUMBER OF SHARES	VOTES AND CAPITAL
Maciej Drejak through company	8,707,984	42.9%
Pierre Siri through company	4,047,686	20.0%
Nordnet Pensionsförsäkring	1,151,726	5.7%
Avanza Pension	1,115,045	5.5%
Lancelot Asset Management AB	675,000	3.3%
Cancerfonden - The Swedish Cancer Society	339,993	1.7%
Petter Wallin	296,741	1.5%
Cicero Funds	276,833	1.4%
Handelsbanken Fonder	128,000	0.6%
Johan Qviberg	125,000	0.6%
Other	3,413,555	16.8%
Total	20,277,563	100%



Strategy for growth and new revenue streams

Sleep Cycle launched an updated business strategy in 2024. It takes off from the trends driving the market and creates opportunities for Sleep Cycle to achieve strong and profitable growth.

USER GROWTH



Increased focus on health and well-being, understanding the importance of sleep to people's well-being, and the increased acceptance of subscription-based applications are all examples of structural global trends driving the sleep health market.

Sleep Cycle's strategy consists of three main areas – User Growth, User engagement, and Platform & Data – within which we implement a range of tactical activities to achieve our goals.

The new strategy aims to aggressively focus on increased organic growth and explore new revenue streams based on the unique technology and vast amount of data Sleep Cycle possesses.

Sleep Cycle today has a steady organic growth and 80 percent of new users come from recommendations or by word-of-mouth, which is a testament to the quality of the product.

The new strategy focuses on increasing visibility and presence in earned channels in order to benefit from organic growth. Initiatives under this part of the strategy focus on increased media exposure, simplified onboarding, active branding, new pricing strategy and product development. This part of the strategy also includes focus on partnerships. Our partner strategy focuses on reaching new customer segments and is an effective way to grow the user base. This approach is pragmatic can be shaped to create partnerships that maximize mutually beneficial outcomes.

USER ENGAGEMENT



Retaining users is crucial to our subscription-based business model, and active users mean increased retention opportunities.

This part of the strategy focuses on developing our capabilities to improve data quality and further increase trust in Sleep Cycle. There are many meeting points along the customer journey where we can help our users not only to create good habits, but also to maintain them. In this work, personalization is key.

Launches such as Sleep Stages are a clear example of how we employ our unique technology and collected data to make Sleep Cycle an important part of people's everyday lives and contribute to their well-being. This type of personalized functionality increases user engagement and is also important for increasing conversion to paying users.

PLATFORM AND DATA



Sleep Cycles' platform processes large amounts of anonymized data in real time – over 300,000 hours of sleep data per hour. This data and our analysis underpins our implementation of continuous product improvements, which is the basis for the company's product development. A central part of the company's strategy is to explore new ways of utilizing the platform and internal knowledge in order to create new innovative areas of use.

The new technology underlying Sleep Stages combines analysis of sounds from breathing patterns and movements and is based on AI and machine learning trained on an extensive amount of polysomnographic data as well as data collected by Sleep Cycle since 2009. Sleep Cycle is the first on the market with this technology and it is one of the areas where we are exploring new revenue streams. We are also investigating the level of quality with which this technology can be used to monitor breathing disorders and, for example, identify users who show signs of sleep apnea, which is a major public health problem.

The Cough Radar feature launched in late 2023 was the first proof that Sleep Cycle can create value-adding services outside the core product. Early prediction of health status in a given geographical area is important information for many different actors. Here, too, we see yet another potential area for expanded application.



USA

With **23 percent** of Sleep Cycle's users, the United States tops the list of most active users.



MEXICO

Mexicans are the happiest people, scoring highest in wake-up mood with an impressive **73.26 percent**.



BRAZIL

Waking up at **6:40 a.m.**, Brazil has the earliest wake-up time in the world.



NETHERLANDS



With an average of **79.01 percent**, the Netherlands takes first place in the best sleep quality.



TURKEY

In 2024, Turkey had the latest average bedtime in the world, getting to bed at **01:02 a.m.**



SOUTH AFRICA

+12 minutes

South Africa stood out by shifting its bedtime to later in the evening, in contrast to the global trend.



JAPAN

Japan topped the charts in terms of snoring, with **51.4 minutes** of snoring per night.



NEW ZEALAND

New Zealand was the earliest country to go to bed, with an average bedtime of **10:33 p.m.**

Best sleep quality 2024

NETHERLANDS

1 **79.01** %

NEW ZEALAND

2 **78.73** %

FINLAND

3 **78.56** %

A global user base

Sleep Cycle is one of the world's most popular digital sleep improvement services and the leading sleep analytics application. With millions of users in over 150 countries and global brand awareness, we have created a platform that helps people improve their sleep and health. Our app is translated into 14 languages and is available on most smartphones, bringing us to a large part of the world's population. Through our global reach, we continue to make a difference – to people's sleep habits and quality of life – night after night.

TOP 10 ACTIVE USERS 2024

COUNTRY	SHARE
1. USA	23%
2. United Kingdom	9%
3. Japan	9%
4. Brazil	8%
5. Germany	8%
6. France	7%
7. China	5%
8. Netherlands	4%
9. Australia	4%
10. Spain	4%

Source: Internal data



Our employees

Our 34 employees work together towards a “shared vision of delivering real value to our customers while driving growth. The strategic direction is set by management, but it is the teams who are responsible for solving specific challenges in their areas.

TEAM ACQUIRE



Drive growth by attracting the right users and increasing app downloads.

The team focuses on identifying the right audience and optimizing marketing strategies. They use data-driven methods to measure the success of different campaigns and adapt their strategy based on results.

TEAM ACTIVATE



Ensuring that new users quickly experience the full value of the app and convert from free to paying users.

The team works across functions to create seamless onboarding experiences. They use data from A/B testing and qualitative feedback to continuously improve the onboarding flow and inspire free users to upgrade to premium.

TEAM ENGAGE



Maximizing engagement and retention among paying users.

The team explores and tests different solutions to keep users engaged. Through customer surveys, behavioral data analysis, and experimentation, the team creates features and experiences that increase users' lifelong value.

CROSS-FUNCTIONAL TEAMS FOCUSING ON NEW INITIATIVES

Team Acquire

KLARA UNENGE, MARKETING MANAGER

” In my team, much of our daily work involves developing strategies to reach new customer segments and demonstrate the value of Sleep Cycle in a way that resonates with them. As Marketing Manager, I focus on identifying the initiatives that make the most difference – now and in the long term – and balancing them to drive growth while building a strong and sustainable brand. To be able to work in this way, in a workplace where new ideas are not only welcomed but also made a reality, while working on a product that helps people feel better, is something I am grateful for.



Team Activate

EMIL CARLSSON, PHD IN MACHINE LEARNING

” In my role as a machine learning engineer, I work with my team to build a tailored experience using AI-driven personalization efforts. Our goal is always to provide the user with the most important information, based on their needs and wishes, thus demonstrating the value of Sleep Cycle. It's a rewarding way to spend your days. In addition, we are working with very exciting data that makes it technically possible for us to actually help our users feel better.



Team Engage

ELIAS KJELLBERG CARLSON, DEVELOPER

” Sleep Cycle is my first workplace after my studies at Chalmers, and it is incredibly fun and exciting to have the opportunity to work here. As an iOS developer, it is my job to solve technical challenges and refine our product. But perhaps a more important part is to contribute my perspective to the job our team does. We ensure that Sleep Cycle delivers users value over time. This includes constant development of our technology and measurement; exploring new innovative features such as Who's Snoring or Cough Radar and motivating users with personalized goals that make the app something they want to come back to time and time again.





Sleep smart, wake up refreshed



Fall asleep right

As children, we often had an evening routine of winding down, story time, and bedtime songs. As adults, we often forget the importance of preparing for bedtime. But our body is governed by a built-in clock that regulates our circadian rhythm - it determines when we need to sleep and when we should be awake. Clear guidance is needed to help the brain work in lockstep with this rhythm. Creating a consistent evening routine is essential to signal to the body that it's time for rest.

SET UP YOUR OWN EVENING ROUTINE

With the Bedtime Routine guide feature, Sleep Cycle makes it easy to maintain a healthy

circadian rhythm. This function is linked to Sleep Goals, where you decide what your evening routine will look like. Sleep Cycle reminds you well in advance so you can start to unwind and prepare for the night.

Wake up easy

We'll wake you when your body is ready. By analyzing the sleep phase you are in, our alarm wakes you during light sleep. This will leave you feeling naturally alert and ready to face the day. With our patented sound analysis, we measure your breathing pattern and movements to identify which sleep phase you are in. So relax, breathe in, breathe out – we'll wake you up when your body is ready.

GIVE YOURSELF A SOFT START

Choose from a wide range of alarm tones to find the one that suits you best. Sometimes we all need an extra snooze – with the Sleep Cycle it's just a quick touch away. Those extra five minutes are yours, without the hassle or password.

Understand your night

By analyzing your sleep cycle, Sleep Cycle helps you create a stable sleep rhythm, so you wake up refreshed and ready for the day. Insights from the night are gathered in a user-friendly view that helps you understand your sleep, such as how much you snore, how much time you spend

in the different sleep stages, and whether the distribution is enough to make you feel refreshed when you wake up.

UNDERSTAND WHAT DISTURBS YOUR SLEEP

While you sleep, the world is awake. It could be footsteps from the apartment above, a whirring ceiling fan, or a passing bus. Sleep Cycle's Ambient Noise feature measures the decibel level of your surroundings and gives you an indication of disturbance levels. It helps you understand if your sleeping environment needs to be adjusted to optimize your night's sleep.



Board of Directors



ANNE BROENG
CHAIRMAN OF THE BOARD
SINCE 2023. BOARD MEMBER AND
CHAIRMAN OF THE AUDIT COMMITTEE
SINCE 2020

Born: 1961
M.Sc. Economics from Aarhus University.

Anne has wide-ranging professional experience as a board member for public and private companies. She has held positions as CEO, CFO, and CIO of PFA Pension.

OTHER BOARD ASSIGNMENTS:
Chairman of the Board of Velliv. Board member of Energi Danmark A/S, VKR Holding, Aquaporin A/S and Rambøll Gruppen. Vice Chairman of the Board of Directors of the non-profit organization Børns vilkår.

PREVIOUS BOARD POSITIONS:
Several board assignments, including Nasdaq Europe, Danske Commodities, Velux, and IFU.

SHAREHOLDING IN THE COMPANY*:
10,000.

WARRANTS*: –



HANS SKRUVFORS
BOARD MEMBER SINCE 2024

Born: 1980
M.Sc. Business Economics from the Stockholm School of Economics.

Hans has experience as a leader in fast-growing and data-intensive companies. He currently works as CEO of Sambla Group AB and has previously been CEO of Foodora AB and held leading roles in Nepa AB, a company that offers data and insights on customer behavior through a platform.

OTHER BOARD ASSIGNMENTS:
Board member of Volumental AB.

PREVIOUS BOARD POSITIONS:
Board member of Humble Group AB.

SHAREHOLDING IN THE COMPANY*: –

WARRANTS*: –



MATHIAS HØYER
BOARD MEMBER AND MEMBER OF
THE AUDIT COMMITTEE SINCE 2023

Born 1992.
M.Sc. Financial Economics from University of Oxford.

Mathias has experience as an investment manager in private equity, focusing on investments in both publicly listed and private technology companies. He currently works as an advisor to various growth companies, most recently serving as Group Head of FP&A and Investor Relations at Banking Circle Group and as CFO of Booksy Group Corp.

OTHER BOARD ASSIGNMENTS: –

PREVIOUS BOARD POSITIONS: –

SHAREHOLDING IN THE COMPANY*:
14,107.

WARRANTS*: –



MACIEJ DREJAK
BOARD MEMBER SINCE 2023

Born 1978.
Secondary education in science.

Maciej has a background as a developer, system architect, and entrepreneur. Maciej is the founder and principal owner of Sleep Cycle and holds 43% of the shares and votes in Sleep Cycle through companies. In addition to Sleep Cycle, he has also founded Ninja Games AB and Everdrone AB. He has also developed several successful apps, websites, and other applications. Maciej currently works as head of software development at Everdrone AB.

OTHER BOARD ASSIGNMENTS:
Board member of Everdrone AB, h265 AB, MCGA AB and Velvet Cichlid AB.

PREVIOUS BOARD POSITIONS: –

SHAREHOLDING IN THE COMPANY*:
8,707,984.

WARRANTS*: –

* Shareholding and warrants in Sleep Cycle AB (publ) as of December 31, 2024



ERIK JIVMARK
CHIEF EXECUTIVE OFFICER
SINCE 2023

Born 1982.
M.Sc. Business Economics from Lund University.

Erik is a seasoned CEO with international experience from leading positions in digital product and service development. Erik most recently served as CEO of Volvo Car Mobility AB and Head of Volvo Cars Stockholm Tech Hub. Prior to that, Erik was Global Director of Digital at Volvo Cars AB, based both in Sweden and the USA. Erik has also worked at Accenture with a focus on digital and commercial transformation.

SHAREHOLDING IN THE COMPANY*:
8,000.

WARRANTS*:
200,000.



ELISABETH HEDMAN
CHIEF FINANCIAL OFFICER
& HEAD OF IR SINCE 2024

Born 1985.
M.Sc. Economics from Linköping University.

Elisabeth's experience in managing and finance operations and driving growth not only demonstrates her leadership skills but also underlines her strategic vision. Elisabeth comes most recently from her assignment as CFO at TimeEdit and has previously held several financial roles at Norion Bank.

SHAREHOLDING IN THE COMPANY*:
2,000.

WARRANTS*:
100,000.



PETER ALSTERBERG
CHIEF COMMERCIAL OFFICER
SINCE APRIL 2024

Born 1977.
M.Sc. Business Economics, Strategic Marketing from Stockholm University.

Peter has 20 years of experience as a management and strategy consultant in a wide range of industries in global markets. Before Sleep Cycle, Peter was Executive Vice President for Sweden, Denmark, and Finland at frog (part of Capgemini Invent). Peter has previously held the roles of Vice President at Capgemini Invent and Business Advisor and Project Manager at Nordea.

SHAREHOLDING IN THE COMPANY*:
10,000.

WARRANTS*:
100,000.



MIKAEL KÅGEBÄCK
CHIEF TECHNOLOGY OFFICER
SINCE 2020

Born 1981.
Ph.D. Machine Learning and AI at Chalmers University of Technology in Gothenburg.

In his role as CTO at Sleep Cycle, Mikael works, among other things, as head of our core technology team with our machine learning research. That research is central to Sleep Cycle as a whole. It drives our business forward and enables our users to gain insight into sleep quality and habits. Mikael's previous experience includes several years as a PhD student in machine learning and AI at Chalmers, along with positions as a system architect at H&M at Extenda and developer for the Swedish Air Force.

SHAREHOLDING IN THE COMPANY*:
17,181.

WARRANTS*:
105,225.



