

Q1



JANUARY - MARCH
2024

SLEEP CYCLE
INTERIM REPORT



INTERIM REPORT JAN - MAR 2024 - SLEEP CYCLE AB

FIRST QUARTER JANUARY – MARCH 2024

- Net sales totaled tSEK 63,457 (56,162) and increased by 13.0% (12.8%). Currency-adjusted net sales growth amounted to 11.1% (3.0%).
- Operating profit amounted to tSEK 13,843 (10,914), with an operating margin of 21.8% (19.4%).
- Adjusted operating profit totaled tSEK 19,599 (11,212) and adjusted operating margin was 30.9% (20.0%). In the first quarter of 2024, adjustments have been made for costs of tSEK 5,756 related to the reorganization and consolidation of operations to the head office in Gothenburg.
- The total number of paying subscribers at end of period was 893k (881k).
- ARPU in the quarter totaled SEK 276 (251). Currency adjusted ARPU amounted to SEK 271 (243).
- Earnings per share before and after dilution for the quarter amounted to SEK 0.57 (0.44).

SIGNIFICANT EVENTS DURING THE QUARTER

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

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On April 8, it was announced that Petter Höglander had been recruited as CPO. Petter has a background in subscription-based businesses in the consumer sector. Petter took office April 15.
- Hans Skruvfors was elected as a new member of the Board of Directors at Sleep Cycle's Annual General Meeting April 11. Rasmus Järborg and Olof Nilsson declined re-election. The AGM also resolved on a new warrant program and an ordinary dividend of SEK 1.30 per share and an extraordinary dividend of SEK 1.00 per share for 2023.
- On April 12, it was announced that Sleep Cycle has recruited Elisabeth Hedman as new CFO after the current CFO Per Andersson wished to continue his career outside Sleep Cycle. Elisabeth takes office June 1.

GROUP KEY PERFORMANCE INDICATORS

tSEK	Jan - Mar	Jan - Dec	
	2024	2023*	2023
Net sales	63,457	56,162	236,146
Net sales growth (%)	13.0%	12.8%	11.4%
Currency-adjusted net sales growth (%)	11.1%	3.0%	3.1%
Operating profit/loss	13,843	10,914	56,606
Operating margin (%)	21.8%	19.4%	24.0%
Adjusted operating profit/loss	19,599	11,212	61,437
Adjusted operating margin (%)	30.9%	20.0%	26.0%
Profit/loss for the period	11,524	8,933	46,142
Operational key performance indicators			
Total subscriptions (Thousands)	893	881	893
ARPU (SEK)	276	251	262
Average number of employees (#)	37	48	45

*The key figures for Q1 2023 have been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.
For definitions, justifications, and deductions see page 15.

Statement by the CEO

INCREASED UNDERLYING GROWTH AND NEW STRATEGY

As the first quarter draws to a close, I am pleased that growth is increasing and that we are now showing a clearly higher underlying revenue increase than in previous years, even when adjusting for currency effects. On this basis, I am pleased to launch the strategy that we presented during the quarter; a strategy focused on investments in growth in new and existing areas. Our focus now is to shape the company according to the strategy in order to reach our financial target; doubled revenues.

REVENUE GROWTH OF 13%

Revenue increased by 13% in the first quarter. Adjusted for exchange rate effects, the increase was 11%, a clear increase compared to previous quarters. The growth was driven by higher ARPU and increased sales, mainly in the second half of 2023, which were accrued. The number of subscribers was 893,000, up from 881,000 in the previous year but unchanged from the fourth quarter of 2023. The decrease in the number of users in the first quarter of 2023 has negatively impacted us in 2024 as fewer subscriptions would be renewed, despite a stable renewal rate. Efforts made to improve conversion and maintain the number of downloads continued to yield results and new user acquisition increased during the quarter, offsetting the decline in subscription renewals.

