Epidemic Sound, Group AB

Building the next generation *creative platform*

Annual Report 2025

Epidemic Sound

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Sara Börsvik, Interim CEO

CEO foreword

When I stepped into the CEO role in March 2026, I did so at a real inflection point; one that's as much about who we choose to be as what we choose to build.

2025 was a year of strategic investments. Revenue came in below our historical trajectory, and the overall financial metrics don't yet reflect the value those investments actually built. Currency headwinds, a one-time reset in a third-party royalty framework, and a full execution on an ambitious investment plan all played a role.

To put the numbers in context: three factors converged in the same year. A strengthening Swedish krona compressed our reported revenues, since the majority of our sales come in USD, EUR and GBP. Our Digital Rights Management revenue, which includes royalties related to when our music is used without a license, faced a structural reset in how one large platform distributes those revenues. This one-time shift meaningfully reduced that revenue stream. We also chose to step up investment significantly to fund the most ambitious product roadmap in our history.

The underlying business held firm with a gross margin of 84%, our subscription revenues grew, and we closed the year with close to SEK 550 million in net cash[1]. These were not the financials of a business losing ground; they were the financials of one that chose to build.

In a single twelve-month window, we shipped the most significant product release schedule in this company's history. Four AI-powered launches, each one a building block. Voices gave creators an AI voiceover tool built on real work from professional voice artists. Adapt introduced stem-level creative control for our catalog, paired with a dedicated revenue pool for the artists whose work is being adapted. Assistant reimagined discovery through conversational search. And Studio brought it all together: upload a video, and Studio analyses, sources, arranges and delivers a cohesive first-draft soundtrack in moments, with the creator directing throughout. These weren't standalone launches. They were a sequential build toward an agentic platform, and we're just getting started.

[1] incl short-term investments

We also made two acquisitions that strengthened our strategic position. The proprietary music-recognition technology acquired from Song Sleuth will expand our enterprise offer this year. VXA, now Plenty Labs, extends our reach into social advertising workflows where short-form creative is produced at real scale – already in beta, it is scheduled for full rollout later in 2026. And more M&A to accelerate our strategy is likely.

The direction is clear. We're expanding from a music licensing business into a creative workflow platform. Human creativity, adaptive technology, human-made music and SFX, combined with complete licensing peace of mind – that combination is unique. No AI-only provider can replicate it, and we are leading from that position.

Delivering on this strategy also required us to reshape the organization that executes it. We simplified our structure to create a leaner, faster company, one with lower fixed costs, tighter ownership, and the operating model required to compete in a category moving at speed. AI is now embedded across our workflows, not as a future ambition but as a present reality.

To close, I want to share an important update regarding Oscar Höglund, who co-founded this company in 2009. Having led us with incredible vision as CEO, Oscar is now transitioning to a new role on the Board of Directors. This shift allows him to step away from daily operations and focus his expertise on key strategic areas where he can drive the greatest long-term impact. While his day-to-day responsibilities will change, he will remain deeply connected to the business. I am immensely grateful for his leadership as CEO and look forward to his continued guidance from the board.

To our artists, customers, colleagues, and shareholders: 2025 was the year we made the strategic choices and investments that the future requires. 2026 is the year we deliver them.

Sara Börsvik
Interim CEO, Epidemic Sound Group AB
Stockholm, March 2026

2025: *the year at a glance*

The platform at year-end

Catalog of over **55,000 tracks** and **250,000 sound effects**, all **100% IP-owned** by Epidemic Sound. Our music is heard more than **3 billion** times every day across global platforms.

Q1

Launched **Voices**, our AI-powered voiceover tool built on the work of professional voice artists, who can also be booked directly through the platform with no cut taken by Epidemic Sound.

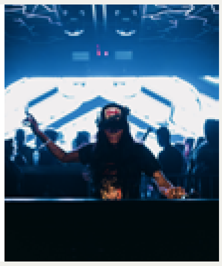
Evolved our mentorship program "The Bridge" with **Johnny Marr** from The Smiths. This included a creative session in Manchester with selected talents such as **Rebecka Mardal**, **Christoffer Moe Ditlevsen** and **Kylie Dailey**.

Q2

Acquired proprietary music-recognition technology from **Song Sleuth** (April), adding to the group's rights-management capabilities.

Entered into a collective bargaining agreement with Swedish unions **Unionen** and **Sveriges Ingenjörer** (April).

Launched the Extra Version series with world-renowned **DJ Honey Dijon's** remix of Umbélé (May), pairing global talent with Epidemic Sound artists to extend reach across creator and streaming platforms.



Q3

Epidemic Sound artists release (July) new collaborative EP "Off the Grid" under the mentorship of electronic music pioneer and **Richie Hawtin.**

Launched **Adapt** (September), giving creators stem-level customisation of catalog tracks, paired with a dedicated bonus pool for the artists whose work is being adapted — a direct extension of our long-standing 50/50 royalty split and upfront payments into the AI era.

Q4

Launched **Assistant** (October), the first conversational-search experience for soundtracking.

By late October, the **Extra Version** series had surpassed 510 million views across YouTube and TikTok.

Launched **Studio** (November), our AI-powered workflow that delivers an instant first-draft soundtrack for video. Also integrated into **Adobe Premiere Pro** and **DaVinci Resolve.**

Co-founder **Hjalmar Winbladh** was nominated as Chairperson of the Board (November) to further accelerate the group's AI-driven product suite.

Acquired **VXA** (December), an AI-native technology provider in the social advertising workflow space.

About us

Epidemic Sound Group is on a mission to reimagine storytelling through music, sound, and AI.
Epidemic Sound is the Group's primary brand.

The Epidemic Sound Group

Epidemic Sound	Soundly	OVERTONE STUDIOS	PlentyLabs *
The world's leading **soundtracking platform**	The complete **sound effects platform**	The world's leading **mood music record label**	The **ad creative engine** for paid social

* formerly VXA

Backed by EQT, Blackstone, Creandum, Atwater Capital, Alecta, AMF, and IMAS Foundation.

Epidemic Sound's 2025 in numbers

70%

of the top 300 US YouTube channels use Epidemic Sound.

Over
20 billion

streams a year of the Epidemic Sound group's tracks across music streaming platforms.

Nearly
200 hours

of music downloaded from Epidemic Sound platforms per hour.

Over
500

employees across headquarters in Stockholm and offices across Europe, US, and Asia.

Over
3 billion

average daily views of YouTube and TikTok videos soundtracked by Epidemic Sound music.

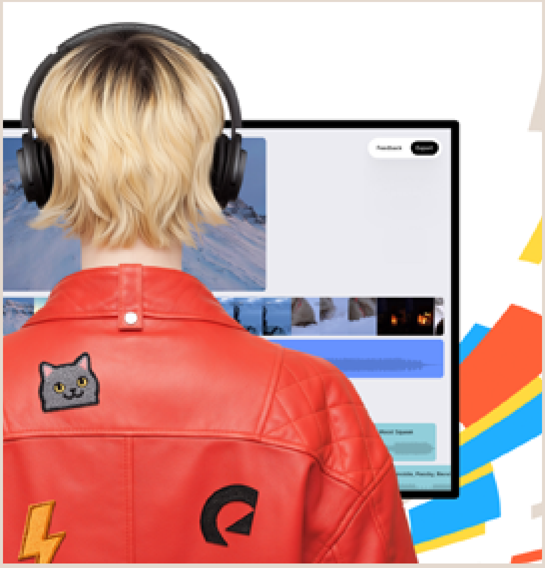
- 2.3 billion | average daily views on YouTube
- Nearly 700 million | average daily views on TikTok

Over
250,000

tracks and sound effects in the Epidemic Sound catalog.

- Over 50,000 | high-quality tracks spanning 390 genres and 34 moods
- Over 200,000 | Hollywood-grade sound effects

The year in review



An investment year, by design

Entering 2025, the board and management team took a deliberate decision: to embrace the technology shift and raise the bar.

The generative AI wave was going to reshape content creation at speed and our opportunity to stand out with our unique model as the foundation was not just obvious, it was inevitable. We decided to respond to the market with our own product roadmap, on our own terms, going full speed ahead into an exciting future.

The financial shape of 2025 reflects this strategic choice, with material investments in exciting M&A, in specialized and proprietary AI, machine learning, and audio engineering teams, in cloud compute and externally acquired datasets for model development, and in the commercial infrastructure to bring Voices, Adapt, Assistant and Studio to market. Two further factors, currency headwinds and a one-time structural reset in our Digital Rights Management segment, shaped the revenue profile of the company. Strategic diversification across the year has reduced our concentration with single third-party partners and created a healthier operating position going into 2026.

A product cadence built for the AI era

2025 marked the year of investment that transformed our product cadence and accelerated our shift from music library to AI-powered creative workflow.

In April, we launched Voices, our AI-powered voiceover tool. Built in collaboration with a roster of professional voice artists whose recordings serve as the foundation for the underlying models, Voices gives creators the choice between an AI-assisted voiceover and direct booking of the voice artist through our platform, with no cut taken by Epidemic Sound when an artist is booked. It set the template for how we approach every AI product we build: AI as the accelerant to human creativity, control and scale, and economics that flow back to the people whose work powers the model.

Adapt, launched in September, introduced stem-level creative control, letting creators shape and customize existing tracks to fit their content. It was paired with a dedicated one-million-dollar bonus pool for the

artists whose work is being adapted, so that AI-enabled tooling directly expands artist economics rather than compressing them. Assistant, launched in October, replaced manual catalog search with the first conversational AI experience for soundtracking. Studio, launched in November, pulled these capabilities into our first agentic workflow: upload a video, and Studio analyses, sources, arranges and delivers a cohesive first-draft soundtrack of human-made music and sound effects, shipped natively inside Adobe Premiere Pro and DaVinci Resolve. Four launches. One direction of travel: from creators searching a catalog, to a platform that makes soundtracking seamless.

Alongside organic product development, we made two strategically significant acquisitions, both deepening our AI capabilities. Song Sleuth, acquired in April, brought proprietary AI music-recognition technology into the group, strengthening our ability to identify and monetise usage of our catalog across user-generated content. In 2026, it will become a core enterprise offer, helping brands detect and eliminate costly music-licensing issues across their content at scale through our new service, Soundproof. VXA, acquired in December and since rebranded Plenty Labs, extends our platform into the AI-native social advertising workflow: the highest-volume creative use case in the market, and one where our existing catalog is uniquely suited to the legal-clarity requirements of performance brands.

The product revenue from these launches is, by definition, ahead of us. Studio launched in November; a full year of monetization begins in 2026. Plenty Labs will launch to general availability later in 2026. Early signs of customer adoption are encouraging, and reinforce our strategic choices.

CASE STUDY

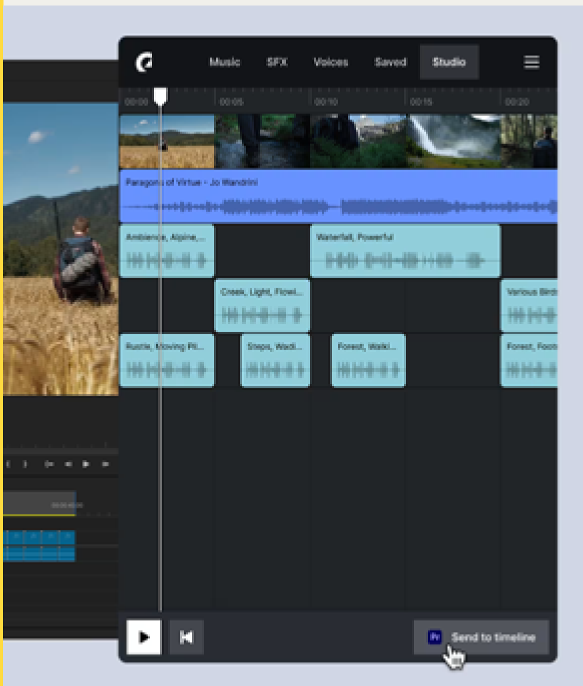
Studio – our first creative workflow

From a music library to an end-to-end soundtracking workflow.

Soundtracking even a short, one- to three-minute video can take a creator up to five hours. Studio, launched in November 2025, removes that time barrier without compromising on quality, legal clarity, or the human craft that makes our catalog distinctive.

A creator uploads a video. Studio returns a cohesive first-draft soundtrack in seconds: human-made music from our world-class artists, Hollywood-grade ambient sound, and foley effects to heighten specific moments.

The output is high-fidelity WAV and MP3, ready to refine, replace, or use as inspiration. The human stays firmly in the loop; AI does the repetitive work. Studio matters strategically because it is our first true creative workflow, not a feature, bringing together the conversational understanding of Assistant and the adaptation engine of Adapt into a single interface. In December we shipped Studio natively into Adobe Premiere Pro, with DaVinci Resolve following shortly after.

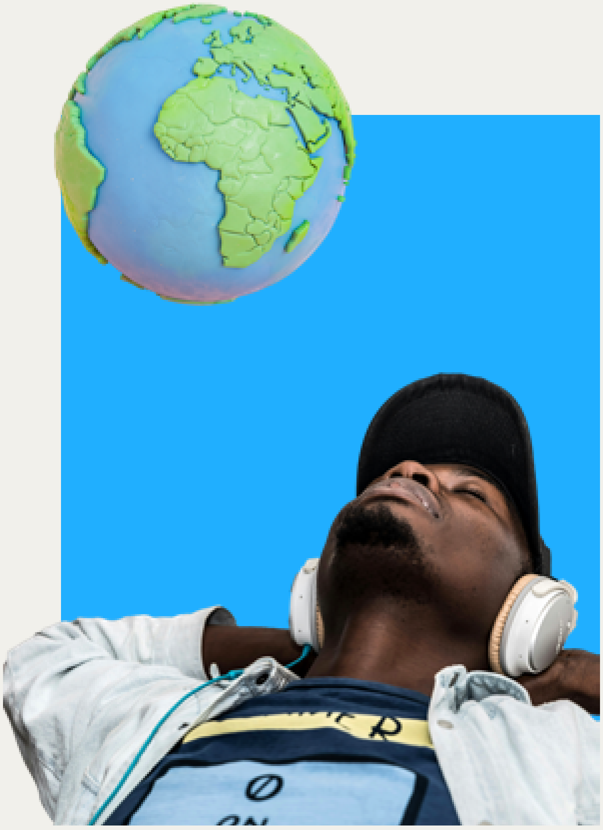


Our *strategy:* creator-first, AI-enabled

Our strategic position is defined by a single observation: the market for music and sound in content is evolving from a worry-free catalog into an end-to-end creative workflow. Customers, from 70% of the US 300 leading YouTubers to global advertising teams at major enterprise brands, increasingly want to move from idea to published content in hours, not days, with full legal clarity and without compromising the creative integrity of their output. The companies that will lead this market are the ones that can combine extensive creative capabilities in a single platform.

Creative capabilities, one platform

1. **A world-class, fully-owned catalog of human-created music, sound effects and voice.** Our number of tracks and sounds grew during 2025 to over 55,000 tracks and 250,000 sound effects, every one of which we own 100% of the rights to. This is the unique legal and creative foundation on which everything else rests and which competitors have been unable to replicate.
2. **AI-enabled tooling that accelerates and adapts that content within the creator's workflow.** Voices, Adapt, Assistant, and Studio are the current generation. Our vision for Studio in 2026 is for it to draw together all our tools and services in a single integrated workflow, and enhanced audio intelligence for platforms and AI agents in development.
3. **A licensing and economic model that keeps artists at the centre - commercially, creatively, and financially.** The 50/50 royalty split, upfront payments, and a soundtrack bonus that have characterised our model since 2009 remain core to how we operate, now extended into the AI era through dedicated mechanisms such as the one-million-dollar Adapt bonus pool.



This is what we mean when we describe ourselves as creator-first and AI-enabled. The creator is the centre of the platform, in full control and with rights cleared globally, by design. AI is how the platform works faster, more accurately, and at greater scale.

CASE STUDY

Music distribution at the scale of the creator economy

Extra Version: Five remixes. Five global artists. Over 510 million views in five months.

In May 2025 we launched Extra Version, pairing world-renowned DJs and producers with standout tracks from our catalog. Each release goes both into the Epidemic Sound catalog for creators and onto the world's major streaming platforms, combining two distribution channels in one drop.

The series opened with Grammy-winning Honey Dijon's remix of "Umbélé", originally produced by Epidemic Sound artist Ebo Krdum, and earned airplay on BBC Radio 1's Club Mix. Monthly releases followed — Switch, jeonghyeon, Saoirse and LP Giobbi — and by the end of October, Extra Version had passed 510 million views across YouTube and TikTok. The program demonstrates two things at once: the quality of music our artists produce, and the distribution power of the platform Epidemic Sound has built, with the original artist at the centre of the economics, not the periphery.

"Teaming up with Epidemic Sound was a vibe. Flipping 'Umbélé' was a chance to sprinkle some Honey on it and share that energy with creators everywhere."

– Honey Dijon, on launching Extra Version

Our position on AI

We are clear-eyed about the concerns AI raises in the creative industries, and our position is straightforward. AI should enhance human creativity, not replace it. Our mission is to give customers the freedom to choose, the control to shape every step of the creative process, and the legal certainty our licensing model provides.

What makes our approach unique is the combination of AI and IP: we pair powerful creative tools with a foundation of owned and licensed content, enabling customers to create with confidence while ensuring rights-holders share in the value generated through explicit mechanisms such as the Adapt bonus pool and a similar remuneration model used in Voices. Every AI product we build is designed to amplify human-created work and expand creative possibilities, not diminish them.

We believe this position is also the commercially correct one. The market is moving toward greater scrutiny of AI-generated content, not less, and rightly so. Customers, particularly enterprise brands and major platforms, need legal certainty that AI-only providers cannot offer. Our combination of 100% IP-owned human music with AI-assisted adaptation gives customers the creative flexibility of AI with the rights clarity of owned IP, and as our AI capabilities expand, so does the pool of economic value flowing back to the artists whose work powers them. That is a defensible position, and one very few companies in our space can claim.

Looking ahead

2025 was an investment year. 2026 is the year in which we convert that investment into revenue, operating leverage, and platform momentum through accelerated feature releases and improvements.

While we lead the market for individual creators as the soundtracking choice for over 70% of the top 300 creators in the US, with content from our catalog driving more than 3 billion views per day, our growth opportunities lie in expanding our SMB and Enterprise segments.

A full year of Voices, Adapt, Assistant and Studio monetisation begins in 2026. We expect these products to improve customer acquisition efficiency, lower churn, improve conversion from trial to subscription, and expand revenue within our existing customer base.

Plenty Labs (formerly VXA) is scheduled to launch into general availability later in the year. It marks an important step in Epidemic Sound's expansion into high-growth marketing workflows, where demand for scalable, performance-led creative in the SMB and Enterprise segments is accelerating rapidly.

We will continue to expand our product roadmap to make Epidemic Sound the choice for all creators, with a mix of features and capabilities that builds on our soundtracking experience while offering generative video, audio, and editing capabilities to integrate our services into the full creator workflow. We will also expand the value of our proprietary AI tracking-and-tracing technology, giving brands the ability to detect and prevent music-licensing risk across channels. Across the company, we will maximise the benefits of AI within our operating model. At the end of 2025 we began a rolling program of AI fluency across the organization, equipping colleagues with both the tools and the training to enable our operating model and associated cost base to benefit from increasingly agile, accountable, customer-focused smaller teams that will be the blueprint for how we work.

Across 2026, we will continue the evolution from music-licensing provider to creative workflow platform. The combination of our 100% IP-owned catalog, our AI-enabled tooling, and our expanding workflow capabilities — music adaptation, automated soundtracking, social ads creation, generative video, enterprise licensing intelligence — positions Epidemic Sound Group to play a considerably larger role in the future of content creation than our legacy product category alone would suggest. While we will continue to invest in high quality human-made music as a significant differentiator, the market opportunity is expanding faster than the music-licensing category; and we are expanding with it.

2025 press releases

A complete list of Epidemic Sound press releases issued during 2025. Full versions are available in the press and media section at corporate.epidemicsound.com.

