



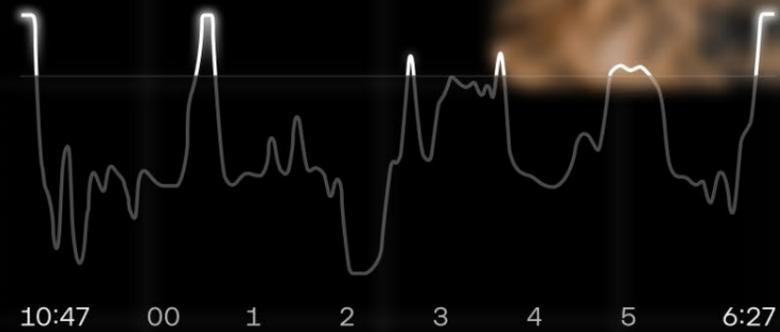
Sleep Cycle

Backed by science
Loved by Millions.



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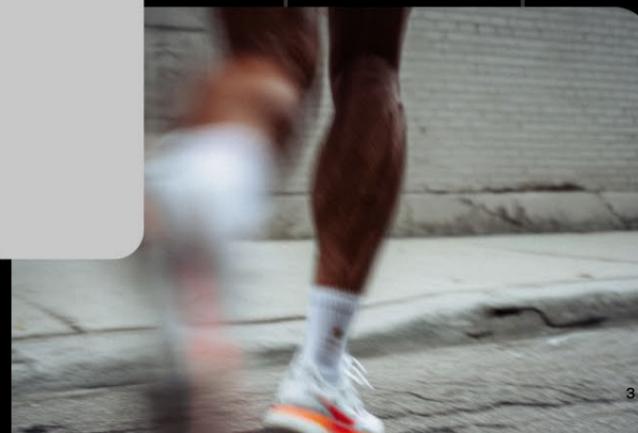
Sleep Stages



Awake
 Light
 Deep
 Dream

Sleep science designed for you

We help people improve their sleep habits through powerful tools, smart features, and deep insights into sleep patterns – for a healthier, more balanced life.





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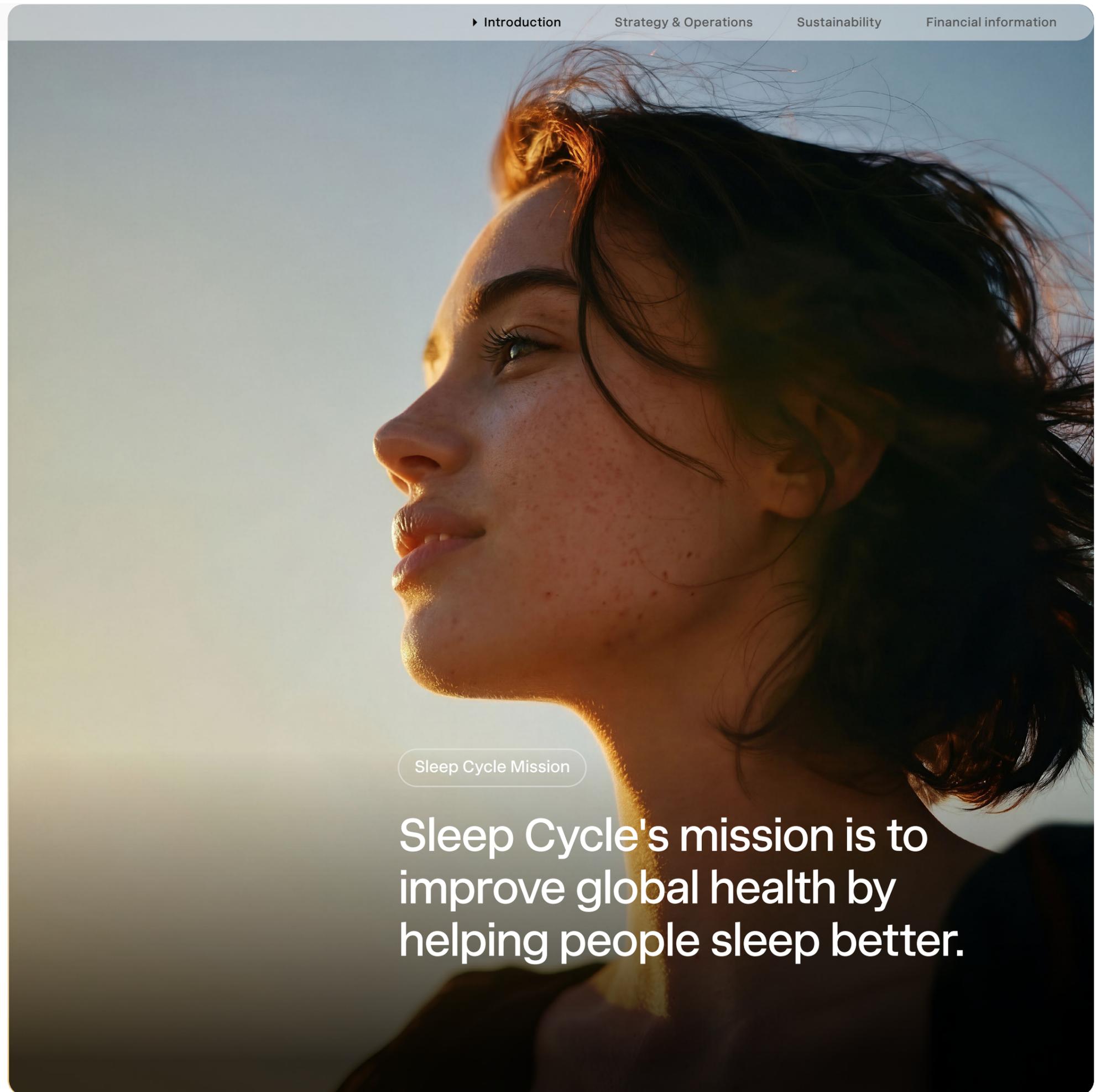
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This is a translation of the original Swedish Sleep Cycle Annual Report for 2025. In the event of any discrepancies between the two versions, the original Swedish version shall apply.



Sleep Cycle Mission

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

Based on science 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 3 billion nights in more than 180 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.

Zz East Asia snores the most

China and Hong Kong top the list with average snoring of almost one hour a night.

Source: Sleep Cycle Snore Report 2025

2.5

Million active users

+60

Scientifically based sleep programs

+3

Billion nights analyzed

+82

MILLION downloads

+180

Countries

49

NPS

* Based on daily active users (DAU) globally in the sleep app segment, according to Sensortower, 2015–2025.

2024

2025

The Year in Review

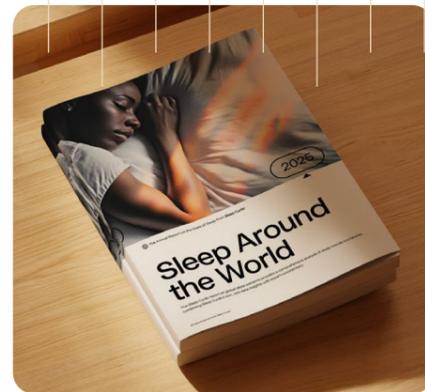
In 2025, Sleep Cycle took several important steps to further develop the business and strengthen the foundation for sustainable, long-term growth. We continued to advance our capabilities in sleep analysis and made clear progress toward our mission of improving global public health through better sleep habits.

248
Net sales / mSEK

27
Operating margin/%

66
Operating profit / mSEK

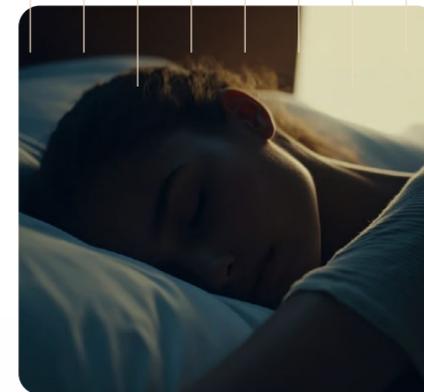
768
Number of paying subscribers / K



Sleep Around the World
New report from Sleep Cycle - 105 million nights showed a global decline in sleep quality. Based on analyses of more than 105 million nights, the report provides unique insights into how sleep patterns vary across countries and regions. The study contributes to increased understanding of global sleep health and strengthens Sleep Cycles' role as a knowledge platform in sleep research.

A new video series from Sleep Cycle
During the year, Sleep Cycle launched a new video series with the aim of spreading knowledge about the importance of sleep early in life. The series is geared toward both young people and their parents and is part of the company's work with education and preventive health.

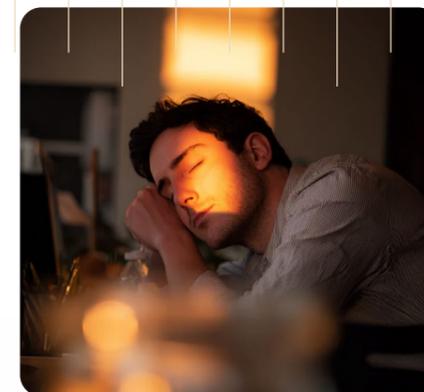
Global report on snoring
Sleep Cycle released a global report on snoring. The report shows where in the world snoring is most common and how its prevalence varies between different groups. The analysis is based on aggregated and anonymized user data and contributes to increased knowledge about a common but often underestimated sleep-related problem.



Study on global snooze habits
Sleep Cycle presented a new study on global snooze habits. The study highlights how the use of the snooze habit varies globally and what effects it can have on sleep quality and perceived fatigue. The results are used both in product development and in the company's external knowledge sharing.



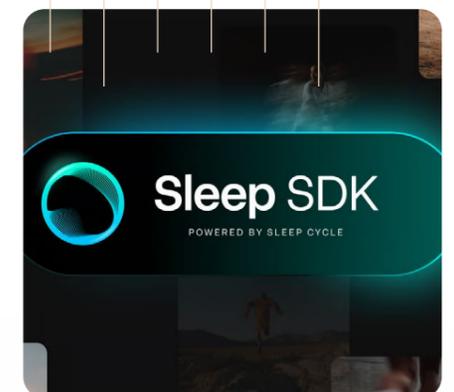
Christian Kanstrup as new board member
Christian Kanstrup was elected as a new member of the board at an Extraordinary General Meeting. The addition strengthens the board's collective expertise in strategy, medtech, and international growth.



AI-powered detection for sleep apnea risk
Sleep Cycle took an important step in medtech this year by initiating a clinical study for AI-based detection of risk of sleep apnea. The initiative is a central part of the company's long-term commitment to a medical technology market with significant global potential.



Luma – AI-powered sleep research
This year saw the launch of Luma, a new feature based on AI and sleep research, focused on helping users create more sustainable sleep habits. The launch is an important step in the development towards more personalized and data-driven support within the app.



Ultrahuman – important milestone
A pilot with Ultrahuman was launched during the year, marking an important milestone in Sleep Cycle's efforts to license its sleep technology. The collaboration strengthens the company's position in B2B and opens up new areas of application outside its own app.



Wellness partnership with Urban Sports Club
Sleep Cycle entered into a wellness partnership with Urban Sports Club with the aim of reaching new target groups and expanding its health and lifestyle offering. The partnership is an example of how the company is expanding its reach through collaborations.

2025



Sleep science

We hear when you dream

Powerful and groundbreaking technology based on science. This is how one might sum up Sleep Cycle. Through our advanced sound analysis, our algorithms can hear when you are sleeping, how you are sleeping, and how you are feeling – even when you are dreaming.

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 contactlessly analyze sleep, based solely on sound via a mobile phone, and capture and analyze both breathing patterns and sounds from movements.

US Patent 8493220

Our platform and products are based on scientific research and are protected by several patents, the most important of which is US Patent 8493220. This forms the basis for our groundbreaking innovation and enables the algorithm to measure sleep with outstanding precision. It tracks sleep time, wake-up frequency, and the different stages of sleep.

Sleep Stages

Using our contactless audio analysis, the first of its kind in the world, the Sleep Stages feature can identify 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.

Unmatched data

Through our patented audio analytics and advanced AI technology, we collect and analyze large amounts of sleep data – equivalent to over 300,000 hours of sleep data every hour. In total, we have analyzed over 3 billion nights from more than 180 countries. This makes us one of the most comprehensive sources of sleep statistics in the world.

Powerful AI & 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.

Luma – your sleep coach

AI-driven sleep coach that helps users achieve health goals where sleep plays an important role – from mental and physical health to weight control, productivity, and performance. Through natural, conversation-based guidance that adapts over time, Luma transforms complex sleep insights into clear, concrete advice, while accounting for factors such as partners in bed, pets, or periods of high stress.

Cooperation in research

We collaborate closely with leading universities. Together with the University of Cambridge, we are investigating how air pollution affects health via our data source Cough Radar. In collaboration with UCL and the University of Cambridge, we are researching how sleep and navigation patterns can indicate early signs of Alzheimer's disease. And this year, we started a clinical study with Sleep Testing Australia on detection for risk of sleep apnea via smartphone. All based on our data and algorithms.





Statement by the CEO

A stronger Sleep Cycle takes shape

2025 has been a decisive year for Sleep Cycle. Although the sleep app segment has continued to face headwinds, we have gained market share in both revenue and downloads. We delivered an operating margin of 26.6 percent for the full year and at the same time implemented one of the most important transformations in the company's history. It's not something I take for granted. At the same time, the company is now entering a new phase where increased investments are prioritized to enable continued development and long-term growth, which will affect profitability in 2026.

The weaker market development has affected us, but also confirmed our strategy. The number of subscribers has decreased compared with the previous year, and although we increased our market share, this has contributed to a slightly lower turnover. The decline has been partially offset by strong B2B growth, where net sales from B2B increased by 59 percent and now account for over ten percent of net sales.

What really marks the year is how clearly our strategy is now taking shape. In addition to the B2B partnerships in the app segment, we are moving towards a horizontal layer of technology in the digital health ecosystem. Through Powered by Sleep Cycle and our Sleep SDK, our technology can now be used in many products, many companies, and many use cases – far beyond our own app. This shift fundamentally changes the scale of opportunity before us and creates new ways to grow, independent of the fluctuations of the app economy. Our Sleep SDK is now fully developed and in use by a customer, and we are entering 2026 with a growing

partner pipeline. 2026 will be an important year for our ability to gradually build a meaningful revenue stream from technology licensing.

Our work within medtech also progressed during the year. The clinical study for detecting the risk of sleep apnea is advancing according to plan and represents an important milestone on the path toward medical certification and future commercialization. The study is central to our efforts to build a scientifically and regulatorily robust solution.

At the same time we have strengthened the foundation of our consumer offering, the Sleep Cycle app. We launched Luma, our AI-powered sleep coach, developed a new sleep quality score, updated the user experience, and got noticed by Apple several times throughout the year. Luma serves as the foundation for the next generation of the Sleep Cycle experience, combining advanced AI with clearer and more actionable guidance.



“The clinical study is progressing well and marks an important milestone on our path toward medical certification and future commercialization of sleep apnea detection technology.”

Even in a challenging category, these investments have helped us gain market share and further strengthen our offering.

