



Equity Research Report

Sleep Cycle

Key Data

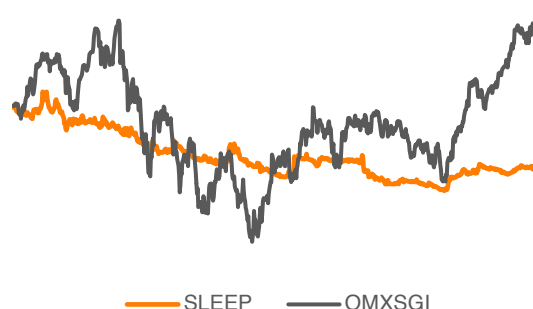
Current price:	35,60 SEK
Ticker	SLEEP
Exchange	First North Stockholm
Shares outstanding (M)	12,42
M-CAP (M)	742
EV (M)	607
EV/EBIT	10,2
P/E	15,2
EV/S	2,48
Net cash	135

List of ownership

	Ownership:	Votes:
Maciek Drejak:	43%	43%
Pierre Siri:	24%	24%
Nordnet Pension:	5%	5%
Avanza Pension:	4%	4%
Handelsbanken Microcap:	3%	3%
Petter Wallin	3%	3%
Skandia Fonder:	3%	3%
Lancelot Avalon:	2%	2%
Cancerfonden:	1%	1%
Cicero Hållbar Mix:	1%	1%

(as of 2023-12-31)

Stock performance since inception



Analyst

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Multiples

	2024E	2025E	2026E	2027E	2028E
EV/S	2,32	2,11	1,91	1,74	1,58
EV/EBITDA	7,97	6,35	5,74	5,18	4,64
EV/EBIT	8,46	6,52	5,90	5,31	4,77
P/E	13,01	10,15	9,18	8,27	7,42
EV/FCF	10,71	8,39	7,65	6,94	6,24

Wake up: Growth potential around the corner

A tired stock that should soon awaken. With a stock performance down by -55% since IPO, coupled with a 13.6% annual topline growth, and a valuation at around 10x EBIT, there's potential for a turnaround. A share price between SEK 45 - SEK 55 in the near term shouldn't be unreasonable. Analyst set mid-point equity value at SEK 48.53.

2023A: From dreams to dividends

Over the past year, Sleep Cycle has experienced a topline growth of 11.50% and distributed 141.94 million SEK to its shareholders. A new management team, led by the new CEO Erik Jivmark, has laid the groundwork for a fresh strategy aimed at driving future growth. The appointed objective is to double revenue within a 3-4 year timeframe while maintaining a minimum 25% EBIT margin.

2024E: A promising 2024 outlook

In 2024, I anticipate Sleep Cycle to achieve a top-line growth of 10% with a 27.37% EBIT-margin, driven by a competent management team focusing on marketing strategies that generates traffic, an increasing ARPU, and potential additional partnerships.

Underestimated potential in future earnings – deserved?

The current valuation appears to discount growth and profitability prospects far lower than what I consider reasonable. One reason for the warranted discounted multiple could be the possession of only one business segment with a relatively weak moat.

Financials (SEK)

Year end:	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenues (m)	159,61	183,33	212,56	237,01	262,09	288,30	317,13	348,84	383,72
Gross result (m)	119,46	139,34	162,82	183,37	202,03	222,25	244,48	268,93	295,82
EBIT (m)	56,28	10,46	43,20	56,92	71,74	93,07	102,92	114,22	127,33
Net result (m)	44,08	8,24	34,34	46,45	57,05	73,12	80,85	89,73	100,03
EPS	2,17	0,41	1,69	2,29	2,81	3,61	3,99	4,43	4,93
DPS	-	-	7,00	2,30	2,53	2,78	3,06	3,38	3,78
Revenue growth (%)	-	14,86%	15,94%	11,50%	10,58%	10,00%	10,00%	10,00%	10,00%
EBIT growth (%)	-	-81,41%	313,06%	31,75%	26,04%	29,73%	10,58%	10,98%	11,48%
EPS growth (%)	-	-81,30%	316,72%	35,27%	22,81%	28,17%	10,58%	10,98%	11,48%
EBIT margin (%)	35,26%	5,70%	20,32%	24,02%	27,37%	32,28%	32,45%	32,74%	33,18%
Net margin (%)	27,62%	4,50%	16,16%	19,60%	21,77%	25,36%	25,50%	25,72%	26,07%
FCF yield (%)	7,39%	1,83%	8,34%	7,01%	9,34%	11,91%	13,06%	14,40%	16,04%
Div yield (%)	-	-	22,95%	6,74%	7,11%	7,81%	8,60%	9,49%	10,62%
EV/Sales	3,80	3,31	2,86	2,56	2,32	2,11	1,91	1,74	1,58
EV/EBITDA	145,70	106,47	76,01	32,85	73,72	80,14	72,86	66,23	60,21
EV/EBIT	10,79	58,04	14,05	10,66	8,46	6,52	5,90	5,31	4,77
EV/FCF	13,53	54,77	11,99	14,26	10,71	8,39	7,65	6,94	6,24
Net debt	-52,70	-163,00	-229,00	-118,00	-137,06	-153,18	-171,22	-191,23	-213,44
Net debt/EBITDA (x)	-0,93	-13,2	-4,6	-1,6	-1,80	-1,60	-1,62	-1,63	-1,63

