



Sleep Cycle

Interim report Jan – Mar 2025

Sleep Cycle AB (publ)

"Sleep Cycle is a stable company in a volatile time. It is our ability to act and focus that makes a difference – and what will carry us into the next phase of long-term growth."

ERIK JIVMARK, CEO

First quarter

January - March 2025

- Net sales totaled tSEK 64,925 (63,457) and increased by 2.3% (13.0%). Currency-adjusted net sales growth amounted to 1.6% (11.1%).
- Operating profit amounted to tSEK 17,091 (13,843), with an operating margin of 26.3% (21.8%). The quarter has not been affected by any costs affecting comparability. The previous year was affected by costs of tSEK 5,756 and the adjusted operating margin was 30.9%.
- The total number of paying subscribers at end of period was 904k (893k). New customer sales were impacted by tougher market conditions, and the number of paying subscribers decreased by 14k compared to the end of the previous quarter.
- ARPU in the quarter totaled SEK 272 (276). Currency-adjusted ARPU amounted to SEK 270.
- Earnings per share before and after dilution for the quarter amounted to SEK 0.68 (0.57).

Significant events during the quarter

- On March 5, the Sleep Around the World report was presented. This report demonstrates the value of Sleep Cycle's data and reinforces our position as a leader in sleep analysis.
- On March 13, a new video series was launched together with sleep researcher Dr. Mike Gradisar, Head of Sleep Science at Sleep Cycle. The initiative strengthens user value and helps differentiate Sleep Cycle's offering in the field of digital health.
- Sleep Cycle's CTO Mikael Kågebäck spoke at Cambridge AI Health on March 13 about how Sleep Cycle uses real-time audio data to generate insights into global health trends and thereby strengthen the potential of AI in health monitoring.

Significant events after the end of the period

- At Sleep Cycle's Annual General Meeting on April 8, all Board members, including the Chairman of the Board, were re-elected. The Annual General Meeting also adopted updated guidelines for remuneration to senior executives, as well as an ordinary dividend of SEK 1.85 per share and an extraordinary dividend of SEK 1.15 per share for 2024.

Group key performance indicators

tSEK	Jan - Mar		Jan - Dec
	2025	2024	2024
Net sales	64,925	63,457	261,529
Net sales growth (%)	2.3%	13.0%	10.7%
Currency-adjusted net sales growth (%)	1.6%	11.1%	9.8%
Operating profit/loss	17,091	13,843	76,962
Operating margin (%)	26.3%	21.8%	29.4%
Items affecting comparability	-	-5,756	-5,756
Adjusted operating profit/loss	17,091	19,599	82,718
Adjusted operating margin (%)	26.3%	30.9%	31.6%
Profit/loss for the period	13,792	11,524	62,642
Operational key performance indicators			
Total subscriptions (Thousands)	904	893	918
ARPU (SEK)	272	276	278
Average number of employees (#)	33	37	33

For definitions, justifications, and deductions see pages 15-16.

Stable position in a challenging market



The first quarter of 2025 was dominated by continued volatility in market conditions, a trend established in the latter part of last year. The sleep health segment has experienced a general decline in the App Store, affecting the industry as a whole. Despite this, Sleep Cycle is stable. Revenue for the quarter amounted to SEK 64.9 million, compared to SEK 63.5 million in the same period last year, with an EBIT margin of 26.3 percent - a result that demonstrates our ability to successfully navigate even in a turbulent market.

During the quarter we gained market share from competitors, which is a clear sign of the strength of the product and the brand. The number of paying subscribers reached 904,000, an increase of 11,000 compared to last year, but slightly below our own expectations. Given the market downturn, this confirms that Sleep Cycles' offering is strong and relevant. With a clear focus and an aligned strategy, we are well equipped for what lies ahead.

Sleep Cycle grows with the users

The app continues to evolve in line with market demands and user needs. A central element of our strategy is to increase the accuracy of our data - ensuring that the insights we provide to our users are reliable, relevant, and easy to understand. This is a key factor in strengthening the user experience and reducing churn. The launch of our Sleep Phases feature in December was an important step in this work - by providing the user with more accurate and easily accessible information about their sleep. During the quarter, we also intensified our reactivation strategy. Our ability to reactivate cancelled subscriptions has improved significantly compared to the first quarter of 2024.

In late March we started the roll-out of our refreshed brand. Retaining elements of Sleep Cycle's identity was an important part of this development - especially for our loyal users. The logo is retained, in an updated version, but now as part of a more modern and coherent design scheme that better reflects our future. This was an important step in how we attract new users, and we can already see a positive effect in the exposure we get in the App Store.

