



YEAR END PRESENTATION 2022  
10 FEBRUARY 2023

SLEEP CYCLE



# Proposed dividend of SEK 141.9m

**Proposed dividend of SEK 7.00 per share - updated policy to divide 40-60% of annual net profit over time**

## Ordinary dividend 2022

- Ordinary dividend of SEK 1.00 per share, 58% of net profit 2022
- Profitable, efficient and cash generative business model
- Full ability to continue increase investments in product development to drive long-term revenue growth

## Extra ordinary dividend

- Extra ordinary dividend of SEK 6.00 per share
- Net cash position of SEK 233 million as per 31 Dec 2022
- Continued flexibility to act on M&A and other strategic opportunities

**Proposed ordinary dividend (2022)**

**SEK 1**

**Proposed extra ordinary dividend**

**SEK 6**

**= SEK 7**

*Dividend proposed by BoD and subject to AGM decision in May*

# Summary Q4 2022

**0%**

YoY subscription growth

**14%**

YoY ARPU growth

**16%**

YoY net revenue growth

**14%**

Adj EBIT margin

**903k**

Subscriptions

**SEK 244**

ARPU

**SEK 55.7m**

Net revenue

**SEK 7.3m**

Adj EBIT\*

\* Excluding costs related to Velvet Cichlid's public cash offer



# Sleep Cycle strategic initiatives driving growth

## 1. EXPAND CORE OFFERING

New features allowing users to take the next step towards sleep improvement

**TECH IMPROVEMENT:** New feature detecting and separating who is snoring in the bedroom

**PREMIUM OFFERING:** Successful launch on iOS driving increased conversion rates. Continued roll-out and implementation on Android

## 2. INCREASE REACH

Increased focus on attracting users on new platforms and via new channels

**NEW CHANNEL:** Launch on Huawei in China expanding the addressable market substantially

**CORPORATE WELLNESS:** Expansion and growth on the Gympass platform. Continued partnership discussions with additional corporate wellness platforms