Company Overview

Sleep Cycle (founded in 2009) is a technology company specializing in the development of a sleep analysis application, with over 2 million active users and 893 thousand paying customers worldwide.

Sleep Cycle significantly reduced its workforce in 2023 following the closure of its Stockholm office and currently maintains an office in Gothenburg. The number of employees in the organization after the Stockholm office closure stands at 29 in Q1 2024, compared to 48 employees in the same quarter in 2023. During H2 2023 and H1 2024, Sleep Cycle recruited a new management team, as the previous leadership had irrationally spent money on poorly converting marketing. The new CEO, Erik Jivmark, who has a background in marketing, has laid out a new strategy for the company that I find very sound. This new strategy involves closely monitoring all marketing efforts and investing in marketing that generates traffic to maximize ROI. The management has communicated that the app will feature a function common in many fitness/health apps, specifically allowing users to print their statistics for sharing on social media, which would be very effective marketing for Sleep Cycle. All marketing activities will be closely monitored and evaluated to determine what is working well and what is not. Additionally, the management has emphasized further focusing on partnerships. Sleep Cycle has partnered with companies like Gympass and Revolut, allowing users to sign up for Sleep Cycle for free or at a discount to try the app, which should reasonably increase the conversion rate. The partnership with Gympass reached over 2000 different companies worldwide, helping Sleep Cycle penetrate new markets, particularly in Latin America, where it is now well established. Sleep Cycle has communicated its intention to focus on more similar partnerships and underscores the importance of being an attractive partner to build long-term relationships.

Sleep Cycle is a full-scale SaaS (Software as a Service) company, a business model that could be highly scalable. Partnerships that allow customers to try the product bear no costs for Sleep Cycle, only providing potential future paying users. A SaaS company enjoys many financial advantages, but these will be discussed further in the Financial Analysis chapter.

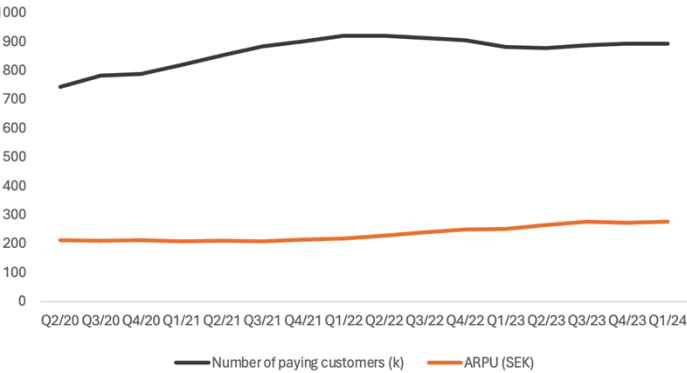
The company's leadership consists of Erik Jivmark (CEO), Elisabeth Hedman (CFO & Head of IR), Mikael Kågebäck (CTO), Peter Alsterberg (CCO), and Petter Högländer (CPO). Erik Jivmark joined Sleep Cycle in November 2023 and, as previously mentioned, has a background in marketing. He has earlier worked as CEO at Volvo Car Mobility and was responsible for Volvo Cars' Stockholm Tech Hub. Erik currently owns 4000 shares, worth 142,400 SEK (as of June 4, 2024). Notably, Erik doubled his holdings on June 3, 2024, by purchasing 2000 new shares at a price of 36.82 SEK. Erik holds 200,000 stock options.

