



Q4

OCTOBER – DECEMBER
2024

SLEEP CYCLE
YEAR-END REPORT



YEAR-END REPORT 2024 – SLEEP CYCLE AB

FOURTH QUARTER OCTOBER – DECEMBER 2024

- Net sales totaled tSEK 66,756 (61,254) and increased by 9.0% (10.6%). Currency-adjusted net sales growth amounted to 8.0% (5.7%).
- Operating profit amounted to tSEK 21,543 (12,689), with an operating margin of 32.3% (20.7%). The quarter has not been affected by any costs affecting comparability.
- The total number of paying subscribers at end of period was 918k (893k).
- ARPU in the quarter totaled SEK 279 (272). Currency-adjusted ARPU amounted to SEK 276.
- Earnings per share before and after dilution for the quarter amounted to SEK 0.86 (0.52).

WHOLE YEAR JANUARY – DECEMBER 2024

- Net sales totaled tSEK 261,529 (236,146) and increased by 10.7% (11.4%). Currency-adjusted net sales growth amounted to 9.8% (3.1%).
- Operating profit amounted to tSEK 76,962 (56,606), with an operating margin of 29.4% (24.0%).
- Adjusted operating profit totaled tSEK 82,718 (61,437) and adjusted operating margin was 31.6% (26.0%). 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 (262). Currency-adjusted ARPU amounted to SEK 276.
- Earnings per share before and after dilution amounted to SEK 3.09 (2.28) for the period.

SIGNIFICANT EVENTS DURING THE QUARTER

- Sleep Cycle launches the world's first non-contact analysis of sleep stages based on both breathing patterns and movement.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The Board of Directors proposes a dividend of SEK 3.00 per share, equivalent to tSEK 60,833, based on the number of outstanding shares as of February 4, 2025. SEK 1.85 per share constitutes the regular dividend for 2024, while SEK 1.15 per share is an extraordinary dividend.
- The Board has updated the financial target for the EBIT margin, setting a new goal of achieving an annual EBIT margin of at least 25%. Previously, the target was approximately 25% per year.

GROUP KEY PERFORMANCE INDICATORS

tSEK	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Net sales	66,756	61,254	261,529	236,146
Net sales growth (%)	9.0%	10.6%	10.7%	11.4%
Currency-adjusted net sales growth (%)	8.0%	5.7%	9.8%	3.1%
Operating profit/loss	21,543	12,689	76,962	56,606
Operating margin (%)	32.3%	20.7%	29.4%	24.0%
Items affecting comparability	-	-	-5,756	-4,831
Adjusted operating profit/loss	21,543	12,689	82,718	61,437
Adjusted operating margin (%)	32.3%	20.7%	31.6%	26.0%
Profit/loss for the period	17,519	10,445	62,642	46,142
Operational key performance indicators				
Total subscriptions (Thousands)	918	893	918	893
ARPU (SEK)	279	272	278	262
Average number of employees (#)	34	37	33	42

For definitions, justifications, and deductions see pages 16-17.

STATEMENT BY THE CEO

A STRONG YEAR MARKED BY CONTINUOUS GROWTH

When we sum up the fourth quarter and look back at 2024, we see a year of steady growth for Sleep Cycle, quarter after quarter, in both subscribers and revenue. We have managed to reverse a downward trend and now, 918,000 paying customers start and end their day with Sleep Cycle, an increase of 25,000 new subscribers in one year. Revenue grew by 9.0 percent during the quarter, and with continued effective cost control, we end the year with a strong operating margin of 32.3 percent during the quarter and 29.4 percent for the full year.

FOCUS ON GROWTH AND CUSTOMER ACQUISITION

Revenues increased by 9.0 percent during the quarter to SEK 66.8 million. Our growth has primarily been driven by new customer acquisition and results from existing partnerships, while our efforts to convert non-paying users and reactivate former premium customers also contribute.

Demand for our product is high, but increased competition requires an even stronger focus on new customer acquisition and price optimization. To strengthen this work, we are establishing a new product team to focus on new customer sales and scaling up price testing. As a global player, we need to adapt to varying willingness to pay and consumer behaviors across markets. While this may in the short term affect the growth of paying subscribers, it is a necessary investment for long-term revenue growth.

