



# **Sleep Cycle interim report January – March 2022: Greater efficiency in marketing and continued growth resulted in improved operating margin**

**Net sales increased by 19.2% to SEK 50.1 million, equivalent to an increase of 21.3% adjusted for currency effects. Sales continued to increase from the previous quarter, mainly as a result of product investments that had a positive effect on the conversion rate and thereby drove new users. Greater efficiency allowed for lower investments in marketing with a sustained effect, which had positive effects on the operating margin during the quarter. The total number of users at the close of the period was 920,000, equivalent to a growth of 12.2%.**

## **First quarter summary (January-March 2022)**

- Net sales increased by 19.2 (10.2)% and totaled tSEK 50,089 (42,010). Currency-adjusted net sales growth totaled 21.3 (14.4)%.
- Operating profit totaled tSEK 12,742 (4,685) and the operating margin was 25.4% (11.2%).
- Adjusted operating profit totaled tSEK 12,742 (11,819) and adjusted operating margin was 25.4% (28.1%).
- The total number of paying subscribers at the end of the period was 920,000 (820,000), an increase of 12.2% compared with the previous year
- Average Revenue per User (ARPU) for the quarter totaled SEK 219 (209).
- Earnings per share before dilution for the quarter totaled SEK 0.52 (0.21). Results per share after dilution totaled SEK 0.51 (0.20).

## **Important events during the reporting period**

- In January, the Sleep Goals function was launched, which through various suggestions for improvement helps the user reach a predetermined sleep goal.
- Sleep Cycle was included in Google's exhibition at the Mobile World Congress in Barcelona, one of the world's largest events for telecom and mobile electronics. Exhibition features included the Sleep Cycle for Android Wear OS, which is one of the products selected for Google's health investment in smartwatches.
- In March, the Auto Sleep Tracking feature was launched for the Apple Watch. The new function creates fewer pauses in user sleep data and enables daily sleep analysis with smaller deviations. This function is expected to lead to a higher level of engagement among users.
- On March 31, the board of directors for Sleep Cycle convened an annual general meeting. The meeting is scheduled to be held at the West Sweden Chamber of Commerce in Gothenburg on May 10.

## **Important events after the end of the reporting period**

- A more in-depth collaboration with professor Mike Gradisar was established in April. Mike is a professor at Flinders University in Australia and a globally recognized, multiply quoted, sleep researcher. Mike will join Sleep Cycles team of sleep experts and be involved with product development, sales and in evaluation of new business opportunities. In addition, Mike will also strengthen the collaborations with universities and the sleep research community.

### **Commenting on the quarter, CEO Carl Johan Hederoth says:**

“2022 has started off strongly with improved revenues and margins. The revenue growth pace increased compared to last year and we are on right track towards our goals. I am pleased to see that investments made in 2021 are positively contributing to our growth and that we have managed to reach higher efficiency in marketing spending, leading to lower customer acquisition costs. The good progress in the first quarter creates opportunities for further growth investments during 2022”.

“We are continuously working on how we can improve our offering and provide more value to our users. During 2022 we will launch several new features helping people improve their sleep. With a stronger customer offering, we create opportunities for differentiated prices. Starting in the second quarter 2022, we will adjust prices on certain markets which is expected to contribute to improved ARPU going forward”.

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 27 April 2022 at 8:30 CET.

The full interim report is available on [www.sleepcycle.com](http://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.