



Sleep Cycle interim report July-September 2022: Continued growth, strong operating margin, and a partnership breakthrough

Despite a tough prevailing economic climate, Sleep Cycle continued to show strong performance in the third quarter. Income increased by 12.8% to SEK 55.0 million, and the operating margin totaled 24.7 (24.6)%, exceeding the long-term target of 20%. The somewhat weaker growth in income compared with prior quarters was to some extent, in addition to subscription revenue, due to compensation for engineering work from Samsung in the third quarter of 2021. Adjusted for this compensation, growth in income was 20.9%. Partnering with Gympass was a high point of the third quarter, as this quickly brought in new users in markets where we previously had a lower presence.

Third quarter summary (July-September 2022)

- Net sales increased by 12.8% (20.9)% and totaled tSEK 54,976 (48,759). Currency-adjusted net sales growth totaled 7.3 (30.0)%.
- Operating profit totaled tSEK 13,563 (9,024) and the operating margin was 24.7% (18.5%).
- Adjusted operating profit totaled tSEK 13,563 (12,005) and adjusted operating margin was 24.7% (24.6%). In 2022, no expenses affecting comparability have been expensed.
- The total number of paying subscribers at the end of the period was 921,000 (884,000), an increase of 3.2% compared with the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 239 (209).
- Earnings per share before dilution for the quarter totaled SEK 0.55 (0.37). Results per share after dilution totaled SEK 0.54 (-0.36).

Nine month summary (January-September 2022)

- Net sales increased by 16.8% (14.6%) and totaled tSEK 157,569 (134,897). Currency-adjusted net sales growth totaled 14.4 (21.6)%.
- Operating profit totaled tSEK 39,099 (2,295) and the operating margin was 24.8% (1.7%).
- Adjusted operating profit totaled tSEK 39,099 (28,356) and adjusted operating margin was 24.8% (21.0%). In 2022, no expenses affecting comparability have been expensed.
- The total number of paying subscribers at the end of the period was 921,000 (884,000), an increase of 3.2% compared with the previous year.
- ARPU for the first half year period amounted to SEK 231 (210).
- Earnings per share before dilution in the quarter to SEK 1.59 (0.09). Earnings per share after dilution totaled SEK 1.55 (0.09).

Important events during the reporting period

- The first part of Sleep Cycle's 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.
- In September Sleep Cycle launched a partnership with Gympass. Gympass offers its members access to various gyms, primarily in Latin and North America. Membership also gives one access to digital health services, where Sleep Cycle is the only service provider in the area of sleep.

Commenting on the quarter, CEO Carl Johan Hederoth says:

"Despite a slow-down in user growth, revenues continued to increase at a stable rate and we delivered a strong operating margin of 24.7% in the third quarter. Over the past nine months of 2022, the operating profit has increased 38.0% compared to last year and we generated an even stronger cash flow for the period. This strong financial performance in a tough market climate shows the underlying strength in our business model and again stresses the importance of user acquisition via organic channels".

"During the third quarter we have initiated several projects with the ambition to increase conversion rates and drive user growth. As part of that, there are several new feature releases in the coming periods which I am very excited about. In combination with increased marketing investments and adjusted prices on certain markets, I have a strong belief that we have created a solid foundation for sales 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 28 October 2022 at 8:30 CET.

The full interim report is available on <https://investors.sleepcycle> Carl Johan Hederoth and CFO Per Andersson will hold a presentation on Friday 28 October at 9:30 CEO. The presentation can be followed on <https://financialhearings.com/event/44443>

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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.