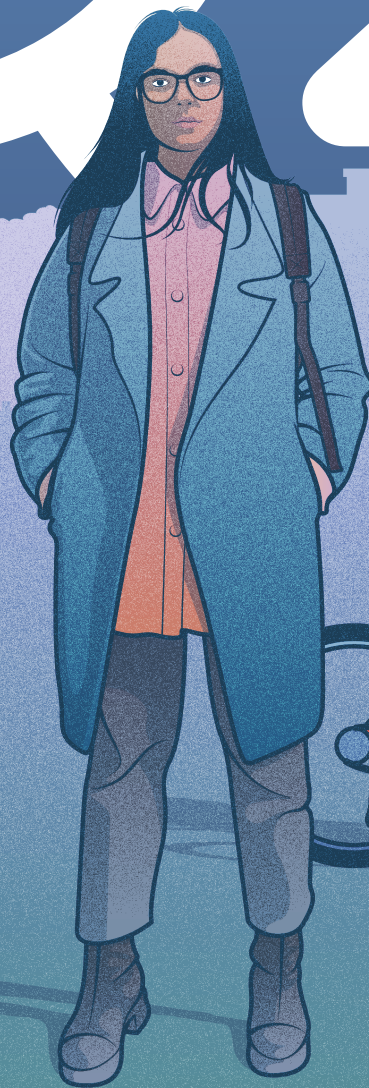
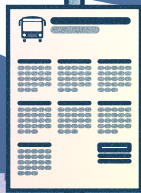


Q2



JANUARY - JUNE
2022

SLEEP CYCLE
INTERIM REPORT



INTERIM REPORT JAN – JUN 2022 – SLEEP CYCLE AB

STABLE GROWTH AND STRONG OPERATING MARGIN

The positive development from the start of the year continued in the second quarter. Net sales increased by 19.0%, equivalent to an increase of 16.1% adjusted for currency effects. The operating margin increased to 24.4% thanks to effective cost control and growth in revenue. The total number of users increased but was impacted by seasonal variations and price adjustments. As anticipated, new customer acquisition was only partially affected by the price adjustments, resulting in an overall higher sales value.

SIGNIFICANT EVENTS

- As part of Sleep Cycle's product investments, the company entered into a more in-depth collaboration with Mike Gradisar in April. With a teaching background at Flinders University in Australia, Mike is a globally recognized sleep scientist whose work is frequently cited. Mike will be taking on the role of Head of Sleep Science and leading Sleep Cycle's team of sleep experts.
- Analysis of coughs captured in Sleep Cycle's data analysis and comparison of these with Covid outbreaks in various locations around the world revealed clear correlations, indicating Covid outbreaks several weeks before they were officially recorded. This analysis demonstrates the power of Sleep Cycle's data and sets the stage for bringing out new products and features in the future.

- In late June, Sleep Cycle applied for a patent involving attribution of individual snores in situations where multiple people are sleeping in the same environment.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The first part of Sleep Cycle's new platform for sleep training was launched in early July. Several different sleep programs based on the user's individual needs and sleep patterns will be launched on the platform.
- Sleep Cycle established a partnership with US-based Gympass, one of the world's largest fitness and wellness platforms. The partnership gives Gympass members access to Sleep Cycle, which is Gympass' select partner for the health area of sleep.

GROUP KEY PERFORMANCE INDICATORS

SEK (thousands)	Apr – Jun		Jan – Jun		Jan – Dec
	2022	2021	2022	2021	2021
Net sales	52,503	44,128	102,593	86,138	182,937
Net sales growth (%)	19.0%	12.5%	19.1%	11.4%	14.7%
Currency-adjusted net sales growth (%)	16.1%	20.3%	18.6%	17.3%	21.6%
Operating profit	12,793	-11,414	25,536	-6,729	10,325
Operating margin (%)	24.4%	-25.9%	24.9%	-7.8%	5.6%
Adjusted operating profit	12,793	4,533	25,536	16,352	36,386
Adjusted operating margin (%)	24.4%	10.3%	24.9%	19.0%	19.9%
Profit/loss for the period	10,102	-9,110	20,196	-5,404	8,110
Adjusted operating cash flow	15,755	16,369	42,670	20,730	36,791
Adjusted cash conversion (%)	111.3%	350.1%	151.6%	124.6%	95.7%
Operational key performance indicators					
Total subscriptions (Thousands)	921	852	921	852	901
ARPU (SEK)	228	211	225	210	212
Average number of employees (#)	46	31	45	28	33

For definitions, justifications, and deductions see page 17.