NEW RECRUITS AND INCREASED EFFICIENCY

During the quarter, we made the decision to close our Stockholm office and consolidate operations in Gothenburg. In connection with this, we have also switched to working from the office at least four days per week. My first impression is that we have already grown closer, increased cohesion and achieved faster and more effective cooperation among the teams. In early April, we welcomed two key recruits; Peter Alsterberg as CCO and Petter Högländer as CPO. Peter and Petter will be key to delivering on our new strategy, which focuses on increased commercial efforts such as partnerships and new user segments as well as on an improved product experience with increased user engagement.

NEW STRATEGY FOR INCREASED GROWTH

Since I took over as CEO, we have been working on a new strategy for increased growth. During the first quarter, we implemented the strategy, recruited key personnel and reorganized. My focus now, and for the remainder of

the year, is to execute the strategy and deliver on our key objective: increased profitable growth. We delivered an adjusted EBIT margin of 31% in the first quarter. The aim has been to maintain good cost control while we develop and shape the new strategy. I am confident in the profitability of our business and we have therefore chosen to set our EBIT target at 25% on a full-year basis, which means that we free up resources to invest in new initiatives that increase growth. The new initiatives are divided into three areas:

USER GROWTH

We aim to increase our already strong organic traffic by increasing visibility in earned media channels as well as an increased focus on partnerships, both new and existing. The aim is twofold: to create new revenue streams and to reach adjacent market segments.

USER ENGAGEMENT

Through improvements in existing UX and implementation of new functionality, we strive to improve data quality and increase user confidence. Our focus is on developing our product to better help users change their behaviors and increasing "stickiness."

PLATFORM AND DATA

We see enormous value and potential in the large amount of anonymized data to which we have access in combination with our patented AI technology. We see this as an area for future investment, with the aim of exploring new monetization through data and third-party developer tools (SDKs). We expect to begin working on the platform and data towards the end of 2024.

We are committed to driving growth, improving efficiency and delivering more value to all our stakeholders. I expect to see positive results from our new strategy during the second part of 2024.

Thank you for your continued support and belief in our vision!



ERIK JIVMARK
CEO SLEEP CYCLE AB

Product offering

Sleep Cycle is a leader in the development of AI-based sleep analysis. With more than two million users in more than 150 countries, Sleep Cycle is one of the most widely used sleep services in the world.

HEALTH AS BUSINESS MODEL

Our business is based on a subscription-based business model that creates predictability and a strong cash flow through advance payments and recurring revenues. Because we offer an appreciated product built on many years of development, and where customer influx is largely organic, our customer acquisition costs are low, resulting in attractive profitability. Combined with the fact that the cost of each new user is very low, our business is fully scalable.

TECHNOLOGY AND USER EXPERIENCE

AI and machine learning have revolutionized our ability to manage large amounts of data and extract valuable information. The application of advanced algorithms and techniques allows us to extract patterns and contexts that were previously unknown and inaccessible.

Sleep Cycle analyzes audio that, using a database of more than two billion nights, gives users individual insights, advice, and recommendations about their sleep. The fact that the analysis is sound-based also makes it possible to capture

snoring, coughing, tooth grinding, and other sounds that disrupt sleep and can provide additional health insights in a broader perspective.

FUTURE OFFERS

The future of sleep optimization offers expansive opportunities in both product development and accessibility of our services on more platforms and in new channels. With a nearly unrivaled volume of sleep data, patented sleep analysis, and a large user base, we are in a very strong position to develop new and innovative services for sleep analysis. Through continuous product development, Sleep Cycle continues to add new features for analysis of sleep, snoring, sleep hygiene, and coaching tools to help our users achieve better health. Future plans also include bringing out functions for optimizing health, sleep and well-being as well as functions to detect clinical sleep problems such as insomnia and sleep apnea.



Strategy



GROWTH THROUGH INNOVATION

Sleep Cycle's driving force is to improve global health by helping people sleep better. Our product – with more than two million users across 150 countries – is a tremendous vehicle for this mission. We've exhibited consistent growth over time, but we're still convinced that there's more untapped potential. Against this backdrop, we have crafted a comprehensive new strategy with a singular focus: increased profitable growth.

