



Sleep Cycle interim report January-June 2021: Continued growth coupled with increased investments in marketing, headcount and stock exchange listing

During the second quarter the number of subscribers continued to grow to a total of 852k, an increase of 14.5%. Net revenues increased by 12.5%, corresponding to 20.3% adjusted currency. Growth was driven by high renewal rates, effective investment in marketing and new growth initiatives such as B2B sales and partnership programs. Increased spend on marketing, a growing organization and the stock exchange listing contributed to a planned increase in costs and therefore a decline in net income for this quarter.

Second quarter summary (April-June 2021)

- Net sales increased by 12.5 (37.1) % and totaled SEK 44,128 (39,240) thousand. Currency-adjusted net sales grew 20.3%.
- Operating income totaled SEK -11,414 (16,252) thousand and the operating income margin was -25.9 (41.4) %.
- Adjusted operating income totaled SEK 4,533 (16,252) thousand and the operating income margin was 10.3(41.4) %.
- The total number of paying subscribers at the end of the period was 852k (744k) an increase of 14.5% compared to the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 211 (213).
- Earnings per share before dilution for the quarter totaled SEK -0.50 (0.70). Results per share after dilution totaled SEK -0.50 (0.67).

First half year summary (January-June 2021)

- Net sales increased by 11.4 (33.8) % and totaled SEK 86,138 (77,353) thousand. Currency-adjusted net sales grew 17.3 (28.1) %.
- Operating income totaled SEK -6,729 thousand (34,622) and the operating income margin was -7.8 (44.8) %.
- Adjusted operating profit totaled SEK 16,352 (34,622) thousand and the operating margin was 19.0 (44.8) %.
- The total number of paying subscribers at the end of the period was 852k (744k), an increase of 14.5% compared to the previous year.
- ARPU for the half year period amounted to SEK 210 (212).
- Earnings per share before dilution in the quarter to SEK -0.30 (1.50). Earnings per share after dilution totaled SEK -0.30 (1.46).

Important events during the reporting period

- At an Extraordinary General Meeting in April, approval was given to increase the company's share capital to SEK 500,000 through a directed new share issue to one of the Company's owners. Furthermore, approval was given to register Sleep Cycle as a public company.
- At the end of April, Sleep Cycle and Cura of Sweden announced a sales partnership. Cura of Sweden is the market leader in Europe for weighted duvets. The partnership is the first of its kind and in line with Sleep Cycle's growth strategy.
- On June 8, Sleep Cycles' shares were listed on Nasdaq Stockholm. In conjunction with the listing, an equity issue was carried out which added SEK 95.4 million net of transaction costs. The number of shares after the listing total 19,428,571 shares and the share capital total SEK 540,000.
- In June, Sleep Cycle released a new sleep story voiced by actor Alexander Skarsgård as part of the Sleep Aid library. Sleep Aid is a feature within Sleep Cycle which consists of an extensive audio library including relaxing music, meditations and stories that aim to help users fall asleep more easily.

Important events after the end of the reporting period

- In August, Sleep Cycle and Samsung announced a partnership, allowing Samsung to integrate part of Sleep Cycle's technology into certain Samsung devices. During the third quarter Sleep Cycle will receive up to SEK 3.5 million in revenue related to integration work.

Commenting on the quarter, CEO Carl Johan Hederoth says:

“Growth in subscriptions and sales continued during the quarter through effective marketing and continued high rates of subscription renewals. Satisfying to note that the new growth initiatives launched in the spring also contributed to the growth, which confirms our strategy and long-term investments. Our operating income was weighed down, as expected, by costs linked to the stock exchange listing and to investments in marketing and a larger organization.”

“The most important event of the period was the listing of Sleep Cycle on Nasdaq Stockholm on 8 June. The interest in the offering was high from both retail and professional investors. The attention from the stock exchange listing has also contributed to an increased inflow of business opportunities and a greater awareness of the company. With a stable cash position, a strong brand and success in our growth initiatives, Sleep Cycle is well positioned to achieve our long-term goals.

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The full interim report is available on www.sleepcycle.com For more information please contact:

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About Sleep Cycle

With millions of daily active users and over two billion nights analyzed in more than 150 countries, Sleep Cycle is the leading sleep tracking application and one of the most widely used solutions worldwide to improve sleep health. Sleep Cycle's mission is to improve global health by empowering people to sleep better. Since its launch in 2009, Sleep Cycle has helped millions of people understand their sleep habits and improve their sleep. The mobile application helps users fall asleep more easily, tracks and analyses sleep during the night, wakes the user in a light sleep phase and provides insight into how sleep quality is best improved. Sleep Cycle is one of the world's most comprehensive sources for statistics on sleep and contributes to research and reporting on sleep worldwide. Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP. The head office is located in Gothenburg, Sweden and the company has 37 employees.