

OQ1



INTERIM REPORT JAN-MAR 2024

3 May 2024

SLEEP CYCLE AB (PUBL)





ERIK JIVMARK
CEO



PER ANDERSSON
CFO



PETER ALSTERBERG
CCO



Sleep Cycle in brief

Sleep tracking built on proprietary AI technology and analysis of 3 bn nights of data.

By leveraging a massive amount of data, Sleep Cycle provides users with:

- Insights and data about sleep
- Functional features such as smart alarm
- Tools for improved sleep
- Detection of breathing disruptions, snoring, coughing etc

Sleep Cycle is available on all common smartphones:

- iOS, Android and Huawei phones
- Apple, Samsung and Google smart watches
- Over 2.1m users in more than 150 countries
- More than 1 million active users per night
- 13 languages



Summary Q1 2024

1%

YoY subscription
growth

10%

YoY ARPU growth

13%

YoY net revenue growth

22%*

EBIT margin

893k

Subscriptions

SEK **276**

ARPU

SEK **63.5**_m

Net revenue

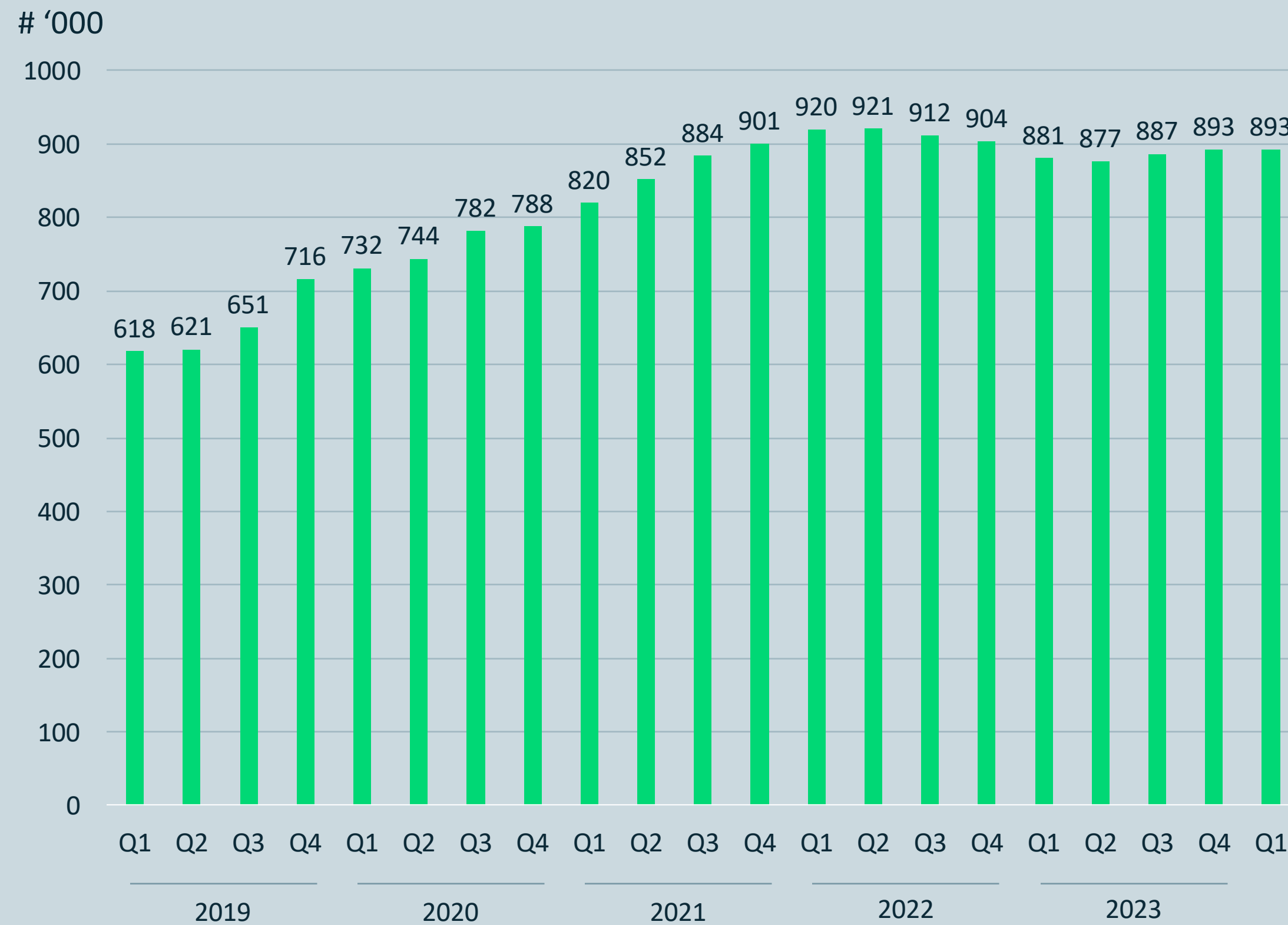
SEK **13.8**_{m*}

EBIT

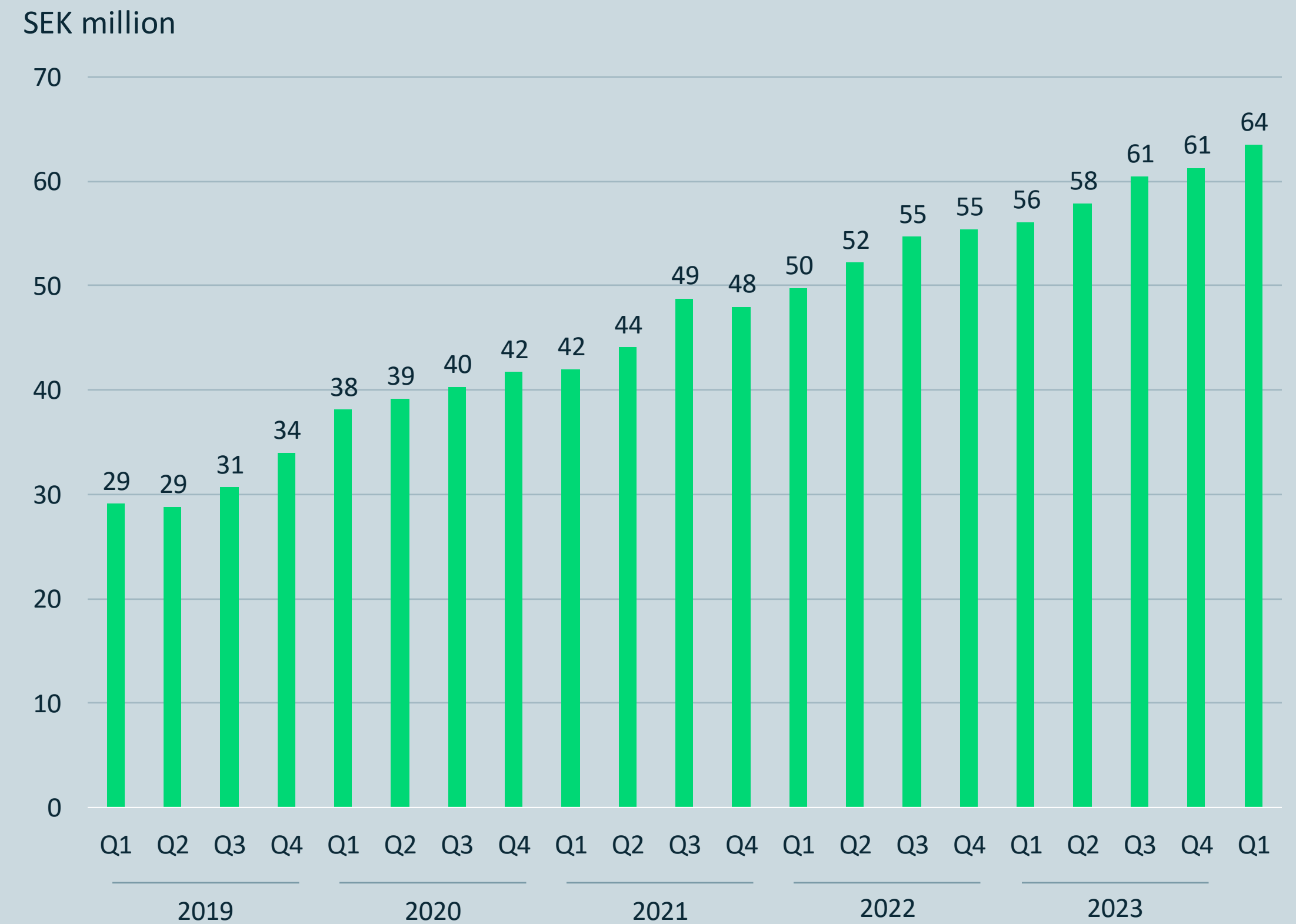
* EBIT adjusted for non-recurring items was SEK 19.6m or 31%

