

# Epidemic Sound



Group AB



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# Message from our *CEO*

Yo!

If the adage “Time flies when you’re having fun” holds true, then 2024 has been nothing short of exhilarating for Epidemic Sound. Intrigued? If you need more motivation to read on then know that, in the five minutes it should take you to read this foreword, Epidemic Sound’s music will have been heard millions of times globally. To find out just how many, read on.

Since 2009, Epidemic Sound has grown from an ambitious idea into a global powerhouse, the leading soundtracking platform, with a mission to soundtrack the world. In 2024, we delivered on this mission more profoundly than ever. With 3 billion daily views of videos featuring our music on YouTube and TikTok alone, this year has manifested the magic of what we have defined as the Epidemic Effect.

Uniquely we operate at the intersection of the creator economy and the music industry, soundtracking the content of professional creators and all sizes of brands while powering the careers of artists and music producers. As the ultimate soundtracking partner, we harness the power of music, sound, technology, and creative vision in a symbiotic relationship that amplifies both creators and artists. Our unprecedented distribution power drives global visibility and sustained growth for our artists while revolutionizing how audiences discover, consume, and connect with music on a massive scale. This year we’ve seen our tracks gain more viral moments than before, a proof that the Epidemic effect is working.

When our tracks are used in videos, they reach vast audiences who seek out the music, Shazam the tracks, and find them on music streaming platforms, creating exponential reach that drives real impact. Throughout 2024 we’ve witnessed this effect with more power, more frequency, and more impact than ever before. We’ve seen organic viral moments such as [Victor Lundberg](#) and [Gamma Skies](#) track ‘[Seasons of Love](#)’ which gathered more than 30 million views in just two months after featuring in [I’m Turning Into A Vampire](#) by MSA (over 22.7 million subscribers). Our aim is to continue to forecast, identify and harness these viral moments with even more accuracy and impact.

Quality runs through our core. And in 2024 we’ve continued to enhance that through our music, our sounds and our products. Here’s how.

Starting with music, a major highlight of this year has been the incredible partnerships with renowned musicians such as the legendary guitarist [Johnny Marr](#), founding member of The Smiths, techno pioneer [Richie Hawtin](#), and Grammy-nominated recording artist [Jordin Sparks](#). These partnerships not only enrich our music catalog but also offer unique mentorship opportunities for emerging artistic talent and provide creators with an ever more rich and diverse choice of music to inspire them.

Music is just part of the art of soundtracking. The skill of sound design is something to be marvelled at. It enhances a story in the way that you instinctively know is right, just as your senses will scream at you when it’s



not. Our users know this and demand excellence. This year we acquired Soundly, one of the best sound effects companies in the world, whose sound designers quite literally go to the ends of the earth to capture the sounds to make stories come alive. With the subsequent integration of Soundly's catalog into the Epidemic Sound platform, our customers now benefit from a selection of over 250,000 quality tracks and sound effects, knowing that whatever they use and wherever they publish, their content is fully protected by our unique licensing model. We will continue to use M&A to make high impact "tuck-in" investments that will accelerate our strategy. Soundly is a perfect fit.

What's better than having world-class music and sound effects? Having world-class music and sound effects that seamlessly fit into our customers' creative processes. Our cutting-edge advancements enable creators to discover, customise, and integrate the perfect music and sound, transforming their visions faster and more seamlessly than ever before. Innovations this year include Create Versions, enhanced AI-powered sound-matching based on different mediums, and the launch of plugins across Adobe and DaVinci Resolve. All of which have developed the way our users can find the right sound, make it perfect for their content, and stay in creative flow with the simplicity of soundtracking directly within their preferred editing software.

In harnessing AI to drive productivity for our creators and how we work at Epidemic Sound, we will never lose sight of our core belief that technology should empower, not replace, the artistry and craft of both music and of content creation. Our artist-centric approach to AI will continue to place artists at the heart of our model. The quality of music we offer, along with our commitment to continue to make sure artists are fairly remunerated in this AI-paradigm, will continue to lift and differentiate us from our competitors.

Of course no CEO foreword would be complete without a nod to our impressive growth. In financial terms we've continued to hit more milestones, reaching a positive adjusted EBITDA of MSEK 147. Behind this figure is a story of continued strong

revenue of 29% growth across the business, with particular success across our enterprise and digital rights claiming. Achieving growth and profitability has been the result of successfully targeted strategies, effective tactics, successful acquisitions to deepen and strengthen our core business, and a firm grip on cost and operational effectiveness. This has given us additional strength, depth and breadth, delivering results not just for this year but for the years ahead.

We opened the year with a comprehensive rebranding of Epidemic Sound – a bold transformation that aligns with the maturity and growth we've achieved over the past 15 years. It's a new identity that marked our evolution from an innovative disruptor in the music industry to one where we stand boldly and proudly, not just as the soundtracking partner of choice for creators at every level and for artists, but as a partner who will grow, protect and nurture their human talent while harnessing the power of technology and AI so that they can be both seen and heard.

We finish the year with that same bold outlook for the years ahead. Epidemic Sound stands in the unique spot between human artistry and technology which powers productivity and distribution on a scale that's hard to imagine.

That's it. One thousand words, and over 10 million times our music has been heard across the world in the five minutes it's taken to read this. Imagine just how many times that would be if you read the whole report?

Mind blown. Stay metal.

Oscar.







# Who we are

## *A snapshot*

Epidemic Sound makes soundtracking content simple with *unlimited access* to over 50,000 world-class tracks and 200,000 Hollywood-grade sound effects.

From individual YouTubers to production companies, broadcasters, and global brands, content creators of any size can easily add music and sound to their videos across all platforms — without worrying about copyright claims, hidden fees, or takedowns. Epidemic Sound is the only company in this space that fully owns its music, with 100% affiliate-free tracks and sounds.

While providing content creators and brands with soundtracks to elevate their content, the Epidemic Sound ecosystem offers artists a way to thrive both commercially and creatively, and make a living in music. We're proud to compensate our artists competitively via upfront payments, splitting music streaming royalties 50/50, and quarterly bonuses based on performance.

## Our vision

is a world where music flows freely and fairly. By that, we mean that music is powerful. It touches our emotions and influences our actions. That's why everyone should be able to create and use music without complexity.

## Our mission

is to soundtrack the world. In the world, as we envision it, creators flourish and music can easily be shared through any channel, anywhere in the world at any time.

Therefore, we work to break down barriers to create, find and use music – allowing everyone to soundtrack the world.

## Our values

- ▶ Rebel Without a Pause
- ▶ Let's Celebrate
- ▶ Be a Force for Good
- ▶ Come Together

- ▶ Founded in 2009
- ▶ Market leader
- ▶ Our music is heard 3 billion times per day on YouTube and TikTok alone
- ▶ Over 50,000 music tracks across 390 genres and 34 moods, plus 200,000 unique sound effects and variations
- ▶ Offices in 7 locations across the globe: Stockholm, New York City, Los Angeles, Seoul, Berlin, London, and Oslo
- ▶ Operates globally with localized services for customers in 7 countries





# Our 2024 *story*

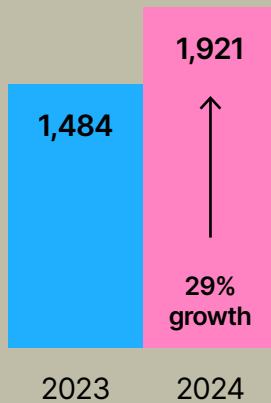
The year as it happened

Q1	Acquiring leading sound effect platform <b>Soundly</b>	Rebranding to champion <b>innovation</b> and <b>creativity</b> for <b>brands, creators, and artists</b>	Launches <b>new campaign</b> “A Sound For Every Feeling” to highlight the emotive power of music		
Q2	Extends <b>Adobe Premiere Pro</b> plugin access to all subscribers alongside numerous updates	Electronic music pioneer <b>Richie Hawtin</b> partners with Epidemic Sound to mentor the next generation of artists and global music talent		<b>2024 Future of the Creator Economy Report</b> reveals music's vital role in content success, ongoing AI integration by creators, and advancing creator economy	Receives <b>Great Place to Work certification</b> for the second consecutive year
Q3	<b>Space Ape Games</b> adds Epidemic Sound tracks to its popular music game, <b>Beatstar</b>		<b>Soundly</b> integrates into Epidemic Sound's platform	Epidemic Sound announces intention to enter a <b>collective bargaining agreement (CBA)</b> for employees in Sweden	Epidemic Sound plugin available in <b>DaVinci Resolve</b>
Q4	 Epidemic Sound recognized by the <b>Financial Times</b> as one of <b>Europe's long-term growth champions 2025</b>	<b>Jordin Sparks</b> continues successful partnership with Epidemic Sound, releasing second holiday EP “Joy”	Legendary guitarist, songwriter, and producer <b>Johnny Marr</b> partners with Epidemic Sound to mentor the next generation of artists		

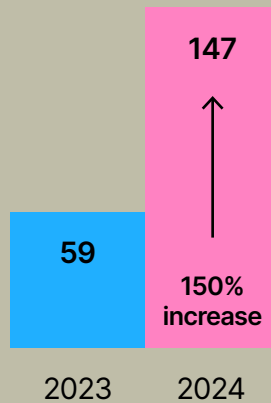


# Financial *highlights*

Net Sales  
(MSEK)



EBITDA – Adjusted  
(MSEK)



Highlights of the year

**29%** Net sales growth

**84%** Gross margin

**819** Net cash (MSEK)

With a positive net cashflow of MSEK 139

## Soundtracking the world in 2024

Over

**2.3 billion**

The average number of views of YouTube videos that include Epidemic Sound's music per day

Over

**50,000**

The number of tracks we offer, spanning 390 genres and 34 moods

Nearly

**700 million**

The average number of views of TikTok videos including Epidemic Sound music per day

Over

**200,000**

The number of Hollywood-grade sound effects in our catalog

Over

**1.6 billion**

The average number of times Epidemic Sound music is played on music streaming platforms per month



# The *Epidemic Effect*

**By 2024, user-generated content (UGC) has become one of the biggest drivers of music consumption, with social media platforms acting as launchpads for viral music moments. As more creators incorporate music into their content, the need for flexible, affordable, and legally safe licensing solutions has become paramount.**

Epidemic Sound stands at the forefront of this shift, offering a frictionless solution that ensures creators can find the perfect track for their content, while musicians enjoy a steady, predictable stream of income from their work and grow their fanbase globally.

It is in this intersection between music and content where we're witnessing unprecedented distribution speed and power that drives global visibility and sustained growth for artists while revolutionizing how audiences discover, consume, and connect with music on a massive scale. We've called this the Epidemic Effect.

Throughout 2024 this effect has grown with more power, more frequency, and more impact than ever before. The aim is to continue to forecast, identify, and harness these viral moments with even more accuracy and impact.

For artists, successful growth (i.e. new launches and catalog optimization) will be driven by the ability to activate, identify, and monetize IP on social platforms, as well as via DSPs.

**“Working with Epidemic Sound last year went so well and it was so easy... the EP I did last year with Epidemic Sound, ‘The Gift of Christmas’, generated over 500 million views and impressions on TikTok and YouTube. I had to ask them, “Is that true?” I didn’t know that you could generate such big numbers, in such a short amount of time.”**

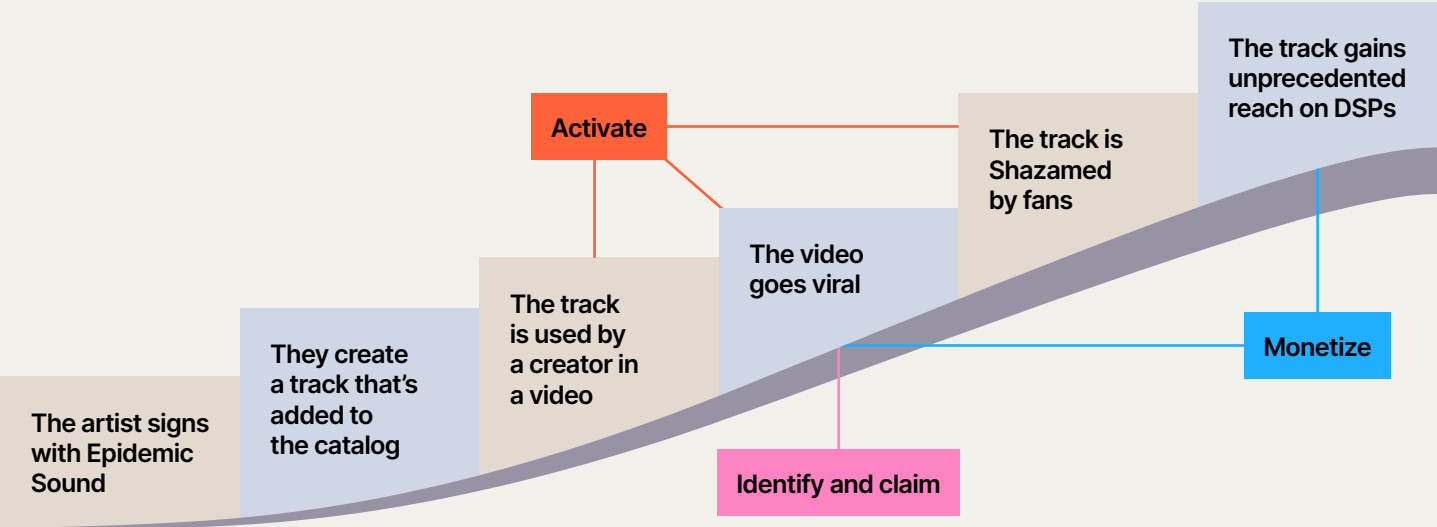
**JORDIN SPARKS**

Grammy-nominated and  
multi-platinum recording artist





# The *Epidemic Effect*



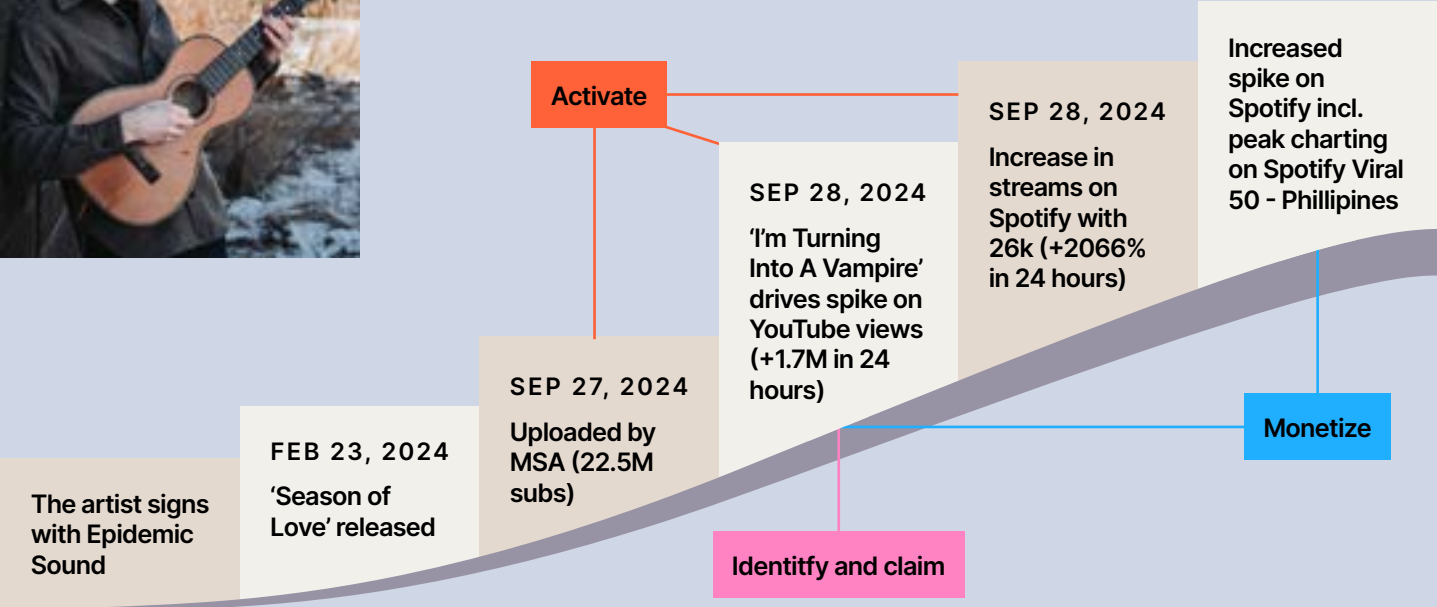
CASE STUDY

## The *Epidemic Effect* in action



Victor Lundberg  
& Gamma Skies

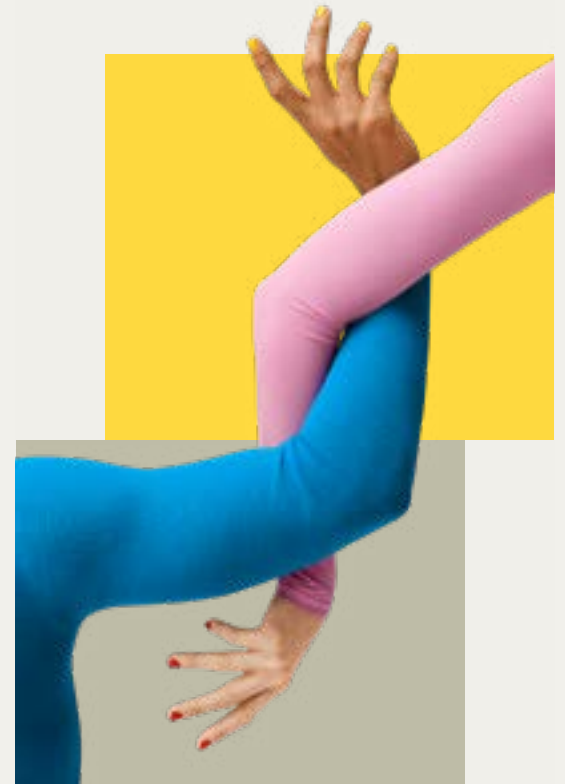
Victor Lundberg & Gamma Skies' track 'Season of Love' amassed over 30 million views within a week after being featured in 'I'm Turning Into A Vampire' by MSA (over 22.7 million subscribers).