20 January 2025 Epidemic Sound Co-founder and CEO Oscar Höglund receives Epicenter Changemaker Award 2025

20 February 2025 Epidemic Sound appoints Knut Frängsmyr as Chief of Music; Birgit Haderer joins as Audit Chair and Nicolas Dupuis joins the Board

28 February 2025 Epidemic Sound announces 'Way Past Taken' - new album by Kylie Dailey

3 March 2025 Epidemic Sound launches desktop app to accelerate soundtracking for brands and creators

6 March 2025 Financial Times again recognizes Epidemic Sound as one of Europe's fastest growing companies

7 March 2025 Epidemic Sound brings a sound to every story at South by Southwest

24 March 2025 Rebecca Mardal releases new 2-track project, 'Furthest I've Been from Home'

8 April 2025 Epidemic Sound publishes its 2024 Annual Report and Sustainability Report

29 April 2025 Epidemic Sound acquires Song Sleuth and launches Aentidote to revolutionise music monetisation in user-generated content

28 May 2025 Honey Dijon launches Epidemic Sound's 'Extra Version' remix series

13 June 2025 Epidemic Sound returns to Cannes Lions to champion the power of music in the creative industries

17 June 2025 Content creators are the new entrepreneurs: Epidemic Sound unveils The Future of the Creator Economy Report 2025

2 July 2025 Epidemic Sound artists release new collaborative EP 'Off the Grid' under the mentorship of electronic music pioneer Richie Hawtin

11 July 2025 Epidemic Sound releases second Extra Version track featuring Major Lazer co-founder Switch

25 July 2025 Torii Wolf releases new EP via long-time partner Epidemic Sound

4 August 2025 Footballco and Epidemic Sound extend partnership to soundtrack world football

21 August 2025 Epidemic Sound appoints former BBC AI head Danijela Horak as VP of Artificial Intelligence

22 August 2025 Epidemic Sound launches third Extra Version release with South Korean artist jeonghyeon

17 September 2025 Epidemic Sound launches AI music tool Adapt alongside expanded artist compensation model

26 September 2025 Acclaimed DJ and producer Saoirse remixes King Sis for Epidemic Sound's Extra Version programme

14 October 2025 Epidemic Sound unveils AI-powered soundtracking Assistant for creators and brands

17 October 2025 Epidemic Sound raises the bar for classical soundtracking with its most ambitious release yet

29 October 2025 LP Giobbi joins Epidemic Sound's Extra Version series as programme tops 510 million views

3 November 2025 Epidemic Sound curates sonic identity for Wasa's major rebrand

6 November 2025 Epidemic Sound expands Adapt functionality to give creators and brands more creative control

7 November 2025 Financial Times names Epidemic Sound as one of Europe's Long-Term Growth Champions 2026

11 November 2025 Epidemic Sound launches AI-powered Studio to instantly soundtrack videos and empower creativity

20 November 2025 Epidemic Sound nominates Co-Founder Hjalmar Winbladh as Chairperson to further accelerate AI-driven growth

16 December 2025 Epidemic Sound integrates AI-powered Studio within Adobe Premiere Pro plugin

Management report 2025

Management Report 2025

The Board of Directors and CEO of Epidemic Sound Group AB (company registration no. 559286-5231) hereby present the following annual report and consolidated financial statements for the financial year 01/01/2025 - 12/31/2025. Epidemic Sound Group AB is the parent company of the Group, which was founded on 12/01/2020. The Group's registered office is in Stockholm, at Västgötagatan 2, 118 27 Stockholm. The Annual Report is presented in Swedish kronor (SEK) thousands, unless otherwise stated.

The company

Epidemic Sound operates at the intersection of the creator economy and the music industry, providing soundtracking solutions for professional creators and global brands while facilitating commercial growth for artists and music producers. The Group integrates its proprietary music library with an advanced technology stack to create a scalable ecosystem that supports both content production and artistic distribution. By leveraging AI-native tools to enhance discovery and synchronization, the company optimizes the efficiency with which audiences consume and engage with music across global digital platforms.

Through its extensive network of creators, Epidemic Sound has developed a world-class, 100% IP-owned music catalog offered through a simplified subscription-based licensing model. The Group’s contributor roster includes composers, vocalists, and musicians who benefit from a remuneration model designed for the digital age. The customer base is diversified, ranging from individual social media storytellers to multinational corporations utilizing music for advertising, film, and broadcast media. The Group also services commercial physical environments and major digital streaming platforms (DSPs).

As of year-end 2025, the music catalog comprised more than 50,000 tracks and 200,000 sound effects (SFX), representing over fifteen years of disciplined curation. Epidemic Sound maintains strict quality control over all acquired assets, ensuring high production standards and legal certainty for its users.

A key strategic pillar is the integration of Epidemic Sound’s services into the native workflows of creators. In 2025, the Group accelerated its technology roadmap with the launch of Studio, an AI-powered hub that automates soundtracking by matching human-made music with visual content. This follows the successful deployment of Assistant (conversational search) and Adapt (stem-level customization). These tools are delivered through deep integrations with industry-standard creative suites, including Adobe Premiere Pro and DaVinci Resolve.

To expand its rights management capabilities, the Group acquired proprietary AI music recognition technology from AI music recognition specialist, Song Sleuth.

Epidemic Sound continues to scale its global operations to drive long-term stakeholder value. Headquartered in Stockholm, Sweden, the Group operates through subsidiaries in France, Germany, the Netherlands, Norway, South Korea, the UK, and the US. Since its establishment in 2009, the company has consistently expanded its geographic footprint and product offering to remain the primary soundtracking partner for the global digital economy.

Key figures

Group (KSEK)	2025	2024	Change, %
Revenues	1 828 260	1 921 456	-5%
EBITDA	-199 167	107 150	-286%
Adjusted EBITDA*	-55 015	147 496	-137%
EBIT	-760 352	-427 554	-44%
Adjusted EBIT*	-616 200	-387 208	-37%
Total assets	11 978 980	12 492 442	-4%
Average number of employees	530	558	-5%

** Alternative Performance Metrics (APM)*

See key figures on page 86. For definitions and reconciliation of alternative key figures, see page 87-88.

Significant events during the year

- In February, an update to the Board of Directors saw Birgit Haderer appointed as Audit Chair and Nicolas Dupuis succeeded Vincent Letteri as the representative for Blackstone.
- In April, Epidemic Sound acquired the technology from AI music recognition startup Song Sleuth and subsequently launched a proprietary service designed to identify and monetize music usage within user-generated content (UGC).
- In April, Epidemic Sound entered into a collective bargaining agreement (CBA) with Swedish labor unions Unionen and Sveriges Ingenjörer.
- In June, the company expanded its global footprint by bringing its creator and artist activities to the inaugural European edition of SXSW London.
- In June, Epidemic Sound released its third annual "Future of the Creator Economy Report" at Cannes Lions, highlighting the evolving role of AI as a tool for content creation.
- In September, Epidemic Sound launched the functionality of Adapt, introducing stem-level creative control and a new $1M remuneration pool dedicated to AI-related music adaptation.
- In October, the Group launched Assistant, an AI-powered conversational search tool, and premiered its most ambitious classical music project to date with Grammy-nominated conductor Eric Jacobsen.
- In November, the Group nominated Co-Founder Hjalmar Winbladh as Chairperson of the Board to further accelerate the Group's AI driven product suite.
- In November, the Group launched Studio, a comprehensive AI-powered hub that automates the pairing of music and sound effects with video content. We also launched the direct integration of Studio into the Adobe Premiere Pro workflow.

- In December, Epidemic Sound reorganized to further optimize its operational structure to best serve our customer needs.
- In December, the Group acquired VXA AB, an AI-native technology provider in the Social Ads Workflow (SAW) space. The acquisition leverages the commercial momentum of the Studio product to offer brands a seamless, automated solution for high-volume social content creation.
- In December, the Financial Times recognized Epidemic Sound as one of Europe's Long-Term Growth Champions 2026, marking the second consecutive year of inclusion on the list.
- Throughout the year, Epidemic Sound reinforced its commitment to human artistry. This included launch of the Extra Version program, a series of high-profile collaborations where world-class DJs reimagined tracks from the Epidemic catalog. The company also concluded the second iteration of its mentorship program, The Bridge, featuring guitar icon Johnny Marr, while releasing the "Off the Grid" EP under the guidance of techno pioneer Richie Hawtin.

Net sales and profit or loss

INCOME STATEMENT IN SUMMARY

Group (KSEK)	2025	2024	Change, %
Net sales	1 804 227	1 916 995	-6%
Operating profit or loss before depreciation, EBITDA	-199 167	107 150	-286%
Operating profit or loss, EBIT	-760 352	-427 554	-78%
Profit or loss for the year	**-616 870**	**-329 909**	**-87%**

Epidemic Sound's net sales for the fiscal year 2025 amounted to SEK 1,804 million (SEK 1,921 million). The financial period was characterized by significant investment in the Group's next-generation technology stack, alongside a series of distinct macroeconomic and industry-specific headwinds that impacted short-term revenue growth.

In contrast to the previous fiscal year, the Group faced persistent currency headwinds as the Swedish krona strengthened against key functional currencies, creating a negative impact on both reported net sales and EBITDA. Furthermore, the Digital Rights Management (DRM) segment experienced a contraction in revenue following structural shifts in third-party platform royalty frameworks, most notably within the YouTube ecosystem.

In line with our long-term strategy, the Group continued its disciplined investment in music IP, product innovation, and deep-tech development. Other external costs amounted to SEK -764 million (SEK -677 million), and personnel costs totaled SEK -998 million (SEK -832 million). Capitalized work for own account amounted to SEK 40 million (SEK 36 million), primarily reflecting the intensive development of Studio.

Operating profit or loss before depreciation (EBITDA) amounted to SEK -199 million (SEK 107 million). The year-on-year variance reflects the aforementioned revenue headwinds coupled with a planned increase in operational expenditure to support the 2025 product roadmap. Despite these short-term topics, the Group maintains a robust underlying margin profile and remains committed to its trajectory toward sustainable, technology-led profitability.

Depreciation of fixed assets amounted to SEK -560 million (SEK -533 million). The amounts (which have no cashflow effect) are largely due to amortization of intangible assets (music catalog, customer contract, customer relations, and the technical platform), which derive from when the new Group company (Epidemic Sound Group AB) was established in December 2020.

Operating profit or loss amounted to SEK -760 million (SEK -428 million), continuing to be influenced by the non-cash depreciation of fixed assets related to the Group's structural establishment in 2020. Items affecting comparability amounted to SEK -144 million (SEK -40 million), primarily relating to organizational realignments designed to optimize the Group's AI-first operational model heading into 2026, and the company's Restricted Stock Unit Program. The costs for 2024 are attributable to personnel expenses from the organizational restructuring and VAT and sales tax regularization. See the table of items affecting comparability on page 87.

Financial position

BALANCE SHEET IN SUMMARY

Group (KSEK)	2025-12-31	2024-12-31
Fixed assets	11 183 344	11 396 221
Current assets	795 636	1 096 222
Total assets	**11 978 980**	**12 492 442**
Equity	10 223 034	10 741 432
Long-term liabilities	930 688	959 003
Current liabilities	825 258	792 007
Total equity and liabilities	**11 978 980**	**12 492 442**

Epidemic Sound's balance sheet total amounted to SEK 11,979 (SEK 12,492) at the end of the period. Equity in the Group amounted to SEK 10,223 (SEK 10,741), which corresponds to an equity ratio of 85 (86) percent.

CASH FLOW AND LIQUID ASSETS

Group (KSEK)	2025	2024
Cash flow from current activities	13 914	260 433
Cash flow from investing activities	-249 397	-96 285
Cash flow from financing activities	-35 103	-25 449
Cash flow for the period	**-270 586**	**138 699**

Reported cash flow for the year amounted to SEK -271 million (SEK 139 million).

Cash flow from operating activities during the period amounted to SEK 14 million (SEK 260 million). The year-on-year variance reflects the impact of lower DRM margins and strategic investments in customer acquisition, partially offset by disciplined working capital management.

Cash flow from investment activities amounted to SEK -249 million (SEK -96 million). This primarily includes investments in intangible fixed assets and the acquisition of Song Sleuth's technology. Cash flow from 2024 primarily refers to the final settlement of earn-outs related to the Overtone Studios AB acquisition and the full integration of Soundly AS. Total investments in tangible and intangible fixed assets amounted to SEK -222 million

(SEK -162 million), directed toward the expansion of the proprietary music catalog and the enhancement of the Group’s AI-driven technology infrastructure.

Cash flow from financing activities amounted to SEK -35 million (SEK -25 million), primarily attributable to the amortization of lease liabilities and transactions related to the Group’s long-term incentive programs and share capital structure.

Research and development

Epidemic Sound maintains a primary focus on the advancement of its proprietary technology stack to serve the evolving needs of the global creator economy. In 2025, R&D activities were concentrated on AI enabled technology stack, e.g. Studio. Product development is capitalized in accordance with the criteria set out in IAS 38. During the period, SEK 40 million (SEK 36 million) of the Group’s total payroll costs of SEK 998 million (SEK 832 million) were capitalized, reflecting the intensive technical work required to deploy high-accuracy AI music recognition and automated soundtracking tools.

Employees

The number of employees at the end of the period was 524 (563). The average number of employees in 2025 was 530 (558), of which women accounted for 232 (274).

The Group continues to prioritize the recruitment and retention of specialized talent within AI, machine learning, and music engineering. Epidemic Sound remains committed to a multifaceted and inclusive work culture, viewing it as a prerequisite for sustained innovation and operational success.

Detailed information on remuneration for senior executives is disclosed in Note 8 – Employees and personnel costs.

Investments, depreciation, and amortization

During the year, our investments in tangible assets amounted to SEK 12 million (SEK 9 million). The investments are mainly attributable to changes and improvements to the IT environment.

Epidemic Sound's product development is capitalized and planned depreciation begins when the product or service is completed. During the year, the newly capitalized development of its own products and services amounted to SEK 61 million (SEK 36 million). As of December 31, 2025, total capitalized product development after depreciation amounted to SEK 150 million (SEK 116 million). Depreciation of capitalized product development during the year amounted to SEK -26 million (SEK -20 million).

Intangible fixed assets related to music purchases acquired during the year for SEK 111 million (SEK 115 million) and the depreciation of these assets during the year amounted to SEK -52 million (SEK -41 million).

For the full year, depreciation amounted to SEK -560 million (SEK -533 million) and impairment to SEK -1 million (SEK -2 million) related to all fixed assets. The depreciations (which have no cashflow effect) are largely due to amortization of intangible assets (music catalog, customer relations, and the technical platform), which derive from when the new Group company (Epidemic Sound Group AB) was established in December 2020. The impairments are primarily attributable to the music catalog, whose carrying amount is continuously reviewed to ensure its accuracy. The remaining carrying amount for tracks that are removed from the music catalog is written down to zero.

Ownership structure

Epidemic Sound’s largest owners per December 31, 2025 are shown in the following table:

Ownership of the parent company is distributed as follows:	Shares, %	Votes, %
EQT	32%	33%
Founders	19%	19%
Blackstone Growth	18%	18%
Creandum	12%	12%
Other institutional shareholders	9%	9%
Others, incl. incentive program	11%	8%
Total	**100%**	**100%**

Market and future prospects

Epidemic Sound's expansion continues in line with its current strategy. All our business areas are set-up for future success and further resources are planned to be invested in them. The Group continues to focus on technological development in general and AI technology in particular, and on reaching increased brand awareness in the markets in which it operates. We plan to develop our products and customer offerings further to continue to grow in combination with improving profitability.

Sustainability Report

In accordance with Swedish Annual Accounts Act (ÅRL) Chapter 6 section 11, Epidemic Sound has chosen to prepare the statutory sustainability report as a separate document from the annual report, which can be found at corporate.epidemicsound.com.

Essential key figures

Epidemic Sound uses alternative financial measurements that aren't defined by IFRS® Reporting standards. Epidemic Sound considers that these alternative performance metrics (APM) give valuable information to readers of the financial reports since they represent a complementary valuation of Epidemic Sound’s performance. The key figures that Epidemic Sound has chosen to present are relevant observations of the business, as well as in relation to the financial goals for growth, margins, and capital structure. In the definitions on page 88, we note how Epidemic Sound defines its key figures, as well as the purpose of each key figure. On page 86, there's complementary information about the derivation of the key figures.

Guidelines for remuneration to senior executives

Remuneration to senior executives is reported in Note 8 Personnel costs.

Parent company

Epidemic Sound Group AB is the parent company of the Epidemic Sound Group. These activities include financing of the Group's activities. Assets amounted to SEK 12,184 million (SEK 12,032 million) and equity to SEK 12,035 million (SEK 11,930 million).

The parent company’s share capital amounted to SEK 650,947 (SEK 650,947) at year end 2025. For changes in share capital between 2024 and 2025, see “Report on changes in equity” for the Group. For a description of the number of shares and nominal value for Epidemic Sound, see Note 20 Equity.

Events after the end of the reporting period

In March 2026 Epidemic Sound’s Co-founder Oscar Höglund announced his decision to step down as CEO after 18 years leading the company, and will take up a position on the board. CFO Sara Börsvik was appointed interim CEO.

Management assessment of continued operation

The management and the Board of Directors are continuously monitoring the development of the business to further manage quickly and effectively any risks and situations that may arise. It's the company's assessment that it currently has the liquidity to continue operations in 2026 and that there is no obstacle to continuing to operate in accordance with established strategies and to meet its short-term and long-term obligation.

Annual General Meeting

The 2026 Annual General Meeting will be held in Stockholm on June 30, 2026.

Proposed appropriation of earnings (SEK)

The Board of Directors proposes that no dividend be paid and that the profit or loss for the year and the retained earnings together with the remaining share premium be carried forward. As regards the position of the Group and the parent company in other respects, reference is made to the following income statements and balance sheets with the related notes.

Parent company	**2025-12-31**
The following profits are at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	11 937 005 304
Retained earnings	117 651 236
Profit or loss for the year	-19 476 679
	12 035 179 861
The Board proposes that all non-restricted funds be carried forward	12 035 179 861

Risks and Risk Management

Epidemic Sound's operations, like all business activities, are associated with risks. Managing these risks is a natural and integral part of our strategic, operational and administrative work. For 2025, our risk landscape is significantly shaped by the rapid advancement of AI, presenting both new challenges and strategic opportunities. In this section, we briefly describe how we have identified and classified our most significant risks, and how we manage them.

Risk Management Process

Epidemic Sound's risk identification process begins in connection with the development of the company's business plan, when the risk group including management team members and key employees, creates a preliminary list of potential events that could impact our operations and our ability to achieve our goals. This preliminary risk list is then narrowed down to a final risk list containing the most significant risks using a risk matrix to assess likelihood of occurrence and impact if it were to occur. Quantifying risks in a risk matrix allows for an appropriate allocation of time and resources to risk mitigation. The risk assessment and the handling of each risk are then described in a risk report and approved by the board. Subsequently, management continuously updates the assessment of each risk regularly. The risk report forms the basis for the description of risks in this annual report.

Three types of risks

Our risk framework and the gross risk list are structured around three principal areas, i.e. risk categories: Market & Strategic risks, Operational risks, and Administrative & Financial risks.

Market & Strategic risks

Strategic and market risks refer to external factors and events that could impact our ability to reach our goals. For 2025, these are heavily influenced by technological shifts and evolving market dynamics.

Risk	Definition	Risk Treatment
A – Strategic Execution in an AI-Driven market	The rapid pace of technological change, particularly the emergence of new Generative AI competition, requires swift and focused execution of our strategic initiatives to maintain our market leadership.	We focus our resources on strategic priorities and leverage our proprietary technology and unique assets. Our governance framework enables us to innovate with speed while managing emerging risks.
B – Evolving Regulatory and Platform Landscape	Our business is subject to a complex environment of external regulations, including emerging global AI-related legislation, and a dependency on the policies of major social and distribution platforms.	We proactively monitor the regulatory landscape and maintain a constructive dialogue with our key platform partners. Our compliance-by-design approach ensures we can adapt to and prepare for changes in our operating environment.
C – Brand, Reputation, and Artist Relationships	As an artist-centric Company, maintaining the trust of our artists and the strength of our brand is critical, particularly as we navigate the ethical and operational impact of new AI technologies.	Our commitment to our artists is unwavering. We prioritize transparency and fairness in our partnerships, ensuring that our brand and artist relationships are strengthened as we integrate new technologies responsibly.

Operational risks

Operational risks involve internal factors or events that could disrupt our ability to achieve our goals. These risks now increasingly involve managing new technologies and adapting our workforce. Managing operational risks is an essential part of our day-to-day activities and focuses on identifying, assessing, and addressing potential vulnerabilities. By proactively managing these risks, we aim to ensure the smooth functioning of the organization and sustained progress towards our goals.

Risk	Definition	Risk Treatment
D – Cybersecurity in the Age of AI	The cybersecurity landscape continues to evolve, with an increasing risk of sophisticated, AI-assisted attacks, including advanced social engineering and threats to our broader technology supply chain.	We are committed to protecting our assets and data by investing in advanced threat detection systems, continuous employee training, and robust incident response plans designed to mitigate these evolving threats.
E – Intellectual Property and Information Governance	The proliferation of AI introduces new complexities in managing our intellectual property and governing the use of AI tools and data within the organization to ensure control and security.	We are implementing a robust information governance framework for AI. We utilize secure, controlled AI systems and have established policies to guide the responsible and productive use of AI technology, safeguarding our data and IP.