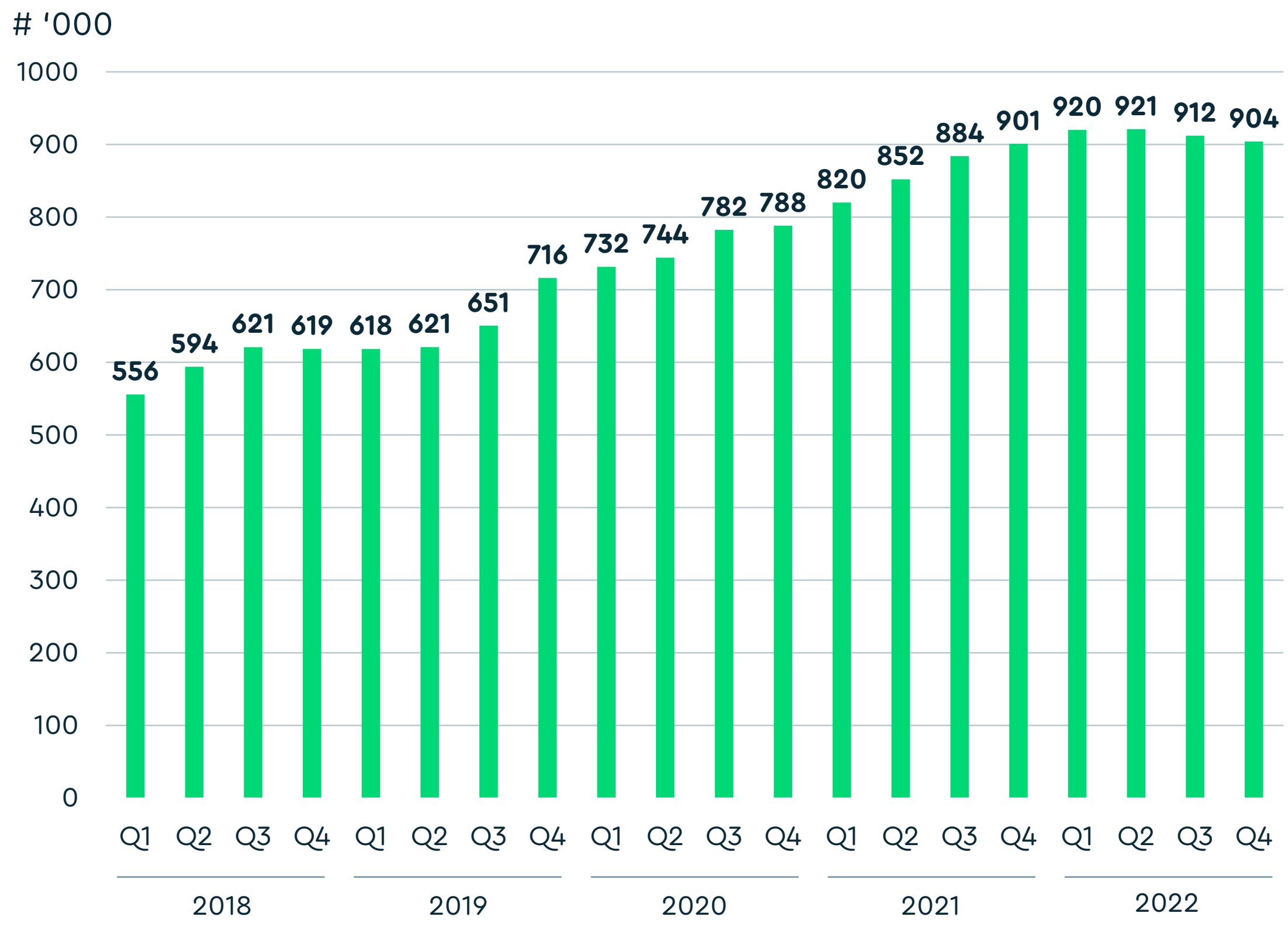
## 3. SCALE MARKETING

Increased spending from adding new marketing channels

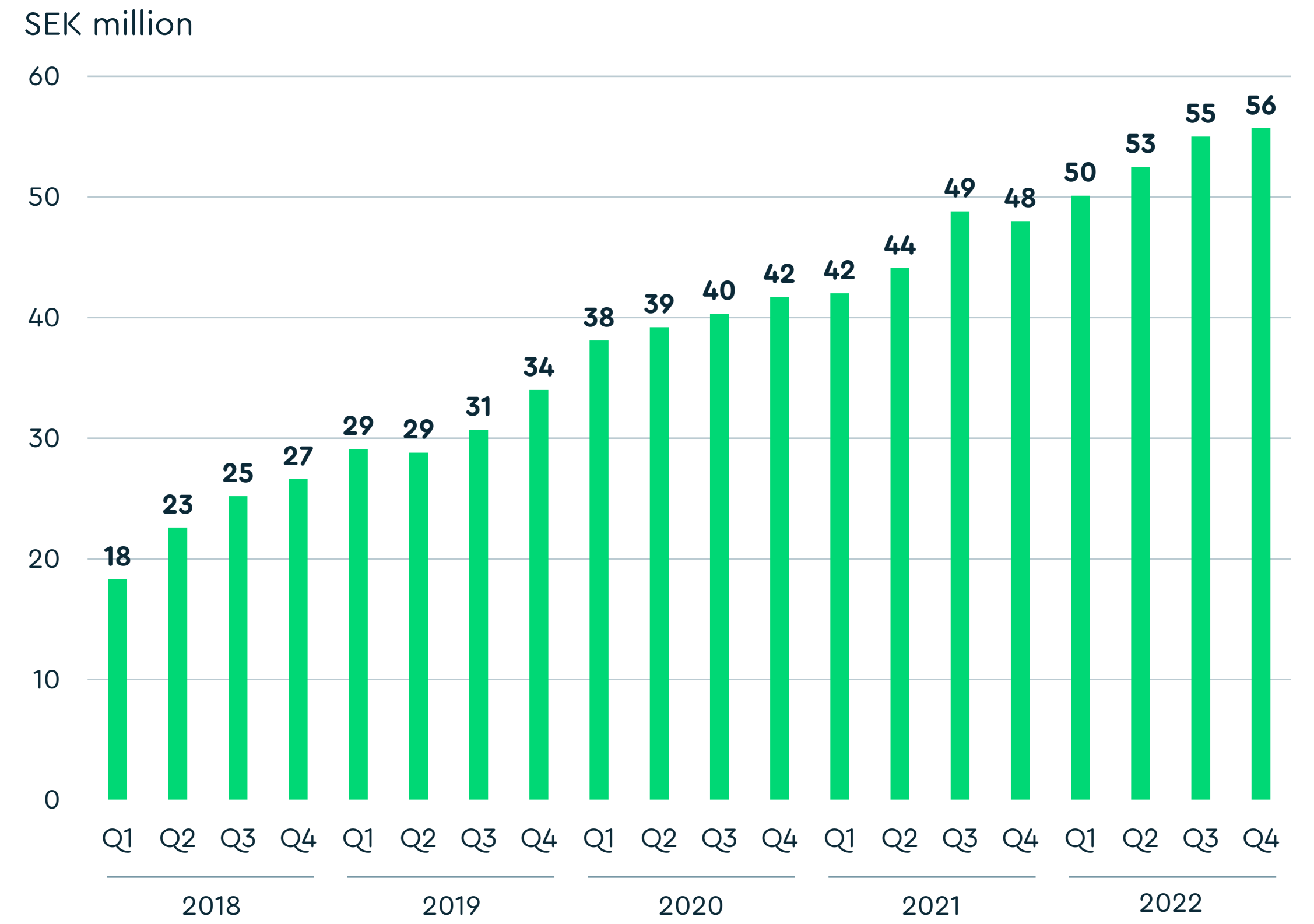
**PAID:** Added additional marketing channels supported by increased LTV following price adjustments. Continuously improved efficiency and return on investment in new marketing channels

# Continued positive revenue growth albeit lower new user intake due to price increases

### SLEEP CYCLE TOTAL SUBSCRIPTIONS



### SLEEP CYCLE NET REVENUE



## Financial Summary Q4 2022:

## Continued revenue growth. EBIT affected by exceptional items

SEK M	Q4-22	Q4-21	CHANGE	COMMENTS
<b>Net revenue</b>	<b>55.7</b>	<b>48.0</b>	<b>16.0%</b>	Net revenue growth of 16.0%, currency adjusted 6.7%. Positive impact from price adjustments showed in increased ARPU which, together with FX and stable renewal rates, drives growth despite slower new user intake
Capitalized work	0.9	0.4	139.2%	Changes impacted by strategic decision to increase investments in product development
Platform fees	-12.8	-11.6	10.5%	Stable development with continued decrease in relation to revenues due to Google fee decrease from 2022
