

# Q3



JULY-SEPTEMBER  
2024

SLEEP CYCLE  
INTERIM REPORT



# INTERIM REPORT JULY-SEPTEMBER 2024 - SLEEP CYCLE AB

## THIRD QUARTER JULY – SEPTEMBER 2024

- Net sales totaled tSEK 65,873 (60,777) and increased by 8.4% (11.2%). Currency-adjusted net sales growth amounted to 9.9% (2.7%).
- Operating profit amounted to tSEK 20,612 (20,271), with an operating margin of 31.3% (33.4%).
- Adjusted operating profit totaled tSEK 20,612 (20,271) and adjusted operating margin was 31.3% (33.4%).
- The total number of paying subscribers at end of period was 915k (887k).
- ARPU in the quarter totaled SEK 280 (275). Currency-adjusted ARPU amounted to SEK 284.
- Earnings per share before and after dilution for the quarter amounted to SEK 0.82 (0.81).

## PERIOD JANUARY – SEPTEMBER 2024

- Net sales totaled tSEK 194,772 (174,891) and increased by 11.4% (11.7%). Currency-adjusted net sales growth amounted to 10.5% (2.2%).
- Operating profit amounted to tSEK 55,419 (43,917), with an operating margin of 28.5% (25.1%).
- Adjusted operating profit totaled tSEK 61,176 (48,748) and adjusted operating margin was 31.4% (27.9%). 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.
- ARPU for the period totaled SEK 278 (260). Currency-adjusted ARPU amounted to SEK 276.
- Earnings per share before and after dilution amounted to SEK 2.23 (1.76) for the period.

## SIGNIFICANT EVENTS DURING THE QUARTER

- Sleep Cycle signed a collaboration agreement with MyFitnessPal, the world leader in diet and nutrition tracking.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- No significant events took place after the end of the period.

## GROUP KEY PERFORMANCE INDICATORS

tSEK	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023*	2024	2023*	2023
Net sales	65,873	60,777	194,772	174,891	236,146
Net sales growth (%)	8.4%	11.2%	11.4%	11.7%	11.4%
Currency-adjusted net sales growth (%)	9.9%	2.7%	10.5%	2.2%	3.1%
Operating profit/loss	20,612	20,271	55,419	43,917	56,606
Operating margin (%)	31.3%	33.4%	28.5%	25.1%	24.0%
Items affecting comparability	-	-	-5,756	-4,831	-4,831
Adjusted operating profit/loss	20,612	20,271	61,176	48,748	61,437
Adjusted operating margin (%)	31.3%	33.4%	31.4%	27.9%	26.0%
Profit/loss for the period	16,637	16,453	45,122	35,698	46,142
<b>Operational key performance indicators</b>					
Total subscriptions (Thousands)	915	887	915	887	893
ARPU (SEK)	280	275	278	260	262
Average number of employees (#)	30	38	33	44	45

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.  
For definitions, justifications, and deductions see pages 16-17.

# STATEMENT BY THE CEO

## STRONG THIRD QUARTER WITH SOLID MARGINS

I am pleased to report a solid third quarter, with continued growth in all of our core KPIs. Revenue grew 8.4 percent, mainly driven by a positive subscription growth with the number of paying subscribers now reaching 915,000. Our strategic focus and disciplined cost management helped us achieve an EBIT margin of 31.3 percent. We expect an operating margin around 28 percent for the full-year 2024.

### STRATEGIC FOCUS DRIVES GROWTH

We can glance back on a strong quarter with a continued growth in subscribers with 17,000 new net subscribers. Revenue grew with 8.4 percent to tSEK 65,873, compared to the same period previous year. This quarter's growth stems from our strong commercial focus and renewed commitment to our core product, bolstered by early-stage experiments in revenue management. We've made solid progress with existing partnerships and secured new collaborations that will strengthen our market position. Aligned with the strategic direction set earlier this year, we are delivering on our commitments, and the results speak for themselves.