NEW TECHNOLOGIES PAVING THE WAY FOR PRODUCT DEVELOPMENT

During the quarter, we launched Sleep Stages, a feature that gives users deeper insights into their sleep. This is more than a new feature – it's a technological breakthrough. Using AI and machine learning algorithms trained on a vast amount of polysomnographic data, we are the first on the market to offer contactless sound analysis of both breathing patterns and movements—an innovation that enables entirely new use cases.

Thanks to this new technology, and in line with our strategy, presented at our Capital Markets Day in 2024, we plan to explore medical certification for sleep apnea screening in 2025. Broadening our product offering is a strategic initiative that strengthens both our commercial offering and our market position. We will be releasing more information about this strategic initiative in the near future.

In parallel, we see an interest in our health data, even outside the health sector, and we continue to explore how our technology can enable and refine other products and services, opening up new business opportunities.

However, our main focus remains on growing the core product and delivering growth while maintaining a high margin, with a slight adjustment to our financial targets from an annual margin of around 25 percent to an annual margin of at least 25 percent.

PARTNERSHIP CONTINUES TO GROW

Partnerships continue to be an important growth driver. Our existing collaborations are expanding, and we see ongoing potential in both new and current partners. The activation of our partnership with MyFitnessPal has been more complex than expected, as the model is relatively new. We initially anticipated a launch in Q4, but instead went live at the end of January. Given the time of launch, it is still too early to share any results.

Finally, I would like to thank the Board and our shareholders for your commitment and continued trust. Together, we're securing Sleep Cycle's position as the global leader in sleep analysis - now and for the years to come.



Erik Jivmark, CEO



Sleep Cycle's product offer

With over three billion nights analyzed, Sleep Cycle helps its users understand and improve their sleep through advanced sleep analysis and personalized insights. Using our patented AI technology, we contribute to better sleep health globally, one night at a time. Our subscription-based business model creates stable and predictable revenue, while low customer acquisition costs result in strong profitability and sustainable cash flow.

TECHNOLOGY AND USER EXPERIENCE

We use AI and machine learning to manage large amounts of data and extract valuable information. Using advanced algorithms and technology, we extract patterns and contexts previously unknown to the user. With our patented sound analysis, trained on more than three billion nights, Sleep Cycle provides the user with personalized analysis, recommendations, and advice on their sleep. The comprehensive sound analysis picks up everything from snoring and coughing, to tooth grinding and other noises that can disturb sleep, and frames this in the perspective of the user's overall health.

THE YEAR'S NEWS IN BRIEF

Sleep Stages is the world's first non-contact sleep analysis that uses sound-based analysis to interpret movement and breathing patterns and help the user understand their sleep architecture and the balance between the different phases: dream (REM), light, and deep sleep.

Coughing with Cough Radar helps the user understand when their own cough levels are rising, often before the user is even aware of an approaching respiratory infection. Additionally, Coughing together with Cough Radar provides users with live updates of respiratory infection, both in their local area and worldwide. Also new for 2024 is Cough Radar's alert system for when cough levels in the user's area start to rise.

Support for Siri and iOS 18 gives users new ways to launch the app, improved integration with Apple Watch, and the ability to use voice control via Siri, along with customization of the user interface, such as the color and appearance of the Sleep Cycle icon.

FUTURE OFFER

The future of sleep optimization offers extensive possibilities. With an unmatched volume of sleep data, patented sleep analytics technology, and a broad user base, we are well positioned to create innovative solutions that not only improve sleep quality, but also support long-term health and well-being.

At Sleep Cycle, we strive to deliver a user experience that helps our users understand and optimize their health. With millions of users in more than 150 countries, we have a natural place in their daily lives, and it is their needs that drive us forward.

Sleep Stages technology will be an important part of expanding our current product offering and has given us the foundation we needed to start exploring solutions to sleep-related challenges such as sleep apnea.

Our long-term vision is to be a leading partner for sleep and well-being, both for the individual and society.



Sleep Cycle's strategy

GROWTH THROUGH INNOVATION

Sleep Cycle's mission is to improve global health by helping people sleep better.