PETTER HÖGLÄNDER
CHIEF PRODUCT OFFICER
SINCE APRIL 2024

Born 1985.
B.Sc. in Marketing, Design and Project Management from Stockholm University.

Petter has extensive experience in driving growth for subscription-based product companies in B2C. Petter has previously held several key roles at companies such as Teemyco, Epidemic Sound, Record Union, and MTG/Viaplay.

SHAREHOLDING IN THE COMPANY*:
4,800.

WARRANTS*:
100,000.

* Shareholding and warrants in Sleep Cycle AB (publ) as of December 31, 2024



Better sleep for a better world

At Sleep Cycle, we believe in the power of a good night's sleep. By combining innovative technologies with a clear focus on sustainability, we aim to improve both individual quality of life and our collective future.

Good sleep is just as important for health as good food and regular exercise. With Sleep Cycle's digital sleep services, we help our users to fall asleep easier, sleep better, and wake up feeling refreshed – while gaining insights into how their sleep habits affect both body and mind. We know that better sleep not only improves our nights, but also our days. When we sleep well, we feel better, perform better, and live more balanced lives.

FIVE FOCUS AREAS LEAD THE WAY

Our vision is to improve sleep health globally. When people sleep better, they become healthier, which in turn strengthens both the individual and society. Healthier people contribute to a world where social and economic values grow through increased performance, creativity and resilience.

Sustainability is an integral part of our business. We have identified the five focus areas that are most important for us to work with and report on. These areas are also linked to the UN Global Goals, where we see that our activities can make a difference. For each focus area, we have set clear ambitions that help us work intentionally and with a long-term perspective.

By focusing our efforts on these five areas of sustainability, we aim to maximize the positive impact of what we do - for our users, employees, partners, the health sector, and owners. At the same time, we take responsibility for minimizing the risks in our business by working proactively, following robust processes, and always acting with a high standard of business ethics.

FIVE FOCUS AREAS IN OUR SUSTAINABILITY WORK

SDG	FOCUS AREA	AMBITION	KEY ISSUES
10	Sustainable customer relationships	Strengthen the sustainable customer relationship and offer a positive customer experience	Customer Privacy, Customer Satisfaction, Globally Available Product Range
8	Attractive employer	An innovative workplace where people thrive and are given excellent opportunities to develop	Good working conditions, Gender equality, Inclusion, Health & safety
3.17	Global health	Contribute to increased health and better quality of life for people around the world	Global health work, Sleep research, Disseminating/ sharing knowledge
7, 1, 2, 13	Reduced climate footprint	Reducing the company's carbon footprint along the value chain	Direct and indirect greenhouse gas emissions, Energy use
16	Responsible entrepreneurship	Conduct responsible operations based on applicable laws and sound business principles	Business ethics, Anti-corruption, Code of Conduct and Policy documents



AMBITION:

Strengthen the sustainable customer relationship and offer a positive customer experience over time.

Sustainable customer relations

Protecting our users' health data and safeguarding their privacy is a core component of Sleep Cycle's business. We know that trust is the foundation of a good customer relationship, and we always strive to do the right thing.

We see customer privacy as a matter of trust and a fundamental part of a good customer relationship. We are committed to a proactive culture where customer privacy is a top priority and the handling of customer data is based on strict compliance with laws and internal regulations, which set out how data must be protected and how it can be used. The basic principle is that the user always has control over their sleep data. In order for us to access the user's sleep and health data, the user must actively give their consent.

CLEAR GUIDELINES FOR HANDLING OF SLEEP DATA

Sleep Cycle operates globally, where varying laws make customer privacy issues complex. We have a vision of zero incidents and act swiftly in the event of deficiencies to prevent recurrence. As our data is health related, our data requires a high level of security and incidents are reported to the Swedish Authority for Privacy Protection.

YOUR DATA, YOUR TRUST

We continuously train employees in customer privacy and regulations. With a focus on Vision Zero, we measure incidents to be reported to the Swedish Authority for Privacy Protection. No incidents were reported in 2024.

INNOVATION THAT IMPROVES YOUR SLEEP

Sleep Cycle has many returning customers who continuously use our sleep service. Primarily to sleep better, but also because

our digital sleep tool contributes to a better understanding of individual sleep habits and motivation to change them. Another measure of customer satisfaction is the high ratings our users give us on GooglePlay and the Apple App Store.

We are constantly working to improve user features. This includes making it easier for users to search for information themselves, as well as responding quickly to users who contact our customer service directly.

SMART FEATURES FOR YOUR EVERYDAY LIFE

Sleep Cycle works intensively to develop and improve our sleep services for maximum user benefit. Using AI-based analytics and users' shared sleep data, we personalize the service to meet individual needs.

At the end of 2024, we launched Sleep Stages, the world's first sound-based sleep stage meter. Through advanced analysis of breathing patterns and movements, Sleep Stages identifies different sleep stages such as REM, light and deep sleep. The technology provides even more accurate sleep analysis and helps users improve their sleep.

We have also adapted our app to new features in Apple iOS 18, making it easier to start the sleep analysis, for example via voice control. Other improvements reduce the number of steps to start tracking sleep, providing a smoother user experience.



An attractive employer

At Sleep Cycle, we believe in creating a workplace where everyone feels welcome, respected, and inspired to grow. We strive to provide a working environment characterized by health, cooperation, gender equality and innovation – a place where our employees can develop both professionally and personally.

Our employees are our most important asset. Their unique skills and commitment are the foundation of our ability to improve human health through better sleep. That's why we continuously invest in building a workplace where community, professionalism and development opportunities are defining characteristics. Our goal is not only to attract new talent, but also to retain and develop the employees who are already part of our team.

AN EQUAL TECHNOLOGY COMPANY AT THE FOREFRONT

We are committed to being an organization where gender equality is a defining characteristic, and are actively working towards a gender balance of at least 40/60. At the end of the year, our team consisted of 34 employees, 32 percent of whom were women. We are aware that there is more to do, especially in leadership, where women represent 20% of the Executive Board and management. Our ambition is to continue to develop and strengthen gender equality in all areas of our operations.

EMPLOYEE PERSPECTIVES LEAD THE WAY

We routinely measure engagement and well-being through eNPS (Employee Net Promoter Score) to ensure that our employees are happy and healthy. Our goal is to achieve an eNPS of at least 20, which we reached at certain points of the past year. At the end of the year, eNPS was 7. We are continuously working to build an even stronger workplace culture that supports the goal of an eNPS of at least 20.

A WORKPLACE FOR HEALTH AND WELL-BEING

At Sleep Cycle there is a zero tolerance policy for discrimination, harassment, and offensive behavior. We actively promote gender equality and ensure that everyone is treated equally and with respect. For us, well-being is more than just an ambition – it's a priority. In addition to our social activities such as our Tuesday breakfast and team meetings, all employees are offered to participate in joint training sessions during working hours. We also offer all employees a number of massage sessions throughout the year along with a generous wellness allowance to help ensure they have what they need to take care of their physical and mental well-being.

We also want to prevent ill health and stress by identifying signals early and providing the right support. All our employees are covered by comprehensive private health insurance with a focus on preventive measures. Together we create an environment that promotes work-life balance.

LOOKING FORWARD

Our vision for the future is to continue to strengthen our work with development, community, and gender equality. In 2025, we plan to further develop both our employees and our workplace. By investing in an inclusive and healthy working environment, we will continue to be an attractive employer that can retain and recruit leading talent – and together build an even brighter future.



AMBITION:

An innovative workplace where people thrive and are given excellent opportunities to develop.





AMBITION:
Better sleep
for better health

Global health

Through innovative solutions and with the help of our users, we are working to improve both individual sleep and the health of society - one night at a time. Our huge sleep database is not only a central source for innovative development of our product, but also a major contributor to global sleep science.

Good health is the foundation for people to reach their full potential and contribute to society. We help people around the world sleep better and enjoy a better quality of life.

We can already see that our service is making a difference: over 70% of our users say they sleep better thanks to Sleep Cycle. This is clear evidence that better sleep leads to better days.

UNIQUE KNOWLEDGE OF GLOBAL SLEEP

Sleep research is still a relatively young field that requires large amounts of data to generate reliable insights. Sleep Cycle offers a unique database of over 3 billion nights and more than 2.8 million users worldwide.

With the active consent of users, we share anonymized and aggregated data with researchers and projects working to improve our understanding of the importance of sleep. This makes our platform an invaluable resource for sleep research and an important part of the development of global health.

WE CREATE SOCIAL BENEFITS WITH EARLY INSIGHTS

To help our users improve their sleep, we focus on several important health markers, such as snoring and breathing patterns. Our patented sound analysis algorithm analyzes sounds during the night and presents them in a straightforward and color-coded format in the app.

With Cough Radar we can collect and present data about coughs. Cough Radar enables early insight into abnormalities by identifying and visualizing unusually high cough frequency. This makes it possible to detect trends at an early stage, which can be of great importance for both the individual and society.

Being able to share insights into trends such as increasing cough rates can play an important role in critical societal functions, such as healthcare and research, and help improve global public health.



Reduced carbon footprint

Sleep Cycle strives to minimize our environmental and climate impact. We start by identifying the emissions from our operations, then set clear targets and develop a plan to gradually reduce them over time.

At Sleep Cycle, our ambition is clear: we want to minimize our impact on climate and the environment. By mapping our emissions, we can set concrete targets and create a plan to gradually reduce them.

As our business is digital, our direct impact on the environment is relatively modest. However, we are aware that most of our emissions are indirect and stem from electricity, heating, cooling, and the operation and use that our service requires. Our task is to better understand these emissions and find ways to reduce them.

SMALL STEPS THAT MAKE A DIFFERENCE

Sleep Cycle's environmental impact comes mainly from purchasing, travel in daily operations, and the consumption of electricity and heating in our offices. We focus on what we can directly influence to reduce our environmental impact, such as making sustainable choices when purchasing materials and services, and prioritizing rail and public transport for business travel whenever possible.

Sleep Cycle's head office in Gothenburg is located in a BREEAM-certified building - a building with high environmental performance. This means that the office is energy efficient, built with environmentally friendly materials, and

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We focus primarily on what we can directly influence to reduce our environmental impact.

has a good indoor environment that improves both health and productivity. We also use cloud-based data storage to power our sleep service. Our suppliers are actively working to reduce their energy use and emissions, allowing us to offer a sustainable service.

SUSTAINABILITY THROUGH PRODUCT DEVELOPMENT

Sustainability is not just about our offices - it is also part of how we develop our products. When we update and improve our app, we aim to make its operation as energy efficient as possible.

We have successfully minimized phone battery consumption to just a few percent per hour when using our app. Every new feature we launch is built with the same goal in mind: to deliver maximum benefit without draining your battery.

AMBITION:

Reduce the carbon footprint of our operations along our value chain.



Responsible entrepreneurship

Responsible entrepreneurship is about living up to the values we stand for, every day. At Sleep Cycle, our ambition is to build a company that is sustainable, reliable, and respected by both our employees and our customers.

At Sleep Cycle, we strive to do the right thing with every step we take. Our Code of Conduct is the basis for how we act as a company and how our employees interact with customers, suppliers, and society. The Code is based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

Since 2022, we have also had a sustainability policy that clearly defines our commitments and

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The Code of Conduct is based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

our approach to key issues. The Code of Conduct and Sustainability Policy go hand in hand and reflect our corporate culture. All employees and companies owned or controlled by Sleep Cycle are subject to these guidelines. All information is available on our website for anyone wanting to read more: investors.sleepcycle.com.

CLEAR REQUIREMENTS FOR BUSINESS PARTNERS

Although we develop the majority of our technologies and services in-house, our partners and suppliers are an important part of our ecosystem. We have clear expectations that they will comply with human rights, business ethics, and local laws and regulations. These requirements are built into our supplier agreements and are ensured through a careful contractual process.

AN OPEN AND ETHICAL BUSINESS ENVIRONMENT

We want to create an open business climate where high ethical standards and trust are defining characteristics. That is why we have a whistleblowing function on our website, where both staff and external parties can anonymously report any irregularities or compliance issues. No cases were reported through the whistleblowing channel in 2024, which we see as a sign that our procedures and values are working well in practice.

AMBITION:

Conduct responsible operations based on applicable laws and sound business principles.



Financial information

ADMINISTRATION REPORT

The Board of Directors and CEO for Sleep Cycle AB (publ), corporate ID number 556614-7368, with its registered office in Gothenburg, Sweden, hereby issue the annual and consolidated financial statements for the financial year 2024.

ABOUT THE BUSINESS

With millions of daily active users and over three billion nights analyzed in more than 150 countries, Sleep Cycle is the leading sleep monitoring app and one of the most widely used sleep health improvement services worldwide. Sleep Cycle's mission is to improve global health by helping people around the world sleep better. Since its launch in 2009, Sleep Cycle has helped millions of people understand their sleep habits and improve their sleep. The mobile application helps users fall asleep more easily, reads and analyzes sleep during the night, wakes the user in light sleep phase and provides insights on how to best improve sleep quality. Sleep Cycle is one of the world's most comprehensive sources of sleep statistics and contributes to sleep research and reporting worldwide. Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP and is headquartered in Gothenburg, Sweden.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On January 23 it was announced that Sleep Cycle is reorganizing and consolidating its operations to the head office in Gothenburg. The Company's CPO and CHRO, Samuel Cyprian and Cecilia Mikkov, chose not to relocate to Gothenburg and will leave the Company during the second quarter.
- On February 26 Sleep Cycle adopted a new business strategy that focuses on user growth, user engagement, and creating new revenue streams through the company's technology and data.
- On February 27 it was announced that Peter Alsterberg had been recruited to the newly created role of CCO. The newly created role increases the company's commercial focus. Peter took office April 8.
- On March 20 Sleep Cycle held a capital markets presentation where updated financial targets were presented. The new targets are a doubling of revenues in the mid-term and an annual operating margin of approximately 25%. The dividend policy remains unchanged.

- On April 8 it was announced that Petter Högländer had been recruited as CPO. Petter has a background in subscription-based businesses in the consumer sector. Petter took office April 15.
- Hans Skrufors was elected as a new member of the Board of Directors at Sleep Cycle's Annual General Meeting April 11. Rasmus Järborg and Olof Nilsson declined re-election. The Annual General Meeting also decided on a new warrant program and an ordinary dividend of SEK 1.30 per share and an extraordinary dividend of SEK 1.00 per share for 2023.
- On April 12 it was announced that Sleep Cycle has recruited Elisabeth Hedman as new CFO after the current CFO Per Andersson wished to continue his career outside Sleep Cycle. Elisabeth took up her position on June 1.
- On September 11 Sleep Cycle announced that it had signed a partnership agreement with MyFitnessPal, a world leader in diet and nutrition tracking.
- On December 4 it was announced that Sleep Cycle is launching the world's first non-contact measurement of sleep stages based on both breathing patterns and movement.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On February 4 the Board of Directors proposed a dividend of SEK 3.00 per share, equivalent to SEK 60,833, based on the number of outstanding shares as of February 4, 2025. SEK 1.85 per share constitutes an ordinary dividend for 2024 and SEK 1.15 per share constitutes an extraordinary dividend.
- The Board of Directors decided on February 4 to update the financial target for the EBIT margin. The new target is to achieve an annual EBIT margin of at least 25%. The previous target was an annual EBIT margin of around 25%.