Our team is what I'm most proud of. Commitment has increased, motivation within the company is high, and our ability to deliver at pace has never been stronger. 2025 has been a very productive year, with a number of achievements in all our product areas – the app, technology licensing, medtech, and data. It is unusual to see this level of commitment and execution during a period of transformation, and it reflects the passion and focus of everyone at Sleep Cycle.

As we look ahead, we see that 2026 will be a year of investment. We see clear opportunities for growth in the sleep app category, in technology licensing, and along the path toward medtech, and we intend to capitalize on them. The market for home-based sleep apnea tests is estimated at around SEK 10 billion, which underscores the potential of scalable solutions. At the same time,

the market for technology licensing via our SDK is estimated to be worth approximately SEK 3 billion. We will continue to gain market share, expand our Powered by Sleep Cycle partnerships, and bring the sleep apnea study closer to certification.

I would like to thank our shareholders, our customers, and most notably our employees for your trust and commitment. Yes, we operate in a demanding environment, and we must be humble in the face of that. But that must not overshadow what we have actually achieved. We are in the process of shaping a stronger and more diversified Sleep Cycle – with the security and clarity needed to shape our own future.

Erik Jivmark, CEO



Four reasons to invest in Sleep Cycle



Number one in the world in sleep analysis

Sleep Cycle is a world leader in AI-powered sleep analysis, based on scientific research and numerous patents. The company works closely with leading universities in sleep research.

Sleep Cycle is the most downloaded sleep-related app, which is proof of strong global demand. As the importance of sleep for health gains increased attention, Sleep Cycle is solidly positioned to grow in the sleep tech market, worth SEK 17 billion, with a solution designed for nearly all smartphone users.



A new phase with multiple revenue streams

Sleep Cycle combines three strong features, powered by our world-leading technology platform:

- A stable and cash flow generating consumer business
- A scalable licensing model with high margins and global potential
- A long-term growth opportunity in medtech and digital health

As new business areas mature, the company is well positioned for sustainable growth and increased margins. The market for technology licensing via Sleep SDK is estimated at approximately SEK 3 billion and demonstrates the scalable potential of our partner strategy.



A stable core business with high profitability

The Sleep Cycle app provides a strong foundation with recurring revenue and valuable user data. With stable ARPU, high renewal rates, and positive cash flow, the core business is financing future growth initiatives.

Going forward, the focus will be on increasing user value through innovation, optimized pricing, and an improved user experience. The app provides our platform with data every day, making it continuously smarter and more powerful.



Long-term potential in medtech and sleep apnea risk detection

Sleep Cycle is developing a medical solution for detection for risk of sleep apnea based on our own technology. The market for home-based sleep tests is estimated at around SEK 10 billion, which highlights the commercial potential of accessible and scalable solutions.

The ongoing clinical trial is a crucial milestone towards certification and commercialization. The initiative addresses a large and rapidly growing global market and positions Sleep Cycle at the intersection of consumer health and medical diagnostics.

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
2021/2026 (CEO LTIP)	340,909	419,318	2.1%	196,87	2026
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	1,240,909	1,319,318	6.5%		

Main shareholders in Sleep Cycle AB (publ) as of December 31, 2025

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%
Avanza Pension	890,557	4.4%
Nordnet Pensionsförsäkring	836,543	4.1%
Lancelot Asset Management AB	650,000	3.2%
Cancerfonden - The Swedish Cancer Society	339,993	1.7%
Magnus Konrad	178,000	0.9%
Johan Qviberg	170,000	0.8%
Storebrand Asset Management	148,373	0.7%
Handelsbanken Fonder	113,500	0.6%
Other	4,194,927	20.7%
Total	20,277,563	100%



Strategy

For increased growth and new revenue streams – Sleep Cycle's business strategy is based on the trends driving the market and aims to build strong and profitable growth and identify and create new revenue streams.

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 – Platform and Data, User Growth, and User Engagement – within which we carry out a range of tactical activities to achieve our goals.

The strategy aims to aggressively drive organic growth while exploring new revenue streams based on Sleep Cycle's unique technology and extensive data sets. A key part of this is commercializing these assets through new products, technology licensing, and partnerships that build on the strength of the platform.

Platform & data



User engagement



User growth in the app



Platform and data

The Sleep Cycle platform processes anonymized data in real time, equivalent to over 300,000 hours of sleep, every hour. Since its launch, more than 3 billion nights have been analyzed, creating data-driven insights and a strong foundation for continued product development.

Sleep Cycle has developed the world's first contactless sound analysis of movement and breathing patterns, trained on extensive datasets. The technology is now also being tested in medtech, where a clinical study is evaluating the accuracy of an algorithm for detecting risk of obstructive sleep apnea with the aim of enabling home-based detection via smartphone.

The sound analysis platform also forms the basis for the company's technology licensing through Sleep SDK, where partners can integrate contactless breathing monitoring into their own products.

The data set that has been built up over time is a strategic asset. Collaborations with players such as the British NHS confirm the quality, clinical relevance, and long-term potential of the data.

User engagement

Retaining users is crucial to our subscription-based revenue model. A high level of activity in the app is therefore crucial, as active users are more likely to remain subscribers.

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 the AI-powered sleep coach Luma 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.

User growth in the app

Continuing to drive growth in the app is central to the strategy. More users in the app generate more data and increase the value of the platform, which forms the basis for all our products and revenue streams.

The 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.

Powered by Sleep Cycle

From app to world-leading sleep platform

It was patent US 8493220 that laid the foundation for our groundbreaking innovation and is the reason Sleep Cycle can measure sleep with unmatched precision. Based on the patent, we have continued to develop our technical platform.

+3 billion
nights of sleep, millions of active users, and collaboration with leading universities make Sleep Cycle's technology unique in both scale and quality.

Platform | Powered by Sleep Cycle

Services

Type of activity



The world's #1 sleep app*

B2C & B2B
Combination



Sleep SDK & Data

B2B
SaaS based



Sleep apnea detection
Future potential - in development

B2C & B2B
Combination

Powered by provides a solid platform for Sleep Cycle, where the app is our core and more areas and products can be brought together in one ecosystem. At present, this includes our technology licensing Sleep SDK, which was launched during the year, as well as our development within sleep apnea.

* Based on daily active users (DAU) globally in the sleep app segment, according to Sensortower, 2015–2025.

To scale our vision, we are now allowing our technology and insights to create value outside our own app. We are leaders in sleep analysis, and given the importance of sleep for human health, our technology and data platform have the potential to impact many industries and a large part of the world's population.

Over 3 billion nights of sleep, millions of active users, and collaboration with leading universities make Sleep Cycle's technology unique in both scale and quality.

With our entire technology platform as a foundation, and what we call Powered by Sleep Cycle, the value we create can be used by more players in health, digital wellness, femtech, medical technology, and other related sectors. In addition to our ongoing research and development, the platform is filled with valuable data from all corners of the world every night, as millions of people use the app regularly.

The platform is therefore the foundation for all the products and collaborations we as a company can create; it is a horizontal layer in the digital health ecosystem.

This transformation fundamentally changes the scale of our future opportunities and opens up entirely new avenues for growth – regardless of fluctuations in the market for health apps. The transition from app to platform is a strategic shift that gives us the strength to grow on our own terms with both B2C and B2B revenues.

Zz North Africa snores the least

Algeria and Morocco report the shortest snoring times, averaging less than 20 minutes per night.

Source: Sleep Cycle Snore Report 2025

Research into early detection of Alzheimer's disease

Together with researchers from Cambridge and UCL, we are investigating how sleep and navigation patterns can indicate early signs of Alzheimer's disease. By analyzing data from mobile sensors, we are looking at the possibility of identifying subtle cognitive changes and enabling earlier diagnosis with a scalable method that works in real-world environments.

Sleep Cycle App

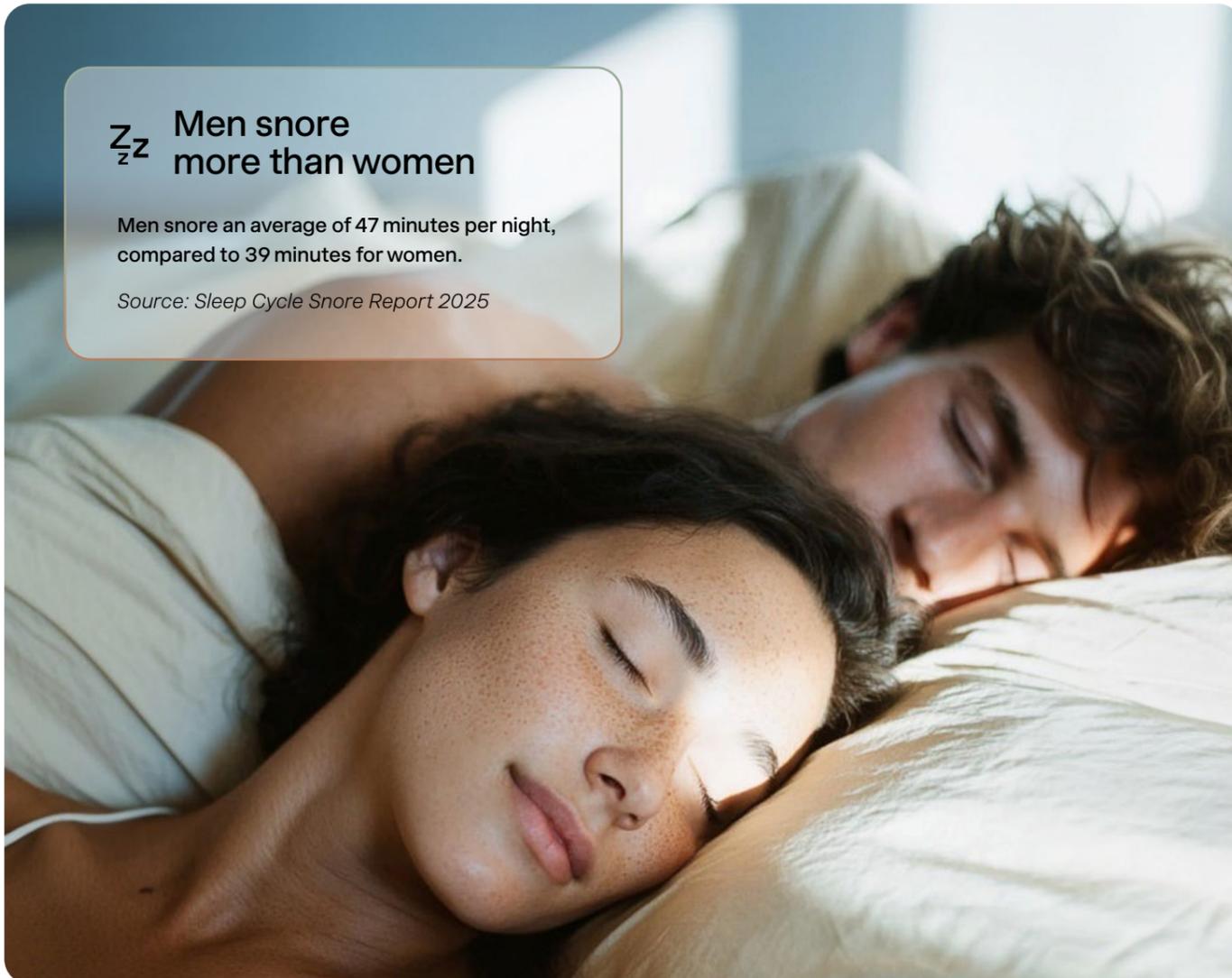
The world's #1 sleep app

The Sleep Cycle consumer app is one of the world's most popular digital services for better sleep and the leading app for sleep analysis. With millions of users in over 180 countries and global brand awareness, we have created an app that helps people improve their sleep and health. It is translated into 14 languages and is available on most smartphones, giving us access to a large share 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.

Men snore more than women

Men snore an average of 47 minutes per night, compared to 39 minutes for women.

Source: Sleep Cycle Snore Report 2025



+59%

In 2025, B2B partnerships increased by 59% compared to the previous year.

Strong B2B growth broadens revenue base

By collaborating with companies in various industries, we create added value that strengthens our partners' offerings while opening up new revenue streams for Sleep Cycle. This model reduces our dependence on app stores and provides a robust mix of direct user revenue and partner-driven revenue, making the business less sensitive to market fluctuations in the health-related app segment.

Our partnerships span multiple sectors and demonstrate how fundamental sleep is to human well-being. The strong interest from a wide range of partners signals significant untapped potential. As more companies recognize the value of what Sleep Cycle offers, B2B sales are becoming an increasingly material growth driver.

In 2025, B2B partnerships increased by 59 percent year-over-year and currently account for more than 10 percent of total revenue, confirming the strong demand for Sleep Cycle's acclaimed technology and brand.



Smart Features

Smart Alarm

By analyzing which sleep phase you are in, the alarm wakes you up during a light sleep phase to start your day smoothly.

Sleep Tracking

Measures duration, sleep stages, and interruptions throughout the night with unmatched accuracy.

Sleep Stages

Understand your sleep in detail – how light, deep, and REM sleep affect physical and mental recovery.

Sleep Sounds

Who woke you up? Our smart sound analysis reveals nighttime disturbances – from snoring to pets padding around.

Sleep Aid

Uses science-based music, green noise, and nature sounds to create a sound environment that promotes sleep and creates optimal conditions for deep sleep.

Luma

Luma is the health coach that helps users achieve health goals where sleep plays an important role – from mental and physical health to weight control, productivity, and performance. Through natural, conversation-based guidance that adapts over time, Luma transforms complex sleep insights into clear, concrete advice, while accounting for factors such as partners in bed, pets, or periods of high stress.

A global user base



Top 5 active users by country 2025

COUNTRY	SHARE
1. USA	23%
2. Japan	10%
3. United Kingdom	7%
4. Germany	5%
5. France	5%

zz Snoring peaks between 55 and 64 years

It gradually increases with age but decreases somewhat after 65.

Source: Sleep Cycle Snore Report 2025

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 patterns, 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.

Understanding what disrupts 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.



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.