### SPENDING WISELY TO POWER TOMORROW

The EBIT was tSEK 20,612 and the EBIT margin 31.3 percent for the third quarter. One of our targets is an EBIT margin around 25 percent on a rolling 12-month basis. However, given our recent performance, we now expect the full-year 2024 margin to reach approximately 28 percent. We continue to manage our spending with caution and will remain disciplined until we see clear indicators that further investments will drive higher growth. Our strong margin gives us the flexibility to experiment with revenue management while keeping a close eye on ARPU. That said, our main focus remains on our core KPIs: Sales, user growth and EBIT, not ARPU. While we are optimistic about the future, it is still too early to declare a new growth trajectory. Additionally, we still see untapped potential in our platform and data, and we will continue to explore these initiatives.

### GLOBAL TRENDS FUEL AWARENESS

The broader industry context works in our favor. Major platforms like Apple and Google continue to highlight the critical importance of sleep, reflecting a societal trend that underscores the value of what we do. This heightened

awareness is translating into higher install rates and more robust partnership discussions. Better sleep is essential to unlocking potential in all areas of life, and more people are recognizing this. As the leading sleep technology company, we are well-positioned to capitalize on this growing market interest.

As we look ahead, our focus remains on delivering on our strategic initiatives. We're driving momentum through a strong commercial focus, expanding partnerships, with a continued commitment to innovation and our core product while maximizing shareholder value.

Thank you for your continued support.



Erik Jivmark, VD



# 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 mission is to improve global health by helping people sleep better. Our product, with more than two million users in 150 countries, is a fantastic tool for achieving our goal. We have seen consistent growth historically, but we are confident that the potential for further growth is high. Against this background, we have developed a strategy with one focus: increased profitable growth.

## STRUCTURAL TRENDS AND PROFITABILITY

Several structural trends are driving growth in the sleep monitoring market: increased consumer interest in health, the recognition of the importance of sleep for well-being, and the increasing acceptance of subscription-based revenue models. Sleep Cycle's innovative AI analysis of sound and powerful platform serve to position us at the intersection of these trends by offering customers worldwide an easily accessible tool for improved quality of life.

## GEARING UP FOR GROWTH

Our strategy has an aggressive objective: Doubled income in the medium term with an annual profitability of 25% Operating margin. With a strong core business as a foundation and a highly competent team, we are convinced that these goals can be achieved.

## STRATEGIC FOCUS AREAS



CUSTOMER ACQUISITION



USER INVOLVEMENT



DATA AND PLATFORM OPTIMIZATION



## CUSTOMER ACQUISITION

Building on organic growth, Sleep Cycle benefits from high user ratings and naturally strong customer interest. Our goal is to increase organic traffic through increased visibility and brand presence in earned media channels. In short, the strategy aims to increase the number of PR activities, build a stronger brand, establish more partnerships, work actively with pricing, and continue to develop UX and new features that generate customer interest.

## USER INVOLVEMENT

Given our subscription-based revenue model, high renewal rates and user retention are key factors for success. Knowing that active and engaged users tend to renew their subscriptions, our strategy revolves around creating increased user value. Through technology and product development, we increase the reliability of our features and create better experiences, driving user engagement. The introduction of customized analytics, dynamic overviews and personalized notifications help users create health-enhancing routines that deliver continuously improved sleep

## DATA AND PLATFORM OPTIMIZATION

Sleep Cycle is not only a personal health app, it is also a source of large volumes of anonymized and aggregated sleep data. The sleep data creates the conditions for continuously improving the user experience and accuracy of sleep analysis. Our Cough Radar feature exemplifies the ability to transfer data into user value in new market segments. Our strategy aims to find more areas to create value from the sleep data, such as SDKs, in order to ensure long-term 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.

## THIRD QUARTER JULY – SEPTEMBER 2024

### SALES AND EARNINGS

The Group's net sales during the third quarter totaled tSEK 65,873 (60,777), an increase of 8.4% (11.2%) compared with prior year. The increase in net sales is explained by a higher inflow of new paying subscribers combined with growth from partnerships. Currency-adjusted net sales growth amounted to 9.9% (2.7%). Average revenue per subscription (ARPU) increased by 1.8% to SEK 280 (275) where price accounted for SEK 9 of the increase and exchange rate fluctuations for SEK -4. The number of paying users totaled 915k (887k). The increase in the number of paying users is the result of an increased focus on working with the core product, price optimization, and growth within partnerships.