Powered by Sleep Cycle – our next growth engine

Our efforts to diversify revenue streams continue with the Powered by Sleep Cycle initiative. In addition to dialogues with potential customers for our unique and in many cases patented technology, during the quarter we accelerated our work on screening for sleep apnea, a disease of great importance to public health and with significant potential in many of our largest markets. The combination of our advanced sound analysis technology and a clear commercial strategy makes us optimistic about future potential. Dialogues with relevant authorities for the necessary certification are progressing, and we are confidently looking forward to starting clinical trials in the second quarter.

Aiming for sustainable growth

We remain committed to our medium-term financial targets – to double revenues and reach an EBIT margin of at least 25 percent, as evidenced by our 26.3 percent margin for the quarter. The uncertain macroeconomic environment - including adverse currency effects - remains a concern. At the same time, we are fully aware that the journey there will not be linear and we are working proactively to adapt our operations accordingly.

Sleep Cycle is a stable company in a volatile time. It is our ability to act, develop and focus that makes a difference – and what will carry us into the next phase of long-term and sustainable growth.

Finally, I would like to thank our Board of Directors, shareholders and employees - your commitment is crucial to our continued success.

A handwritten signature in blue ink, which appears to read 'Erik Jivmark'. The signature is fluid and cursive.

ERIK JIVMARK, CEO

Sleep Cycle's product offering

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.



Product news in brief

Sleep Stages is the world's first non-contact sleep analysis that uses sound-based analysis to interpret movement and respiratory 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 even before the user is aware of an approaching respiratory infection. The launch of 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 offers

The future of sleep optimization offers extensive possibilities. With an unmatched volume of sleep data, patented sleep analysis 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.

The technology of Sleep Stages 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.

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 nighttime sleep, and frames this in the perspective of the user's overall health.

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 takes off 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 aggressive objective: Doubled income over the medium term with an annual profitability of at least 25 percent operating margin. With a strong core business as a foundation and a competent team, we are convinced that these goals can be achieved.



Strategic focus areas



USER GROWTH

Sleep Cycle is experiencing 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 meeting 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.



PLATFORM AND DATA

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 respiratory 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, 2024.

First quarter January – March 2025

Sales and earnings

The Group's net sales during the first quarter totaled tSEK 64,925 (63,457), an increase of 2.3% (13.0%) compared with prior year. The increase is explained by continued growth from partnerships and more paying subscribers. The lower growth rate despite more paying users is explained by a lower average revenue per subscription (ARPU), as well as lower sales to new customers compared to prior year. Currency-adjusted net sales growth amounted to 1.6% (11.1%) for the quarter.

Average ARPU decreased to SEK 272 (276), while currency-adjusted ARPU amounted to SEK 270. The decrease is explained by exchange rate fluctuations, more users converting from the free version to discounted subscriptions and a weaker inflow of new customers during the quarter.

The number of paying users amounted to 904k (893k), driven mainly by new customer acquisition, growth in partnerships and increased conversion from non-paying to paying subscribers - albeit at a discounted offer. The challenging market situation led to fewer downloads than expected, but conversion and renewal rates remained stable, contributing to a continued strong user base.

The quarter has continued to see a good level of revenue and stable profitability. Earnings were affected by increased costs linked to growth-enhancing initiatives in line with the company's strategy. Operating profit for the first quarter totaled tSEK 17,091 (13,843) and the margin 26.3% (21.8%). The adjusted margin for the first quarter of 2024 was 30.9%. The first quarter of 2024 was affected by costs affecting comparability of tSEK 5,756 related to the reorganization and consolidation of operations to the head office in Gothenburg. The first quarter of 2025 has not been affected by costs affecting comparability.

Currency fluctuations had some negative impact on the result. As sales are made in foreign currency but payments from the App Store, for example, are made in Swedish kronor, revenues are affected by currency fluctuations – especially when the krona strengthens. Additional profit impact arises when the exchange rate changes between the moment of sale and moment of payment. During the quarter, the result was impacted by tSEK -1,291, mainly related to USD exchange rate fluctuations.

Net financial items for the quarter totaled tSEK 307 (687) and taxes on profit for the quarter totaled tSEK -3,606 (-3,006).

Profit for the quarter totaled tSEK 13,792 (11,524). Earnings per share before and after dilution amounted to SEK 0.68 (0.57).

Cash flow and financial position

Cash flow from operations in the first quarter amounted to tSEK 16,712 (18,273).