TURKEY

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



NETHERLANDS

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



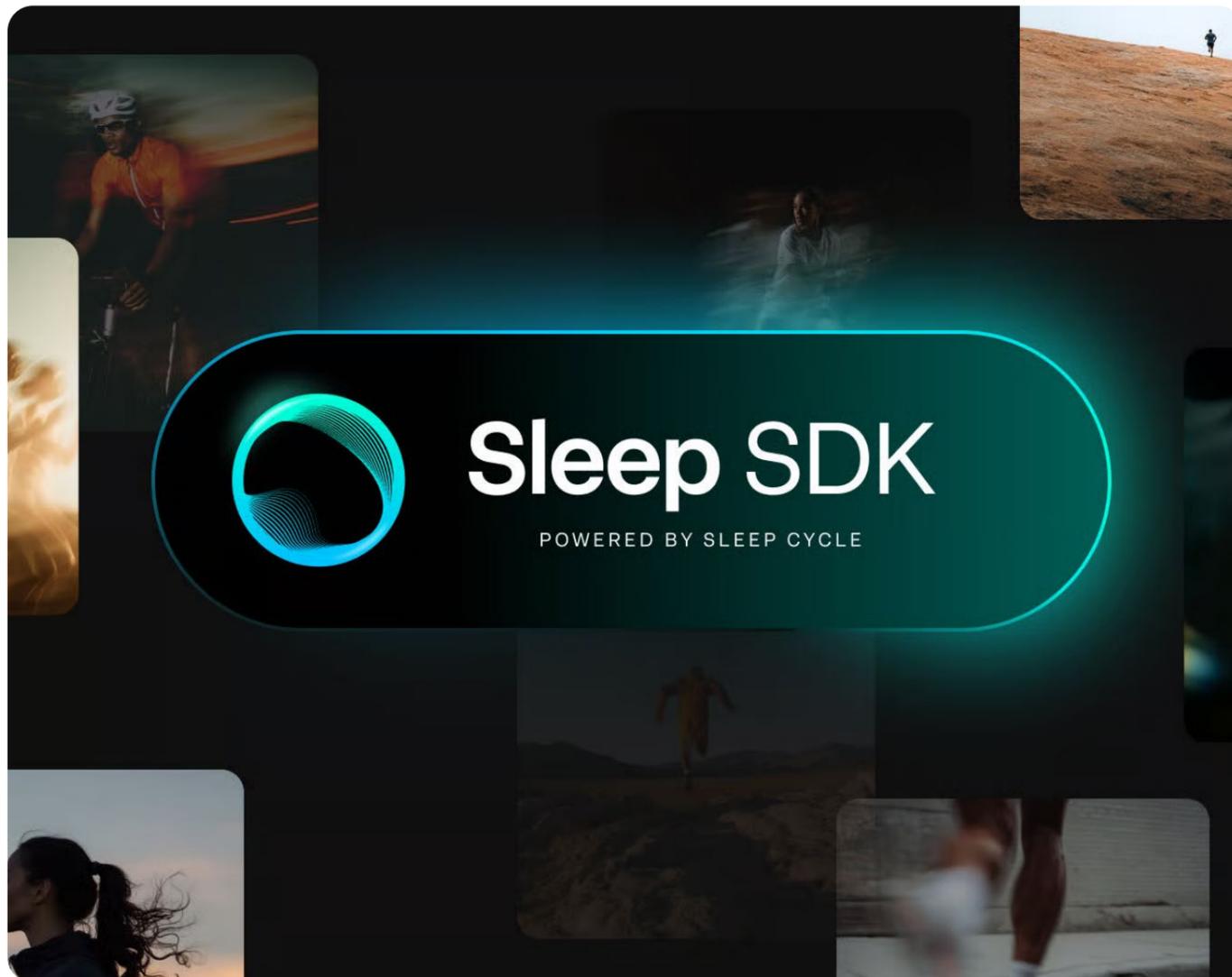
JAPAN

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

Sleep SDK & Data

Tech licensing and data create strong partnerships

Licensing Sleep Cycle's technology and data allows partners to integrate our technology into their own products and services. We make our platform and our extensive data available through, among other things, Sleep SDK (software developer kit).



Licensed technology that's easy to integrate

Sleep SDK is flexible and easy to integrate for partners and supports both mobile applications and other types of connected devices, such as wearables. This provides a basis for Sleep Cycle to become a long-term partner to companies that want to create high-quality services using our patented technology. The technology licensing business model increases Sleep Cycle's potential revenue and enhances the company's contribution to better sleep health worldwide.



Ultrahuman PowerPlug Powered by Sleep Cycle

In the fall of 2025, we conducted a pilot together with Ultrahuman to explore how Sleep Cycle's sound analysis can create additional value for their users. The result was a completely new and unique PowerPlug feature that combines sound analysis of breathing during sleep with advanced biomarker tracking – revealing patterns, trends, and changes in respiratory health over time. This combination of technologies from Sleep Cycle and Ultrahuman will make it possible for users to identify hidden breathing disorders that silently impair sleep quality and performance, enabling practical, behavior-driven adjustments and increased user awareness.

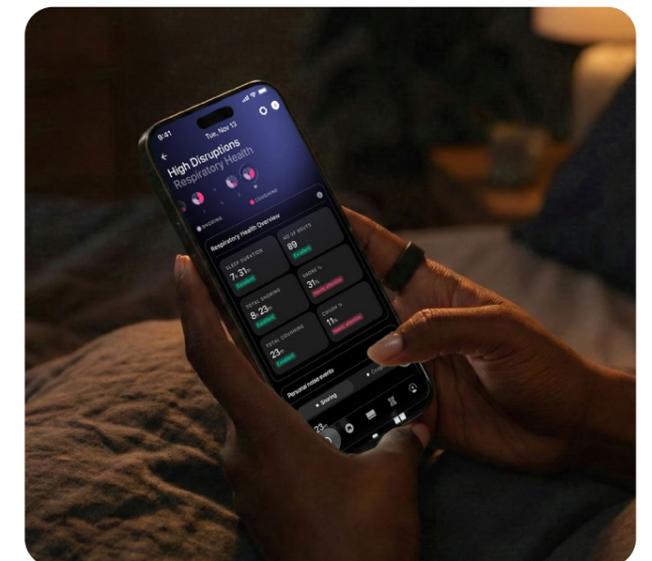
zzz Brits snore more than Americans

44 minutes a night in the UK, compared to just under 40 minutes in the US.

Source: Sleep Cycle Snore Report 2025

UK Health Security Agency x Sleep Cycle

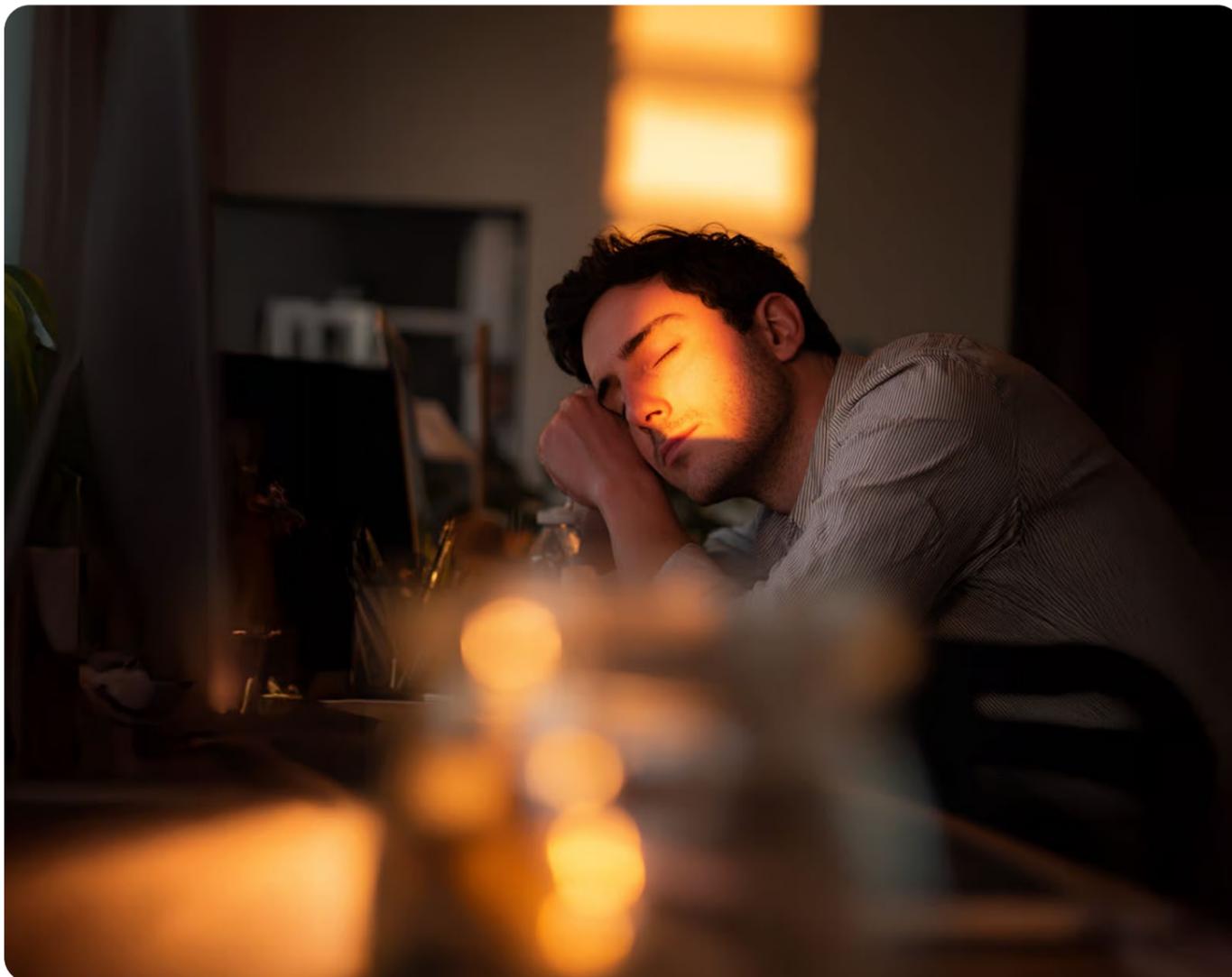
The UK Health Security Agency (UKHSA) has launched a study to investigate how privacy-preserving cough data from Sleep Cycle can improve the surveillance of respiratory diseases and strengthen early warning systems. By comparing Sleep Cycle's aggregated, anonymized cough data with the UKHSA's existing monitoring system, we are seeking to determine whether these signals can provide earlier indications of rising infection levels. The analysis includes correlation with UK disease data and historical global outbreaks to determine whether cough data can identify early signs of infection spread and complement other sources of warning – a step toward more rapid insights and better public health protection.



Sleep apnea detection

Discover medical sleep apnea detection

The data that Sleep Cycle collects during sleep can reveal a lot about a person's health. Not only about sleep itself, such as sleep phases, dreams, and ambient noise, but also providing insights into other important parameters, such as breathing pauses. This paves the way for a new era of more accessible sleep diagnostics.



During the year, Sleep Cycle initiated a clinical study to investigate how the company's completely contactless sleep analysis can be used in healthcare to detect risk for obstructive sleep apnea (OSA). The company's AI-driven sound analysis is based on a proprietary sound platform, trained to identify subtle sleep-related breathing patterns in real-world environments. Unlike traditional methods, the solution analyzes sound in a context-aware manner, enabling the identification of potential signs of sleep apnea without the need for wearables or other sensors.

The clinical study is led by Dr. Mike Gradisar, Head of Sleep Science at Sleep Cycle and principal investigator for the study, together with Dr. Mikael Kågebäck, CTO at Sleep Cycle and PhD in AI and machine learning. The study began in June, and the validation phase, which is being conducted in collaboration with a well-known American CRO (Clinical Research Organization), is expected to be completed in September 2026.

The clinical study has received formal ethical approval and is being conducted in accordance with international



Dr. Mikael Kågebäck
CTO

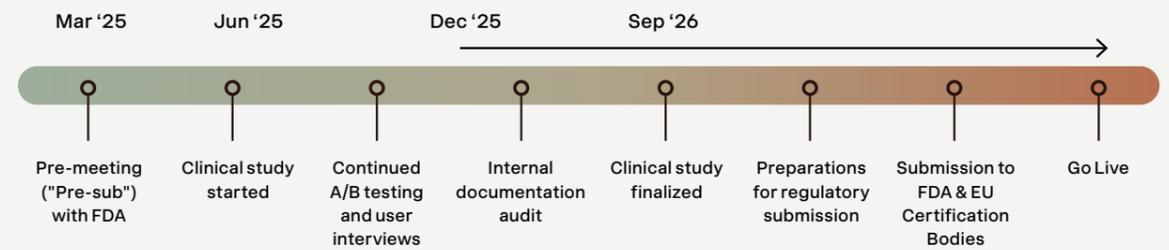


Dr. Mike Gradisar
Head of Sleep Science

guidelines for clinical research. Sleep Cycle has also been in early discussions with the US Food and Drug Administration (FDA) to ensure that the study design, methods, and expected results are in line with regulatory requirements.

The study could pave the way for a new generation of sleep diagnostics and enable accessible screening for people who would otherwise be at risk of going undiagnosed – in the safety of their own homes.

Process for medical certification of sleep apnea risk detection



A global health problem

Obstructive sleep apnea affects an estimated 950 million adults between the ages of 30 and 69 worldwide, with nearly 80 percent of cases remaining undiagnosed. This silent epidemic contributes to several health complications, including cardiovascular disease, cognitive impairment, and reduced quality of life. According to the American Academy of Sleep Medicine, the global market for home sleep apnea testing is expected to grow to SEK 10 billion by 2035, highlighting the urgent need for scalable, cost-effective, and accessible solutions.

Detection via smartphone

- AI-powered detection for risk of sleep apnea using only the smartphone microphone
- No wearables, no wires, and no clinic visits
- Affordable and easily accessible even for people with limited access to healthcare
- Based on a proprietary audio platform
- Over eight years of research and development in sound-based AI analytics
- Medical precision with consumer-friendly simplicity



Our employees

Our 39 employees work together to create real value for our customers while driving growth. The strategic direction is set by management, but the teams are responsible for solving specific challenges within their respective areas.

Sleep Cycle App

Making healthy sleep and improved well-being accessible to all.

Teams adopts a cross-functional approach across multiple areas – from user acquisition, optimizing marketing strategies and creating seamless onboarding experiences to product innovation and engaging users to drive long-term value across the customer lifecycle.

During the year, the team launched a new website and an updated brand that clearly shows the value Sleep Cycle creates for its users. Several new features were launched, including Liquid Glass, Cough Radar, a new web-to-app feed. The team also introduced Luma, an AI-powered coach that contributes to improved quality of life and broadens Sleep Cycle's offering in wellness and personal guidance.

Powered by Sleep Cycle

Making it possible for companies to create new experiences, directly powered by our patented technology.

Our B2B team builds strategic partnerships that scale Sleep Cycle's science-based technology through technology licensing, data collaborations, and our emerging sleep apnea offering, broadening our impact beyond the consumer app.

During the year, the team launched the Sleep SDK as well as a pilot with Ultrahuman and signed a multi-year licensing agreement with a global Internet-of-Things player, collectively marking important milestones in the company's technology licensing and partnership-driven growth strategy.

Sleep apnea detection

Identifies sleep apnea through sound for contactless and clinically validated results.

Significant progress has been made in the development of the sleep apnea detection tool. In mid-2025, a clinical study was initiated to verify the performance of the AI-based model, while the team worked to further develop the algorithm and use the development data to build the product. Data collection is ongoing and provides a key basis for continued model development. At the same time, the product has been clarified through user interviews and tests, while commercial experiments have been conducted to evaluate the business model and pricing. The overall goal is to bring a clinically validated and user-centered solution for sleep apnea risk detection to market.

“We want to promote a culture where we analyze insights in depth and act on them, as well as enable continuous testing and experimentation.”

Marketing

Carmen Jiang Marketing Data Engineer

My focus is on being a reliable and strategic partner to the marketing team in their data-driven decision-making. This means building a strong foundation of reliable data quality, promoting a culture where we analyze insights in depth and act on them, and enabling continuous testing and experimentation. What I appreciate most about my work is its impact. Marketing plays a crucial role in broadening the inflow of new users. This is how new users discover Sleep Cycle and understand how we can help them sleep better, and data is crucial here.