GROUP KEY PERFORMANCE INDICATORS AND MULTI-YEAR OVERVIEW

tSEK	2024	2023	2022	2021	2020
Net sales	261,529	236,146	212,034	181,530	158,006
Net sales growth (%)	10.7%	11.4%	16.8%	14.9%	29.9%
Currency-adjusted net sales growth (%)	9.8%	3.1%	12.3%	21.4%	26.9%
Operating profit/loss	76,962	56,606	42,807	8,945	55,083
Operating margin (%)	29.4%	24.0%	20.2%	4.9%	34.9%
Items affecting comparability	-5,756	-4,831	-2,802	-26,061	-7,501
Adjusted operating profit/loss	82,718	61,437	45,609	35,006	62,584
Adjusted operating margin (%)	31.6%	26.0%	21.5%	19.3%	39.6%
Profit after financial items	79,145	58,192	42,827	8,867	54,933
Profit/loss for the year	62,642	46,142	33,941	7,014	43,131
Equity ratio (%)	33.6%	26.5%	51.7%	46.2%	-1.9%*
Operational key performance indicators					
Total subscriptions (Thousands)	918	893	904	901	788
ARPU (SEK)	278	262	234	211	210
Average number of employees (#)	33	42	46	33	22

*Negative Equity due to transition from K2 to IFRS January 1, 2018 and correction of VAT liability retroactively corrected in Equity. Calculation and explanation of key performance indicators are shown under alternative KPIs on pages 71-72.



REVENUE, EXPENSES, AND EARNINGS

The group's net sales increased over the year by 10.7% (11.4%) compared to prior year and amounted to tSEK 261,529 (236,146). Currency-adjusted net sales growth amounted to 9.8% (3.1%). The increase in net sales is mainly explained by growth in subscribers, a higher average revenue per subscription (ARPU) and increased sales through partnerships. ARPU increased by 6.1% (12.0%) to SEK 278 (262). The increase in ARPU is due to more new customers subscribing at a higher price, and more returning customers renewing at a higher price. In the second half of the year, the ARPU increase slowed slightly as efforts focused on converting long-time freemium users into paying subscribers through a discounted offer. This leads to a short-term negative impact on ARPU, but at the same time contributes to an increased subscription base and higher revenues.

The total number of paying subscribers at end of year was 918k (893k). The growth in the number of paying subscribers is explained by new customer acquisition, conversion of non-paying users into paying ones, and more subscribers from partnerships.

Operating profit amounted to tSEK 76,962 (56,606), with an operating margin of 29.4% (24.0%). The improved operating margin is a result of revenue growth and effective cost control.

Adjusted operating profit totaled tSEK 82,718 (61,437) and the adjusted margin was 31.6% (26.0%). 2024 was affected by costs affecting comparability related to the reorganization and consolidation of operations to the head office in Gothenburg. The item Other external expenses includes: costs affecting comparability of tSEK 794. Also included are personnel costs of tSEK 4,962. The previous year was affected by costs affecting comparability of tSEK 4,533 related to cost optimization programs and tSEK 298 related to the Board's assessment of the cash offer in 2022. The previous year was also affected by a write-down of Sleep Cycle Kids of tSEK 6,341. Adjusted for the above items, the adjusted margin for the previous year was 28.7%.

In addition, personnel costs amounted to tSEK 60,104 (59,507). Adjusted for items affecting comparability, personnel costs amounted to tSEK 55,142 (55,057).

Net financial income for the year amounted to tSEK 2,183 (1,586). Tax on the year's profit/loss was tSEK -16,504 (-12,050). Group earnings for the year amounted to tSEK 62,642 (46,142). Earnings per share before and after dilution amounted to SEK 3.09 (2.28).

CASH FLOW AND FINANCIAL POSITION

The Group's liquidity is good as a result of strong financial performance and the business model generating prepayments. Cash flow from operations amounted to tSEK 63,657 (52,723)

The Group's cash flow may periodically be affected by the payment structure from Apple, as this is not monthly and thus affects working capital.

Cash flow from investment activities amounted to tSEK -3,923 (-6,813) related to capitalized development expenses and acquisitions of tangible fixed assets.

Cash flow from financing activities totaled tSEK -48,358 (-145,302) and mainly pertains to amortization of leasing liabilities, warrant premiums and dividends paid. The change is explained by the dividend paid.

Cash flow for the year amounted to tSEK 11,377 (-99,392) The group's cash and cash equivalents at end of year totaled tSEK 145,234 (133,471).

Consolidated equity amounted to tSEK 79,457 as of December 31. Opening balance on January 1 was tSEK 60,998. The Company's share capital amounts to tSEK 563.

OPERATIONAL KEY PERFORMANCE INDICATORS

Total number of paying subscribers at end of year was 918k (893k). The 2.8% increase in subscribers is explained by focused work on customer acquisition, retention, and growth through partnerships.

Average revenue per subscription (ARPU) increased by 6.1% to SEK 278 (262), where price accounted for SEK 15 of the increase and exchange rate fluctuations for SEK 2. ARPU continued to increase over the year,

driven by more new customers subscribing at a higher price and a growing proportion of returning customers renewing their subscriptions at a higher price.

The average number of employees was 33 (42) with a headcount of 34 at the end of the year.

PARENT COMPANY

As all significant operations in the Group are conducted in the Parent Company, the comments above refer to both the Parent Company and the Group.

The parent company's net sales amounted to tSEK 261,529 (236,146) and operating profit amounted to tSEK 76,524 (56,252). Adjusted for items affecting comparability, the parent company's operating profit amounted to tSEK 82,280 (61,083). Profit from financial items amounted to tSEK 2,800 (2,199) Tax on the year's profit/loss was tSEK -16,539 (-12,101) Profit for the year totaled 62,736 (46,350) tSEK. The parent company's cash flow amounted to tSEK 11,386 (-99,383) Cash and cash equivalents on the balance sheet date amounted to tSEK 145,136 (133,363). Equity as of the balance sheet date was 79,742. Opening balance on January 1 was tSEK 61,189.

INNOVATION AND DEVELOPMENT WORK

Innovation and product development constitute a key part of the Group's strategy to strengthen its customer offering and thereby ensure long-term organic growth. During the year, we launched Sleep Stages, a feature that gives users deeper insights into their sleep. This is more than just a new function – it is a technological breakthrough. Using AI and machine learning algorithms trained on a vast amount of polysomnography data, Sleep Cycle is the first to market with non-contact audio analysis of both breathing patterns and movements - an innovation that opens up entirely novel areas of application. Supported by this new technology and in line with our strategy, the possibility of medical certification for sleep apnea screening is being explored.

The group's expenditures for research and development amounted to tSEK 35,064 (37,109) in 2024. Of this, tSEK 28,241 (24,290) was expensed as personnel expenses, tSEK 3,562 (7,733) was expensed as other external expenses, and tSEK 3,261 (5,086) was capitalized as intangible assets. For more information, see notes 12 and 18.

EMPLOYEES

The average number of employees in the group for 2024 was 33 (42), all of whom were employed in Sweden. See Corporate Governance Report, pages 46-47, for guidelines on remuneration to senior executives.

RISKS AND UNCERTAINTIES

PRODUCT DISTRIBUTION

Sleep Cycle's products are primarily sold through two platforms and are thereby dependent on these players to maintain and attract new subscribers; relying solely on two distributors constitutes a risk for both product distribution and for Sleep Cycle's growth. Sleep Cycle is therefore actively assessing various strategic initiatives and possibilities to reduce the risk of dependency on a small number of channels. Examples of this are the sale of subscriptions via our own website and through partners.

COMPETITION AND MARKET

Sleep Cycle is a leader in its area of activity, and actively invests in product development. As interest in health and wellness increases, the interest in developing sleep technology also increases. Large companies today equip their users with a large selection of products within the same segment as Sleep Cycle's product, which could potentially have a negative effect on Sleep Cycle's market share. In order to secure its place on the market, Sleep Cycle is actively working to equip users with an innovative and diversified product assortment.

DATA SECURITY AND SENSITIVE DATASleep Cycle handles a large volume of personal data relating to customers and employees. Sleep Cycle is thus required to follow the laws and provisions applicable to data protection and privacy, which includes compliance with the GDPR. If Sleep Cycle's data security is compromised by cyber attacks or computer viruses, Sleep Cycle risks reduced consumer confidence and a blow to the company's reputation and brand. Internally, Sleep Cycle continuously conducts

systematic quality work that includes policies and steering documents that describe how each employee should handle and protect the company's sensitive information. The IT environment and security routines connected to this are also subject to continuous oversight in order to ensure that Sleep Cycle's protection is adequate and up to date.

COMPETENCE AND KEY PERSONNEL

Sleep Cycle's senior executives and other key personnel have considerable competence and experience. To ensure its success, Sleep Cycle is dependent on its ability to recruit and maintain qualified and competent personnel in the company. In the absence of such resources, the company could risk having to suspend future expansion and growth or reduce the scope of these objectives. The Company also relies on a strong culture reflected in its brand to be perceived as an attractive employer. Changes in company culture and how Sleep Cycle is perceived by employees can affect the ability to recruit skilled staff.

FINANCIAL RISK

Financial risks primarily relate to currency risk, interest risk, credit risk, counterparty risk, and liquidity. Sleep Cycle has a very good cash position, with positive operating cash flow and no existing loans. Risk management is regulated by a treasury policy established by the Board of Directors. It is group management and the finance department that bear the overall responsibility for managing the group's financial risks and for developing methods and principles to manage such risks. See note 4 for more information on financial risks.

EXPECTED FUTURE DEVELOPMENT

Sleep Cycle presented an updated strategy in March 2024, which is expected to contribute to increased growth in the coming years with continued good profitability. Through an increased commercial focus and investment in product development, the company aims to increase sales to new customers, reduce churn, and explore new potential revenue streams. The stated objective is to double net sales in the medium term. In 2024, organizational changes were implemented with the aim of freeing up resources to implement the updated strategy. Sleep Cycle is actively working to launch new features and offerings that are expected to contribute to long-term revenue growth.

In 2024, both the number of paying subscribers and the average revenue per paying subscriber increased. Growth through existing partnerships has also been good, while several new partnerships were signed during the year. The ambition is to continue increasing the number of users and paying subscribers next year through a continued focus on customer acquisition, product development, and additional partnerships.

SUSTAINABILITY AND CSR

Sleep Cycle continues to develop its sustainability efforts and adapt its reporting in line with evolving regulations and market expectations. The company closely monitors developments in sustainability reporting to ensure that relevant processes and procedures are in place.

As a digital service provider, Sleep Cycle operates with a naturally low climate footprint and is continuously working to further minimize its environmental impact. The company's objective is to integrate sustainability into its operations in a way that creates long-term value for both the business and its stakeholders.

Sleep Cycle's Board of Directors has adopted a Code of Conduct that is rooted throughout the entire organization. The Code of Conduct is based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. The code is subject to annual review and approval by the board. The code applies for all employees and sets the bar for employee professionalism and integrity for the purpose of ensuring that each employee acts legally and appropriately with regard to the company's interests.

Sleep Cycle's human resources management is based on several policies and procedures, most notably our Code of Conduct, Staff Handbook, and Equal Opportunities Policy. HR is responsible for personnel-related policies.

Sleep Cycles' operations do not involve any particular environmental risks

and do not require any special environment-related permits or decisions from authorities. Sleep Cycle is a fully digital product and thus does not require transport or manufacturing processes that can entail environmental risks. Sleep Cycle is headquartered in Gothenburg. See pages 28-39 for the company's sustainability report.

PROPOSAL FOR APPROPRIATION OF PROFITS

Parent Company	
Total earnings (SEK) at the disposal of the Annual General Meeting	
Share premium fund	2,743,725
Retained earnings	8,912,707
Profit/loss for the year	62,735,552
Total unrestricted equity	74,391,984

After adoption of the balance sheet of Sleep Cycle AB for 2024, the Board of Directors recommends that the general meeting appropriate the above funds as follows:

Distributed to shareholders:	
SEK 3.00 per share¹	60,832,689²
To be carried forward	13,559,295
Total	74,391,984

¹ See Note 5 for dividend policy. SEK 1.85 per share constitutes an ordinary dividend and SEK 1.15 per share constitutes an extraordinary dividend.
² Based on number of outstanding shares as of December 31, 2024. The amount of the dividend may change due to the issue of new shares up to the record date.

The Board of Directors of Sleep Cycle AB (publ) has adopted a distribution policy with the aim that distribution over time will amount to between 40-60% of earnings after taxes.

Sleep Cycle has a history of solid profitability and strong cash flow. Given a business model with limited investment requirements and prepayments, the Board of Directors is of the view that the company can meet its long-term strategic objectives, including investments for expanded growth, in combination with an annual distribution. The Board of Directors has carefully evaluated the capital allocation and analyzed the possibility of share buybacks, ultimately determining that the conditions for this are not favorable. The Board will continue to evaluate the best options for value creation on an ongoing basis.

The last day of trading with dividend rights is April 8, 2025 and the proposed record date for the dividend is April 10, 2025. Euroclear expects to send the dividend to shareholders on April 15, 2025.

Concerning the parent company's and the group's earnings and position in other respects, please refer to the following results and balance sheets, reports on changes in equity, cash flow analyses, and notes. All amounts are given in thousands of Swedish kronor (tSEK) unless otherwise stated.



CORPORATE GOVERNANCE

THE BASICS OF SLEEP CYCLE'S CORPORATE GOVERNANCE

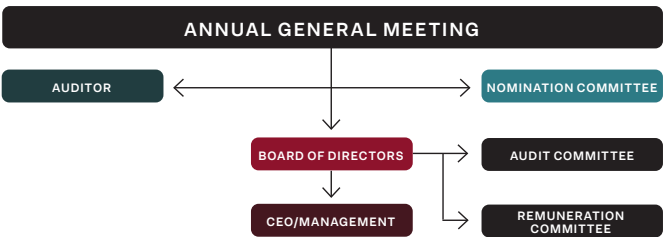
Sleep Cycle AB (publ) is a Swedish public limited liability company with offices in Gothenburg and Stockholm. The company's share has been listed on Nasdaq Stockholm since June 8, 2021. The main decision-making bodies are the Annual General Meeting, the Board, and Sleep Cycle's CEO. The Annual General 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 Anthonsen	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 Anthonsen 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.