Elisabeth Hedman joined the company in April 2024 and is therefore also very new to the company. Elisabeth has previously worked as CFO at TimeEdit and Norion Bank. Currently, Elisabeth owns no shares in the company but holds 100,000 stock options. Mikael Kågebäck has been the CTO at Sleep Cycle since 2020 and holds a PhD in machine learning and AI. He has also worked as a systems architect at H&M and as a developer for the Swedish air defense. Mikael owns 12,246 shares in Sleep Cycle and holds 128,237 stock options. Peter Alsterberg has been the CCO since April 2024 and has 20 years of experience in various management and strategy consulting roles. Peter owns 10,000 shares and holds 100,000 stock options. Petter Högländer has been the CPO since April 2024 and has extensive experience driving growth for subscription-based product companies within B2C. Petter currently owns no shares in the company but holds 100,000 stock options.

The shareholding among the management team is thus relatively low, and the management is relatively untested, as the majority have been appointed within the last year. It is worth noting that the founder and main owner of Sleep Cycle, Maciej Drejak, owns 8,707,984 shares in the company, corresponding to 43% of the entire company, and has been on the board since 2023.

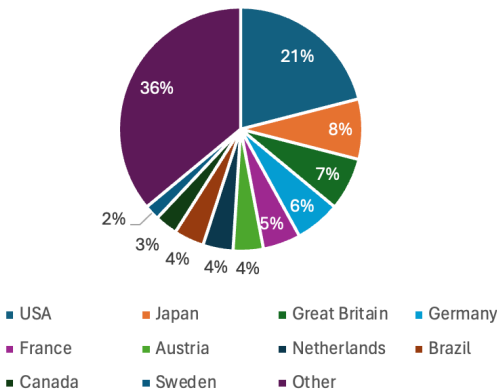
Sleep Cycle's cost model currently allows free users to utilize a few of the app's features, but for a cost of 399 SEK/year (299 SEK/year for old customers), users can unlock all app features. Sleep Cycle had an ARPU (average revenue per user) of 276 SEK in Q1 2024 (271 SEK adjusted for currency). Since the ARPU is significantly below the lowest subscription price, ARPU will likely drive top-line growth in the future. The reason for the ARPU currently being below the lowest subscription price can reasonably be attributed to the partnerships and campaigns initiated, which requires users to subscribe with a discount or try it free. Some users can also subscribe for full price and share two free subscriptions with friends.