In 2024, we launched an updated business strategy. It stems from the trends that drive the market and creates opportunities for Sleep Cycle to achieve strong and profitable growth.

Increased focus on health and well-being, understanding the importance of sleep to people's well-being, and the increased acceptance of subscription-based applications are all examples of structural global trends driving the sleep health market. Sleep Cycle's strategy consists of three main areas – User Growth, User Engagement, and Platform & Data – within which we implement a range of tactical activities to achieve our goals. The new strategy aims to aggressively focus on increased growth and to explore new revenue streams based on the unique technology and vast amount of data Sleep Cycle possesses.

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

STRATEGIC FOCUS AREAS



USER GROWTH



USER ENGAGEMENT



DATA AND PLATFORM

USER GROWTH

Sleep Cycle has a steady organic growth, with 80 percent of new users coming from referrals, thus demonstrating the quality and reputation of the product. This strategic initiative focuses on increasing visibility in earned channels through media exposure, simplified onboarding, continuous branding, new pricing strategy, and product development. Partnerships play a central role in reaching new customer segments and growing the user base, with tailored approaches to maximize performance for both the company and our partners.

USER ENGAGEMENT

Retaining users is crucial to our subscription-based business model, and active users mean increased retention opportunities. This part of the strategy focuses on developing our capabilities to improve data quality and further increase trust in Sleep Cycle. There are many touch points along the customer journey where we can help our users not only to create good habits, but also to maintain them. In this work, personalization is key. Launches such as Sleep Stages are a clear example of how we employ our unique technology and collected data to make Sleep Cycle an important part of people's everyday lives and contribute to their well-being. This type of personalized functionality increases user engagement and is also important for increasing conversion to paying users.

DATA AND PLATFORM

Sleep Cycle's platform processes over 300,000 hours of sleep data every hour. This means a large volume of health data that in itself has great value but also enables product improvements and business opportunities.

The new technology behind Sleep Stages combines sound analysis of breathing patterns and movements with AI and machine learning based on extensive polysomnographic data. This unique technology is also used to explore solutions for breathing disorders, such as sleep apnea, which is a major public health problem.

Thanks to our proprietary technology, Sleep Cycle has full control over the platform and its use, creating opportunities to broaden our commercial offering – something we strive to further develop.

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.

FOURTH QUARTER OCTOBER - DECEMBER 2024

SALES AND EARNINGS

The Group's net sales during the fourth quarter totaled tSEK 66,756 (61,254), an increase of 9.0% (10.6%) compared with prior year. The increase in net sales is explained by a higher influx of new paying subscribers combined with growth from partnerships. Currency-adjusted net sales growth amounted to 8.0% (5.7%).

Average revenue per subscription (ARPU) increased by 2.6% to SEK 279 (272) where price accounted for SEK 4 of the increase and exchange rate fluctuations for SEK 3. The number of paying users totaled 918k (893k). The growth in the number of paying users is explained by new customer acquisition in combination with an increased conversion of non-paying users to paying users and through existing partnerships.

Operating profit for the fourth quarter totaled tSEK 21,543 (12,689) and the margin 32.3% (20.7%). The margin for the fourth quarter of 2023 was affected by a write-down of SEK 6,341 thousand of Sleep Cycle Kids; adjusted for this, the margin was 31.1%.

The continued high margin is a result of revenue growth and good underlying profitability in the business. During the quarter, earnings were impacted by increased costs and investments related to potential future revenue sources, in line with our strategy. Examples of this include investments in product development related to breathing disorders like sleep apnea.

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

Net financial items for the quarter totaled tSEK 709 (476) and taxes on profit for the quarter totaled tSEK -4,732 (-2,720).

Profit for the quarter totaled tSEK 17,519 (10,445). Earnings per share before and after dilution amounted to SEK 0.86 (0.52).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the fourth quarter amounted to tSEK 17,298 (16,429).

Cash flow from investing activities amounted to tSEK -1,399 (-187) related to capitalization of development expenses.

Cash flow from financing activities in the quarter amounted to tSEK -1,061 (-727) related to amortization of lease liabilities in the form of office space rents.