# Our *strategy*

We operate at the intersection of the creator economy and the music industry, soundtracking the content of professional creators and all sizes of brands while powering the careers of artists and music producers. As the ultimate soundtracking partner, we harness the power of music, sound, technology, and creative vision in a symbiotic relationship that amplifies both creators and artists. Our unprecedented distribution power drives global visibility and sustained growth for our artists while revolutionizing how audiences discover, consume, and connect with music on a massive scale.



## Our strategy can be described by five distinct choices

1. We solve one problem: Soundtrack digital content for professional creators
2. We monetize through a combination of subscriptions and platform fees (DRM)
3. We partner with real artists, and leverage AI
4. We integrate wherever customers create and distribute content
5. We build a strong brand that is loved by creators, and recognized by our ecosystem





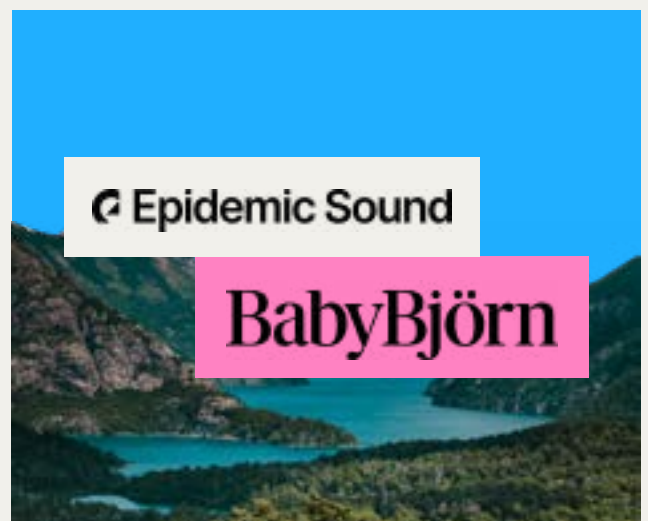
# *Delivering our strategy in 2024*

## 1. We solve one problem: Soundtrack digital content for professional creators

Epidemic Sound delivers an unmatched soundtracking experience for creators and brands. In 2024, we enhanced our tools, doubled our sound effects library via the acquisition of Soundly, and integrated seamlessly into popular editing platforms. Our tracks power global content, earning over 3 billion daily views on platforms like YouTube and TikTok. This year, Epidemic Sound's music was featured in major documentaries, hit TV series, global commercials, and top-charted podcasts, reinforcing our role as a cornerstone of the creator economy. Our diverse customer base includes individual creators, freelancers, marketing teams, broadcasters, media houses, and production companies. Renowned brands like Lululemon, L'Oréal, the BBC, and creators like Linh Truong (1.19M subscribers) trust us for their content needs. Partnerships with companies like Babybjörn, ATP Media, and FabFitFun highlight our ability to elevate brand identity, streamline workflows, and accelerate production speed by 3x.

In 2024 we leaned even more into the needs of professional creators and doubled down on our efforts to enhance the customer experience and win more enterprise clients. By developing features such as single sign-on, admin seats, and adjusting our pricing we could offer an improved experience. During 2024 we welcomed Coca Cola, Nasdaq, Apple, and the Premier League as customers.

In 2024 we also took an even bigger leap into the rapidly growing space of podcasting, an area predicted to surpass 500 million active podcast listeners in 2024, where we now soundtrack some of the world's most popular podcasts, produced by companies such as Acast, Unwell Network, and Realm, all using the platform to amplify content with music and sound.



### CASE STUDY **BabyBjörn**

BabyBjörn partnered with Epidemic Sound to elevate their brand story through music. The music curation team at Epidemic Sound helped develop a heartfelt soundtrack for BabyBjörn's 'Always By Your Side' campaign, seamlessly aligning sound with their message. As a global leader in high-quality children's products, operating in 50 markets, BabyBjörn sought a soundtrack that would capture their creative vision and emotionally resonate with their audience. They needed expert guidance to find the perfect track that conveyed the emotional highs and lows of parenting.

The collaboration enabled BabyBjörn to enrich their campaign with a soundtrack that resonated emotionally and creatively. The 'Always By Your Side' campaign was successfully launched across multiple platforms, helping BabyBjörn connect with their audience through a heartwarming, music-driven narrative.





## CASE STUDY

# The Creator Trend Report

In May 2024, we launched the second edition of our annual [Future of the Creator Economy report](#), offering insights into content creation trends, monetization strategies, AI integration, and top-earning platforms. Based on a survey of 1,500 monetizing creators, the report highlights how creators are honing monetization strategies, strengthening personal branding, and embracing music and new technologies as the creator economy evolves.

## Our key findings were:

**54.9%**

of monetizing creators now identify as full-time in 2024, signaling a 3% rise from 2023 and underscoring a growing dedication to content creation as a primary income source.

**77%**

of monetizing creators feel fairly compensated, thanks to ongoing platform monetization programs, with YouTube leading as the top income source (28.6%).

**84%**

A substantial 84% of content creators continue to leverage AI-powered tools and applications in their content creation process.

**83.7%**

An overwhelming 83.7% of creators emphasize music's importance in fostering audience connections, while 80% agree that it significantly affects content success.

## 2. Monetize through a combination of subscriptions and platform fees

This year we've doubled down on our Enterprise segment and seen new revenue streams take form in our DRM unit. We can now identify and claim on music IPs and by that provide an even bigger pie to compensate our artists from.

For artists, successful growth (i.e. new launches and catalog optimization) will be driven by the ability to activate, identify, and monetize IP on social platforms, as well as via DSPs (see graph under chapter 5; The Epidemic Effect).





### 3. Partner with real artists and leverage AI

The music industry has undergone significant changes, creating a more challenging and complex environment for artists today compared to just a few years ago. Breaking through and earning a sustainable living as an artist has become increasingly difficult, while the grassroots live music scene faces mounting pressures, with venues closing and costs rising.

However, the shifting landscape has also opened up new opportunities for artists to develop and connect with audiences. Sync, collaborations, and social media have all paved the way for new routes. There are now more ways to be heard and paid than ever before in history. For today's artists, success means making a living off music and recognition - not necessarily being signed to a major label. Our business model empowers artists, from emerging artists to global superstars, to thrive commercially and grow their audience.



#### CASE STUDY

### Our commitment to help artists grow and thrive: Ooyy

We can confidently affirm that our long-term relationships with artists have proven to be both sustainable and mutually rewarding. One example is Ooyy who joined forces with Epidemic Sound in 2017. At the time he had no audience or following, and now, after seven years, Ooyy boasts an impressive 8.3 billion views on TikTok, 92 billion views on YouTube, and 1.1 million monthly streams on Spotify. This remarkable success underscores the impact of our in-house team of dedicated A&Rs, who foster enduring partnerships that unlock unparalleled reach and distribution across platforms.

### How we pay our artists

The way we remunerate provides financial stability and predictability, with upfront payments, a 50/50 royalty split from streaming revenues, and a quarterly soundtrack bonus. Meanwhile, Epidemic Sound also gives artists the freedom to work under non-exclusive agreements and to be able to work on multiple projects simultaneously.

With a powerful presence across major platforms and a true commitment to empowering artists, we are not just part of the industry's evolution; we are setting the pace. This year we've collaborated with legendary guitarist Johnny Marr, and techno pioneer Richie Hawtin, as well as Grammy-nominated superstar Jordin Sparks. These partnerships not only enrich our music catalog but also offer unique mentorship opportunities for emerging artistic talent and provide creators with an ever more rich and diverse choice of music to inspire them.

#### Payment for each track commissioned

As of 2024, Epidemic Sound pays a fixed fee of USD \$1,500–\$8,000 per track.

## 50/50

Split on all music streaming royalties.

#### A Soundtrack Bonus

Shared by all artists (USD \$2.9M for 2024).



# Our commitments are clear

At Epidemic Sound, human creativity always comes first. We believe in the transformative power of artists and content creators to inspire and change the world. While we embrace technology and have built our platform on it, technology remains a tool to empower talent, not replace it. We harness AI's potential while solving real challenges for artists and creators.

1. Human creativity will always transcend technology. We will always invest in music from human artists, working directly with them as our primary focus. Human creativity can be supercharged by technology, but never replaced.
2. AI music must provide a revenue stream for artists. If we choose to explore an AI music offering, we will develop our artist remuneration model as a core aspect of this. Our ambition is for this to be industry-leading.
3. AI tools must address genuine user needs. We will stay laser-focused on user needs, developing further AI-powered music discovery features and adaptive tools. Solving real problems for real content creators.

# Leveraging AI for creators

Whether AI is used or not, we are staying laser-focused on user needs to solve real problems for content creators.

Epidemic Sound is uniquely well positioned with regards to AI, including generative AI. From our point of view it's not necessarily about using generative AI to create more music. Rather, our intent is to create world-class tools to improve the soundtracking process, help creators find the right track or sound for their content, and implement it efficiently without friction.

## Our leadership in AI-driven innovation is built on two key strengths:

1. **A fully-owned, high-quality music catalog**  
Providing a legally sound and exceptional foundation for AI model development.
2. **Unparalleled reinforcement data**  
Enabling effective training and refinement of AI tools to meet creators' evolving needs.

Through in-depth user research (see Case Study, page 15) and customer feedback, we know there's significant demand among content creators for tools that streamline sound discovery, increase creative control, and reduce friction. Our tools, which also include AI-powered features such as Soundmatch and Create Versions, meet these demands with ever more accuracy and speed to boost our creator's workflow.

# Our promise is simple

Technology will always serve our artists and creators, ensuring talent and creativity are rewarded above all else.





# AI tools in content creation: Amplifying creativity and efficiency

## CASE STUDY Creator Trend Report

A substantial 84% of content creators are leveraging AI-powered tools and applications in their content creation process, highlighting the sustained impact of AI within the industry.

Creators appreciate these tools for boosting productivity (50.1%), saving time (53.7%), and reducing costs (42.5%).

Despite the numerous benefits, concerns surrounding the use of AI in content creation remain. Quality of AI-generated content is a concern for 48.9%, lack of originality worries 38.5%, and plagiarism apprehensions affect 33% of creators.

Furthermore, 28.7% express reservations about the ethical implications of AI usage in content creation, emphasizing the importance of balancing human creativity and AI capabilities to maintain authenticity and originality.

84%

of content creators are leveraging AI-powered tools and applications in their content creation process

Quality of AI-generated content is a concern for

48.9%

Joshua Mayo  
Full-time content creator



@JoshuaMayo | 800k subscribers

“I admit, I have used AI-powered tools to help me with my content creation process. To maintain a balance between using AI and preserving my unique style and voice, I strictly use AI to help with broad ideas and research.

I never have AI write entire scripts for me or create entire videos. Instead, I'll use it to come up with ideas that I can then expand on using my own mind. Or, if I already have an idea but need help further constructing the idea into a cohesive piece of content, I'll use AI for that as well.

All in all, it's easy for me to preserve my voice because the AI never makes it past the ideation phase or the research phase.”



# 4. Integrate wherever customers create and distribute content

Epidemic Sound has played a critical role in democratizing access to high-quality music for creators of all sizes. By simplifying the licensing process, providing a diverse and ever-growing catalog of high-quality music, and integrating seamlessly with content platforms, we've empowered creators to focus on what they do best — telling stories that resonate.

**Epidemic Sound supports creators at every stage of their journey, focusing on three critical moments:**

► First, to help creators find the right sound with smart discovery. This involves translating creative intent - an idea or mood - into audio recommendations that perfectly match the envisioned vibe. Creators can then seamlessly adapt and generate their creative intent into something that sounds exactly as they envisioned, with minimal effort and maximum inspiration.

► Second, to ensure the sound fits the content flawlessly. The initial track might not align perfectly; it could be too long or too short, feature an ill-timed crescendo, or include an unexpected trumpet solo that disrupts the overall feel. Epidemic Sound's tools streamline the process of editing tracks to perfection, saving content creators significant time and effort.

► Finally, to make soundtracking accessible within the creator's workflow. By integrating seamlessly within leading editing tools, such as Adobe and DaVinci Resolve, Epidemic Sound removes unnecessary friction and enables creators to stay fully immersed in their creative flow.





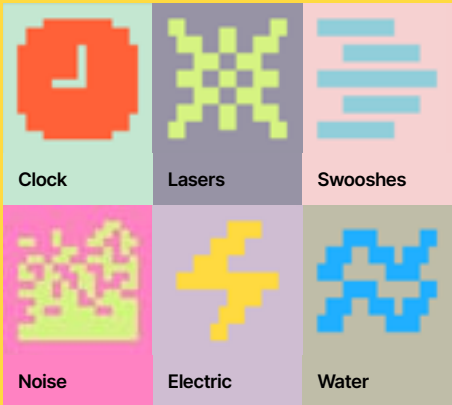
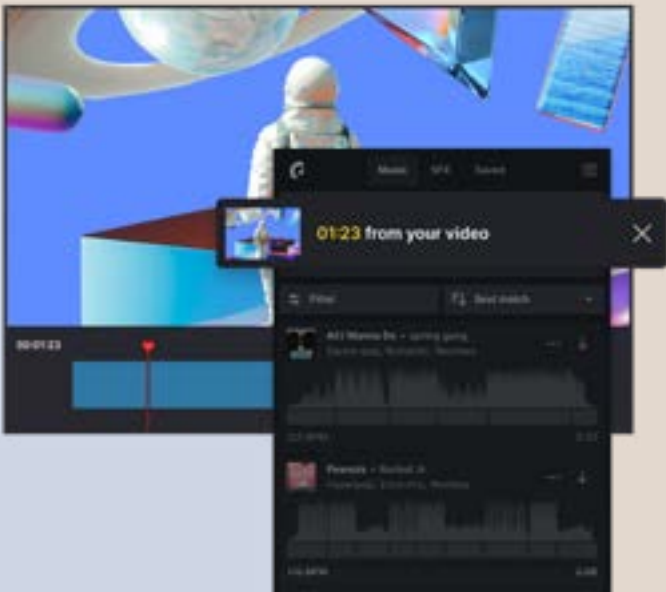


# In 2024, we supported creators *every step of the way*

With Epidemic Sound, users can now:

## Find the *exact* sound

- ▶ Match sound with video - our AI-powered tool analyses video frames and recommends music and sound effects that match the vibe.
- ▶ Search with a reference song or use music to find music.
- ▶ Match sound with descriptions - search for tracks with your own words, or by genre, mood or theme.



