



Sleep Cycle year end report 2021: Increased net sales and new product launches

Net sales increased 15.0% to SEK 48.0m during the fourth quarter, corresponding to a 21.7% currency adjusted growth rate. During the quarter several new features were launched which, in combination with effective campaigns, lead to positive sales development. The total amount of subscriptions increased 14.3% to 901k. The subscription growth rate increased compared to last year (10.1%) but, due to negative foreign exchange impact, the volume growth was not fully reflected in revenues.

Fourth quarter summary (October-December 2021)

- Net sales increased by 15.0 % (23.0 % October-December 2020) and totaled SEK 48,040 (41,759) thousand. Currency-adjusted net sales grew 21.7 (24.0) %.
- Operating income totaled SEK 8,030 (5,715) thousand and the operating income margin was 16.7 (13.7) %.
- Adjusted operating income totaled SEK 8,030 (13,216) thousand and the operating income margin was 16.7 (31.6) %.
- The total number of paying subscribers at the end of the period was 901k (788k) an increase of 14.3% compared to the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 215 (213).
- Earnings per share before dilution for the quarter totaled SEK 0.33 (0.25). Results per share after dilution totaled SEK 0.32 (0.24).

Full year summary (January-December 2021)

- Net sales increased by 14.7 % (30.0 % January-December 2020) and totaled SEK 182,937 (159,448) thousand. Currency-adjusted net sales grew 21.6 (26.9) %.
- Operating income totaled SEK 10,325 thousand (56,243) and the operating income margin was 5.6 (35.3) %.
- Adjusted operating profit totaled SEK 36,386 (63,744) thousand and the operating margin was 19.9 (40.0) %.
- The total number of paying subscribers at the end of the period was 901k (788k), an increase of 14.3% compared to the previous year.
- ARPU for the full year period amounted to SEK 212 (212).
- Earnings per share before dilution in the quarter to SEK 0.43 (2.45). Earnings per share after dilution totaled SEK 0.42 (2.38).

Important events during the reporting period

- During the quarter, Sleep Boot Camp was launched, which is a sleep education aimed at companies. Among the first organizations to introduce Sleep Boot Camp are Polestar and Djurgårdens IF.

- In October, Google announced that it was reducing the fee on all Google Play sales from 30% to 15% from 1 January 2022. Sleep Cycle's expected impact on earnings from the reduction is estimated at approximately MSEK 2 for the full year 2022.
- Sleep Cycle was awarded "Best for Wear" by Google Play together, among others, Calm and MyFitnessPal. The award highlights the launch of Sleep Cycle for Android smart watches.
- In December, Cecilia Mikkov joined Sleep Cycle as Chief Human Resources Officer and member of the executive management team. Cecilia most recently held leading HR-positions with Netent.

Important events after the end of the reporting period

- In January, Sleep Cycle launched the feature Sleep Goals. Sleep Goals allow the user to change their behaviors based on a pre-determined sleep goal.

Commenting on the quarter, CEO Carl Johan Hederoth says:

"We are in general satisfied with the performance during the fourth quarter with several steps in the right direction and with positive developments in our key KPI's. We launched several new functions helping users to improve their sleep, we onboarded new clients in our corporate offering, and we received the award "Best for Wear" by Google Play. In total a good quarter with sales growth driven by effective campaigns with high conversion rates".

"During 2021 we have invested in both product and organization. For 2020 our ambition is to ramp up the product development and offer several new functionalities for improved sleep. The market for digital health is growing rapidly and the acceptance for treating sleep disorders with digital methods are increasing. We are in an excellent position to increase the growth rate and I expect the investments made in 2021 to provide good return during 2022."

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 15 February 2022 at 8:30 CET.

The full interim report is available on www.sleepcycle.com For more information please contact:

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About Sleep Cycle

With millions of daily active users and over two billion nights analyzed in more than 150 countries, Sleep Cycle is the leading sleep tracking application and one of the most widely used solutions worldwide to improve sleep health. Sleep Cycle's mission is to improve global health by empowering people to sleep better. Since its launch in 2009, Sleep Cycle has helped millions of people understand their sleep habits and improve their sleep. The mobile application helps users fall asleep more easily, tracks and analyses sleep during the night, wakes the user in a light sleep phase and provides insight into how sleep quality is best improved. Sleep Cycle is one of the world's most comprehensive sources for statistics on sleep and contributes to research and reporting on

sleep worldwide. Sleep Cycle is listed on Nasdaq Stockholm under the ticker SLEEP. The head office is located in Gothenburg, Sweden.