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 ¹
Mathias Høyer	13/14	5/5	3/7 ²
Maciej Drejak	14/14		
Hans Skruvfors ³	10/14		
Olof Nilsson ⁴	3/14		4/7
Rasmus Järborg ⁵	3/14		4/7

¹Member of the Remuneration Committee since the 2024 Annual General Meeting.
²Chairman of the Remuneration Committee since the 2024 Annual General Meeting.
³Board member since the 2024 Annual General Meeting.
⁴ Board member and Chairman of the Remuneration Committee until the 2024 Annual General Meeting.
⁵ 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. 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.

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 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 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.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

tSEK	Note	2024	2023
OPERATING INCOME			
Net sales	6	261,529	236,146
Other operating income	7	355	864
OPERATING EXPENSES			
Capitalized work for own account		447	1,105
Distribution costs		-57,862	-53,641
Other external expenses	8,9	-58,489	-53,127
Personnel expenses	11	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets		-8,624	-14,858
Other operating expenses		-290	-376
Operating profit/loss	10,12,13	76,962	56,606
FINANCIAL ITEMS			
Financial income	14	2,868	2,793
Financial expenses	15	-685	-1,207
Profit before tax		79,145	58,192
Tax on profit for the year	16	-16,504	-12,050
Profit/loss for the year		62,642	46,142
Other comprehensive income		-	-
Comprehensive income for the year		62,642	46,142
Earnings per share			
Earnings per share before dilution, SEK	17	3.09	2.28
Earnings per share after dilution, SEK		3.09	2.28
Average number of shares outstanding before dilution		20,277,563	20,277,563
Average number of shares outstanding after dilution		20,277,563	20,277,563

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

tSEK	Note	12-31-2024	12-31-2023
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditures	18	4,787	4,474
Patent	19	-	-
Total intangible fixed assets		4,787	4,474
Tangible fixed assets			
Right-of-use assets	20	10,799	15,605
Cost of improvement on other's property	21	917	738
Equipment and computers	22	1,316	1,703
Total tangible fixed assets		13,032	18,045
Financial assets			
Other long-term receivables	24	24	411
Total financial assets		24	411
Deferred tax			
Deferred prepaid tax	16	148	83
Total deferred tax		148	83
Current assets			
Accounts receivable	25	41,199	38,224
Other receivables	26	678	2,602
Current tax assets		-	2,148
Prepaid expenses and accrued income	27	31,391	31,086
Cash and cash equivalents	28	145,234	133,471
Total current assets		218,502	207,531
TOTAL ASSETS		236,493	230,545
EQUITY AND LIABILITIES			
Equity			
Share capital	29	563	563
Other contributed capital		2,744	288
Retained earnings, including profit for the year		76,150	60,147
Total equity attributable to the parent company's shareholders		79,457	60,998
Long-term liabilities			
Leasing liabilities	30	7,379	11,743
Total long-term liabilities		7,379	11,743
Current liabilities			
Leasing liabilities	30	4,364	4,175
Accounts payable		14,704	13,908
Current tax liabilities		518	-
Other liabilities		3,257	10,322
Accrued expenses and deferred income	31	126,815	129,399
Total current liabilities		149,658	157,804
TOTAL EQUITY AND LIABILITIES		236,493	230,545



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

tSEK	Note	Attributable to the parent company's shareholders			
		Share capital	Other contributed capital	incl. profit/loss for the year	Total Equity
Opening balance as of January 1, 2023 according to the adopted balance sheet		563	119,229	41,042	160,834
Error correction (after tax)*				-4,324	-4,324
Adjusted opening balance as of January 1, 2023		563	119,229	36,719	156,510
Profit/loss for the year				46,142	46,142
Other comprehensive income				-	-
Total comprehensive income				46,142	46,142
Other changes in equity					
Warrant premiums	29		288		288
Dividend	5		-119,229	-22,714	-141,943
Closing balance as of December 31, 2023		563	288	60,147	60,998
Opening balance as of January 1, 2024		563	288	60,147	60,998
Profit/loss for the year				62,642	62,642
Other comprehensive income				-	-
Total comprehensive income				62,642	62,642
Other changes in equity					
Warrant premiums	29		2,456		2,456
Dividend	5			-46,638	-46,638
Closing balance as of December 31, 2024		563	2,744	76,150	79,457

*Prior years have been restated to reflect correction of VAT liability. A review in the fourth quarter of 2023 revealed that Sleep Cycle is liable for VAT in Japan, as this is not handled by Apple and Google, and in Switzerland, as this is not handled by Google in the specific market. The error was corrected in 2023 by retroactively recalculating all affected items.

CONSOLIDATED CASH FLOW STATEMENT

tSEK	Note	2024	2023
Cash flow from operating activities			
Operating profit/loss		76,962	56,606
Adjustments for items not included in cash flow:			
Depreciation and impairment		8,624	14,858
Interest received		2,868	2,793
Interest paid		-685	-1,207
Tax paid		-13,903	-11,639
Cash flow from operating activities before change in working capital		73,866	61,411
Change in working capital			
Change in operating receivables		-1,355	-20,497
Change in operating liabilities		-8,853	11,809
Cash flow from operating activities		63,657	52,723
Investment activities			
Capitalization of development expenses	18	-3,261	5,086
Acquisition of tangible fixed assets	21, 22	-661	-1,727
Cash flow from investment activities		-3,923	-6,813
Financing activities			
Repayment of leasing liabilities	30	-4,175	-3,647
Warrant premiums	29	2,456	288
Dividend	5	-46,638	-141,943
Cash flow from financing activities		-48,358	-145,302
Cash flow for the year		11,377	-99,392
Cash and cash equivalents at the start of the year		133,471	232,862
Reclassification of cash and cash equivalents		387	-
Cash and cash equivalents at end of year	28	145,234	133,471



PARENT COMPANY INCOME STATEMENT

tSEK	Note	2024	2023
OPERATING INCOME			
Net sales	6	261,529	236,146
Other operating income	7	355	864
Capitalized work for own account		447	1,105
OPERATING EXPENSES			
Distribution costs		-57,862	-53,641
Other external expenses	8,9,10	-63,733	-57,378
Personnel expenses	11	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets		-3,818	-10,961
Other operating expenses		-290	-376
Operating profit/loss	12,13	76,524	56,252
PROFIT FROM FINANCIAL ITEMS			
Interest income and similar income	14	2,868	2,793
Interest expenses and similar expenses	15	-68	-594
Profit after financial items		79,324	58,451
APPROPRIATIONS			
Group contributions		-50	-
Profit before tax		79,274	58,451
Tax on profit for the year	16	-16,539	-12,101
Profit/loss for the year		62,736	46,350

Since the parent company has no items reported as other comprehensive income, total comprehensive income for the year is equal to profit/loss for the year.

PARENT COMPANY BALANCE SHEET

tSEK	Note	12-31-2024	12-31-2023
ASSETS			
Intangible fixed assets			
Capitalized development expenditures	18	4,787	4,474
Patent	19	-	-
Total intangible fixed assets		4,787	4,474
Tangible fixed assets			
Cost of improvement on other's property	21	917	738
Equipment and computers	22	1,316	1,703
Total tangible fixed assets		2,233	2,441
Financial assets			
Participations in group companies	23	50	50
Deferred prepaid tax	16	49	18
Other long-term receivables	24	24	411
Total financial assets		123	479
Total fixed assets		7,143	7,395
Current receivables			
Accounts receivable	25	41,199	38,224
Other receivables	26	678	2,602
Current tax assets		-	2,148
Prepaid expenses and accrued income	27	31,391	31,086
Total current receivables		73,267	74,061
Short-term investments			
Other short-term investments	28	80,000	-
Total short-term investments		80,000	-
Cash and bank balances	28	65,136	133,363
Total current assets		218,404	207,423
TOTAL ASSETS		225,547	214,818

EQUITY AND LIABILITIES			
Equity	29		
Restricted equity			
Share capital		563	563
Fund for development expenditures		4,787	4,474
Total restricted equity		5,350	5,038
Unrestricted equity			
Share premium fund		2,744	288
Retained earnings		8,913	9,514
Profit/loss for the year		62,736	46,350
Total unrestricted equity		74,392	56,151
Total equity		79,742	61,189
Current liabilities			
Accounts payable		14,704	13,908
Liabilities to group companies		50	-
Current tax liabilities		518	-
Other liabilities		3,257	10,322
Accrued expenses and deferred income	31	127,276	129,399
Total current liabilities		145,805	153,629
TOTAL EQUITY AND LIABILITIES		225,547	214,818



PARENT COMPANY’S CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

tSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Fund for Development expenditures	Share premium fund	Retained earnings	Profit/loss for the year	
Opening balance as of January 1, 2023 according to the adopted balance sheet	563	9,595	119,229	-3,568	34,999	160,818
Error correction (after tax)*				-3,289	-1,035	-4,324
Adjusted opening balance as of January 1, 2023	563	9,595	119,229	-6,857	33,964	156,494
Appropriation of prior year's profits				33,964	-33,964	-
Profit/loss for the year					46,350	46,350
Other comprehensive income					-	-
Total comprehensive income					46,350	46,350
Other changes in equity						
Dividend			-119,229	-22,714		-141,943
Warrant premiums			288			288
Allocation to fund for development expenditures		-5,121		5,121		-
Closing balance as of December 31, 2023	563	4,474	288	9,514	46,350	61,189
Opening balance as of January 1, 2024	563	4,474	288	9,514	46,350	61,189
Appropriation of prior year's profits				46,350	-46,350	-
Profit/loss for the year					62,736	62,736
Other comprehensive income					-	-
Total comprehensive income					62,736	62,736
Other changes in equity						
Dividend				-46,638		-46,638
Warrant premiums			2,456			2,456
Allocation to fund for development expenditures		313		-313		-
Closing balance as of December 31, 2024	563	4,787	2,744	8,913	62,736	79,742

*Prior years have been restated to reflect correction of VAT liability. A review in the fourth quarter of 2023 revealed that Sleep Cycle is liable for VAT in Japan, as this is not handled by Apple and Google, and in Switzerland, as this is not handled by Google in the specific market. The error was corrected in 2023 by retroactively recalculating all affected items.

PARENT COMPANY’S CASH FLOW STATEMENT

tSEK	Note	2024	2023
Cash flow from operating activities			
Operating profit/loss		76,524	56,252
Adjustments for items not included in cash flow:			
Depreciation and impairment		3,818	10,961
Interest received		2,868	2,793
Interest paid		-68	-594
Tax paid		-13,904	-11,639
Cash flow from operating activities before change in working capital		69,238	57,773
Change in working capital			
Change in operating receivables		-1,355	-20,498
Change in operating liabilities		-8,342	11,810
Cash flow from operating activities		59,541	49,085
Investment activities			
Capitalization of development expenses	18	-3,261	5,086
Acquisition of tangible fixed assets	21, 22	-661	-1,727
Cash flow from investment activities		-3,923	-6,813
Financing activities			
Warrant premiums		2,456	288
Dividend		-46,638	-141,943
Change in liabilities to subsidiaries		-50	-
Cash flow from financing activities		-44,232	-141,655
Cash flow for the year			
Cash and cash equivalents at the start of the year		133,363	232,746
Reclassification of cash and cash equivalents		387	-
Cash and cash equivalents at end of year	28	145,136	133,363



Note 1 General information

Sleep Cycle AB (publ), corporate ID number 556614-7368, is a limited liability company registered in Sweden with its registered office in Gothenburg. The address of the company's registered office is Drakegatan 10, 412 50 Gothenburg, Sweden. Sleep Cycle is developing of one of the world's most widely used sleep platforms. With its unique sleep solution, Sleep Cycle helps users fall asleep more easily, measure sleep habits, and improve sleep; the extensive sleep database contributes to improved sleep habits and increased sleep awareness worldwide. The business is essentially conducted in the parent company. The parent company's holding of shares in group companies as of December 31, 2024 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Note 2 Accounting principles

This is Sleep Cycle AB's fifth consolidated annual report, which has been prepared in compliance with the EU's recognized International Financial Reporting Standards (IFRS), together with interpretations from IFRS Interpretations Committee (IFRIC). The group also complies with the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

New and amended standards, as well as improvements that came into effect in 2024, have not had any substantial effect on the group's financial statements for the financial year.

The consolidated reports are presented in Swedish krona (SEK), rounded to the nearest thousand krona (tSEK), and concern the period January 1 - December 31 for income statement-related items, and December 31 for balance sheet-related items. Decimal rounding may occur. Assets and liabilities are reported in accordance with the cost method unless otherwise stated. The key accounting policies applied when preparing the financial statement are described below. Differences between the parent company's accounting policies and the group's accounting policies are presented at the end of this section.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome can deviate from these estimates and assessments. The estimates and assumptions are routinely reviewed. Changes to estimates are reported in the period in which the change is made if the change only affects this period, or in the period in which the change is made and future periods if the change affects both the period in question and future periods. Assessments made by management in the application of IFRS that have a significant effect on the financial statements and estimates made that may result in material adjustments to the subsequent year's financial statements are described in more detail in note 3.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET IN EFFECT

The group has not yet started applying the new and amended standards and interpretations that are issued but which enter into effect for financial years starting after January 1, 2024. It is the senior management's assessment that, when applied for the first time, these will not have any substantial effect on the group's financial statements.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement includes the parent company Sleep Cycle AB and the companies over which the parent company has direct or indirect controlling influence (subsidiaries). Controlling influence exists if Sleep Cycle AB has influence over the investee, is exposed to or has rights to variable returns from its involvement, and has the ability to use its power over the investee to affect the amount of the returns. When assessing whether a controlling influence exists, potential voting rights for shares are taken into account, and whether de facto control exists.

Subsidiaries are included in the consolidated financial statement from the acquisition date, and are excluded from the consolidated financial statement from the date on which controlling influence ceases.

The group has not concluded any business combinations during the reported financial years.

Group earnings and components in other comprehensive income are in their entirety attributable to the parent company's owners.

All intra-group transactions, dealings and unrealized gains relating to intra-group transactions have been eliminated in the drafting of the consolidated financial statement. Unrealized losses have been eliminated in the same way as unrealized gains, but only to the extent that there were no impairment requirements.

SEGMENT REPORTING

Sleep Cycle's CEO, as the most senior executive decision-maker, monitors and analyses profit and loss and the financial position of the group in its entirety. The CEO does not monitor profit and loss at a disaggregated level lower than the consolidation. The CEO thereby also decides on allocation of resources, and makes strategic decisions based on consolidation in its entirety. Based on the above analysis, which is itself based on IFRS 8, it is concluded that the Sleep Cycle group consists of a single reporting segment.

ITEMS AFFECTING COMPARABILITY

Group earnings have been affected by certain items affecting comparability. Items affecting comparability are defined as non-recurring items that are not part of the normal course of business and therefore affect comparability between periods. It relates to costs associated with the IPO in 2021, public cash offer in 2022, cost optimization program in 2023 and reorganization and consolidation of operations to the head office in Gothenburg in 2024.

INCOME

The group reports revenue when fulfilling a performance obligation by transferring a promised service/application to a customer. The service is transferred once the customer receives control over the service/ application, which may be at either a specific moment or over time. The transaction price is the remuneration that the group expects to receive in exchange for transferring the service to the customer, after any deduction of discounts and VAT.