## Make it sound *perfect*

- ▶ Create new versions of a track by adjusting length, looping sections and precisely selecting which parts to include or exclude.
- ▶ Choose from over 50,000 tracks and 200,000 Hollywood grade sound effects.

## Stay in *flow*

- ▶ Bring stories to life faster - our plugins allows creators to soundtrack seamlessly where they are.





## 5. We build a strong brand that is loved by creators, and recognized by our ecosystem

A defining moment of this year was our comprehensive rebranding, a transformation that aligns with the maturity and growth we've achieved over the past decade. This new identity wasn't just about changing our look - it was about marking our evolution from an innovative disruptor in the music industry to the definitive soundtracking partner for creators at every level.



### CASE STUDY

## A sound for every feeling

In July 2024, Epidemic Sound received a Silver in the Cannes Lions Awards for the brand campaign 'A Sound for Every Feeling.'

The Cannes Lions Awards is the world's most respected benchmark for creative excellence across the globe. Aside from Epidemic Sound, brands such as Spotify, Coca-Cola, and Apple were among this year's winners.

The campaign highlighted the infinite variety of feelings that humans have – and shows how they truly come to life with the right music and sound. The campaign was developed together with Rethink, Bold Scandinavia / NoA (art direction and creative production partner on digital, motion, and OOH), and Mediahub Worldwide (media partner).





# Press releases 2024

[Epidemic Sound Appoints Former Amazon, Grubhub, and CLEAR executive Sam Hall as Chief Product Officer](#)

[Epidemic Sound Rebrands to Champion Innovation and Creativity for Brands, Creators, and Artists](#)

[Epidemic Sound Announces Upcoming Releases From Katori Walker, Janset, and Tilden Parc Along With New Moves in Latin Music](#)

[Epidemic Sound Launches New Campaign “A Sound For Every Feeling” To Highlight The Emotive Power Of Music](#)

[Epidemic Sound publishes its 2023 Annual Report and Sustainability Report](#)

[Epidemic Sound Extends Adobe Premiere Pro Plugin Access To All Subscribers Alongside Numerous Updates](#)

[Epidemic Sound Announces Upcoming Releases From King Sis, Ebo Krdum and Ooyy, UK Artist Event, And Genres That Are Trending Up](#)

[Electronic music pioneer Richie Hawtin Partners with Epidemic Sound to Mentor the Next Generation of Artists and Global Music Talent](#)

[Epidemic Sound's 2024 Future of the Creator Economy Report Reveals Music's Vital Role in Content Success, Ongoing AI Integration by Creators, and Advancing Creator Economy](#)

[Epidemic Sound receives Great Place To Work certification for the second consecutive year](#)

[Epidemic Sound announces label debut album from Nyck Caution, label debut EP's from Kevin Dailey and The Yard Woman, alongside new releases from Gavin Luke and Sarah, the Illstrumentalist](#)

[Katori Walker's “Himothy” is trending on YouTube – lifting streams 1600% and whole catalog with it](#)

[Aphmau initiates musical partnership with Loving Caliber for the final season of the show My Street](#)

[Epidemic Sound expands within the fashion industry - now soundtracking global brands Under Armour, Eton, RevolutionRace, Axel Arigato, Vagabond Shoemakers, Boozt, and J.Lindeberg among others](#)

[Space Ape Games adds Epidemic Sound tracks to its popular music game, Beatstar](#)

[Epidemic Sound appoints Lisa Appleyard as Vice President of Communications](#)

[Epidemic Sound announces intention to enter a Collective Bargaining Agreement \(CBA\) for employees in Sweden](#)

[Epidemic Sound expands within the podcast industry - now soundtracking Acast, Unwell Network, Realm, Audio Chuck, Pocket FM, and T Brand Studio](#)

[Epidemic Sound and Take More Photos Launch Immersive Exhibition ‘Culture Vanguarders’ Celebrating UK Creative Visionaries at Outernet London](#)

[Epidemic Sound recognized by the Financial Times as one of Europe's Long-Term Growth Champions 2025](#)

[Jordin Sparks Continues Successful Partnership with Epidemic Sound, Releasing Second Holiday EP “Joy”](#)

[Legendary Guitarist, Songwriter, and Producer Johnny Marr Partners with Epidemic Sound to Mentor the Next Generation of Artists](#)

[Epidemic Sound and Changers Hub's mentorship program puts spark into career opportunities for young tech professionals](#)



# Management report 2024



# Management Report 2024

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 01/01/2024 - 12/31/2024. 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, soundtracking the content of professional creators and all sizes of brands while powering the careers of artists and music producers. As the ultimate soundtracking partner, Epidemic Sound harnesses the power of music, sound, technology, and creative vision in a symbiotic relationship that amplifies both creators and artists. The company's unprecedented distribution power drives global visibility and sustained growth for our artists while revolutionizing how audiences discover, consume, and connect with music on a massive scale.

Through its network of artists and music producers, Epidemic Sound has built a world-class and fully controlled music catalog which it offers to its customers to use through a simple licensing model. The artists and music producers include composers, artists, producers, vocalists, and musicians. Epidemic Sound's clients range from individual storytellers who need music for smaller productions posted on social media, to global companies that use music in, for example, customer communications, films, advertising productions, or TV programs. Customers also include companies that design sound for physical environments, major digital licensing retailers, and streaming platforms.

Epidemic Sound offers a wide-ranging music catalog that's continually being updated and includes vocal and instrumental musical works within more than 390 different genres, and world-class sound effects (SFX). At the end of 2024, the music catalog included more than 50,000 works and 200,000 SFX, and has been built up over more than fifteen years, together with a host of hand-picked, talented artists and music producers. Epidemic Sound works closely with the music creators and makes sure that all the music purchased and added to the music catalog is of high quality.

Epidemic Sound's services are integrated into the workflow of creators, integrating itself into the broader ecosystem through partnerships and plug-ins, offering sounds and tools to provide a seamless user experience across multiple platforms. Throughout 2024, Epidemic Sound has continued to improve its service to customers through improved search & discovery, AI services such as SoundMatch and Track Edits, launch of fully featured plug-ins in the Adobe and DaVinci Resolve creative suits, several updates to the companion app, new partnerships, and Digital Rights Management (DRM) services to the benefit of IP owners, such as artists, music producers, and content creators.

Epidemic Sound continues to expand and has set up a strong organization to provide growth in both the short and the long term. During 2024, the Group took important steps in line with its long-term strategy and achieved good results.

Epidemic Sound's head office is located in Stockholm in Sweden, but it also operates through subsidiaries in Germany, the Netherlands, Norway, South Korea, UK and the US. Operations in the Netherlands and Germany were set up in 2014, in the USA in 2016, in South Korea in 2019, in the UK 2023, and in Norway in 2024. The subsidiary Epidemic Sound AB was established in 2009 and now has customers all over the world.



## Key figures

Group (KSEK)	2024	2023	
Revenues	1 921 456	1 484 318	29%
EBITDA	107 150	4 495	2284%
Adjusted EBITDA*	147 496	59 235	149%
EBIT	-427 554	-506 652	19%
Adjusted EBIT*	-387 208	-451 912	17%
Total assets	12 440 697	12 604 432	-1%
Average number of employees	558	535	4%

\* Alternative Performance Metrics (APM)

See key figures on page 91. For definitions and reconciliation of alternative key figures, see page 92-93.

## Significant events during the year

- In January, Epidemic Sound acquired Soundly AS, bringing world class SFX to the customers of the company
- In February, Epidemic Sound appointed former Amazon, Grubhub, and Clear executive Sam Hall as Chief Product Officer
- In February, Epidemic Sound rebranded to champion innovation and creativity for brands, creators, and artists
- In March, Epidemic Sound launched a new campaign “A sound for every feeling” to highlight the emotive power of music
- In May, Epidemic Sound launched its “2024 future of the creator economy report”, that reveals music's vital role in content success, ongoing AI integration by creators, and advancing creator economy
- In May, Epidemic Sound received Great Place To Work certification for the second consecutive year
- In May, Epidemic Sound changed the name of the parent entity of the Group from Epidemic Sound Holding II AB to Epidemic Sound Group AB
- In July, Epidemic Sound announced its expansion within the fashion industry - soundtracking global brands Under Armour, Eton, RevolutionRace, Axel Arigato, Vagabond Shoemakers, Boozt, and J.Lindeberg among others
- In October, Epidemic Sound announced its expansion within the podcast industry - now soundtracking Acast, Unwell Network, Realm, Audio Chuck, Pocket FM, and T Brand Studio among others
- In October, Epidemic Sound was recognized by the Financial Times as one of Europe’s Long-Term Growth Champions 2025



- In December, Epidemic Sound and Changers Hub announced a joint mentorship program to put sparks into career opportunities for young tech professionals
- In December, Blackstone changed its Board of Directors representative from Vini Letteri, to Nicolas Dupuis
- In December, Epidemic Sound appointed Frida Jones as acting Chief Enterprise Sales Officer
- Throughout the year, Epidemic Sound continued to demonstrate the quality of its music and its ability to retain, develop, and attract renowned artists from across genres. For example electronic music pioneer Richie Hawtin and Legendary guitarist, songwriter, and producer Johnny Marr partnered with Epidemic Sound to mentor the next generation of artists and global music talent. Additionally, Epidemic Sound announced the label debut album from Nyck Caution, label debut EP's from Kevin Dailey and The Yard Woman, alongside new releases from Gavin Luke and Sarah, the Illstrumentalist. Also, Epidemic Sound artist Aphmau initiated musical partnership with Loving Caliber for their final season of the show My Street. Another great example was Jordin Sparks continued her successful partnership with Epidemic Sound, by releasing second holiday EP "Joy".

## Net sales and profit

### INCOME STATEMENT IN SUMMARY

Group (KSEK)	2024	2023	
Net sales	1 916 995	1 477 546	30%
Operating profit before depreciation, EBITDA	107 150	4 495	2284%
Operating profit, EBIT	-427 554	-506 652	16%
<b>Profit for the year</b>	<b>-305 728</b>	<b>-400 031</b>	<b>24%</b>

Epidemic Sound's net sales amounted to SEK 1,917 million (SEK 1,478 million). In January, Epidemic Sound acquired Soundly AS, adding worldclass SFX to its offering. The financial results were positively impacted during the year from a stronger US dollar and Euro against the Swedish krona, which is Epidemic Sound 's reporting currency.

Following maintained marketing and sales efforts, Epidemic Sound has demonstrated its continued ability to attract new subscription customers and enterprise customers. Both streaming and DRM revenues has developed well during 2024, driven partly by strong performance of Epidemic Sound's mood music label Overtone Studios, and partly by a more sophisticated and automatized approach to claiming own music IP across social platforms.

In line with our long-term strategy, investments have continued in music, product and technology development, and customer acquisition. Other external costs amounted to SEK -677 million (SEK -592 million). Personnel costs amounted to SEK -832 million (SEK -663 million). Capitalized work for own account amounted to SEK 36 million (SEK 39 million), which relates to product development costs for external use.

Operating profit before depreciation amounted to SEK 107 million (SEK 4 million) as a result of continued scale benefits with a clear disconnect between revenue growth and operational costs, as the company continues to enjoy a significant product market fit across all its revenue streams.

Depreciation of fixed assets amounted to SEK -533 million (SEK -508 million). The amounts (which have no cashflow effect) are largely due to amortization of intangible assets (music catalog, customer contact, and 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 amounted to SEK -428 million (SEK -486 million), primarily as a consequence of depreciation of fixed assets related to the establishment of the new Group company (Epidemic Sound Group AB).

The year also had items affecting comparability amounting to SEK -40 million (SEK -34 million). The costs are related to personnel costs due to the restructuring of parts of the organization, and VAT and sales tax regularization. The costs in 2023 relate to personnel costs resulting from the restructuring of the organization. See table of items affecting comparability on page 92 and note 29.



## Financial position

### BALANCE SHEET IN SUMMARY

Group (KSEK)	2024-12-31	2023-12-31
Fixed assets	11 344 475	11 622 683
Current assets	1 096 222	981 749
<b>Total assets</b>	<b>12 440 697</b>	<b>12 604 432</b>
Equity	10 689 687	10 923 482
Long-term liabilities	959 003	1 032 998
Current liabilities	792 007	647 952
<b>Total equity and liabilities</b>	<b>12 440 697</b>	<b>12 604 432</b>

Epidemic Sound's balance sheet total amounted to SEK 12,441 million (SEK 12,604 million) at the end of the period. Equity in the Group amounted to SEK 10,690 million (SEK 10,923 million), which corresponds to an equity ratio of 86 (87) percent.

### CASH FLOW AND LIQUID ASSETS

Group (KSEK)	2024	2023
Cash flow from current activities	260 433	145 086
Cash flow from investing activities	-96 285	-188 379
Cash flow from financing activities	-25 449	-27 174
<b>Cash flow for the period</b>	<b>138 699</b>	<b>-70 467</b>

Reported cash flow for the year amounted to SEK 139 million (SEK -70 million).

Cash flow from operating activities during the period amounted to SEK 260 million (SEK 145 million), mainly related to improvement of EBITDA and changes in working capital.

Cash flow from investment activities amounted to SEK -96 million (SEK -188 million), mainly with investments in intangible fixed assets, financial instruments, settlement of earn-out from the acquisition of Overtone Studios AB, and the acquisition of Soundly AS. The previous year's cashflow was mainly related to investments in intangible fixed assets and earn-out from the acquisition of Overtone Studios AB. Investments in tangible and intangible fixed assets totaled SEK -162 million (SEK -150 million) and relate mainly to the music catalogue and proprietary systems.



Cash flow from financing activities amounted to SEK -25 million (SEK -27 million), related to amortization of lease liabilities, and new share issue. The previous year's cash flow was mainly related to similar items.

## Research and development

Epidemic Sound has a strong focus on the development of its own products, services, and technology. The development work is led by the head office in Stockholm. Our product development is capitalized when the criteria for development in IAS 38 are met. In 2024, SEK 36 million (SEK 39 million) of the company's total payroll costs of SEK -832 million (SEK -663 million) were capitalized.

## Employees

The number of employees at the end of the period was 563 (484). The average number of employees in 2024 was 558 (535). The number of women was 274 (271).

Recruiting, retaining, and developing people with the right skills and attitudes is extremely important, and Epidemic Sound invests heavily in internal development and training. Our ambition is for all employees to feel involved and responsible for the company's development and places high demands on personal responsibility and initiative. Creating a multi-faceted and inclusive work culture that's free of discrimination and harassment is a prerequisite for success and is a matter of the greatest importance and focus for Epidemic Sound

Information on remuneration paid to 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 9 million (SEK 17 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 36 million (SEK 39 million). As of December 31, 2024, total capitalized product development after depreciation amounted to SEK 116 million (SEK 100 million). Depreciation of capitalized product development during the year amounted to SEK -20 million (SEK -13 million).

Intangible fixed assets related to music purchases acquired during the year for SEK 115 million (SEK 95 million) and the depreciation of these assets during the year amounted to SEK -41 million (SEK -30 million).

For the full year, depreciation amounted to SEK -533 million (SEK -508 million) and impairment to SEK -2 million (SEK -3 million) related to all fixed assets. The depreciations (which have no cashflow effect) are largely due to amortization of intangible assets (music catalog, customer contact, and customer relations, and the technical platform), which derive from when the new Group company (Epidemic Sound Group AB) was established in December 2020.

## Ownership structure

Epidemic Sound's largest owners per December 31, 2024 are shown in the following table:

Ownership of the parent company is distributed as follows:	Shares, %	Votes, %
EQT	32%	33%
Founders	18%	19%
Blackstone Growth	17%	18%
Creandum	12%	12%
Other institutional shareholders	9%	10%
Others, incl. incentive program	11%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>





## Market and future prospects

Epidemic Sound's expansion continues in line with its current strategy. All our business areas are developing well 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](https://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 93, we note how Epidemic Sound defines its key figures, as well as the purpose of each key figure. On page 91, 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 12,032 million (SEK 11,892 million) and equity to SEK 11,930 million (SEK 11,819 million).

The parent company's share capital amounted to SEK 650,947 (SEK 646,891) at year end 2024. For changes in share capital between 2023 and 2024, see "Report on changes in equity" for the Group. For a description of number of shares and nominal value for Epidemic Sound, see Note 19 Equity.