F – Talent and Workforce Adaptation	The successful integration of AI requires an evolution of our workforce. Key challenges include recruiting for new competencies, reskilling our teams, and retaining key talent in a competitive market.	Our people strategy is focused on continuous learning, reskilling, and talent retention. We are investing in training programs that empower our employees to use AI as a tool to enhance their creativity and strategic skills.
G – Platform Reliability and Infrastructure	The reliability of our technology infrastructure is critical to delivering a seamless user experience. Any disruption to our platforms could affect service availability, productivity, and our brand's reputation.	We mitigate the risk of service disruption through robust IT processes, real-time monitoring, and disaster recovery plans. We continuously invest in our infrastructure to ensure it remains scalable, secure, and resilient.

Administrative and Financial risks

These risks refer to internal factors or events that could hinder our ability to release accurate financial reporting and manage financial exposures.

Risk	Definition	Risk Treatment
H – Macroeconomic and Financial Uncertainty	As a global company, we are exposed to financial risks from broad macroeconomic uncertainty and fluctuations in foreign exchange rates, which could impact our financial results.	We manage these risks through disciplined financial planning and established hedging strategies governed by our Treasury Policy. This approach is designed to ensure financial predictability and stability. Refer to note 22 for further details related to financial risks.
I – Risk of Inaccurate Financial Reporting	This is the risk of errors occurring in our financial processes and supporting systems, which could lead to misstatements in external and internal financial reporting.	We continuously update our risk analysis and assessment of our financial reporting. Based on this, we review processes and revisit controls to address any gaps, ensuring our internal controls remain effective.

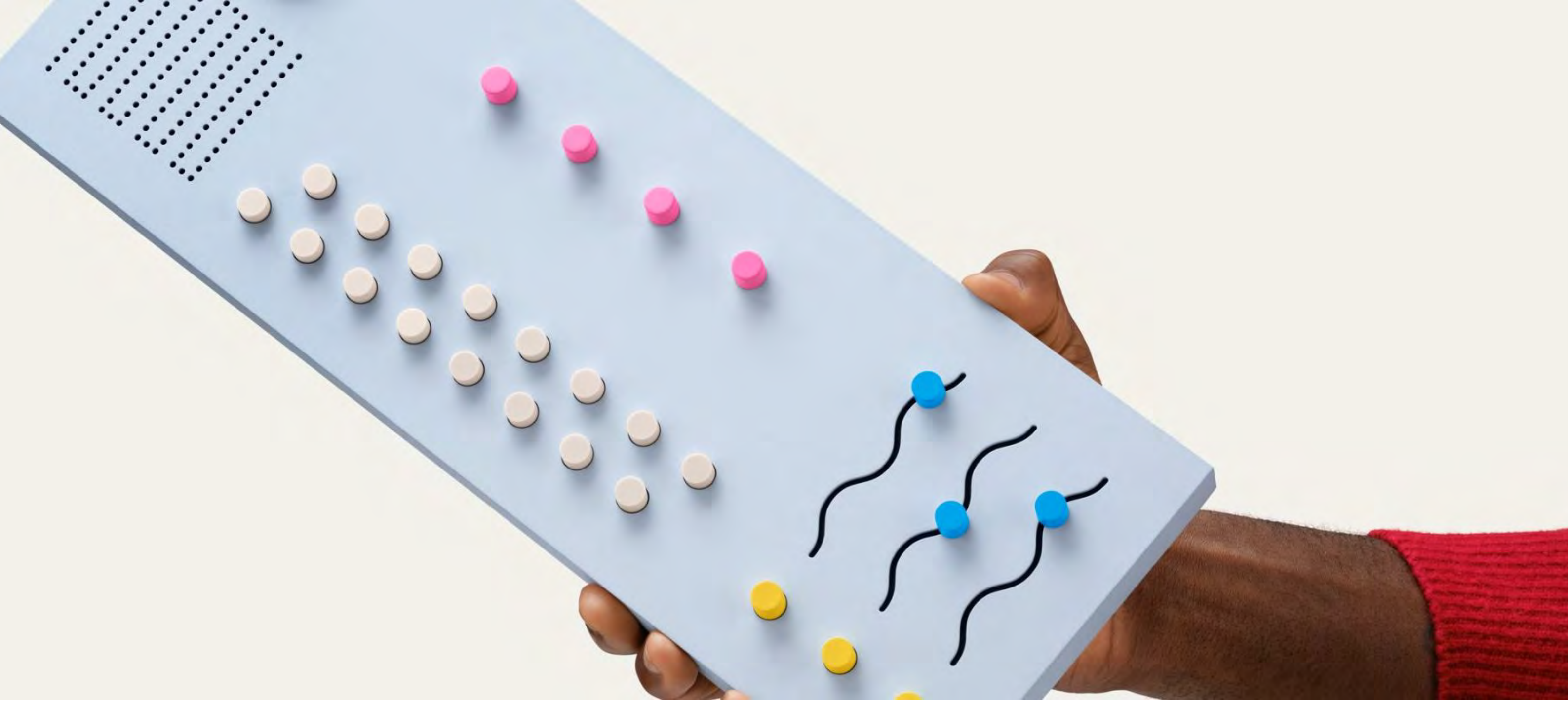
Financial reports

Financial reports

Consolidated statement of comprehensive income

Amount in KSEK	Note	2025-01-01 2025-12-31	2024-01-01 2024-12-31*
Net sales	3	1 804 227	1 916 995
Other operating income	4	24 034	4 461
Total revenue		**1 828 260**	**1 921 456**
Cost of sales		-286 128	-306 663
Other external costs	6,7	-764 456	-677 492
Capitalized work for own account		39 531	36 406
Personnel costs	8	-997 961	-832 415
Other operating expenses	5	-18 415	-34 142
Operating profit or loss before depreciation and amortization (EBITDA)		**-199 167**	**107 150**
Depreciation and amortization	7,11,12	-561 185	-534 704
Operating profit or loss (EBIT)		**-760 352**	**-427 554**
Financial income	9	15 112	28 367
Financial expenses	9	-8 088	-9 965
Profit or loss before tax		**-753 328**	**-409 152**
Income tax	10	136 459	79 244
Profit or loss for the year		**-616 870**	**-329 909**
Profit or loss for the year attributable to:			
Parent company shareholders		-616 870	-329 909
Non-controlling interests		-	-
Total		**-616 870**	**-329 909**

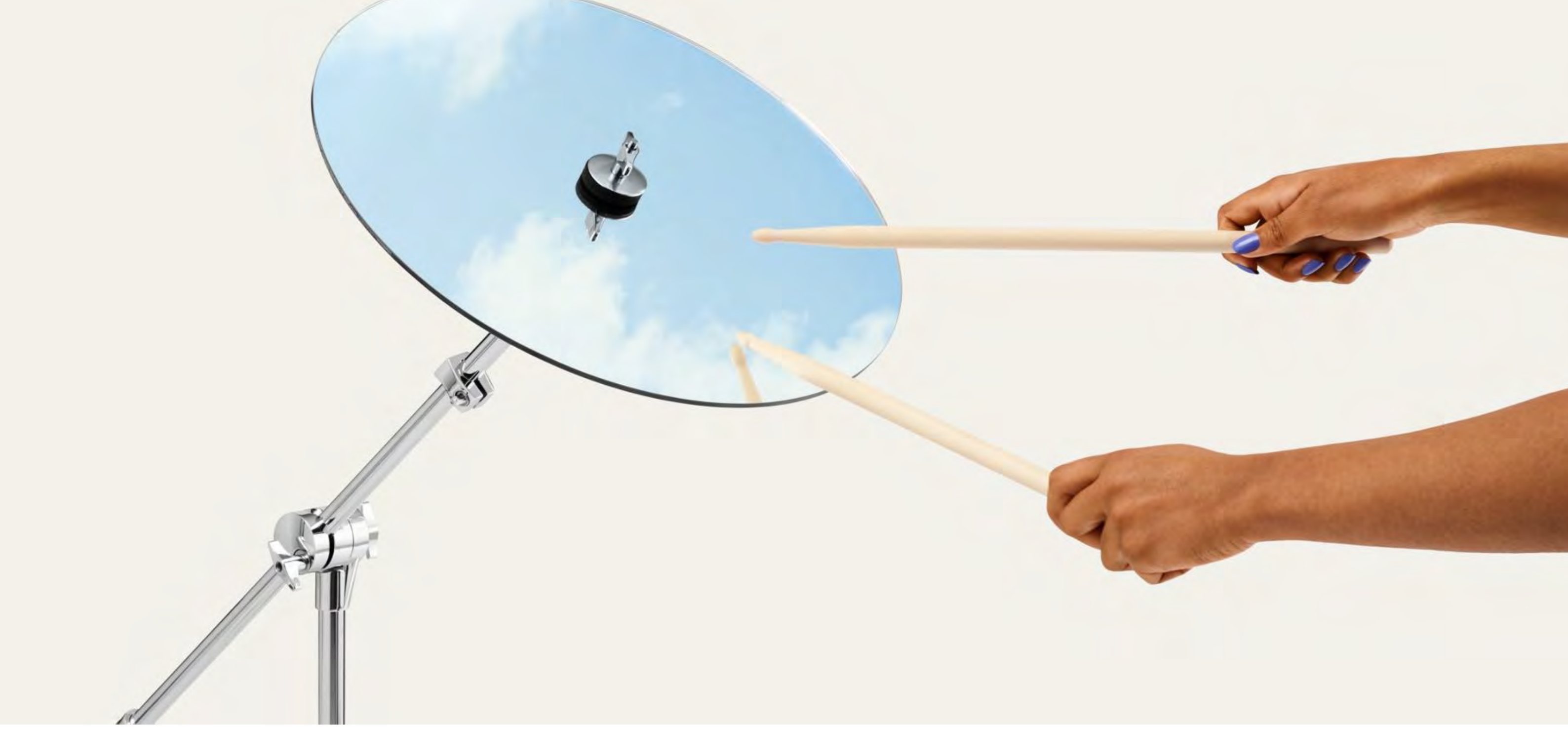
*Numbers have been adjusted in accordance with note 32



Consolidated statement of comprehensive income

Amount in KSEK	Note	2025-01-01 2025-12-31	2024-01-01 2024-12-31*
Profit or loss for the year		-616 870	-329 909
Items that have been reclassified or may subsequently be reclassified to the income statement			
Translation difference for the year on translation of foreign operations		-16 697	5 929
Change in market value of short-term investments	13	418	-57
Currency hedging	22	10 238	-4 346
Tax effect on currency hedging		-2 109	895
Other comprehensive income for the year		**-8 150**	**2 422**
Comprehensive income for the year		**-625 019**	**-327 487**
Comprehensive income for the year attributable to:			
Owners of the parent company		-625 019	-327 487
Non-controlling interests		-	-

*Numbers have been adjusted in accordance with note 32



Group statement of financial position

Amount in KSEK	Note	2025-12-31	2024-12-31*
Assets			
Fixed assets			
Intangible assets and goodwill			
Goodwill	11	6 600 630	6 573 654
Capitalized expenditure on development work	11	150 273	115 631
Other intangible assets	11	4 053 021	4 394 051
Total intangible assets		**10 803 924**	**11 083 335**
Tangible assets			
Equipment, tools, fixtures and fittings	12	29 711	30 237
Right-of-use assets	7	149 948	132 915
Total tangible assets		**179 660**	**163 152**
Financial assets			
Deferred tax assets	17	179 200	121 065
Other financial fixed assets	18	20 561	28 669
Total financial assets		**199 760**	**149 733**
Total fixed assets		**11 183 344**	**11 396 221**
Current assets			
Trade receivables	3,13,22	81 961	81 886
Current tax asset		8 523	8 433
Other receivables	14	24 834	23 186
Derivatives	22	6 471	79
Prepaid expenses and accrued income	15	126 910	163 377
Short-term investments	13	96 273	79 392
Cash and cash equivalents	13,16	450 664	739 868
Total current assets		**795 636**	**1 096 222**
TOTAL ASSETS		**11 978 980**	**12 492 442**

*Numbers have been adjusted in accordance with note 32

EQUITY AND LIABILITIES	Note	2025-12-31	2024-12-31*
Equity capital	20		
Share capital		651	651
Other paid in capital		12 102 567	12 111 751
Reserve		1 294	9 444
Retained earnings including profit or loss for the year		-1 881 478	-1 380 414
Equity attributable to parent company shareholders		**10 223 034**	**10 741 432**
Total equity		**10 223 034**	**10 741 432**
Long-term liabilities			
Deferred tax liabilities	17	748 515	836 814
Other long-term liabilities	24	34 393	939
Conditional additional purchase price	13,21,22	10 834	-
Leasing liabilities	7,22,27	113 988	119 871
Long-term provisions	23	22 958	1 379
Total long-term liabilities		**930 688**	**959 003**
Current liabilities			
Trade payables	13,22	175 894	141 091
Current tax liabilities		3 043	6 176
Leasing liabilities	7,22,27	43 555	13 697
Other liabilities	13,25	60 550	127 487
Derivatives	22	-	3 846
Short-term provisions	23	4 397	14 305
Accrued charges and deferred income	13,26	537 820	485 407
Total current liabilities		**825 258**	**792 007**
TOTAL EQUITY AND LIABILITIES		**11 978 980**	**12 492 442**

*Numbers have been adjusted in accordance with note 32

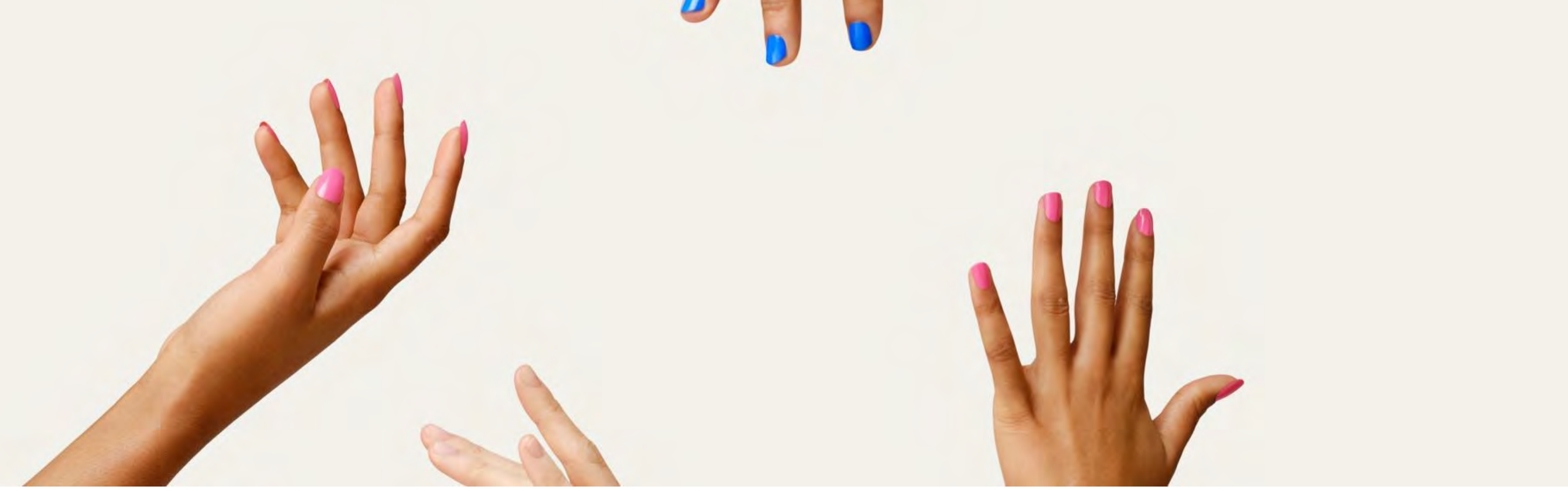
Group statement on changes in equity

Amount in KSEK	Share capital	Unregistered capital	Other paid in capital	Translation reserve	Fair value reserve	Retained earnings	Total earnings attr. to owners of the parent	Total Equity
Opening balance, equity 2024-01-01	**647**	**-**	**12 080 947**	**5 876**	**582**	**-1 164 570**	**10 923 482**	**10 923 482**
Adjustment, previous year*	-	-	-	684	-119	74 466	75 030	75 030
Adjusted opening balance, equity 2024-01-01	**647**	**-**	**12 080 947**	**6 559**	**463**	**-1 090 104**	**10 998 513**	**10 998 513**
Profit or loss for the year	-	-	-	-	-	-329 909	-329 909	-329 909
Other comprehensive income	-	-	-	5 929	-3 508	-	2 422	2 422
Comprehensive income for the year	**-**	**-**	**-**	**5 929**	**-3 508**	**-329 909**	**-327 487**	**-327 487**
Transactions with group owners								
New share issue [1]	4	-	30 804	-	-	-	30 808	30 808
Share-based payments	-	-	-	-	-	39 599	39 599	39 599
Total	**4**	**-**	**30 804**	**-**	**-**	**39 599**	**70 407**	**70 407**
Closing balance, equity 2024-12-31	**651**	**-**	**12 111 751**	**12 489**	**-3 045**	**-1 380 414**	**10 741 432**	**10 741 432**

[1] No issue costs were incurred for the new share issue

* See note 32

Amount in KSEK	Share capital	Unregistered capital	Other paid in capital	Translation reserve	Fair value reserve	Retained earnings	Total earnings attr. to owners of the parent	Total Equity
Opening balance, equity 2025-01-01	**651**	**-**	**12 111 751**	**12 489**	**-3 045**	**-1 380 414**	**10 741 432**	**10 741 432**
Profit or loss for the year	-	-	-	-	-	-616 870	-616 870	-616 870
Other comprehensive income	-	-	-	-16 697	8 547	-	-8 150	-8 150
Comprehensive income for the year	**-**	**-**	**-**	**-16 697**	**8 547**	**-616 870**	**-625 019**	**-625 019**
Transactions with group owners								
Decrease in share capital	-	-	-9 184	-	-	-	-9 184	-9 184
Share-based payments	-	-	-	-	-	140 217	140 217	140 217
Adjustment, previous year	-	-	-	-	-	-24 412	-24 412	-24 412
Total	**-**	**-**	**-9 184**	**-**	**-**	**115 805**	**106 621**	**106 621**
Closing balance, equity 2025-12-31	**651**	**-**	**12 102 567**	**-4 208**	**5 502**	**-1 881 478**	**10 223 034**	**10 223 034**



Group cash flow statement

Amount in KSEK	Not	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Current operations			
Operating profit or loss		-760 352	-427 554
Adjustment for items not included in cash flow			
Depreciation and amortization	11,12	561 184	532 610
Impairment losses	11	1	2 094
Changes in provisions	23	2 998	13 119
Changes in market value of financial instruments	13	537	330
Share-based payments	30	140 217	39 599
Interest received	9	15 122	28 367
Interest paid	9	-294	-229
Income tax paid	10	-25 358	-1 539
Cash flow from operating activities before changes in working capital		**-65 945**	**186 797**
Cash flow from changes in working capital			
Changes in operating receivables		22 380	-68 526
Changes in operating liabilities		57 479	142 162
Cash flow from operating activities		**13 914**	**260 433**
Investment activities			
Business combinations	21	-9 252	-30 409
Settlement of contingent considerations	22	-	-22 643
Acquisition of tangible fixed assets	12	-12 442	-9 122
Acquisition of intangible assets	11	-209 687	-153 116
Acquisition of financial fixed assets	13	-5 625	-3 857
Investments in financial instruments	13	-96 000	-79 000
Sale of financial fixed assets	13	4 608	6 861
Sale of financial instruments	13	79 000	195 000
Cash flow from investing activities		**-249 397**	**-96 285**
Financing activities			
New share issue	20	-	3 622
Redemption of shares	20	-1 454	-
Amortization of leasing liabilities	22,27	-33 649	-29 071
Cash flow from financing activities		**-35 103**	**-25 449**
Cash flow for the year		-270 586	138 699
Cash and cash equivalents at the beginning of the year		739 868	594 296
Exchange rate difference in cash and cash equivalents		-18 619	6 874
Cash and cash equivalents at the end of the year	**16**	**450 664**	**739 868**

Parent company income statement

Amount in KSEK	Note	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Net sales	4	12 021	10 855
Total revenue		**12 021**	**10 855**
Other external costs		-8 785	-5 540
Personnel costs	8	-79 448	-32 904
Other operating expenses	5	-	-1 073
Operating profit or loss		**-76 212**	**-28 662**
Interest income and similar profit items	9	736	188
Interest costs and similar profit items	9	-43	-1 065
Profit or loss after financial items		**-75 519**	**-29 540**
Received group contribution		20 621	67 405
Profit or loss before tax		**-54 898**	**37 865**
Tax on profit or loss for the year	10	35 421	2 624
Profit or loss for the year		**-19 477**	**40 489**