The vast majority of the group's revenue consists of revenue from subscription services relating to Sleep Cycle Premium. Sleep Cycle considers that Sleep Cycle Premium consists of a performance obligation:

- A license to use Sleep Cycle Premium with access to the services included.

Sleep Cycle has developed software that is deemed to constitute a license of an intellectual property right in accordance with IFRS 15. When the customer has access to Premium, Sleep Cycle thus gives the customer a license to use Sleep Cycle's intellectual property. As the license can be used separately from the services included in Premium, the license is considered distinct.

Sleep Cycle has made the assessment that the free license/IP (Sleep Cycle Freemium) offered to customers does not constitute a performance obligation under IFRS 15. The main reason for this is that the offer to use this intellectual property right is not considered to meet the requirement of a customer contract under IFRS 15.

The services included in Sleep Cycle Premium are not dependent on the functionality offered to Freemium users. As a result, Sleep Cycle considers these services to be distinct in accordance with IFRS 15. The services provided to Premium users via the application, aside from the license, are reported as a single performance obligation for the sake of simplification. Sleep Cycle's assessment is that there is no accounting effect of recognizing these services as a single performance obligation, as these services are delivered to the customer in the same way over the contract period.

Customers receive and consume the benefits offered by Sleep Cycle's service at the same time that the company fulfils its performance obligation in relation to the services included in Sleep Cycle Premium. Thus, this performance obligation meets the criterion of IFRS 15, and the revenue must be reported over time.

Any commissions paid to the platform owners arise when a Premium user signs an agreement via such platforms. The Commissions are thus directly related to the agreements that are signed, and would not arise if the customer did not sign up for Sleep Cycle Premium via the platform owners. Fees paid to the platform owners are thus an additional expense for concluding the agreement with the customer.

Normally, customers pay for the entire agreement period in advance. Advance payments are reported as a contractual liability (prepaid revenue) in the balance sheet, and any such revenue is reported on a straight-line basis over the subscription period. Sleep Cycle considers a production method based on elapsed time to be the method that best reflects how control of the services related to Sleep Cycle Premium is transferred to the customer. Paid platform fees are reported as an asset, prepaid expense, and are depreciated so that the expense is reported for the period in which the revenue is reported (over the agreement period).

To a very slight extent, the group has sold gift cards that can be used for later access to Sleep Cycle Premium. Gift cards are reported as revenue in the same way as other sales of subscription services. A very small part of the group's revenue consists of direct sales in the app. This revenue is reported at a given point in time, once the customer gains access to the purchase.

DIVIDENDS AND INTEREST REVENUE

Dividend revenue is reported once the shareholders' right to receive payment has been established.

Interest revenue is reported broken down over the term using the effective interest method. The effective interest rate is the interest rate that makes the present value of all future deposits and payments during the fixed interest term equal to the carrying value of the receivable.

LEASING AGREEMENTS - THE GROUP AS LEASEHOLDER

The group recognizes a right-of-use asset and a corresponding lease liability for all leases in which the group is the lessee, except for short-term leases (lease term of 12 months or less) and for leases where the underlying asset has a low value, for which the group recognizes lease payments as an operating expense on a straight-line basis over the lease term.

The leasing liability is initially valued at the present value of the leasing fees that have not been paid at the commencement date, discounted with the implied interest rate of the leasing agreement. If this interest rate cannot be determined, the group uses the marginal loan interest rate. The marginal borrowing rate is the interest rate that a lessee would have to pay for financing through loans during an equivalent period and with security. For the company's leasing contracts, marginal borrowing rates of 3.5% and 4.97% have been applied when discounting outstanding leasing liabilities.

At the time of acquisition, the right-of-use asset is reported at the same value as the discounted leasing fees. In subsequent periods, the right-of-use asset is valued at acquisition cost after deductions for accumulated depreciation and impairments. Depreciation takes place over the term of the agreements.

Sleep Cycle has a leasing contract for office space, which is reported as a right-of-use asset in the statement of financial position. Current leases for office space run until December 31, 2025 and February 28, 2028, respectively, with an option to extend. The lease term is reviewed when there is an indication that an option will or will not be exercised and at least one year before the option expires.

FOREIGN CURRENCY

The consolidated report is prepared in Swedish kronor, which is the functional and reporting currency of the parent company. Transactions in foreign currency are translated into Swedish kronor at the exchange rate applicable on the transaction date. Receivables and liabilities in foreign currency are translated at the rate applicable on the balance sheet date. Exchange rate gains and losses on operating receivables and liabilities are reported under operating profit as other operating revenue or other operating expenses. Gains and losses on financial receivables and liabilities are reported as financial items.

Foreign exchange rate differences are reported in the income statement during the period in which they arise.

BORROWING COSTS

Borrowing costs are reported in the profit or loss in the period in which they are incurred, as there are no assets in the group that can be subject to the capitalization of interest.

EMPLOYEE REMUNERATION

SHORT-TERM EMPLOYEE REMUNERATION
Employee remuneration in the form of salaries, bonuses, holiday pay, sick pay, etc., together with pensions are reported as these benefits are earned.

REMUNERATION UPON TERMINATION

The group recognizes severance pay when there is a present legal or informal obligation, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably measured.

PENSIONS

Starting in 2022 the group has an occupational pension agreement with its employees. Total pension expenses refer to defined contribution pension plans. A defined contribution pension is a pension plan according to which the group pays fixed contributions to a separate legal entity. The group has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all employee compensation related to the employees' service in the current or prior periods. The group's contribution to defined contribution pensions is reported in the profit/loss for the year to which they relate.

SHARE-BASED REMUNERATION

The Group has warrant programs, see note 29.

TAXES

Income taxes consist of the sum of current tax and deferred tax.

CURRENT TAX

Current tax is calculated on the taxable profit for the period and adjustment of current tax for previous periods. Taxable profit differs from the reported profit in the revenue statement as it has been adjusted for non-taxable revenue and non-deductible expenses and for revenue and expenses that are taxable or deductible in other periods. The group's current tax liability is calculated according to the tax rates determined or announced as of the balance sheet date.

DEFERRED TAX

Deferred tax is reported on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value used in calculating taxable income. Deferred tax is reported according to the so-called balance sheet method. Deferred tax liabilities are reported for in principle all taxable temporary differences, and deferred tax assets are reported in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses. Deferred tax liabilities and tax receivables are not reported if the temporary difference is attributable to goodwill or if it arises as a result of a transaction that constitutes the first recognition of an asset or liability (which is not a business combination) and which, at the time of the transaction, does not affect reported or taxable profit.

Deferred tax is calculated per the tax rates that are expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been decided or announced on the balance sheet date.

Deferred tax assets and tax liabilities are set off as they relate to income tax that is debited by the same authority and when the group intends to settle the tax with a net amount.

CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is reported as an expense or revenue in the revenue statement, except when the tax is attributable to transactions reported in other comprehensive revenue or directly against equity. In such cases, the tax must also be reported in other comprehensive income or directly against equity.

TANGIBLE FIXED ASSETS

Computers and equipment are reported at acquisition value after deduction of accumulated depreciation and any impairments. The acquisition value includes the purchase price and expenses directly attributable to the asset in order to reception and use it in accordance with the purpose of the acquisition.

Depreciation is expensed so that the asset's value has fallen by the estimated residual value at the end of its useful life, and is depreciated on a straight-line basis over its estimated useful life, which is considered to be

Computers	3 years
Equipment	3-5 years
Cost of improvement on other's property	5 years



Estimated useful life, residual values and depreciation methods are reviewed at least at the end of each financial year, and the effect of any changes in estimations is reported prospectively. Right-of-use assets consist of leasing contracts for office space. All right-of-use assets are depreciated over the term of the agreements.

The carrying amount of a tangible fixed asset is derecognized from the statement of financial position upon disposal or divestment, or when no future economic benefits are expected from the use or disposal/divestment of the asset. The gain or loss arising on the disposal of the asset, being the difference between any net proceeds on disposal and its carrying amount, is reported in profit or loss in the period in which the asset is derecognized from the statement of financial position.

INTANGIBLE ASSETS

Intangible assets with definite useful lives acquired separately or internally developed, are reported at cost less accumulated amortization and any accumulated impairment losses. Depreciation takes place on a straight-line basis over the asset's estimated useful life. Estimated useful life, and depreciation methods are reviewed at least at the end of each financial year, and the effect of any changes in estimations is reported prospectively.

CAPITALIZED DEVELOPMENT EXPENDITURES

The process of developing an internally generated intangible asset is divided into a research phase and a development phase. All expenses arising from the group's research phase are reported as an operating expense as they are incurred. Expenditures on development of an asset are reported as an asset if all of the following conditions are met:

- It is technically possible to complete the intangible asset so that it can be used or sold,
- the company's intention is to complete the intangible asset and to use or sell it,
- the preconditions to use or sell the intangible asset exist,
- it is probable that the intangible asset will generate future economic benefits,
- the necessary and adequate technical, economic and other resources are available to complete development and to use or sell the intangible asset, and
- expenditures attributable to the intangible asset during its development can be reliably measured.

If not all of the above criteria are met, development expenses are reported as an operating expense when they arise.

If it is not possible to report an internally processed intangible asset, development expenses are reported as an expense in the period in which they arise.

Depreciation starts when a product is commercially ready for sale. Depreciation is expensed so that the asset's value has fallen by the estimated residual value at the end of its useful life, and is depreciated on a straight-line basis over its estimated useful life, which is considered to be 3-5 years.

PATENT

The group's patent refers to a patent acquisition made in 2015. Depreciation is calculated over 5 years. Expenditures on patent maintenance is expensed as incurred.

SCRAPPING AND DISPOSAL

An intangible fixed asset is derecognized from the statement of financial position upon disposal or divestment, or when no future economic benefits are expected from the use or disposal/divestment of the asset. The gain or loss arising on the derecognition of an intangible asset, comprised of the difference between the proceeds from its disposal and the carrying amount of the asset, is reported in the income statement when the asset is derecognized from the statement on financial position.

DEPRECIATION OF TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

Assets that have an indefinite useful life and intangible assets where depreciation has not yet begun, are tested at least annually with regard to any need for impairment and when there is an indication of impairment. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

An impairment loss is recorded for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When calculating value in use, the estimated future cash flow is discounted to present value with a discount rate before tax that reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset is determined to be lower than the carrying amount, the carrying amount of the asset is written down to the recoverable amount. An impairment loss must be reported immediately in the income statement.

Previously reported impairment losses are reversed if the recoverable amount is judged to exceed the carrying amount. However, reversals do not take place with an amount that is greater than the reported value amounts to what it would have been if the impairment loss had not been reported in previous periods.

FINANCIAL INSTRUMENTS

RECOGNITION AND DERECOGNITION IN THE REPORT ON FINANCIAL POSITION

A financial asset or financial liability is included in the statement on financial position when the company becomes a party under the contractual terms and conditions of the instrument. A receivable is reported when the company has provided a service, and a contractual obligation is incumbent upon the counterparty to pay, even if the invoice has not yet been sent. Trade receivables are included in the statement on financial position after the invoice has been sent. Liabilities are included when the counterparty has provided a service, and a contractual obligation is incumbent upon the counterparty to pay, even if the invoice has not yet been received. Accounts payable are included when the invoice is received. A financial asset is derecognized from a statement on financial position when the rights in the agreement are realized, expire or the company loses control over them. The same applies for part of a financial asset. A financial liability is derecognized from a statement on financial position when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. No financial assets and liabilities are offset in the statement on financial position, as the conditions for off-setting are not met. The acquisition and disposal of financial assets is reported on the transaction date. The transaction date is the day on which the company undertakes to acquire or dispose of the asset.

CLASSIFICATION AND VALUATION

Financial assets are classified according to the business model in which the asset is managed and its cash flow characteristics. If the financial asset is held under a business model the objective of which is to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows at specified dates that are payments only of principal and interest on the principal amount outstanding, the asset is carried at amortized cost. This business model is categorized as "hold to collect," which means valuation at amortized cost.

- Financial assets:
- Amortized cost
 - Fair value via other comprehensive income
 - Fair value via balance sheet

The group does not hold any financial assets valued at fair value.

Financial assets valued at amortized cost are initially reported at fair value including transaction expenses. After first recognition, the assets are valued and reported at amortized cost, see below.

Financial liabilities:

- Amortized cost
- Fair value via balance sheet

The group does not hold any liabilities valued at fair value.

Financial liabilities valued at amortized cost are initially reported at fair value including transaction expenses. After first recognition, the liabilities are valued and reported at amortized cost, see below.

FAIRE VALUE OF FINANCIAL INSTRUMENTS

For all financial assets and liabilities, the carrying value is considered to be a good approximation of its fair value, unless otherwise specified in subsequent notes.

AMORTIZED COST

Amortized cost refers to the value at which the asset or liability was initially reported with a deduction for amortization, increases or deductions for accumulated accruals according to the effective interest method, of the initial difference between a received/paid amount and an amount to pay/receive on the due date together with deductions for amortization. The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initial carrying value of the financial asset or financial liability.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and reported in the balance sheet at a net amount when there is a legal right to offset and when there is the intention to settle the items at a net amount or to realize the asset and settle the liability simultaneously.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. Cash and bank balances are financial assets, which means that they are valued at amortized cost. Due to the fact that bank funds are repayable on demand, the amortized cost corresponds to nominal amount.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The loss provisions for accounts receivables is always valued at a value corresponding to expected losses on bad debt during the remaining maturity of the receivable. Amortization of accounts receivables is reported in operating expenses.

LEASING LIABILITIES

The group's lease liabilities are valued and reported at amortized cost.

ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are financial liabilities, which means valuation at amortized cost. However, accounts payable and other short-term liabilities' expected maturity is short, which is why the debt is reported at their face value without discounting.

DERIVATIVE INSTRUMENTS

The group does not hold any derivative instruments.

IMPAIRMENT OF FINANCIAL FIXED ASSETS

The Group assesses the future expected credit losses associated with assets carried at amortized cost. The Group recognizes a credit reserve for such expected credit losses at each reporting date. For trade receivables, the Group applies the simplified approach for credit provisioning, i.e. the provision will equate to the expected loss over the entire life of the trade receivable. To measure the expected credit losses, accounts receivable have been grouped based on distributed credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated statement of comprehensive income under the item Other operating expenses.

PROVISIONS

Provisions are reported when the group has a present obligation (legal or informal) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation as a result of past events, but which is not reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

REPORTING OF CASH FLOW

Cash and cash equivalents consist of available cash, bank deposits and, where applicable, other liquid investments with a maturity of 3 months or less from the date of acquisition and which are subject to insignificant fluctuations in value. The cash flow statement is prepared in accordance with the indirect method. The reported cash flow only covers transactions that have led to deposits and payments.