STRUCTURAL TRENDS AND PROFITABILITY

Several structural trends are driving growth in the sleep-tracking applications market: an intensified consumer emphasis on health, the acknowledgement of sleep's role in overall wellness, consumer empowerment within the health space, and the rise of recurring revenue models through subscriptions. Sleep Cycle's innovative AI audio analysis and powerful platform position us perfectly at the intersection of these movements by satisfying the bolder health and lifestyle aspirations of consumers worldwide.

GEARING UP FOR GROWTH

Our strategy reveals a bold target: doubling revenue in the medium term, while aspiring to an annual EBIT margin in the neighborhood of 25 percent. With a robust core-business foundation and a team replete with expertise, we're confident that our ambitious goals are attainable.

KEY STRATEGIC PILLARS



USER ACQUISITION



USER ENGAGEMENT



DATA AND PLATFORM OPTIMIZATION

USER ACQUISITION

With firm roots in organic growth, Sleep Cycle benefits from peer recommendations and natural market interest. We aim to enhance this organic viral growth by increasing visibility and brand presence in earned media outlets. Pushing the envelope, we focus on amplifying PR activities, building the brand, revitalizing partnerships, refining our pricing tactics, and bolstering UX alongside product innovation.

USER ENGAGEMENT

Given our subscription model, retention rates are paramount. Recognizing that engaged users stick around, we're steering towards upping user value through tech and product enhancement – effectively a magnet for user engagement. Our tech evolution and creative feature set aim to polish data precision, heightening user reliance. We're introducing elements such as personalized dashboards and strategic notifications to aid users in forming health-promoting routines ensuring consistently better sleep.

DATA AND PLATFORM OPTIMIZATION

Sleep Cycle is not merely a personal health app; it's a repository for vast volumes of anonymized, collective sleep health data. This positions us to iterate ceaselessly, enhancing the user experience precisely and substantially. Our feature Cough Radar exemplifies our capability to transfer data into user value and accessing new market segments. Our strategy looks to further leverage such data via new monetization avenues and SDK opportunities, ensuring continued growth and innovation.

FINANCIAL OVERVIEW

As all significant operations in the Group are conducted in the Parent Company, the comments below refer to both the Parent Company and the Group. For profit and cash flow, comparative figures refer to the corresponding period for prior year. For financial position, comparative figures refer to the balance sheet item as of December 31, 2023.

FIRST QUARTER JANUARY - MARCH 2024

SALES AND EARNINGS

The Group's net sales during the first quarter totaled tSEK 63,457 (56,162), an increase of 13.0% (12.8%) compared with prior year. The increase in revenue is mainly due to higher ARPU. Currency-adjusted net sales growth amounted to 11.1% (3.0%). Average revenue per subscription (ARPU) increased by 10.0% to SEK 276 (251) where price accounted for SEK 21 of the increase and exchange rate fluctuations SEK 4. The number of paying users totaled 893k (881k). The increase in the number of paying users is attributable to higher conversion rates and more effective customer acquisition, reflecting efforts to boost growth made over the past year.

Operating profit totaled tSEK 13,843 (10,914) and the margin 21.8% (19.4%) in the first quarter. The improved margin is a result of more efficient customer acquisition and consequently lower marketing costs.

Adjusted operating profit totaled tSEK 19,599 (11,212) and the adjusted margin was 30.9% (20.0%). The first quarter of 2024 was affected by costs affecting comparability related to the reorganization and consolidation of operations to the head office in Gothenburg. The item other external costs includes costs affecting comparability of tSEK 794. Also included are personnel costs of tSEK 4,962. The improved adjusted operating profit compared to the first quarter of the previous year is a result of the efficiency program communicated in the second quarter of 2023, which means that the cost level in the company has been reduced in part through fewer employees, less purchasing, and lower marketing costs.

Net financial items for the quarter totaled tSEK 687 (362) and taxes on profit for the quarter totaled tSEK -3,006 (-2,343). Profit for the quarter totaled tSEK 11,524 (8,933). Earnings per share before and after dilution amounted to SEK 0.57 (0.44).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the first quarter amounted to tSEK 18,273 (1,980). The change reflects payments from Apple that do not follow monthly payment and positively impacted working capital in the first quarter of 2024.