Cash flow for the quarter totaled tSEK 14,838 (15,515). The group's cash and cash equivalents at the end of the period totaled tSEK 145,234 (133,471).

Consolidated equity amounted to tSEK 79,457 as of December 31. Opening balance on January 1 was tSEK 60,998.

WHOLE YEAR JANUARY – DECEMBER 2024

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

SALES AND EARNINGS

The Group's net sales for 2024 totaled tSEK 261,529 (236,146), which is an increase of 10.7% (11.4%) compared with prior year. Currency-adjusted net sales growth amounted to 9.8% (3.1%). Average revenue per subscription (ARPU) increased by 6.1% to SEK 278 (262), where price accounted for SEK 15 of the increase and exchange rate fluctuations for SEK 2. The number of paying users totaled 918k (893k).

Operating profit totaled tSEK 76,962 (56,606) and the margin was 29.4% (24.0%).

Adjusted operating profit totaled tSEK 82,718 (61,437) and the adjusted margin was 31.6% (26.0%). 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 year was affected by costs affecting comparability of tSEK 4,533 related to cost optimization programs and tSEK 298 related to the Board's assessment of the cash offer in 2022. The previous year was also affected by a write-down of Sleep Cycle Kids of tSEK 6,341. Adjusted for the above items, the adjusted margin for the previous year was 28.7%.

Net financial items for the year totaled tSEK 2,183 (1,586) and tax on profit for the period totaled tSEK -16,504 (-12,050).

Profit for the year totaled 62,642 (46,142) tSEK. Earnings per share before and after dilution amounted to SEK 3.09 (2.28).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operations amounted to tSEK 63,657 (52,723). The change is explained by higher operating profit.

Cash flow from investment activities amounted to tSEK -3,923 (-6,813) 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 -48,358 (-145,302) during the period, related primarily to dividend payments.

Cash flow for the year amounted to tSEK 11,377 (-99,392). The group's cash and cash equivalents at end of year totaled tSEK 145,234 (133,471).

Consolidated equity amounted to tSEK 79,457 as of December 31. Opening balance on January 1 was tSEK 60,998.

OTHER INFORMATION

EMPLOYEES

The average number of employees in the group for the quarter October to December 2024 was 34 (37) and for the period from January to December 2024 was 33 (42). The number of employees at the end of 2024 was 34.

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

- 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

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting will be held on April 8, 2025 in Gothenburg. The notice will contain practical information regarding registration and attendance. Sleep Cycle's annual report for 2024 is expected to be published on the website during week 11.

DIVIDEND

The Board of Directors of Sleep Cycle AB (publ) has adopted a distribution policy with the aim that distribution over time will amount to between 40-60% of earnings after taxes.

Sleep Cycle has a history of solid profitability and strong cash flow. Given a business model with limited investment requirements and prepayments, the Board of Directors is of the view that the company can meet its long-term strategic objectives, including investments for expanded growth, in combination with an annual distribution. The Board has carefully evaluated capital allocation and analyzed the possibility of share buy-backs but has determined that the current conditions are not favorable. The Board will continue to assess the best alternatives for value creation on an ongoing basis.

The Board proposes a total dividend of SEK 3.00 per share, equivalent to tSEK 60,833, based on the number of outstanding shares as of February 4, 2025. SEK 1.85 per share constitutes the regular dividend for 2024, while SEK 1.15 per share is an extraordinary dividend. The last day of trading with dividend rights is April 8, 2025 and the proposed record date for the dividend is April 10, 2025. Euroclear expects to send the dividend to shareholders on April 15, 2025.

OTHER INFORMATION

This report has not been reviewed by the Company's auditors.

On February 4 at 9:30 AM, a presentation of Sleep Cycle's year-end report for October-December 2024 will be held for shareholders, media, and other stakeholders. Participants will be able to follow the presentation via a webcast.