Operating profit for the third quarter totaled tSEK 20,612 (20,271) and the margin 31.3% (33.4%). The continued high margin is a result of revenue growth and good cost control. During the quarter, earnings were impacted by costs for developing the core product and intensified work on new initiatives, as well as higher costs related to a incentive program (STI), approved by the Board of Directors.

The third quarter of 2024 has not been affected by costs affecting comparability.

Net financial items for the quarter totaled tSEK 361 (474) and taxes on profit for the quarter totaled tSEK -4,336 (-4,292). Profit for the quarter totaled tSEK 16,637 (16,453). Earnings per share before and after dilution amounted to SEK 0.82 (0.81).

### CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the third quarter amounted to tSEK 11,865 (15,265). The difference is explained by a change in operating liabilities attributable to the correction of VAT liability in Japan relating to sales between 2018-2023.

Cash flow from investment activities amounted to tSEK -1,427 (-1,020) related to capitalization of development expenses and acquisitions of tangible fixed assets.

Cash flow from financing activities in the quarter amounted to tSEK -896 (-1,004) related to amortization of lease liabilities and warrant premiums in 2024.

Cash flow for the quarter totaled tSEK 9,543 (13,240). The group's cash and cash equivalents at the end of the period totaled tSEK 129,985 (117,956).

Consolidated equity totaled tSEK 61,937 as of 30 September. Opening balance on January 1 was tSEK 60,998.

### CORRECTION OF THE THIRD QUARTER 2023

A review in the fourth quarter of 2023 revealed that Sleep Cycle is liable for VAT in Japan, as this is not handled by Apple and Google, and in Switzerland, as this is not handled by Google in the specific market. The error has been corrected in 2023 by retroactively recalculating all affected items. Net sales for the third quarter of 2023 decreased by tSEK 288. Other operating income increased by tSEK 131. Tax on profit for the period decreased by tSEK 32 and total income for the period decreased by tSEK 124. Current tax receivables increased by tSEK 1,223. Other liabilities increased by tSEK 6,370, and deferred income decreased by tSEK 557. Equity as of December 30, 2023 decreased by tSEK 4,589. As of December 31, 2023, total other current liabilities of tSEK 7,074 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. A complete description of the correction can be found in the Annual Report for 2023.

## PERIOD JANUARY – SEPTEMBER 2024

Changes in net sales, profit, cash flow and financial position for the nine-month period of 2024 compared with the previous year are largely explained by the same reasons as for the third quarter. Development over a nine-month period is indicated below, with comments in cases where there are causes for development other than for the third quarter.

### SALES AND EARNINGS

The Group's net sales for the period totaled tSEK 194,772 (174,891), which is an increase of 11.4% (11.7%) compared with prior year. Currency-adjusted net sales growth amounted to 10.5% (2.2%). Average revenue per subscription (ARPU) increased by 6.9% to SEK 278 (260) where price accounted for SEK 16 of the increase and exchange rate fluctuations for SEK 2. The number of paying users totaled 915k (887k).

Operating profit totaled tSEK 55,419 (43,917) and the margin was 28.5% (25.1%) for the period.

Adjusted operating profit totaled tSEK 61,176 (48,748) and the adjusted margin was 31.4% (27.9%). 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 previous period was affected by costs affecting comparability of tSEK 4,533 related to cost optimization program and tSEK 298 related to the Board's assessment of the cash offer in 2022.

Net financial items for the period totaled tSEK 1,474 (1,110) and taxes on the profit for the period totaled tSEK -11,771 (-9,330). Profit for the period totaled tSEK 45,122 (35,698). Earnings per share before and after dilution amounted to SEK 2.23 (1.76).

### CASH FLOW AND FINANCIAL POSITION

Cash flow from operations for the period amounted to tSEK 46,359 (36,294). The change is explained by greater operating profit.