Cash flow from investment activities amounted to tSEK -185 (-3,012) related to acquisitions of tangible fixed assets. The change is explained by lower capitalization of development expenditure in 2024.

Cash flow from financing activities in the quarter totaled tSEK -1,027 (-634) related to the repayment of leasing liabilities.

Cash flow for the quarter totaled tSEK 17,061 (-1,666).

The group's liquid funds at the end of the period totaled tSEK 150,532 (231,196).

Consolidated equity totaled tSEK 72,522 as of March 31. Opening balance on January 1 was tSEK 60,998.

CORRECTION OF THE FIRST QUARTER 2023

A review in the fourth quarter of 2023 revealed that Sleep Cycle is liable for VAT in Japan and Switzerland (only for Google) as this is not handled by Apple and Google in the specific market. The error has been corrected in 2023 by retroactively recalculating all affected items. Net sales for the first quarter of 2023 decreased by tSEK 285. Other operating income increased by tSEK 109. Tax on profit for the period decreased by tSEK 36 and Total income for the period decreased by tSEK 139. Current tax receivables increased by tSEK 1,190. Other liabilities increased by tSEK 6,232, and Deferred income decreased by tSEK 579. Equity as of March 31, 2023 decreased by tSEK 4,463. As of December 31, 2023, total other current liabilities of SEK 7.1 million have been recorded for VAT on sales for the years 2018 to 2023. Payment was made in the first quarter of 2024. As of 2024, Sleep Cycle handles VAT in Japan and Switzerland. The full description of the correction is provided in the Annual Report for 2023.

OTHER INFORMATION

EMPLOYEES

The average number of employees in the Group for the quarter January to March 2024 was 37 (48). Following the reorganization and closure of the Stockholm office, employee count was 29.

INFORMATION ON RISKS AND UNCERTAINTIES

The group's over-arching risk management aims to minimize negative effects on profit and position. Significant risks and uncertainties are described in the annual report for 2023. No significant events have occurred during the period that affect or change the descriptions of the Group's risks and their management.

PARENT COMPANY

The Group's operations are essentially conducted in the parent company, which is why reference is made to the information above for the Group.

RELATED PARTY TRANSACTIONS

There have been no related-party transactions aside from transactions with senior executives in their capacity as such.

UPCOMING REPORTING DATES

- Interim report Apr-Jun 2024 on July 26, 2024
- Interim report Jul-Sep 2024 on October 24, 2024

OTHER INFORMATION

This report has not been reviewed by the Company's auditors.

A presentation of Sleep Cycle's interim report for January-March 2024 for shareholders, media, and other stakeholders will be held on May 3 at 9:30 a.m. Participants will be able to follow the presentation via a webcast.

THE SHARE

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

OUTSTANDING WARRANT PROGRAM

Warrant program	Number of warrants	Corresponding number of shares	Percentage of total number of shares	Exercise price	Exercise period
TO 2021 series 1	187,910	221,734	1.1%	79.8	2024
TO 2021 series 2	17,512	20,664	0.1%	79.8	2025
TO 2022	53,700	54,774	0.3%	69.6	2025
CEO LTIP	340,909	402,273	2.0%	203.7	2026
TO 2023	100,000	100,000	0.5%	52.6	2027
Total	700,031	799,445	3.9%		

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

Owner	Number of shares	Votes and capital
Maciej Drejak through company	8,707,984	42.9%
Pierre Siri through company	4,776,686	23.6%
Avanza Pension	1,000,506	4.9%
Nordnet Pensionsförsäkring	973,861	4.8%
Petter Wallin	600,000	3.0%
Lancelot Avalon	500,000	2.5%
Cancerfonden	339,993	1.7%
Skandia Fonder	280,385	1.4%
Cicero Hållbar Mix	199,446	1.0%
Pictet Group	136,130	0.7%
Other	2,762,572	13.6%
Total	20,277,563	100%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