Cash flow from investing activities was -3,803 (-185) SEK related to capitalization of development expenditures.

Cash flow from financing activities for the quarter totaled tSEK -1,073 (-1,027) related to amortization of lease liabilities in the form of rents for office space.

Cash flow for the quarter totaled tSEK 11,836 (17,061). The group's cash and cash equivalents at the end of the period totaled tSEK 157,071 (150,532).

Consolidated equity totaled tSEK 93,249 as of March 31. Opening balance on January 1 was tSEK 79,457.

Other information

Employees

The average number of employees in the Group for the quarter January to March 2025 was 33 (37).

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 2024. 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.

Other information

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

A presentation of Sleep Cycle's interim report for January-March 2025 for shareholders, media, and other stakeholders will be held on April 25 at 09:30 a.m. Participants will be able to follow the presentation via a webcast.

This is a translation of the original Swedish Sleep Cycle interim report January-March 2025. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

UPCOMING REPORTING DATES

Interim report Apr-Jun 2025

August 22, 2025

Interim report Jul-Sep 2025

October 24, 2025



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 warrants	Corresponding number of shares	% of total number of shares	Exercise price	Exercise period
2021/2026 (CEO LTIP)	340,909	419,318	2.1%	196.87	2026
2022/2025	53,700	54,774	0.3%	69.58	2025
2023/2027 (CEO LTIP)	100,000	100,000	0.5%	52.60	2027
2024/2027	800,000	800,000	3.9%	59.20	2027
Total	1,294,609	1,374,092	6.8%		

Main shareholders in Sleep Cycle AB (publ) as of March 31, 2025

Owner	Number of shares	Votes and capital
Maciej Drejak through company	8,707,984	42.9%
Pierre Siri through company	4,047,686	20.0%
Avanza Pension	1,113,653	5.5%
Nordnet Pensionsförsäkring	774,733	3.8%
Lancelot Asset Management AB	650,000	3.2%
Cancerfonden - The Swedish Cancer Society	339,993	1.7%
Johan Qviberg	158,000	0.8%
Storebrand Funds	148,373	0.7%
Handelsbanken Fonder	128,000	0.6%
SEB Funds	94,596	0.5%
Other	4,114,545	20.3%
Total	20,277,563	100%

Consolidated statement of comprehensive income

tSEK	Note	Jan - Mar		Jan - Dec
		2025	2024	2024
Operating income				
Net sales	4	64,925	63,457	261,529
Other operating income		205	200	355
Operating expenses				
Capitalized work for own account		400	-	447
Distribution costs		-13,893	-14,306	-57,862
Other external expenses		-17,929	-14,974	-58,489
Personnel expenses		-13,750	-18,335	-60,104
Depreciation and impairment of tangible and intangible assets		-1,268	-2,124	-8,624
Other operating expenses		-1,598	-77	-290
Operating profit/loss		17,091	13,843	76,962
Financial items				
Financial income		432	859	2,868
Financial expenses		-125	-172	-685
Profit before tax		17,398	14,531	79,145
Tax on profit for the period		-3,606	-3,006	-16,504
Profit for the period attributable to the parent company's shareholders		13,792	11,524	62,642
Other comprehensive income		-	-	-
Comprehensive income for the period attributable to the parent company's shareholders		13,792	11,524	62,642
Earnings per share				
Earnings per share before dilution, SEK		0.68	0.57	3.09
Earnings per share after dilution, SEK		0.68	0.57	3.09
Average number of shares outstanding for the period before dilution		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

Consolidated statement of financial position

tSEK	Note	03/31/2025	03/31/2024	12/31/2024
ASSETS				
Intangible fixed assets				
Capitalized development expenditures		8,176	3,643	4,787
Patent		-	-	-
Total intangible fixed assets		8,176	3,643	4,787
Tangible fixed assets				
Right-of-use assets		9,222	14,519	10,799
Cost of improvement on other's property		844	695	917
Equipment and computers		1,159	1,725	1,316
Total tangible fixed assets		11,225	16,938	13,032
Financial assets				
Other long-term receivables		23	411	24
Total financial assets		23	411	24
Deferred tax				
Deferred prepaid tax		140	95	148
Total deferred tax		140	95	148
Current assets				
Accounts receivable		41,173	43,604	41,199
Other receivables		1,124	1,111	678
Current tax assets		663	4,312	-
Prepaid expenses and accrued income		34,224	35,526	31,391
Cash and cash equivalents		157,071	150,532	145,234
Total current assets		234,255	235,085	218,502
TOTAL ASSETS		253,819	256,172	236,493
EQUITY AND LIABILITIES				
Equity				
Share capital		563	563	563
Other contributed capital		2,744	288	2,744
Retained earnings, including profit for the year		89 942%	71,671	76,150
Total equity attributable to the parent company's shareholders		93 249%	72,522	79,457
Long-term liabilities				
Leasing liabilities		6,599	10,670	7,379
Total long-term liabilities		6,599	10,670	7,379
Current liabilities				
Leasing liabilities		3,067	4,222	4,364
Accounts payable		14,178	18,775	14,704
Current tax liabilities		-	-	518
Other liabilities		3,648	5,021	3,257
Accrued expenses and deferred income	6	133,079	144,962	126,815
Total current liabilities		153,971	172,980	149,658
TOTAL EQUITY AND LIABILITIES		253,819	256,172	236,493