SECOND QUARTER APRIL – JUNE 2022

- Net sales increased by 19.0% (12.5)% and totaled tSEK 52,503 (44,128). Currency-adjusted net sales growth totaled 16.1 (20.3)%. The increase is the result of product investments that generated new paying subscribers and also had a positive impact on the renewal rate.
- Operating profit totaled tSEK 12,793 (-11,414) and the operating margin was 24.4% (-25.9%). The second quarter of 2021 was strongly affected by expenditures related to strategic projects related to the IPO.
- Adjusted operating profit totaled tSEK 12,793 (4,533) and adjusted operating margin was 24.4% (10.3%). In 2022, no expenses affecting comparability have been expensed. The improved margin is due to good cost control together with growth in net sales. Investments in marketing were lower in the

second quarter when compared to last year, but with earlier investments combined with greater efficiencies, this has had a positive impact on net sales and operating margin.

- The total number of paying subscribers at the end of the period was 921,000 (852,000), an increase of 8.1% compared with the previous year. The rate of increase tapered slightly in the second quarter as a result of seasonal causes and price changes on select markets.
- ARPU in the quarter totaled SEK 228 (211). The improvement is a result of changed price mix and adjusted prices on select markets and currency effects.
- Earnings per share before dilution in the quarter totaled SEK 0.52 (-0.50). Earnings per share after dilution totaled SEK 0.51 (-0.50).

FIRST HALF YEAR JANUARY – JUNE 2022

- Net sales increased by 19.1% (11.4%) and totaled tSEK 102,593 (86,138). Currency-adjusted net sales growth totaled 18.6 (17.3)%. The increase is primarily due to growth in the number of subscriptions. Net sales in the first half of 2021 were negatively impacted by exchange rate fluctuations, which was a contributing factor to the increase in subscriptions not having the same impact on net sales.
- Operating profit totaled tSEK 25,536 (-6,729) and the operating margin was 24.9% (-7.8%).

The first quarter of 2021 was strongly affected by expenditures related to strategic projects related to the IPO.

- Adjusted operating profit totaled tSEK 25,536 (16,352) and adjusted operating margin was 24.9% (19.0%). In 2022, no expenses affecting comparability have been expensed.
- ARPU for the first two quarters totaled SEK 225 (210).
- Earnings per share before dilution in the quarter totaled SEK 1.04 (-0.30). Earnings per share after dilution totaled SEK 1.01 (-0.30).

LETTER FROM THE CEO

The positive development from the start of the year continued in the second quarter. Revenues grew by 19.0% and profitability measured as operating margin was 24.4%, still above our long-term goal of 20%. The number of users grew by 8.1% during the quarter. The second quarter is normally weaker due to seasonality effects, and this year, as anticipated, new customer acquisition was impacted by price adjustments implemented during the quarter and by an overall lower market activity within our segment. However, the value of subscriptions sold outweighed lower volumes, which will be reflected in revenues further out as sales are accrued.

During the quarter price tests for a twelve-month subscription were carried out on select markets. We are still evaluating the full impact on revenue per user along with the greater marketing opportunities that come with the extended lifetime value. We can conclude that, as anticipated, the conversion rate was only partially affected by the price change and that overall we can see an increase in sales value with the adjusted prices.

The greatest impact on new customer acquisition for the quarter is related to fewer downloads, which is a general trend for the industry and largely linked to seasonal effects. Our belief is that as we enter the third and fourth quarters, the market will have adjusted to changing prices while we know at the same time that demand for products in the sleep and health segment will increase during that period. The low costs we have had for SAC (Subscriber Acquisition Cost) during the first half of 2022 also provides us a path to increase our investments in marketing to drive growth.

It bears repeating that we are following our strategy where growth is driven by product development. We have gradually ramped up our investments in product development, but we are doing so with a continued good operating margin of above 20% and positive cash flows. Together with accumulated profits, Sleep Cycle's cash

amounted to SEK 203 million as of June 30. I see the strong cash position not only as proof that we have a healthy business, but also as a means to act on opportunities that can accelerate our growth.

Considering the environment and how rising inflation and interest rates have hit many companies in our industry, stable profitability and good cost control offer reassurance that, in practical terms, we can continue to invest in our product and offering. We will be increasing investments once we move into the autumn, focusing on more target groups and their specific needs. In parallel with investments in product development, I also see acquisition opportunities to broaden our offering or add technology that can accelerate our growth.