This is a translation of the original Swedish Sleep Cycle year-end report for 2024. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

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 PROGRAM

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

MAIN SHAREHOLDERS IN SLEEP CYCLE AB (PUBL) AS OF DECEMBER 31, 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%
Nordnet Pensionsförsäkring	1,151,726	5.7%
Avanza Pension	1,115,045	5.5%
Lancelot Asset Management	675,000	3.3%
Cancerfonden	339,993	1.7%
Petter Wallin	296,741	1.5%
Cicero Fonder	276,833	1.4%
Handelsbanken Fonder	128,000	0.6%
Johan Qviberg	125,000	0.6%
Other	3,413,555	16.8%
Total	20,277,563	100%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

tSEK	Note	Oct - Dec		Jan - Dec	
		2024	2023	2024	2023
OPERATING INCOME					
Net sales	4	66,756	61,254	261,529	236,146
Other operating income		47	240	355	864
OPERATING EXPENSES					
Capitalized work for own account		200	7	447	1,105
Distribution costs		-14,540	-14,238	-57,862	-53,641
Other external expenses		-14,831	-13,146	-58,489	-53,127
Personnel expenses		-13,657	-12,693	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets		-2,355	-8,653	-8,624	-14,858
Other operating expenses		-78	-83	-290	-376
Operating profit/loss		21,543	12,689	76,962	56,606
FINANCIAL ITEMS					
Financial income		846	1,253	2,868	2,793
Financial expenses		-137	-777	-685	-1,207
Profit before tax		22,252	13,165	79,145	58,192
Tax on profit for the period		-4,732	-2,720	-16,504	-12,050
Profit for the period attributable to the parent company's shareholders		17,519	10,445	62,642	46,142
Other comprehensive income		-	-	-	-
Comprehensive income for the period attributable to the parent company's shareholders		17,519	10,445	62,642	46,142
Earnings per share					
Earnings per share before dilution, SEK		0.86	0.52	3.09	2.28
Earnings per share after dilution, SEK		0.86	0.52	3.09	2.28
Average number of shares outstanding					
Average number of shares outstanding for the period before dilution		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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

±SEK	Note	12/31/2024	12/31/2023
ASSETS			
INTANGIBLE FIXED ASSETS			
Capitalized expenses for development work		4,787	4,474
Patent		-	-
Total intangible fixed assets		4,787	4,474
TANGIBLE FIXED ASSETS			
Right-of-use assets		10,799	15,605
Cost of improvement on other's property		917	738
Equipment and computers		1,316	1,703
Total tangible fixed assets		13,032	18,045
FINANCIAL ASSETS			
Other long-term receivables		24	411
Total financial assets		24	411
DEFERRED TAX			
Deferred prepaid tax		148	83
Total deferred tax		148	83
CURRENT ASSETS			
Accounts receivable		41,199	38,224
Other receivables		678	2,602
Current tax assets		-	2,148
Prepaid expenses and accrued income		31,391	31,086
Cash and cash equivalents		145,234	133,471
Total current assets		218,502	207,531
TOTAL ASSETS		236,493	230,545
EQUITY AND LIABILITIES			
EQUITY			
Share capital		563	563
Other contributed capital		2,744	288
Retained earnings, including profit for the year		76,150	60,147
Total equity attributable to the parent company's shareholders		79,457	60,998
LONG-TERM LIABILITIES			
Leasing liabilities		7,379	11,743
Total long-term liabilities		7,379	11,743
CURRENT LIABILITIES			
Leasing liabilities		4,364	4,175
Accounts payable		14,704	13,908
Current tax liabilities		518	-
Other liabilities		3,257	10,322
Accrued expenses and deferred income		126,815	129,399
Total current liabilities		149,658	157,804
TOTAL EQUITY AND LIABILITIES		236,493	230,545

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

tSEK	Attributable to the parent company's shareholders	
	12/31/2024	12/31/2023
Opening balance according to adopted balance sheet	60,998	160,834
Correction of errors (after tax)	-	-4,324*
Adjusted opening balance	60,998	156,510
Comprehensive income for the period	62,642	46,742
Dividend	-46,638	-141,943
Warrant premiums	2,456	288
Closing balance	79,457	60,998

* Adjusted to reflect correction of VAT liability. See more in our 2023 Annual and Sustainability Report.