Maintained subscription levels and increased underlying growth

SLEEP CYCLE TOTAL SUBSCRIPTIONS



SLEEP CYCLE NET REVENUE



The new strategy



User acquisition

Improve upper funnel traffic

- Installs
- Subscriptions



User engagement

Product development

- Conversion
- Retention
- ARPU



Leveraging platform and data

Monetization of data & technology

- Data monetization
- Technology licensing
- New products leveraging platform

Core product revenue stream

Unexplored revenue streams

Updated growth target



Double revenue in the medium term.



Around 25% EBIT margin on annual basis.



Dividend target - 40-60% of net profits every year.



CHIEF COMMERCIAL OFFICER

Peter Alsterberg

- New in CCO role to drive Sleep Cycle's growth areas.
- +20 years of experience from management consulting and creative services supporting commercial organisations of large corporates to grow their business.



Partnership



Data monetization



Revenue management



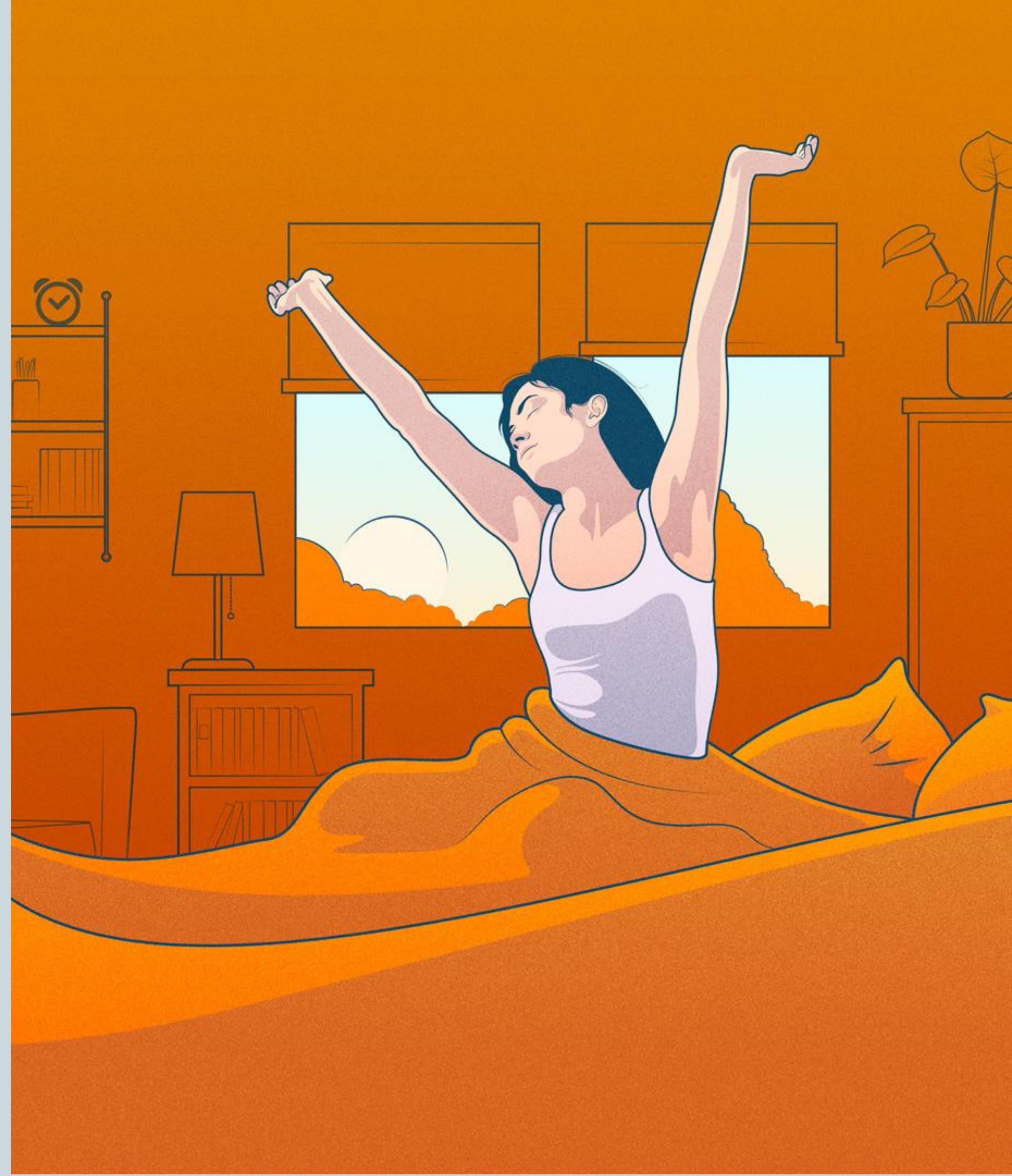
Partnership approach

FOCUS

- Assess and strengthen current partnerships
- Develop our partner proposition and strategy
- Identify new partners and build a partnership funnel

KEY SUCCESS FACTORS

- Always being partner value focused
- Work with scaleable partners
- Avoid complexity in partnership set-up



Q1 UPDATE: STRATEGIC KPI'S

On track but with yet limited impact from strategic initiatives

Installs

- Stable development in Q1 – no decline vs LY

- Target 8-9 million

Retention

- 46% renewal rate in Q1

- Target +2-3 p.p.

Conversion

- 7% conversion rate in Q1

- Target 8%

ARPU

- Growth in Q1 to 276 SEK

- Target +300 SEK

FINANCIAL SUMMARY Q1 2024

Improved topline growth and better margin despite NRI's

SEK M	Q1-24	Q1-23	CHANGE	COMMENTS