With over half a billion nights of sleep data, we have one of the world's largest databases in this area. In the second quarter we analyzed a lot of the sound that occurs when we sleep. For example, we have analyzed snoring and coughing, which can both in their own ways indicate various health conditions. When our data teams analyzed coughing frequencies and correlated these with Covid outbreaks in select locations around the world, we could clearly see an increase in coughing followed by confirmed Covid cases a few weeks later. These are very promising results that, with continued development, will lead to products and services by which we can provide new insights into the health status of our users. Insights that Sleep Cycle, with its data, technology, and reach is unmatched anywhere in being able to offer.

As we leave the first six months of the year behind us, I can once again conclude that Sleep Cycle's business is in a very strong position. With a higher pace of investment, more employees and very exciting advances in our data analytics, we have many pieces in place for continued success.



Carl Johan Hederöth
CEO Sleep Cycle AB



Sleep Cycle product offer

Sleep Cycle is a leader in the development of AI-based sleep analysis. The application is central to our product portfolio, which, together with our offer to the corporate market, 'Sleep Cycle Boot Camp,' constitutes our offer of sleep-related products and services.

SLEEP CYCLE MOBILE APPLICATION

Sleep Cycle is largely an autonomous sleep tool. Turn on the application before bedtime and put down the phone, and Sleep Cycle will take care of the rest. Since its launch in 2009, Sleep Cycle has developed from an application with a focus on waking the user in a light sleep phase into a comprehensive holistic sleep service. Over the years, a strong focus on value for the user has resulted in a consistent 4.5+ ranking in our distribution channels. The technology has evolved from the use of accelerometers in measuring sleep to patented sound analysis and machine learning in data collection and analysis.

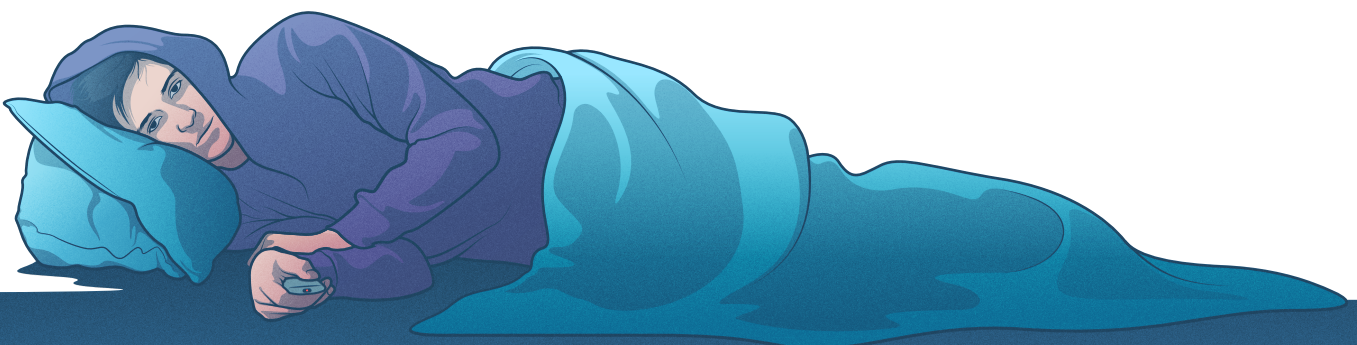
Sleep Cycle offers an extensive audio library of relaxing music, meditations, and stories to help you fall asleep more easily. Using patented sound analysis, Sleep Cycle reads the body's movement patterns during the night, analyzes sleep, and correlates its results with external factors and daily activities. Sleep Cycle wakes you up in a light sleep phase, allowing you to wake up feeling rested without an alarm. The results of the sleep analysis are presented in the form of easy-to-follow insights and graphs that provide

personal guidance on how you can learn more about your sleep and how to improve it.

SLEEP CYCLE BOOT CAMP FOR BUSINESS CLIENTS

The fact that we have developed and launched an offer to companies is completely in keeping with our growth strategy and an important step in providing employers what they need to promote sleep hygiene among employees.

"Sleep Cycle Boot Camp" is sleep training for companies, tailored to function in everyday life, with the goal of improving sleep and health among employees. The training session is four weeks long and was developed in collaboration with Frida Rångtall, PhD, and sleep researcher, as well as Li Åslund, PhD and psychologist. Each week offers a new theme and presents educational material in the form of videos and articles, coaching, exercises, and challenges. Throughout the program, participants use the Sleep Cycle application to get to know their personal sleep habits, check status reports, and see how exercises and challenges affect their sleep.