Parent company statement of comprehensive income

Parent company statement of comprehensive income	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Profit or loss for the year	-19 477	40 489
Items that have been reclassified or may subsequently be reclassified to the income statement		
Other comprehensive income for the year	**-**	**-**
Comprehensive income for the year	**-19 477**	**40 489**

Parent company balance sheet

Amount in KSEK	Note	2025-12-31	2024-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	19	11 983 468	11 953 383
Long-term receivables from group companies		136 835	6 592
Deferred tax assets	17	42 847	4 741
Total financial fixed assets		**12 163 150**	**11 964 717**
Total fixed assets		**12 163 150**	**11 964 717**
Current assets			
Receivables from group companies		20 621	67 405
Other receivables	14	1	10
Prepaid expenses and accrued income	15	535	108
Total current assets		**21 158**	**67 522**
TOTAL ASSETS		**12 184 307**	**12 032 239**
EQUITY AND LIABILITIES			
Equity capital	20		
Restricted equity			
Share capital		651	651
		651	**651**
Non-restricted equity			
Share premium		11 937 005	11 946 189
Profit or loss carried forward		117 651	-57 138
Profit or loss for the year		-19 477	40 489
		12 035 180	**11 929 541**
Total equity of the parent company		**12 035 831**	**11 930 192**
Non-current liabilities			
Conditional additional purchase price	13,21,22	10 834	-
Total long-term liabilities		**10 834**	**-**
Current liabilities			
Trade payables	22	70	546
Liabilities to group companies	16	108 951	86 124
Other liabilities	25	10 206	6 377
Current tax liabilities		297	341
Accrued expenses and deferred income	13,26	18 118	8 659
Total current liabilities		**137 642**	**102 047**
TOTAL EQUITY AND LIABILITIES		**12 184 307**	**12 032 239**

Parent company statement on changes in equity

Amount in KSEK	Restricted equity Share capital	Restricted equity Unregistered capital	Non-restricted equity Share premium	Non-restricted equity Retained earnings including profit or loss for the year	Non-restricted equity Fair value reserve	Total equity
Opening balance, equity 2024-01-01	**647**	**-**	**11 417 987**	**400 657**	**-**	**11 819 291**
Profit or loss for the year	-	-	-	40 489	-	40 489
Total comprehensive income	**-**	**-**	**-**	**40 489**	**-**	**40 489**
Transactions with owners of the parent company						
New share issue [1]	4		33 182	-	-	33 186
Bonus issue	1	-	-1	-	-	-
Decrease in share capital	-1	-	-2 377	-	-	-2 378
Share-based payments	-	-	-	39 604	-	39 604
Total transactions with shareholders	**4**	**-**	**30 804**	**39 604**	**-**	**70 412**
Closing balance, equity 2024-12-31	**651**	**-**	**11 448 791**	**480 750**	**-**	**11 930 192**

[1] No issue costs were incurred for the new share issue

Amount in KSEK	Restricted equity Share capital	Restricted equity Unregistered capital	Non-restricted equity Share premium	Non-restricted equity Retained earnings including profit or loss for the year	Non-restricted equity Fair value reserve	Total equity
Opening balance, equity 2025-01-01	**651**	**-**	**11 448 791**	**480 750**	**-**	**11 930 192**
Profit or loss for the year	-	-	-	-19 477	-	-19 477
Total comprehensive income	**-**	**-**	**-**	**-19 477**	**-**	**-19 477**
Transactions with owners of the parent company						
Bonus issue	4	-	-4	-	-	-
Decrease in share capital	-4	-	-9 180	-	-	-9 184
Share-based payments	-	-	-	134 299	-	134 299
Total transactions with shareholders	**-**	**-**	**-9 184**	**134 299**	**-**	**125 116**
Closing balance, equity 2025-12-31	**651**	**-**	**11 439 607**	**595 573**	**-**	**12 035 831**

Parent company cash flow statement

Amount in KSEK	Not	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Current operations			
Operating profit or loss		-76 212	-28 662
Adjustment for items not included in cash flow:			
Share-based payments	30	44 259	5 296
Interest received	9	736	188
Interest paid	9	-43	-12
Paid taxes	10	-2 729	23
Cash flow from operating activities before changes in working capital		**-33 989**	**-23 168**
Cash flow from changes in working capital			
Changes in operating receivables		66 986	323
Changes in operating liabilities		-13 762	79 099
Cash flow from operating activities		**19 234**	**56 255**
Investment activities			
Investments in subsidiaries	21	-10 050	-36 294
Settlement of contingent considerations	22	-	-23 582
Cash flow from investing activities		**-10 050**	**-59 876**
Financing activities			
New share issue	20	-	3 622
Redemption of shares	20	-9 184	-
Cash flow from financing activities		**-9 184**	**3 622**
Cash flow for the year		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	**16**	**-**	**-**

Group and parent company notes

Note 1 – General financial reporting and valuation principles

General financial reporting principles

This annual report and consolidated financial statements comprise the Swedish parent company Epidemic Sound Group AB, company registration number 559286-5231 and its subsidiaries. Epidemic Sound operates within the music industry and produces, owns and licenses musical works in a number of markets. The main business is licensing to customers who create and design sound for audiovisual productions, such as broadcasters, production companies, influencers, advertising agencies and other video production companies. The Group also licenses music to commercial physical environments, such as stores, hotels and restaurants, and publishes music on streaming platforms.

The parent company is a limited liability company registered in Sweden and with its registered office in Stockholm. The address of the head office is Västgötagatan 2, 118 27, Stockholm.

On March 27, 2026, the Board of directors approved this Annual Report and Consolidated Financial Statements, which will be presented for adoption at the Annual General Meeting on June 30, 2026.

Regulatory framework and basis for reporting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). In addition, the consolidated financial statements comply with the recommendation of the Swedish Financial Reporting Board RFR 1 “Supplementary Accounting Rules for Corporate Groups” and that the annual accounts comply with the Annual Reports Act (1995:1554).

The parent company Epidemic Sound Group AB was formed on December 1, 2020 and this is the company's fourth fiscal year. These consolidated financial statements are the fourth that the new parent company Epidemic Sound Group AB has prepared. Previously, consolidated financial statements were prepared in the subsidiary Epidemic Sound Holding AB.

Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in the Group's financial statements. The Group's accounting policies have been consistently applied by the Group companies.

The parent company applies the same accounting policies as the Group except as indicated in the section “Accounting policies of the parent company”.

New standards, amendments and interpretations applied by the Group

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) have issued, and the EU has adopted, new and revised standards and interpretations applicable from the financial year 2025. The IASB has made an update to IAS 21, *The Effects of Changes in Foreign Exchange Rates*, which provides guidance on how to assess whether a currency is exchangeable into another and how to determine the exchange rate to be used when it is not. There have also been amendments to IFRS 9 and IFRS 7, *Financial Instruments*: these amendments clarify the classification and measurement of financial instruments. They specify that financial assets and liabilities should be derecognized on the settlement date, with certain exceptions. The amendments also introduce new disclosure requirements. These and other revised standards and interpretations have not had any significant impact on the Group's financial result and position.

A number of new standards, amendments, and interpretations have been published but have not yet come into effect. The Group has assessed that these will not have any significant effect on the Group's financial result and position, with the exception of IFRS 18, *Presentation and Disclosures in Financial Statements*. In 2024, the new standard IFRS 18 was published, which introduces a new structure for the income statement with mandatory subtotals, including a defined operating profit or loss. The standard also sets new requirements for the presentation and reconciliation of management-defined performance measures. IFRS 18 is to be applied from the fiscal year 2027.

The company has begun the work of analyzing the standard's impact on the financial reports and will apply the standard from January 1, 2027.

Valuation basis
Assets and liabilities are stated at cost (acquisition value) except for certain financial assets and liabilities which are measured at fair value. The consolidated financial statements have been prepared on the going concern principle.

Classification of long-term and current items
Assets and liabilities are classified as long-term and current. Long-term assets and liabilities consist essentially of amounts expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and liabilities consist essentially of amounts expected to be recovered or paid within twelve months of the balance sheet date.

Consolidated financial statements
The consolidated financial statements comprise the parent company and all companies over which the parent company, through ownership, directly or indirectly, has a controlling influence. A controlling influence refers to companies in which Epidemic Sound has influence, is exposed to, or has rights to, variable returns from its involvement and can use its influence over the company to affect its returns. Typically, this is achieved when the ownership and voting rights exceed 50 percent.

Subsidiaries
Subsidiaries are companies under the control of the parent company. An investor has a controlling influence over a company when the investor is exposed to, or has the right to, variable returns from its involvement in the company and can influence those returns through its influence.

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which control ceases.

Subsidiaries are accounted for using the acquisition method. This method means that the acquisition of a subsidiary is considered to be a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed and any non-controlling interests. Transaction costs incurred, except those attributable to the issue of equity or debt instruments, are recognized directly in profit or loss. In business combinations where the consideration transferred exceeds the fair value of the assets acquired and liabilities assumed, which are recognized separately, the difference is recognized as goodwill. When the difference is negative, known as a bargain purchase, it is recognized directly in profit or loss.

Transactions eliminated on consolidation
Intra-group receivables and payables, income or costs and unrealized gains or losses arising from intra-group transactions between group companies are eliminated in their entirety in preparing the consolidated financial statements.

Currency conversion
The functional currency is the currency of the primary economic environment in which firms operate. The parent company's functional currency is the Swedish krona, which is also the reporting currency for the parent company and the Group. This means that the financial reports are presented in Swedish krona. All amounts are rounded to the nearest thousand (KSEK) unless otherwise stated.

Transactions in foreign currency
Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in profit or loss. Non-monetary items that are assessed at historical acquisition value in a foreign currency are not converted. Exchange rate gains and losses on operating receivables and operating payables are included in operating profit or loss, and exchange rate gains and losses on financial assets and liabilities are included in financial items.

Translation of foreign subsidiaries and other foreign operations
Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation into the Group's reporting currency, Swedish krona, at the exchange rate prevailing at the balance sheet date.

Income and costs of a foreign operation are translated into Swedish krona using a weighted average exchange rate, which approximates the exchange rates prevailing at the dates of the transactions. Translation differences arising on the translation of foreign operations are recognized in other comprehensive income and accumulated in a separate component as translation reserves in equity. On disposal of a foreign operation, the cumulative translation differences attributable to that operation are realized and reclassified from the translation reserve in equity to profit or loss for the period.

Accounting policies of the parent company

The parent company has prepared its financial reports in accordance with the Annual Reports Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". For the parent company, the income statement and balance sheet have been drawn up according to the formats of the Annual Reports Act, while the statements on comprehensive income, changes in equity and cash flow are based on IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows* respectively.

The differences between the accounting policies of the Group and the parent company are set out below. The accounting policies of the parent company set out below have been applied consistently to all periods presented in the parent company financial statements, unless otherwise stated.

Subsidiaries

Investments in subsidiaries are accounted for in the parent company in accordance with the cost method. this means that they are stated at cost less any impairment losses. Transaction costs are included in the reported value of investments in subsidiaries. In the event that book value exceeds the company's consolidated value, an impairment is performed and recognized on the income statement. An analysis of any need for impairment is performed at the end of each reporting period. In the event that an earlier impairment is no longer justified, a reversal is carried out.

Group contributions and shareholder contributions

The parent company recognizes both Group contributions received and made as disposals under the alternative treatment rule. Shareholder contributions made by the parent company are charged directly to the equity of the recipient and accounted for as shares in the parent company. Shareholder contributions received are recognized as an increase in unrestricted equity.

Leasing

The parent company applies the exemption in RFR 2 for legal persons and recognizes all leases as costs in a straight line over the lease period in the income statement.

Note 2 – Significant estimates and judgment

The preparation of financial statements in conformity with IFRS® Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on experience and assumptions that management deems reasonable under the circumstances. Actual outcomes may differ from these estimates.

The estimates and assumptions are evaluated on an ongoing basis and are not considered to present a significant risk of material adjustments in the reported values of assets and liabilities in the following financial year. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

The areas in which estimates and judgments are significant to the company and which could affect the income statement and report on financial reporting if changed are described below.

Impairment testing of fixed assets

The most material fixed assets where impairment testing is judged to be critical are goodwill and trademarks. The need for impairment is tested based on management's best assessment of the recoverable value. The estimated recoverable value of identified cash generating units is based on future cash flow on the basis of internal business plans and forecasts. Changes in these could result in material effects on the recoverable value. The Group's goodwill and trademarks are tested for impairment annually, or more frequently if necessary. For more information on the management approach, see note 11 Intangible assets.

Business combinations

Judgements are made to determine the fair value of the identifiable net assets acquired. The Company may also need to make estimates regarding expected additional consideration. For more information, see Note 21 Business Combinations.

Reporting of deferred tax assets

Judgements are made to determine when deferred tax assets are reported in the Group. Deferred tax assets are reported as receivables when it is judged to be probable that the deferred tax assets will be able to be used to offset future taxable gains. Other assumptions regarding the outcome for these future taxable gains, as well as changes in tax rates and taxation rules, can result in significant differences in the valuation of deferred tax assets. Deferred tax assets in the Group are calculated and recognized on the tax loss carry-forward only when management has assessed that it is highly probable that the company will generate future income against which the losses can be utilized in the near future. For more information about the amount, see Note 10 Tax.

Right of use assets and leasing liability

In the valuation of lease agreements and right-of-use assets according to IFRS 16, the Group makes an assessment of the duration of contracts where the contracts include renewal and termination options. The Group considers both business strategy and contract-specific conditions to determine whether the Group is reasonably certain to exploit them. The greater part of the Group's lease contracts consist of rental contracts for office premises. For more information, see Note 7 Leasing.

Capitalization of development costs

The Group is engaged in product development for the technical platform. To report on proprietary intangible assets, the Group must make judgements about the future. Decisions on capitalizing an asset are based on an assessment of whether it is technically possible to complete the asset, which the Group assesses, as well as that it is probable that the asset will generate future financial benefits. For more information on amounts and depreciation times, see note 11 Intangible assets.

Note 3 – Net sales and segment reporting

Financial reporting principles

Net sales

The Group reports income when the Group fulfils a performance commitment, which is when a promised product or service is delivered to the customer and the customer assumes control of the product or service. Control of a performance commitment can be transferred over time or on one occasion. The income consists of the amount that the Group expects to receive as payment for the transferred products or services.

IFRS 15 distinguishes between two types of licenses. One type of license is a right-to-use license, i.e. a license which grants the right to use the intellectual property as it stands at the time the license is awarded. In other words, this is a commitment made at a point in time, where the asset cannot be replaced or updated during the period. This is then a performance commitment that is fulfilled at a given time, when the license is granted.

The second type of license is a "right to access", i.e. a license that grants a right to gain access to the intellectual property during the license period. This is a commitment that is fulfilled continuously over time, where the asset can be replaced and updated on an ongoing basis during the license period.

Epidemic Sound has different types of income streams and license types under the operating segments, where it is the fulfilment of the performance commitment and transfer of control to the customer that controls whether the income is taken at a given point in time or over the license period.

Revenue categories

Subscriptions

Subscription income refers to a license that gives the user the right-to-access the intangible asset during the license period. This is a commitment that is fulfilled continuously over time and as the music library is updated and controlled by Epidemic Sound. Subscription income is based on the time that has elapsed in relation to the period the customer is expected to use the license.

Single track licenses/one-offs

Income from the sale of a license linked to a specific song that is transferred to the buyer at a given time and can then be used by the buyer in their production (right-to-use license). After transferring the song, Epidemic Sound is not able to carry out any activities that would materially change the song.

Income via resellers

Epidemic Sound has agreements with many customers that are resellers and who sell both *Subscriptions* and *One-offs*. This income follows the same accounting policies and is reported in the same way as described under the *Direct Sales* segment above for subscription income and one-off licenses.

Income via digital partnerships

Income received from digital partnerships, such as streaming via Spotify and Amazon, and other digital partnerships refers to remuneration for the music that is made available for an end user to listen to via these partners' digital platforms or where music is made available for an end user to consume on the partner's digital platform. Income is considered to be primarily licenses with the right-to-access the intangible asset during the license period.

Some of the partnership agreements have variable payments based on end-user usage or income received by our partner from the end-user. These variable payments are recognized when the sale or use occurs and the performance commitment is fulfilled, whichever is later. In some of the contracts defined as right-to-access, a minimum guarantee is included in the contract with our partner. The guaranteed remuneration is recognized on a straight-line basis over the license period and additional revenue is recognized when the variable remuneration exceeds the guaranteed remuneration.

Income via other partnerships

The segment also includes income attributable to Digital Rights, among other things, which is income generated from the unauthorized use of Epidemic Sound's music on online platforms such as YouTube. This type of income is deemed to be a right-to-use license. The performance commitment is fulfilled when it is discovered that one of Epidemic Sound's musical works has been used without an authorized license; Epidemic Sound is then entitled to compensation for the unauthorized use. The license therefore does not meet the definition of a right-to-access license, and the income is taken at the time when unlicensed use of the music is discovered and reported. Compensation is based on the amount of advertising income that has been generated by the content when the creator has used the music unlawfully.

Segment reporting

The Group has voluntarily chosen to follow IFRS 8 Operating Segments, which requires a company to report financial and detailed information for its reporting segments. The Group has one reporting segment as all revenue streams are tied together operationally, and the tech and music assets span across all revenue streams in different constellations. The chief operating decision maker monitors the operations and focuses on group-wide performance, resource allocation and strategy. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segments and has been identified for the Group to be the CEO, who is thus considered the chief operating decision maker.

Income from contracts with customers

The Group's net sales are allocated to the following geographical markets, based on the location of the contract customer.

Sales by geographic market, net sales

	2025	2024
KSEK	**Total**	**Total**
US	906 010	1 053 072
Europe (excl Sweden and Great Britain)	292 267	261 313
Sweden	204 133	179 051
Great Britain	201 221	190 500
Asia Pacific area	124 109	133 778
North America (excl US)	36 855	38 176
Latin America	34 848	37 160
Middle East and Africa	28 817	28 406
Total for group	**1 828 260**	**1 921 456**

The Group's net turnover is allocated to the following revenue recognition dates:

	Group	
Timing of revenue recognition	**2025**	**2024**
Performance commitments met over time	1 049 278	1 049 055
Performance commitments to be met at a specific time	754 948	867 940
Sum	**1 804 227**	**1 916 995**

In 2025, there was one customer where Epidemic Sound's net sales amounted to KSEK 318,420 (17 %). In 2024, there was one customer where Epidemic Sound's net sales amounted to KSEK 434,445 (23 %).

All income from contracts with customers relates to external customers.

	Group	
Contractual balances	**2025-12-31**	**2024-12-31**
Trade receivables	81 961	81 886
Contractual assets	101 519	129 161
Contractual liabilities	263 115	234 407
Sum	**446 595**	**445 454**

The majority of the contract balances are in the Swedish business Epidemic Sound AB. Contractual liabilities are recognised in Accrued expenses and deferred income, and contractual assets are recognised in Prepaid expenses and accrued income.

The Group's trade receivables are generally due for payment within 20-30 days, but 60 and 90 days also occur. Contract assets, i.e. the Group's accrued income, arise primarily when the Group is entitled to income based on services rendered, i.e. when the contract assets are conditional on continued performance in accordance with agreement. These assets are later reclassified as trade receivables when invoices are issued, i.e. when the company's right to payment is unconditional. Trade payables refer to the Group's deferred income, i.e. receivables paid by customers in advance for services and goods not yet delivered to the customer.

The Group's subscription products are non-returnable. However, there are exceptions in order to comply with consumer protection rules and in certain cases there may be exceptions in agreements if the counterparty is entitled to early termination of a prepaid subscription. Any guarantees vary between different customer agreements. If guarantees are given, these are typically regarding non-intrusion in intellectual property rights and are typically accompanied by customary limitations of liability.

Of the KSEK 234,407 (KSEK 188,724) reported as contractual liability as at December 31, 2024, KSEK 233,673 (KSEK 187,568) was reported as income in 2025.

Revenue recognized during the year	Group 2025-01-01 2025-12-31	2024-01-01 2024-12-31
Included in contract liabilities at January 1	233 673	187 568
Total	**233 673**	**187 568**

Performance commitments

The Group's sales of licenses are made against invoice, normally with payment terms of 20-30 days. For further information on the Group's performance obligations, see Note 1 Financial reporting principles.

The table below summarizes the total amount of the transaction price allocated to the performance commitments that are not fulfilled (or are partially fulfilled) at the balance sheet date.

Performance commitments not yet met	Group 2025-12-31	2024-12-31
Within a year	263 499	233 658
After more than a year	-200	742
Total	**263 299**	**234 401**

The performance obligations that are expected to be fulfilled later than one year from the balance sheet date relate primarily to subscriptions to customers in the revenue category *Subscriptions*.