tSEK	Note	Jan - Mar		Jan - Dec
		2024	2023*	2023
OPERATING INCOME				
Net sales	4	63,457	56,162	236,146
Other operating income		200	126	864
OPERATING EXPENSES				
Capitalized work for own account		-	460	1,105
Platform fees		-14,306	-12,643	-53,641
Other external expenses		-14,974	-16,828	-53,127
Personnel expenses		-18,335	-14,651	-59,507
Depreciation and impairment of tangible and intangible assets		-2,124	-1,617	-14,858
Other operating expenses		-77	-95	-376
Operating profit/loss		13,843	10,914	56,606
FINANCIAL ITEMS				
Financial income		859	392	2,793
Financial expenses		-172	-30	-1,207
Profit before tax		14,531	11,276	58,192
Tax on profit for the period		-3,006	-2,343	-12,050
Profit for the period attributable to the parent company's shareholders		11,524	8,933	46,142
Other comprehensive income		-	-	-
Comprehensive income for the period attributable to the parent company's shareholders		11,524	8,933	46,142
Earnings per share before dilution, SEK		0.57	0.44	2.28
Earnings per share after dilution, SEK		0.57	0.44	2.28
Average number of shares outstanding for the period before dilution		20,277,563	20,277,563	20,277,563
Average number of shares outstanding for the period after dilution		20,277,563	20,277,563	20,277,563

*The income statement for Q1 2023 has been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

±SEK	Note	03/31/2024	03/31/2023*	12/31/2023
ASSETS				
INTANGIBLE FIXED ASSETS				
Capitalized expenses for development work		3,643	11,035	4,474
Patent		-	-	-
Total intangible fixed assets		3,643	11,035	4,474
TANGIBLE FIXED ASSETS				
Right-of-use assets		14,519	18,863	15,605
Cost of improvement on other's property		695	-	738
Equipment and computers		1,725	2,063	1,703
Total tangible fixed assets		16,938	20,926	18,045
FINANCIAL ASSETS				
Other long-term receivables		411	411	411
Total financial assets		411	411	411
DEFERRED TAX				
Deferred prepaid tax		95	14	83
Total deferred tax		95	14	83
CURRENT ASSETS				
Accounts receivable		43,604	40,494	38,224
Other receivables		1,111	1,765	2,602
Current tax assets		4,312	3,895	2,148
Prepaid expenses and accrued income		35,526	32,345	31,086
Cash and cash equivalents		150,532	231,196	133,471
Total current assets		235,085	309,696	207,531
TOTAL ASSETS		256,172	342,082	230,545
EQUITY AND LIABILITIES				
EQUITY				
Share capital		563	563	563
Other contributed capital		288	119,229	288
Retained earnings, including profit for the year		71,671	45,652	60,147
Total equity attributable to the parent company's shareholders		72,522	165,444	60,998
LONG-TERM LIABILITIES				
Leasing liabilities		10,670	14,892	11,743
Total long-term liabilities		10,670	14,892	11,743
CURRENT LIABILITIES				
Leasing liabilities		4,222	4,039	4,175
Accounts payable		18,775	15,804	13,908
Other liabilities		5,021	9,631	10,322
Accrued expenses and deferred income		144,962	132,273	129,399
Total current liabilities		172,980	161,747	157,804
TOTAL EQUITY AND LIABILITIES		256,172	342,082	230,545

*The balance sheet for 03/31/2023 has been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

tSEK	Attributable to the parent company's shareholders		
	03/31/2024	03/31/2023	12/31/2023
Opening balance according to adopted balance sheet	60,998	160,834	160,834
Correction of errors (after tax)	-	-4 324	-4,324
Adjusted opening balance	60,998	156,510	156,510
Comprehensive income for the period	11,524	8,933*	46,142
Dividend	-	-	-141,943
Option premiums	-	-	288
Closing balance	72,522	165,444	60,998

* Equity for 2023 has been adjusted to reflect correction of VAT liability. See more under the section Financial overview.