## Events after the end of the reporting period

During February 2025, Birgit Haderer was appointed as Audit Chair and Member of the Board.

Epidemic Sound will enter a collective bargaining agreement (CBA) with Swedish labor unions Unionen and Sveriges Ingenjörer on April 1, 2025.

## 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 2025 and that there is no obstacle to continuing to operate in accordance with established strategies and to meet its short-term and long-term obligations.

## Annual General Meeting

The 2025 Annual General Meeting will be held in Stockholm on May 30, 2025.



## Proposed appropriation of non-restricted equity (SEK)

The Board of Directors proposes that no dividend be paid and that the profit 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	2024-12-31
The following profits are at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	11 946 189 258
Retained earnings	-57 137 518
Profit for the year	40 489 266
	<b>11 929 541 006</b>
The Board proposes that all non-restricted funds be	
Carried forward	11 929 541 006



## 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. In this section, we briefly describe how we have identified and classified our most significant risks, and how we manage them.

### Epidemic Sound's 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 relevant risks using a risk matrix to assess likelihood of occurrence and impact if it would occur. Quantifying risks in a risk matrix allows for an appropriate allocation of time and resources to risk mitigation. Responsibilities for managing risks are assigned within the management team. 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 is structured around three principal areas, i.e. risk categories:

#### Market risks/strategic risks

Market risks refer to external factors, events, or changes in the markets where Epidemic Sound operates that could impact our ability to reach our goals, e.g. technology advancements, cyber-crime, and regulatory changes that could have a direct impact on our business model and/or internal operational processes. These are events we cannot fully control but must respond to. Each event has a downside (risk or threat) and an upside (opportunity), and its impact could have a positive or negative effect depending on how we manage it. Identifying and addressing market risks is part of our strategic planning, which is why they are also called strategic risks.

#### Operational risks

Operational risks primarily involve internal factors or events that could disrupt our ability to achieve set goals. These risks may include process failures, system breakdowns, challenges related to recruitment and retention of critical talent, or other issues within our organization. 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.

#### Administrative and financial risks

*Administrative* risks refer to the internal factors or events that could hinder our ability to release accurate and timely financial reporting and are part of our ongoing administrative work and financial reporting processes to manage. In addition, Epidemic Sound faces financial risks, such as fluctuations in exchange rates and credit risks.



## Market risks/strategic risks

### **A - Technological advancements in the market**

The digital landscape is undergoing rapid transformation, with advancements in sophisticated technologies like artificial intelligence driving shifts in market trends and customer expectations. These advancements present both opportunities and risks that influence our product strategy. Competitors who adopt and implement AI innovations faster may gain a competitive edge and failing to evolve with these technological advancements in relation to customer expectations and needs, poses risks, such as reduced customer satisfaction and engagement.

AI technology allows us to enhance the soundtracking experience for content creators by streamlining processes and offering innovative features and tools. For example, we have launched AI-powered music discovery tools and soundtracking features designed to save time and improve the precision of matching and adapting sound to content. To unlock the potential of AI in the creative process, we are committed to continue to invest in advanced technology, AI-powered tools and as well as recruiting key expertise.

### **B - External regulatory changes**

External regulatory changes stem from new or amended laws and regulations that affect our operations, in particular changes with regards to copyright laws for generative AI, but also GDPR updates, or changes to taxation frameworks. These changes are beyond our direct control and could require us to adapt our strategies, processes and product to maintain compliance.

Failure to respond to external regulatory changes can lead to restrictions on how our solutions can be developed or deployed. To mitigate these risks, we actively monitor developments in the regulatory landscape and engage with industry groups and policy makers to stay informed about changes and potential impact the upcoming changes could have on our business model and/or operations

### **C - Cybercrime**

Cybercrime is an ever-growing threat, taking many forms and targeting critical infrastructure, digital systems or data. These include activities such as phishing, ransomware, and Distributed Denial of Service (DDoS) attacks, designed to steal sensitive information, disrupt operations, or exploit vulnerabilities. We have seen an increased number of attacks over the past years targeting employees through social engineering and malicious campaigns, and we are committed to invest in tooling, systems, competence, processes and training to safeguard our operations and the potential damage and consequences these activities could lead to.

To mitigate these risks, we have adopted a structured approach and implemented robust cybersecurity tools, processes, controls and competence, guided by the NIST 2.0 framework to ensure that we minimize risk exposure, enhance detection, and ensure rapid response to cybercrime threats.

Examples of risk mitigating measures include implementation of intrusion detection systems and endpoint protection solutions to prevent unauthorized access. We conduct regular penetration testing, as well as mandatory and targeted employee training on how to recognize phishing attempts and other cyber threats. We have implemented monitoring tools and incident response plans and training to be able to act quickly in the event of a cyberattack. We conduct regular backup of data and test recovery processes to ensure business continuity. We are continuously monitoring the threat landscape to adjust security measures to address emerging risk accordingly.



## Operational risks

### **D - Service disruption and platform reliability**

Our technology platforms, including the underlying infrastructure, are critical for ensuring availability and seamless operations for both our customers and employees. Any disruption to these platforms could affect service availability, productivity, and operational efficiency. To mitigate these risks, we maintain robust IT processes, e.g. standardized change management procedures, incident response and disaster recovery plans. With real-time monitoring tools we can ensure early detection of potential issues or errors, and we continuously work with infrastructure security enhancements.

### **E - Information security breaches**

Information is at the core of everything we do – whether it's the data we use to improve our products, the systems we rely on to deliver services, or the trust customers place in us to protect their information. The information security risks aren't just about hackers or external threats. Internally, even small mistakes, like not updating a system on time, or granting the wrong level of access to sensitive data, can create vulnerabilities. Therefore, it is crucial that we have strong processes in place to protect our data and systems. Fundamentally, our routines and processes follow the standards outlined in NIST 2,0 framework for information security and data classification and protection rules. For example, we have implemented technologies like multi-factor authentication and a single-sign-on solution to strengthen our access controls around sensitive data.

But security isn't just about technology – it's also about people. That's why we provide regular training for our employees, helping them recognize threats like phishing emails and understand how to identify and handle sensitive data securely. We believe that awareness at every level of the company is key to reducing risk. In addition to prevention, we're prepared to act if something does go wrong. Our internal monitoring systems are designed to catch unusual activity as soon as it happens to take appropriate and timely actions, and our backup and recovery processes ensure that we can get back on track quickly.

### **F - Talent recruitment and retention**

Our people are the driving force behind everything we do. Whether it's adopting new technologies like AI, responding to market trends, new regulations, or building innovative solutions, none of it is possible without skilled, motivated employees. Therefore, finding and keeping top talent is essential. This isn't just about hiring – it's also about creating a workplace in a work environment where people come together, be productive, feel supported, and excited to contribute. At Epidemic Sound we are dedicated to creating a great place to work for everyone. We are committed to building a positive, inclusive workplace culture where people feel they can thrive, but at the same time feel that they are offered fair and competitive compensation. We have invested a lot in processes helping employees grow, with clear performance and development processes and opportunities like mentorship programs for key employees.

By focusing on our people, we're building a strong foundation to drive innovation, stay competitive, and adapt to new trends and technologies. It's about making sure we're ready for what's next while creating a workplace that attracts and keeps the talent that powers our success.



## Administrative and financial risks

### **G – Risk of inaccurate financial reporting**

We are continuously updating risk analysis and assessment of risks that could lead to misstatements in financial reporting. Based on this assessment, we review processes and revisit controls to address any gaps. Additionally, we perform a yearly assessment of our internal controls, ensuring they remain effective and aligned with best practices. These are the systems and checks we have in place to catch errors, prevent issues, and ensure everything is done according to the compliance rules.

### **H – Currency risk**

As a company operating in a global market with several subsidiaries across different countries, managing currency fluctuations is a critical aspect of our financial strategy. We face two types of currency risks that directly impact our financial results: Transaction risk where trade receivables and trade payables denominated in other currency than SEK has a direct impact on our financial result and translation risk as foreign subsidiaries are consolidated into the company's functional currency SEK. For both risks, we have established strategies to create stability on our financial performance.



## Market risks/strategic risks

Risk	Definition	Risk treatment
<b>A Technological advancements in the market</b>	Rapid advancement in technology, particularly in artificial intelligence, that shifts market trends and customer expectations.	<ul style="list-style-type: none"><li>• Ongoing market research to anticipate AI-driven expectations.</li><li>• Continuous investment in advanced AI technologies, tools and expertise.</li><li>• Enhancing innovation to meet evolving customer needs.</li></ul>
<b>B External regulatory changes</b>	The risk arising from external legal and regulatory developments, impacting our business model and operational processes, e.g. changes to copyright law, GDPR updates and local tax laws.	<ul style="list-style-type: none"><li>• Continuous monitoring of regulatory changes and their potential impact on our operations and business model.</li><li>• Close collaboration and dialogue with network groups and legal expertise.</li></ul>
<b>C Cybercrime</b>	Malicious external threats targeting our digital assets, systems, or data. These include activities such as hacking, phishing, ransomware, or DDoS attacks, designed to steal sensitive information, disrupting operations, or exploiting vulnerabilities.	<ul style="list-style-type: none"><li>• Continuously monitor the threat landscape to adjust security measures, and adapt defenses to address emerging risks</li><li>• Implemented robust cybersecurity tools, including firewalls, antivirus software, intrusion detection system and endpoint protection solutions to prevent unauthorized access.</li><li>• Regular penetration testing.</li><li>• Employee training to recognize phishing attempts and other cyber threats.</li><li>• Monitoring tools and Incident response plan to act quickly in the event of a cyberattack.</li><li>• Regular backup data and test recovery processes to ensure business continuity in case of a potential attack.</li><li>• Strengthened data protection with stricter access controls and data loss prevention strategies.</li></ul>

## Operational risks

Risk	Definition	Risk treatment
<b>D Service disruption and platform reliability</b>	Disruption to our technology platforms, including underlying infrastructure, potentially impacting service availability for customers and operational efficiency for employees. This poses a risk to continuous service delivery, development cycles, and organizational productivity.	<ul style="list-style-type: none"><li>• Implemented robust IT processes and controls, including access management and change management.</li><li>• Regular updates and infrastructure enhancements to maintain platform reliability.</li><li>• Quality assurance and user acceptance testing to ensure system stability</li><li>• Real-time monitoring tools and internal processes to detect and resolve potential issues promptly.</li><li>• Yearly updated disaster recovery plans to ensure operational resilience.</li></ul>
<b>E Information security risk (internal)</b>	Internal vulnerabilities within the organization, such as insufficient access controls, outdated systems, human errors, or gaps in security awareness, which can lead to unauthorized access, data loss, or operational inefficiencies.	<ul style="list-style-type: none"><li>• Implementation of Data classification and protection rules, to secure data handling, storage, and sharing.</li><li>• Regular security awareness training to employees, to recognize and mitigate risks like phishing or improper data handling.</li><li>• Strengthened data protection with stricter access controls and data loss prevention strategies.</li><li>• Maintain robust backup processes and test recovery capabilities, to minimize the impact of data loss.</li><li>• Use of real-time monitoring tools to detect and respond to unusual activities within systems.</li></ul>
<b>F Talent recruitment &amp; retention</b>	Attracting and retaining top talent is critical and essential for success. The risk arises from increasing competition for skilled professionals, as well as evolving employee expectations regarding workplace culture, flexibility, compensation and career development.	<ul style="list-style-type: none"><li>• Offers competitive compensation packages, including incentive programs for all employees.</li><li>• Committed to fostering a positive and inclusive workplace culture where people feel they can thrive.</li><li>• Offering flexible work options to meet the evolving needs of our employees.</li><li>• Leadership and Manager training program</li><li>• Targeted recruitment and Employer brand marketing to attract top talent.</li><li>• Strong focus on internal processes for performance and development including mentorship program.</li></ul>

## Administrative and financial risks

Risk	Definition	Risk treatment
<b>G Risk of inaccurate financial reporting</b>	Risk of errors that could occur in our financial processes and supporting systems, leading to misstatements in the external and internal financial reporting.	<ul style="list-style-type: none"><li>• Yearly risk assessment, process updates and controls revision.</li><li>• Yearly assessment and evaluation of implemented control activities.</li></ul>
<b>H Currency risk</b>	Currency risk arises where transactions and financial consolidation are denominated in a currency other than the company's functional currency of SEK and ultimately causes volatility in our financial statements.	<ul style="list-style-type: none"><li>• Currency risk management framework governed by the Treasury Policy including risk appetite, risk limits and risk mitigation.</li><li>• Regular scenario analysis to evaluate the potential financial impact of currency movements.</li><li>• See note 21 for more details regarding Financial risks.</li></ul>





# Financial reports



# Financial reports

## Consolidated statement of comprehensive income

Amount in KSEK	Note	2024-01-01 2024-12-31	2023-01-01 2023-12-31*
Net sales	3	1 916 995	1 477 546
Other operating income	4	4 461	6 772
		<b>1 921 456</b>	<b>1 484 318</b>
Cost of sales		-306 663	-232 525
Other external costs	6,7	-677 492	-591 546
Capitalized work for own account		36 406	39 382
Personnel costs	8	-832 415	-662 880
Other operating expenses	5	-34 142	-32 253
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>107 150</b>	<b>4 495</b>
Depreciation and amortization	3,7,11,12	-534 704	-511 147
<b>Operating profit (EBIT)</b>		<b>-427 554</b>	<b>-506 652</b>
Financial income	9	28 367	26 044
Financial expenses	9	-9 965	-10 978
<b>Profit before tax</b>		<b>-409 152</b>	<b>-491 587</b>
Income tax	10	103 424	91 555
<b>Profit for the year</b>		<b>-305 728</b>	<b>-400 031</b>
<b>Profit for the year attributable to:</b>			
Parent company shareholders		-305 728	-400 031
<b>Total</b>		<b>-305 728</b>	<b>-400 031</b>

\*Numbers have been adjusted in accordance with note 29

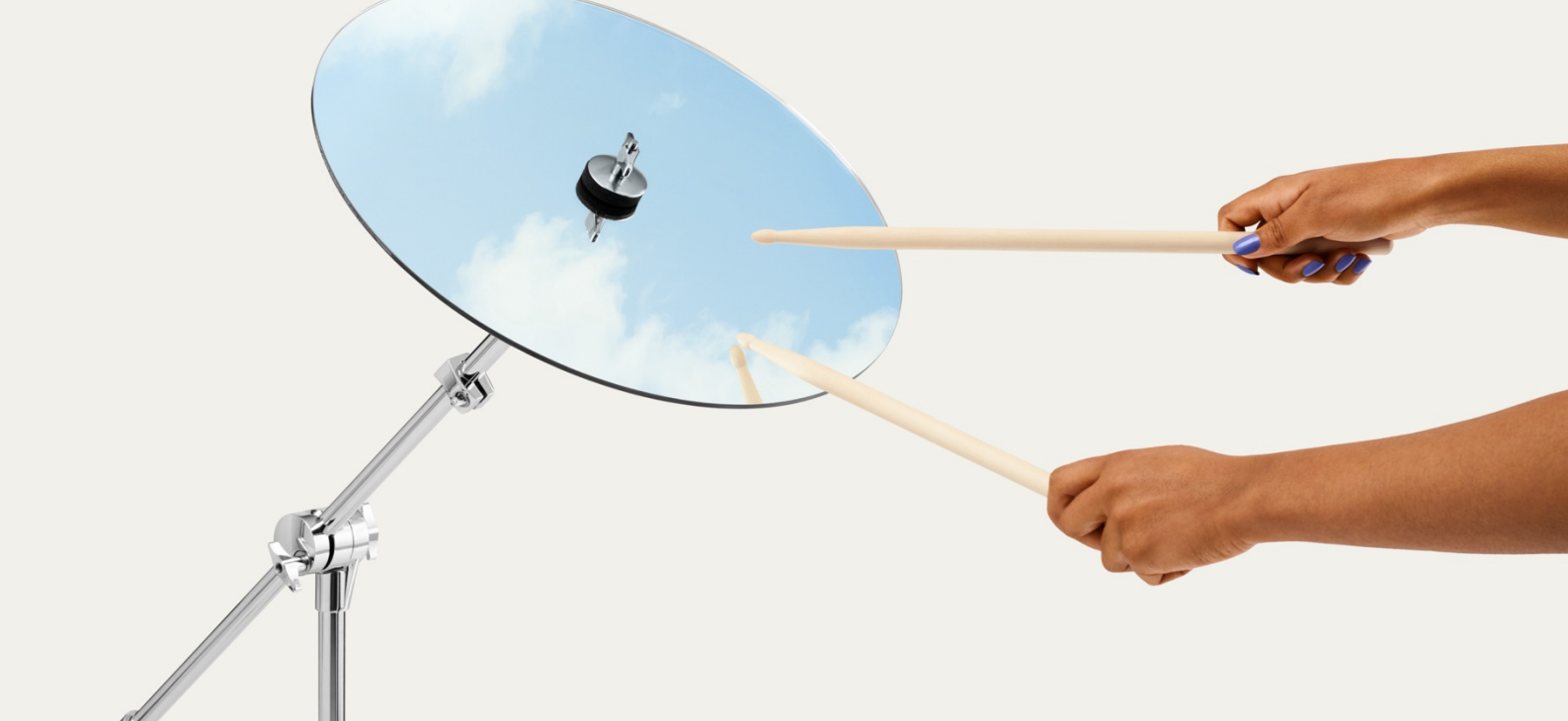


## Consolidated statement of comprehensive income

Amount in KSEK	Note	2024-01-01 2024-12-31	2023-01-01 2023-12-31*
Profit for the year		-305 728	-400 031
<i>Items that have been reclassified or may subsequently be reclassified to the income statement</i>			
Translation difference for the year on translation of foreign operations		5 929	-2 353
Change in market value of short-term investments	13	-57	203
Currency hedging	21	-4 346	579
<b>Other comprehensive income for the year</b>		<b>1 526</b>	<b>-1 571</b>
<b>Comprehensive income for the year</b>		<b>-304 202</b>	<b>-401 603</b>
<b>Comprehensive income for the year attributable to:</b>			
Owners of the parent company**		-304 202	-401 603