Net revenue	61.5	56.4	13.0%	Net revenue growth of 13.0%, currency adjusted 11.1%. Higher underlying growth than previous quarters driven by ARPU improvements and subscriber growth in 2H-23
Capitalized work	0.0	0.5	-0.0%	No capitalization of development projects during Q1-24 following decision to terminate Sleep Cycle Kids
Platform fees	-14.3	-12.6	-13.2%	Unchanged development with minor changes in mix between new/renew and between platforms
Other external costs	-15.0	-16.8	11.0%	Lower OPEX in Q1-24 due to less marketing spending. Q1-24 affected by SEK 0.8m in non-recurring costs related to reorganization and consolidation into one office. Q1-23 affected by SEK 0.3m in non-recurring costs
Staff costs	-18.3	-14.7	-25.1%	Underlying staff costs reduced vs LY because of fewer employees due to cost efficiency program implemented in Q2-23. Q1-24 affected by SEK 5.0m in non-recurring costs related to reorganization and consolidation into one office
D&A	-2.1	-1.6	-31.4%	Increase vs LY because of leasing of a new office from Q2-23 (IFRS 16)
EBIT	13.8	11.1	26.8%	EBIT growth driven by full realization of efficiency program and continued revenue growth, despite non-recurring costs of SEK 5.8m in Q1-24
Margin	21.8%	19.6%		
Adj. EBIT	19.6	11.4	74.8%	Improved adjusted EBIT because of efficient user acquisition (less marketing spending) and fewer employees
Adj. margin	30.9%	20.2%		
Liquidity at period end	150.5	231.2	-34.9%	Dividend of SEK 141.9m was paid in 2023. Cash flow from operation was SEK 18.1m (-1.0m)

KEY TAKEAWAYS

Q1 was about getting our house in order while protecting subscriber growth



Maintaining number of subscribers QoQ and growing YoY



Positive revenue growth (13%) and financial discipline (31% adjusted EBIT)



Operational Changes, getting ready for growth



Anticipating positive effects from strategic initiatives in the latter half of 2024,

Q & A





Thank you!