ACCOUNTING POLICIES FOR THE PARENT COMPANY

The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Application of RFR 2 means that the parent company as far as possible applies all IFRS approved by the EU within the framework of the Annual Accounts Act and has taken into account the connection between reporting and taxation.

The differences between the parent company's and the group's accounting policies are described below:

CLASSIFICATION AND LAYOUTS

The parent company's income statement and balance sheet are structured in accordance with the Swedish Annual Accounts Act's schedules. The difference with IAS 1, Presentation of Financial Statements, applied in the presentation of the group's financial statements is mainly the recognition of financial revenue and expenses, non-current assets and equity classifications.

SUBSIDIARIES

Shares in subsidiaries are reported at acquisition value in the parent company's financial statements. This means that transaction expenses are included in the carrying value for holdings in subsidiaries. In the consolidated financial statement, transaction expenses attributable to subsidiaries are reported directly in profit or loss when these arise. Paid shareholder contributions are reported as an increase in the carrying value of the share. Impairment testing of shares in subsidiaries is carried out annually.

FINANCIAL INSTRUMENTS

The parent company does not apply IFRS 9 Financial Instruments: Reporting and valuation In the parent company, a method based on the acquisition value is applied in accordance with the Swedish Annual Accounts Act. However, parts of the principles of IFRS 9 are still applicable - such as for amortization, recognition/ derecognition, and the effective interest rate method for interest revenue and expenses.

LEASING

The parent company applies the exception from application of IFRS 16 Leasing. Leasing expenses are reported as profit/loss, and are reported on a straight-line basis over the lease period.

DECIDED CHANGES IN RFR 2 NOT YET IN EFFECT

Senior management is of the position that changes to FRF2 that have not yet entered into force are not expected to have any significant impact on the parent company's financial statements when they are applied for the first time.

PROPOSED CHANGES TO RFR 2 THAT HAVE NOT YET ENTERED INTO FORCE

Senior management is of the position that the proposed changes to FRF2 that have not yet entered into force are not expected to have any significant impact on the parent company's financial statements when they are applied for the first time.

Note 3 Key judgements and estimates

The preparation of the financial statements requires management and the Board of Directors to make estimates and assumptions about the future and to exercise judgment in the process of applying the Group's accounting policies. The assessments are based on experience and assumptions that management and the Board consider reasonable under the circumstances. Actual outcomes may then differ from these assessments if other conditions arise. The estimates and assumptions are evaluated on an ongoing basis and it is management's opinion that there are no significant sources of estimation uncertainty as of the balance sheet date that would give rise to a significant risk of material adjustments in carrying amounts of assets and liabilities within the next financial year. The Board of Directors and management are of the opinion that there is no significant uncertainty in the application of the entity's accounting policies that has a material effect on the amounts recognized in the financial statements. The most significant assessments made in the preparation of the company's financial statements are described below.



CAPITALIZED DEVELOPMENT EXPENDITURES

The Group capitalizes certain development expenditures as intangible assets in the balance sheet, including development of new features and product offerings. Capitalization of development expenditure is based in part on the assessment that future economic benefits will be generated by the asset, and that it is technically feasible to complete the asset so that it can be used in the business. Intangible assets where depreciation has not yet begun are tested at least annually with regard to any need for impairment and when there is an indication of impairment. As of December 31, 2024, parts of the intangible assets are amortized. The Group estimates the useful life of these assets to be 3-5 years based on the assessed technological development and similar assets, which also corresponds to the period over which it is estimated that future economic benefits will flow to the Group. In impairment testing, estimates are made to assess whether the asset's recoverable amount is greater than its carrying amount. The recoverable amount is calculated based on the asset's value in use, which is the present value of expected future cash flows, and is based on management's estimates and judgments. As of December 31, 2024, impairment testing has been carried out on assets where depreciation has not been started. No need for impairment is deemed to exist, see also note 18.

Note 4 Financial risk management and financial instruments

Through its operations, the group is exposed to different types of financial risks, such as market, liquidity, and credit risks. Market risk consists of currency risk and interest risk. Risk management is conducted according to established principles whereby the group's overall risk management focuses on the unpredictability of financial markets while seeking to minimize potential negative impacts on the Group's financial performance and position. It is the company's Board of Directors that is ultimately responsible for any exposure, management and monitoring of the group's financial risks. The framework for the exposure, management and monitoring of financial risks is set out by the Board of Directors in a treasury policy, which is subject to annual review. In the treasury policy, the Board has delegated responsibility for day-to-day risk management to the company's CFO. Since most of the business is conducted in the parent company, the reported amounts in the tables below are essentially the corresponding amount for the parent company.

MARKET RISK

CURRENCY RISK

Currency risk refers to the risk that fair value or future cash flows fluctuate as a result of changes in exchange rates. The exposure to currency risk mainly results from payment flows in foreign currency, so-called transaction exposure.

TRANSACTION EXPOSURE

Transaction exposure entails a risk that the result is negatively affected by fluctuations in exchange rates for the cash flows that occur in a foreign currency. The Group's inflows and outflows are mainly in SEK. The group is therefore, to a limited extent, affected by changes in these exchange rates.

The carrying amount of the Group's net monetary liabilities that are subject to translation into SEK amounts at the balance sheet date to; (expressed in SEK).

	12-31-2024	12-31-2023
EUR	786	932
USD	400	276
GBP	-2,486	-640
JPY	400	7,074
CHF	41	229

SENSITIVITY ANALYSIS FOR TRANSACTION EXPOSURE

The sensitivity analysis for currency risk shows the group's sensitivity in the event of a rise or fall of 5% in SEK against the three most important currencies. The transaction exposure shows how the group's operating profit/loss had been affected by a change in the exchange rate for outstanding monetary receivables and liabilities in foreign currency on the balance sheet date.

Currency exposure	2024	2023
EUR +/-5%	-/+ 39	-/+ 47
USD +/-5%	-/+ 20	-/+ 14
GBP +/-5%	-/+ 124	-/+ 32
JPY +/- 5%	-/+ 20	-/+ 354
CHF +/- 5%	-/+ 2	-/+ 11

CURRENCY RISK RELATED TO OPERATIONAL RISKS

The Group mainly uses two platform owners for its sales to customers, GooglePlay and Apple AppStore. All transactions between Sleep Cycle and Google Play and Apple are in SEK, which is why there are no transactions in foreign currency regarding the group's revenue. However, Google Play and Apple AppStore also mediate the group's sales in foreign currency when the price of the subscription service is payable in the respective currency of the country where the sale takes place. The currency effect that arises when Google Play and Apple AppStore translate foreign currency to SEK is offset by the revenue that Sleep Cycle receives 30 to 45 days later respectively. The impact on earnings is reported in net sales. During the year, pricing has been affected by fluctuations in exchange rates. An explanation of this effect is presented in the group's alternative key performance indicator "Currency-adjusted net sales growth," see page 72.

INTEREST RISK

Interest rate risk refers to the risk that fair value or future cash flows fluctuate as a result of changing market interest rates. Since the group has no outstanding loans, this risk is limited. The interest rates on lease liabilities relating to current leases, when applying IFRS 16, were estimated to be 3.5% and 4.97%, respectively, at the inception of the leases, which is seen as corresponding to the Group's incremental borrowing rate.

LIQUIDITY AND FINANCING RISK

Liquidity risk refers to the risk that the group will have problems meeting its commitment related to the group's financial liabilities. Financing risk refers to the risk that the group will not be able to obtain necessary financing at a reasonable cost. At present, both the liquidity risk and the financing risk are limited. A breakdown of maturity of contractual liabilities related to the group's financial liabilities is presented in the tables below. The amounts in these tables are not discounted values and, where applicable, they also include interest payments, which means that these amounts cannot be reconciled against the amounts reported in the balance sheets. Interest payments are determined on the basis of the conditions that apply on the balance sheet date. Amounts in foreign currency have been translated into Swedish kronor at the exchange rates on the balance sheet date.

The maturity periods of the group's financial liabilities is presented below;

	12-31-2024					
	Within 3 months	3-12 mos.	1-2 years	3-5 years	Over 5 years	Total
Leasing liabilities	1,198	3,594	3,441	4,301	-	12,535
Accounts payable	14,704	-	-	-	-	14,704
Other current liabilities	4,672	-	-	-	-	4,672
Total	20,574	3,594	3,441	4,301	-	31,911

	12-31-2023					
	Within 3 months	3-12 mos.	1-2 years	3-5 years	Over 5 years	Total
Leasing liabilities	1,198	3,594	4,793	7,742	-	17,328
Accounts payable	13,908	-	-	-	-	13,908
Other current liabilities	10,560	-	-	-	-	10,560
Total	25,666	3,594	4,793	7,742	-	41,796

CREDIT AND COUNTERPARTY RISK

Credit risk refers to the risk that the counterparty in a transaction causes the group a loss by not fulfilling its contractual obligations. The group's exposure to credit risk is mainly attributable to the placement of surplus liquidity. The credit risk is limited by placing only with counterparties with a very good rating. The group is exposed to a few counterparties in its trade receivables, accrued income and bank balances. Nevertheless, the credit risk is considered to be limited as the counterparties are considered to have good solvency. The group's maximum exposure to credit risk is assessed to correspond to the reported values of all financial assets, and is shown in the table below.

	Group	
	12-31-2024	12-31-2023
Accounts receivable	41,199	38,224
Other receivables	24	419
Accrued income	696	233
Cash and cash equivalents	145,234	133,471
Maximum exposure to credit risk	187,153	172,347

CATEGORIZATION OF FINANCIAL INSTRUMENTS

The recorded value of financial assets and financial liabilities, broken down by valuation category in accordance with IFRS 9, is shown in the table below.

	Group	
	12-31-2024	12-31-2023
Financial assets		
Accounts receivable	41,199	38,224
Other receivables	24	419
Accrued income	696	233
Cash and cash equivalents	145,234	133,471
Total financial assets	187,153	172,347

All financial assets are valued at amortized cost

Financial liabilities		
Accounts payable	14,704	13,908
Accrued expenses	4,264	3,257
Total financial liabilities	18,968	17,165

All financial liabilities are valued at amortized cost

There have been no reclassifications between the above valuation categories during the period.

For financial assets and liabilities, the carrying amount is considered as above to be a reasonable approximation of fair value.

Note 5 Capital management

The group defines capital as equity, as the group does not currently have any loan financing. The group has established a treasury policy for management of excess liquidity that lays out available possibilities for capital management. The Board of Directors of Sleep Cycle AB (publ) has adopted a distribution policy with the aim that distribution over time will amount to between 40-60% of earnings after taxes. Sleep Cycle has a history of solid profitability and strong cash flow. Given a business model with limited investment requirements and prepayments, the Board of Directors is of the view that the company can meet its long-term strategic objectives, including investments for expanded growth, in combination with an annual distribution.

Changes in the group's capital are shown in the group's report on changes in equity.



Note 6 Distribution of net sales

	Group		Parent Company	
	2024	2023	2024	2023
Distribution of net sales				
Subscription income	252,100	234,948	252,100	234,948
Other income	9,429	1,198	9,429	1,198
Total	261,529	236,146	261,529	236,146

Income from subscription services is reported over time for the period to which the subscription relates. Other income consists of income that is not directly linked to a specific subscription. This income is reported at a given point in time, once the customer gains access to the purchase.

	Group		Parent Company	
	2024	2023	2024	2023
Information on geographic markets				
Sweden	261,529	236,146	261,529	236,146
Other countries	-	-	-	-
Total	261,529	236,146	261,529	236,146

Income from external customers is reported per geographic market based on where the selling company is based. All of the group's fixed assets are located in Sweden.

	Parent Company	
	2024	2023
Information on purchases and sales within the same group		
Sales	0%	0%
Purchases	0%	0%

Note 7 Other operating income

	Group		Parent Company	
	2024	2023	2024	2023
Exchange rate gains	298	804	298	804
Other income	57	61	57	61
Total	355	864	355	864

Note 8 Other external expenses

	Group		Parent Company	
	2024	2023	2024	2023
Office space expenses	1,622	1,248	6,876	5,508
Consumable products, software. and consumable items	6,150	6,230	6,150	6,230
Marketing expenses	20,252	21,296	20,252	21,296
Consulting fees, product development, and marketing	12,340	10,104	12,340	10,104
Server and technology expenses	4,797	3,620	4,797	3,620
Other external services	9,703	6,388	9,703	6,388
Other expenses	3,625	4,240	3,615	4,232
Total	58,489	53,127	63,733	57,378

In 2024, other external services were affected by costs affecting comparability of tSEK 794 related to reorganization in 2024, while other external services were affected by costs affecting comparability of tSEK 298 related to the Board's evaluation of the cash offer in 2022 and tSEK 83 related to the cost optimization programs implemented in 2023.

Note 9 Remuneration to auditors

	Group		Parent Company	
	2024	2023	2024	2023
PwC				
Audit engagement	1,145	1,100	1,145	1,100
Auditing activities in addition to the audit engagement	6	11	6	11
Tax advice	452	581	452	581
Total	1,603	1,692	1,603	1,692
Total cost of auditors' fees	1,603	1,692	1,603	1,692

The total fee to PwC and its international network amounted to SEK 1,603 (1,692) for the financial year 2024. The fee to the Swedish auditing firm Öhrlings PricewaterhouseCoopers AB amounted to tSEK 1,158 (1,111), of which tSEK 1,145 (1,100) related to the audit assignment, tSEK 6 (11) to other statutory and other audit assignments and tSEK 7 (0) to tax advice and other services.

Note 10 Leasing

The group is a leaseholder mainly through leasing contracts for office space. The Group's material leases extend until December 2025 and February 2028, respectively. For this office space the group's assessed marginal borrowing rates at the conclusion of the contracts of 3.5% and 4.97% have been applied when discounting the lease liability.

A maturity analysis of lease liabilities is presented in note 4.

	Group	
Amount reported in the income statement	2024	2023
Depreciation of right-of-use assets	-4,344	-3,898
Depreciation of right-of-use assets	-461	-
Interest expenses for leasing liabilities	-617	-612
Costs related to low-value leasing agreements	-15	-14
Total	-5,437	-4,524

	Group	
Cash flow	2024	2023
Repayment of leasing liabilities	-4,175	-3,647
Interest expenses for leasing liabilities	-617	-612
Short-term and low-value leasing agreements	-15	-14
Total	-4,807	-4,274

See note 20 for an itemization of right-of-use assets.

The leasing agreements related to the leasing of office space. As of December 31, 2024, an impairment loss of tSEK 461 has been recognized for the former office in Stockholm.

PARENT COMPANY
The parent company applies the exception from application of IFRS 16 Leasing. Leasing expenses are reported as profit/loss on a straight-line basis over the lease period.

The total cost of leasing agreements for the year amounted to tSEK 6,521 (5,196)

On the balance sheet date, the parent company had outstanding commitments in the form of minimum lease payments under non-terminable leasing agreements, with maturity dates as follows:

	12-31-2024	12-31-2023
Within 1 year	4,793	4,793
Between 1-5 years	7,742	12,535
Later than 5 years	-	-
Total	12,535	17,328

The leasing agreements related to the leasing of office space.