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, 2021.

SECOND QUARTER APRIL – JUNE 2022

NET SALES AND PROFIT

The Group's net sales during the second quarter totaled tSEK 52,503 (44,128), which is an increase of 19.0% (12.5%) compared with prior year.

The total currency effect total approximately 1.5 MSEK. The increase in net sales was driven partly by growth in the number of subscriptions, which stood at 921k at the end of the period, thus an increase of 8.1% over the previous year, and partly by higher ARPU. The total number of users increased but was impacted by seasonal variations and price adjustments. As anticipated, the conversion rate was only partially affected by the price adjustments, resulting in an overall higher sales value. Product investments and the launch of new features had a positive impact on the renewal rate, this contributing to the increase. Average revenue per user (ARPU) increased, totaling SEK 228 (211) as a result of an adjusted price mix, primarily as a result of price changes on select markets and currency effects.

Operating profit totaled tSEK 12,793 (-11,414) and the margin to 24.4% (25.9%) in the second quarter. Adjusted operating profit totaled tSEK 12,793 (4,533) and the adjusted margin was 24.4% (10.3%). The improved results and margin are mainly linked to high costs related to the IPO in June 2021. Additionally, marketing costs were lower during the second quarter of 2022,

tSEK 7,264 (13,264). In 2022 investments in marketing have been concentrated on activities to drive conversion. Efficiency measured in terms of average cost per new user from paid channels has increased, while lower overall marketing costs primarily reflect a lower level of investment in brand-building campaigns compared to the previous year.

EBITDA was tSEK 14,156 (-11,271). Adjusted EBITDA for the second quarter totaled tSEK 14,156 (4,676).

Net financial items for the quarter totaled tSEK -45 (-39) and taxes on the profit for the quarter totaled tSEK -2,646 (-2,343). Profits totaled tSEK 10,102 (-9,110). Earnings per share before dilution totaled SEK 0.52 (-0.50) and after dilution to SEK 0.51 (-0.50).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the second quarter totaled tSEK 14,736 (-1,283). The change is due to the improved results. Working capital in the previous year was positively impacted, as a large part of the costs were invoiced in connection with the IPO in June but paid in the third quarter. This explains why cash flow from operating activities does not differ more between the years. Cash conversion for the quarter totaled 111.3% (350.1%).

Cash flow from investment activities totaled tSEK -2,019 (-1,025) related to capitalized development expenses and acquisitions of tangible fixed assets. As the company's workforce has grown, and in keeping with its strategy to invest in product development, capitalized development expenditures have increased over the quarter compared to last year. Adjusted for items affecting comparability (in the second quarter of 2021), the adjusted operating cash flow totaled tSEK 15,755 (16,369).

Cash flow from financing activities in the quarter totaled tSEK -376 (98,638) and mainly pertains to amortization of leasing liabilities and received option premiums. This change is due to the new

issue of tSEK 100,000 which was carried out in conjunction with the IPO in 2021 and injected tSEK 95,350 after deduction for transaction costs. In addition to this, the company took in tSEK 3,415 in premiums from an options program for employees in 2021.

Cash flow for the quarter totaled tSEK 12,340 (96,330). The Group's cash and cash equivalents at the end of the period totaled tSEK 202,515 (140,990).

Consolidated equity totaled tSEK 129,462 as of June 30. Opening balance on 1 January was tSEK 108,898.

FIRST HALF YEAR
JANUARY – JUNE 2022

NET SALES AND PROFIT

Changes in net sales, profit, cash flow and financial position for the six-month period of 2022 compared to the previous year are largely explained by the same reasons as for the second quarter. Development over a 6-month period is indicated below, with comments in cases where there are causes for development other than for the second quarter.

The Group's net sales during the first and second quarters totaled tSEK 102,593 (86,138), which is an increase of 19.1% (11.4%) compared with prior year. The total currency effect totaled approximately tSEK 500. In addition to subscription income, a small number of Sleep Boot Camps were held, which generated income of tSEK 249.

Operating profit totaled tSEK 25,536 (-6,729) and the margin to 24.9% (-7.8%) for the first and second quarters. Adjusted operating profit totaled tSEK 25,536 (16,352) and adjusted margin was 24.9 (19.0)%. Marketing expenses for the period totaled tSEK 13,782 (20,961). High expenses related to the IPO in 2021 are the principal factor behind the improved profits, while the adjusted results were improved primarily through reduced marketing costs.