Cash flow from investment activities amounted to tSEK -2,524 (-6,626) related to capitalization of development expenses and acquisitions of tangible fixed assets. The change is explained by lower capitalization of development expenses in 2024 and investments in connection with the move to a new office in 2023.

Cash flow from financing activities amounted to tSEK -47,297 (-144,574) during the period, mainly related to dividend payments.

Cash flow for the period amounted to tSEK -3,461 (-114,907). The group's cash and cash equivalents at the end of the period totaled tSEK 129,985 (117,956).

Consolidated equity totaled tSEK 61,937 as of 30 September. Opening balance on January 1 was tSEK 60,998.

### CORRECTION OF THE PERIOD 2023

A review in the fourth quarter of 2023 revealed that Sleep Cycle is liable for VAT in Japan, as this is not handled by Apple and Google, and in Switzerland, as this is not handled by Google in the specific market. The error has been corrected in 2023 by retroactively recalculating all affected items. Net sales for the period 2023 decreased by tSEK 854. Other operating income increased by tSEK 520. Tax on profit for the period decreased by tSEK 69 and total income for the period decreased by tSEK 265. Current tax receivables increased by tSEK 1,223. Other liabilities increased by tSEK 6,370, and deferred income decreased by tSEK 557. Equity as of December 30, 2023 decreased by tSEK 4,589. As of December 31, 2023, total other current liabilities of tSEK 7,074 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. A complete description of the correction can be found in the Annual Report for 2023.

## OTHER INFORMATION

### EMPLOYEES

The average number of employees in the Group for the quarter from July to September 2024 was 30 (38) and for the period from January to September 2024 was 33 (44). The calculation of the average number of employees has been adjusted for the reorganization in 2024 and the cost optimization program in 2023. The number of employees at the end of the third quarter of 2024 was 32.

### 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

- Year-end report 2024 on February 4, 2025
- Interim report Jan-Mar 2025 on April 25, 2025
- Interim report Apr-Jun 2025 on August 22, 2025
- Interim report Jul-Sep 2025 on October 24, 2025

### OTHER INFORMATION

A presentation of Sleep Cycle's interim report for July-September 2024 for shareholders, media, and other stakeholders will be held on October 24 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 PROGRAMS

Warrant program	Number of warrants	Corresponding number of shares	Percentage of total number of shares	Exercise price	Exercise period
TO 2021 series 2	3,449	4,242	0.0%	77.14	2025
TO 2022	53,700	54,774	0.3%	69.58	2025
CEO LTIP	340,909	419,318	2.1%	196.87	2026
TO 2023	100,000	100,000	0.5%	52.60	2027
TO 2024	800,000	800,000	3.9%	59.20	2027
<b>Total</b>	<b>1,298,058</b>	<b>1,378,334</b>	<b>6.8%</b>		

## MAIN SHAREHOLDERS IN SLEEP CYCLE AB (PUBL) AS OF SEPTEMBER 30, 2024

Owner	Number of shares	Votes and capital
Maciek Drejak through company	8,707,984	42.9%
Pierre Siri through company	4,047,686	20.0%
Avanza Pension	1,276,990	6.3%
Nordnet Pensionsförsäkring	1,237,052	6.1%
Lancelot Asset Management	625,000	3.1%
Petter Wallin	428,139	2.1%
Cicero Fonder	349,446	1.7%
Cancerfonden	339,993	1.7%
Handelsbanken Fonder	128,000	0.6%
Johan Qviberg	125,000	0.6%
Other	3,012,273	14.9%
<b>Total</b>	<b>20,277,563</b>	<b>100%</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