\*Numbers have been adjusted in accordance with note 29

\*\*Comprehensive income for the year are in total attributable to the parent company's shareholders



## Group statement of financial position

Amount in KSEK	Note	2024-12-31	2023-12-31*
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets and goodwill</b>			
Goodwill	11	6 573 654	6 573 654
Capitalized expenditure on development work	11	115 631	100 321
Other intangible assets	11	4 394 051	4 691 588
<b>Total intangible assets</b>		<b>11 083 335</b>	<b>11 365 563</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	12	30 237	29 701
Right-of-use assets	7	132 915	142 679
<b>Total tangible assets</b>		<b>163 152</b>	<b>172 380</b>
<b>Financial assets</b>			
Deferred tax assets	16	69 319	54 022
Other financial fixed assets	17	28 669	30 718
<b>Total financial assets</b>		<b>97 988</b>	<b>84 740</b>
<b>Total fixed assets</b>		<b>11 344 475</b>	<b>11 622 683</b>
<b>Current assets</b>			
Trade receivables	3,13,21	81 886	59 248
Current tax asset		8 433	-
Other receivables		23 186	27 902
Derivatives	21	79	587
Prepaid expenses and accrued income	14	163 377	103 937
Short-term investments	13	79 392	195 779
Cash and cash equivalents	13,15	739 868	594 296
<b>Total current assets</b>		<b>1 096 222</b>	<b>981 749</b>
<b>TOTAL ASSETS</b>		<b>12 440 697</b>	<b>12 604 432</b>

\*Numbers have been adjusted in accordance with note 29



<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2024-12-31</b>	<b>2023-12-31*</b>
<b>Equity capital</b>	19		
Share capital		651	647
Other paid in capital		12 111 751	12 080 947
Reserve		8 668	6 458
Retained earnings including profit for the year		-1 431 383	-1 164 570
<b>Equity attributable to parent company shareholders</b>		<b>10 689 687</b>	<b>10 923 482</b>
<b>Total equity</b>		<b>10 689 687</b>	<b>10 923 482</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	16	836 814	913 037
Other long-term liabilities		939	-
Leasing liabilities	7,21,24	119 871	114 222
Long-term provisions	22,24	1 379	5 740
<b>Total long-term liabilities</b>		<b>959 003</b>	<b>1 032 998</b>
<b>Current liabilities</b>			
Trade payables	13,21	141 091	165 222
Current tax liabilities		6 176	431
Leasing liabilities	7,21,24	13 697	26 827
Other liabilities	13,21	127 487	86 174
Derivatives	21	3 846	8
Conditional additional purchase price	13,20,21	-	22 529
Short-term provisions	22,24	14 305	5 701
Accrued charges and deferred income	13,23	485 407	341 060
<b>Total current liabilities</b>		<b>792 007</b>	<b>647 952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12 440 697</b>	<b>12 604 432</b>

\*Numbers have been adjusted in accordance with note 29



## Group statement on changes in equity

Amount in KSEK	Share capital	Unregistered capital	Other paid in capital	Trans-lation reserve	Fair value reserve	Retained earnings	Total earnings attr. to owners of the parent	Total Equity
<b>Opening balance, equity 2023-01-01</b>	<b>641</b>	<b>-</b>	<b>12 078 187</b>	<b>8 229</b>	<b>-200</b>	<b>-764 434</b>	<b>11 322 423</b>	<b>11 322 423</b>
Adjustment, previous year*	-	-	-	-	-	-25 647	-25 647	-25 647
<b>Adjusted opening balance, equity 2023-01-01</b>	<b>641</b>	<b>-</b>	<b>12 078 187</b>	<b>8 229</b>	<b>-200</b>	<b>-790 081</b>	<b>11 296 777</b>	<b>11 296 777</b>
Profit for the year	-	-	-	-	-	-400 031	-400 031	-400 031
Other comprehensive income	-	-	-	-2 353	782	-	-1 571	-1 571
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2 353</b>	<b>782</b>	<b>-400 031</b>	<b>-401 603</b>	<b>-401 603</b>
<i>Transactions with group owners</i>								
New share issue <sup>1</sup>	6	-	2 760	-	-	-	2 766	2 766
Share-based payments	-	-	-	-	-	25 542	25 542	25 542
<b>Total</b>	<b>6</b>	<b>-</b>	<b>2 760</b>	<b>-</b>	<b>-</b>	<b>25 542</b>	<b>28 308</b>	<b>28 308</b>
<b>Closing balance, equity 2023-12-31</b>	<b>647</b>	<b>-</b>	<b>12 080 947</b>	<b>5 876</b>	<b>582</b>	<b>-1 164 570</b>	<b>10 923 482</b>	<b>10 923 482</b>

<sup>1</sup> No issue costs were incurred for the new share issue

\* See note 29

Amount in KSEK	Share capital	Unregistered capital	Other paid in capital	Trans-lation reserve	Fair value reserve	Retained earnings	Total earnings attr. to owners of the parent	Total Equity
<b>Opening balance, equity 2024-01-01</b>	<b>647</b>	<b>-</b>	<b>12 080 947</b>	<b>5 876</b>	<b>582</b>	<b>-1 164 570</b>	<b>10 923 482</b>	<b>10 923 482</b>
Profit for the year	-	-	-	-	-	-305 728	-305 728	-305 728
Other comprehensive income	-	-	-	5 929	-4 403	-	1 526	1 526
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 929</b>	<b>-4 403</b>	<b>-305 728</b>	<b>-304 202</b>	<b>-304 202</b>
<i>Transactions with group owners</i>								
New share issue <sup>1</sup>	4	-	30 804	-	-	-	30 808	30 808
Share-based payments	-	-	-	-	-	39 599	39 599	39 599
<b>Total</b>	<b>4</b>	<b>-</b>	<b>30 804</b>	<b>-</b>	<b>-</b>	<b>39 599</b>	<b>70 407</b>	<b>70 407</b>
<b>Closing balance, equity 2024-12-31</b>	<b>651</b>	<b>-</b>	<b>12 111 751</b>	<b>11 805</b>	<b>-3 821</b>	<b>-1 430 699</b>	<b>10 689 687</b>	<b>10 689 687</b>

<sup>1</sup> No issue costs were incurred for the new share issue



## Group cash flow statement

Amount in KSEK	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Current operations</b>			
Operating result		-427 554	-486 395
Adjustment for items not included in cash flow			
Depreciation and amortization	11,12	532 610	508 029
Impairment losses	11	2 094	3 118
Changes in provisions	22	13 119	1 786
Changes in market value of financial instruments		330	269
Share-based payments		39 599	25 542
Interest received		28 367	26 044
Interest paid		-229	-144
Income tax paid		-1 539	-15 014
<b>Cash flow from operating activities before changes in working capital</b>		<b>186 797</b>	<b>63 236</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		-68 526	-27 636
Changes in operating liabilities		142 162	109 486
<b>Cash flow from operating activities</b>		<b>260 433</b>	<b>145 086</b>
<b>Investment activities</b>			
Business combinations	20	-30 409	-
Settlement of contingent considerations	24	-22 643	-27 940
Acquisition of tangible fixed assets	12	-9 122	-16 786
Acquisition of intangible assets	11	-153 116	-133 711
Acquisition of financial fixed assets		-3 857	-6 942
Investments in financial instruments	13	-79 000	-3 000
Sale of financial fixed assets		6 861	-
Sale of financial instruments		195 000	-
<b>Cash flow from investing activities</b>		<b>-96 285</b>	<b>-188 379</b>
<b>Financing activities</b>	24		
New share issue	19	3 622	2 766
Amortization of leasing liabilities	21,24	-29 071	-29 940
<b>Cash flow from financing activities</b>		<b>-25 449</b>	<b>-27 174</b>
<b>Cash flow for the year</b>		<b>138 699</b>	<b>-70 467</b>
Cash and cash equivalents at the beginning of the year		594 296	667 647
Exchange rate difference in cash and cash equivalents		6 874	-2 884
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>739 868</b>	<b>594 296</b>



## Parent company income statement

Amount in KSEK	Note	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Net sales	4	10 855	7 200
		<b>10 855</b>	<b>7 200</b>
Other external costs		-5 540	-5 978
Personnel costs	8	-32 904	-23 768
Other operating expenses	5	-1 073	-15
<b>Operating profit</b>		<b>-28 662</b>	<b>-22 561</b>
Interest income and similar profit items	9	188	2 177
Interest costs and similar profit items	9	-1 065	-3 906
<b>Profit after financial items</b>		<b>-29 540</b>	<b>-24 291</b>
Received group contribution		67 405	-
<b>Profit before tax</b>		<b>37 865</b>	<b>-24 291</b>
Tax on profit for the year	10	2 624	2 117
<b>Profit for the year</b>		<b>40 489</b>	<b>-22 174</b>

## Parent company statement of comprehensive income

Parent company statement of comprehensive income	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Profit for the year	40 489	-22 174
<i>Items that have been reclassified or may subsequently be reclassified to the income statement</i>		
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the year</b>	<b>40 489</b>	<b>-22 174</b>



## Parent company balance sheet

Amount in KSEK	Note	2024-12-31	2023-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares in group companies	18	11 953 383	11 889 903
Long-term receivables from group companies		6 592	-
Deferred tax assets	16	4 741	2 117
<b>Total financial fixed assets</b>		<b>11 964 717</b>	<b>11 892 020</b>
<b>Total fixed assets</b>		<b>11 964 717</b>	<b>11 892 020</b>
<i>Current assets</i>			
Receivables from group companies		67 405	-
Other receivables		10	319
Prepaid expenses and accrued income		108	121
<b>Total current assets</b>		<b>67 522</b>	<b>440</b>
<b>TOTAL ASSETS</b>		<b>12 032 239</b>	<b>11 892 460</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity capital</b>			
<i>Restricted equity</i>			
Share capital	19	651	647
		<b>651</b>	<b>647</b>
<i>Non-restricted equity</i>			
Share premium		11 946 189	11 915 386
Profit/loss carried forward		-57 138	-74 568
Profit for the year		40 489	-22 174
		<b>11 929 541</b>	<b>11 818 644</b>
<b>Total equity of the parent company</b>		<b>11 930 192</b>	<b>11 819 291</b>
<b>Current liabilities</b>			
Conditional additional purchase price	13,20,21	-	22 529
Trade payables		546	649
Liabilities to group companies	15	86 124	44 226
Other liabilities	13,21	6 377	705
Current tax liabilities		341	318
Accrued expenses and deferred income	13,23	8 659	4 744
<b>Total current liabilities</b>		<b>102 047</b>	<b>73 170</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12 032 239</b>	<b>11 892 460</b>



## Parent company statement on changes in equity

Amount in KSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Unregistered capital	Share premium	Retained earnings including profit for the year	Fair value reserve	
<b>Opening balance, equity 2023-01-01</b>	<b>641</b>	<b>-</b>	<b>11 415 227</b>	<b>397 294</b>	<b>-</b>	<b>11 813 161</b>
Profit for the year	-	-	-	-22 174	-	-22 174
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-22 174</b>	<b>-</b>	<b>-22 174</b>

### Transactions with owners of the parent company

New share issue <sup>1</sup>	6	-	13 825	-	-	13 831
Bonus issue	5	-	-5	-	-	-
Decrease in share capital	-5	-	-11 060	-	-	-11 065
Share-based payments	-	-	-	25 537	-	25 537
<b>Total transactions with shareholders</b>	<b>6</b>	<b>-</b>	<b>2 760</b>	<b>25 537</b>	<b>-</b>	<b>28 303</b>
<b>Closing balance, equity 2023-12-31</b>	<b>647</b>	<b>-</b>	<b>11 417 987</b>	<b>400 657</b>	<b>-</b>	<b>11 819 291</b>

<sup>1</sup> No issue costs were incurred for the new share issue

Amount in KSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Unregistered capital	Share premium	Retained earnings including profit for the year	Fair value reserve	
<b>Opening balance, equity 2024-01-01</b>	<b>647</b>	<b>-</b>	<b>11 417 987</b>	<b>400 657</b>	<b>-</b>	<b>11 819 291</b>
Profit for the year	-	-	-	40 489	-	40 489
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 489</b>	<b>-</b>	<b>40 489</b>
<i>Transactions with owners of the parent company</i>						
New share issue <sup>1</sup>	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
<b>Total transactions with shareholders</b>	<b>5</b>	<b>-</b>	<b>30 804</b>	<b>39 604</b>	<b>-</b>	<b>70 413</b>
<b>Closing balance, equity 2024-12-31</b>	<b>652</b>	<b>-</b>	<b>11 448 791</b>	<b>480 750</b>	<b>-</b>	<b>11 930 193</b>

<sup>1</sup> No issue costs were incurred for the new share issue



## Parent company cash flow statement

Amount in KSEK	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Current operations</b>			
Operating result		-28 662	-22 561
Adjustment for items not included in cash flow:			
Share-based payments		5 296	8 569
Interest received		188	2 177
Interest paid		-12	-5
Paid taxes		23	-28
<b>Cash flow from operating activities before changes in working capital</b>		<b>-23 168</b>	<b>-11 848</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		323	473
Changes in operating liabilities		79 099	41 120
<b>Cash flow from operating activities</b>		<b>56 255</b>	<b>29 745</b>
<b>Investment activities</b>	<b>18</b>		
Investments in subsidiaries	20	-36 294	-4 571
Settlement of contingent considerations		-23 582	-27 940
<b>Cash flow from investing activities</b>		<b>-59 876</b>	<b>-32 511</b>
<b>Financing activities</b>			
New share issue		3 622	2 766
<b>Cash flow from financing activities</b>		<b>3 622</b>	<b>2 766</b>
<b>Cash flow for the year</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>-</b>	<b>-</b>

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## 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 5, 2025, the Board of directors approved this Annual Report and Consolidated Financial Statements, which will be presented for adoption at the Annual General Meeting on May 30, 2025.

### 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 2024. IASB has updated IAS 1 regarding covenants and classification, IFRS 16 sale and leaseback and IAS 7/IFRS 7 supplier financing agreements. These and other amended standards have not had a material impact on the Group's financial performance and position.