Other external costs	-22.7	-17.0	33.2%	Exceptional items of SEK 2.8m in Q4-22. Increased use of consultants for product development and additional marketing investments in Q4-22 to cater for a good start of 2023
Staff costs	-14.8	-10.8	36.6%	Increase driven by hiring of new people to deliver on growth targets reaching 48 (37) FTEs in the quarter.
D&A	-1.3	-1.1	18.3%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
<b>EBIT</b>	<b>5.0</b>	<b>8.0</b>	<b>-37.6%</b>	EBIT decrease explained by exceptional items and intentionally increased OPEX
Margin	9.0%	16.7%		
<b>Adj. EBIT</b>	<b>7.8</b>	<b>8.0</b>	<b>-0.2%</b>	Q4-22 EBIT margin impacted by SEK 2.8m in exceptional items related to public cash offer
Adj. margin	14.0%	16.7%		
<b>Adj. operating cash flow</b>	<b>11.8</b>	<b>8.5</b>	<b>39.4%</b>	Operational cash flow in combination with prepayments of subscriptions and working capital changes
<b>Liquidity at period end</b>	<b>232.9</b>	<b>165.4</b>	<b>40.7%</b>	Positive results in combination with rights issue in conjunction with warrant conversion contributing SEK 16.6m in Q3-22