tSEK	Note	Jul - Sep		Jan - Sep		Jan - Dec
		2024	2023*	2024	2023*	2023
<b>OPERATING INCOME</b>						
Net sales	4	65,873	60,777	194,772	174,891	236,146
Other operating income		62	169	307	625	864
<b>OPERATING EXPENSES</b>						
Capitalized work for own account		83	69	247	1,098	1,105
Platform fees		-14,572	-13,727	-43,322	-39,403	-53,641
Other external expenses		-15,127	-10,809	-43,658	-39,981	-53,127
Personnel expenses		-13,622	-13,844	-46,446	-46,814	-59,507
Depreciation and impairment of tangible and intangible assets		-2,018	-2,302	-6,269	-6,205	-14,858
Other operating expenses		-66	63	-213	293	-376
<b>Operating profit/loss</b>		<b>20,612</b>	<b>20,271</b>	<b>55,419</b>	<b>43,917</b>	<b>56,606</b>
<b>FINANCIAL ITEMS</b>						
Financial income		509	668	2,022	1,540	2,793
Financial expenses		-149	-194	-548	-429	-1,207
<b>Profit before tax</b>		<b>20,973</b>	<b>20,745</b>	<b>56,893</b>	<b>45,027</b>	<b>58,192</b>
Tax on profit for the period		-4,336	-4,292	-11,771	-9,330	-12,050
<b>Profit for the period attributable to the parent company's shareholders</b>		<b>16,637</b>	<b>16,453</b>	<b>45,122</b>	<b>35,698</b>	<b>46,142</b>
Other comprehensive income		-	-	-	-	-
<b>Comprehensive income for the period attributable to the parent company's shareholders</b>		<b>16,637</b>	<b>16,453</b>	<b>45,122</b>	<b>35,698</b>	<b>46,142</b>
Earnings per share before dilution, SEK		0.82	0.81	2.23	1.76	2.28
Earnings per share after dilution, SEK		0.82	0.81	2.23	1.76	2.28
Average number of shares outstanding for the period before dilution		20,277,563	20,277,563	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	20,277,563	20,277,563

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

±SEK	Note	09/30/2024	09/30/2023*	12/31/2023
<b>ASSETS</b>				
INTANGIBLE FIXED ASSETS				
Capitalized expenses for development work		3,961	11,650	4,474
Patent		-	-	-
<b>Total intangible fixed assets</b>		<b>3,961</b>	<b>11,650</b>	<b>4,474</b>
TANGIBLE FIXED ASSETS				
Right-of-use assets		12,346	16,691	15,605
Cost of improvement on other's property		990	781	738
Equipment and computers		1,477	1,864	1,703
<b>Total tangible fixed assets</b>		<b>14,813</b>	<b>19,336</b>	<b>18,045</b>
FINANCIAL ASSETS				
Other long-term receivables		435	411	411
<b>Total financial assets</b>		<b>435</b>	<b>411</b>	<b>411</b>
DEFERRED TAX				
Deferred prepaid tax		112	50	83
<b>Total deferred tax</b>		<b>112</b>	<b>50</b>	<b>83</b>
CURRENT ASSETS				
Accounts receivable		37,963	34,131	38,224
Other receivables		879	666	2,602
Current tax assets		2,225	2,937	2,148
Prepaid expenses and accrued income		32,654	31,450	31,086
Cash and cash equivalents		129,985	117,956	133,471
<b>Total current assets</b>		<b>203,706</b>	<b>187,140</b>	<b>207,531</b>
<b>TOTAL ASSETS</b>		<b>223,028</b>	<b>218,587</b>	<b>230,545</b>
<b>EQUITY AND LIABILITIES</b>				
EQUITY				
Share capital		563	563	563
Other contributed capital		2,744	-	288
Retained earnings, including profit for the year		58,630	49,702	60,147
<b>Total equity attributable to the parent company's shareholders</b>		<b>61,937</b>	<b>50,265</b>	<b>60,998</b>
LONG-TERM LIABILITIES				
Leasing liabilities		8,488	12,804	11,743
<b>Total long-term liabilities</b>		<b>8,488</b>	<b>12,804</b>	<b>11,743</b>
CURRENT LIABILITIES				
Leasing liabilities		4,316	4,129	4,175
Accounts payable		14,737	13,530	13,908
Other liabilities		4,489	11,476	10,322
Accrued expenses and deferred income		129,060	126,382	129,399
<b>Total current liabilities</b>		<b>152,603</b>	<b>155,518</b>	<b>157,804</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>223,028</b>	<b>218,587</b>	<b>230,545</b>

\* Adjusted to reflect 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		
	09/30/2024	09/30/2023*	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	45,122	35,698	46,142
Dividend	-46,638	-141,943	-141,943
Warrant premiums	2,456	-	288
Closing balance	61,937	50,265	60,998

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.