CONSOLIDATED CASH FLOW STATEMENT

tSEK	Note	Oct - Dec		Jan - Dec	
		2024	2023	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit/loss		21,543	12,689	76,962	56,606
Adjustments for items not included in cash flow:					
Depreciation and impairment		2,355	8,653	8,624	14,858
Interest received		846	1,253	2,868	2,793
Interest paid		-137	-777	-685	-1,207
Tax paid		-2,025	-1,963	-13,903	-11,639
Cash flow from operating activities before changes in working capital		22,581	19,854	73,866	61,411
CHANGE IN WORKING CAPITAL					
Change in operating receivables		-1,771	-5,665	-1,355	-20,497
Change in operating liabilities		-3,511	2,240	-8,853	11,809
Cash flow from operating activities		17,298	16,429	63,657	52,723
INVESTMENT ACTIVITIES					
Capitalization of development expenses		-1,399	-187	-3,261	5,086
Acquisition of tangible fixed assets		-	-	-661	-1,727
Cash flow from investment activities		-1,399	-187	-3,923	-6,813
FINANCING ACTIVITIES					
Repayment of leasing liabilities		-1,061	-1,015	-4,175	-3,647
Warrant premiums		-	288	2,456	288
Dividend		-	-	-46,638	-141,943
Cash flow from financing activities		-1,061	-727	-48,358	-145,302
Cash flow for the period		14,838	15,515	11,377	-99,392
Liquid funds at the beginning of the period		129,985	117,956	133,471	232,862
Reclassification of cash and cash equivalents		411	-	387	-
Liquid funds at the end of the period		145,234	133,471	145,234	133,471

PARENT COMPANY INCOME STATEMENT

tSEK	Note	Oct - Dec		Jan - Dec	
		2024	2023	2024	2023
OPERATING INCOME					
Net sales		66,756	61,254	261,529	236,146
Other operating income		47	240	355	864
Capitalized work for own account		200	7	447	1,105
OPERATING EXPENSES					
Distribution costs		-14,540	-14,238	-57,862	-53,641
Other external expenses		-16,490	-14,343	-63,733	-57,378
Personnel expenses		-13,657	-12,693	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets		-807	-7,567	-3,818	-10,961
Other operating expenses		-78	-83	-290	-376
Operating profit/loss		21,431	12,577	76,524	56,252
PROFIT FROM FINANCIAL ITEMS					
Interest income and similar income		846	1,253	2,868	2,793
Interest expenses and similar expenses		-	-594	-68	-594
Profit after financial items		22,277	13,236	79,324	58,451
APPROPRIATIONS					
Group contributions		-50	-	-50	-
Profit before tax		22,227	13,236	79,274	58,451
Tax on profit for the period		-4,737	-2,734	-16,539	-12,101
Profit/loss for the period		17,490	10,501	62,736	46,350
Comprehensive income for the period		17,490	10,501	62,736	46,350

Since the parent company has no items recognized as other comprehensive income, total comprehensive income for the period is equal to profit for the period.

PARENT COMPANY BALANCE SHEET

±SEK	Note	12/31/2024	12/31/2023
ASSETS			
INTANGIBLE FIXED ASSETS			
Capitalized expenses for development work		4,787	4,474
Patent		-	-
Total intangible fixed assets		4,787	4,474
TANGIBLE FIXED ASSETS			
Cost of improvement on other's property		917	738
Equipment and computers		1,316	1,703
Total tangible fixed assets		2,233	2,441
FINANCIAL ASSETS			
Participations in group companies		50	50
Deferred prepaid tax		49	18
Other long-term receivables		24	411
Total financial assets		123	479
Total fixed assets		7,143	7,395
CURRENT RECEIVABLES			
Accounts receivable		41,199	38,224
Other receivables		678	2,602
Current tax assets		-	2,148
Prepaid expenses and accrued income		31,391	31,086
Total current receivables		73,267	74,061
SHORT-TERM INVESTMENTS			
Other short-term investments		80,000	-
Total short-term investments		80,000	-
Cash and bank balances		65,136	133,363
Total current assets		218,404	207,423
TOTAL ASSETS		225,547	214,818
EQUITY AND LIABILITIES			
RESTRICTED EQUITY			
Share capital		563	563
Fund for development expenditures		4,787	4,474
Total restricted equity		5,350	5,038
UNRESTRICTED EQUITY			
Share premium fund		2,744	288
Retained earnings		8,913	9,514
Profit/loss for the period		62,736	46,350
Total unrestricted equity		74,392	56,151
Total equity		79,742	61,189
CURRENT LIABILITIES			
Accounts payable		14,704	13,908
Liabilities to group companies		50	-
Current tax liabilities		518	-
Other liabilities		3,257	10,322
Accrued expenses and deferred income		127,276	129,399
Total current liabilities		145,805	153,629
TOTAL EQUITY AND LIABILITIES		225,547	214,818