Platform

Emilio Jorge Research Scientist

In my role, my main focus is on improving the performance of our AI-based audio models. Right now, I am working on developing the sleep apnea detection model to make the algorithm as accurate as possible. An important part of the work is also research into sleep based on Sleep Cycle's unique data sets. By analyzing billions of nights of sleep, we identify patterns and correlations in sleep and breathing, and translate these insights into improved models and practical solutions for both consumer products and future medical technology applications.



Technology licensing

Joel Öfverman Strategic Partnership Manager

In my role, I focus on building the partnerships that realize our B2B strategy – from technology licensing and data collaborations to our upcoming and unique offering in contactless sleep apnea detection. This means identifying the right partnerships, creating long-term value for both parties, and ensuring that Sleep Cycle's technology is integrated in a way that meets both technical and business needs. Through close dialogue with partners, I help scale our technology beyond our own app and make advanced sleep analysis available in more products, markets, and areas of application.





Board of Directors

* Shareholding and warrants in Sleep Cycle AB (publ) as of March 12, 2026



Anne Broeng
Chairman of the Board since 2023.
Member of the Board and Chairman of the Audit Committee since 2020.
Member of the Remuneration Committee since 2024

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*: –

Other board assignments:
Chairman of Avo Finance AB.

Previous board positions:
Board member of Volumental AB and Humble Group AB.

Shareholding in the company*: –

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.



Mathias Høyer
Board member and member of the Audit Committee since 2023.
Chairman of the Remuneration Committee since 2024

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

Mathias has experience as an investment manager in private equity with focus on investments in listed and unlisted technology companies. He currently works as CFO at Syspro and has previously worked as advisor to various growth companies.

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 background as a developer, system architect, and entrepreneur. He is the founder and principal owner of Sleep Cycle and through companies holds 43 percent of the shares and votes. In addition to Sleep Cycle, he has founded Ninja Games AB and Everdrone AB and developed several successful apps, websites, and other applications.

Other board assignments:
Board member for h265 AB and MCGA AB.

Previous board positions: –
Board member for Everdrone AB and Velvet Cichlid AB.

Shareholding in the company*:
8,707,984

Warrants*: –



Christian Kanstrup
Board member since 2025

Born 1972.
M.Sc. in Economics from the University of Copenhagen.

Christian Kanstrup has extensive international experience from senior positions in life science and medtech. He was most recently CEO of the Nasdaq-listed company Evaxion and previously Executive Vice President of Nordics, Baltics and UK at Mediq. Over the course of his long career at Novo Nordisk, he held several senior positions, including Senior Vice President

of Biopharm Operations, Senior Vice President of Strategy, Access and Marketing, and General Manager of Region China.

Other board assignments:
Christian is a member of the board of the listed IT company NNIT, where he also serves on the Audit and Remuneration Committees, and is Chairman of the Board of InnoStrat.

Previous board positions: –

Shareholding in the company*:
17,500.

Warrants*: –



Management

* Shareholding and warrants in Sleep Cycle AB (publ) as of March 12, 2026



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*:
55,000.

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 position as

CFO at TimeEdit and has previously worked at Norion Bank in several financial roles.

Shareholding in the company*:
12,000.

Warrants*:
100,000.



Peter Alsterberg
Chief Commercial Officer
since 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 as head of our core technology team, focusing on 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*:
20,000.

Warrants*:
100,000.



Petter Högländer
Chief Product Officer
since 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*:
7,600.

Warrants*:
100,000.



Sustainability

Better sleep that creates value

At Sleep Cycle, we believe in the power of a good night's sleep. With our app and sleep analysis technology, we are making healthy sleep more accessible globally and helping to strengthen both people's everyday lives and our shared society.

By combining innovative technology with a clear focus on sustainability, we help people fall asleep more easily, sleep better, and wake up more rested. At the same time, users gain insights into how their sleep habits affect both their body and mind. When people sleep better, they feel better – and can live more balanced and sustainable lives.

Our services are available both through our own consumer app and through our technical platform in the form of SDK solutions integrated into partner- and customer products. In this way, our technology reaches people in a variety of contexts, from everyday use to further development in the health and medtech segments.

Using data-driven analytics and user-friendly design, we develop scalable solutions that can be adapted to different needs. An important step in this development is our investment in medical technology, where our technology is used to enable early detection for sleep apnea and contribute to more accessible and resource-efficient care.

Five focus areas for sustainable impact

We have identified five focus areas that are central to our sustainability work and linked to relevant goals in the UN's Agenda 2030. Through structured, long-term work in these areas, we strive to create lasting value – for users, employees, partners, the research community, and shareholders.

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 over time.	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



Sustainable customer relations

Protecting and respecting our users' privacy and health data is a fundamental part of Sleep Cycle's offering. Trust is crucial for people to choose to use our services and for us to be able to contribute to better sleep habits and improved health globally in the long term.

During the year, we continued to develop our products and services with a focus on quality, transparency, and user experience – both in our own app and through solutions that reach users outside the app.

An improved and more intuitive app experience

This year, we launched Luma, a new feature in the Sleep Cycle app that helps users better understand their sleep and create sustainable routines over time. The launch was complemented by an updated design and improved user journey structure, with the aim of making the service more intuitive, accessible, and easy to use - starting from the very first night and continuing over time.

The improvements have contributed to a clearer experience and reduced the number of steps required to get started, while allowing users to retain full control over their data.

Technology that goes beyond our own app

In parallel to the development of the consumer experience, we have continued to strengthen our out-of-app offering. Through our technology platform and Sleep SDK, we enable partners to integrate Sleep Cycle's sleep technology into their own products and services. During the year, we have made progress in SDK development and established new partnerships in both the wearable segment and other application environments.

Our technology is also used in research and is being further developed within medtech, including for early detection of sleep apnea. In this way, our services contribute to increased knowledge, earlier detection, and more resource-efficient care – while reaching new users in more contexts.



Ambition

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

Responsible management of customer data

Responsible data management is a prerequisite for our business. Sleep Cycle operates globally and handles sensitive personal and health data, which places high demands on information security, internal processes, and compliance with applicable regulations. All use of data is subject to clear consent and in accordance with applicable data protection legislation.

We work systematically with preventive security measures, continuous monitoring, and clear procedures for incident management. Any personal data incidents are reported to the Swedish Authority for Privacy Protection in accordance with applicable requirements. No reportable incidents occurred during the year.

Long-term relationships through trust and transparency

Whether our services are used via the app, through partners, or within health and medtech applications, privacy, transparency, and security always remain central. By combining technological innovation with a consistent focus on responsible data management, we build long-term customer relationships and trust over time.

Our ambition is to continue developing solutions that combine innovation, customer value, and high business ethics – where better sleep contributes to better health for both individuals and society.



Sleep Cycle as an employer

A workplace where people grow

Sleep Cycle strives to be a workplace where employees feel welcome, respected, and motivated to develop. We want to offer a work environment characterized by health, cooperation, innovation, and inclusion – where every individual is given the opportunity to contribute and grow over time.



32%

Women

68%

Men

Our employees are our most important asset. Their expertise, dedication, and curiosity are crucial to our ability to develop solutions that improve people's health through better sleep. That is why we are constantly working to strengthen our culture, our working methods, and opportunities for personal and career development.

Our ambition is to be a long-term employer that both attracts new talent and develops and retains the employees who are already part of Sleep Cycle.

Focus on gender equality and inclusion

We are committed to being an equal and inclusive organization and are actively working towards a gender balance of at least 40/60. At the end of the year, Sleep Cycle's team consisted of 39 employees, 36 percent of whom were women.

At the same time, we are aware that there are areas where we need to continue to improve. Women currently represent approximately 20 percent of senior positions in Group Management and management roles. Gender equality is therefore a priority area in our long-term work with skills supply, leadership, and organizational development. Through structured processes for recruitment, growth, and promotion, we strive to create better balance and equal opportunities throughout the organization.

Employee engagement as a driving force

To monitor job satisfaction and well-being, we regularly

measure the eNPS (Employee Net Promoter Score). The goal is to achieve an eNPS of at least 20, which we achieved during parts of the year. At year-end, eNPS totaled 16.

The results are actively used in dialogue with the organization and as a basis for continued improvements to our workplace culture.

A sustainable work environment for long-term well-being

Sleep Cycle has zero tolerance for discrimination, harassment, or victimization. We actively work to ensure a safe working environment where everyone is treated with respect and equality.

Health and wellness are an integral part of our culture. Employees are offered, among other things, joint training sessions during working hours, regular massages, generous wellness allowances, and private health insurance with a focus on preventive measures. Through early dialogue, supportive leadership, and flexible working methods, we strive to create a balance between work and private life.

Looking ahead

Our ambition is to continue to strengthen Sleep Cycle as a workplace through focus on development, community, and gender equality. By investing in an inclusive, healthy, and professional work environment, we aim to remain an attractive employer that can retain and recruit the right talent – and build a strong corporate culture over time.

Ambition

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

Sleep as a foundation for global health

Through innovative solutions and close collaboration with our users, Sleep Cycle works to improve both individual sleep and societal health – one night at a time. Sleep is a fundamental prerequisite for good health, performance, and quality of life, and our mission is to make better sleep available to people around the world.

Our comprehensive sleep database is not only central to the continuous development of our products, but also makes a significant contribution to global sleep research. Data-driven insights enable us to better understand the role of sleep in health and well-being, both at the individual and societal levels.

We are already seeing clear results from our work today. More than 70 percent of our users report sleeping better with Sleep Cycle, confirming the link between better sleep and better days.

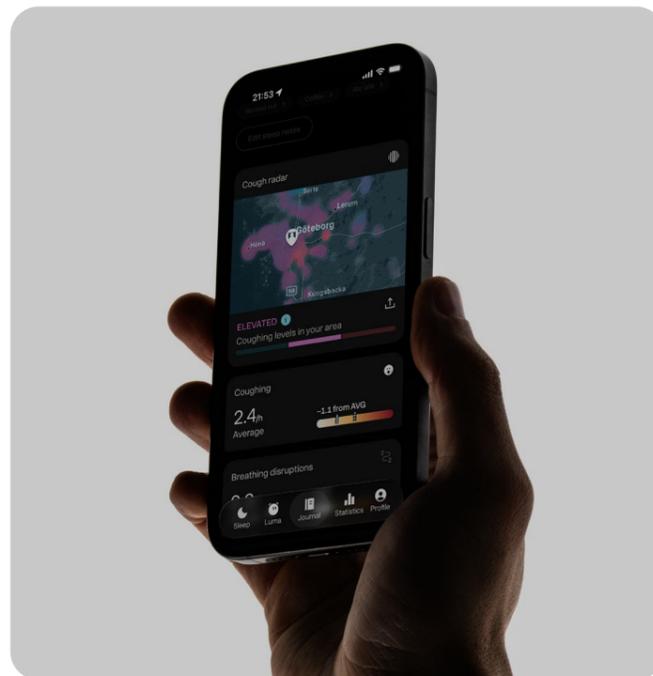
Unique knowledge through large-scale sleep data

Sleep research is still a relatively young field where access to large, long-term data sets is crucial for generating reliable insights. Sleep Cycle has built a unique database with over 3 billion recorded nights and more than 2.5 million users globally.

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

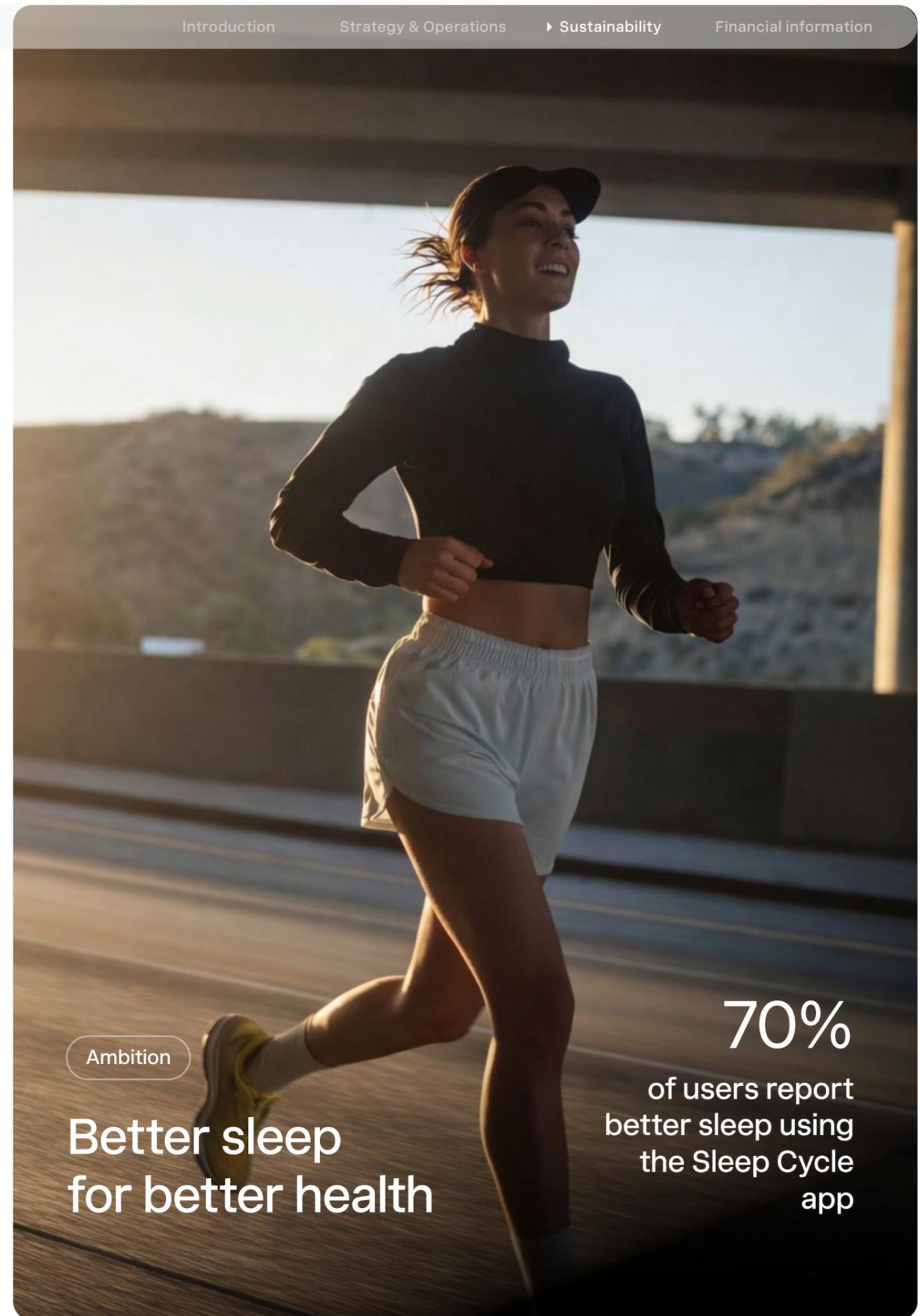
Early insights that create societal benefit

To help users understand and improve their sleep, we focus on key health indicators such as snoring, breathing patterns, and cough frequency. Using patented sound analysis, deviations are identified and visualized in a clear and easily accessible way in the app.