Geographical distribution of fixed assets

Fixed assets consist of intangible, tangible and financial fixed assets.

Geographical distribution fixed assets	2025-12-31	2024-12-31
Sweden	11 095 609	11 314 411
USA	72 997	19 323
United Kingdom	12 036	1 118
Norway	1 652	1 201
Germany	439	8 123
France	354	-
South Korea	257	222
Netherlands	-	77
Total	**11 183 344**	**11 344 475**

Note 4 – Other operating income

Other operating income	Group 2025-01-01 2025-12-31	Group 2024-01-01 2024-12-31	Parent company 2025-01-01 2025-12-31	Parent company 2024-01-01 2024-12-31
Rental income	4 344	4 056	-	-
Gains on hedging instruments	7 686	-	-	-
Insurance compensations	1 783	240	-	-
Government grants	453	-	-	-
Other operating income	79	138	-	-
Reversal of unutilized provision	39	28	-	-
Re-invoiced costs	-	-	12 000	10 800
Foreign exchange gains	9 650	-	21	55
Total	**24 034**	**4 461**	**12 021**	**10 855**

Note 5 – Other operating expenses

Other operating expenses	Group 2025-01-01 2025-12-31	Group 2024-01-01 2024-12-31	Parent company 2025-01-01 2025-12-31	Parent company 2024-01-01 2024-12-31
Currency exchange losses	-	6 575	-	-
Earn out	-	1 073	-	1 073
Losses from hedging instruments	2 292	-	-	-
Sales tax	14 382	24 910	-	-
Withholding tax	1 741	1 585	-	-
Total	**18 415**	**34 142**	**-**	**1 073**

Note 6 – Auditor's fees

Ernst & Young AB	Group 2025-01-01 2025-12-31	Group 2024-01-01 2024-12-31	Parent company 2025-01-01 2025-12-31	Parent company 2024-01-01 2024-12-31
Audit assignment	3 089	2 751	1 476	1 399
Other auditing activities	197	272	197	272
Tax advice	-	67	-	-
Other services	74	238	-	-
Total	**3 360**	**3 328**	**1 673**	**1 671**
Other	**2025-12-31**	**2024-12-31**	**2025-12-31**	**2024-12-31**
Audit assignment	478	151	-	-
Total	**478**	**151**	**-**	**-**

An audit engagement is defined as a statutory audit of the annual accounts and financial statements and the management of the Board of Directors and the CEO, as well as an audit carried out in accordance with an agreement or contract. This includes other work that is the responsibility of the company's auditor, as well as advice or other assistance resulting from observations made during such an audit or the performance of such other work.

Other services include accounting advice and advice on processes and internal control.

Note 7 – Leasing

Financial reporting principles

Epidemic Sound as a lessee

When entering into an agreement, the Group determines whether the agreement is or contains a lease agreement, based on the substance of the agreement. The parent company still applies the exemption provided by RFR 2 for legal persons and recognizes all leases as a cost in the income statement.

Right-of-use assets

The Group recognizes right-of-use assets in the statement of financial position at the commencement date of the lease. Right-of-use assets are valued at cost less accumulated depreciation and any impairment losses, and adjusted for revaluations of the lease liability. The cost of a right-of-use asset includes the initial value recognized for the attributable lease liability, initial direct costs and any advance payments made on or before the lease commencement date, net of any incentives received. Provided that the Group is not reasonably certain that ownership of the underlying asset will pass at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease period and the useful life.

Leasing liabilities

At the commencement date of a lease, the Group recognizes a lease liability equal to the present value of the lease payments to be made during the lease term. The lease term is determined as the non-cancellable period together with periods to extend or terminate the lease if the Group is reasonably certain of exercising those options. Lease payments include fixed payments, variable lease payments that depend on an index or a price (e.g. a reference interest rate) and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a price are recognized as an expense in the period to which they relate.

To calculate the present value of the lease payments, the Group uses the implicit interest rate of the lease if it can be determined and otherwise uses the Group's marginal borrowing rate at the commencement date of the lease.

Application of practical exceptions

The Group applies the practical exceptions for short-term leases and leases where the underlying asset is of low value. Short-term leases are defined as leases with an initial lease term of no more than 12 months after taking into account any options to extend the lease. Lease agreements where the underlying asset is of low value consist in the Group of office equipment and rental of parking space. Lease payments for short-term leases and leases where the underlying asset is of low value are expensed on a straight-line basis over the lease term.

KSEK	Right-of-use assets Real estate	Leasing liabilities
Opening balance 2025-01-01	**132 915**	**-133 568**
Additional agreements	11 310	-11 310
Depreciation and amortization	-34 363	-
Exchange rate differences	-9 168	-9 449
Re-evaluation of contracts	49 368	-54 446
Interest expense	-	6 227
Terminated contracts	-113	116
Leasing fees	-	44 887
Closing balance 2025-12-31	**149 948**	**-157 543**

See the distribution of short and long-term lease liabilities in Note 27 Cash flow analysis.

KSEK	Right-of-use assets Real estate	Leasing liabilities
Opening balance 2024-01-01	**142 679**	**-141 048**
Additional agreements	40 679	-40 679
Depreciation and amortization	-26 155	-
Contracts concluded	-23 356	-
Exchange rate differences	-2 167	-2 095
Interest expense	-	5 137
Leasing fees	-	45 116
Closing balance 2024-12-31	**132 915**	**-133 568**

The amounts recognized in the consolidated income during the year relating to leasing activities are presented below:

KSEK	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Depreciation of right-of-use assets	-34 363	-26 155
Interest expenses on leasing liabilities	-6 227	-5 137
Expenses on short-term leasing agreements	-5 992	-3 359
Expenses for agreements where the underlying asset is of low value	-125	-499
Total	**-46 707**	**-35 149**

The Group recognizes a cash outflow related to leases amounting to KSEK 35,065 (KSEK 30,812) for the financial year 2025

In accordance with the standard, the Group excludes leases with a lease term of less than 12 months (short-term leases) and leases of low-value assets of less than approximately SEK 50,000.

During the full year of 2025, the Group expensed lease payments related to low-value agreements amounting to KSEK 125 (KSEK 499). Income from sub-letting of lease agreements in 2025 amounted to KSEK 4,344 (KSEK 4,056).

For information about maturity analysis of lease liabilities, see Note 22 Financial risks.

Note 8 – Employees and personnel costs

Financial reporting principles

Short-term benefits

Short-term employee benefits consist of salaries, social security contributions, paid annual leave, paid sick leave and bonuses. Benefits are expensed in the period in which the employees render the services.

Pensions

The Group only has defined contribution pension plans.

Benefits on termination

The cost of employee termination benefits is recognized only if it can be demonstrated that the company is committed to a formal detailed plan to terminate an employee's employment before the normal retirement date without realistic possibility of withdrawal. When benefits are provided as an offer to encourage voluntary redundancy, this is recognized as a cost if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Average number of employees	2025 Average number of employees	2025 Of which women, percentage %	2025 Of which men, percentage %	2024 Average number of employees	2024 Of which women, percentage %	2024 Of which men, percentage %
Subsidiaries in Germany	10	68%	32%	5	66%	34%
Subsidiaries in Sweden	436	46%	54%	475	49%	51%
Subsidiaries in the USA	49	55%	45%	48	50%	50%
Subsidiaries in the Netherlands	2	100%	0%	5	33%	67%
Subsidiaries in Norway	11	10%	90%	8	0%	100%
Subsidiaries in South Korea	5	36%	64%	5	35%	65%
Subsidiaries in the United Kingdom	16	36%	64%	12	36%	64%
Total subsidiaries	**528**	**47%**	**53%**	**556**	**48%**	**52%**
Parent company	**2**	**50%**	**50%**	**2**	**50%**	**50%**
Total group	**530**	**47%**	**53%**	**558**	**48%**	**52%**

Gender distribution, Board of directors and senior executives	2025-12-31 Number at balance sheet date	2025-12-31 Of which women, percentage %	2025-12-31 Of which men, percentage %	2024-12-31 Number at balance sheet date	2024-12-31 Of which women, percentage %	2024-12-31 Of which men, percentage %
Board members	4	25%	75%	4	50%	50%
Chief Executive Officer and Management team	8	25%	75%	9	33%	67%
Total group	**12**	**25%**	**75%**	**13**	**31%**	**69%**

Personnel costs	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Parent company		
Board of directors and other senior executives		
Salaries and other benefits	62 658	22 840
Social security contributions	15 497	8 659
Pension costs	1 163	1 309
Total	**79 318**	**32 808**
Other personnel costs	130	96
Total personnel costs, parent company	**79 448**	**32 904**
Subsidiaries		
Board of directors and other senior executives		
Salaries and other benefits	22 649	33 601
Social security contributions	6 613	9 468
Pension costs	3 321	3 328
Total	**32 583**	**46 397**
Other employees		
Salaries and other benefits	612 777	509 702
Social security contributions	163 192	147 328
Pension costs	55 525	49 145
Total	**831 494**	**706 175**
Other personnel costs	54 435	46 939
Total personnel costs subsidiaries	**918 513**	**799 511**
Total personnel costs group	**997 961**	**832 415**

2025	Base salary, Board member fees	Pension cost	Variable remuneration	Benefits	Share-based payments	Total
Chairman of the Board						
Andrew Fisher	1 740	-	3 000	-	-	4 740
Board member						
Victor Englesson	-	-	-	-	-	-
Jan Zachrisson	806	-	-	-	-	806
Kirsten Wolberg	881	-	-	-	-	881
Adrienne Gormley	897	-	-	-	-	897
Birgit Haderer	789					789
Vincent Letteri	-	-	-	-	-	-
Chief Executive Officer						
Oscar Höglund	3 411	578	1 485	7	-	5 481
Other senior executives (7)	17 035	3 906	9 430	40	-	30 412
Total	**25 560**	**4 484**	**13 915**	**47**	**-**	**44 006**

2024	Base salary, Board member fees	Pension cost	Variable remuneration	Benefits	Share-based payments	Total
Chairman of the Board						
Andrew Fisher	1 477	-	-	-	-	1 477
Board member						
Victor Englesson	-	-	-	-	-	-
Jan Zachrisson	726	-	-	-	-	726
Kirsten Wolberg	767	-	-	-	-	767
Adrienne Gormley	739	-	-	-	-	739
Vincent Letteri	-	-	-	-	-	-
Chief Executive Officer						
Oscar Höglund	3 366	632	4 048	-	-	8 045
Other senior executives (8)	18 353	3 920	20 990	-	-	43 263
	25 428	**4 551**	**25 038**	**-**	**-**	**55 017**

Remuneration and terms for senior executives

Fees for board members are paid according to a decision by the annual general meeting. Remuneration to senior executives is paid according to the guidelines decided by the annual general meeting.

Remuneration to the CEO and other senior executives consists of base salary, variable remuneration and pension benefits. Other senior executives are those persons who, together with the CEO, constitute the Group management. Variable remuneration refers to performance-based remuneration such as bonuses. No variable remuneration has been paid to the Board of directors. The CEO and senior executives have received variable remuneration in accordance with the table above.

Staff pension costs are defined contribution.

The CEO has a notice period of twelve months if the termination is initiated by the Group. If the CEO chooses to terminate their employment, the notice period is six months. The pension benefits for the CEO amount to 4.5% of pensionable salary up to 7.5 income base amount and 30% of salary between 7.5 and 30 income base amount.

For other senior executives, there is mutual notice period of up to six months and a pension benefit of 4.5% of salary up to 7.5 income base amounts and 30% of salary between 7.5 and 30 income base amounts.

Note 9 – Profit from financial items

Financial reporting principles

Financial income and costs

Financial income consists of interest income and income realized on financial fixed assets. Interest income is recognized in accordance with the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. Financial income is recognized in the period to which it relates.

Financial costs consist mainly of interest costs on debt calculated using the effective interest method and of interest costs on lease liabilities and additional purchase price. Financial costs are recognized in the period to which they relate.

Foreign exchange gains and losses on financial receivables and liabilities are recorded in financial items.

Group Financial income	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Financial assets at amortized cost		
Interest income from other financial assets	11 947	19 493
Total interest income according to effective interest method	**11 947**	**19 493**
Other financial income		
Interest income from short-term investments	3 165	8 874
Total	**3 165**	**8 874**
Total financial income	**15 112**	**28 367**

Financial expenses	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Financial liabilities at amortized cost		
Other interest expenses	-284	-229
Total interest expense according to effective interest method	**-284**	**-229**
Other financial expenses		
Exchange rate losses	-1 577	-3 546
Interest expense leasing liability	-6 227	-5 137
Interest expense contingent consideration	-	-1 053
Total	**-7 804**	**-9 736**
Total financial expenses	**-8 088**	**-9 965**

Parent company Financial income	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Financial assets measured at amortized cost:		
Interest income group companies	733	152
Interest income	3	34
Total interest income using the effective interest method	**736**	**187**
Total financial income	**736**	**187**

Financial expenses	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Financial liabilities measured at amortized cost:		
Other interest expenses	-13	-12
Total interest expense using the effective interest method	**-13**	**-12**
Other financial expenses:		
Currency exchange losses	-30	1
Interest expense contingent consideration	-	-1 053
Total	**-30**	**-1 052**
Total financial expenses	**-43**	**-1 064**

Interest expenses for contingent consideration consist of discount effects for liabilities regarding contingent considerations.

Note 10 – Taxes

Financial reporting principles

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit or loss except when the underlying transaction is recognized in other comprehensive income or in equity, in which case the related tax effect is recognized in other comprehensive income or in equity.

Current tax is the tax payable or receivable in relation to the current year, using tax rates enacted or substantively enacted at the balance sheet date. Current tax also includes adjustments to current tax relating to prior periods.

Reported tax

Tax expense	2025-01-01 2025-12-31	2024-01-01 2024-12-31*
Deferred tax		
Change in deferred tax relating to temporary differences	109 469	103 534
Change in deferred tax on tax loss carryforwards	30 194	-22 845
Total deferred tax	**139 664**	**80 688**
Current tax		
Current tax	-3 205	-1 445
Total current tax	**-3 205**	**-1 445**
Tax recognized in the income statement	**136 459**	**79 244**

Reconciliation of effective tax rate	2025-01-01 2025-12-31	2024-01-01 2024-12-31*
Profit or loss before tax	-753 328	-409 152
Tax at the group's current rate	155 186	84 285
Tax effect of:		
Effect of different tax rates in foreign subsidiaries	-241	-193
Non-taxable income	8 832	28
Non-deductible expenses	-22 009	-8 147
Utilization of non-capitalized tax loss carry forwards	-5 423	-22 493
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	-	25 726
Increase in tax loss carryforwards with corresponding capitalization of deferred tax	186	-
Adjustment for previous years	-72	37
Recognized tax	**136 459**	**79 244**
Effective tax rate	18%	19%

*Numbers have been adjusted in accordance with note 32

The Group has no tax items recognized in other comprehensive income or directly in equity for 2024. For 2025, parts of the deferred tax attributable to the Group's RSU program have been recognized directly in equity; see Note 17, Deferred Tax.

Total tax loss carryforwards for Epidemic Sound AB as of December 31, 2025, amounted to KSEK 408,066 (KSEK 228,969), for which a deferred tax asset is recognized in the amount of KSEK 408,066 (KSEK 222,312). A deferred tax asset for these carryforwards is recognized in the balance sheets of the Group and Epidemic Sound AB. The loss carryforwards do not expire.

The subsidiary Epidemic Sound US Inc. has tax losses of KUSD 10,713 (KUSD 7,400), which have been recognized in the Group and have a 20-year expiration period.

Note 11 – Intangible assets

Financial reporting principles

The Group's intangible assets, consisting of capitalized development costs for product development, music purchase for the music catalog, trademarks, customer contracts and relations and technical platforms, have been acquired in connection with business combinations. The assets are valued at fair value on the date of acquisition. The Group has also acquired music for the music catalog, which was initially valued at cost value. In subsequent financial reporting, the other intangible assets are valued at cost value minus accumulated depreciation and any accumulated impairment.

Intangible assets are recognized only when it is probable that the future economic benefits that can be attributed to the asset will flow to the entity and the cost can be measured reliably.

Capitalized expenditure on product development

Capitalized expenditure on product development in the Group consists of digital product development of the technical platform so as to create innovative new products, services and experiences for users of the music catalog.

Intangible assets with a determinable useful life are reported at cost less depreciation and any impairment losses. Intangible assets are depreciated systematically over the estimated useful lives of the assets. The useful life is reviewed at each balance sheet date and adjusted as necessary. In determining the depreciable amount of assets, the residual value of the asset is taken into account where appropriate.

The Group's internal development projects are divided into two phases in accordance with IAS 38: the research phase and the development phase. Costs that arise during the research phase are expensed as they occur and never capitalized later. Costs that arise during the development phase are capitalized as intangible assets when they fulfil the criteria for capitalization according to IAS 38, they are considered to be material amounts for the development effort as a whole, when in management's assessment it is probable that they will result in future financial benefits for the Group and the costs can be reliably measured.

The main criteria for capitalization are that the final product of the development work has a demonstrable future income or cost saving and cash flow, and that the technical and financial conditions exist to complete the development work when it is started.

The costs that are capitalized include direct salaries, consultancy fees, and the purchase of externally acquired datasets essential for the development and training of the AI models. Also included are the costs for cloud computing resources that are directly consumed in the asset's development and testing phase. All other costs that do not fulfil the criteria for capitalization are expensed to profit as they arise. During the development phase, capitalized costs for product development are reported at cost value minus any accumulated impairment.

Depreciation principles

Depreciation begins when the asset is available for use, i.e. when it is in the location and condition required for it to be used in the manner intended by management.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite.

The estimated useful lives are:

• Capitalized work for own account	1-5 years
• Musical works	10 years
• Customer contracts and customer relations	10 years
• Technical platform	10 years
• Trademark	Indeterminate
• Goodwill	Indeterminate

The depreciation methods used, residual values and useful lives are reassessed at each year-end.

All intangible assets are tested for impairment need annually or earlier if there are indications that the asset in question has lost value.

KSEK	Capitalized work for own account	Goodwill	Trademark	Customer contracts and customer relations	Technical platform	Musical works	Total
2025-01-01							
Cost							
Initial cost	164 109	6 573 654	1 435 000	392 789	714 046	3 551 603	12 831 200
Increase through business combinations	-	26 977	-	-	3 118	-	30 095
Acquisitions in the year	61 070	-	-	-	37 165	111 452	209 687
Disposals	-7 993	-	-	-	-	-670	-8 663
Translation difference	-46	-	-	-1 053	-567	-2 012	-3 677
Realized cost	**217 140**	**6 600 630**	**1 435 000**	**391 736**	**753 762**	**3 660 373**	**13 058 642**
Depreciation and amortization							
Incoming depreciation	-48 478	-	-	-138 729	-265 134	-1 292 284	-1 744 625
Depreciation for the year	-26 427	-	-	-39 226	-73 854	-375 832	-515 339
Disposals	7 993	-	-	-	-	670	8 663
Translation difference	45	-	-	157	85	301	588
Outstanding depreciation	**-66 867**	**-**	**-**	**-177 797**	**-338 903**	**-1 667 145**	**-2 250 713**
Write-downs							
Incoming write-downs	-	-	-	-	-	-3 240	-3 240
Write-downs for the year	-	-	-	-	-	-766	-766
Outstanding write-downs	**-**	**-**	**-**	**-**	**-**	**-4 006**	**-4 006**
Carrying amount 2025-12-31	**150 273**	**6 600 630**	**1 435 000**	**213 939**	**414 859**	**1 989 223**	**10 803 924**

KSEK	Capitalized work for own account	Goodwill	Trademark	Customer contracts and customer relations	Technical platform	Musical works	Total
2024-01-01							
Cost							
Initial cost	128 548	6 573 654	1 435 000	375 000	704 471	3 401 528	12 618 201
Increase through business combinations	80	-	-	18 262	9 829	34 905	63 076
Acquisitions in the year	35 508	-	-	-	-	119 299	154 808
Disposals	-	-	-	-	-	-3 226	-3 226
Translation difference	-27	-	-	-473	-255	-904	-1 659
Realized cost	**164 109**	**6 573 654**	**1 435 000**	**392 789**	**714 046**	**3 551 603**	**12 831 200**
Depreciation and amortization							
Incoming depreciation	-28 227	-	-	-99 450	-193 729	-928 114	-1 249 521
Depreciation for the year	-20 277	-	-	-39 297	-71 414	-365 397	-496 386
Disposals	-	-	-	-	-	1 192	1 192
Translation difference	26	-	-	18	10	35	89
Outstanding depreciation	**-48 478**	**-**	**-**	**-138 729**	**-265 134**	**-1 292 284**	**-1 744 625**
Write-downs							
Incoming write-downs	-	-	-	-	-	-3 118	-3 118
Write-downs for the year	-	-	-	-	-	-122	-122
Outstanding write-downs	**-**	**-**	**-**	**-**	**-**	**-3 240**	**-3 240**
Carrying amount 2024-12-31	**115 631**	**6 573 654**	**1 435 000**	**254 060**	**448 912**	**2 256 079**	**11 083 335**

Goodwill

Goodwill represents the difference between cost value on a business combination and the fair value of net acquired assets. Goodwill is measured at cost value minus any cumulative depreciation. Goodwill is distributed among the cash-generating unit that is expected to benefit from the synergy effects of the business combination. The factors that comprise reported goodwill are mainly related to expertise and organizational structure. The goodwill item belonging to the Group mainly arose in connection with the acquisition of the old Epidemic Sound Holding group in March 2021. Goodwill is considered to have an indefinite useful life and is therefore tested at least annually for any impairment need. For more information about goodwill on acquisition, see Note 21 Business combinations.