CONSOLIDATED CASH FLOW STATEMENT

tSEK	Note	Jan - Mar		Jan - Dec
		2024	2023	2023
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit/loss		13,843	10,914	56,606
Adjustments for items not included in cash flow:				
Depreciation and impairment		2,124	1,617	14,858
Interest received		859	392	2,793
Interest paid		-172	-30	-1,207
Tax paid		-5,182	-3,611	-11,639
Cash flow from operating activities before changes in working capital		11,473	9,282	61,411
CHANGE IN WORKING CAPITAL				
Change in operating receivables		-8,329	-23,189	-20,497
Change in operating liabilities		15,129	15,888	11,809
Cash flow from operating activities		18,273	1,980	52,723
INVESTMENT ACTIVITIES				
Capitalization of development expenses		-	-2,280	5,086
Acquisition of tangible fixed assets		-185	-732	-1,727
Cash flow from investment activities		-185	-3,012	-6,813
FINANCING ACTIVITIES				
Repayment of leasing liabilities		-1,027	-634	-3,647
Option premiums		-	-	288
Dividend		-	-	-141,943
Cash flow from financing activities		-1,027	-634	-145,302
Cash flow for the period		17,061	-1,666	-99,392
Liquid funds at the beginning of the period		133,471	232,862	232,862
Liquid funds at the end of the period		150,532	231,196	133,471

PARENT COMPANY INCOME STATEMENT

tSEK	Note	Jan - Mar		Jan - Dec
		2024	2023*	2023
OPERATING INCOME				
Net sales		63,457	56,162	236,146
Other operating income		200	126	864
Capitalized work for own account		-	460	1,105
OPERATING EXPENSES				
Platform fees		-14,306	-12,643	-53,641
Other external expenses		-16,164	-17,486	-57,378
Personnel expenses		-18,335	-14,651	-59,507
Depreciation and impairment of tangible and intangible assets		-1,038	-977	-10,961
Other operating expenses		-77	-95	-376
Operating profit/loss		13,739	10,896	56,252
PROFIT FROM FINANCIAL ITEMS				
Interest income and similar income		859	392	2,793
Interest expenses and similar expenses		-	-	-594
Profit before tax		14,598	11,288	58,451
Tax on profit for the period		-3,019	-2,344	-12,101
Profit/loss for the period		11,580	8,944	46,350
Comprehensive income for the period		11,580	8,944	46,350

Since the parent company has no items recognized as other comprehensive income, total comprehensive income for the period is equal to profit for the period.

* The parent company's income statement for Q1 2023 has been restated to reflect the correction of the VAT liability. See more under the section Financial overview.

PARENT COMPANY BALANCE SHEET

tSEK	Note	03/31/2024	03/31/2023*	12/31/2023
ASSETS				
INTANGIBLE FIXED ASSETS				
Capitalized expenses for development work		3,643	11,035	4,474
Patent		-	-	-
Total intangible fixed assets		3,643	11,035	4,474
TANGIBLE FIXED ASSETS				
Cost of improvement on other's property		695	-	738
Equipment and computers		1,725	2,063	1,703
Total tangible fixed assets		2,419	2,063	2,441
FINANCIAL ASSETS				
Participations in group companies		50	50	50
Deferred prepaid tax		18	-	18
Other long-term receivables		411	411	411
Total financial assets		479	461	479
Total fixed assets		6,542	13,560	7,395
CURRENT RECEIVABLES				
Accounts receivable		43,604	40,494	38,224
Other receivables		1,111	1,765	2,602
Current tax assets		4,312	3,895	2,148
Prepaid expenses and accrued income		35,526	32,345	31,086
Total current receivables		84,553	78,499	74,061
SHORT-TERM INVESTMENTS				
Other short-term investments		100,000	150,000	-
Total short-term investments		100,000	150,000	-
Cash and bank balances		50,432	81,087	133,363
Total current assets		234,985	309,587	207,423
TOTAL ASSETS		241,527	323,146	214,818
EQUITY AND LIABILITIES				
RESTRICTED EQUITY				
Share capital		563	563	563
Fund for development expenditures		3,643	11,035	4,474
Total restricted equity		4,206	11,598	5,038
UNRESTRICTED EQUITY				
Share premium fund		288	119,229	288
Retained earnings		56,695	25,668	9,514
Profit/loss for the period		11,580	8,944	46,350
Total unrestricted equity		68,562	153,841	56,151
Total equity		72,769	165,439	61,189
CURRENT LIABILITIES				
Accounts payable		18,775	15,804	13,908
Other liabilities		5,021	9,631	10,322
Accrued expenses and deferred income		144,962	132,273	129,399
Total current liabilities		168,758	157,707	153,629
TOTAL EQUITY AND LIABILITIES		241,527	323,146	214,818