A number of new standards, amendments and interpretations have been published but have not yet entered into force. The Group has assessed that these will not have a material impact on the Group's financial performance and position, except for IFRS 18 which comes into effect 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

### 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 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.

## **Note 2 – Significant estimates and judgment**

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The preparation of financial statements in conformity with IFRS 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

### **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.

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 20 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 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

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### Financial reporting principles

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#### 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

	2024	2023
KSEK	Total	Total
US	1 091 247	784 013
Europe (excl Sweden)	451 813	344 998
Sweden	179 052	167 543
Asia Pacific area	133 778	132 560
Latin America	37 160	30 442
Middle East and Africa	28 406	24 761
<b>Total for group</b>	<b>1 921 456</b>	<b>1 484 318</b>



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

Timing of revenue recognition	Group	
	2024	2023
Performance commitments met over time	1 049 055	924 696
Performance commitments to be met at a specific time	867 940	552 851
<b>Sum</b>	<b>1 916 995</b>	<b>1 477 546</b>

In 2024, there was one customer where Epidemic Sound's net sales amounted to KSEK 434,445 (23 %). In 2023, there was one customer where Epidemic Sound's net sales amounted to KSEK 206,932 (14 %).

All income from contracts with customers relates to external customers.

Contractual balances	Group	
	2024-12-31	2023-12-31
Trade receivables	81 886	59 248
Contractual assets	129 161	83 482
Contractual liabilities	234 407	188 724
<b>Sum</b>	<b>445 454</b>	<b>331 454</b>

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 188,724 (KSEK 124,954) reported as contractual liability as at December 31, 2023, KSEK 187,568 (KSEK 122,879) was reported as income in 2024.

Revenue recognized during the year	Group	
	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Included in contract liabilities at January 1	187 568	122 879
<b>Total</b>	<b>187 568</b>	<b>122 879</b>

## 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	
	2024-12-31	2023-12-31
Within a year	233 658	187 568
After more than a year	742	1 156
<b>Total</b>	<b>234 401</b>	<b>188 724</b>

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	2024-12-31	2023-12-31
Sweden	11 314 411	11 598 923
USA	19 323	15 396
Germany	8 123	7 811
Norway	1 201	-
United Kingdom	1 118	323
South Korea	222	152
Netherlands	77	77
<b>Total</b>	<b>11 344 475</b>	<b>11 622 683</b>

## Note 4 – Other operating income

	Group		Parent company	
	2024-01-01	2023-01-01	2024-01-01	2023-01-01
Other operating income	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Rental income	4 056	2 661	-	-
Other operating income	378	141	-	-
Reversal of unutilized provision	28	3 970	-	-
Re-invoiced costs	-	-	10 800	7 200
Foreign exchange gains	-	-	55	-
<b>Total</b>	<b>4 461</b>	<b>6 772</b>	<b>10 855</b>	<b>7 200</b>

## Note 5 – Other operating expenses

	Group		Parent company	
	2024-01-01	2023-01-01	2024-01-01	2023-01-01
Other operating expenses	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Currency exchange losses	6 575	3 061	-	15
Earn out	1 073	8 153	1 073	-
Sales tax	24 910	20 257	-	-
Withholding tax	1 585	782	-	-
<b>Total</b>	<b>34 142</b>	<b>32 253</b>	<b>1 073</b>	<b>15</b>



## Note 6 – Auditor's fees

	Group		Parent company	
	2024-01-01 2024-12-31	2023-01-01 2023-12-31	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Ernst &amp; Young AB</b>				
Audit assignment	2 751	2 296	1 399	1 153
Other auditing activities	272	97	272	97
Tax advice	67	50	-	-
Other services	238	177	-	-
<b>Total</b>	<b>3 328</b>	<b>2 619</b>	<b>1 671</b>	<b>1 250</b>
<b>Other</b>	<b>2024-12-31</b>	<b>2023-12-31</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
Audit assignment	151	-	-	-
<b>Total</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>Opening balance 2024-01-01</b>	<b>142 679</b>	<b>-141 048</b>
Additional agreements	40 679	-40 679
Depreciation and amortization	-26 155	-
Exchange rate differences	-2 167	-2 095
Interest expense	-	5 137
Terminated contracts	-23 356	-
Leasing fees	-	45 116
<b>Closing balance 2024-12-31</b>	<b>132 915</b>	<b>-133 568</b>

See the distribution of short and long-term lease liabilities in Note 24 Cash flow analysis.

KSEK	Right-of-use assets	
	Real estate	Leasing liabilities
<b>Opening balance 2023-01-01</b>	<b>161 741</b>	<b>-161 416</b>
Additional agreements	8 135	-8 135
Depreciation and amortization	-26 687	-
Interest expense	-	5 652
Leasing fees	-	22 057
<b>Closing balance 2023-12-31</b>	<b>142 679</b>	<b>-141 048</b>

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

KSEK	2024-01-01	2023-01-01
	2024-12-31	2023-12-31
Depreciation of right-of-use assets	-26 155	-26 687
Interest expenses on leasing liabilities	-5 137	-5 652
Expenses on short-term leasing agreements	-3 359	-3 087
Expenses for agreements where the underlying asset is of low value	-499	-
<b>Total</b>	<b>-35 149</b>	<b>-35 426</b>

The Group recognizes a cash outflow related to leases amounting to KSEK 30,812 (KSEK 31,195) for the financial year 2024.

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 2024, the Group expensed lease payments related to low-value agreements amounting to KSEK 499 (KSEK 3,527). Income from sub-letting of lease agreements in 2024 amounted to KSEK 4,056 (KSEK 2,661).

For information about maturity analysis of lease liabilities, see Note 21 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	2024			2023		
	Average number of employees	Of which women, percentage %	Of which men, percentage %	Average number of employees	Of which women, percentage %	Of which men, percentage %
Subsidiaries in Germany	5	66%	34%	4	34%	66%
Subsidiaries in Sweden	475	49%	51%	470	50%	50%
Subsidiaries in the USA	48	50%	50%	47	48%	52%
Subsidiaries in the Netherlands	5	33%	67%	7	43%	57%
Subsidiaries in Norway	8	0%	100%	-	-	-
Subsidiaries in South Korea	5	35%	65%	5	40%	60%
Subsidiaries in the United Kingdom	12	36%	64%	-	-	-
<b>Total subsidiaries</b>	<b>556</b>	<b>48%</b>	<b>52%</b>	<b>533</b>	<b>50%</b>	<b>50%</b>
<b>Parent company</b>	<b>2</b>	<b>50%</b>	<b>50%</b>	<b>2</b>	<b>50%</b>	<b>50%</b>
<b>Total group</b>	<b>558</b>	<b>48%</b>	<b>52%</b>	<b>535</b>	<b>50%</b>	<b>50%</b>

Gender distribution, Board of directors and senior executives	2024-12-31			2023-12-31		
	balance sheet date	women, percentage %	men, percentage %	balance sheet date	Of which women, percentage %	men, percentage %
Board members	4	50%	50%	6	33%	67%
Chief Executive Officer and Management team	9	33%	67%	9	22%	78%
<b>Total group</b>	<b>13</b>	<b>31%</b>	<b>69%</b>	<b>15</b>	<b>27%</b>	<b>73%</b>



	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Personnel costs</b>		
<b>Parent company</b>		
<i>Board of directors and other senior executives</i>		
Salaries and other benefits	22 840	18 022
Social security contributions	8 659	4 194
Pension costs	1 309	1 447
<b>Total</b>	<b>32 808</b>	<b>23 663</b>
Other personnel costs	96	105
<b>Total personnel costs, parent company</b>	<b>32 904</b>	<b>23 768</b>
<b>Subsidiaries</b>		
<i>Board of directors and other senior executives</i>		
Salaries and other benefits	15 611	14 454
Social security contributions	8 757	5 364
Pension costs	3 328	3 029
<b>Total</b>	<b>27 696</b>	<b>22 847</b>
<i>Other employees</i>		
Salaries and other benefits	527 693	425 346
Social security contributions	148 039	122 924
Pension costs	49 145	39 299
<b>Total</b>	<b>724 876</b>	<b>587 569</b>
Other personnel costs	46 939	28 696
<b>Total personnel costs subsidiaries</b>	<b>799 511</b>	<b>639 112</b>
<b>Total personnel costs group</b>	<b>832 415</b>	<b>662 880</b>

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



2023	Base salary, Board member fees	Pension cost	Variable remuneration	Benefits	Share-based payments	Total
<b>Chairman of the Board</b>						
Andrew Fisher	1 163	-	-	-	-	1 163
<b>Board member</b>						
Victor Englesson	-	-	-	-	-	-
Jan Zachrisson	395	-	-	-	-	395
Kirsten Wolberg	617	-	-	-	-	617
Adrienne Gormley	617	-	-	-	-	617
Vincent Letteri	-	-	-	-	-	-
<b>Chief Executive Officer</b>						
Oscar Höglund	3 100	791	-	-	-	3 891
Other senior executives (8)	16 905	3 643	-	-	-	20 548
	<b>22 798</b>	<b>4 434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 231</b>

## 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	2024-01-01	2023-01-01
Financial income	2024-12-31	2023-12-31
<i>Financial assets at amortized cost</i>		
Interest income from other financial assets	19 493	17 122
<b>Total interest income according to effective interest method</b>	<b>19 493</b>	<b>17 122</b>
<i>Other financial income</i>		
Interest income from short-term investments	8 874	8 922
<b>Total</b>	<b>8 874</b>	<b>8 922</b>
<b>Total financial income</b>	<b>28 367</b>	<b>26 044</b>
	<b>2024-01-01</b>	<b>2023-01-01</b>
<b>Financial expenses</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<i>Financial liabilities at amortized cost</i>		
Other interest expenses	-229	-86
<b>Total interest expense according to effective interest method</b>	<b>-229</b>	<b>-86</b>
<i>Other financial expenses</i>		
Exchange rate losses	-3 546	-1 345
Interest expense leasing liability	-5 137	-5 652
Interest expense contingent consideration	-1 053	-3 896
<b>Total</b>	<b>-9 736</b>	<b>-10 893</b>
<b>Total financial expenses</b>	<b>-9 965</b>	<b>-10 978</b>
	<b>2024-01-01</b>	<b>2023-01-01</b>
<b>Parent company</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<b>Financial income</b>		
<i>Financial assets at amortized cost</i>		
Interest income group companies	152	2 144
Interest income	34	33
<b>Total interest income according to effective interest method</b>	<b>187</b>	<b>2 177</b>
<b>Total financial income</b>	<b>187</b>	<b>2 177</b>
	<b>2024-01-01</b>	<b>2023-01-01</b>
<b>Financial expenses</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
<i>Financial liabilities at amortized cost</i>		
Other interest expenses	-12	-4
Interest expense group companies	-0	-0
<b>Total interest expense according to effective interest method</b>	<b>-12</b>	<b>-5</b>
<i>Other financial expenses</i>		
Currency exchange losses	1	-5
Interest expense contingent consideration	-1 053	-3 896
<b>Total</b>	<b>-1 052</b>	<b>-3 902</b>
<b>Total financial expenses</b>	<b>-1 064</b>	<b>-3 906</b>

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

	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Tax expense</b>		
<b>Deferred tax</b>		
Change in deferred tax relating to temporary differences	104 429	94 673
Change in deferred tax on tax loss carryforwards	440	-
<b>Total deferred tax</b>	<b>104 869</b>	<b>94 673</b>
<b>Current tax</b>		
Current tax	-1 445	-3 117
<b>Total current tax</b>	<b>-1 445</b>	<b>-3 117</b>
<b>Tax recognized in the income statement</b>	<b>103 424</b>	<b>91 555</b>
	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	-409 152	-471 330
Tax at the group's current rate	84 285	97 094
Tax effect of:		
Effect of different tax rates in foreign subsidiaries	-193	730
Non-taxable income	28	844
Non-deductible expenses	-8 147	-2 740
Utilization of non-capitalized tax loss carry forwards	792	-
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	25 726	-3 935
Adjustment for previous years	37	-317
Other	895	-119
<b>Recognized tax</b>	<b>103 424</b>	<b>91 555</b>
Effective tax rate	25%	19%

The Group has no tax items recognized in other comprehensive income or directly in equity for 2024 or 2023.

Total tax loss carry-forward for Epidemic Sound AB as of December 31, 2024 amounted to KSEK 228,969 (KSEK 296,912), of which deferred tax asset is recognized at KSEK 222,312 (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.

The subsidiary Epidemic Sound US Inc has tax losses of USD 7,400 million, which have a time limit of 20 years. No deferred tax has been recognized in the Group.



## 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 costs for direct salaries and consultancy costs that relate to the project's costs. 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 expenditure on music purchases     | 10 years      |
| • Capitalized expenditure on product development | 5 years       |
| • Customer contracts and customer relations      | 10 years      |
| • Technical platform                             | 10 years      |
| • Trademark                                      | 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
<b>2024-01-01</b>							
<b>Cost</b>							
Initial cost	128 548	6 573 654	1 435 000	375 000	704 471	3 401 528	12 618 201
Acquisitions in the year	35 508	-	-	-	-	119 299	154 808
Disposals	-	-	-	-	-	-3 226	-3 226
Translation difference	-27	-	-	-473	-255	-904	-1 659
<b>Realized cost</b>	<b>164 109</b>	<b>6 573 654</b>	<b>1 435 000</b>	<b>392 789</b>	<b>714 046</b>	<b>3 551 603</b>	<b>12 831 200</b>
<b>Depreciation and amortization</b>							
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
<b>Outstanding depreciation</b>	<b>-48 478</b>	<b>-</b>	<b>-</b>	<b>-138 729</b>	<b>-265 134</b>	<b>-1 292 284</b>	<b>-1 744 625</b>
<b>Write-downs</b>							
Incoming write-downs	-	-	-	-	-	-3 118	-3 118
Write-downs for the year	-	-	-	-	-	-122	-122
<b>Outstanding write-downs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3 240</b>	<b>-3 240</b>
<b>Carrying amount 2024-12-31</b>	<b>115 631</b>	<b>6 573 654</b>	<b>1 435 000</b>	<b>254 060</b>	<b>448 912</b>	<b>2 256 079</b>	<b>11 083 335</b>

KSEK	Capitalized work for own account	Goodwill	Trademark	Customer contracts and customer relations	Technical platform	Musical works	Total
<b>2023-01-01</b>							
<b>Cost</b>							
Initial cost	90 214	6 573 654	1 435 000	375 000	704 471	3 306 312	12 484 651
Acquisitions in the year	38 334	-	-	-	-	95 377	133 711
Disposals	-	-	-	-	-	-161	-161
<b>Realized cost</b>	<b>128 548</b>	<b>6 573 654</b>	<b>1 435 000</b>	<b>375 000</b>	<b>704 471</b>	<b>3 401 528</b>	<b>12 618 201</b>
<b>Depreciation and amortization</b>							
Incoming depreciation	-15 178	-	-	-61 950	-123 282	-577 280	-777 691
Depreciation for the year	-13 049	-	-	-37 500	-70 447	-350 995	-471 991
Disposals	-	-	-	-	-	161	161
<b>Outstanding depreciation</b>	<b>-28 227</b>	<b>-</b>	<b>-</b>	<b>-99 450</b>	<b>-193 729</b>	<b>-928 114</b>	<b>-1 249 521</b>
<b>Write-downs</b>							
Write-downs for the year	-	-	-	-	-	-3 118	-3 118
<b>Outstanding write-downs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3 118</b>	<b>-3 118</b>
<b>Carrying amount 2023-12-31</b>	<b>100 321</b>	<b>6 573 654</b>	<b>1 435 000</b>	<b>275 550</b>	<b>510 742</b>	<b>2 470 296</b>	<b>11 365 563</b>



## 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 cash-generating units that are 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 of 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 20 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 11.5% is used in the calculation. The forecast period extends to 2029 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	2024-12-31	2023-12-31
Epidemic Sound	6 573 654	6 573 654
<b>Total</b>	<b>6 573 654</b>	<b>6 573 654</b>

Trademark per segment	2024-12-31	2023-12-31
Epidemic Sound	1 435 000	1 435 000
<b>Total</b>	<b>1 435 000</b>	<b>1 435 000</b>

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 <sup>1)</sup> , %	11.5
Profit margin, %	16.8
Long-term growth rate <sup>2)</sup> , %	2.0

<sup>1)</sup> The pre-tax discount rate used in discounting estimated future cash flows.

