



Sleep Cycle interim report July-September 2021: Accelerated growth and important strategic partnership

Net sales increased 20,9% to SEK 48.8m during the third quarter, corresponding to a 30.0% currency adjusted growth rate. The increase was driven by subscription growth of 13.0%, fueled by high efficiency in marketing spending and income related to a partnership that was entered into together with Samsung. In the partnership with Samsung, Sleep Cycle will be integrated in Samsung's smart watches and becomes part of Samsung's health offering.

Third quarter summary (July-September 2021)

- Net sales increased by 20.9 (30.4 July-September 2020) % and totaled SEK 48,759 (40,336) thousand. Currency-adjusted net sales grew 30.0%.
- Operating income totaled SEK 9,024 (15,907) thousand and the operating income margin was 18.5 (39.4) %.
- Adjusted operating income totaled SEK 12,005 (15,907) thousand and the operating income margin was 24.6 (39.4) %.
- The total number of paying subscribers at the end of the period was 884 (782k) an increase of 13.0% compared to the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 209 (211).
- Earnings per share before dilution for the quarter totaled SEK 0.37 (0.69). Results per share after dilution totaled SEK 0.36 (0.67).

First half year summary (January-June 2021)

- Net sales increased by 14.6 (32.7 January-June 2021) % and totaled SEK 134,897 (117,689) thousand. Currency-adjusted net sales grew 21.6 (28.0) %.
- Operating income totaled SEK 2,295 thousand (50,529) and the operating income margin was 1.7 (42.9) %.
- Adjusted operating profit totaled SEK 28,356 (50,529) thousand and the operating margin was 21.0 (42.9) %.
- The total number of paying subscribers at the end of the period was 884 (782k), an increase of 13.0% compared to the previous year.
- ARPU for the half year period amounted to SEK 210 (209).
- Earnings per share before dilution in the quarter to SEK 0.09 (2.20). Earnings per share after dilution totaled SEK 0.09 (2.14).

Important events during the reporting period

- In August, it was announced that Sleep Cycle, through a partnership with Samsung, is integrating some of its snoring analytics technology into Samsung Health. Sleep Cycle received MSEK 3.3 in compensation from Samsung for integration development in the third quarter. New users were generated through the partnership from September.

- During the third quarter, a project was completed to classify Sleep Cycle's data as health data from a privacy perspective. As a result of this change, a higher classification is assumed, which creates opportunities to develop the application to target the medical field.
- During the quarter, Sleep Cycle was launched as an Android Wear app, which means that the application is now available for various devices, such as smartwatches, that use Android's operating system. Sleep Cycle for Apple Watch is already available and through the launch of Android Wear, the application is now available in a large part of the smartwatch market.

Important events after the end of the reporting period

- In early October, Sleep Boot Camp was launched, which is a sleep education aimed at companies. Through the program, participants use the Sleep Cycles application and become aware of their sleep habits. The response has been good and is expected to be an important part of Sleep Cycle's range of products and services. Among the first organizations to introduce Sleep Boot Camp are Polestar and Djurgårdens IF.
- In October, Google announced that it was reducing the fee on all Google Play sales from 30% to 15% from 1 January 2022. Sleep Cycle's expected impact on earnings from the reduction is estimated at approximately MSEK 2 for the full year 2022.

Commenting on the quarter, CEO Carl Johan Hederoth says:

“The increase in number of subscriptions as well as revenues have continued during the quarter. Towards the end of the quarter we saw strong growth numbers resulting from good visibility in social media in combination with efficient marketing spending. The partnership with Samsung started off well and new users were generated via this channel already during the third quarter. Our ambition going forward is to further develop the partnership to make use of the platform that Samsung Health offers”.

“We have seen a large interest for health and sleep related questions from employers. Therefore, we recently launched Sleep Boot Camp which is a sleep training program targeting organizations and employees. Sleep Boot Camp is a program that creates awareness around sleep and with simple methods educates the students how sleep affects health and wellbeing. Strategically this is an important growth initiative for Sleep Cycle and we have seen an increasing interest to participate in the program.”

This information offered is such that Sleep Cycle AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, through the care of the above contact person, for publication on 12 November 2021 at 8:30 CET.

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.