Impairment testing

The Group's goodwill, trademarks and other intangible assets are tested annually or more frequently for impairment. The impairment test consists of assessing whether the recoverable amount of the asset is higher than its carrying amount. The recoverable amount has been calculated on the basis of the value in use of the asset, which represents the present value of the asset's expected future cash flows without taking into account any future business expansion and restructuring.

Impairment testing of goodwill and trademarks is based on the cash-generating units, which equate to the Group’s reported segment: Epidemic Sound. In the discounted cash flow analyses for the segment, a WACC of 11.2% is used in the calculation. The forecast period extends to 2030 after which a growth rate of 2% per annum has been assumed. The discount rates used are pre-tax and reflect the pre-tax weighted average cost of capital (pre-tax WACC).

Goodwill per segment	2025-12-31	2024-12-31
Epidemic Sound	6 600 630	6 573 654
Total	**6 600 630**	**6 573 654**

Trademark per segment	2025-12-31	2024-12-31
Epidemic Sound	1 435 000	1 435 000
Total	**1 435 000**	**1 435 000**

The discounted cash flow model involves forecasting future cash flows from operations, including estimates of income volumes and cost of sales. The key assumptions driving expected cash flows are sales capacity, i.e. sales and marketing resources, and the ability to renew customer contracts.

The company has used a forecast period of 5 years, based on historical growth and external market data showing that the market is growing and will grow more quickly than other markets in the coming 5 years. This means that a shorter forecast period would not be representative of the value of the assets.

The calculations and the prepared sensitivity analysis do not indicate an impairment need and they do not indicate that any reasonably possible changes in key assumptions would lead to an impairment need.

Sensitivity analysis of goodwill and trademarks

The recoverable amount exceeds the reported values of goodwill and trademarks by a good margin. This also applies to the assumptions individually if:

- The pre-tax discount rate had been 25 percent higher,
- Cash flow had been 25 percent lower,
- The estimated growth rate for extrapolating cash flows beyond the ten-year period had been 1%.

Significant assumptions used in the value-in-use calculations:

Pre-tax discount rate[1], %	11.2
Profit margin, %	18.4
Long-term growth rate[2], %	2.0

[1] The pre-tax discount rate used in discounting estimated future cash flows.

[2] The growth rate used to extrapolate cash flows beyond the forecasted period of 5 years.

Note 12 – Tangible assets

Financial reporting principles

Tangible assets are physical assets used in the company's operations and reported in the Group at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to bringing the asset to its location and condition for use in accordance with the purpose for which it was acquired.

Additional expenditure

Additional expenditure is added to the cost of the asset only if it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other additional expenditure is recognized as a cost in the period in which it is incurred. Repairs are charged on an ongoing basis.

Depreciation principles

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives are:

- Equipment, tools, fixtures and fittings 3-5 years
- Improvement expenditure on another party's property 5-10 years

The depreciation methods applied, residual values and useful lives are reassessed at each year-end.

Improvement costs on another party’s property refer to installation costs and other costs for improvements on leased office space. The depreciation period is considered to be the same as the useful life of the right-of-use asset.

Equipment, tools, fixtures and fittings

KSEK	Equipment, tools, fixtures and fittings	Improvement costs others' property	Total
2025-01-01			
Cost			
Initial cost	46 867	11 421	58 288
Acquisitions in the year	11 556	886	12 442
Sales and disposals	-8 887	-85	-8 972
Exchange rate differences	-2 456	-1 403	-3 860
Remaining cumulative cost	**47 079**	**10 819**	**57 898**
Depreciation and amortization			
Incoming depreciation	-25 086	-2 965	-28 051
Depreciation for the year	-9 297	-1 421	-10 718
Sales and disposals	8 887	85	8 972
Exchange rate differences	1 109	501	1 610
Outstanding accumulated depreciation	**-24 386**	**-3 800**	**-28 186**
Carrying amount 2025-12-31	**22 693**	**7 019**	**29 711**

KSEK	Equipment, tools, fixtures and fittings	Improvement costs others' property	Total
2024-01-01			
Cost			
Initial cost	38 153	10 093	48 245
Acquisitions in the year	8 616	440	9 056
Sales and disposals	-1 226	-	-1 226
Exchange rate differences	952	731	1 682
Remaining cumulative cost	**46 867**	**11 421**	**58 288**
Depreciation and amortization			
Incoming depreciation	-17 246	-1 298	-18 544
Sales and disposals	1 155	-	1 155
Depreciation for the year	-8 578	-1 492	-10 069
Exchange rate differences	-417	-176	-593
Outstanding accumulated depreciation	**-25 086**	**-2 965**	**-28 051**
Carrying amount 2024-12-31	**21 781**	**8 456**	**30 237**

Note 13 – Financial instruments

Financial reporting principles

Financial instruments are any form of agreement that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial reporting and removal

A financial asset or financial liability is included in the statement of financial position when the company becomes party to the instrument's agreement terms. A financial liability is included when another party has performed and there is a liability under an agreement to pay.

A financial asset or financial liability is offset and recognized in the statement of financial position at a net amount only when there is a legal right to set off the amounts and an intention to settle the items at a net amount or to realize the asset and settle the liability simultaneously.

Classification and valuation of financial assets

A financial instrument is classified at initial recognition based on the purpose for which it was acquired, among other things.

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows. The instruments are classified into:

- Accrued cost value
- Fair value through other comprehensive income, or
- Fair value through profit or loss

Financial assets classified at accrued cost value are initially measured at fair value plus transaction costs. Subsequent to initial recognition, assets are measured at accrued cost value in accordance with the effective interest method, less a provision for expected credit losses. Trade receivables and cash and cash equivalents are classified at amortized cost, i.e. net of gross value and loss reserve.

Financial assets classified at fair value through other comprehensive income consist of short-term investments held under a business model under which the objectives can be achieved both by collecting contractual cash flows and selling financial assets.

Classification and measurement of financial liabilities

Financial liabilities are classified at accrued cost value. Financial liabilities reported at accrued cost value are initially measured at fair value including transaction costs. After initial recognition, they are measured using the effective interest method.

All the Group's financial liabilities are classified at accrued cost value.

Group 2025-12-31	Financial instruments at amortized cost	Financial instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Carrying value
Financial assets				
Trade receivables	81 961	-	-	81 961
Cash and cash equivalents	450 664	-	-	450 664
Other receivables	33 357	-	-	33 357
Rent deposit	19 349	-	-	19 349
Short-term investments	-	96 273	-	96 273
Derivatives	-	6 471	-	6 471
Total financial assets	**585 330**	**102 744**	**-**	**688 074**
Financial liabilities				
Contingent consideration	-	-	10 834	10 834
Trade payables	175 894	-	-	175 894
Arrangement fee	784	-	-	784
Other liabilities	64 946	-	-	64 946
Accrued charges and deferred income	537 820	-	-	537 820
Total financial liabilities	**779 444**	**-**	**10 834**	**790 278**

2024-12-31	Financial instruments at amortized cost	Financial instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Carrying value
Financial assets				
Trade receivables	81 886	-	-	81 886
Cash and cash equivalents	739 868	-	-	739 868
Other receivables	31 619	-	-	31 619
Rent deposit	20 352	-	-	20 352
Short-term investments	-	79 392	-	79 392
Derivatives	-	79	-	79
Total financial assets	**873 726**	**79 471**	**-**	**953 197**
Financial liabilities				
Trade payables	141 091	-	-	141 091
Arrangement fee	939	-	-	939
Other liabilities	127 487	-	-	127 487
Accrued charges and deferred income	485 407	-	-	485 407
Derivatives	-	3 846	-	3 846
Total financial liabilities	**754 923**	**3 846**	**-**	**758 768**

The reported value of the Group's financial instruments is considered to be a good approximation of fair value.

The Group has no financial assets or liabilities that have been offset in the financial reporting or that are subject to a legally binding agreement on netting.

The assets' maximum credit risk amounts to the net amount of the reported values in the tables above. The Group has not received any pledged assets for the net financial assets.

Parent company 2025-12-31	**Financial instruments at amortized cost**	**Financial instruments at fair value through other comprehensive income**	**Financial instruments at fair value through profit or loss**	**Carrying value**
Financial assets				
Receivables from group companies	38 022	-	-	38 022
Other receivables	1	-	-	1
Total financial assets	**38 023**	**-**	**-**	**38 023**
Financial liabilities				
Contingent consideration	-	-	10 834	10 834
Trade payables	70	-	-	70
Liabilities to group companies	80 867	-	-	80 867
Other liabilities	10 206	-	-	10 206
Accrued charges and deferred income	18 118	-	-	18 118
Total financial liabilities	**109 261**	**-**	**10 834**	**120 096**

2024-12-31	**Financial instruments at amortized cost**	**Financial instruments at fair value through other comprehensive income**	**Financial instruments at fair value through profit or loss**	**Carrying value**
Financial assets				
Receivables from group companies	73 997	-	-	73 997
Other receivables	10	-	-	10
Total financial assets	**74 007**	**-**	**-**	**74 007**
Financial liabilities				
Trade payables	546	-	-	546
Liabilities to group companies	86 124	-	-	86 124
Other liabilities	6 377	-	-	6 377
Accrued charges and deferred income	8 659	-	-	8 659
Total financial liabilities	**101 706**	**-**	**-**	**101 706**

Calculation of fair value

Fair value is the price that, at the time of valuation, would be obtained on the sale of an asset or paid on transfer of a liability through an arranged transaction between market participants.

The table below shows financial instruments measured and reported at fair value, based on the classification in the fair value hierarchy. The different levels are defined:

Level 1 financial instruments

Listed prices (unadjusted) in an active market for identifiable assets or liabilities A market is considered to be active if listed prices from a stock exchange, broker, industry group, price-setting service or supervisory authority are easily available and regularly accessible and these prices represent fair and regularly occurring market transactions at arm’s length.

Level 2 financial instruments

Observable data for the asset or liability other than listed prices included in level 1, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings). Examples of observable data in level 2 include:

- Listed prices of similar assets and liabilities
- Data that can represent a basis for assessing price, such as market interest and return curves.

Level 3 financial instruments

Where one or more significant inputs are not based on observable market information, the instrument concerned is classified in level 3.

Determination of fair value

Epidemic Sound uses the following methods and assumptions for determining the fair value of thefinancial instruments that are reported.

- Current investments - Current investments in interest-bearing securities are valued in level 1. Valuation is based on the difference between the price of the security according to contract and the market price that can be subscribed to on the balance sheet date.
- Contingent consideration - Contingent consideration related to the acquisition of shares in subsidiaries is valued according to Level 3 at the present value of future cash flows, which are based on forecasts of the companies' future performance. Significant assumptions in this estimate consist of the future growth rate and profitability and are based on forecasts of the companies' future performance. The estimated contingent consideration is discounted to its present value using a discount rate. For more information about the current contingent consideration for the acquisition of subsidiaries, see Note 21, Business Combinations.

Transfers between levels in the valuation hierarchy

Transfers to or from the different levels in the valuation hierarchy are recognized as if they had occurred on the last day of the reporting period.

The following table shows the Group's financial assets and liabilities measured at fair value:

Group **2025**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through other comprehensive income				
Short-term investments	96 273	-	-	96 273
Derivatives	6 471	-	-	6 471
Total financial assets	**102 744**	**-**	**-**	**102 744**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Contingent consideration	-	-	10 834	10 834
Total financial liabilities	**-**	**-**	**10 834**	**10 834**

Group 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income				
Short-term investments	79 392	-	-	79 392
Derivatives	79	-	-	79
Total financial assets	**79 471**	**-**	**-**	**79 471**
Financial liabilities				
Financial liabilities at fair value through other comprehensive income				
Derivatives	3 846	-	-	3 846
Total financial liabilities	**3 846**	**-**	**-**	**3 846**

Note 14 – Other receivables

Group	2025-12-31	2024-12-31
PSP receivables	4 430	3 931
VAT and other tax receivables	16 061	11 601
Client account	1 608	-
Other short-term receivables	2 735	7 654
Carrying value	**24 834**	**23 186**

Parent company	2025-12-31	2024-12-31
VAT and other tax receivables	1	10
Carrying value	**1**	**10**

Note 15 – Prepaid expenses and accrued income

Group	2025-12-31	2024-12-31
Prepaid rental costs	368	-
Accrued revenue	101 519	129 161
Prepaid software expenses	19 985	14 099
Other deferred costs	5 038	20 117
Carrying value	**126 910**	**163 377**

Parent company	2025-12-31	2024-12-31
Other deferred costs	535	108
Carrying value	**535**	**108**

Note 16 – Cash and cash equivalents

Financial reporting principles

Cash and cash equivalents consist of cash on hand and balances with banks and similar institutions and short-term liquid investments with a maturity of less than three months from the date of acquisition. Cash and cash equivalents are subject to the loss reserve requirements for expected credit losses.

Group	2025-12-31	2024-12-31
Bank deposits	450 664	739 868
Carrying value	**450 664**	**739 868**

Parent company	2025-12-31	2024-12-31
Bank deposits	-	-
Carrying value	**-**	**-**

Bank deposits for the parent company in 2025 and 2024 are included in the item liabilities to group companies, since the company is included in the subsidiary Epidemic Sound AB's cash pool. Bank deposits in December amount to KSEK 45,675, (KSEK 7,268) which is settled against liabilities to group companies.

Note 17 – Deferred tax

Financial reporting principles

Deferred tax is reported in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their reported values.

Deferred tax assets relating to deductible temporary differences and tax loss carry-forwards are reported only to the extent that it is probable that they will be able to be utilized.

Income tax effects attributable to share-based payments are recognized in the Group's income statement or in equity, in accordance with how the underlying transaction is recognized. A deferred tax asset is recognized for the temporary difference between the cumulative remuneration expense under IFRS 2 and the item's tax base.

The recognition of the related tax effect is allocated as follows:

- The portion of the tax benefit that corresponds to the tax effect of the cumulative remuneration expense is recognized in the income statement.
- If the estimated future tax deduction exceeds the cumulative remuneration expense, the tax effect of the excess portion is recognized directly in equity.

KSEK	Amount at the beginning of the year	Increase through business combinations	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Translation differences	Amounts at year-end
Group 2025							
Deferred tax liabilities							
Temporary difference attributable to excess values in customer contracts and relationships	52 561	-	-8 105	-	-	-197	44 259
Temporary difference attributable to excess values in trademark	295 610	-	-	-	-	-	295 610
Temporary difference attributable to excess values in technical platform	92 596	642	-14 716	-	-	-106	78 416
Temporary difference attributable to excess values in music catalog	396 031	-	-66 757	-	-	-377	328 897
Temporary difference attributable to hedging contracts	16	-	-	1 317	-	-	1 333
Right-of-use assets	27 188	-	-3 702		-	-	23 486
Total deferred tax liabilities	**864 001**	**642**	**-93 280**	**1 317**	**-**	**-680**	**772 001**
Deferred tax assets							
Share-based payments	20 172	-	18 983	-	8 603	-85	47 673
Financial leasing	29 238	-	-2 794	-	-	681	27 125
Hedging contracts	792	-	-	-792	-	-	-
Unused tax losses	98 050	-	30 194	-	-	-357	127 887
Total deferred tax assets	**148 252**	**-**	**46 384**	**-792**	**8 603**	**239**	**202 685**
Total	**715 749**	**642**	**-139 664**	**2 109**	**-8 603**	**-919**	**569 316**

KSEK	Amount at the beginning of the year	Increase through business combinations	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Translation differences	Amounts at year-end
Group 2024							
Deferred tax liabilities							
Temporary difference attributable to excess values in customer contracts and relationships	56 763	4 018	-8 120	-	-	-100	52 561
Temporary difference attributable to excess values in trademark	295 610	-	-	-	-	-	295 610
Temporary difference attributable to excess values in technical platform	105 213	2 162	-14 725	-	-	-54	92 596
Temporary difference attributable to excess values in music catalog	455 330	7 679	-66 787	-	-	-191	396 031
Temporary difference attributable to hedging contracts	121	-	-	-105	-	-	16
Right-of-use assets	29 392	-	-2 204	-	-	-	27 188
Total deferred tax liabilities	**942 428**	**13 859**	**-91 837**	**-105**	**-**	**-345**	**864 001**
Deferred tax assets							
Share-based payments	6 283	-	13 805	-	-	84	20 172
Financial leasing	31 335	-	-2 107	-	-	10	29 238
Hedging contracts*	-	-	-	791	-	2	792
Unused tax losses*	45 796	73	-22 846	-	75 030	-3	98 050
Total deferred tax assets	**77 131**	**73**	**-11 148**	**791**	**75 030**	**8**	**148 252**
Total	**865 297**	**13 786**	**-80 688**	**-895**	**-75 030**	**-353**	**715 749**

* Numbers have been adjusted in accordance with note 32.

KSEK	Amount at the beginning of the year	Increase through business combinations	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Translation differences	Amounts at year-end
Parent company 2024							
Deferred tax assets							
Share-based payments	4 741	-	6 923	-	-	-	11 664
Unused tax losses	-	-	28 498	-	-	-	28 498
Total deferred tax assets	**4 741**	**-**	**35 421**	**-**	**-**	**-**	**40 162**
Parent company 2024							
Deferred tax assets							
Share-based payments	2 117	-	2 624	-	-	-	4 741
Total deferred tax assets	**2 117**	**-**	**2 624**	**-**	**-**	**-**	**4 741**

Deferred tax liabilities relating to right-of-use assets amounting to KSEK 27,188 (KSEK 29,392) have been offset against deferred tax assets relating to lease liabilities amounting to KSEK 29,238 (KSEK 31,335) in accordance with the rules on offsetting.

Thus, in the statement of financial position, the following net deferred tax assets and tax liabilities have been presented:

Deferred tax on lease agreements	2025-12-31	2024-12-31
Deferred tax assets	-23 486	-27 188
Deferred tax liabilities	27 125	29 238
Total	**3 640**	**2 050**

Temporary differences exist where the reported values of assets or liabilities are different from their taxable values.Temporary differences relating to the above items have resulted in deferred tax liabilities and deferred tax assets.

Deferred tax assets relating to tax loss carry-forwards are reported to the extent that it is probable that they can be utilized against taxable income.

Total tax loss carryforwards for Epidemic Sound AB as of December 31, 2025, amounted to KSEK 408,066 (KSEK 228,969), for which a deferred tax asset is recognized in the amount of KSEK 408,066 (KSEK 222,312). Deferred tax assets are recognized on these in the Group's and Epidemic Sound AB's balance sheet. The tax loss carry-forward has no time limit.

Note 18 – Other financial fixed assets

Group	2025-12-31	2024-12-31
Rent deposit	19 349	20 352
Other deposit	1 212	8 317
Carrying amount	**20 561**	**28 669**

Note 19 – Shares in group companies

Financial reporting principles

Investments in subsidiaries are accounted for in the parent company in accordance with the cost method. An impairment test is performed if there is an indication that the shares in the subsidiary have fallen in value. Any impairment is reported in the income statement. Shareholder contributions are reported as an increase in shares in subsidiaries.

Parent company	2025-12-31	2024-12-31
Initial cost	**11 953 383**	**11 889 903**
Acquisition of subsidiaries	30 084	63 480
Carrying amount	**11 983 468**	**11 953 383**

Acquisition of subsidiaries in 2025 refers to VXA AB. For more information see Note 21 Business combinations.