<sup>2)</sup> 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
<b>2024-01-01</b>			
<b>Cost</b>			
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
<b>Remaining cumulative cost</b>	<b>46 867</b>	<b>11 421</b>	<b>58 288</b>
<b>Depreciation and amortization</b>			
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
<b>Outstanding accumulated depreciation</b>	<b>-25 086</b>	<b>-2 965</b>	<b>-28 051</b>
<b>Carrying amount 2024-12-31</b>	<b>21 781</b>	<b>8 456</b>	<b>30 237</b>



KSEK	Equipment, tools, fixtures and fittings	Improvement costs others' property	Total
<b>2023-01-01</b>			
<b>Cost</b>			
Initial cost	30 818	2 518	33 336
Acquisitions in the year	9 272	7 514	16 786
Sales and disposals	-1 736	-	-1 736
Reclassifications	-83	83	-
Exchange rate differences	-118	-22	-141
<b>Remaining cumulative cost</b>	<b>38 153</b>	<b>10 093</b>	<b>48 245</b>
<b>Depreciation and amortization</b>			
Incoming depreciation	-10 945	-157	-11 102
Sales and disposals	1 736	-	1 736
Depreciation for the year	-8 173	-1 178	-9 351
Exchange rate differences	136	38	173
<b>Outstanding accumulated depreciation</b>	<b>-17 246</b>	<b>-1 298</b>	<b>-18 544</b>
<b>Carrying amount 2024-12-31</b>	<b>20 906</b>	<b>8 795</b>	<b>29 701</b>

## 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 2024-12-31	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Carrying value
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<b>873 726</b>	<b>79 471</b>	<b>-</b>	<b>953 197</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>754 923</b>	<b>3 846</b>	<b>-</b>	<b>758 768</b>

Group 2023-12-31	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Carrying value
<b>Financial assets</b>				
Trade receivables	59 248	-	-	59 248
Cash and cash equivalents	594 296	-	-	594 296
Other receivables	28 489	-	-	28 489
Rent deposit	22 901	-	-	22 901
Short-term investments	-	195 779	-	195 779
<b>Total financial assets</b>	<b>704 934</b>	<b>195 779</b>	<b>-</b>	<b>900 713</b>
<b>Financial liabilities</b>				
Contingent consideration	-	-	22 529	22 529
Trade payables	165 222	-	-	165 222
Other liabilities	45 956	-	-	45 956
Accrued charges and deferred income	341 060	-	-	341 060
<b>Total financial liabilities</b>	<b>552 238</b>	<b>-</b>	<b>22 529</b>	<b>574 767</b>



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 2024-12-31	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Carrying value
<b>Financial assets</b>				
Receivables from group companies	73 997	-	-	73 997
Other receivables	10	-	-	10
<b>Total financial assets</b>	<b>74 007</b>	<b>-</b>	<b>-</b>	<b>74 007</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>101 706</b>	<b>-</b>	<b>-</b>	<b>101 706</b>

Parent company 2023-12-31	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Carrying value
<b>Financial assets</b>				
Other receivables	319	-	-	319
<b>Total financial assets</b>	<b>319</b>	<b>-</b>	<b>-</b>	<b>319</b>
<b>Financial liabilities</b>				
Contingent consideration	-	-	22 529	22 529
Trade payables	649	-	-	649
Liabilities to group companies	59 203	-	-	59 203
Other liabilities	705	-	-	705
Accrued charges and deferred income	4 709	-	-	4 709
<b>Total financial liabilities</b>	<b>65 265</b>	<b>-</b>	<b>22 529</b>	<b>87 794</b>



## 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 the financial 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.
- Additional purchase price - Additional purchase price for acquisitions of shares in subsidiaries is valued in level 3 at the present value of the future cash flow, which is based on a forecast of the company's future performance. Material assumptions in this estimate are the rate of future growth and profitability and are based on forecasts of the company's future performance. For more information about additional purchase price for the acquisition of subsidiaries, see Note 20 Business combinations.

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

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



Group				
2023	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Short-term investments	195 779	-	-	195 779
<b>Total financial assets</b>	<b>195 779</b>	<b>-</b>	<b>-</b>	<b>195 779</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at fair value through other comprehensive income</i>				
Contingent consideration	-	-	22 529	22 529
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>22 529</b>	<b>22 529</b>

## Note 14 – Prepaid expenses and accrued income

Group	2024-12-31	2023-12-31
Accrued revenue	129 161	83 482
Other deferred costs	34 216	20 455
<b>Carrying value</b>	<b>163 377</b>	<b>103 937</b>
<b>Parent company</b>		
Other prepaid expenses	108	121
<b>Carrying value</b>	<b>108</b>	<b>121</b>

Other prepaid expenses primarily relate to prepaid software licenses.

## Note 15 – 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	2024-12-31	2023-12-31
Bank deposits	739 868	594 296
<b>Carrying value</b>	<b>739 868</b>	<b>594 296</b>
<b>Parent company</b>		
Bank deposits	-	-
<b>Carrying value</b>	<b>-</b>	<b>-</b>

Bank deposits for the parent company in 2024 and 2023 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 SEK 7,268, (SEK 36,168) which is settled against liabilities to group companies.



## Note 16 – 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

KSEK	Amount at the beginning of the year	Increase through business combinations	Recognized in the income statement	Translation differences	Amounts at year-end
<b>Group 2024</b>					
<b>Deferred tax liabilities</b>					
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 brand value	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
<b>Total deferred tax liabilities</b>	<b>942 428</b>	<b>13 859</b>	<b>-91 941</b>	<b>-345</b>	<b>864 001</b>
<b>Deferred tax assets</b>					
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	439	-3	46 305
<b>Total deferred tax assets</b>	<b>83 414</b>	<b>73</b>	<b>12 928</b>	<b>92</b>	<b>96 507</b>
<b>Total</b>	<b>859 014</b>	<b>13 786</b>	<b>-104 869</b>	<b>-437</b>	<b>767 494</b>



	Amount at the beginning of the year	Increase through business combinations	Recognized in the income statement	Translation differences	Amounts at year- end
<b>KSEK</b>					
<b>Group 2023</b>					
<b>Deferred tax liabilities</b>					
Temporary difference attributable to excess values in customer contracts and relationships	64 488	-	-7 725	-	56 763
Temporary difference attributable to excess brand value	295 610	-	-	-	295 610
Temporary difference attributable to excess values in technical platform	119 725	-	-14 512	-	105 213
Temporary difference attributable to excess values in music catalog	521 361	-	-66 031	-	455 330
Temporary difference attributable to hedging contracts	-	-	121	-	121
Right-of-use assets	33 319	-	-3 927	-	29 392
<b>Total deferred tax liabilities</b>	<b>1 034 503</b>	<b>-</b>	<b>-92 074</b>	<b>-</b>	<b>942 428</b>
<b>Deferred tax assets</b>					
Share-based payments	-	-	6 283	-	6 283
Financial leasing	35 029	-	-3 694	-	31 335
Unused tax losses	45 796	-	-	-	45 796
<b>Total deferred tax assets</b>	<b>80 825</b>	<b>-</b>	<b>2 589</b>	<b>-</b>	<b>83 414</b>
<b>Total</b>	<b>953 678</b>	<b>-</b>	<b>-94 664</b>	<b>-</b>	<b>859 014</b>
<b>KSEK</b>					
<b>Parent company 2024</b>					
<b>Deferred tax assets</b>					
Share-based payments	2 117	-	2 624	-	4 741
<b>Total deferred tax assets</b>	<b>2 117</b>	<b>-</b>	<b>2 624</b>	<b>-</b>	<b>4 741</b>
<b>Parent company 2023</b>					
<b>Deferred tax assets</b>					
Share-based payments	-	-	2 117	-	2 117
<b>Total deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>2 117</b>	<b>-</b>	<b>2 117</b>

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:

<b>Deferred tax on lease agreements</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
Deferred tax assets	-27 188	-29 392
Deferred tax liabilities	29 238	31 335
<b>Total</b>	<b>2 050</b>	<b>1 943</b>

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 carry-forward for Epidemic Sound AB for 2020

amounted to 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 17 – Other financial assets

Group	2024-12-31	2023-12-31
Rent deposit	20 352	22 901
Other deposit	8 317	7 817
<b>Carrying amount</b>	<b>28 669</b>	<b>30 718</b>

## Note 18 – Investments 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	2024-12-31	2023-12-31
<b>Initial cost</b>	<b>11 889 903</b>	<b>11 879 953</b>
Acquisition of subsidiaries	63 480	-
Shareholder contributions	-	1 797
Contingent consideration	-	8 153
<b>Carrying amount</b>	<b>11 953 383</b>	<b>11 889 903</b>

Acquisition of subsidiaries in 2024 refers to Soundly AS. For more information see Note 20 Business combinations.

The Parent Company holds shares in the following subsidiaries:

Subsidiaries	Organization number	Registered office	Capital share %	Number of shares	Carrying value	
					2024-12-31	2023-12-31
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	-
<b>Carrying amount</b>					<b>11 953 383</b>	<b>11 889 903</b>

Subsidiaries	Organization number	Equity capital	Profit/loss
Epidemic Sound AB	556781-0899	908 182 650	1 584 367
Overtone Studios AB	559123-4199	40 421 693	-1 481 655
Soundly AS	916 900 201,0	-3 356 705	-4 111 855





Indirect subsidiaries	Company registration number	Registered office	Number of shares	Capital share %
Epidemic Sound GmbH	HRB133056	Hamburg	-	100
Epidemic Sound US Inc.	32-0480315	New York	-	100
Epidemic Sound B.V.	85593907	Amsterdam	200	100
Epidemic Sound Korea Co., Ltd.	110114-0250148	Seoul	2 000	100
Epidemic Sound UK Ltd.	14 568 031	London	1	100
Marbel Songs AB	559016-1534	Stockholm	500	100
SOFO Royale AB	556990-2322	Stockholm	500	100

## Note 19 – Equity

### Share capital

On December 31, 2024, the registered share capital comprised 8,540,575,695 Series B ordinary shares, 647,282,172 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 2024). 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
<b>Opening balance 2023-01-01</b>	<b>12 566 166 629</b>	<b>640 846</b>	<b>8 512 333 337</b>	<b>3 461 416 663</b>	<b>592 416 629</b>	<b>0,00005</b>
April 2023 New share issue	88 688 946	4 523	-	-	88 688 946	0,00005
May 2023 New share issue	22 279 348	1 136	-	-	22 279 348	0,00005
August 2023 Decrease in share capital	-41 418 627	- 2 112	-	-	-41 418 627	0,00005
August 2023 Bonus issue	-	2 112	-	-	-	-
August 2023 New share issue	7 548 376	386	-	-	7 548 376	0,00005
December 2023 Decrease in share capital	-52 716 935	- 2 697	-	-	-52 716 935	0,00005
December 2023 Bonus issue	-	2 697	-	-	-	-
<b>Closing balance 2023-12-31</b>	<b>12 590 547 737</b>	<b>646 891</b>	<b>8 512 333 337</b>	<b>3 461 416 663</b>	<b>616 797 737</b>	<b>0,00005</b>
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	-	-	-	-
<b>Closing balance 2024-12-31</b>	<b>12 649 274 530</b>	<b>650 947</b>	<b>8 540 575 695</b>	<b>3 461 416 663</b>	<b>647 282 172</b>	<b>0,00005</b>



## 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 12,111,751 (KSEK 12,080,947). During the year, other paid in capital increased by KSEK 30,804 (KSEK 2,760) of which KSEK 3,619 (KSEK 2,760) 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 11,805 (KSEK 5,876).

### 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 -3,821 (KSEK 582).

## Note 20 – Business combinations

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### Financial reporting principles

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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 2024

On 23 January 2024, the Group completed the acquisition of the sound effects company Soundly AS, in which 100 percent of the shares were acquired. Soundly offers world-class sound effects (SFX) and related services – such as sound effects licenses, audio post-production segments and complements Epidemic Sound's existing music library, further strengthening its offering for creators. This acquisition contributes to the Group's growth strategy by expanding its catalog of high-quality audio assets and providing a more comprehensive solution for professional creators and businesses. The total

purchase price amounted to KSEK 63,480. Of the total purchase price, KSEK 27,186 was paid through a directed new issue to the sellers of Soundly of 28,242,358 new B shares in Epidemic Sound Group AB, which was paid through a set-off. Of the total purchase price, KSEK 36,294 was paid in cash, of which the net cash flow amounted to KSEK 30,409. The determined purchase price allocation is shown in the table below. The transaction related costs consisted of legal advisory costs reported under other external costs in the income statement and amounted to KSEK 985 for 2024. Soundly has contributed with KSEK 27,857 to the Group's revenue and KSEK -4,112 to the Group's profit after tax for the financial year 2024.

Purchase price	2024-01-23
Payment with Epidemic shares	27 186
Cash and cash equivalents	36 294
IFRS 3 adjustment*	-13 593
<b>Total remuneration transferred</b>	<b>49 887</b>

\*Part of payment is conditional on continued employment and is recognized as salary during the vesting period

Acquired fair values	2024-01-23
Net assets	-5 135
Liquid assets	5 885
Deferred tax liability	-13 859
Musical works	34 905
Customer contracts and customer relations	18 262
Technical platform	9 829
<b>Net assets acquired</b>	<b>49 887</b>
<b>Net cash flow on acquisition</b>	
Cash compensation	-36 294
Reversed: Acquired cash and cash equivalents	5 885
<b>Net cash flow</b>	<b>-30 409</b>

## Contingent consideration

Calculation of contingent considerations is based on parameters in each acquisition agreement.

Contingent consideration on business combinations	2024-12-31	2023-12-31
<b>Opening balance</b>	<b>22 529</b>	<b>42 990</b>
Contingent considerations paid during the year	-23 582	-27 940
Contingent considerations on acquisition added during the year	-	3 582
Discount effect contingent considerations	1 053	3 896
<b>Closing balance</b>	<b>-</b>	<b>22 529</b>

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



## Note 21 – Financial risk management

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 19 (22) days for 2024 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	2024-12-31	2023-12-31
Initial carrying amount	2 922	3 387
Recognized customer losses	-1 986	-1 276
Reservations for the year	2 813	811
<b>Carrying amount</b>	<b>3 749</b>	<b>2 922</b>



## 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
<b>2024-12-31</b>							
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
<b>Credit loss reserve</b>	<b>-67</b>	<b>-14</b>	<b>-45</b>	<b>-121</b>	<b>-1 261</b>	<b>-2 240</b>	<b>-3 749</b>
<b>2023-12-31</b>							
Expected loss rate, %	0,1%	0%	1%	3%	9%	50%-100%	2%
Carrying amount of trade receivables, gross	42 434	6 343	3 396	1 696	5 978	2 324	62 171
Carrying amount contract assets, gross	83 482	-	-	-	-	-	83 482
<b>Credit loss reserve</b>	<b>-62</b>	<b>-11</b>	<b>-32</b>	<b>-55</b>	<b>-538</b>	<b>-2 224</b>	<b>-2 922</b>

### 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 2024 to KSEK - 6,575 (KSEK -3,060). Exchange rate differences linked to liquid assets that are reported as financial items amounted in 2024 to KSEK -3,546 (KSEK -1,345).

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, 2024, for translation risk.

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

Group	2024-12-31	2023-12-31
Trade receivables by currency		
SEK	52 625	42 254
USD	17 342	12 497
EUR	7 959	4 150
GBP	2 832	-
Other currencies	1 128	348
<b>Total</b>	<b>81 886</b>	<b>59 248</b>

### 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 2024, which are recognised in the hedging reserve in equity (note 19), 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 2024 is KSEK 99,874, of which KSEK -3,767 has been recognised in the hedge reserve.



Group	Nominal amount	Asset	Liability	Fair value	Maturity	Average hedge rate
<b>Cash-flow hedges</b>						
Derivatives in cash-flow hedge of foreign currency risk						
- USD exposure against SEK	74 219	17	-3 541	70 696	2025	10,48
- EUR exposure against SEK	22 289	59	-134	22 214	2025	11,43
- GBP exposure against SEK	7 133	2	-171	6 964	2025	13,46
<b>Total</b>	<b>103 641</b>	<b>79</b>	<b>-3 846</b>	<b>99 874</b>		

## 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 55,700. The effect is distributed as in the following table:

Currency expressed in KSEK	USD	EUR	GBP	Totalt
Transaction outflow	1 266 122	404 468	129 552	1 800 141
Transaction inflow	-522 496	-99 429	-64 217	-686 142
<b>Transactions, net</b>	<b>743 626</b>	<b>305 039</b>	<b>65 334</b>	<b>1 113 999</b>
Change if SEK falls by +/- 5 percent	37 181	15 252	3 267	55 700

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 4,504.