EBITDA was tSEK 28,139 (-6,443). Adjusted EBITDA for the first and second quarter totaled tSEK 28,139 (16,637).

Net financial items for the period totaled tSEK -59 (-45) and taxes on the profit for the

period totaled tSEK -5,281 (1,371). Profit for the period totaled tSEK 20,196 (-5,404). Earnings per share before dilution totaled SEK 1.04 (-0.30) and after dilution to SEK 1.01 (-0.30).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities for the period totaled tSEK 41,664 (-9,528).

Cash conversion over the first two quarters amounted to 151.6% (124.6%).

Cash flow from investment activities totaled tSEK -3,101 (-1,871) related to capitalized development expenses and acquisitions of tangible fixed assets. Adjusted for items affecting comparability (in the first six months of 2021), the adjusted operating cash flow totaled tSEK 42,670 (20,730).

Cash flow from financing activities totaled tSEK -1,145 (99,253).

Cash flow for the period totaled tSEK 37,418 (87,854). The Group's cash and cash equivalents at the end of the period totaled tSEK 202,515 (140,990).

Consolidated equity totaled tSEK 129,462 as of June 30. Opening balance on 1 January was tSEK 108,898.

OTHER INFORMATION

EMPLOYEES

The average number of employees in the Group for the quarter from April to June 2022 was 46 (31) and for the six months from January to June 2022 was 45 (28).

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 2021. 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 Jul-Sep 2022 on October 28, 2022
- Year-end report 2022 February 9, 2023

OTHER INFORMATION

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

A presentation of Sleep Cycle's interim report for April-June 2022 for shareholders, media, and other stakeholders will be held on July 29 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 since June 8, 2021.

Share capital on the balance sheet date totaled SEK 540,000.

OUTSTANDING OPTION PROGRAM

Option program	Number of options	Corresponding number of shares	Percentage of total number of shares	Exercise price	Redemption period
TO 2019	6,624	848,998	4.4%	19.8	2022
TO 2020	1,225	147,000	0.8%	88.9	2023
TO 2021 series 1	190,076	190,076	1.0%	94.5	2024
TO 2021 series 2	18,595	18,595	0.1%	94.5	2025
TO 2022	90,000	90,000	0.5%	71.2	2025
CEO LTIP	340,909	340,909	1.8%	241.2	2026
Total	647,429	1,635,578	8.4%		

MAIN SHAREHOLDERS IN SLEEP CYCLE AB (PUBL) AS OF JUNE 30, 2022

Owner	Number of shares	Votes and capital
Maciek Drejak through company	8,527,190	44%
Pierre Siri through company	4,609,291	24%
Handelsbanken Microcap	1,250,347	6%
Skandia Fonder	714,285	4%
Petter Wallin	691,394	4%
Nordnet Pensionsförsäkring	585,714	3%
Avanza Pension	534,257	3%
SEB Nanocap	430,000	2%
Lancelot Avalon	305,000	2%
Second AP fund	170,000	1%
Others	1,611,093	8%
Total	19,428,571	100%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	Note	2022	2021	2022	2021	2021
OPERATING INCOME						
Net sales	4	52,503	44,128	102,593	86,138	182,937
Other operating income		208	114	398	107	394
OPERATING EXPENSES						
Capitalized work for own account		1,123	843	1,801	1,462	2,838
Platform fees		-12,367	-10,900	-24,264	-21,203	-43,991
Other external expenses		-13,572	-33,050	-25,445	-52,449	-89,094
Personnel expenses		-13,652	-12,407	-26,858	-20,433	-40,578
Depreciation and write-downs of tangible and intangible assets		-1,362	-143	-2,603	-286	-2,047
Other operating expenses		-86	-	-86	-65	-134
Operating profit		12,793	-11,414	25,536	-6,729	10,325
FINANCIAL ITEMS						
Financial income		-	-	1	-	-
Financial expenses		-45	-39	-60	-45	-78
Profit before tax		12,748	-11,453	25,477	-6,774	10,247
Tax on profit for the period		-2,646	2,343	-5,281	1,371	-2,137
Profit for the period attributable to the parent company's shareholders		10,102	-9,110	20,196	-5,404	8,110
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period attributable to the parent company's shareholders		10,102	-9,110	20,196	-5,404	8,110
Earnings per share before dilution, SEK		0.52	-0.50	1.04	-0.30	0.43
Earnings per share after dilution, SEK*		0.51	-0.50	1.01	-0.30	0.42
Average number of shares outstanding for the period before dilution		19,427,535	18,360,806	19,427,535	18,181,399	18,685,592
Average number of shares outstanding for the period after dilution		19,919,146	19,016,744	19,948,780	18,839,208	19,327,109

* No dilution effect on negative results.