ARPU and number of paying customers



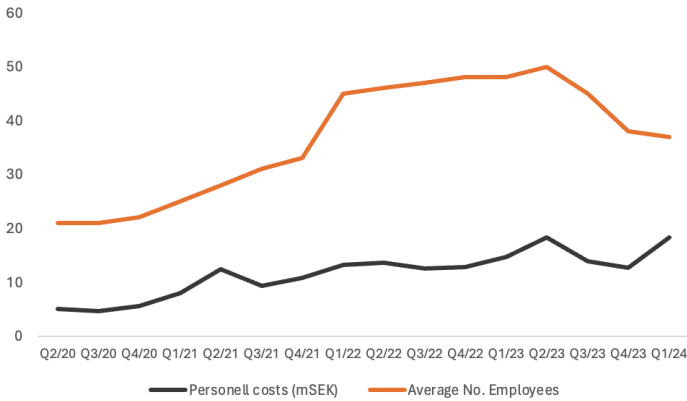
Source: Company data

Country distribution of top 10 active users



Source: Company data

Number of employees and personell costs



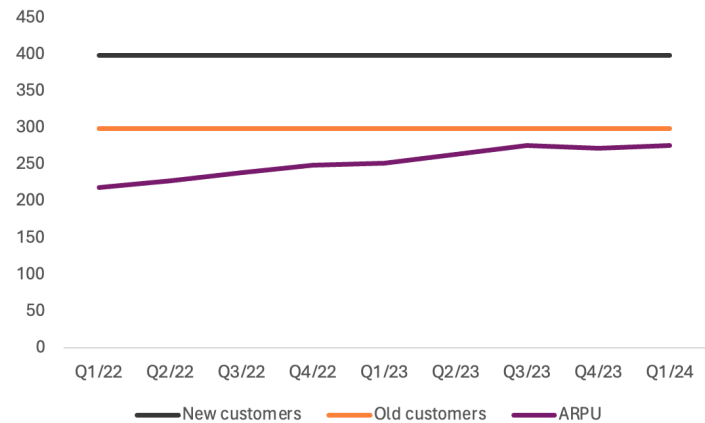
Source: Company data

Inside ownership

	No. Shares	Market value (SEK)
Management team		
Erik Jivmark (CEO)	4 000	142 400
Elisabeth Hedman (CFO & Head of IR)	0	0
Mikael Kägebäck (CTO)	12 246	435 958
Peter Alsterberg (CCO)	10 000	356 000
Petter Högländer (CPO)	0	0
Board members		
Anne Broeng	10 000	356 000
Mathias Høyer	14 107	502 209
Maciej Drejak	8 707 984	310 004 230
Hans Skruvfors	0	0

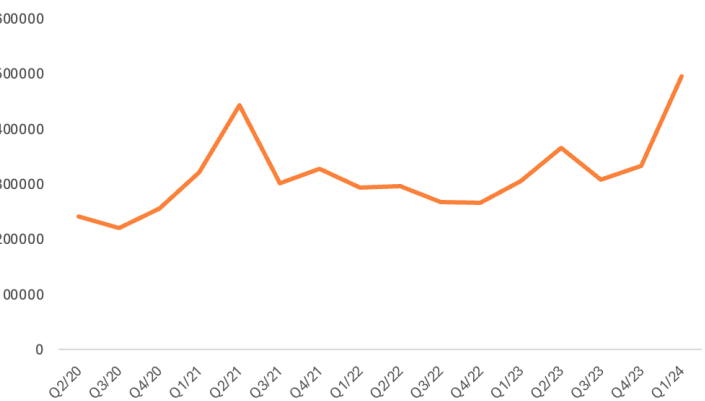
Source: Company data

Spread between ARPU and cost of subscription



Source: Company data

Average cost per employee (SEK)



Source: Company data

Product

Sleep Cycle's software is entirely self-developed, and they hold patents on certain features of the app. The app is mainly used for analyzing users' sleep and their smart alarm function, which wakes the user within a predetermined time window to optimize sleep rhythm and wake-up period, preventing the user from waking up in deep sleep. This feature is included in the 'freemium' version and is likely a major reason why many people use the app.

Sleep Cycle possesses a large sleep database, which premium users can access to view local sleep quality data. The premium version also offers several other features, such as audio analysis of movement patterns (patented function), presented graphs, and other insights from the sleep analysis to map sleep behaviors and patterns over a longer period, along with personal guidance on how to learn more and improve sleep. Additionally, it includes a sound library with relaxing sounds to facilitate the process of falling asleep. Sleep Cycle was the first app launched with these features, giving it a head start in the market compared to later-launched competitors.

Sleep Cycle has a significant competitive advantage with its SDK (software development kit) as they use their entirely self-developed platform, which they own, while many competitors use secondary data. This allows Sleep Cycle to operate more freely and more easily develop their already strong offering.

Under Sleep Cycle's "journal" feature, users can track how long they've been in bed, total sleep duration, recorded sleep sounds and exact times of going to bed and waking up. Users can also integrate various functions with the Apple Health app, such as tracking daily exercise to assess its impact on sleep. Other features include a "cough radar" (snoring nearby), respiratory disturbances, and breathing rate. The app also supports partner pairing to identify who the app is connected to, tracks morning moods to assess how sleep and external factors affect mood, and includes a large library of sounds to aid falling asleep.

In the "statistics" function, users can monitor their sleep quality over time, track patterns, and identify factors influencing sleep. It provides suggestions for improving sleep and allows users to make personal notes related to their sleep circumstances. Additional features include sleep quality linked to location info, weather, background noise, and extras (when using the app via Apple Watch).

The app also allows users to set sleep goals, which can effectively help improve poor sleep habits. It offers a wide selection of soothing melodies as alarm sounds that gradually increase to facilitate waking up gently. The app includes a sleep school aimed at optimizing sleep based on user needs and weekly reports. Overall, the app aims to help users understand their sleep patterns and provides tips and suggestions to optimize sleep quality.