Sleep Cycle is also developing features with the potential to identify risk indicators linked to sleep apnea, a common but often underdiagnosed condition with a significant impact on both individuals and society. Through advanced sound analysis and large-scale sleep data, we create conditions for increased awareness and early detection.

Aggregated and anonymized data can also help detect changes in health patterns at an early stage and support research into the importance of sleep for long-term brain health and public health.



Ambition

Better sleep for better health

70% of users report better sleep using the Sleep Cycle app



Reduced carbon footprint

Sleep Cycle's climate work is based on the ambition to reduce our impact on the environment and climate as the business develops. Through long-term priorities, technical improvements, and conscious choices in our value chain, we strive to combine growth with responsibility.

As a digital company, we have a limited direct environmental impact. At the same time, we are aware that the majority of our emissions are indirect and linked to electricity, heating, cooling, data operations, suppliers, and the use of our service. One important focus of our sustainability work is therefore to increase transparency around these emissions and identify measures where we can make the biggest difference.

Reducing carbon footprint over time

Sleep Cycle's climate impact stems primarily from purchasing, business travel, and energy consumption in our office space. We focus on areas where we can have a direct impact, including by making more sustainable choices when purchasing materials and services and by prioritizing trains and public transport for business travel whenever possible.

Our main office in Gothenburg is located in a BREEAM-certified building with high environmental performance, energy-efficient solutions, and a healthy indoor environment. This contributes to both reduced climate impact and a healthy working environment for our employees.

We use cloud-based solutions to operate our service and collaborate with suppliers who are actively working to reduce their energy consumption and emissions. These choices enable us to offer a scalable and more sustainable digital service.

Sustainability through technology and product development

Sustainability is also an integral part of how we develop our products. In further developing the Sleep Cycle app, the goal is to make its operation as energy efficient as possible, both for the user and for the underlying infrastructure.

Through optimized technology, we have managed to limit the app's battery consumption to only a few percent per hour when in use. Every new feature is developed with the same principle in mind: to deliver high user value with as little resource consumption as possible. In this way, product development contributes to both a better user experience and a reduced carbon footprint over time.

Ambition

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



Responsible entrepreneurship

Responsible business means putting our values into action, every day. At Sleep Cycle, our ambition is to build a company characterized by integrity, transparency, and long-term responsibility – towards our employees, our users, our partners, and society at large.

We strive to act with integrity in every decision and every business relationship. A clear framework for ethics, compliance, and business principles is therefore a fundamental part of how we conduct our business.

Clear principles for how we act

Our Code of Conduct forms the basis for how Sleep Cycle acts as a company and how our employees are expected to interact with customers, suppliers, and other stakeholders. The code is based on internationally recognized principles, including the UN Universal Declaration of Human Rights, the ILO Core Conventions, and the UN Global Compact.

Since 2022, the Code of Conduct has been supplemented by our Sustainability Policy, which clarifies our commitments and our stance on key sustainability and responsibility issues. Together, these documents reflect our corporate culture and serve as guidance in our daily work. All employees and companies owned or controlled by Sleep Cycle are subject to these guidelines.

Responsibility in the supplier and partner chain

Although most of our technology and services are

developed internally, partners and suppliers are an important part of our value chain. We set clear requirements that our partners must comply with applicable laws, respect human rights, and act in accordance with good business ethics.

These requirements are integrated into our supplier agreements and ensured through structured agreement and selection processes. In this way, we work to reduce risks and promote responsible behavior even outside our own organization.

An open and ethical business environment

Sleep Cycle strives for an open business environment where a high level of ethics and trust are prevalent. As one means to achieving this, we offer a whistleblower function where both employees and external parties can anonymously report suspected irregularities or compliance breaches.

No cases were reported via the whistleblower channel during the year, which we see as an indication that our procedures, governance, and values are working well in practice.

Ambition

Conduct responsible operations in line with applicable laws, regulations, and good business practice.



Sleep Cycle 2025

Financial information

This chapter contains the consolidated and parent company financial statements for the 2025 financial year, prepared in accordance with applicable accounting principles and regulations. The financial information is intended to provide a true and fair view of Sleep Cycle's financial position, results, and cash flows, as well as to create transparency regarding the company's financial development.

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 financial year 2025.

ABOUT THE BUSINESS

Sleep Cycle strives to make healthy sleep accessible to everyone. Our app helps users develop positive sleep habits, identify potential sleep problems, and gain valuable insights into their sleep patterns. Using patented sound technology and over 3 billion sleep sessions, Sleep Cycle offers unmatched accuracy and personalized recommendations. As part of its broader partnership program, Sleep Cycle offers corporate partners, including app campaigns, customized SDK solutions and an extensive database library, enabling companies to expand their offerings with sleep solutions and insights. Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP and is headquartered in Gothenburg, Sweden.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On March 5, the Sleep Around the World report was released – proof of the value of our data and our leading role in sleep analysis.
- On March 13, a new video series featuring sleep scientist Dr. Mike Gradisar was launched, strengthening user value and differentiating our offering in digital health.
- At Sleep Cycle's Annual General Meeting on April 8, all Board members, including the Chairman of the Board, were re-elected. The Annual General Meeting also adopted updated guidelines for remuneration to senior executives, as well as an ordinary dividend of SEK 1.85 per share and an extraordinary dividend of SEK 1.15 per share for 2024.
- In June, Sleep Cycle initiated a clinical trial for AI-based sleep apnea screening, targeting a billion-dollar market.
- In June, Sleep Cycle launched an in-app collaboration with HelloFresh, Factor, and YouFoodz.
- On September 15, a new Liquid Glass design was launched in conjunction with Apple's iOS 26 release, and plans for an AI sleep coach were announced.
- On September 30, it was announced that Sleep Cycle is launching the Sleep SDK (Software Development Kit) and strengthening the "Powered by Sleep Cycle" strategy for external partners.

- On October 1, the Nomination Committee announced that Christian Kanstrup had been proposed as a new member of the Board of Directors. On October 2, shareholders were convened to an Extraordinary General Meeting on October 28, 2025, in connection with the Nomination Committee's proposal.
- On October 27, a pilot project was launched with wearables company Ultrahuman, marking an important milestone in the company's SDK licensing strategy.
- At an Extraordinary General Meeting on October 28, 2025, it was decided to elect Christian Kanstrup as a new member of the board.
- On November 20, it was announced that Sleep Cycle and Urban Sport Club, Europe's leading sports and wellness platform, are entering into a partnership.
- December 3 saw the launch of Luma, Sleep Cycle's AI-based sleep coach.
- On December 18, Sleep Cycle signed a multi-year technology license agreement with a global Internet of Things (IoT) company.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On January 23, 2026, Sleep Cycle announced that it had entered into an initial agreement with a leading US-based clinical research organization (CRO) to conduct the validation phase of the clinical study for the company's AI-based sleep apnea screening tool, as the development phase enters its final stage.
- On 28 January 2026, the UK Health Security Agency (UKHSA) and Sleep Cycle announced the launch of a 12-week research collaboration to identify disease trends.
- On February 4, 2026, the Board proposed an ordinary dividend of SEK 0.53 per share, equivalent to tSEK 10.747, based on the number of outstanding shares as of February 4, 2026.

GROUP KEY PERFORMANCE INDICATORS AND MULTI-YEAR OVERVIEW

tSEK	2025	2024	2023	2022	2021
Net sales	247,879	261,529	236,146	212,034	181,530
Net sales growth (%)	-5.2%	10.7%	11.4%	16.8%	14.9%
Currency-adjusted net sales growth (%)	-3.4%	9.8%	3.1%	12.3%	21.4%
Operating profit/loss	65,960	76,962	56,606	42,807	8,945
Operating margin (%)	26.6%	29.4%	24.0%	20.2%	4.9%
Items affecting comparability	-	-5,756	-4,831	-2,802	-26,061
Adjusted operating profit/loss	65,960	82,718	61,437	45,609	35,006
Adjusted operating margin (%)	26.6%	31.6%	26.0%	21.5%	19.3%
Profit after financial items	67,115	79,145	58,192	42,827	8,867
Profit/loss for the year	53,209	62,642	46,142	33,941	7,014
Equity ratio (%)	35.9%	33.6%	26.5%	51.7%	46.2%
Operational key performance indicators					
Total subscriptions (Thousands)	768	918	893	904	901
ARPU (SEK)	277	278	262	234	211
Average number of employees (#)	36	33	42	46	33

Calculation and explanation of key performance indicators are shown under alternative KPIs on pages 81-82.



REVENUE, EXPENSES, AND EARNINGS

Overall, the whole year 2025 was characterized by continued strong profitability, high cash generation, and a gradually diversifying business model. The Group's net sales for the whole year amounted to tSEK 247,879 (261,529), which is a decrease of 5.2% (+10.7%) compared with prior year. The year was affected by lower new customer sales and negative currency effects following a weaker dollar. Currency-adjusted net sales growth amounted to -3.4% (9.8%).

Average revenue per user (ARPU) amounted to SEK 277 (278). Currency-adjusted ARPU amounted to SEK 282. The number of paying users totaled 768k (918k). The decrease is explained by a lower inflow of new subscribers, while the proportion of subscribers who renew their subscriptions has remained stable over time at 45% (45%).

Operating profit amounted to tSEK 65,960 (76,962), with an operating margin of 26.6% (29.4%). 2025 has not been affected by any costs affecting comparability. The previous year was affected by costs affecting comparability of tSEK 5,756 related to the reorganization and consolidation of operations to the head office in Gothenburg. The adjusted operating margin in the prior year was 31.6%. Operating profit was affected by lower revenues and higher external costs as a result of the strategy to broaden the revenue base in the longer term. Currency fluctuations had a negative impact on earnings, as sales are made in foreign currencies while payments from app stores are made in Swedish kronor. The currency-related effect on earnings amounted to tSEK -4,200, mainly attributable to USD.

In addition, personnel costs amounted to tSEK 54,878 (60,104). The previous year was affected by costs affecting comparability of tSEK 4,962.

Net financial income/expense for the year totaled tSEK 1,155 (2,183) and tax on profit for the period totaled tSEK -13,906 (-16,504). Profit for the year totaled tSEK 53,209 (62,642). Earnings per share before and after dilution amounted to SEK 2.62 (3.09).

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 52,931 (63,657)

Cash flow from investment activities amounted to tSEK -13,153 (-3,923) related to capitalization of development expenses. The change is explained by higher capitalization of development expenses related to sleep apnea detection, Sleep SDK, and other initiatives in line with the company's strategy.

Cash flow from financing activities amounted to tSEK -64,192 (-48,358) during the period, related primarily to dividend payments.

Cash flow for the year amounted to tSEK -24,413 (11,377). The Group's cash and cash equivalents at end of year totaled tSEK 120,846 (145,234).

Consolidated equity amounted to tSEK 71,833 as of December 31. Opening balance on January 1 was tSEK 79,457.

OPERATIONAL KEY PERFORMANCE INDICATORS

The total number of paying subscribers at the end of the year was 768k (918k). The decrease is explained by a lower inflow of new subscribers, while the proportion of subscribers who renew their subscriptions has remained stable over time at 45% (45%).

Average revenue per user (ARPU) decreased, totaling SEK 277 (278). Currency-adjusted ARPU amounted to SEK 282.

The average number of employees was 36 (33).

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 247,879 (261,529) and operating profit amounted to tSEK 65,530 (76,524). 2025 has not been affected by items affecting comparability. The previous year was affected by costs affecting comparability of tSEK 5,756 related to the reorganization and consolidation of operations to the head office in Gothenburg. Adjusted operating profit last year amounted to tSEK 82,280.

Profit from financial items amounted to tSEK 1,575 (2,800). Tax on profit was tSEK -13,902 (-16,539) Profit for the year totaled tSEK 53,193 (62,736) .

The parent company's cash flow amounted to tSEK -24,454 (11,386) Cash and cash equivalents on the balance sheet date amounted to tSEK 120,707 (145,136). Equity as of the balance sheet date was 72,102. Opening balance on January 1 was tSEK 79,742.

INNOVATION AND DEVELOPMENT WORK

Innovation and product development constitute a key part of the Group's strategy to strengthen its customer offering and thereby enable long-term, profitable growth. In recent years, Sleep Cycle has made significant investments in advanced signal processing, AI, and machine learning to further deepen its understanding of user sleep patterns and health. The contactless sound analysis, based on machine learning algorithms trained on extensive polysomnography data, has been further developed during the year and now constitutes an established and scalable technical platform. The technology enables analysis of both breathing patterns and movements, creating opportunities for new applications in sleep and health-related insights.

Supported by this technology and in line with the company's long-term strategy, work has continued on evaluating the conditions for medical certification of functionality for sleep apnea detection. At the same time, development work is focused on improving the user experience, increasing the precision of the analysis models, and strengthening the commercial appeal of the product.

The Group's expenses for research and development amounted to tSEK 42,867 (35,064) in 2025. Of this, tSEK 24,271 (28,241) was expensed as personnel expenses, 5,492 (3,562) was expensed as other external expenses, and 13,104 (3,261) was capitalized as intangible assets. For more information, see notes 12 and 18.

EMPLOYEES

The average number of employees in the Group for 2025 was 36 (33), all of whom were employed in Sweden. See Corporate Governance Report, pages 50-53, for guidelines on remuneration to senior executives.

RISKS AND UNCERTAINTIES

PRODUCT DISTRIBUTION

Sleep Cycle's offering is distributed primarily through the company's own application, which is the central platform for the delivery of digital services in sleep analysis and health-related insights. In addition to the application, the company also develops complementary technical solutions, such as Sleep SDK and other platform-based services, enabling the distribution of Sleep Cycle's technology through partners and external environments.

Distribution of the application and certain services is mainly carried out via two global platform operators, which means that the company is dependent on these operators for availability, exposure, and user growth. Changes in the terms and conditions, technical requirements, or regulations governing these platforms may affect Sleep Cycle's ability to distribute and commercialize its products and services, as well as the company's growth.

Furthermore, the development and distribution of health-related features, such as sleep apnea detection functionality, may entail additional regulatory requirements that could affect how and to what extent such services can be offered.

To reduce the risk associated with a limited number of distribution channels, Sleep Cycle is continuously working to diversify both its service offering and its distribution channels, including through sales via its own website and collaborations with strategic partners.

COMPETITION AND MARKET

Sleep Cycle is an established player in its field and operates in a market characterized by growing interest in health, well-being, and digital sleep technology. This development has led to increased competition from both established players and new companies offering products and services in related areas.

Competition may affect Sleep Cycle's market share, pricing, and growth, and some competitors may have access to greater resources or alternative distribution channels. To meet these challenges, Sleep Cycle focuses on continuous product development and differentiation through its technology platform, data-driven insights, and user experience.

DATA SECURITY AND SENSITIVE DATA

Sleep 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

In 2024, Sleep Cycle presented an updated strategy focusing on long-term, profitable growth through increased commercial focus, continued product development, and efficient use of resources. The strategy remains unchanged and forms the basis for the company's continued work in 2026.

The Company continues to prioritize growth in its existing business through increased sales to new customers, reduced customer churn, and increased revenue per paying subscriber. At the same time, Sleep Cycle is working to further develop its offering and technical platform, including evaluating new services and potential revenue streams, in line with the company's long-term strategy.