Note 11 Average number of employees, salaries and other remuneration and social charges

	Group Average number of employees		Parent Company Average number of employees	
	2024	2023	2024	2023
Men	20	25	20	25
Women	13	17	13	17
Total	33	42	33	42

All individuals are employed in Sweden.

	Group Number on the balance sheet date		Parent Company Number on the balance sheet date	
Members of the Board of Directors and other senior executives	2024	2023	2024	2023
<i>Women;</i>				
Members of the Board of Directors	1	1	1	1
Other senior executives	1	1	1	1
<i>Men;</i>				
Members of the Board of Directors	3	4	3	4
Other senior executives	4	4	4	4
Total	9	10	9	10

Costs for remuneration to employees	2024	2023
<i>Parent Company;</i>		
Salaries and other remuneration	37,971	37,652
Social security contributions	13,142	12,926
Pension expenses	4,802	5,100
<i>Subsidiary;</i>		
Salaries and other remuneration	-	-
Social security contributions	-	-
Pension expenses	-	-
Total salaries and remuneration in the group	37,971	37,652
Total social charges in the group	13,142	12,926
Total pension expenses in the group	4,802	5,100
Total for the group	55,916	55,678

Total pension expenses refer to defined contribution pension plans. Costs for employee remuneration include costs affecting comparability of tSEK 4,962 related to reorganization in 2024. For 2023, costs affecting comparability of tSEK 4,450 are included related to cost optimization programs implemented in 2023.

Salaries and other remuneration	2024	2023
<i>Group and parent company;</i>		
Salaries and other remuneration of Board members, the CEO and other senior executives	17,643	12,153
of which bonuses and similar remuneration to senior executives	4,865	474
Salaries and other remuneration to other employees	22,396	27,303
Total	40,040	39,456

Salaries and other remuneration and pensions for senior executives	2024	2023
<i>Group and parent company;</i>		
Salaries and other compensation to senior executives	15,575	10,349
of which bonuses and similar remuneration to senior executives	4,865	474
Pension expenses for senior executives	2,002	1,913
Total	17,577	12,262

Remuneration to the Board of Directors and senior executives 2024	Base salary/ remuneration	Variable remuneration	Other benefits	Pensions	Total
Anne Broeng, Chairman of the Board since the 2023 Annual General Meeting. Board member and chairman of the audit committee Member of the Remuneration Committee since the 2024 Annual General Meeting	933				933
Mathias Høyer, Board member and Audit Committee member since the 2023 Annual General Meeting. Chairman of the Remuneration Committee since the 2024 Annual General Meeting	405				405
Maciej Drejak, member of the Board since the Extraordinary General Meeting on 07/26/2023.	298				298
Hans Skruvfors, Board member since the 2024 Annual General Meeting	193				193
Olof Nilsson, Board member and Chairman of the Remuneration Committee until the 2024 Annual General Meeting	125				125
Rasmus Järborg, board member and member of the remuneration committee until the 2024 Annual General Meeting	115				115
Total to the Board	2,069				2,069
Erik Jivmark, CEO	2,700	2,411	4	690	5,805
Other senior executives (5 persons)*	7,984	2,454	21	1,313	11,772
Total to senior executives	10,684	4,865	25	2,002	17,577
Total	12,753	4,865	25	2,002	19,646

*Including severance pay of tSEK 522. Due to changes in the management team, the management consisted of 6 persons during the period January-May 2024, and 4 persons during the period June-December 2024.

Remuneration to the Board of Directors and senior executives 2023	Base salary/ remuneration	Variable remuneration	Other benefits	Pensions	Total
Anne Broeng, Chairman of the Board since the 2023 Annual General Meeting. Board member and chairman of the audit committee since 2020	613				613
Lars Berg, Chairman of the Board and Chairman of the remuneration committee until the 2023 Annual General Meeting	229				229
Olof Nilsson, Board member. Member of the Audit Committee until the 2023 Annual General Meeting. Chairman of the Remuneration Committee since the 2023 Annual General Meeting	300				300
Mathias Høyer, Board member and Audit Committee member since 2023 Annual General Meeting	175				175
Rasmus Järborg, board member and member of the remuneration committee	275				275
Ödgård Andersson, Board member until 2023 Annual General Meeting	104				104
Maciej Drejak, member of the Board since the Extraordinary General Meeting on 07/26/2023.	108				108
Total to the Board	1,804				1,804
Carl Johan Hederöth, CEO until September 30, 2023*	3,751		4	623	4,379
Erik Jivmark, CEO as of November 1, 2023	440		1	93	534
Other senior executives (4 persons)	5,663	474	16	1,197	7,350
Total to senior executives	9,855	474	20	1,913	12,262
Total	11,659	474	20	1,913	14,066

*Including severance pay of tSEK 1,116.

Terms of employment for CEO

The Company observes a 12-month notice period to the CEO, the CEO observes a 6-month notice period to the Company. In the event of termination initiated by the company, severance equivalent to 6 months' salary shall be paid. Severance pay is offset against other income. A mutual notice period of 6 months applies between the company and other senior executives.

Warrants

The group's warrant program is described in note 29. The Company's CEO holds 200,000 warrants.

Note 12 Research and development expenses

Total expenditure on research and development that was expensed in the group and the company over the year amounted to tSEK 31,802 (32,024). All expenses associated with the development and maintenance of the technical platform and development of algorithms for machine learning, including data analysis and quality assurance of the product are considered research and development expenses.

Note 13 Total items affecting comparability

	Group		Parent Company	
	2024	2023	2024	2023
Other external expenses				
External consultants and services	-794	-381	-794	-381
Personnel expenses				
Salaries and other remuneration	- 4,962	-4,450	- 4,962	-4,450
Total	-5,756	-4,831	-5,756	-4,831

Adjustments totaling tSEK 5,756 were made over the course of 2024, relating to reorganization, of which tSEK 794 relates to other external costs and tSEK 4,962 relates to personnel costs. An adjustment of tSEK 298 was made in 2023 in relation to the Board's evaluation of the cash offer in 2022. Furthermore, adjustments totaling tSEK 4,533 were made, relating to cost optimization programs implemented in 2023, of which tSEK 83 relates to other external costs and tSEK 4,450 relates to personnel costs.



Note 14 Financial income

	Group		Parent Company	
	2024	2023	2024	2023
Interest income	2,868	2,793	2,868	2,793
Total	2,868	2,793	2,868	2,793

All interest income is related to financial assets measured at amortized cost.

Note 15 Financial expenses

	Group		Parent Company	
	2024	2023	2024	2023
Interest costs	685	1,207	68	594
Total	685	1,207	68	594

All interest expenses are related to financial liabilities measured at amortized cost.

Note 16 Tax on profit for the year

	Group		Parent Company	
	2024	2023	2024	2023
Current tax				
Current tax on profit for the year	-16,438	-12,119	-16,438	-12,119
Adjustments recognized in the current year for prior years' current tax	-132	-	-132	-
Deferred tax				
Deferred tax attributable to temporary differences	66	70	31	18
Total	-16,504	-12,050	-16,539	-12,101

Income tax in Sweden is estimated at 20.6% on the year's taxable earnings. Below is a reconciliation between reported profits and the year's reported tax;

Reconciliation of tax expenses for the year	2024	2023	2024	2023
Reported profit/loss before tax	79,145	58,192	79,274	58,451
Tax at the applicable tax rate of 20.6%	-16,304	-11,988	-16,330	-12,041
Effect of non-deductible expenses	-97	-69	-97	-69
Effect of other non-taxable income	21	9	21	9
Deficit for which deferred tax assets have not been reported	-	-2	-	-
Utilized losses for which deferred tax assets have not been recognized	8	-	-	-
Total	-16,372	-12,050	-16,407	-12,101
Adjustments recognized in the current year for prior years' current tax	-132	-	-132	-
Reported tax expense for the year	-16,504	-12,050	-16,539	-12,101

The group's and the parent company's deferred tax assets refer to the following items:

	Group		Parent Company	
Deferred tax assets	2024	2023	2024	2023
Temporary difference cost of improvement on other's property	49	18	49	18
Temporary difference for right-of-use assets	-2,320	-3,215	-	-
Temporary difference leasing liabilities	2,419	3,280	-	-
Total	148	83	49	18

Note 17 Earnings per share

The following results and weighted average number of ordinary shares have been used for the calculation of earnings per share before dilution;

	Group	
Earnings per share before dilution	2024	2023
Profit for the year attributable to the parent company's shareholders	62,642	46,142
Weighted average number of ordinary shares before dilution	20,277,563	20,277,563
Earnings per share before dilution, SEK	3.09	2.28

The following results and weighted average number of ordinary shares have been used for the calculation of earnings per share after dilution;

	Group	
Earnings per share after dilution	2024	2023
Profit for the year attributable to the parent company's shareholders	62,642	46,142
Weighted average number of ordinary shares before dilution	20,277,563	20,277,563
Weighted average number of ordinary shares after dilution	20,277,563	20,277,563
Earnings per share after dilution, SEK	3.09	2.28

For information on changes in the number of outstanding shares, see Note 29 Equity.

Note 18 Capitalized development expenditures

	Group and parent company	
	12-31-2024	12-31-2023
Opening acquisition values	17,017	11,931
Acquisitions for the year	3,261	5,086
Closing accumulated acquisition values	20,278	17,017
Opening amortization	-6,201	-2,336
Amortization for the year	-2,949	-3,865
Closing accumulated amortization	-9,150	-6,201
Opening depreciations	-6,341	-
Depreciations for the year	-	-6,341
Closing accumulated impairment losses	-6,341	-6,341
Closing carrying amount	4,787	4,474

Capitalized development expenditure consists of salary costs, including social security contributions for own employees and expenses for contracted consultants active in the company's product development.

If there is an indication that impairment is required or if an asset has not begun to be depreciated, an impairment test is carried out.. As of 12/31/2024, impairment testing has been performed on assets where depreciation has not begun. The recoverable amount, which in the Group is calculated as value in use, has been calculated using discounted cash flows. The calculations are based on estimated future cash flows based on budget for the first year and on the established business plan for the following four years. The projected cash flows have been discounted to present value using a discount rate of 16.0% before tax.

According to this year's impairment test, there is no need for impairment as of December 31, 2024. After a strategic review in 2023, it was decided to discontinue Sleep Cycle Kids, which meant a write-down of tSEK 6,341 last year.

Note 19 Patent

	Group and parent company	
	12-31-2024	12-31-2023
Opening acquisition values	714	714
Acquisitions for the year	-	-
Closing accumulated acquisition values	714	714
Opening amortization	-714	-714
Amortization for the year	-	-
Closing accumulated amortization	-714	-714
Closing carrying amount	-	-

The group's patent refers to a patent acquisition made in 2015. Depreciation is calculated over 5 years. Expenditures for patent maintenance are expensed on an ongoing basis.

Note 20 Right-of-use assets

	Group	
Office space	12-31-2024	12-31-2023
Opening acquisition values	22,231	10,085
Additional rights of use	-	15,370
Expired rights of use	-	-3,224
Closing accumulated acquisition values	22,231	22,231
Opening amortization	-6,626	-5,953
Expired rights of use	-	3,224
Amortization for the year	-4,344	-3,898
Closing accumulated amortization	-10,970	-6,626
Opening depreciations	-	-
Depreciations for the year	-461	-
Closing accumulated impairment losses	-461	-
Closing carrying amount	10,799	15,605

Note 21 Cost of improvement on other's property

	Group and parent company	
Office space	12-31-2024	12-31-2023
Opening acquisition values	868	-
Acquisitions for the year	392	868
Closing accumulated acquisition values	1,260	868
Opening amortization	-130	-
Amortization for the year	-213	-130
Closing accumulated amortization	-343	-130
Closing carrying amount	917	738

Note 22 Equipment and computers

	Group and parent company	
	12-31-2024	12-31-2023
Opening acquisition values	3,081	2,286
Acquisitions for the year	279	943
Disposals	-23	-148
Closing accumulated acquisition values	3,337	3,081
Opening amortization	-1,378	-817
Disposals	13	64
Amortization for the year	-656	-624
Closing accumulated amortization	-2,021	-1,378
Closing carrying amount	1,316	1,703



Note 23 Participations in group companies

	Parent Company	
	12-31-2024	12-31-2023
Opening acquisition values	150	150
Shareholder contribution received	-	-
Closing acquisition values	150	150
Opening depreciations	-100	-100
Depreciations for the year	-	-
Closing cumulative depreciations	-100	-100
Closing carrying amount	50	50

The parent company holds shares in the following subsidiaries;

Company, Corporate ID number	Headquarters	12-31-2024 Share capital %*	12-31-2023 Share capital %*	12-31-2024 Carrying amount	12-31-2023 Carrying amount
Sleep Cycle Sverige AB (559278-9688)	Gothenburg	100%	100%	50	50

Note 24 Other long-term receivables

	Group and parent company	
	12-31-2024	12-31-2023
Bank guarantee	-	411
Other long-term receivables	24	-
Total	24	411

Note 25 Accounts receivable

	Group and parent company	
	12-31-2024	12-31-2023
Accounts receivable, gross	41,199	38,224
Reserve for bad debts	-	-
Total accounts receivable, net after reserve for bad debts	41,199	38,224
Accounts receivable overdue but not written-down	12-31-2024	12-31-2023
1-30 days overdue	863	158
31-60 days overdue	-	56
61-90 days overdue	-	-
91-120 days overdue	-	-
More than 121 days overdue	-	-
Total	863	214

As of December 31, 2024, accounts receivable in the amount of tSEK 863 (214) were overdue without any impairment deemed necessary. Of these, tSEK 863 (214) were settled as of March 2025 (February 2024). Accounts receivable are recognized after accounting for historical data, bad debt loss incurred during the year, and future expected credit losses. For 2024 trade losses in the group amounted to tSEK 0(0). Management believes that the carrying amount of trade receivables is consistent with fair value. Payment has been received in March 2025 and customers' ability to pay is considered good.

Note 26 Other receivables

	Group and parent company	
	12-31-2024	12-31-2023
VAT receivables	668	689
Balance tax account	-	1,905
Other items	10	8
Total	678	2,602

Note 27 Prepaid expenses and accrued income

	Group and parent company	
	12-31-2024	12-31-2023
Prepaid distribution costs	26,748	27,118
Accrued income	696	233
Other items	3,946	3,735
Total	31,391	31,086

Note 28 Cash and cash equivalents

	Group	
	12-31-2024	12-31-2023
Bank balances	144,823	133,471
Bank guarantee	411	-
Total	145,234	133,471

	Parent Company	
	12-31-2024	12-31-2023
Bank balances	64,725	133,363
Bank guarantee	411	-
Other short-term investments	80,000	-
Total	145,136	133,363

Note 29 Equity

Share capital and other capital contributions	Number ordinary shares	Share capital (tSEK)	Other contributed capital (tSEK)
As of January 1, 2023	20,277,563	563	119,229
Dividend			-119,229
Warrant premiums			288
As of December 31, 2023	20,277,563	563	288
Dividend			
Warrant premiums			2,456
As of December 31, 2024	20,277,563	563	2,744

As of December 31, 2024, the registered share capital comprised 20,277,563 ordinary shares with a quota value of SEK 0.03/share, fully paid. No shares are held by the company itself or its subsidiaries.