CONSOLIDATED STATEMENT ON FINANCIAL POSITION

SEK (thousands)	Note	06/30/2022	06/30/2021	12/31/2021
ASSETS				
Fixed assets				
Intangible fixed assets				
Capitalized expenses for development work		6,476	1,871	4,638
Patent		-	-	-
Total intangible fixed assets		6,476	1,871	4,638
Tangible fixed assets				
Right-of-use assets		5,215	2,572	2,452
Equipment and computers		1,173	171	996
Total tangible fixed assets		6,388	2,743	3,449
Financial fixed assets				
Deferred tax assets		49	2,514	48
Other long-term receivables		411	-	-
Total financial fixed assets		460	2,514	48
Total fixed assets		13,324	7,127	8,134
Current assets				
Accounts receivable		16,793	26,246	21,626
Other receivables		668	2,051	1,944
Current tax assets		3,780	18,561	5,015
Prepaid expenses and accrued income		28,509	24,906	25,537
Cash and cash equivalents		202,515	140,990	165,508
Total current assets		252,265	212,754	219,629
TOTAL ASSETS		265,589	219,882	227,763
EQUITY AND LIABILITIES				
Equity				
Share capital		540	540	540
Other contributed capital		102,660	102,169	102,292
Retained profits, including profit for the year		26,262	-7,448	6,066
Total equity attributable to the parent company's shareholders		129,462	95,261	108,898
Long-term liabilities				
Leasing liabilities		3,251	753	-
Total long-term liabilities		3,251	753	-
Current liabilities				
Leasing liabilities		2,010	1,730	2,494
Accounts payable		11,155	18,696	9,755
Other liabilities		1,121	3,287	874
Accrued expenses and deferred income		118,590	100,155	105,741
Total short-term liabilities		132,876	123,868	118,865
TOTAL EQUITY AND LIABILITIES		265,589	219,882	227,763

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK (thousands)	Attributable to the parent company's shareholders		
	06/30/2022	06/30/2021	12/31/2021
Opening balance	108,898	127	127
Profit/loss for the period	20,196	-5,404	8,110
Option premiums	368	4,158	4,281
New share issues after issue expenses	-	96,380	96,380
Closing balance	129,462	95,261	108,898

CONSOLIDATED CASH FLOW STATEMENT

SEK (thousands)	Note	Apr – Jun		Jan – Jun		Jan – Dec
		2022	2021	2022	2021	2021
Cash flow from operating activities						
Operating profit		12,793	-11,414	25,536	- 6,729	10,325
Adjustments for items not included in cash flow:						
Depreciation and write-downs		1,362	143	2,603	286	2,047
Interest received		-	-	1	-	-
Interest paid		-45	-39	-60	-45	-78
Tax paid		-2,994	-2,692	-4,048	- 9,004	3,501
Cash flow from operating activities before changes in working capital		11,117	-14,001	24,032	-15,492	15,796
Change in working capital						
Change in operating receivables		5,983	3,803	3,136	-12,468	-8,372
Change in operating liabilities		-2,364	8,915	14,496	18,432	12,665
Cash flow from operating activities		14,736	-1,283	41,664	-9,528	20,089
Investment activities						
Capitalization of development expenses		-1,800	-1,025	-2,766	-1,871	-5,013
Acquisition of tangible fixed assets		-219	-	-335	-	-922
Cash flow from investment activities		-2,019	-1,025	-3,101	-1,871	-5,935
Financing activities						
Amortization of lease liabilities		-754	-128	-1,512	-255	-1,413
Refunded option premiums		-	-	-11	-	-
Option premiums received		378	3,415	378	4,158	4,281
New share issues		-	95,350	-	95,350	95,350
Cash flow from financing activities		-376	98,638	-1,145	99,253	98,218
Cash flow for the period		12,340	96,330	37,418	87,854	112,372
Cash and cash equivalents at the beginning of the period		190,174	44,660	165,508	53,136	53,136
Reclassification of cash and cash equivalents		-	-	-411	-	-
Cash and cash equivalents at the end of the period		202,515	140,990	202,515	140,990	165,508