BEST SLEEP QUALITY

1. 🇦🇺 Australia, 80%
2. 🇳🇿 New Zealand, 80%
3. 🇳🇱 Netherlands, 79%

WAKE UP EARLY

1. 🇿🇦 South Africa, 06:29
2. 🇨🇴 Colombia, 06:30
3. 🇯🇵 Japan, 06:49

EARLY TO BED

1. 🇿🇦 South Africa, 22:50
2. 🇳🇿 New Zealand, 23:11
3. 🇦🇺 Australia, 23:12

MOST SNORING

1. 🇵🇭 Philippines, 1h 8m
2. 🇨🇳 China, 59 min
3. 🇿🇦 South Africa, 58 min

WORST SLEEP QUALITY

1. 🇯🇵 Japan, 67%
2. 🇰🇷 Korea, 68%
3. 🇻🇳 Vietnam, 71%

WAKE UP LATE

1. 🇸🇦 Saudi Arabia, 08:24
2. 🇵🇹 Portugal, 08:16
3. 🇹🇼 Taiwan, 08:15

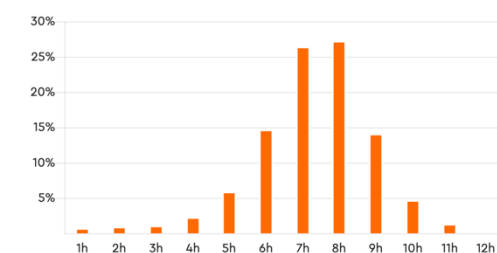
LATE TO BED

1. 🇸🇦 Saudi Arabia, 01:29
2. 🇹🇼 Taiwan, 01:14
3. 🇹🇷 Turkey, 01:02

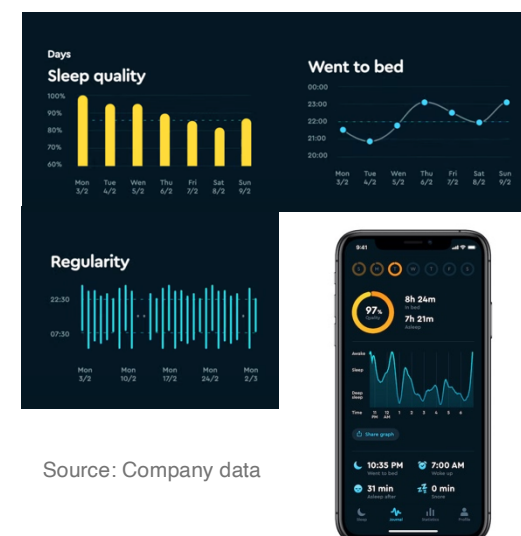
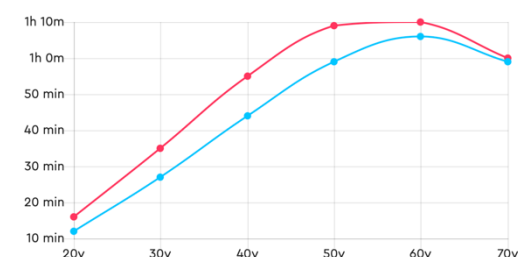
LEAST SNORING

1. 🇨🇴 Colombia, 29 min
2. 🇸🇦 Saudi Arabia, 29 min
3. 🇦🇪 United Arab Emirates, 30 min