The Parent Company holds shares in the following subsidiaries:

Subsidiaries	Company registration number	Registered office	Capital share %	Number of shares	Carrying value 2025-12-31	Carrying value 2024-12-31
Epidemic Sound AB	556781-0899	Stockholm	100	1 711 786	11 571 455	11 571 455
Overtone Studios AB	559123-4199	Stockholm	100	1 000	318 447	318 447
Soundly AS	916 900 201	Oslo	100	10 721	63 480	63 480
Aentidote AB	559520-7019	Stockholm	100	50 000	50	-
VXA AB	559454-1855	Stockholm	100	50 000	30 034	-
Carrying amount					**11 983 468**	**11 953 383**

Subsidiaries	Company registration number	Equity capital	Profit/ loss
Epidemic Sound AB	556781-0899	687 591 917	-210 642 168
Overtone Studios AB	559123-4199	39 673 111	-2 413 934
Soundly AS	916 900 201	-3 088 112	110 697
Aentidote AB	559520-7019	-48 305	-110 051
VXA AB	559454-1855	777 884	-1 351 105

Indirect subsidiaries	Company registration number	Registered office	Capital share %	Number of shares
Epidemic Sound GmbH	HRB133056	Hamburg	100	-
Epidemic Sound US Inc.	32-0480315	New York	100	-
Epidemic Sound B.V.	85593907	Amsterdam	100	200
Epidemic Sound Korea Co., Ltd.	110114-0250148	Seoul	100	2 000
Epidemic Sound UK Ltd.	14 568 031	London	100	1
Epidemic Sound France S.A.S.	940 179 104	Paris	100	5 000

Note 20 – Equity

Share capital

On December 31, 2025, the registered share capital comprised 8,540,575,695 Series B ordinary shares, 572,972,082 Series H-1 ordinary shares and 3,461,416,663 Series A preference shares, all share types with a nominal value of SEK 0.00005. All shares have been paid for in full. No shares are owned by the company itself or its subsidiaries. No shares are reserved for transfer according to option or agreement on sale of shares. In the event of a dividend or other transfer of value, the preference shares have priority in an amount equal to the highest of a) the sum of what the holders of the preference shares have contributed to the company in the form of subscription liquidity, less profit distributions made to the preference shares and b) an amount equal to what the holder of the preference shares would be entitled to if the share in question was converted into a Class B ordinary share immediately before the dividend was paid. Thereafter, Class B ordinary shares will have equal dividend rights until the Class B shares have received an amount equal to a specific threshold (i.e. an amount of SEK 1.10 in 2025). Thereafter, the remaining amount will be allocated among all Class B and Class H-1 common shares, pro rata to the number of shares owned within those classes. Series A and Series B shares have ten votes and Series H-1 shares have one vote per share.

	Transaction	Number of shares	Share capital	Number of ordinary shares	Number of preference shares	Number of ordinary H-1 shares	Quotient value
Opening balance 2024-01-01		**12 590 547 737**	**646 891**	**8 512 333 337**	**3 461 416 663**	**616 797 737**	**0,00005**
January 2024	New share issue	28 242 358	1 451	28 242 358	-	-	0,00005
March 2024	Decrease in share capital	-11 325 907	- 582	-	-	-11 325 907	0,00005
March 2024	Bonus issue	-	582	-	-	-	-
April 2024	New share issue	50 761 421	2 605	-	-	50 761 421	0,00005
April 2024	Decrease in share capital	-2 395 440	- 123	-	-	-2 395 440	0,00005
April 2024	Bonus issue	-	123	-	-	-	-
June 2024	Decrease in share capital	-6 555 639	- 337	-	-	-6 555 639	0,00005
June 2024	Bonus issue	-	337	-	-	-	-
Closing balance 2024-12-31		**12 649 274 530**	**650 947**	**8 540 575 695**	**3 461 416 663**	**647 282 172**	**0,00005**
February 2025	Decrease in share capital	-64 584 951	-3 324	-	-	-64 584 951	0,00005
February 2025	Bonus issue	-	3 324	-	-	-	-
July 2025	Decrease in share capital	-9 725 139	-503	-	-	-9 725 139	0,00005
July 2025	Bonus issue	-	503	-	-	-	-
Closing balance 2025-12-31		**12 574 964 440**	**650 947**	**8 540 575 695**	**3 461 416 663**	**572 972 082**	**0,00005**

Group
Other paid in capital

This item refers to equity paid in by the owners. On the balance sheet date, other paid in capital amounted to KSEK 12,102,567 (KSEK 12,111,751). During the year, other paid in capital increased by KSEK 9,184 (KSEK 30,804) of which KSEK 9,184 (KSEK 3,619) refers to new share issue. No issue costs were incurred for the new share issue.

Translation reserve

The translation reserve comprises all exchange differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. Cumulative translation differences are recognized in profit or loss on disposal of foreign operations. At present, there is translation exposure in USD, EUR, GBP, NOK and KRW. The translation reserve on the balance sheet date amounts to KSEK -4,892 (KSEK 11,805).

Fair value reserve

The fair value reserve comprises the effective portion of the valuation at fair value of current investments held on the balance sheet date. The fair value reserve on the balance sheet date amounts to KSEK 5,502 (KSEK -3,045).

Note 21 – Business combinations

Financial reporting principles

Business combinations are reported according to the acquisition method. This method means that the acquisition of a subsidiary is deemed to be a transaction where Epidemic Sound indirectly acquires the subsidiary's assets and assume its liabilities and contingent liabilities.

At the time of acquisition, an acquisition analysis is created which determines the cost value of the shares or operation and also the fair value on the day of acquisition of identifiable assets, liabilities and contingent liabilities. A positive difference between purchase price and fair value of identifiable acquired net assets is reported as goodwill. If the purchase price is lower than the fair value of the acquired company's net assets, this difference is reported as income on the income statement.

Transaction costs directly related to the acquisition are expensed on an ongoing basis as items affecting comparability. Any contingent consideration that is to be paid after the acquisition date is reported as liability at fair value. Thereafter, valuation at fair value is performed on an ongoing basis and changes in value are reported in the income statement as items affecting comparability. However, if a change in value occurs before the acquisition analysis is determined and is of such a nature that it derives from the time of acquisition, valuation is via the balance sheet.

Acquisition-related liabilities refer to contingent considerations. Valuation at fair value is performed on an ongoing basis and changes in value are reported in the income statement as items affecting comparability. However, if a change in value occurs before the acquisition analysis is determined, within 12 months, and is of such a nature that it derives from the time of acquisition, valuation is via the balance sheet.

Fair value is estimated as defined for level 3 in IFRS 13, that is to say, based on input data that is not observable on the markets.

Acquisitions 2025

On December 19, 2025, the Group completed the acquisition of 100 percent of the shares in VXA AB. VXA Labs is an AI-native technology provider in the Social Ads Workflow (SAW) space.

The total purchase consideration amounted to SEK 30,034 thousand. Of the total purchase consideration,

KSEK 10,000 pertained to cash paid, resulting in a net cash outflow of KSEK 9,252. The determined purchase price allocation is presented in the table below.

Transaction-related costs consisted of legal advisory fees, which were recognized under other external expenses in the income statement and amounted to KSEK 937 for 2025.

For the 2025 fiscal year, VXA contributed KSEK 17 to the Group's revenue and KSEK -196 to the Group's profit or loss after tax. If it had been included in the Group for the entire fiscal year, its contribution would have been KSEK 190 in revenue and KSEK -1,351 in profit or loss after tax.

Purchase price	**2025-12-19**
Cash and cash equivalents	10 000
Contingent consideration	10 834
Other adjustments, unpaid	9 199
Total remuneration transferred	**30 034**

Acquired fair values	2025-12-19
Goodwill	19
Trade receivables	21
Other receivables	0
Prepaid expenses and accrued income	2
Cash and cash equivalents	749
Trade payables	-60
Other liabilities	-119
Accrued charges and deferred income	-30
Net assets acquired	**582**
Goodwill	26 977
Other intangible assets	3 118
Deferred tax liability	-642
Total	**30 034**

Net cash flow on acquisition	
Cash compensation	-10 000
Reversed: Acquired cash and cash equivalents	749
Net cash flow	**-9 252**

Contingent consideration

The contingent consideration for the acquisition of VXA is conditional upon the company achieving specific revenue targets by December 2027, allocated across five milestones. The total payout consists of the sum for all achieved milestones.

The valuation of the contingent consideration was performed using a probability-adjusted method, where the probability-weighted values were discounted to their present value using an appropriate discount rate. The key probability assumptions were derived from an analysis of growth data for startups in B2B SaaS and AI. These assumptions represent a balance between historical statistics for B2B SaaS companies and the rapid growth potential inherent in AI-native companies.

As VXA has not yet launched a product or generated revenue, a significant risk is deemed to be associated with achieving the milestones. This risk is reflected in an applied discount rate of 30%. Based on these assumptions, the fair value of the contingent consideration as of the balance sheet date has been estimated at KSEK 10,834. The undiscounted probability-weighted value amounts to KSEK 18,300.

Contingent consideration on business combinations	2025-12-31	2024-12-31
Opening balance	**-**	**22 529**
Contingent considerations paid during the year	-	-23 582
Contingent considerations on acquisition added during the year	10 834	-
Discount effect contingent considerations	-	1 053
Closing balance	**10 834**	**-**

During the financial year 2024, the remaining contingent consideration relating to the 2022 acquisition of Overtone Studios AB was settled.

Note 22 – Financial risks

Epidemic Sound's financial risk management is governed by the treasury policy established by the Board of directors. The treasury policy forms a framework of guidelines and rules in the form of risk mandates and limits for financial risks, with ongoing monthly reporting of the treasury policy to the Board of directors. The company's financial transactions and risks are managed by the VP of Treasury and the company's other senior executives together with the Board of directors.

The company's activities expose it to various types of financial risks such as credit risk, market risk (currency risk, interest rate risk and other price risk) and liquidity risk.

The company's overall objective for financial risks is to mitigate adverse effects and reduce volatility on the company's profits due to market changes or other external environmental factors.

Credit risk

Credit risk is defined as the potential loss due to failure of a Group's counterparty to meet its financial obligations in accordance with the agreed terms and conditions. The Group’s credit risk arises mainly through receivables, including agreement assets from significant customers, as well as from investment of liquid assets with counterparty banks.

Financial credit risk

The Group only enters into financial transactions with counterparties with a high credit rating. The Group invests excess liquidity in financial instruments whose framework is stipulated in the treasury policy where credit risk is minimized by the counterparty's credit rating not falling below the equivalent of Standard & Poor's long-term BBB's rating. Regarding bank funds, the treasury policy instead stipulates that the counterparty’s credit rating may not fall below the equivalent of Standard & Poor’s rating of A-. In the latter case, exceptions are accepted if the bank’s home country has a lower rating.

Credit risk in trade receivables

Payment terms amount to a weighted average of 21 (19) days for 2025 and credit losses are not material in relation to the company's turnover. The Group defines default as it being judged improbable that the counterparty will meet its obligations because of indicators such as financial weakness and missed payments. The Group writes off a receivable when it is judged that no possibility exists of further cash flow.

Change in provision for expected credit losses	2025-12-31	2024-12-31
Initial carrying amount	3 749	2 922
Recognized customer losses	-1 989	-1 986
Reservations for the year	3 947	2 813
Carrying amount	**5 707**	**3 749**

Provision for expected credit losses

The table below sets out the expected credit losses on receivables outstanding at the balance sheet date.

Group	Not due	Due between 1-30 days	Due between 31-60 days	Due between 61-90 days	Due > 90 days	Due > 90 days other	Total
2025-12-31							
Expected loss rate, %	0,2%	0%	1%	3%	7%	99%	3%
Carrying amount of trade receivables, gross	54 321	12 649	3 087	2 556	10 234	4 820	87 667
Carrying amount contract assets, gross	101 519	-	-	-	-	-	101 519
Credit loss reserve	**-90**	**-23**	**-29**	**-77**	**-698**	**-4 789**	**-5 707**
2024-12-31							
Expected loss rate, %	0,1%	0%	1%	3%	9%	85%	2%
Carrying amount of trade receivables, gross	51 588	9 278	4 900	3 607	13 635	2 627	85 635
Carrying amount contract assets, gross	129 161	-	-	-	-	-	129 161
Credit loss reserve	**-67**	**-14**	**-45**	**-121**	**-1 261**	**-2 240**	**-3 749**

Expected credit losses, simplified method

Receivables consist mainly of trade receivables and agreement assets for which the Group has elected to apply the simplified method of accounting for expected credit losses. These are reported on the income statement under other external costs. This means that a provision is made for expected credit losses when an exposure to credit risk exists, normally on the first reporting occasion, for the remaining time to maturity regardless of whether the credits are credit impaired or not. These are expected to be less than a year for all receivables. The Group makes provision for expected credit losses based on historical credit losses and forward-looking information where a probability-weighted outcome is considered based on historical data. The maximum credit risk exposure is the book value of the exposed assets. The majority of the Group's customers are a homogeneous group with similar risk profiles, so credit risk is initially assessed collectively for all customers. Any large individual claims are assessed individually for each counterparty. Epidemic Sound writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been completed.

It has been assessed that there has been no material increase in credit risk for any of the Group's financial assets.

The credit quality of receivables that have not fallen due or been impaired is judged to be good based on historically low customer losses and taking forward factors into consideration.

Expected credit losses, general method

For other items subject to expected credit losses, a three-stage impairment model is applied. Initially, and at each balance sheet date, a loss reserve is recognized for the next twelve months, or for a shorter period depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since initial recognition, a loss reserve is recognized for the remaining life of the asset (stage 2). For assets deemed to be credit impaired, provisions continue to be made for expected credit losses for the remaining maturity (stage 3). For impaired assets and receivables, the calculation of interest income is based on the carrying amount of the asset, net of provision for losses, as opposed to the gross amount as in previous stages. The Group's assets have been assessed to be in stage 1, i.e. there has been no material increase in credit risk.

The financial assets covered by the provision for expected credit losses under the general approach are cash and cash equivalents and current investments. Epidemic Sound applies a ratings-based approach in combination with other known information and forward-looking factors to assess expected credit losses. The Group has defined default as when payment of a receivable is overdue or when other factors indicate that a default exists. Provisions for credit loss in liquid assets are reported on the income statement under financial items. For 2024, no provisions were made for credit losses on current investment since the investments were in instruments with a higher rating than the Group's defined baseline for credit loss provisions.

Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks are classified by IFRS into three types - currency risk, interest rate risk and other price risks.

Currency risk

The Group's currency exposure comprises both transaction exposure and translation exposure.

Currency risk arises where transactions and financial consolidation are denominated in a currency other than the company's functional currency of SEK.

The company operates a global business where both trade receivables and trade payables are denominated in foreign currencies, thus creating transaction risk. The company's transaction risk is mainly in USD, EUR and GBP. Exchange rate differences linked to translation of trade receivables and trade payables that are reported in operations amounted in 2025 to KSEK -9,650 (KSEK -6,575). Exchange rate differences linked to liquid assets that are reported as financial items amounted in 2025 to KSEK -1,577 (KSEK -3,546).

Overall transaction risk management consists of matching foreign currency revenues with foreign currency expenses in an effort to minimize volatility on the company's financial results. If a currency exposure still exists, the Group may hedge a portion of its transaction exposure, as defined by the treasury policy, by entering into foreign exchange forward contracts.

The company is also exposed to translation risk as foreign subsidiaries are consolidated into the company's functional currency SEK. No currency hedging is undertaken as per December 31, 2025, for translation risk.

The following table presents trade receivables by currency on the balance sheet date:

Group	2025-12-31	2024-12-31
Trade receivables by currency		
SEK	3 748	52 625
USD	30 466	17 342
EUR	29 113	7 959
GBP	17 077	2 832
Other currencies	1 556	1 128
Total	**81 961**	**81 886**

Hedge accounting

Epidemic Sound applies hedge accounting to hedge a portion of the forecasted cash flow in a foreign currency. This means that an effective portion of the unrealized market value is recognized in other comprehensive income until the hedged item is realized and is recognized in the income statement. Any ineffective portion of the cash flow hedges is recognized in operating profit or loss. The hedging relationship is identified and documented. Assessment of the effectiveness of the hedge is documented at the inception of the hedge and on an ongoing basis. Effectiveness is assessed based on an analysis of the economic relationship between the hedged item and the hedging instrument. The entire fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset if the remaining maturity is less than 12 months.

Gains and losses on forward currency contracts as of 31 December 2025, which are recognised in the hedging reserve in equity (note 20), are recognised in profit or loss in the period or periods during which the hedged transaction affects the income statement. The total market value of the cash flow hedges as of 31 December 2025 is KSEK 331,836, of which KSEK 6,471 has been recognised in the hedge reserve.

Group	Nominal amount	Asset	Liability	Fair value	Maturity	Average hedge rate
Cash-flow hedges						
Derivatives in cash-flow hedge of foreign currency risk						
- USD exposure against SEK	143 473	3 531	-	147 004	2026	9,39
- EUR exposure against SEK	131 402	2 492	-	133 894	2026	11,02
- GBP exposure against SEK	50 490	448	-	50 938	2026	12,41
Total	**325 365**	**6 471**	**-**	**331 836**		

Sensitivity analysis of currency exposure in foreign currencies

Epidemic Sound is primarily exposed in the currencies USD, EUR and GBP through transaction exposure. The currencies represent both inflow and outflow compared with the functional currency. A five percent change in the Swedish krona against the subsidiaries' currencies in conversion of operating profit would have an approximate effect on the operating profit of +/- KSEK 52,948. The effect is distributed as in the following table:

Parent company	USD	EUR	GBP	Totalt
Transaction outflow	1 216 865	434 045	169 798	1 820 708
Transaction inflow	-564 491	-107 600	-89 663	-761 753
Transactions, net	**652 375**	**326 445**	**80 135**	**1 058 954**
Change if SEK falls by +/- 5 percent	32 619	16 322	4 007	52 948

The estimates are based on everything else being equal and do not take into account any changes in prices and customer behavior with a change in exchange rates.

Epidemic Sound is primarily exposed in the currencies USD, EUR and KRW through translation exposure. Translation exposure is the effect of exchange rate changes when the foreign subsidiaries' income statement and statement of financial position are translated to the Group's reporting currency (SEK). A five percent change in the Swedish krona against the subsidiaries' currencies on conversion would have an effect on equity of +/- KSEK 4,167.

Interest rate risk

Interest rate risk means that the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's exposure to interest rate risk is in the financial instruments in which excess cash is invested. The interest rate risk in the financial instruments is mitigated through the treasury policy framework where no investment may exceed 18 months in maturity. The purpose of the company's financial investments is to invest the surplus liquidity that may arise in financial instruments at a yield in excess of the prevailing bank deposit rate. The company aims to hold all purchased instruments until maturity.

The company has no other overall interest rate risk as of December 31, 2025.

Liquidity risk

The company categorizes liquidity risk into refinancing risk and market liquidity risk.

Refinancing risk

Refinancing risk refers to the risk that financing cannot be obtained or can be obtained only at significantly increased cost and on unfavorable and undesirable terms in order to have access to funds when payments fall due. As of December 31, 2025, the company has no outstanding loan portfolio and a solid cash position.

Market liquidity risk

The company defines market liquidity risk as the risk that the company cannot transform assets into liquidity without significant financial losses. As at December 31, 2025, the company has market liquidity risk in the financial instruments in which it invests. The framework for these investments is set out in the treasury policy. The risk is mitigated by ensuring that investments in financial instruments are only made in highly rated and liquid instruments.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rate have been calculated with the interest rate on the balance sheet date. Liabilities have been included in the period when repayment can be claimed at the earliest.

Maturity analysis

Group	<3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Per 2025-12-31						
Leasing liability	-10 889	-32 666	-80 011	-33 977	-	-157 543
Trade payables	-175 894	-	-	-	-	-175 894
Arrangement fee	-	-	-784	-	-	-784
Contingent consideration	-	-	-10 834	-	-	-10 834
Provision for interest and charges	-	-4 397	-22 958	-	-	-27 354
Other liabilities	-50 870	-9 680	-33 608	-	-	-94 158
Total	**-237 652**	**-46 743**	**-148 196**	**-33 977**	**-**	**-466 568**
Per 2024-12-31						
Leasing liability	3 777	-17 474	-57 086	-54 783	-8 002	-133 568
Trade payables	-141 091	-	-	-	-	-141 091
Derivatives	-3 135	-711	-	-	-	-3 846
Arrangement fee	-	-	-939	-	-	-939
Provision for interest and charges	-6 220	-8 084	-1 379	-	-	-15 684
Other liabilities	-106 027	-25 305	-	-	-	-131 332
Total	**-252 696**	**-51 574**	**-59 404**	**-54 783**	**-8 002**	**-426 460**

Parent company	<3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Per 2025-12-31						
Contingent consideration	-	-	-10 834	-	-	-10 834
Trade payables	-70	-	-	-	-	-70
Other current liabilities	-10 206	-	-	-	-	-10 206
Total	**-10 276**	**-**	**-10 834**	**-**	**-**	**-21 111**
Per 2024-12-31						
Trade payables	-546	-	-	-	-	-546
Other current liabilities	-6 377	-	-	-	-	-6 377
Total	**-6 923**	**-**	**-**	**-**	**-**	**-6 923**

Note 23 – Provisions for interest and charges

Financial reporting principles

A provision differs from other liabilities in that there is uncertainty about the date of payment or the amount needed to settle the provision. Provisions are recognized when the company has, or can be deemed to have, an obligation as a result of a past event and it is probable that payments will be required to settle the obligation. It is a prerequisite that it is possible to make a reliable estimate of the amount to be paid. Where the effect of when payment occurs is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate for tax that reflects current market assessments of the time value of money and, if appropriate, the risks that are associated with the liability. Provisions are retested on each closing date.