# CONSOLIDATED CASH FLOW STATEMENT

tSEK	Note	Jul - Sep		Jan - Sep		Jan - Dec
		2024	2023	2024	2023	2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Operating profit/loss		20,612	20,271	55,419	43,917	56,606
Adjustments for items not included in cash flow:						
Depreciation and impairment		2,018	2,302	6,269	6,205	14,858
Interest received		509	668	2,022	1,540	2,793
Interest paid		-149	-194	-548	-429	-1,207
Tax paid		-2,776	-3,032	-11,878	-9,676	-11,639
Cash flow from operating activities before changes in working capital		20,216	20,015	51,285	41,557	61,411
<b>CHANGE IN WORKING CAPITAL</b>						
Change in operating receivables		-4,058	-3,449	416	-14,832	-20,497
Change in operating liabilities		-4,293	-1,302	-5,342	9,569	11,809
Cash flow from operating activities		11,865	15,265	46,359	36,294	52,723
<b>INVESTMENT ACTIVITIES</b>						
Capitalization of development expenses		-950	-992	-1,862	-4,899	5,086
Acquisition of tangible fixed assets		-476	-28	-661	-1,727	-1,727
Cash flow from investment activities		-1,427	-1,020	-2,524	-6,626	-6,813
<b>FINANCING ACTIVITIES</b>						
Repayment of leasing liabilities		-1,049	-1,004	-3,114	-2,632	-3,647
Warrant premiums		154	-	2,456	-	288
Dividend		-	-	-46,638	-141,943	-141,943
Cash flow from financing activities		-896	-1,004	-47,297	-144,574	-145,302
Cash flow for the period		9,543	13,240	-3,461	-114,907	-99,392
Liquid funds at the beginning of the period		120,443	104,716	133,471	232,862	232,862
Reclassification of cash and cash equivalents		-	-	-24	-	-
Liquid funds at the end of the period		129,985	117,956	129,985	117,956	133,471

# PARENT COMPANY INCOME STATEMENT

tSEK	Note	Jul - Sep		Jan - Sep		Jan - Dec
		2024	2023*	2024	2023*	2023
<b>OPERATING INCOME</b>						
Net sales		65,873	60,777	194,772	174,891	236,146
Other operating income		62	169	307	625	864
Capitalized work for own account		83	69	247	1,098	1,105
<b>OPERATING EXPENSES</b>						
Platform fees		-14,572	-13,727	-43,322	-39,403	-53,641
Other external expenses		-16,325	-12,007	-47,243	-43,035	-57,378
Personnel expenses		-13,622	-13,844	-46,446	-46,814	-59,507
Depreciation and impairment of tangible and intangible assets		-932	-1,216	-3,011	-3,394	-10,961
Other operating expenses		-66	63	-213	293	-376
<b>Operating profit/loss</b>		<b>20,501</b>	<b>20,159</b>	<b>55,092</b>	<b>43,675</b>	<b>56,252</b>
<b>PROFIT FROM FINANCIAL ITEMS</b>						
Interest income and similar income		509	668	2,022	1,540	2,793
Interest expenses and similar expenses		-	-	-68	-	-594
<b>Profit before tax</b>		<b>21,010</b>	<b>20,827</b>	<b>57,047</b>	<b>45,215</b>	<b>58,451</b>
Tax on profit for the period		-4,344	-4,309	-11,801	-9,367	-12,101
<b>Profit/loss for the period</b>		<b>16,667</b>	<b>16,519</b>	<b>45,246</b>	<b>35,848</b>	<b>46,350</b>
<b>Comprehensive income for the period</b>		<b>16,667</b>	<b>16,519</b>	<b>45,246</b>	<b>35,848</b>	<b>46,350</b>

In the parent company, there are no items that are reported in other comprehensive income, which is why comprehensive income for the period is consistent with profit for the period.