## 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, 2024.

## 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, 2024, 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,





2024, 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
<b>Per 2024-12-31</b>						
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 current liabilities	-106 027	-25 305	-	-	-	-131 332
<b>Total</b>	<b>-252 696</b>	<b>-51 574</b>	<b>-59 404</b>	<b>-54 783</b>	<b>-8 002</b>	<b>-426 460</b>
<b>Per 2023-12-31</b>						
Leasing liability	-6 722	-20 444	-49 239	-52 912	-24 151	-153 467
Trade payables	-165 223	-	-	-	-	-165 223
Contingent consideration	-	-22 529	-	-	-	-22 529
Other current liabilities	-11 589	-34 367	-	-	-	-45 956
<b>Total</b>	<b>-187 725</b>	<b>-78 849</b>	<b>-49 300</b>	<b>-52 912</b>	<b>-24 151</b>	<b>-392 936</b>
<b>Parent company</b>						
<b>Per 2024-12-31</b>						
Trade payables	-546	-	-	-	-	-546
Other current liabilities	-6 377	-	-	-	-	-6 377
<b>Total</b>	<b>-6 923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-6 923</b>
<b>Per 2023-12-31</b>						
Contingent consideration	-	-22 529	-	-	-	-22 529
Trade payables	-649	-	-	-	-	-649
Other current liabilities	-705	-	-	-	-	-705
<b>Total</b>	<b>-1 353</b>	<b>-22 529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-23 882</b>

## Note 22 – 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.



#### Provision for interest and charges

Group	2024-12-31	2023-12-31
<b>Opening provisions</b>	5 762	3 976
Additional provisions	12 620	2 879
Adjusted during the period	-3 231	-913
Reversed during the period	-	-128
Exchange rate differences	532	-52
<b>Closing provisions</b>	<b>15 684</b>	<b>5 762</b>
Long-term portion	1 379	61
Short-term portion	14 305	5 701

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 2024, KSEK 3,231 (KSEK 128) of the provision regarding value added tax have been settled.

#### Note 23 – Accrued cost and deferred income

Group	2024-12-31	2023-12-31
Accrued social security contributions on salary and holiday pay	42 027	22 002
Holiday pay liabilities	21 896	17 822
Accrued salaries	41 684	19 618
Contractual liabilities	234 407	188 724
Accrued rental expenses	4 429	5 910
Accrued sales related costs	115 452	72 587
Accrued marketing costs	4 081	4 188
Other accrued costs	21 432	10 209
<b>Carrying value</b>	<b>485 407</b>	<b>341 060</b>
<b>Parent company</b>	<b>2024-12-31</b>	<b>2023-12-31</b>
Accrued social security contributions on salary and holiday pay	5 023	2 048
Accrued salaries	2 658	1 340
Other external services	-	683
Accrued audit fees	977	673
<b>Carrying value</b>	<b>8 659</b>	<b>4 744</b>

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 24 – Cash flow statement

### Changes in liabilities from financing activities

Changes in liabilities from financing activities		Cash impact			Non-cash	
Group	2023-12-31	Amortization	New borrowing	Net change	Other	2024-12-31
Long-term leasing liabilities	114 222	-15 942	21 591	119 871	-	119 871
Current leasing liabilities	26 827	-13 129	-	13 697	-	13 697
<b>Total</b>	<b>141 048</b>	<b>-29 071</b>	<b>21 591</b>	<b>133 568</b>	<b>-</b>	<b>133 568</b>

## Note 25 – 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.

Neither the Group nor the Parent Company has any pledged collateral or contingent liabilities relating to 2024.

## Note 26 – 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 18 Investments in group companies.

A person in a board position has provided advisory services from the company Ten Tiny Tales Entertainment AB in 2024 worth KSEK 909 (KSEK 969). The transactions have been carried out on market terms.

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



## Note 27 – Share-based payments

### Restricted Stock Unit Program

Epidemic Sound's employee restricted stock unit program ("RSU") was implemented in 2023. The initial program, which was approved by the Board of Directors, included a total of 210 000 000 RSUs, is open to all employees within the Group and was initiated to allow employees to share in the future growth of the company without a need for an up-front investment. Each participant is granted a set number of RSUs at the grant date, which will vest over a three-year graded vesting schedule. The vesting of the RSUs is based on both tenure and performance. Should the participant end their employment prior to vesting, all unvested RSUs will be forfeited.

The RSUs are accounted for as an equity-settled share-based program, as no cash payment is made at vesting or any other given time during the program. The share-based compensation expense is based on the fair value of the awards at grant-date and recognized over the three-year vesting period. On vesting, the company is, in accordance with applicable tax laws of certain countries, required to withhold an amount to settle the employee's tax and social security liabilities associated with the share-based payment. All payments related to tax and social security will be paid to each tax authority on the employee's behalf.

The total expense arising from RSU program recognized in the profit and loss statement during 2024 is KSEK 39,533 (KSEK 25,542). The fair value of the RSU-program, as per the closing date, amount to KSEK 178,909 ( KSEK 65,384).

Details regarding the Group's RSU program are outlined in the table below:

	Number of RSU	Weighted average price, SEK
<b>Outstanding at the beginning of the period</b>	67 924 153,7	0,73
Granted during the period	78 401 558	0,88
Lapsed during the period	-9 083 219	0,88
<b>Outstanding at year-end</b>	<b>137 242 493</b>	<b>0,88</b>

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

	2024	2023
Expected volatility (%)	57,7	35,0
Risk-free interest rate (%)	1,8	2,7
Expected life of the options (years)	3,0	3,0
Weighted average share price (SEK)	0,8	0,9

## Note 28 – Events after the end of the reporting period

During February 2025, Birgit Haderer was appointed as Audit Chair and Member of the Board.

Epidemic Sound will enter a collective bargaining agreement (CBA) with Swedish labor unions Unionen and Sveriges Ingenjörer on April 1, 2025.



## Note 29 – Correction of errors

Epidemic Sound has restated its previously issued statement of profit or loss, financial position and changes in equity as of December 31, 2023. The company identified certain adjustments required in its prior year financial statements, due to regularization of VAT and sales tax. These adjustments have been incorporated by restating the relevant financial statement items for prior periods. The specific adjustments, along with their impact, are described and quantified in the table below.

### Consolidated income statement

Amount in KSEK	Note	2023-01-01 2023-12-31*	Adjustment	Reclassification	2023-01-01 2023-12-31
Net sales	3	1 470 838		6 708	1 477 546
Other operating income	4	6 772			6 772
		<b>1 477 610</b>	<b>-</b>	<b>6 708</b>	<b>1 484 318</b>
Cost of sales		-225 817		-6 708	-232 525
Other external costs	6,7	-591 546			-591 546
Capitalized work for own account		39 382			39 382
Personnel costs	8	-662 880			-662 880
Other operating expenses	5	-11 996	-20 257		-32 253
<b>amortization (EBITDA)</b>		<b>24 752</b>	<b>-20 257</b>	<b>-</b>	<b>4 495</b>
Depreciation and amortization	3,7,11,12	-511 147			-511 147
<b>Operating profit (EBIT)</b>		<b>-486 395</b>	<b>-20 257</b>	<b>-</b>	<b>-506 652</b>
Financial income	9	26 044			26 044
Financial expenses	9	-10 978			-10 978
<b>Profit before tax</b>		<b>-471 330</b>	<b>-20 257</b>	<b>-</b>	<b>-491 587</b>
Income tax	10	91 555			91 555
<b>Profit for the year</b>		<b>-379 774</b>	<b>-20 257</b>	<b>-</b>	<b>-400 031</b>
<b>Profit for the year attributable to:</b>					
Parent company shareholders		-379 774	-20 257		-400 031
Non-controlling interests		-			-
<b>Total</b>		<b>-379 774</b>	<b>-20 257</b>	<b>-</b>	<b>-400 031</b>

\*According to previously approved annual report

Adjustment refers to provisions for interest and estimated penalties related to regularization of VAT and sales tax regarding online sales.

Reclassification refers to a changed principle for how we recognize revenues and expenses related to Digital Rights Management (DRM). Historically, the company has recognized revenue net of third-party commissions, but believes it is more fair to report these items gross as the fee is a compensation for services rendered.



## Group statement of financial position

Amount in KSEK	Note	2023-12-31*	Adjustment	Reclassification	2023-12-31
<b>Assets</b>					
<b>Fixed assets</b>					
<b>Intangible assets</b>					
Goodwill	11	6 573 654			6 573 654
Other intangible assets	11	4 691 588			4 691 588
Capitalized expenditure on development work	11	100 321			100 321
<b>Total intangible assets</b>		<b>11 365 563</b>	-	-	<b>11 365 563</b>
<b>Tangible assets</b>					
Equipment, tools, fixtures and fittings	12	29 701			29 701
Right-of-use assets	7	142 679			142 679
<b>Total tangible assets</b>		<b>172 380</b>	-	-	<b>172 380</b>
<b>Financial assets</b>					
Deferred tax assets	16	54 022			54 022
Other financial fixed assets	17	30 718			30 718
<b>Total financial assets</b>		<b>84 740</b>	-	-	<b>84 740</b>
<b>Total fixed assets</b>		<b>11 622 683</b>	-	-	<b>11 622 683</b>
<b>Current assets</b>					
Trade receivables	3,13,21	59 248			59 248
Current tax asset		-			-
Other receivables		27 902			27 902
Derivatives	21	587			587
Prepaid expenses and accrued income	14	103 937			103 937
Short-term investments	13,0	195 779			195 779
Cash and cash equivalents	13,15	594 296			594 296
<b>Total current assets</b>		<b>981 749</b>	-	-	<b>981 749</b>
<b>TOTAL ASSETS</b>		<b>12 604 432</b>	-	-	<b>12 604 432</b>

\*According to previously approved annual report



EQUITY AND LIABILITIES	Note	2023-12-31*	Adjustment	Reclassification	2023-12-31
<b>Equity capital</b>	19				
Share capital		647			647
Other paid in capital		12 080 947			12 080 947
Reserve		6 458			6 458
Retained earnings including profit for the year		-1 118 666	-45 904		-1 164 570
<b>Equity attributable to parent company shareholders</b>		<b>10 969 386</b>	<b>-45 904</b>	<b>-</b>	<b>10 923 482</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>10 969 386</b>	<b>-45 904</b>	<b>-</b>	<b>10 923 482</b>
<b>Long-term liabilities</b>					
Deferred tax liabilities	16	913 037			913 037
Other long-term liabilities		-			-
Leasing liabilities	7,21,24	114 222			114 222
Long-term provisions	22,24	61	5 678		5 740
<b>Total long-term liabilities</b>		<b>1 027 319</b>	<b>5 678</b>	<b>-</b>	<b>1 032 998</b>
<b>Current liabilities</b>					
Trade payables	13,21	165 222			165 222
Current tax liabilities		431			431
Leasing liabilities	7,21,24	26 827			26 827
Other liabilities	13,21	45 948	40 225		86 174
Derivatives	21	8			8
Conditional additional purchase price	13,20,21	22 529			22 529
Short-term provisions	22,24	5 701			5 701
Accrued charges and deferred income	13,23	341 060			341 060
<b>Total current liabilities</b>		<b>607 727</b>	<b>40 225</b>	<b>-</b>	<b>647 952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12 604 432</b>	<b>-</b>	<b>-</b>	<b>12 604 432</b>

\*According to previously approved annual report

Adjustment refers to provisions for interest and estimated penalties related to regularization of VAT and sales tax regarding online sales. The adjustment in equity of KSEK 45,904 also includes adjustments attributable to previous years.





# Declaration of the Board of directors

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 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.

**Stockholm, March 5, 2025**

**Andrew Fisher**  
Chairman of the Board

**Jan Zachrisson**  
Board member

**Adrienne Gormley**  
Board member

**Victor Englesson**  
Board member

**Kirsten Wolberg**  
Board member

**Nicolas Dupuis**  
Board member

**Birgit Haderer**  
Board member

**Oscar Höglund**  
Chief Executive Officer

**Our audit report was submitted on March 6, 2025**  
**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 2024 (the financial year 2024-01-01 – 2024-12-31). The annual accounts and consolidated accounts of the company are included on pages 21-85 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 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024, and their financial performance and cash flow for the year then ended in accordance with 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 29 Adjustment of previous years' balance sheet and income statement, 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 21 -85. 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 2024 (the financial year 2024-01-01 – 2024-12-31) 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.

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 6<sup>th</sup> of March 2025

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. 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 or the Annual Reports Act. For definitions and reconciliation of alternative key metrics, see page 92.

Group (KSEK)	2024	2023
Net sales	1 916 995	1 477 546
Total revenue	1 921 456	1 484 318
Operating profit before depreciation and amortization, EBITDA	107 150	4 495
Adjusted operating profit before depreciation and amortization, EBITDA	147 496	59 235
Operating profit, EBIT	-427 554	-506 652
Adjusted operating profit, EBIT	-387 208	-451 912
Profit before tax	-409 152	-491 587
Profit for the year	-305 728	-400 031
Cash flow from operating activities	260 433	145 086
Cash and cash equivalents at the balance sheet date	739 868	594 296
<b>Key figures</b>		
Gross margin (%)	84%	84%
Operating margin EBITDA (%)	6%	0%
Adjusted operating margin EBITDA (%)	8%	4%
Operating margin EBIT (%)	-22%	-34%
Adjusted operating margin (%)	-20%	-30%
Equity ratio (%)	86%	87%
Number of employees at the end of the period	563	481
Average number of employees	558	535
Equity per share, SEK	0,85	0,87
Balance sheet total	12 440 697	12 604 432

Parent company (KSEK)	2024	2023
Other operating income	10 855	7 200
Operating profit, EBITDA	-28 662	-22 561
<b>Key figures</b>		
Equity ratio (%)	99%	99%
Balance sheet total	12 032 239	11 892 460





## Reconciliation of Alternative Performance Metrics (APM)

Group (KSEK)	2024-01-01 2024-12-31	2023-01-01 2023-12-31
<b>Gross profit</b>		
Total revenue	1 921 456	1 484 318
Cost of services sold	-306 663	-232 525
<b>Gross profit</b>	<b>1 614 793</b>	<b>1 251 793</b>
<b>Gross profit margin (%)</b>		
Total revenue	1 921 456	1 484 318
Gross profit	1 614 793	1 251 793
<b>Gross profit margin (%)</b>	<b>84%</b>	<b>84%</b>
<b>Adjusted operating profit, EBITDA</b>		
Operating profit, EBITDA	107 150	4 495
Items affecting comparability	40 347	54 740
<b>Adjusted operating profit, EBITDA</b>	<b>147 496</b>	<b>59 235</b>
<b>Adjusted operating margin, EBITDA (%)</b>		
Total revenue	1 921 456	1 484 318
Adjusted operating profit, EBITDA	147 496	59 235
<b>Adjusted operating margin, EBITDA (%)</b>	<b>8%</b>	<b>4%</b>
<b>Adjusted operating profit, EBIT</b>		
Operating profit, EBIT	-427 554	-506 652
Items affecting comparability	40 347	54 740
<b>Adjusted operating profit, EBIT</b>	<b>-387 208</b>	<b>-451 912</b>
<b>Adjusted operating margin, EBIT (%)</b>		
Total revenue	1 921 456	1 484 318
Adjusted operating profit, EBIT	-387 208	-451 912
<b>Adjusted operating margin, EBIT (%)</b>	<b>-20%</b>	<b>-30%</b>

Items affecting comparability	2024	2023
<i>Adjustment for items affecting comparability</i>		
VAT and sales tax	24 910	20 257
Termination costs	15 437	34 483
<b>Total items affecting comparability</b>	<b>40 347</b>	<b>54 740</b>

Termination costs relate to personnel costs when restructuring the organization. VAT and sales tax relates 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 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 before depreciation and amortization, as a percentage of income for the period	
Adjusted operating profit, EBITDA	Calculated as operating profit 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 - Profit before tax and financial items.	Provides management with information on the efficiency and profitability of the organization.
EBIT margin, %	Operating profit, 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.

## Contacts

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SWEDEN

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