On June 7, 2021, the Extraordinary General Meeting approved two incentive programs through the issue of warrants for employees, Series 2021/2024, and the CEO, Series 2021/2026 (CEO LTIP). The employee program comprised two series, of which series 1 comprised a maximum of 204,546 warrants and series 2 a maximum of 22,727 warrants. The subscription period for the warrants in Series 1 expired on June 7, 2021 and for Series 2 on December 4, 2021. Subscription of Series 1 shares expired August 7, 2024 and no warrants have been exercised. Outstanding warrants in series 2 amount to 3,449 warrants. Each warrant gives the right to subscribe for 1.23 shares at a rate of SEK 77.14. Subscription of shares can take place from December 5, 2024 until February 5, 2025.

The warrants are issued against payment equal to the fair value of the warrants at the date of assignment. The fair value has been determined based on the Black-Scholes valuation model and amounted to SEK 9.9/warrant.

The CEO's program comprises a maximum of 340,909 warrants, all of which have been subscribed for. The subscription period for warrants expired on June 7, 2021. Each warrant entitles the holder to subscribe for 1.23 shares at a rate of SEK 196.87 from April 8, 2026 through June 7, 2026.

The warrants are issued against payment equal to the fair value of the warrants at the date of assignment. The fair value has been determined based on the Black-Scholes valuation model and amounted to SEK 2.9/warrant.

In the event that all warrants in series 2 are exercised, the share capital will increase by SEK 118. In the event that all warrants in the CEO program are exercised, the share capital will increase by SEK 9,470

On May 10, 2022, the general meeting decided on an incentive program through the issue of warrants for employees, Series 2022/2025. The program included a maximum of 90,000 warrants, 53,700 of which have been subscribed for. The subscription period for warrants expired on May 24, 2022. Each warrant gives the right to subscribe for 1.02 shares at a rate of SEK 69.58 from August 1, 2025 through August 31, 2025.

The warrants are issued against payment equal to the fair value of the warrants at the date of assignment. The fair value has been determined based on the Black-Scholes valuation model and amounted to SEK 6.9/warrant.

In the event that all warrants are exercised, the share capital will increase by SEK 1,596.

On November 23, 2023, the extraordinary general meeting decided on an incentive program through the issue of warrants for the CEO, Series 2023/2027 (CEO LTIP). The program included a maximum of 100,000 warrants, all of which have been subscribed for. The warrant subscription period expired on December 31, 2023. Each warrant gives the right to subscribe for 1 share at a price of SEK 52.60 from December 1, 2026 to January 2, 2027.

The warrants are issued against payment equal to the fair value of the warrants at the date of assignment. The fair value has been determined based on the Black-Scholes valuation model and amounted to SEK 2.92/warrant.

In the event that all warrants are exercised, the share capital will increase by SEK 2,778.

On April 11, 2024, the Annual General Meeting decided on an incentive program for employees of the company through a directed issue of warrants, Series 2024/2027 and payment of a bonus. The program included a maximum of 800,000 warrants, all of which were subscribed. The subscription period for warrants expired on May 2, 2024. Each warrant gives the right to subscribe for 1 share at a rate of SEK 59.20 from May 15, 2027 through June 15, 2027.

The warrants are issued against payment equal to the fair value of the warrants at the date of assignment. The fair value has been determined based on the Black-Scholes valuation model and amounted to SEK 3.07/warrant.

In the event that all warrants are exercised, the share capital will increase by SEK 22,222.

Other contributed capital

Other capital contributions consist of contributions from owners in the event of a new share issues and warrant premiums received.

Retained earnings

Retained earnings consists of accrued earnings less dividends to shareholders.

Note 30 Reconciliation of liabilities related to financing activities

The table below presents the year's change in the group's liabilities related to financing of activities. The table includes long-term and short-term liabilities.

	Group		
	Leasing liabilities	Other borrowings	Total
Opening balance 2023	4,196	-	4,196
Items affecting cash flow:			
Repayment of leasing liabilities	-3,647		-3,647
Items not affecting cash flow:			
Additional leasing agreements	15,370		15,370
As of December 31, 2023	15,918	-	15,918
Items affecting cash flow:			
Repayment of leasing liabilities	-4,175		-4,175
As of December 31, 2024	11,743	-	11,743



Note 31 Accrued expenses and deferred income

	Group	
	12-31-2024	12-31-2023
Contractual liabilities (deferred income)	116,782	116,732
Accrued salaries	1,027	2,149
Accrued vacation pay	3,518	4,935
Accrued social security contributions	1,428	2,226
Other items	4,060	3,357
Total	126,815	129,399

	Parent Company	
	12-31-2024	12-31-2023
Contractual liabilities (deferred income)	116,782	116,732
Accrued salaries	1,027	2,149
Accrued vacation pay	3,518	4,935
Accrued social security contributions	1,428	2,226
Other items	4,521	3,357
Total	127,276	129,399

Contractual liabilities consist entirely of prepaid subscription services for Sleep Cycle Premium. Contractual liabilities are reported as income over time on a straight-line basis over the term of the subscription. The subscription term never exceeds 12 months, for which reason an opening contract liability is reported as income in its entirety in the current year.

Note 32 Pledged assets and contingent liabilities

	Group and parent company	
	12-31-2024	12-31-2023
Pledged assets		
Blocked bank funds as collateral for bank guarantee	411	411
Contingent liabilities	None	None

Note 33 Related party transactions

The consolidated financial statement includes the parent company Sleep Cycle AB and the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688). There have been no related party transactions between group companies.

Disclosures of remuneration to senior executives are presented in note 11.

Note 34 Dividend and disposal of profit

Parent Company	
Total earnings (SEK) at the disposal of the Annual General Meeting	
Share premium fund	2,743,725
Retained earnings	8,912,707
Profit/loss for the year	62,735,552
Total unrestricted equity	74,391,984

After adoption of the balance sheet of Sleep Cycle AB for 2024, the Board of Directors recommends that the general meeting appropriate the above funds as follows:

Distributed to shareholders:	
SEK 3.00 per share ¹	60,832,689 ²
To be carried forward	13,559,295
Total	74,391,984

¹ See Note 5 for dividend policy. SEK 1.85 per share constitutes an ordinary dividend and SEK 1.15 per share constitutes an extraordinary dividend.
² Based on number of outstanding shares as of December 31, 2024. The amount of the dividend may change due to the issue of new shares up to the record date.

The Board of Directors of Sleep Cycle AB (publ) has adopted a distribution policy with the aim that distribution over time will amount to between 40-60% of earnings after taxes.

Sleep Cycle has a history of solid profitability and strong cash flow. Given a business model with limited investment requirements and prepayments, the Board of Directors is of the view that the company can meet its long-term strategic objectives, including investments for expanded growth, in combination with an annual distribution. The Board of Directors has carefully evaluated the capital allocation and analyzed the possibility of share buybacks, ultimately determining that the conditions for this are not favorable. The Board will continue to evaluate the best options for value creation on an ongoing basis.

The last day of trading with dividend rights is April 8, 2025 and the proposed record date for the dividend is April 10, 2025. Euroclear expects to send the dividend to shareholders on April 15, 2025.

Concerning the parent company's and the group's earnings and position in other respects, please refer to the following results and balance sheets, reports on changes in equity, cash flow analyses, and notes. All amounts are given in thousands of Swedish kronor (tSEK) unless otherwise stated.

Note 35 Events after the balance sheet date

- On February 4 the Board of Directors proposed a dividend of SEK 3.00 per share, equivalent to SEK 60,833, based on the number of outstanding shares as of February 4, 2025. SEK 1.85 per share constitutes an ordinary dividend for 2024 and SEK 1.15 per share constitutes an extraordinary dividend.
- The Board of Directors decided on February 4 to update the financial target for the EBIT margin. The new target is to achieve an annual EBIT margin of at least 25%. The previous target was an annual EBIT margin of around 25 percent.

DEFINITIONS OF KEY PERFORMANCE INDICATORS AND CALCULATIONS

Sleep Cycle applies the guidelines for alternative key performance indicators issued by ESMA. This report presents certain financial key performance ratios, including alternative key performance indicators which are not defined under IFRS. The Company considers these key figures to be an important complement, as they facilitate a better evaluation of the Company's financial trends. These financial indicators should not be assessed independently or considered substitutes for

performance indicators calculated in accordance with IFRS. In addition, such key performance indicators, as defined by Sleep Cycle, should not be compared with other key performance indicators with similar names utilized by other companies. This is because the key performance indicators below are not always defined in the same way, and other companies may calculate them differently than Sleep Cycle.

Key performance indicators	Definition	Background of the use of the key performance indicator
Net sales growth	Change in net sales compared with the same period of prior year.	The measure shows the company's growth in net sales compared with the same period of prior year.
Currency-adjusted net sales growth	Defined as net sales for the year divided by net sales for the previous year translated at average exchange rates for the year.	Used to measure the company's underlying net sales growth adjusted for currency effects.
Operating profit/loss	Operating profit before interest and tax.	Operating profit is used to understand the company's earning capacity in relation to net sales.
Operating margin	Operating profit as a percentage of the company's net sales.	Operating margin is an indication of the company's earning capacity.
Items affecting comparability	Non-recurring items not included in the normal course of business and therefore affect comparability between different periods. Refers to costs related to listing in 2021, public cash offer 2022, cost savings 2023 and reorganization 2024.	The measure is used to understand the group's development and comparison across years.
Adjusted operating profit/loss	Operating profit adjusted for items affecting comparability.	Adjusted operating profit is used to understand the company's earning capacity adjusted for items affecting comparability.
Adjusted operating margin	Adjusted operating profit as a percentage of the company's net sales.	Adjusted operating margin is used to understand the company's earning capacity adjusted for items affecting comparability.
Total subscriptions	Total number of subscriptions at the end of the period (closing balance).	The measure indicates how many subscribers the company has at the end of the period.
Subscription income	Income attributable to a paying subscriber.	Subscription income is used to measure the company's income generation from subscribers.
ARPU	Average annual subscription income per subscriber during the period. Quarters and periods are annualized.	The measure indicates the company's subscription income per subscription on average during the period.
Currency-adjusted ARPU	Average annual subscription income per subscriber during the period translated into the previous year's average exchange rates. Quarter and period counted up to full year.	The metric indicates the company's average subscription income per subscription adjusted for currency effects.



RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

The tables below are derived from the calculation of alternative key performance indicators not defined in accordance with IFRS or where the calculation is not shown in another table in this report.

Net sales growth and currency-adjusted net sales growth

tSEK	2024	2023
Net sales previous period	236,146	212,034
Net sales current period	261,529	236,146
Net sales growth	10.7%	11.4%
Currency-adjusted net sales previous period	238,186	229,045
Net sales current period	261,529	236,146
Currency-adjusted net sales growth	9.8%	3.1%

Operating profit and operating margin

tSEK	2024	2023
Net sales	261,529	236,146
Other operating income	355	864
Capitalized work for own account	447	1,105
Distribution costs	-57,862	-53,641
Other external expenses	-58,489	-53,127
Personnel expenses	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets	-8,624	-14,858
Other operating expenses	-290	-376
Operating profit/loss	76,962	56,606
Operating margin	29.4%	24.0%

Adjusted operating profit and adjusted operating margin

tSEK	2024	2023
Operating profit/loss	76,962	56,606
Items affecting comparability		
Other external expenses	-794	-381
Personnel expenses	-4,962	-4,450
Total items affecting comparability	-5,756	-4,831
Adjusted operating profit/loss	82,718	61,437
Adjusted operating margin	31.6%	26.0%

ARPU

tSEK	2024	2023
Subscription income	252,100	234,948
Currency-adjusted subscription income	250,220	217,425
Number of subscriptions previous period (thousands)	893	904
Number of subscriptions current period (thousands)	918	893
ARPU (SEK)	278	262
Currency-adjusted ARPU (SEK)	276	242

The annual report and consolidated financial statement were approved for release by the Board on March 10, 2025. The group's statement of comprehensive income and statement on its financial position, as well as the parent company's income statement and balance sheet, will be subject to certification at the Annual General Meeting on April 8, 2025.

The Board of Directors and the CEO hereby certify that the annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities and gives a true and fair view of the company's position and results of operations and that the annual report

gives a true and fair overview of the development of the company's operations, position, and results of operations and describes significant risks and uncertainties facing the company. The Board of Directors and CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true and fair view of the group's position and performance, and that the group's administration report gives a true and fair view of the development of the group's business, position and performance, and of the principal risks and uncertainties that the companies included in the group face.

Gothenburg, March 10, 2025

Anne Broeng
Chairman of the Board

Hans Skrufors
Board member

Maciej Drejak
Board member

Mathias Høyer
Board member

Erik Jivmark
CEO

Our audit report has been submitted on the date shown on our electronic signature
Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik
Certified public accountant



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. 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. 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

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SLEEP CYCLE AB

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Four reasons to invest in Sleep Cycle

1. NUMBER ONE IN THE WORLD IN SLEEP ANALYSIS

Sleep Cycle is a world leader in AI-based sleep analysis, based on scientific research and protected by numerous patents. Close collaboration with leading universities in sleep research ensures that our product development remains aligned with and based on the latest science.

The fact that Sleep Cycle is the most downloaded sleep-related app and has a strong organic influx of new customers is proof that Sleep Cycle is perceived as the best option in a global market.



2. A STABLE CORE BUSINESS WITH HIGH PROFITABILITY

Sleep Cycle has already proven itself with a core business that is stable and profitable and has been so for a long time. One of the financial targets is to have an operating margin of at least 25% yearly. Recurring revenues from subscriptions provide predictable cash flows and the strong profitability enables annual dividends equivalent to 40-60% of annual profit after tax.



3. INCREASING AWARENESS OF SLEEP'S IMPORTANCE FOR HEALTH DRIVES GROWTH

With the growing recognition of sleep's importance to our overall well-being, Sleep Cycle is positioned for growth in a global sleep tech market estimated at SEK 17 billion. Since everyone has a need for a good night's sleep, the company's potential target audience essentially includes anyone with a smartphone.



4. STRATEGIC EXPANSION FOR LONG-TERM SUCCESS

Given our proactive management with strong faith in the company, the strategy and set goals, there are several paths to continued growth:

- Organic growth in the core business through strategic focus on conversion, price differentiation, and geographic alignment.
- Growth through the further development of strategic partnerships.
- New revenue streams through product development of existing data and knowledge – with 3 billion nights analyzed, Sleep Cycle has a world-leading database.