HOW MANY HOURS DO PEOPLE SLEEP? WORLD



HOW DO MEN AND WOMEN SNORE OVER AGE? WORLD



Source: Company data

Financial Analysis

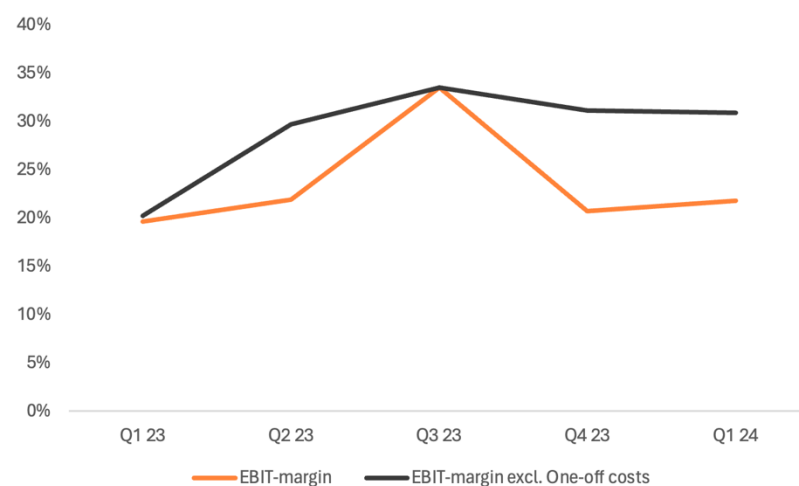
Historical

In 2023, Sleep Cycle had a revenue of 236.146 million SEK, which represents a growth of 11.37% compared to 2022. The gross margin for the year was 77.37%, and the EBIT margin was 24%. The bottom-line margin stood at 20%. The cost between sales and the gross margin represents platform fees, which are the fees paid to be available on various app platforms, such as Apple's App Store. This cost has historically ranged between 25.15% (2020) and 22.63% (2023) as a percentage of sales. This suggests that the gross margin is likely to remain fairly constant, provided no negotiations or price changes occur from platform distributors.

The cost items between gross profit and EBIT mainly consist of personnel costs (25.13% of sales in 2023), marketing costs (9.59% of sales), depreciation and amortization (6.27% of sales), and various consumables, fees, technology costs, etc. Sleep Cycle has grown its topline with a 13.6% CAGR since IPO and a 20.49% CAGR since 2018, illustrating the scalability of the business. As previously mentioned, Sleep Cycle has written down the Sleep Cycle Kids segment, which has had a negative impact on its margins. In Q4 2023, Sleep Cycle had an EBIT margin of 20.7%, and excluding the write-downs of Sleep Cycle Kids, the margin was 31.1%. Given this, the business is even more profitable than the initial figures suggest.

Sleep Cycle operates an incredibly capital-light business that generates substantial cash flow. In 2022, the business generated 67.76 million SEK in cash flow, and in 2023, the cash flow amounted to 42.55 million SEK, adjusted for a large dividend of 141.94 million SEK during the year. As of Q1 2024, the cash balance stands at 150.53 million SEK, and before the dividend payout, the cash balance was 232.86 million SEK. Sleep Cycle otherwise has a very attractive balance sheet and is virtually debt-free, except for long term lease liabilities amounting to 10.67 million SEK.

EBIT-margin vs Adj.EBIT-margin



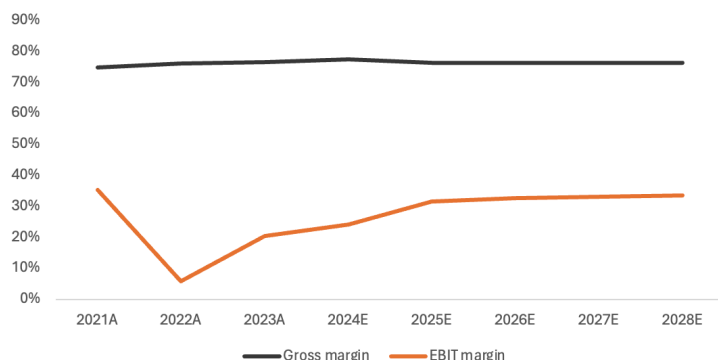
Forecast

The management has recently initiated new financial goals for the business, aiming to double revenue in the medium term (3-4 years) with an EBIT margin of at least 25%. As previously mentioned, Sleep Cycle has a relatively high spread between gross margins and EBIT margins. The largest cost items between gross profit and EBIT are personnel costs and marketing costs. In 2023, Sleep Cycle had an average of 45 employees, with personnel costs amounting to 59.50 million SEK. Given this, an average employee costs approximately 1.32 million SEK/year. In Q1 2024, Sleep Cycle announced that after reorganization and the closure of the Stockholm office, the number of employees stands at 29, which should indicate personnel costs of about 38.34 million SEK. However, many key personnel likely remain in the business with higher salaries than the company's average, making 38 million SEK in personnel costs an optimistic assumption.

Marketing costs have also been a significant discussion point for the management, but given their financial goals, thus, I assume they will significantly increase their marketing expenses and therefore, I have forecasted an approximate doubling of marketing costs in 2024 compared to 2023. Considering the information presented above along with the scalable business model, assumptions for margin expansion are very reasonable. Many cost items are relatively fixed and should thus contribute to margin expansion in the coming years, a common phenomenon in SaaS companies. In 2019, Sleep Cycle had an EBIT margin of 42.4%, but due to one-time costs associated with the IPO and poor ROI from the previous management, the margins have developed weakly since then.