Organizational and operational changes were implemented in 2024 to better support the implementation of the strategy, and the company believes that these measures have created favorable conditions for continued development. Sleep Cycle also intends to further develop and deepen collaborations with partners and launch new features and offerings that are expected to contribute to sustainable revenue growth over time.

SUSTAINABILITY AND CSR

Sleep Cycle continues to develop its sustainability work and adapt its reporting in line with changing 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's business model has a naturally low carbon footprint, and the company is constantly working to further minimize its environmental impact. The goal is to integrate sustainability into operations in a way that creates long-term value for both the company 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 34-45 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	-78
Profit/loss for the year	53,193,138
Total unrestricted equity	55,936,785

After adoption of the balance sheet of Sleep Cycle AB for 2025, the Board of Directors recommends that the Annual General Meeting appropriate the above funds as follows:

Distributed to shareholders:

SEK 0.53 per share ¹	10,747,108 ²
To be carried forward	45,189,677
Total	55,936,785

¹ See Note 5 for dividend policy. 0.53 SEK per share constitutes the ordinary dividend.
² Based on number of outstanding shares as of December 31, 2025. 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 generation. At the same time, the company is in a phase where investments in new business areas, technology licensing, and medical technology are prioritized to create long-term revenue growth and shareholder value. In light of this, the Board has decided to propose a lower dividend for the 2025 financial year, with the aim of enabling continued reinvestment in the business. The Board of Directors proposes an ordinary dividend of SEK 0.53 per share, equivalent to a total of tSEK 10,747². The remaining part of the year's profit is earmarked for financing the company's strategic investments and growth initiatives. The Board of Directors will continue to evaluate the company's capital allocation and the best options for long-term value creation for shareholders on an ongoing basis.

The last day of trading with dividend rights is April 13, 2026 and the proposed record date for the dividend is April 15, 2026. Euroclear expects to send the dividend to shareholders on April 20, 2026.

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

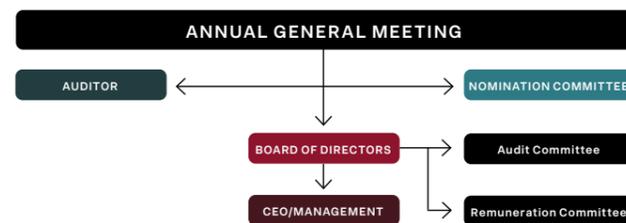
Sleep Cycle AB (publ) is a Swedish public limited liability company with offices in Gothenburg. The company's share has been listed on Nasdaq Stockholm since June 8, 2021. The main decision-making bodies are the Annual General Meeting, the Board, and Sleep Cycle's CEO. The Annual General Meeting appoints 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 80.

Sleep Cycle reports no deviations from the Code during the 2025 financial year, apart from what is stated below regarding verification of minutes at the Extraordinary General Meeting. 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, 2025, 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 companies, with 42.9% of votes, and Pierre Siri, through a 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.

ANNUAL GENERAL MEETING 2025

The Annual General Meeting for 2025 was held on April 8, 2025 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 2024. In accordance with the Board of Directors' proposal, the Annual General Meeting approved a dividend of SEK 3.00 per share, of which SEK 1.85 per share constitutes an ordinary dividend for the financial year 2024 and SEK 1.15 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 2024.

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, Mathias Høyer, and Skruvfors were re-elected as members of the Board of Directors 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 750,000 to the Chairman of the Board and tSEK 296,000 to each of the other members. For work in the Audit Committee, it was decided to pay remuneration of tSEK 127,500 to the Chairman and tSEK 66,500 to each of the other members. For work in the Remuneration Committee, the decision was made to pay remuneration of tSEK 66,500 to the Chairman and tSEK 41,000 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.

The Annual General Meeting decided to approve the Board's remuneration report for 2024.

The Annual General Meeting resolved to approve the Board's proposal for guidelines for remuneration to senior executives.

EXTRAORDINARY GENERAL MEETING OCTOBER 28, 2025

On October 28, 2025, an Extraordinary General Meeting was held in Gothenburg. The Annual General Meeting resolved, in accordance with the Nomination Committee's proposal, to expand the company's Board of Directors by one member through the election of Christian Kanstrup as a member of the Board for the period until the end of the next Annual General Meeting. The meeting further resolved that remuneration to the Board of Directors shall continue to apply in accordance with the resolution of the Annual General Meeting on April 8, 2025. For incoming board members, remuneration shall be paid pro rata in relation to the member's actual period of service compared with the entire period from the 2025 Annual General Meeting to the end of the following Annual General Meeting.

According to the Code, shareholders or proxies for shareholders who are not members of the Board of Directors or employees of the company shall be appointed to verify the minutes of the General Meeting. At an Extraordinary General Meeting on October 28, 2025, Martin Anthonsen (representing Martin Anthonsen Consulting AB) and board member Maciej Drejak (representing GLA Invest S.A. and h265 AB) were appointed to verify the minutes together with the Chairman. Due to the fact that no other shareholders were present at the meeting, Sleep Cycle has thus deviated from the aforementioned provision of the Code.

ANNUAL GENERAL MEETING 2026

The Annual General Meeting for 2026 will be held on April 13, 2026 in Gothenburg. The date of the Annual General Meeting was announced in the context of the quarterly report for the third quarter of 2025.

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 2025, 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 2026. 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 company 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 2026 Annual General Meeting consists of the following members:

Member	Appointed by	% of votes as of 8/31/2025
Martin Anthonsen	MCGA AB and H265 AB	Total 42.9
Erik Olsson	GLA Invest SA	20.0
Erik Bertilsson	Lancelot Asset Management	3.2
Anne Broeng, Chairman of the Board Sleep Cycle		

The nomination committee jointly represents 66.1% 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.

COMPOSITION OF THE BOARD OF DIRECTORS

In 2025, the Board of Directors consisted of five members elected by the Annual General Meeting, four men and one woman. Anne Broeng was elected Chairman of the company. Christian Kanstrup was elected at an Extraordinary General Meeting on October 28, 2025. 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 30-31 for a more detailed presentation of the Board of Directors.

THE BOARD'S WORK IN 2025

The Board held 14 board meetings in 2025 (2 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. During the year, the Board has worked to support the company in its transformation related to new revenue streams. The Board has also focused on the process towards a medically certified product, which includes clinical trials. 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 Chairman of the Board is responsible for the evaluation and its presentation to the nomination committee. In 2025, an internal evaluation was conducted in which the Chairman of the Board interviewed each individual board member and asked for their views on the work of the Board. 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. All viewpoints were compiled and discussed by the company's Board of Directors. 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. The Audit Committee shall continuously, and always after its meetings, report its decisions, proposals, observations, conclusions, etc. in writing to the Board.



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	5/5
Mathias Høyer	13/14	4/5	5/5
Maciej Drejak	14/14		
Hans Skrufors	14/14		
Christian Kanstrup ¹	4/4		

¹Board member since Extraordinary General Meeting on October 28, 2025

CEO 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. In accordance with the instructions for financial reporting, 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 2025, senior management consisted of five members including the CEO. See pages 32-33 for a more detailed presentation of management.

REMUNERATION

BOARD OF DIRECTORS FEES

At the Annual General Meeting held on April 8, 2025, it was decided that tSEK 750,000 shall be paid out as directors' fees to the Chairman of the Board, and tSEK 296,000 to each of the other members, tSEK 127,500 to the Chairman of the Audit Committee, and tSEK 66,500 to the other members of the Audit Committee, as well as tSEK 66,500 to the Chairman of the Remuneration Committee, and tSEK 41,000 to other members of the Remuneration Committee.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

General information

These guidelines for remuneration to executive management (the "Guidelines") cover remuneration for Sleep Cycle's executive management, including the Chief Executive Officer (CEO). The Guidelines are forward-looking, meaning they apply to remuneration agreements and changes to existing remuneration agreements made after these Guidelines are adopted by the 2025 Annual General Meeting. These Guidelines do not apply to remuneration decided by the General Meeting.

Promotion of the Company's Business Strategy, Long-Term Interests, and Sustainability

The Company's business strategy is to help people sleep better to improve global health. Sleep Cycle develops a solution for sleep health and an application for sleep monitoring. Sleep Cycle's vision is to become the globally leading solution for sleep health. For further information on the Company's business strategy, please visit investors.sleepcycle.com.

Successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, require that the Company can recruit and retain qualified employees and executives. To achieve this, the Company must be able to offer competitive remuneration. The Board believes that these Guidelines enable the Company to offer executive management a competitive total remuneration package. The Company may offer and has established long-term share and share price-related incentive programs. Such programs are decided by the General Meeting and are therefore not covered by these Guidelines. For more information on these programs, including the criteria upon which outcomes depend, please refer to the Company's remuneration report.

Forms of remuneration

Remuneration shall be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits, and other benefits. The General Meeting may also – independently of these Guidelines – resolve on, for example, share and share price-related remuneration.

Fixed remuneration

The fixed remuneration for executive management is reviewed annually and shall be competitive and based on the individual's skills, responsibilities, and performance.

Variable compensation

Variable cash remuneration shall be based on predetermined and measurable criteria, which may be financial or non-financial, shall be directly or indirectly linked to the achievement of Sleep Cycle's business strategy, and shall be measured over a period of one or several years. They may also consist of individual, quantitative, or qualitative goals. The criteria shall be designed to promote the Company's business strategy and long-term interests, including its sustainability. Additional variable cash remuneration may be awarded under extraordinary circumstances, either to recruit or retain executive management or as remuneration for extraordinary performance beyond the individual's regular duties, provided that such extraordinary circumstances are time-limited and awarded on an individual basis. The total variable cash remuneration may not exceed 100% of the 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 after the measurement period has ended, and for financial goals, based on the latest 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 standard benefits

Pension benefits, including health insurance, shall be defined-contribution and secured through premium payments to insurance companies. Variable cash remuneration does not entitle the recipient to pension benefits. Other possible benefits shall be standard and facilitate the ability of executive management to perform their duties, such as occupational health services, medical insurance, and company car benefits. The total amount of pension premiums and other standard benefits may not exceed 30% of the fixed annual cash salary. Sleep Cycle may instead provide salary conversion upon request by an executive, provided that the overall cost to the Company remains broadly the same. For individuals in group management who are not resident in Sweden, appropriate adjustments may be made to comply with mandatory regulations or established local practice, ensuring these Guidelines' overall purpose is maintained as far as possible.

Termination of employment

In the event of termination by the Company, the notice period shall be a maximum of twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to eighteen months fixed cash salary. In the event of termination by the executive, the notice period shall be a maximum of twelve months without the right to severance pay. Additionally, remuneration for any non-compete obligations may be provided. Such remuneration shall compensate for any loss of income and shall only be granted to the extent that the former executive lacks the right to severance pay. The remuneration shall not exceed 60% of the average monthly remuneration (both fixed and variable) paid by the Company during the twelve months preceding termination and shall be paid for the duration of the non-compete obligation, which shall be a maximum of twelve months after termination of employment.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these Guidelines, salary and employment conditions for the Company's employees have been considered by including information on employees' total remuneration, its components, and its increase and rate of increase over time as part of the Remuneration Committee's and the Board's decision-making basis when evaluating the fairness of the Guidelines and the restrictions they impose.

Deviation from the guidelines

The Board may decide to temporarily deviate from the Guidelines if, in an individual case, there are special reasons for doing so and a deviation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The Remuneration Committee is responsible for preparing the Board's decisions on remuneration matters, including decisions on deviations from the Guidelines.

Decision process for establishing, reviewing, and implementing the guidelines

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decisions on proposals for guidelines on executive remuneration. The Board shall prepare proposals for new guidelines at least every four years and present them to the Annual General Meeting for resolution. The Guidelines shall remain in effect until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also prepare decisions on remuneration-related matters, including decisions on deviations from the Guidelines, monitor and evaluate programs for variable remuneration for management, the application of Guidelines for executive remuneration, and current remuneration structures and levels in the Company. When the Board considers and makes decisions on remuneration-related matters, the CEO or other members of executive management shall not be present to the extent that they are affected by the matters.

The Board of Directors has issued a separate remuneration report, which is available on investors.sleepcycle.com.

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 2025. 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 for 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	2025	2024
OPERATING INCOME			
Net sales	6	247,879	261,529
Other operating income	7	335	355
OPERATING EXPENSES			
Capitalized work for own account		3,020	447
Distribution costs		-50,816	-57,862
Other external expenses	8,9	-68,569	-58,489
Personnel expenses	11	-54,878	-60,104
Depreciation and impairment of tangible and intangible assets		-6,089	-8,624
Other operating expenses		-4,922	-290
Operating profit/loss	10,12,13	65,960	76,962
FINANCIAL ITEMS			
Financial income	14	1,575	2,868
Financial expenses	15	-420	-685
Profit before tax		67,115	79,145
Tax on profit for the year	16	-13,906	-16,504
Profit/loss for the year		53,209	62,642
Other comprehensive income		-	-
Comprehensive income for the year		53,209	62,642
Earnings per share			
Earnings per share before dilution, SEK	17	2.62	3.09
Earnings per share after dilution, SEK		2.62	3.09
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	12-31-2025	12-31-2024
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditures	18	15,602	4,787
Patent	19	-	-
Total intangible fixed assets		15,602	4,787
Tangible fixed assets			
Right-of-use assets	20	6,916	10,799
Cost of improvement on other's property	21	626	917
Equipment and computers	22	785	1,316
Total tangible fixed assets		8,327	13,032
Financial assets			
Other long-term receivables	24	-	24
Total financial assets		-	24
Deferred tax			
Deferred prepaid tax	16	191	148
Total deferred tax		191	148
Current assets			
Accounts receivable	25	29,427	41,199
Other receivables	26	1,724	678
Prepaid expenses and accrued income	27	24,031	31,391
Cash and cash equivalents	28	120,846	145,234
Total current assets		176,027	218,502
TOTAL ASSETS		200,148	236,493
EQUITY AND LIABILITIES			
Equity			
Share capital	29	563	563
Other contributed capital		2,744	2,744
Retained earnings, including profit for the year		68,526	76,150
Total equity attributable to the parent company's shareholders		71,833	79,457
Long-term liabilities			
Leasing liabilities	30	4,199	7,379
Total long-term liabilities		4,199	7,379
Current liabilities			
Leasing liabilities	30	3,180	4,364
Accounts payable		14,425	14,704
Current tax liabilities		524	518
Other liabilities		2,984	3,257
Accrued expenses and deferred income	31	103,002	126,815
Total current liabilities		124,116	149,658
TOTAL EQUITY AND LIABILITIES		200,148	236,493



Consolidated statement of changes in equity

tSEK	Attributable to the parent company's shareholders				
	Note	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total Equity
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
Opening balance as of January 1, 2025		563	2,744	76,150	79,457
Profit/loss for the year				53,209	53,209
Other comprehensive income				-	-
Total comprehensive income				53,209	53,209
Other changes in equity					
Dividend	5			-60,833	-60,833
Closing balance as of December 31, 2025		563	2,744	68,526	71,833