Consolidated statement of changes in equity

tSEK	Attributable to the parent company's shareholders		
	03/31/2025	03/31/2024	12/31/2024
Opening balance	79,457	60,998	60,998
Comprehensive income for the period	13,792	11,524	62,642
Dividend	-	-	-46,638
Warrant premiums	-	-	2,456
Closing balance	93,249	72,522	79,457

Consolidated cash flow statement

tSEK	Note	Jan - Mar		Jan - Dec
		2025	2024	2024
Cash flow from operating activities				
Operating profit/loss		17,091	13,843	76,962
Adjustments for items not included in cash flow:				
Depreciation and impairment		1,268	2,124	8,624
Other items not affecting cash flow		-51	-	-
Interest received		432	859	2,868
Interest paid		-125	-172	-685
Tax paid		-4,779	-5,182	-13,903
Cash flow from operating activities before changes in working capital		13,837	11,473	73,866
Change in working capital				
Change in operating receivables		-3,254	-8,329	-1,355
Change in operating liabilities		6,129	15,129	-8,853
Cash flow from operating activities		16,712	18,273	63,657
Investment activities				
Capitalization of development expenses		-3,803	-	-3,261
Acquisition of tangible fixed assets		-	-185	-661
Cash flow from investment activities		-3,803	-185	-3,923
Financing activities				
Repayment of leasing liabilities		-1,073	-1,027	-4,175
Warrant premiums		-	-	2,456
Dividend		-	-	-46,638
Cash flow from financing activities		-1,073	-1,027	-48,358
Cash flow for the period		11,836	17,061	11,377
Liquid funds at the beginning of the period		145,234	133,471	133,471
Reclassification of cash and cash equivalents		-	-	387
Liquid funds at the end of the period		157,071	150,532	145,234

Parent company income statement

tSEK	Note	Jan - Mar		Jan - Dec
		2025	2024	2024
Operating income				
Net sales		64,925	63,457	261,529
Other operating income		153	200	355
Capitalized work for own account		400	-	447
Operating expenses				
Distribution costs		-13,893	-14,306	-57,862
Other external expenses		-18,658	-16,164	-63,733
Personnel expenses		-13,750	-18,335	-60,104
Depreciation and impairment of tangible and intangible assets		-644	-1,038	-3,818
Other operating expenses		-1,598	-77	-290
Operating profit/loss		16,935	13,739	76,524
Profit from financial items				
Interest income and similar income		432	859	2,868
Interest expenses and similar expenses		-	-	-68
Profit after financial items		17,367	14,598	79,324
APPROPRIATIONS				
Group contributions		-	-	-50
Profit before tax		17,367	14,598	79,274
Tax on profit for the period		-3,598	-3,019	-16,539
Profit/loss for the period		13,769	11,580	62,736
Comprehensive income for the period		13,769	11,580	62,736