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.



# PARENT COMPANY BALANCE SHEET

±SEK	Note	09/30/2024	09/30/2023*	12/31/2023
<b>ASSETS</b>				
INTANGIBLE FIXED ASSETS				
Capitalized expenses for development work		3,961	11,650	4,474
Patent		-	-	-
<b>Total intangible fixed assets</b>		<b>3,961</b>	<b>11,650</b>	<b>4,474</b>
TANGIBLE FIXED ASSETS				
Cost of improvement on other's property		990	781	738
Equipment and computers		1,477	1,864	1,703
<b>Total tangible fixed assets</b>		<b>2,467</b>	<b>2,645</b>	<b>2,441</b>
FINANCIAL ASSETS				
Participations in group companies		50	50	50
Deferred prepaid tax		18	-	18
Other long-term receivables		435	411	411
<b>Total financial assets</b>		<b>503</b>	<b>461</b>	<b>479</b>
<b>Total fixed assets</b>		<b>6,931</b>	<b>14,757</b>	<b>7,395</b>
CURRENT RECEIVABLES				
Accounts receivable		37,963	34,131	38,224
Other receivables		879	666	2,602
Current tax assets		2,225	2,937	2,148
Prepaid expenses and accrued income		32,654	31,450	31,086
<b>Total current receivables</b>		<b>73,721</b>	<b>69,184</b>	<b>74,061</b>
SHORT-TERM INVESTMENTS				
Other short-term investments		80,000	85,000	-
<b>Total short-term investments</b>		<b>80,000</b>	<b>85,000</b>	<b>-</b>
Cash and bank balances		49,887	32,848	133,363
<b>Total current assets</b>		<b>203,608</b>	<b>187,032</b>	<b>207,423</b>
<b>TOTAL ASSETS</b>		<b>210,539</b>	<b>201,789</b>	<b>214,818</b>
<b>EQUITY AND LIABILITIES</b>				
RESTRICTED EQUITY				
Share capital		563	563	563
Fund for development expenditures		3,961	11,650	4,474
<b>Total restricted equity</b>		<b>4,525</b>	<b>12,213</b>	<b>5,038</b>
UNRESTRICTED EQUITY				
Share premium fund		2,744	-	288
Retained earnings		9,738	2,338	9,514
Profit/loss for the period		45,246	35,848	46,350
<b>Total unrestricted equity</b>		<b>57,727</b>	<b>38,187</b>	<b>56,151</b>
<b>Total equity</b>		<b>62,252</b>	<b>50,400</b>	<b>61,189</b>
CURRENT LIABILITIES				
Accounts payable		14,737	13,530	13,908
Other liabilities		4,489	11,476	10,322
Accrued expenses and deferred income		129,060	126,382	129,399
<b>Total current liabilities</b>		<b>148,287</b>	<b>151,389</b>	<b>153,629</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>210,539</b>	<b>201,789</b>	<b>214,818</b>

\* Adjusted to reflect 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 of 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 September 30, 2024 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Sleep Cycle's interim report for Jan-Sep 2024 was approved for publication on October 24 per Board decision on October 23, 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	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023	2024	2023	2023
Subscription income	63,430	60,620*	188,190	174,419*	234,948
Other income	2,443	157	6,582	473	1,198
<b>Total</b>	<b>65,873</b>	<b>60,777</b>	<b>194,772</b>	<b>174,891</b>	<b>236,146</b>

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.