*The Parent Company's balance sheet for 03/31/2023 has been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

NOTES

Note 1 General information

The address of the company's registered office is Drakegatan 10, 412 50 Gothenburg, Sweden. Sleep Cycle is developing one of the world's most widely used sleep platforms. Sleep Cycle's sleep solutions help users fall asleep more easily, measure sleep habits and improve sleep and with the extensive sleep database contribute to improved sleep habits and increased sleep awareness worldwide. The business is essentially conducted in the parent company. The parent company's holding of shares in group companies as of March 31, 2024 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Sleep Cycles' interim report for January-March 2024 was approved for publication on May 3 per Board decision on May 2, 2024.

Note 2 Accounting principles

The consolidated financial statement for Sleep Cycle AB has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's RFR 1

"Supplementary accounting rules for groups". The parent company's financial statements are prepared in accordance with the Annual Accounts Act and RFR 2, "Accounting for Legal Entities." This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting." Disclosures in accordance with IAS 34 are provided in notes as well as elsewhere in the interim report. The accounting principles and calculation methods applied are in accordance with those described in the annual report for 2023. New standards and interpretations that came into force on January 1, 2024 have not had any effect on the group's or the parent company's financial reports for the interim period.

Note 3 Segment information

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

Note 4 Distribution of net sales

tSEK	Jan - Mar		Jan - Dec
	2024	2023	2023
Subscription income	61,578	55,972*	234,948
Other income	1,879	190	1,198
Total	63,457	56,162	236,146

*Subscription revenue for Q1 2023 has been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

Note 5 Financial instruments

tSEK	03/31/2024	03/31/2023	12/31/2023
FINANCIAL ASSETS VALUED AT AMORTIZED COST			
Accounts receivable	43,604	40,494	38,224
Other receivables	1,523	2,176	3,013
Cash and cash equivalents	150,532	231,196	133,471
Total financial assets	195,658	273,867	174,708
FINANCIAL LIABILITIES VALUED AT AMORTIZED COST			
Accounts payable	18,775	15,804	13,908
Other current liabilities	4,164	8,448*	10,560
Total financial liabilities	22,939	24,252	24,468

*Other current liabilities for 03/31/2023 have been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

Sleep Cycle does not hold any financial instruments that are valued and reported at fair value. For all financial assets and liabilities, the carrying amount is considered as above to be a reasonable approximation of fair value.

DEFINITIONS OF KEY PERFORMANCE INDICATORS AND CALCULATIONS

Sleep Cycle applies the guidelines for alternative key performance indicators issued by ESMA. This report presents certain financial key performance ratios, including alternative key performance indicators which are not defined under IFRS. The Company considers these key performance indicators an important complement, as they facilitate a better evaluation of the Company's financial trends. These financial indicators should not be assessed independently or considered substitutes for performance indicators calculated in accordance with IFRS. In addition, such key performance indicators, as defined by Sleep Cycle, should not be compared with other key performance indicators with similar names utilized by other companies. This is because the key performance indicators below are not always defined in the same way, and other companies may calculate them differently than Sleep Cycle.