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

tSEK	Note	03/31/2025	03/31/2024	12/31/2024
ASSETS				
Intangible fixed assets				
Capitalized development expenditures		8,176	3,643	4,787
Patent		-	-	-
Total intangible fixed assets		8,176	3,643	4,787
Tangible fixed assets				
Cost of improvement on other's property		844	695	917
Equipment and computers		1,159	1,725	1,316
Total tangible fixed assets		2,003	2,419	2,233
Financial assets				
Participations in group companies		50	50	50
Deferred prepaid tax		49	18	49
Other long-term receivables		23	411	24
Total financial assets		122	479	123
Total fixed assets		10,301	6,542	7,143
Current receivables				
Accounts receivable		41,173	43,604	41,199
Other receivables		1,124	1,111	678
Current tax assets		663	4,312	-
Prepaid expenses and accrued income		34,224	35,526	31,391
Total current receivables		77,184	84,553	73,267
Short-term investments				
Other short-term investments		90,000	100,000	80,000
Total current receivables		90,000	100,000	80,000
Cash and bank balances		66,931	50,432	65,136
Total current assets		234,115	234,985	218,404
TOTAL ASSETS		244,416	241,527	225,547
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		563	563	563
Fund for development expenditures		8,176	3,643	4,787
Total restricted equity		8,740	4,206	5,350
Unrestricted equity				
Share premium fund		2,744	288	2,744
Retained earnings		68,259	56,695	8,913
Profit/loss for the period		13,769	11,580	62,736
Total unrestricted equity		84,772	68,562	74,392
Total equity		93,511	72,769	79,742
Current liabilities				
Accounts payable		14,178	18,775	14,704
Liabilities to group companies		-	-	50
Current tax liabilities		-	-	518
Other liabilities		3,648	5,021	3,257
Accrued expenses and deferred income		133,079	144,962	127,276
Total current liabilities		150,905	168,758	145,805
TOTAL EQUITY AND LIABILITIES		244,416	241,527	225,547

Notes

Note 1 General information

The address of the company's registered office is Drakegata 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 March 31, 2025 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688). Sleep Cycles' interim report for January-March 2025 was approved for publication on April 25 per Board decision on April 24, 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 "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 2024. New standards and interpretations that came into force on January 1, 2025 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	Jan - Mar		Jan - Dec
	2025	2024	2024
Subscription income	61,880	61,578	252,100
Other income	3,045	1,879	9,429
Total	64,925	63,457	261,529

Note 5 Financial instruments

tSEK	03/31/2025	03/31/2024	12/31/2024
Financial assets valued at amortized cost			
Accounts receivable	41,173	43,604	41,199
Other receivables	23	411	24
Accrued income	1,367	1,160	696
Cash and cash equivalents	157,071	150,532	145,234
Total financial assets	199,634	195,707	187,153
Financial liabilities valued at amortized cost			
Accounts payable	14,178	18,775	14,704
Accrued expenses	3,885	3,108	4,264
Total financial liabilities	18,063	21,884	18,968

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.

Note 6 Accrued expenses and deferred income

tSEK	03/31/2025	03/31/2024	12/31/2024
Contractual liabilities (deferred income)	121,851	128,410	116,782
Accrued staff-related costs	7,503	13,549	6,389
Other items	3,725	3,003	3,644
Total	133,079	144,962	126,815

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	Income 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	Jan - Mar		Jan - Dec
	2025	2024	2024
Net sales previous period	63,457	56,162	236,146
Net sales current period	64,925	63,457	261,529
Net sales growth	2.3%	13.0%	10.7%
Currency-adjusted net sales previous period	63 903	57,117	238,186
Net sales current period	64,925	63,457	261,529
Currency-adjusted net sales growth	1.6%	11.1%	9.8%

Operating profit and operating margin

tSEK	Jan - Mar		Jan - Dec
	2025	2024	2024
Net sales	64,925	63,457	261,529
Other operating income	205	200	355
Capitalized work for own account	400	-	447
Distribution costs	-13,893	-14,306	-57,862
Other external expenses	-17,929	-14,974	-58,489
Personnel expenses	-13,750	-18,335	-60,104
Depreciation and impairment of tangible and intangible assets	-1,268	-2,124	-8,624
Other operating expenses	-1,598	-77	-290
Operating profit/loss	17,091	13,843	76,962
Operating margin	26.3%	21.8%	29.4%

Adjusted operating profit and adjusted operating margin

tSEK	Jan - Mar		Jan - Dec
	2025	2024	2024
Operating profit/loss	17,091	13,843	76,962
Items affecting comparability			
Other external expenses	-	-794	-794
Personnel expenses	-	-4,962	-4,962
Total items affecting comparability	-	-5,756	-5,756
Adjusted operating profit/loss	17,091	19,599	82,718
Adjusted operating margin	26.3%	30.9%	31.6%

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.

ARPU and currency-adjusted ARPU

tSEK	Jan - Mar		Jan - Dec
	2025	2024	2024
Subscription income	61,880	61,578	252,100
Currency-adjusted subscription income	61,443	60,562	250,220
Number of subscriptions previous period (thousands)	918	893	893
Number of subscriptions current period (thousands)	904	893	918
ARPU (SEK)	272	276	278
Currency-adjusted ARPU (SEK)	270	271	276

Submission of the interim report Jan – Mar 2025

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, April 24, 2025

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Chairman of the Board

Hans Skruvfors
Board member

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