Group	2025-12-31	2024-12-31
Opening provisions	**15 684**	**5 762**
Additional provisions	19 060	12 620
Adjusted during the period	-5 498	-3 231
Exchange rate differences	-1 892	532
Closing provisions	**27 354**	**15 684**
Long-term portion	22 958	1 379
Short-term portion	4 397	14 305

Provisions refer to interest and estimated charges related to value added tax and sales tax on online sales. The outcome will depend on the conclusions of each country's tax authority in the future. In 2025, KSEK 5,498 (KSEK 3,231) of the provision regarding value added tax have been settled.

Note 24 – Other long-term liabilities

Financial reporting principles

Financial liabilities are classified as non-current liabilities when the Group has an unconditional right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

Non-current liabilities are initially recognized at fair value and are subsequently measured at amortized cost.

A financial liability is derecognized when the underlying obligation has been settled, cancelled, or has expired.

Group	2025-12-31	2024-12-31
Rent deposit	784	939
VAT liabilities	33 608	-
Carrying amount	**34 393**	**939**

Note 25 – Other liabilities

Financial reporting principles

A liability is classified as current when it is due for settlement within twelve months of the balance sheet date.

Current liabilities are initially recognized at fair value. For current liabilities without a stated interest rate, such as trade payables, the nominal amount normally corresponds to the fair value. Subsequent to initial recognition, they are generally measured at amortized cost. Due to the short maturity, the difference between the nominal amount and the amortized cost is usually negligible.

Group	2025-12-31	2024-12-31
VAT and other tax liabilities	27 802	86 653
Payroll taxes	23 217	39 487
Other acquisition-related liabilities	9 199	-
Other short-term liabilities	331	1 347
Carrying value	**60 550**	**127 487**

Parent company	2025-12-31	2024-12-31
VAT and other tax liabilities	48	426
Payroll taxes	959	5 952
Other acquisition-related liabilities	9 199	-
Carrying value	**10 206**	**6 377**

Note 26 – Accrued charges and deferred income

Group	2025-12-31	2024-12-31
Accrued social security contributions on salary and holiday pay	76 063	42 027
Holiday pay liabilities	29 973	21 896
Accrued salaries	54 091	41 684
Contractual liabilities	263 299	234 407
Accrued rental expenses	5 294	4 429
Accrued sales-related costs	74 276	115 452
Accrued marketing costs	5 186	4 081
Accrued legal fees	12 280	9 870
Other accrued costs	17 358	11 561
Carrying value	**537 820**	**485 407**

Parent company	2025-12-31	2024-12-31
Accrued social security contributions on salary and holiday pay	15 567	5 023
Holiday pay liabilities	173	-
Accrued salaries	60	2 658
Accrued audit fees	1 132	977
Accrued legal fees	987	-
Other accrued costs	200	-
Carrying value	**18 118**	**8 659**

For contract liabilities, this refers to prepayments on future services expected to be utilized between 1-3 months. Some contracts that are less significant are also invoiced on an annual basis. Other accrued costs mainly relate to consultancy costs.

Note 27 – Cash flow statement

Changes in liabilities from financing activities		Cash impact			Non-cash	
Group	**2025-01-01**	**Amortization**	**New borrowing**	**Net change**	**Other**	**2025-12-31**
Long-term leasing liabilities	119 871	-19 952	14 069	113 988	-	113 988
Current leasing liabilities	13 697	-13 697	43 555	43 555	-	43 555
Total	**133 568**	**-33 649**	**57 623**	**157 543**	**-**	**157 543**

Note 28 – Pledged assets and contingent liabilities

Financial reporting principles

Information about contingent liabilities is given when there is a possible obligation that is dependent on whether uncertain future events may occur or when there is an existing obligation where payment is not probable or cannot be reliably estimated.

The acquisition agreement for VXA AB (see Note 21) contains a provision for a capital contribution of KSEK 20,000. This payment is conditional upon the acquired company achieving a "commercial product launch," which is defined as the completion of a commercially viable product and the commencement of active sales and marketing activities, as determined by Epidemic Sound's Board of Directors. Due to the uncertainty surrounding the timing and achievement of this milestone, the obligation is treated as a contingent liability.

Note 29 – Transactions with related parties

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and therefore information on these transactions is not disclosed in this note. Information about the Group’s subsidiaries may be found in Note 19 Shares in group companies.

During 2025, a person in a key management position, through the company Ten Tiny Tales Entertainment AB, provided advisory services to a value of KSEK 1,249 (KSEK 909). During 2025, a person in a key management position, through the company FHW Consulting AB, provided advisory services to a value of KSEK 2,624 (KSEK 0). During 2025, a person in a key management position, through the company Adgo Ltd, provided advisory services to a value of KSEK 146 (KSEK 0). The transactions were conducted on market terms.

For information on remuneration of senior executives, see Note 8 Employees and personnel costs.

Note 30 – Share-based payments

Restricted Stock Unit Program

In 2023, the company introduced an RSU program. The initial program, which was adopted by the Board of Directors, includes a total of 210,000,000 units to be allocated over a three-year period. The program is available to all employees and was initiated to give employees an opportunity to partake in the company's future growth without the need for an initial investment. In 2025, a new program was established, which includes a total of 315,000,000 units to be allocated over a three-year period. Each participant is granted a fixed number of RSUs, which vest over a three-year period. Vesting is based on both service period and the company's performance. If an employee terminates their employment before vesting, all units are forfeited.

The RSU program is a share-based payment program that is settled with equity instruments. The share-based payment is based on the fair value at the grant date and is recognized over the three-year vesting period.

The cost for the RSU program has been recognized in the income statement and amounts to KSEK 131,639 (KSEK 39,533).

Changes in RSUs and their weighted average exercise price are as follows:

	Number of RSU	Weighted average price, SEK
Outstanding at the beginning of the period	137 242 493	0,88
Granted during the period	285 564 551	0,95
Lapsed during the period	-78 358 996	0,95
Outstanding at year-end	**344 448 048**	**0,95**

The fair value of the shares has been calculated using Monte-Carlo simulations (500,000 simulations) given the following assumptions:

	2025	2024
Expected volatility (%)	56,1	57,7
Risk-free interest rate (%)	1,9	1,8
Expected life of the options (years)	2,7	3,0
Weighted average share price (SEK)	0,7	0,8

Note 31 – Events after the end of the reporting period

In March 2026 Epidemic Sound’s Co-founder Oscar Höglund announced his decision to step down as CEO after 18 years leading the company, and will take up a position on the board. CFO Sara Börsvik was appointed interim CEO.

Note 32 – Correction of errors

Epidemic Sound has restated its previously issued statements of profit or loss, financial position, and changes in equity for the fiscal year ended December 31, 2024, to correct an error in the prior-period application of the accounting principles in IAS 12, *Income Taxes*. The company identified certain adjustments required in its prior-year financial statements, arising from a reassessment of the deferred tax asset in accordance with IAS 12.

In prior periods, the Group's interpretation of IAS 12 resulted in an undervaluation of deferred tax assets.

Following a detailed review, management has revised its interpretation and application of IAS 12. In accordance with IAS 12.24, a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Furthermore, as clarified in IAS 12.28, the Group now considers the reversal of existing taxable temporary differences as a source of taxable profit against which deductible temporary differences can be offset. This means that when the Group has taxable temporary differences (which will result in future tax payments), the reversal of these differences is considered a source of probable taxable profits that supports the recognition of deferred tax assets. This revised application, as illustrated in the implementation guidance accompanying IAS 12, ensures that deferred tax assets are recognized in the period in which the deductible temporary differences arise, provided that there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in appropriate periods.

This change in accounting interpretation has resulted in the recognition of a previously unrecognized deferred tax asset, which has led to a restatement of the Group's statement of financial position and statement of comprehensive income. Management believes that this revised application of IAS 12 provides a fairer representation of the Group's financial position and performance.

These adjustments have been corrected by restating each of the affected financial statement line items for the prior periods. The individual adjustments underlying the corrections are described below and quantified in the tables below.

In addition to the above, the tax effect relating to the Group's currency hedges has been reclassified, which shall be recognized in other comprehensive income in accordance with IAS 12.61A.

Consolidated income statement

Amount in KSEK	Note	2024-01-01 2024-12-31*	Adjustment	Reclassification	2024-01-01 2024-12-31
Net sales		1 916 995			1 916 995
Other operating income		4 461			4 461
Total revenue		**1 921 456**	**-**	**-**	**1 921 456**
Cost of sales		-306 663			-306 663
Other external costs		-677 492			-677 492
Capitalized work for own account		36 406			36 406
Personnel costs		-832 415			-832 415
Other operating expenses		-34 142			-34 142
Operating profit or loss before depreciation and amortization (EBITDA)		**107 150**	**-**	**-**	**107 150**
Depreciation and amortization		-534 704			-534 704
Operating profit or loss (EBIT)		**-427 554**	**-**	**-**	**-427 554**
Financial income		28 367			28 367
Financial expenses		-9 965			-9 965
Profit or loss before tax		**-409 152**	**-**	**-**	**-409 152**
Income tax		103 424	-23 285	-895	79 244
Profit or loss for the year		**-305 728**	**-23 285**	**-895**	**-329 909**
Profit or loss for the year attributable to:					
Parent company shareholders		-305 728	-23 285	-895	-329 909
Non-controlling interests		-			-
Total		**-305 728**	**-23 285**	**-895**	**-329 909**
Items that have been reclassified or may subsequently be reclassified to the income statement					
Translation difference for the year on translation of foreign operations		5 929			5 929
Change in market value of short-term investments		-57			-57
Currency hedging		-4 346			-4 346
Tax effect on currency hedging		-		895	895
Other comprehensive income for the year		**1 526**	**-**	**895**	**2 422**
Comprehensive income for the year		**-304 202**	**-23 285**	**-**	**-327 487**
Comprehensive income for the year attributable to:					
Owners of the parent company		-304 202	-23 285	-	-327 487
Non-controlling interests		-	-	-	-

*According to previously approved annual report

Group statement of financial position

Amount in KSEK	Note	2024-12-31*	Adjustment	Reclassification	2024-12-31
Assets					
Fixed assets					
Intangible assets					
Goodwill		6 573 654			6 573 654
Capitalized expenditure on development work		115 631			115 631
Other intangible assets		4 394 051			4 394 051
Total intangible assets		**11 083 335**	**-**	**-**	**11 083 335**
Tangible assets					
Equipment, tools, fixtures and fittings		30 237			30 237
Right-of-use assets		132 915			132 915
Total tangible assets		**163 152**	**-**	**-**	**163 152**
Financial assets					
Deferred tax assets		69 319	51 745		121 065
Other financial fixed assets		28 669			28 669
Total financial assets		**97 988**	**51 745**	**-**	**149 733**
Total fixed assets		**11 344 475**	**51 745**	**-**	**11 396 221**
Current assets					
Trade receivables		81 886			81 886
Current tax asset		8 433			8 433
Other receivables		23 186			23 186
Derivatives		79			79
Prepaid expenses and accrued income		163 377			163 377
Short-term investments		79 392			79 392
Cash and cash equivalents		739 868			739 868
Total current assets		**1 096 222**	**-**	**-**	**1 096 222**
TOTAL ASSETS		**12 440 697**	**51 745**	**-**	**12 492 442**

EQUITY AND LIABILITIES	Note	2024-12-31*	Adjustment	Reclassification	2024-12-31
Equity capital					
Share capital		651			651
Other paid in capital		12 111 751			12 111 751
Reserve		8 668		776	9 444
Retained earnings including profit or loss for the year		-1 431 383	51 745	-776	-1 380 414
Equity attributable to parent company shareholders		**10 689 687**	**51 745**	**-**	**10 741 432**
Non-controlling interests		**-**	**-**	**-**	**-**
Total equity		**10 689 687**	**51 745**	**-**	**10 741 432**
Deferred tax liabilities		836 814			836 814
Other long-term liabilities		939			939
Leasing liabilities		119 871			119 871
Long-term provisions		1 379			1 379
Total long-term liabilities		**959 003**	**-**	**-**	**959 003**
Trade payables		141 091			141 091
Current tax liabilities		6 176			6 176
Leasing liabilities		13 697			13 697
Other liabilities		127 487			127 487
Derivatives		3 846			3 846
Short-term provisions		14 305			14 305
Accrued charges and deferred income		485 407			485 407
Total current liabilities		**792 007**	**-**	**-**	**792 007**
TOTAL EQUITY AND LIABILITIES		**12 440 697**	**51 745**	**-**	**12 492 442**

*According to previously approved annual report

The adjustment to equity of KSEK 51,745 also includes adjustments attributable to prior years of KSEK 75,030.

The reclassification refers to the tax effect on the Group's currency hedges, which shall be recognized in other comprehensive income.

Assurance of the Board of Directors and the CEO

In the opinion of the Board of directors and the Chief Executive Officer, the consolidated financial statements and the annual financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and with generally accepted accounting principles and give a true and fair view of the position and performance of the Group and the parent company. The Management Report for the Group and the parent company gives a true and fair view of the Group's and the parent company's activities, position and results and describes the principal risks and uncertainties that the parent company and its subsidiaries face. The results and position in general of the Group and the parent company are shown in the income statements and balance sheets, cash flow statements and notes included in the annual accounts.

The content of the Annual Report was finalized on March 27, 2026.

Stockholm, on the date indicated by our electronic signatures.

Hjalmar Winbladh **Chairman of the Board**	**Jan Zachrisson** **Board member**	**Birgit Haderer** **Board member**
Patrick McBride **Board member**	**Nicolas Dupuis** **Board member**	**Oscar Höglund** **Board member**

Sara Börsvik
Chief Executive Officer

Our audit report was submitted on March 27, 2026
Ernst & Young AB

Andreas Nyberg Selvring
Authorized Public Accountant

Auditor's report

Auditor's report

To the general meeting of the shareholders of Epidemic Sound Group AB, corporate identity number 559286-5231.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Epidemic Sound Group AB for the year 2025 (the financial year 2025-01-01 – 202512-31). The annual accounts and consolidated accounts of the company are included on pages 14-80 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 the 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 International Financial Reporting Standards (IFRS accounting standard), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

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

Other emphasis of matter

We would like to draw attention to Note 32 - Correction of errors, which contains information on the effect of adjustments to previous years' comparative figures. Our statement is not modified in this regard.

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 86-88. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].

- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and conduct the Group audit to obtain sufficient and appropriate audit evidence regarding the financial information of companies or business units within the Group as a basis for making an opinion regarding the consolidated financial statements. We are responsible for the management, monitoring and review of the audit work carried out for the purpose of the Group Audit. We are solely responsible for our statements.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Epidemic Sound Group AB for the year 2025 (the financial year 2025-01-01 – 2025-12-31) 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's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to 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.
- 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.

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

Stockholm on the date stated in our electronic signature

Ernst & Young AB

Andreas Nyberg Selvring
Authorized Public Accountant

Key figures

Epidemic Sound presents certain financial measures and alternative performance metrics (APM) in the Annual Report that are not defined as performance measures under IFRS® Accounting Standards. Epidemic Sound believes that these metrics provide valuable additional information to the company's management as they enable evaluation of trends and performance. Since not all companies calculate financial measures in the same way, they are not always comparable with metrics used by other companies. These financial metrics should therefore not be considered as a substitute for measures defined under IFRS® Accounting Standards or the Annual Reports Act. For definitions and reconciliation of alternative key metrics, see page 87.

Group (KSEK)	2025	2024
Net sales	1 804 227	1 916 995
Total revenue	1 828 260	1 921 456
Operating profit or loss before depreciation and amortization, EBITDA	-199 167	107 150
Adjusted operating or loss profit before depreciation and amortization, EBITDA	-55 015	147 496
Operating profit or loss, EBIT	-760 352	-427 554
Adjusted operating profit or loss, EBIT	-616 200	-387 208
Profit or loss before tax	-753 328	-409 152
Profit or loss for the year	-616 870	-329 909
Cash flow from operating activities	13 914	260 433
Cash and cash equivalents at the balance sheet date	450 664	739 868
Key figures		
Gross margin (%)	84%	84%
Operating margin EBITDA (%)	-11%	6%
Adjusted operating margin EBITDA (%)	-3%	8%
Operating margin EBIT (%)	-42%	-22%
Adjusted operating margin (%)	-34%	-20%
Equity ratio (%)	85%	86%
Number of employees at the end of the period	583	563
Average number of employees	530	558
Equity per share, SEK	0,81	0,85
Balance sheet total	11 978 980	12 492 442

Parent company (KSEK)	2025	2024
Other operating income	12 021	10 855
Operating profit or loss, EBITDA	-76 212	-28 662
Key figures		
Equity ratio (%)	99%	99%
Balance sheet total	12 184 307	12 032 239

Reconciliation of Alternative Performance Metrics (APM)

Group (KSEK)	2025-01-01 2025-12-31	2024-01-01 2024-12-31
Gross profit		
Total revenue	1 828 260	1 921 456
Cost of services sold	-286 128	-306 663
Gross profit	**1 542 133**	**1 614 793**
Gross profit margin (%)		
Total revenue	1 828 260	1 921 456
Gross profit	1 542 133	1 614 793
Gross profit margin (%)	**84%**	**84%**
Adjusted operating profit or loss, EBITDA		
Operating profit or loss, EBITDA	-199 167	107 150
Items affecting comparability	144 152	40 347
Adjusted operating profit or loss, EBITDA	**-55 015**	**147 496**
Adjusted operating margin, EBITDA (%)		
Total revenue	1 828 260	1 921 456
Adjusted operating profit or loss, EBITDA	-55 015	147 496
Adjusted operating margin, EBITDA (%)	**-3%**	**8%**
Adjusted operating profit or loss, EBIT		
Operating profit or loss, EBIT	-760 352	-427 554
Items affecting comparability	144 152	40 347
Adjusted operating profit or loss, EBIT	**-616 200**	**-387 208**
Adjusted operating margin, EBIT (%)		
Total revenue	1 828 260	1 921 456
Adjusted operating profit or loss, EBIT	-616 200	-387 208
Adjusted operating margin, EBIT (%)	**-34%**	**-20%**

Items affecting comparability	2025	2024
Adjustment for items affecting comparability		
VAT and sales tax	6 446	24 910
Termination costs	33 135	15 437
RSU costs	104 572	-
Total items affecting comparability	**144 152**	**40 347**

Termination costs relate to personnel costs when restructuring the organization. VAT and sales tax relate to regularization of historical exposure.

Definitions

Key figures	Definition	Comment
Sales growth	Development of net sales compared to the same period last year.	Used by management to assess the Group's growth rate.
Gross profit margin	(Net sales - Sales costs)/ Net sales	Used by management to monitor the Group's sales performance, including direct costs of raw materials and supplies.
EBITDA	Operating profit or loss before depreciation and amortization.	Shows the business's underlying development, adjusted for the effect of depreciation, in relation to sales, which is valuable as an indication of the business's underlying cash generating abilities and provides the management with information about the organization's efficiency and profitability.
EBITDA margin, %	Operating profit or loss before depreciation and amortization, as a percentage of income for the period	
Adjusted operating profit or loss, EBITDA	Calculated as operating profit or loss before depreciation and impairment excluding items affecting comparability.	The adjusted metric gives a better understanding of the business's profit.
Adjusted operating margin (%)	Adjusted operating margin, excluding non-comparable items	
EBIT	Operating profit or loss – Profit or loss before tax and financial items.	Provides management with information on the efficiency and profitability of the organization.
EBIT margin, %	Operating profit or loss, as a percentage of income for the period	
Balance sheet total	Total assets	Provides management with information on the capital commitment of the business
Equity ratio	Equity at end of period in relation to total assets at end of period	Provides management with information on the financial sustainability of the business during a period of negative performance and the proportion of the business financed by equity and external capital.
Net cash	Interest-bearing liabilities (excluding leasing liabilities) less interest-bearing assets, short-term investments, and cash and cash equivalents.	Provides management with information on the financial status of the business.
Items affecting comparability	Items affecting comparability are items that are of a non-recurring nature, such as costs in connection with restructuring, and with considerable effect on the company's financial results, which affect comparability between different periods.	Specific reporting of items that disrupt comparability between different periods gives an increased understanding of the company's financial results.
Equity per share	Equity, including holdings without a controlling influence, divided by the average number of shares outstanding	Gives shareholders an opportunity to compare book value with market value.

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