



Sleep Cycle announces preliminary financial results for the fourth quarter 2022

Göteborg, Sweden — 16 January, 2023. In light of the public cash offer by Velvet Cichlid AB, a company controlled by a consortium consisting of GLA Invest SA, MCGA AB, h265 AB and Petter Wallin, and in order to provide the shareholders with updated information concerning Sleep Cycle AB (publ):s (“Sleep Cycle”) financial performance, Sleep Cycle announces preliminary financial information for the period 1 October–31 December 2022 and the full year 2022, respectively. The information precedes the year-end report for 2022, which will be published on 10 February 2023.

The following figures are preliminary, not audited, and may be adjusted in the year-end report published on 10 February 2023:

The fourth quarter in summary (October-December 2022)

- Net sales increased by 16.0% (15.0%) and totaled tSEK 55,703 (48,040). Currency-adjusted net sales growth totaled 6.7% (21.7%).
- Operating profit totaled tSEK 5,011 (8,030) and the operating margin was 9.0% (16.7%).
- Adjusted operating profit totaled tSEK 7,813 (8,030) and adjusted operating margin was 14.0% (16.7%). In the fourth quarter, costs of in total tSEK 2,802 related to the public cash offer affecting comparability have been expensed. No costs were adjusted for in 2021.
- The total number of paying subscribers at the end of the period was 904,000 (901,000), an increase of 0.3% compared with the previous year.
- Average Revenue per User (ARPU) for the quarter totaled SEK 244 (214), a growth of 14.2% (0.1%).
- Earnings per share before dilution for the quarter totaled SEK 0.20 (0.33). Results per share after dilution totaled SEK 0.20 (0.32).

The full year in summary (January-December 2022)

- Net sales increased by 16.6% (14.7%) and totaled tSEK 213,271 (182,937). Currency-adjusted net sales growth totaled 12.4% (21.6%).
- Operating profit totaled tSEK 44,110 (10,325) and the operating margin was 20.7% (5.6%).
- Adjusted operating profit totaled tSEK 46,912 (36,386) and adjusted operating margin was 22.0% (19.9%). In 2022, costs of in total tSEK 2,802 related to the public cash offer affecting comparability have been expensed. In 2021, costs of in total tsek 26,061 was adjusted for related to IPO costs.
- The total number of paying subscribers at the end of the period was 904,000 (901,000), an increase of 0.3% compared with the previous year.

- ARPU for the period amounted to SEK 236 (212), a growth of 11.0% (0.0%).
- Earnings per share before dilution in the year totaled SEK 1.77 (0.43). Earnings per share after dilution totaled SEK 1.74 (0.42).

Commenting on the fourth quarter, CEO Carl Johan Hederoth says:

“We continued to deliver stable revenue growth in the fourth quarter. ARPU grew almost 14% in the period reflecting some of the price adjustments we started to implement during 2022. In line with the strategic decision to implement increased prices on all top markets during the fourth quarter, we succeeded in delivering growth although flat development in number of subscribers.”

“As planned, and excluding expenses related to the public cash offer, we increased investments in marketing and product development during Q4-22 which has impacted the operating margin compared to previous quarters. We did so to strengthen the business for a good start of 2023 and we expect to leverage those investments in terms of new feature releases and commercial activities during 2023. From Q1-23, we anticipate operating margin to be back on previous levels.”

“Macroeconomic conditions will most likely continue to affect app ecosystems throughout 2023 but I believe that Sleep Cycle is well positioned to navigate in this climate and has the means to do so with a continued very strong balance sheet. With a roadmap full of releases and price adjustments fully implemented, I expect continued positive sales development in the coming quarters.”

This is information that Sleep Cycle AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted, through the agency of the contact persons set out below, for publication on 16 January 2023 at 8:55 CET.

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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.