NOTES

Note 1 General information

The address of the company's registered office is Drakegatan 10, 412 50 Gothenburg, Sweden. Sleep Cycle is developing 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 December 31, 2024 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Sleep Cycle's year-end report for January-December 2024 was approved for publication on February 4 per board decision on February 4, 2025.

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 "Supple-

mentary 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	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Subscription income	63,910	60,530	252,100	234,948
Other income	2,847	725	9,429	1,198
Total	66,756	61,254	261,529	236,146

Note 5 Financial instruments

tSEK	12/31/2024	12/31/2023
FINANCIAL ASSETS VALUED AT AMORTIZED COST		
Accounts receivable	41,199	38,224
Other receivables	24	419
Accrued income	696	233
Cash and cash equivalents	145,234	133,471
Total financial assets	187,153	172,347
FINANCIAL LIABILITIES VALUED AT AMORTIZED COST		
Accounts payable	14,704	13,908
Accrued expenses	4,264	3,257
Total financial liabilities	18,968	17,165

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 savings 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.
Subscription income	Revenue attributable to a paying subscriber	Subscription revenue is used to measure the company's revenue generation from subscribers.
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	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Net sales previous period	61,254	55,405	236,146	212,034
Net sales current period	66,756	61,254	261,529	236,146
Net sales growth	9.0%	10.6%	10.7%	11.4%
Currency-adjusted net sales previous period	61,812	57,951	238,186	229,045
Net sales current period	66,756	61,254	261,529	236,146
Currency-adjusted net sales growth	8.0%	5.7%	9.8%	3.1%

OPERATING PROFIT AND OPERATING MARGIN

tSEK	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Net sales	66,756	61,254	261,529	236,146
Other operating income	47	240	355	864
Capitalized work for own account	200	7	447	1,105
Distribution costs	-14,540	-14,238	-57,862	-53,641
Other external expenses	-14,831	-13,146	-58,489	-53,127
Personnel expenses	-13,657	-12,693	-60,104	-59,507
Depreciation and impairment of tangible and intangible assets	-2,355	-8,653	-8,624	-14,858
Other operating expenses	-78	-83	-290	-376
Operating profit/loss	21,543	12,689	76,962	56,606
Operating margin	32.3%	20.7%	29.4%	24.0%

ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

tSEK	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Operating profit/loss	21,543	12,689	76,962	56,606
ITEMS AFFECTING COMPARABILITY				
Other external expenses	-	-	-794	-381
Personnel expenses	-	-	-4,962	-4,450
Total items affecting comparability	-	-	-5,756	-4,831
Adjusted operating profit/loss	21,543	12,689	82,718	61,437
Adjusted operating margin	32.3%	20.7%	31.6%	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	Oct - Dec		Jan - Dec	
	2024	2023	2024	2023
Subscription income	63,910	60,530	252,100	234,948
Currency-adjusted subscription revenue	63,314	57,896	250,220	217,425
Number of subscriptions previous period (thousands)	915	887	893	904
Number of subscriptions current period (thousands)	918	893	918	893
ARPU (SEK)	279	272	278	262
Currency-adjusted ARPU (SEK)	276	260	276	242

SUBMISSION OF YEAR-END REPORT JAN – DEC 2024

The Board of Directors and CEO assure that the year-end 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, February 4, 2025

Anne Broeng
Chairman of the Board

Hans Skruvfors
Board member

Maciek Drejak
Board member

Mathias Høyer
Board member

Erik Jivmark
CEO

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