Consolidated cash flow statement

tSEK	Note	2025	2024
Cash flow from operating activities			
Operating profit/loss		65,960	76,962
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and impairment		6,089	8,624
Other items not affecting cash flow		-52	-
Interest received		1,575	2,868
Interest paid		-420	-685
Tax paid		-13,943	-13,903
Cash flow from operating activities before change in working capital		59,209	73,866
Change in working capital			
Change in operating receivables		18,086	-1,355
Change in operating liabilities		-24,364	-8,853
Cash flow from operating activities		52,931	63,657
Investment activities			
Capitalization of development expenses	18	-13,104	-3,261
Acquisition of tangible fixed assets	21, 22	-48	-661
Cash flow from investment activities		-13,153	-3,923
Financing activities			
Amortization of leasing liabilities	30	-3,359	-4,175
Warrant premiums	29	-	2,456
Dividend	5	-60,833	-46,638
Cash flow from financing activities		-64,192	-48,358
Cash flow for the year		-24,413	11,377
Cash and cash equivalents at the start of the year		145,234	133,471
Reclassification of cash and cash equivalents		24	387
Cash and cash equivalents at end of year	28	120,846	145,234



Parent company income statement

tSEK	Note	2025	2024
OPERATING INCOME			
Net sales	6	247,879	261,529
Other operating income	7	283	355
Capitalized work for own account		3,020	447
OPERATING EXPENSES			
Distribution costs		-50,816	-57,862
Other external expenses	8,9,10	-71,877	-63,733
Personnel expenses	11	-54,878	-60,104
Depreciation and impairment of tangible and intangible assets		-3,159	-3,818
Other operating expenses		-4,922	-290
Operating profit/loss	12,13	65,530	76,524
PROFIT FROM FINANCIAL ITEMS			
Interest income and similar income	14	1,575	2,868
Interest expenses and similar expenses	15	-	-68
Profit after financial items		67,105	79,324
APPROPRIATIONS			
Group contributions		-10	-50
Profit before tax		67,095	79,274
Tax on profit for the year	16	-13,902	-16,539
Profit/loss for the year		53,193	62,736

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	12-31-2025	12-31-2024
ASSETS			
Intangible fixed assets			
Capitalized development expenditures	18	15,602	4,787
Patent	19	-	-
Total intangible fixed assets		15,602	4,787
Tangible fixed assets			
Cost of improvement on other's property	21	626	917
Equipment and computers	22	785	1,316
Total tangible fixed assets		1,411	2,233
Financial assets			
Participations in group companies	23	50	50
Deferred prepaid tax	16	96	49
Other long-term receivables	24	-	24
Total financial assets		146	123
Total fixed assets		17,159	7,143
Current receivables			
Accounts receivable	25	29,427	41,199
Other receivables	26	1,724	678
Prepaid expenses and accrued income	27	24,031	31,391
Total current receivables		55,182	73,267
Short-term investments			
Other short-term investments	28	80,000	80,000
Total short-term investments		80,000	80,000
Cash and bank balances	28	40,707	65,136
Total current assets		175,889	218,404
TOTAL ASSETS		193,048	225,547
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		563	563
Fund for development expenditures		15,602	4,787
Total restricted equity		16,166	5,350
Unrestricted equity			
Share premium fund		2,744	2,744
Retained earnings		-	8,913
Profit/loss for the year		53,193	62,736
Total unrestricted equity		55,937	74,392
Total equity		72,102	79,742
Current liabilities			
Accounts payable		14,425	14,704
Liabilities to group companies		10	50
Current tax liabilities		524	518
Other liabilities		2,984	3,257
Accrued expenses and deferred income	31	103,002	127,276
Total current liabilities		120,946	145,805
TOTAL EQUITY AND LIABILITIES		193,048	225,547



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, 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
Opening balance as of January 1, 2025	563	4,787	2,744	8,913	62,736	79,742
Appropriation of prior year's profits				62,736	-62,736	-
Profit/loss for the year					53,193	53,193
Other comprehensive income					-	-
Total comprehensive income					53,193	53,193
Other changes in equity						
Dividend				-60,833		-60,833
Allocation to fund for development expenditures		10,816		-10,816		-
Closing balance as of December 31, 2025	563	15,602	2,744	-	53,193	72,102

Parent company's cash flow statement

tSEK	Note	2025	2024
Cash flow from operating activities			
Operating profit/loss		65,530	76,524
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and impairment		3,159	3,818
Interest received		1,575	2,868
Interest paid		-	-68
Tax paid		-13,943	-13,904
Cash flow from operating activities before change in working capital		56,321	69,238
Change in working capital			
Change in operating receivables		18,086	-1,355
Change in operating liabilities		-24,865	-8,342
Cash flow from operating activities		49,542	59,541
Investment activities			
Capitalization of development expenses	18	-13,104	-3,261
Acquisition of tangible fixed assets	21, 22	-48	-661
Cash flow from investment activities		-13,153	-3,923
Financing activities			
Warrant premiums		-	2,456
Dividend		-60,833	-46,638
Change in liabilities to subsidiaries (consolidated contribution)		-10	-50
Cash flow from financing activities		-60,843	-44,232
Cash flow for the year			
		-24,454	11,386
Cash and cash equivalents at the start of the year		145,136	133,363
Reclassification of cash and cash equivalents		24	387
Cash and cash equivalents at end of year	28	120,707	145,136



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, 2025 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Note 2 Accounting principles

This is Sleep Cycle AB's sixth 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 2025, 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 interpretation that are issued but which enter into effect for financial years starting after January 1, 2025. IFRS 18 Presentation and Disclosure in Financial Statements is applicable for financial years beginning on or after January 1, 2027. IFRS 18 will replace IAS 1 Presentation of Financial Statements and introduce new requirements that will help achieve comparability in the reporting of results for similar companies and provide users with more relevant information and transparency. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, its effects on presentation and disclosures are expected to be significant, particularly those related to the income statement and management-defined performance measures. Management is currently evaluating the exact impact of applying the new standard to the consolidated 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. The Group's profit 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. This refers to costs related to the IPO in 2021, the public cash offer in 2022, the cost optimization program in 2023, and the reorganization and consolidation of operations at the head office in Gothenburg in 2024. 2025 has not been affected by any items affecting comparability.

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.

Sale of Sleep Cycle Premium

The vast majority of the Group's revenue consists of revenue from subscription services relating to Sleep Cycle Premium. Sleep Cycle considers Sleep Cycle Premium to consist of a performance commitment, 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.

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 income) in the balance sheet, and any such income is reported linearly 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 income 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.

Sales of the Sleep SDK

In 2025, the Sleep Software Development Kit (Sleep SDK) was launched. With Sleep SDK, partners can build directly on Sleep Cycle's sleep analysis and sleep tracking features and integrate them into their own products and services. Sleep Cycle considers the sale of the SDK to consist of a performance commitment, a license to use the Sleep SDK 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. With customer access to the SDK, Sleep Cycle also grants the customer a license to use Sleep Cycle's intellectual property rights.

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 SDK. Thus, this performance obligation meets the criterion of IFRS 15, and the revenue must be reported over time.

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, a marginal borrowing rate of 4.97% has 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 agreement.

Sleep Cycle has a lease agreement for office space, which is reported as a right-of-use asset in the statement of financial position. The current lease agreement for office space runs until February 28, 2028, 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 agreement.

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.

FAIR 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 means the amount at which the asset or liability was initially recognized less amortization, additions or deductions of accumulated amortization under the effective interest method of the initial difference between the amount received/paid and the amount payable/received at maturity and less impairment losses. 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 they are measured 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, 2025, 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.

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).

	12-31-2025	12-31-2024
EUR	4 465	786
USD	260	400
GBP	-1,209	-2,486
JPY	11	400
CHF	31	41
AUD	230	-

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 table below illustrates how the Group's operating profit would have been affected by a change in the exchange rate, based on the company's currency exposure on the closing date.

Currency exposure	2025	2024
EUR -/+5%	-/+ 223	-/+ 39
USD -/+5%	-/+ 13	-/+ 20
GBP -/+5%	-/+ 60	-/+ 124
JPY -/+ 5%	-/+ 1	-/+ 20
CHF -/+ 5%	-/+ 2	-/+ 2
AUD -/+ 5%	-/+ 12	-

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. This effect on earnings is recognized as other operating income or other operating expenses. 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 82.

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. Interest from lease liabilities relating to the current rental contract, in application of IFRS 16, is estimated to be 4.97%, which is considered to correspond to the Group's marginal loan 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 following page shows the maturities of the Group's financial liabilities.

	12-31-2025					
	Within 3 months	3-12 mos.	1-2 years	3-5 years	Over 5 years	Total
Leasing liabilities	860	2 581	3,441	860	-	7,742
Accounts payable	14,425	-	-	-	-	14,425
Other current liabilities	3,396	-	-	-	-	3,396
Total	18,681	2 581	3,441	860	-	25,564

	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

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	
	12-31-2025	12-31-2024
Accounts receivable	29,427	41,199
Other receivables	6	24
Accrued income	1,237	696
Cash and cash equivalents	120,846	145,234
Maximum exposure to credit risk	151,515	187,153

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	
	12-31-2025	12-31-2024
Financial assets		
Accounts receivable	29,427	41,199
Other receivables	6	24
Accrued income	1,237	696
Cash and cash equivalents	120,846	145,234
Total financial assets	151,515	187,153

All financial assets are valued at amortized cost

	Group	
	12-31-2025	12-31-2024
Financial liabilities		
Leasing liabilities	7,379	11,743
Accounts payable	14,425	14,704
Accrued expenses	3,396	4,264
Total financial liabilities	25,200	30,711

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 percent of earnings after taxes. Sleep Cycle has a history of solid profitability and strong cash generation. At the same time, the company is in a phase where increased investments in new business areas are prioritized in order to create long-term revenue growth and shareholder value. Against this background, the Board of Directors believes that the company, while maintaining its financial strength, can balance investments for long-term growth with dividends to shareholders over time.

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	
	2025	2024	2025	2024
Distribution of net sales				
Subscription income	233,794	252,100	233,794	252,100
Other income	14,085	9,429	14,085	9,429
Total	247,879	261,529	247,879	261,529
B2C	222,653	245,678	222,653	245,678
B2B	25,226	15,851	25,226	15,851
Total	247,879	261,529	247,879	261,529

Income from subscriptions 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	
	2025	2024	2025	2024
Information on geographic markets				
Sweden	247,879	261,529	247,879	261,529
Other countries	-	-	-	-
Total	247,879	261,529	247,879	261,529

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	
	2025	2024
Information on purchases and sales within the same group		
Sales	0%	0%
Purchases	0%	0%

Note 7 Other operating income

	Group		Parent Company	
	2025	2024	2025	2024
Exchange rate gains	246	298	246	298
Other income	89	57	37	57
Total	335	355	283	355

Note 8 Other external expenses

	Group		Parent Company	
	2025	2024	2025	2024
Office space expenses	1,378	1,622	4,696	6,876
Consumable products, software, and consumable items	8,661	6,150	8,661	6,150
Marketing expenses	19,978	20,252	19,978	20,252
Consulting fees, product development, and marketing	22,960	12,340	22,960	12,340
Server and technology expenses	5,470	4,797	5,470	4,797
Other external services	6,205	9,703	6,205	9,703
Other expenses	3,918	3,625	3,908	3,615
Total	68,569	58,489	71,877	63,733

In 2024, other external services were affected by costs affecting comparability of tSEK 794 related to reorganization in 2024. No costs affecting comparability in 2025.

Note 9 Remuneration to auditors

	Group		Parent Company	
	2025	2024	2025	2024
PwC				
Audit engagement	994	1,145	994	1,145
Auditing activities in addition to the audit engagement	-	6	-	6
Tax advice	127	452	127	452
Total	1,120	1,603	1,120	1,603
Total cost of auditors' fees	1,120	1,603	1,120	1,603

The total fee to PwC and its international network amounted to SEK 1,120 (1,603) for the financial year 2025. The fee to the Swedish auditing firm Öhrlings PricewaterhouseCoopers AB amounted to tSEK 994 (1,158), of which tSEK 994 (1,145) related to the audit assignment, tSEK 0 (6) to other statutory and other audit assignments and tSEK 0 (7) to tax advice and other services.

Note 10 Leasing

The group is a leaseholder mainly through leasing contracts for office space. The current lease agreement for office space runs until February 28, 2028, with an option to extend. For this office space the group's assessed marginal borrowing rate at the conclusion of the contracts of 4.97% has been applied when discounting the lease liability.

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

	Group	
	2025	2024
Amount reported in the income statement		
Other operating income	52	-
Depreciation of right-of-use assets	-3,391	-4,344
Depreciation of right-of-use assets	461	-461
Interest expenses for leasing liabilities	-420	-617
Costs related to low-value leasing agreements	-4	-15
Total	-3,302	-5,437

	Group	
	2025	2024
Cash flow		
Amortization of leasing liabilities	-3,359	-4,175
Interest expenses for leasing liabilities	-420	-617
Short-term and low-value leasing agreements	-4	-15
Total	-3,783	-4,807

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

Leasing agreement refers to the rental of office space. During the year, a leasing agreement for premises was transferred to an external party. In connection with the transfer, the related right-of-use asset and lease liability were derecognized. The net amount is reported as a profit of tSEK 52 in the item Other operating income.

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 4,483 (6,521).

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:

	12-31-2025	12-31-2024
Within 1 year	3,441	4,793
Between 1-5 years	4,301	7,742
Later than 5 years	-	-
Total	7,742	12,535

The leasing agreement relates 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	
	2025	2024	2025	2024
Men	23	20	23	20
Women	13	13	13	13
Total	36	33	36	33

All individuals are employed in Sweden.

Members of the Board of Directors and other senior executives	Group Number on the balance sheet date		Parent Company Number on the balance sheet date	
	2025	2024	2025	2024
Women;				
Members of the Board of Directors	1	1	1	1
Other senior executives	1	1	1	1
Men;				
Members of the Board of Directors	4	3	4	3
Other senior executives	4	4	4	4
Total	10	9	10	9

Costs for remuneration to employees	2025	2024
Parent Company;		
Salaries and other remuneration	34,415	37,971
Social security contributions	12,020	13,142
Pension expenses	4,744	4,802
Subsidiary;		
Salaries and other remuneration	-	-
Social security contributions	-	-
Pension expenses	-	-
Total salaries and remuneration in the group	34,415	37,971
Total social charges in the group	12,020	13,142
Total pension expenses in the group	4,744	4,802
Total for the group	51,179	55,916

Total pension expenses refer to defined contribution pension plans. Employee compensation costs in 2024 include costs affecting comparability of tSEK 4,962 related to reorganization during the year. No costs affecting comparability in 2025.