INCOME STATEMENT – PARENT COMPANY

SEK (thousands)	Note	Apr – Jun		Jan – Jun		Jan – Dec
		2022	2021	2022	2021	2021
OPERATING INCOME						
Net sales		52,503	44,128	102,593	86,138	182,937
Other operating income		208	114	398	107	394
Capitalized work for own account		1,123	843	1,801	1,462	2,838
OPERATING EXPENSES						
Platform fees		-12,367	-10,900	-24,264	-21,203	-43,991
Other external expenses		-14,370	-33,182	-27,011	-52,712	-90,686
Personnel expenses		-13,652	-12,407	-26,858	-20,433	-40,578
Depreciation and write-downs of tangible and intangible assets		-598	-19	-1,086	-37	-509
Other operating expenses		-86	-	-86	-65	-134
Operating profit		12,760	-11,421	25,486	-6,743	10,271
PROFIT FROM FINANCIAL ITEMS						
Profit from participation in group companies		-	-	-	-	-100
Interest income and similar income		-	-	1	-	-
Interest expenses and similar expenses		-	-32	-	-32	-29
Profit before tax		12,760	-11,453	25,487	-6,774	10,142
Tax on profit for the period		-2,649	2,344	-5,282	1,372	-2,135
Profit/loss for the period		10,111	-9,110	20,205	-5,402	8,007
COMPREHENSIVE INCOME FOR THE PERIOD		10,111	-9,110	20,205	-5,402	8,007

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 (thousands)	Note	06/30/2022	06/30/2021	12/31/2021
ASSETS				
Fixed assets				
Intangible fixed assets				
Capitalized expenses for development work		6,476	1,871	4,638
Patent		-	-	-
Total intangible fixed assets		6,476	1,871	4,638
Tangible fixed assets				
Equipment and computers		1,173	171	996
Total tangible fixed assets		1,173	171	996
Financial fixed assets				
Participations in group companies		50	150	50
Deferred tax assets		39	2,504	39
Other long-term receivables		411	-	-
Total financial fixed assets		500	2,654	89
Total fixed assets		8,149	4,695	5,723
Current assets				
Accounts receivable		16,793	26,246	21,626
Other receivables		668	2,051	1,944
Current tax assets		3,780	18,561	5,015
Prepaid expenses and accrued income		28,509	25,041	25,537
Total current receivables		49,751	71,899	54,121
Cash and bank balances		202,398	140,854	165,379
Total current assets		252,148	212,753	219,500
TOTAL ASSETS		260,297	217,449	225,222
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		540	540	540
Fund for development expenditures		6,476	1,871	4,638
Total restricted equity		7,015	2,411	5,177
Unrestricted equity				
Share premium fund		102,660	102,169	102,292
Profit carried forward		-449	-3,851	-6,618
Profit/loss for the period		20,205	-5,402	8,007
Total unrestricted equity		122,415	92,916	103,682
Total equity		129,431	95,326	108,859
Current liabilities				
Accounts payable		11,155	18,693	9,754
Other liabilities		1,121	3,287	874
Accrued expenses and deferred income		118,590	100,142	105,736
Total short-term liabilities		130,866	122,122	116,363
TOTAL EQUITY AND LIABILITIES		260,297	217,449	225,222

NOTES

Note 1 General information

The address of the head office is Gårdatorget 1, 412 50 Gothenburg, Sweden. Sleep Cycle drives the development of one of the world's most used sleep platforms. Sleep Cycle sleep solutions help users fall asleep more easily, measure sleep habits, and improve sleep; the extensive sleep database contributes 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 June 30, 2022 consists of the wholly owned subsidiary Sleep Cycle Sverige AB (559278-9688).

Sleep Cycle's interim report for January-June 2022 was approved for publication on July 29 per Board decision on July 28, 2022.

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 reports have been 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 2021. New standards and interpretations that came into force on 1 January 2022 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 highest executive decision-maker, follows up and analyzes results and financial position for the Group as a whole. 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 following IFRS 8, it can be seen that the Sleep Cycle Group consists of only one reporting segment.

Note 4 Distribution of net sales

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Subscription income	52,459	44,107	102,330	86,090	179,251
Other income	45	22	262	48	3,686
Total	52,503	44,128	102,593	86,138	182,937

Note 5 Financial instruments

SEK (thousands)	06/30/2022	06/30/2021	12/31/2021
Financial assets valued at amortized cost			
Accounts receivable	16,793	26,246	21,626
Other receivables	1,079	2,051	1,944
Accrued income	-	-	170
Cash and cash equivalents	202,515	140,990	165,508
Total financial assets	220,387	169,287	189,247
Financial liabilities valued at amortized cost			
Accounts payable	11,155	18,696	9,755
Other current liabilities	2,645	3,891	2,646
Total financial liabilities	13,800	22,587	12,401

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 key performance indicators should not be assessed independently or considered replacements for performance indicators that have been 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.

