



Sleep Cycle interim report April-June 2022 - Stable growth and strong operating margin

The positive development from the start of the year continued in the second quarter. Net sales increased by 19.0%, equivalent to an increase of 16.1% adjusted for currency effects. The operating margin increased to 24.4% thanks to effective cost control and growth in revenue. The total number of users increased but was impacted by seasonal variations and price adjustments. As anticipated, new user acquisition was only partially affected by the price adjustments, resulting in an overall higher sales value.

Second quarter summary (April-June 2022)

- Net sales increased by 19.0% (12.5)% and totaled tSEK 52,503 (44,128). Currency-adjusted net sales growth totaled 16.1 (20.3)%.
- Operating profit totaled tSEK 12,793 (-11,414) and the operating margin was 24.4% (-25.9%).
- Adjusted operating profit totaled tSEK 12,793 (4,533) and adjusted operating margin was 24.4% (10.3%). In 2022, no expenses affecting comparability have been expensed.
- The total number of paying subscribers at the end of the period was 921k (852k) an increase of 8.1% compared to the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 228 (211).
- Earnings per share before dilution for the quarter totaled SEK 0.52 (-0.50). Results per share after dilution totaled SEK 0.51 (-0.50).

First half year summary (January-June 2022)

- Net sales increased by 19.1% (11.4%) and totaled tSEK 102,593 (86,138). Currency-adjusted net sales growth totaled 18.6 (17.3)%.
- Operating profit totaled tSEK 25,536 (-6,729) and the operating margin was 24.9% (-7.8%).
- Adjusted operating profit totaled tSEK 25,536 (16,352) and adjusted operating margin was 24.9% (19.0%). In 2022, no expenses affecting comparability have been expensed.
- The total number of paying subscribers at the end of the period was 921k (852k), an increase of 8.1% compared to the previous year.
- ARPU for the first half year period amounted to SEK 225 (210).
- Earnings per share before dilution in the quarter to SEK 1.04 (-0.30). Earnings per share after dilution totaled SEK 1.01 (-0.30).

Important events during the reporting period

- As part of Sleep Cycle's product investments, the company entered into a more in-depth collaboration with Mike Gradisar in April. With a teaching background at Flinders University in Australia, Mike is a globally recognized sleep scientist

whose work is frequently cited. Mike will be taking on the role of Head of Sleep Science and leading Sleep Cycle's team of sleep experts.

- Analysis of coughs captured in Sleep Cycle's data analysis and comparison of these with Covid outbreaks in various locations around the world revealed clear correlations, indicating Covid outbreaks several weeks before they were officially recorded. This analysis demonstrates the power of Sleep Cycle's data and sets the stage for bringing out new products and features in the future.
- In late June, Sleep Cycle applied for a patent involving attribution of individual snores in situations where multiple people are sleeping in the same environment.

Important events after the end of the reporting period

- The first part of Sleep Cycle's new platform for sleep training was launched in early July. Several different sleep programs based on the user's individual needs and sleep patterns will be launched on the platform.
- Sleep Cycle established a partnership with US-based Gympass, one of the world's largest fitness and wellness platforms. The partnership gives Gympass members access to Sleep Cycle, which is Gympass' select partner for the health area of sleep.

Commenting on the quarter, CEO Carl Johan Hederoth says:

"We are satisfied with the continued revenue growth combined with the improved operating margin of 24.4% for the second quarter. The price tests that were performed only had limited impact on new user acquisition and we saw a strong ARPU increase and increased total sales value although the subscription growth rate was lower than in previous periods. The price adjustments together with low subscription acquisition costs during the first half year of 2022 provides us with great opportunities to scale up marketing investments to drive further growth going forward".

"We are on track with our strategic objectives. During first half of 2022 we have successively scaled up product development investments but with continuous strong margins and positive cash flows. With accumulated profits and strong liquidity, we are very well positioned for the second half of 2022. I see our net cash position as a confirmation of a healthy business as well as a tool to be able to act on opportunities that can help accelerate our revenue growth".

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 29 July 2022 at 8:30 CET.

The full interim report is available on www.sleepcycle.com Carl Johan Hederoth and CFO Per Andersson will hold a presentation on Friday 29 July at 9:30 CEO. The presentation can be followed on <https://financialhearings.com/event/43406>

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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.