## Financial Summary Jan-Dec 2022:

## Growth, increased margin and exceptional cash generation

SEK M	Jan-Dec 22	Jan-Dec 21	CHANGE	COMMENTS
<b>Net revenue</b>	<b>213.3</b>	<b>182.9</b>	<b>16.6%</b>	Net revenue growth of 16.6%, currency adjusted 12.4%. Strategic decision to adjust prices have impacted ARPU driving revenue growth while new user acquisition was flat as planned
Capitalized work	3.2	2.8	13.6%	From 2021, certain projects qualify for capitalization. Increased investments in product development to drive growth
Platform fees	-49.7	-44.0	13.1%	Stable development with continued decrease in relation to revenues due to Google fee decrease from 2022
Other external costs	-63.4	-89.1	-28.9%	Exceptional items was SEK 2.8m in 2022 and SEK 23.3m in 2021. Increased marketing efficiency, better cost control and less purchase of external services impacted OPEX positively in 2022
Staff costs	-54.2	-40.6	33.6%	Non-recurring items (NRI) was SEK 2.8m in Jan-Dec 2021. Cost increase driven by strategic decision to scale up organization in particular within product development
D&A	-5.3	-2.0	156.9%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
<b>EBIT</b>	<b>44.1</b>	<b>10.3</b>	<b>327.7%</b>	EBIT improvement explained by NRI's in Jan-Dec 2021 in combination with revenue growth and improved efficiency
Margin	20.7%	5.6%		
<b>Adj. EBIT</b>	<b>46.9</b>	<b>36.4</b>	<b>22.4%</b>	Increase and margin improvement explained by revenue growth and lower marketing expenses in Jan-Dec 2022
Adj. margin	22.0%	19.9%		
<b>Adj. operating cash flow</b>	<b>62.1</b>	<b>36.8</b>	<b>28.3%</b>	In addition to improved EBIT, positive working capital changes from prepayment of subscriptions
<b>Liquidity at period end</b>	<b>232.9</b>	<b>165.4</b>	<b>40.7%</b>	Positive cash flows in combination with rights issue of SEK 95.4m in 2021 and of SEK 16.5m in 2022 (warrant conversion)



# Outlook and focus areas

## ▶ **Growth**

Continued stable revenue growth despite lower subscription increase. Positive impact from ARPU growth expected to continue due to price adjustments and positive mix effects. Decreasing download trend in combination with the global market climate poses uncertainty to near term subscription growth.

## ▶ **Profitability**

Financial focus on growth over profitability and to deliver approximately 20% in long-term EBIT margin. Continued increased investments in product development and marketing to drive growth but with EBIT margin expected to be in line with target.

## ▶ **Organisation**

Recruitments progressed according to plan with 49 employees as per 30 Dec 2022. Previous focus on leveraging organizational growth expected to result in faster, and increased number of, releases 2023. Plan to strengthen capacity within product development and AI/data science teams with ca 5-10 new employees during 2023.

## ▶ **Opportunities**

Pipeline of opportunities within partnerships, data and M&A expected to be materialized in 2023. Continued good interest for corporate wellness expected to result in new partnerships in 2023. Further investments in machine learning platform to analyse and monetize data.



# Q&A

Carl Johan Hederoth – CEO  
Per Andersson - CFO





Thank you!