## Note 5 Financial instruments

tSEK	09/30/2024	09/30/2023	12/31/2023
FINANCIAL ASSETS VALUED AT AMORTIZED COST			
Accounts receivable	37,963	34,131	38,224
Other receivables	1,315	1,077	3,013
Cash and cash equivalents	129,985	117,956	133,471
<b>Total financial assets</b>	<b>169,263</b>	<b>153,164</b>	<b>174,708</b>
FINANCIAL LIABILITIES VALUED AT AMORTIZED COST			
Accounts payable	14,737	13,530	13,908
Other current liabilities	4,190	8,185*	10,560
<b>Total financial liabilities</b>	<b>18,927</b>	<b>21,715</b>	<b>24,468</b>

\* Adjusted to reflect 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 optimization program 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.
Currency-adjusted ARPU	Average annual subscription revenue per subscriber during the period converted at the previous year's average exchange rates. Quarters and periods are annualized.	The metric indicates the company's average subscription revenue per subscription adjusted for currency effects.

# 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	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023*	2024	2023*	2023
Net sales previous period	60,777	54,671	174,891	156,629	212,034
Net sales current period	65,873	60,777	194,772	174,891	236,146
Net sales growth	8.4%	11.2%	11.4%	11.7%	11.4%
Currency-adjusted net sales previous period	59,939	59,179	176,265	171,126	229,045
Net sales current period	65,873	60,777	194,772	174,891	236,146
Currency-adjusted net sales growth	9.9%	2.7%	10.5%	2.2%	3.1%

## OPERATING PROFIT AND OPERATING MARGIN

tSEK	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023*	2024	2023*	2023
Net sales	65,873	60,777	194,772	174,891	236,146
Other operating income	62	169	307	625	864
Capitalized work for own account	83	69	247	1,098	1,105
Platform fees	-14,572	-13,727	-43,322	-39,403	-53,641
Other external expenses	-15,127	-10,809	-43,658	-39,981	-53,127
Personnel expenses	-13,622	-13,844	-46,446	-46,814	-59,507
Depreciation and impairment of tangible and intangible assets	-2,018	-2,302	-6,269	-6,205	-14,858
Other operating expenses	-66	63	-213	293	-376
Operating profit/loss	20,612	20,271	55,419	43,917	56,606
Operating margin	31.3%	33.4%	28.5%	25.1%	24.0%

## ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

tSEK	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023*	2024	2023*	2023
Operating profit/loss	20,612	20,271	55,419	43,917	56,606
ITEMS AFFECTING COMPARABILITY					
Other external expenses	-	-	-794	-381	-381
Personnel expenses	-	-	-4,962	-4,450	-4,450
Total items affecting comparability	-	-	-5,756	-4,831	-4,831
Adjusted operating profit/loss	20,612	20,271	61,176	48,748	61,437
Adjusted operating margin	31.3%	33.4%	31.4%	27.9%	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 the first quarter of 2023, tSEK 298 was adjusted related to the Board's assessment of the cash offer in 2022. Furthermore, a total of tSEK 4,533 has been adjusted for in the second quarter of 2023 related to cost optimization program implemented in 2023, of which tSEK 83 relates to other external costs and tSEK 4,450 relates to personnel costs.

## ARPU AND CURRENCY-ADJUSTED ARPU

tSEK	Jul - Sep		Jan - Sep		Jan - Dec
	2024	2023*	2024	2023*	2023
Subscription income	63,430	60,620	188,190	174,419	234,948
Currency-adjusted subscription revenue	64,378	55,825	186,802	159,697	217,425
Number of subscriptions previous period (thousands)	898	877	893	904	904
Number of subscriptions current period (thousands)	915	887	915	887	893
ARPU (SEK)	280	275	278	260	262
Currency-adjusted ARPU (SEK)	284	253	276	238	242

\* Adjusted to reflect correction of VAT liability. See more under the section Financial overview.

# SUBMISSION OF INTERIM REPORT JAN – SEP 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, October 23, 2024

Anne Broeng  
Chairman of the Board

Hans Skruvfors  
Board member

Maciej Drejak  
Board member

Mathias Høyer  
Board member

Erik Jivmark  
CEO



# AUDITOR'S REPORT

Unofficial translation  
Sleep Cycle AB (publ), reg. no. 556614-7368

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Sleep Cycle AB (publ) as of 30 September 2024 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 23 October 2024

Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik  
Authorized Public Accountant

# Contact

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