Salaries and other remuneration	2025	2024
Group and parent company;		
Salaries and other remuneration of Board members, the CEO and other senior executives	14,092	17,643
of which bonuses and similar remuneration to senior executives	3,168	4,865
Salaries and other remuneration to other employees	22,301	22,396
Total	36,393	40,040

Salaries and other remuneration and pensions for senior executives	2025	2024
Group and parent company;		
Salaries and other compensation to senior executives	12,113	15,575
of which bonuses and similar remuneration to senior executives	3,168	4,865
Pension expenses for senior executives	1,978	2,002
Total	14,092	17,577

Remuneration to the Board of Directors and senior executives 2025	Base salary/ remuneration	Variable remuneration	Other benefits	Pensions	Total
Anne Broeng, Chairman of the Board since the 2023 Annual General Meeting. Member of the Board and Chairman of the Audit Committee since 2020. Member of the Remuneration Committee since the 2024 Annual General Meeting	912	-	-	-	912
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	426	-	-	-	426
Maciej Drejak, member of the Board since the Extraordinary General Meeting on 07/26/2023.	294	-	-	-	294
Hans Skruvfors, member of the Board since the 2024 Annual General Meeting	294	-	-	-	294
Christian Kanstrup, member of the Board since the Extraordinary General Meeting on 10/28/2025	53	-	-	-	53
Total to the Board	1,979	-	-	-	1,979
Erik Jivmark, CEO	2,820	1,128	5	716	4,670
Other senior executives (4 persons)	6,100	2,040	21	1,262	9,422
Total to senior executives	8,920	3,168	26	1,978	14,092
Total	10,899	3,168	26	1,978	16,071

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. Member of the Board and Chairman of the Audit Committee since 2020. 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, member of the Board 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.

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 by the company, severance pay equivalent to 6 months' salary shall be paid in addition to the regular salary during the notice period. 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 29,763 (31,802). Research and development costs refer to costs directly attributable to the development, further development, and maintenance of the company's technical platforms and products.

This includes, among other things, development of the company's application, underlying technology platform, machine learning algorithms, data analysis, and quality assurance. Research and development costs also include development work related to platform-based solutions such as Sleep SDK, as well as work related to health-related functionality, including the evaluation and development of features to detect risk for sleep apnea.

Expenses that meet the criteria for capitalization are recognized as intangible assets in accordance with applicable accounting principles.

Note 13 Total items affecting comparability

	Group		Parent Company	
	2025	2024	2025	2024
Other external expenses				
External consultants and services	-	-794	-	-794
Personnel expenses				
Salaries and other remuneration	-	-4,962	-	-4,962
Total	-	-5,756	-	-5,756

2025 has not been affected by items affecting comparability. 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.

**Note 14 Financial income**

	Group		Parent Company	
	2025	2024	2025	2024
Interest income	1,575	2,868	1,575	2,868
Total	1,575	2,868	1,575	2,868

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

Note 15 Financial expenses

	Group		Parent Company	
	2025	2024	2025	2024
Interest costs	420	685	-	68
Total	420	685	-	68

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

Note 16 Tax on profit for the year

	Group		Parent Company	
	2025	2024	2025	2024
Current tax				
Current tax on profit for the year	-13,949	-16,438	-13,949	-16,438
Adjustments recognized in the current year for prior years' current tax	-	-132	-	-132
Deferred tax				
Deferred tax attributable to temporary differences	43	66	47	31
Total	-13,906	-16,504	-13,902	-16,539

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;

	2025	2024	2025	2024
Reconciliation of tax expenses for the year				
Reported profit/loss before tax	67,115	79,145	67,095	79,274
Tax at the applicable tax rate of 20.6%	-13,826	-16,304	-13,822	-16,330
Effect of non-deductible expenses	-82	-97	-82	-97
Effect of other non-taxable income	2	21	2	21
Utilized losses for which deferred tax assets have not been recognized	-	8	-	-
Total	-13,906	-16,372	-13,902	-16,407
Adjustments recognized in the current year for prior years' current tax	-	-132	-	-132
Reported tax expense for the year	-13,906	-16,504	-13,902	-16,539

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

	Group		Parent Company	
	2025	2024	2025	2024
Deferred tax assets				
Temporary difference cost of improvement on other's property	96	49	96	49
Temporary difference for right-of-use assets	-1,425	-2,320	-	-
Temporary difference leasing liabilities	1,520	2,419	-	-
Total	191	148	96	49

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	
	2025	2024
Earnings per share before dilution		
Profit for the year attributable to the parent company's shareholders	53,209	62,642
Weighted average number of ordinary shares before dilution	20,277,563	20,277,563
Earnings per share before dilution, SEK	2.62	3.09

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

	Group	
	2025	2024
Earnings per share after dilution		
Profit for the year attributable to the parent company's shareholders	53,209	62,642
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	2.62	3.09

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

Note 18 Capitalized development expenditures

	Group and parent company	
	12-31-2025	12-31-2024
Opening acquisition values	20,278	17,017
Acquisitions for the year	13,104	3,261
Closing accumulated acquisition values	33,382	20,278
Opening amortization	-9,150	-6,201
Amortization for the year	-2,289	-2,949
Closing accumulated amortization	-11,439	-9,150
Opening depreciations	-6,341	-6,341
Depreciations for the year	-	-
Closing accumulated impairment losses	-6,341	-6,341
Closing carrying amount	15,602	4,787

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 12/31/2025, 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 16.1% before tax.

According to this year's impairment test, there is no need for impairment as of December 31, 2025.

Not 19 Patent

	Group and parent company	
	12-31-2025	12-31-2024
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	
	12-31-2025	12-31-2024
Office space		
Opening acquisition values	22,231	22,231
Expired rights of use	-6,861	-
Closing accumulated acquisition values	15,370	22,231
Opening amortization	-10,970	-6,626
Expired rights of use	5,908	-
Amortization for the year	-3,391	-4,344
Closing accumulated amortization	-8,453	-10,970
Opening depreciations	-461	-
Expired rights of use	461	-
Depreciations for the year	-	-461
Closing accumulated impairment losses	-	-461
Closing carrying amount	6,916	10,799

Note 21 Cost of improvement on other's property

	Group and parent company	
	12-31-2025	12-31-2024
Office space		
Opening acquisition values	1,260	868
Acquisitions for the year	-	392
Closing accumulated acquisition values	1,260	1,260
Opening amortization	-343	-130
Amortization for the year	-291	-213
Closing accumulated amortization	-634	-343
Closing carrying amount	626	917

Note 22 Equipment and computers

	Group and parent company	
	12-31-2025	12-31-2024
Opening acquisition values	3,337	3,081
Acquisitions for the year	50	279
Disposals	-59	-23
Closing accumulated acquisition values	3,328	3,337
Opening amortization	-2,021	-1,378
Disposals	57	13
Amortization for the year	-579	-656
Closing accumulated amortization	-2,543	-2,021
Closing carrying amount	785	1,316

**Note 23 Participations in group companies**

	Parent Company	
	12-31-2025	12-31-2024
Opening acquisition values	150	150
Closing acquisition values	150	150
Opening depreciations	-100	-100
Closing cumulative depreciations	-100	-100
Closing carrying amount	50	50

The parent company holds shares in the following subsidiaries;

Company, Corporate ID number	Headquarters	12-31-2025 Share capital %*	12-31-2024 Share capital %*	12-31-2025 Carrying amount	12-31-2024 Carrying amount
Sleep Cycle Sverige AB (559278-9688)	Gothenburg	100%	100%	50	50

Note 24 Other long-term receivables

	Group and parent company	
	12-31-2025	12-31-2024
Bank guarantee	-	-
Other long-term receivables	-	24
Total	-	24

Note 25 Accounts receivable

	Group and parent company	
	12-31-2025	12-31-2024
Accounts receivable, gross	29,427	41,199
Reserve for bad debts	-	-
Total accounts receivable, net after reserve for bad debts	29,427	41,199
Accounts receivable overdue but not written-down	12-31-2025	12-31-2024
1-30 days overdue	50	863
31-60 days overdue	-	-
61-90 days overdue	-	-
91-120 days overdue	-	-
More than 121 days overdue	-	-
Total	50	863

As of December 31, 2025, accounts receivable in the amount of tSEK 50 (863) were overdue without any impairment deemed necessary. Of these, tSEK 50 (863) was settled as of January 2026 (March 2025). Accounts receivable are recognized after accounting for historical data, bad debt loss incurred during the year, and future expected credit losses. For 2025 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 was received in January 2026 and the customers' ability to pay is considered good.

Note 26 Other receivables

	Group and parent company	
	12-31-2025	12-31-2024
VAT receivables	1,059	668
Balance tax account	659	-
Other items	6	10
Total	1,724	678

Note 27 Prepaid expenses and accrued income

	Group and parent company	
	12-31-2025	12-31-2024
Prepaid distribution costs	18,298	26,748
Accrued income	1,237	696
Other items	4,496	3,946
Total	24,031	31,391

Note 28 Cash and cash equivalents

	Group	
	12-31-2025	12-31-2024
Bank balances	120,846	144,823
Bank guarantee	-	411
Total	120,846	145,234
	Parent Company	
	12-31-2025	12-31-2024
Bank balances	40,707	64,725
Bank guarantee	-	411
Other short-term investments	80,000	80,000
Total	120,707	145,136

Note 29 Equity

Share capital and other capital contributions	Number ordinary shares	Share capital (tSEK)	Other contributed capital (tSEK)
As of January 1, 2024	20,277,563	563	288
Warrant premiums			2,456
As of December 31, 2024	20,277,563	563	2,744
As of December 31, 2025	20,277,563	563	2,744

As of December 31, 2025, 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. Subscription of Series 2 shares expired February 5, 2025 and no warrants have been exercised.

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 the CEO program are exercised, share capital will increase by SEK 11,648.

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. Subscription of shares expired August 31, 2025 and no warrants have been exercised.

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.

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 2024	15,918	-	15,918
Items affecting cash flow:			
Amortization of leasing liabilities	-4,175	-	-4,175
As of December 31, 2024	11,743	-	11,743
Items affecting cash flow:			
Amortization of leasing liabilities	-3,359	-	-3,359
Items not affecting cash flow:			
Transferred leases	-1,005	-	-1,005
As of December 31, 2025	7,379	-	7,379

**Note 31 Accrued expenses and deferred income**

	Group	
	12-31-2025	12-31-2024
Contractual liabilities (deferred income)	87,480	116,782
Deferred revenue	933	-
Accrued salaries	3,730	1,027
Accrued vacation pay	4,411	3,518
Accrued social security contributions	2,676	1,428
Other items	3,772	4,060
Total	103,002	126,815

	Parent Company	
	12-31-2025	12-31-2024
Contractual liabilities (deferred income)	87,480	116,782
Deferred revenue	933	-
Accrued salaries	3,730	1,027
Accrued vacation pay	4,411	3,518
Accrued social security contributions	2,676	1,428
Other items	3,772	4,521
Total	103,002	127,276

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	
	12-31-2025	12-31-2024
Pledged assets	None	
Blocked bank funds as collateral for bank guarantee	-	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	-78
Profit/loss for the year	53,193,138
Total unrestricted equity	55,936,785

After adoption of the balance sheet of Sleep Cycle AB for 2025, the Board of Directors recommends that the Annual General Meeting appropriate the above funds as follows:

Distributed to shareholders:

SEK 0.53 per share ¹	10,747,108 ²
To be carried forward	45,189,677
Total	55,936,785

¹ See Note 5 for dividend policy. SEK 0.53 per share constitutes the ordinary dividend.
² Based on number of outstanding shares as of December 31, 2025. 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 generation. At the same time, the company is in a phase where investments in new business areas, technology licensing, and medical technology are prioritized to create long-term revenue growth and shareholder value. In light of this, the Board has decided to propose a lower dividend for the 2025 financial year, with the aim of enabling continued reinvestment in the business. The Board of Directors proposes an ordinary dividend of SEK 0.53 per share, equivalent to a total of tSEK 10,747². The remaining part of the year's profit is earmarked for financing the company's strategic investments and growth initiatives. The Board of Directors will continue to evaluate the company's capital allocation and the best options for long-term value creation for shareholders on an ongoing basis.

The last day of trading with dividend rights is April 13, 2026 and the proposed record date for the dividend is April 15, 2026. Euroclear expects to send the dividend to shareholders on April 20, 2026.

Note 35 Events after the balance sheet date

- On January 23, 2026, Sleep Cycle announced that it had entered into an initial agreement with a leading US-based clinical research organization (CRO) to conduct the validation phase of the clinical study for the company's AI-based sleep apnea screening tool, as the development phase enters its final stage.
- On January 28, 2026, the UK Health Security Agency (UKHSA) and Sleep Cycle announced the start of a 12-week research collaboration to identify disease trends.
- On February 4, 2026, the Board proposed an ordinary dividend of SEK 0.53 per share, corresponding to tSEK 10,747, based on the number of outstanding shares as of February 4, 2026.

The annual report and consolidated financial statement were approved for release by the Board on March 11, 2026. 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 13, 2026.

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 11, 2026

Anne Broeng
Chairman of the Board

Hans Skrufors
Board member

Maciej Drejak
Board member

Mathias Høyer
Board member

Christian Kanstrup
Board member

Erik Jivmark
CEO

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

Ulrika Ramsvik
Authorized Public Accountant



Auditor's report

This is a 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 2025 except for the corporate governance statement on pages 50-53. The annual accounts and consolidated accounts of the company are included on pages 46-77 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2025 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 2025 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 50-53. 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/EU) 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/EU) 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 the Board of Directors and the Managing Director 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 as set out in the table below. 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.

Key Audit Matter

Revenue recognition from Sleep Cycle Premium
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 our audit addressed the Key Audit Matter

Our audit has included, among other procedures:

- We have gained an understanding of the group's sales of subscription services related to Sleep Cycle Premium and evaluated the group's processes, procedures, and internal controls related to these 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 1-45 and 81-83. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS 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 Directors 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 Swedish Inspectorate of Auditors' 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 Directors and the Managing Director of Sleep Cycle AB (publ) for the year 2025 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 Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' 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.

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 Swedish Inspectorate of Auditors' 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 2025.

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 Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50-53 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 8 April 2025 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

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.
Operating margin	Operating profit as a percentage of the company's net sales.	Operating margin is an indication of the company's earning capacity in relation to net sales.
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	2025	2024
Net sales previous period	261,529	236,146
Net sales current period	247,879	261,529
Net sales growth	-5.2%	10.7%
Currency-adjusted net sales previous period	256,604	238,186
Net sales current period	247,879	261,529
Currency-adjusted net sales growth	-3.4%	9.8%

ARPU and currency-adjusted ARPU

tSEK	2025	2024
Subscription income	233,794	252,100
Currency-adjusted subscription income	237,982	250,220
Number of subscriptions previous period (thousands)	918	893
Number of subscriptions current period (thousands)	768	918
ARPU (SEK)	277	278
Currency-adjusted ARPU (SEK)	282	276

Operating profit and operating margin

tSEK	2025	2024
Net sales	247,879	261,529
Other operating income	335	355
Capitalized work for own account	3,020	447
Distribution costs	-50,816	-57,862
Other external expenses	-68,569	-58,489
Personnel expenses	-54,878	-60,104
Depreciation and impairment of tangible and intangible assets	-6,089	-8,624
Other operating expenses	-4,922	-290
Operating profit/loss	65,960	76,962
Operating margin	26.6%	29.4%

Adjusted operating profit and adjusted operating margin

tSEK	2025	2024
Operating profit/loss	65,960	76,962
Items affecting comparability		
Other external expenses	-	-794
Personnel expenses	-	-4,962
Total items affecting comparability	-	-5,756
Adjusted operating profit/loss	65,960	82,718
Adjusted operating margin	26.6%	31.6%

During the first quarter of 2024, a total of tSEK 5,756 has been adjusted for related to reorganization, of which tSEK 794 relates to other external costs and tSEK 4,962 relates to personnel costs.

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