KEY PERFORMANCE INDICATORS	DEFINITION	BACKGROUND OF THE USE OF THE KEY PERFORMANCE INDICATOR
Net sales growth	Change in net sales compared with the same period of prior year.	The measure shows the company's growth in net sales compared with the same period of prior year.
Currency-adjusted net sales growth	Defined as net sales for the year divided by net sales for the previous year translated at average exchange rates for the year.	Used to measure the company's underlying net sales growth adjusted for currency effects.
Operating profit/loss	Operating profit before interest and tax.	Operating profit is used to understand the company's earning capacity.
Operating margin	Operating profit as a percentage of the company's net sales.	Operating margin is an indication of the company's earning capacity in relation to net sales.
Items affecting comparability	Items of a non-recurring nature that are not part of normal business and therefore affect comparison between different periods. Refers to costs related to IPO in 2021, public cash offer in 2022, cost savings in 2023, and reorganization in 2024.	The measure is used to understand the company's development and comparison between the years.
Adjusted operating profit/loss	Operating profit adjusted for items affecting comparability.	Adjusted operating profit is used to understand the company's earning capacity adjusted for items affecting comparability.
Adjusted operating margin	Adjusted operating profit as a percentage of the company's net sales.	Adjusted operating margin is used to understand the company's earning capacity adjusted for items affecting comparability.
Total subscriptions	Total number of subscriptions at the end of the period (closing balance).	The measure indicates how many subscribers the company has at the end of the period.
ARPU	Average annual subscription revenue per subscriber during the period. Quarters and periods are annualized.	The measure indicates the company's subscription income per subscription on average during the period.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

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

NET SALES GROWTH AND CURRENCY-ADJUSTED NET SALES GROWTH

tSEK	Jan - Mar		Jan - Dec
	2024	2023*	2023
Net sales previous period	56,162	49,770	212,034
Net sales current period	63,457	56,162	236,146
Net sales growth	13.0%	12.8%	11.4%
Currency-adjusted net sales previous period	57,117	54,527	229,045
Net sales current period	63,457	56,162	236,146
Currency-adjusted net sales growth	11.1%	3.0%	3.1%

OPERATING PROFIT AND OPERATING MARGIN

tSEK	Jan - Mar		Jan - Dec
	2024	2023*	2023
Net sales	63,457	56,162	236,146
Other operating income	200	126	864
Capitalized work for own account	-	460	1,105
Platform fees	-14,306	-12,643	-53,641
Other external expenses	-14,974	-16,828	-53,127
Personnel expenses	-18,335	-14,651	-59,507
Depreciation and impairment of tangible and intangible assets	-2,124	-1,617	-14,858
Other operating expenses	-77	-95	-376
Operating profit/loss	13,843	10,914	56,606
Operating margin	21.8%	19.4%	24.0%

ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

tSEK	Jan - Mar		Jan - Dec
	2024	2023*	2023
Operating profit/loss	13,843	10,914	56,606
ITEMS AFFECTING COMPARABILITY			
Other external expenses	-794	-298	-381
Personnel expenses	-4,962	-	-4,450
Total items affecting comparability	-5,756	-298	-4,831
Adjusted operating profit/loss	19,599	11,212	61,437
Adjusted operating margin	30.9%	20.0%	26.0%

During the first quarter of 2024, a total of tSEK 5,756 has been adjusted for related to reorganization, of which tSEK 794 relates to other external costs and tSEK 4,962 relates to personnel costs. In 2023, tSEK 298 was adjusted related to the Board's evaluation of the cash offer in 2022. Furthermore, a total of tSEK 4,533 has been adjusted for in 2023 related to streamlining programs implemented in 2023, of which tSEK 83 relates to other external costs and tSEK 4,450 relates to personnel costs.

ARPU

tSEK	Jan - Mar		Jan - Dec
	2024	2023*	2023
Subscription income	61,578	55,972	234,948
Number of subscriptions previous period (thousands)	893	904	904
Number of subscriptions current period (thousands)	893	881	893
ARPU (SEK)	276	251	262

*Alternative performance indicators for Q1 2023 have been adjusted to reflect the correction of VAT liability. See more under the section Financial overview.

SUBMISSION OF INTERIM REPORT JAN - MAR 2024

The Board of Directors and CEO assure that the interim report provides a fair and accurate overview of the operations, financial position and earnings of the parent company and group and describes significant risks and uncertainties that the parent company and the companies included in the group face.

Gothenburg, May 2, 2024

Anne Broeng
Chairman of the Board

Hans Skruvfors
Board member

Maciej Drejak
Board member

Mathias Høyer
Board member

Erik Jivmark
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