Previously, Adjusted operating margin excluding marketing expenses, EBITDA and Adjusted EBITDA were presented. ESMA recommends that alternative key performance indicators be used with caution. Sleep Cycle no longer monitors operations on these key performance indicators and therefore does not disclose them below.

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 the year's net sales divided by prior year's net sales adjusted to the year's average exchange rates for the company's main currency exposures (USD, EUR, JPY, GBP, AUD, and CAD).	Used to measure the company's underlying net sales growth adjusted for currency effects.
Operating profit	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.	The measure is used to understand the company's development and comparison between the years.
Adjusted operating profit	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.
Adjusted operating cash flow	Adjusted EBITDA plus change in net working capital minus investments in tangible and intangible assets.	The measure shows the amount of cash and cash equivalents generated by the company's operating activities, adjusted for items affecting comparability.
Adjusted cash conversion	Adjusted operating cash flow in relation to the company's Adjusted EBITDA.	The measure is used to measure the proportion of the company's profit that is converted into cash and cash equivalents and describes to what extent the operating activities are cash-generating.
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 subscription revenue per subscriber during the period.	The measure indicates the company's subscription income per subscription on average during the period

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

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Net sales previous period	44,128	39,240	86,138	77,353	159,448
Net sales current period	52,503	44,128	102,593	86,138	182,937
Net sales growth	19.0%	12.5%	19.1%	11.4%	14.7%
Currency-adjusted net sales previous period	45,206	36,695	86,482	73,409	150,399
Net sales current period	52,503	44,128	102,593	86,138	182,937
Currency-adjusted net sales growth	16.1%	20.3%	18.6%	17.3%	21.6%

Operating profit and operating margin

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Net sales	52,503	44,128	102,593	86,138	182,937
Other operating income	208	114	398	107	394
Capitalized work for own account	1,123	843	1,801	1,462	2,838
Platform fees	-12,367	-10,900	-24,264	-21,203	-43,991
Other external expenses	-13,572	-33,050	-25,445	-52,449	-89,094
Personnel expenses	-13,652	-12,407	-26,858	-20,433	-40,578
Depreciation and write-downs of tangible and intangible assets	-1,362	-143	-2,603	-286	-2,047
Other operating expenses	-86	-	-86	-65	-134
Operating profit	12,793	-11,414	25,536	-6,729	10,325
Operating margin	24.4%	-25.9%	24.9%	-7.8%	5.6%

Adjusted operating profit and adjusted operating margin

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Operating profit	12,793	-11,414	25,536	-6,729	10,325
Items affecting comparability					
External consultants	-	-13,194	-	-20,328	-23,309
Personnel expenses	-	-2,752	-	-2,752	-2,752
Items affecting comparability	-	-15,947	-	-23,080	-26,061
Adjusted operating profit	12,793	4,533	25,536	16,352	36,386
Adjusted operating margin	24.4%	10.3%	24.9%	19.0%	19.9%

Adjusted operating cash flow and Adjusted cash conversion

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Adjusted EBITDA	14,156	4,676	28,139	16,637	38,434
Change in working capital	3,619	12,718	17,632	5,964	4,293
Acquisition of tangible fixed assets	-219	-	-335	-	-922
Capitalization of development expenses	-1,800	-1,025	-2,766	-1,871	-5,013
Adjusted operating cash flow	15,755	16,369	42,670	20,730	36,791
Adjusted cash conversion	111.3%	350.1%	151.6%	124.6%	95.7%

ARPU

	Apr – Jun		Jan – Jun		Jan – Dec
SEK (thousands)	2022	2021	2022	2021	2021
Subscription income	52,459	44,107	102,330	86,090	179,251
Number of subscriptions previous period (thousands)	920	820	901	788	788
Number of subscriptions current period (thousands)	921	852	921	852	901
ARPU (SEK)	228	211	225	210	212

SUBMISSION OF INTERIM REPORT JAN – JUN 2022

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, July 28, 2022

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Chairman of the Board

Olof Nilsson
Board member

Rasmus Järborg
Board member

Anne Broeng
Board member

Ödgård Andersson
Board member

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