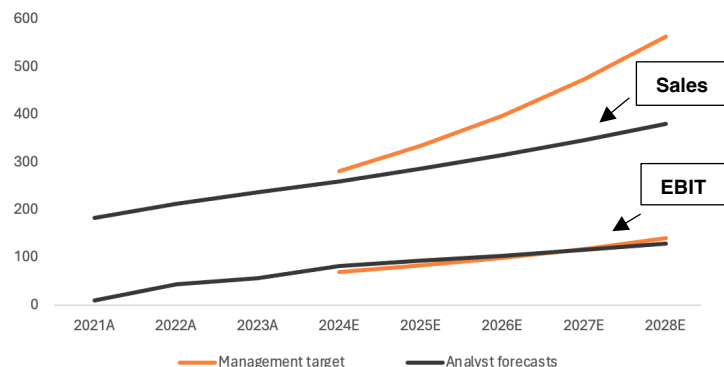
In Q1 2024, Sleep Cycle had an ARPU (average revenue per user) of 276 SEK (271 SEK adjusted for currency). In Q4 2023, ARPU was 272 SEK (260 SEK adjusted for currency). This was the primary reason for top-line growth between these quarters, as the number of subscribers remained virtually unchanged. Given the subscription costs for new and old customers, ARPU should be able to drive growth for a long time and be an excellent pillar to lean on if Sleep Cycle fails to convert or retain existing customers. If they also succeed in converting new customers and retaining existing ones, there is tremendous leverage in the business.

Spread between gross-margin and EBIT-margin



Source: Company data, Analyst forecasts

Management target vs analyst forecast



Source: Company data, Analyst forecasts

Income Statement breakdown

	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
(mSEK)									
Sales	159,61	183,33	212,56	237,01	262,09	288,30	317,13	348,84	383,72
Activated work for own account	0,00	2,84	3,22	1,11	0,99	1,09	1,20	1,32	1,45
Total income	159,61	186,17	215,79	238,12	263,08	289,39	318,32	350,16	385,17
Platform fee	40,14	43,99	49,74	53,64	60,06	66,04	72,65	79,91	87,90
Other external expenses	22,46	47,10	28,60	30,40	30,71	36,99	41,42	45,94	50,77
Marketing expenses	19,58	42,00	34,79	22,73	40,05	44,06	48,47	53,31	58,64
Personell expenses	20,51	40,58	54,20	59,51	55,04	46,70	50,11	53,72	57,17
D&A	0,63	2,05	5,26	14,86	4,38	2,52	2,77	3,04	3,35
Total costs	103,33	175,71	172,59	181,13	190,25	196,32	215,41	235,94	257,84
Interest & taxes									
Interest income	0,00	0,00	0,16	2,79	0,00	0,00	0,00	0,00	0,00
Interest expenses	0,15	0,08	0,14	1,21	0,00	0,00	0,00	0,00	0,00
Tax costs	12,05	2,14	8,88	12,05	15,38	19,95	22,06	24,49	27,30
Profitability									
Gross result	119,46	139,34	162,82	183,37	202,03	222,25	244,48	268,93	295,82
EBITDA	56,91	12,51	48,46	71,47	76,13	95,59	105,68	117,26	130,68
EBIT	56,28	10,46	43,20	56,61	71,74	93,07	102,92	114,22	127,33
Net profit	44,08	8,24	34,34	46,14	57,05	73,12	80,85	89,73	100,03
Margins, tax, efficiency ratios									
Gross margin	74,85%	76,00%	76,60%	77,37%	77,09%	77,09%	77,09%	77,09%	77,09%
EBITDA-margin	35,65%	6,82%	22,80%	30,15%	29,05%	33,16%	33,33%	33,62%	34,06%
EBIT-margin	35,26%	5,70%	20,32%	23,88%	27,37%	32,28%	32,45%	32,74%	33,18%
Net profit-margin	27,62%	4,50%	16,16%	19,47%	21,77%	25,36%	25,50%	25,72%	26,07%
Tax rate	21,41%	20,46%	20,55%	21,29%	21,44%	21,44%	21,44%	21,44%	21,44%
Marketing ROI	714,99%	336,53%	511,06%	942,86%	554,32%	554,32%	554,32%	554,32%	554,32%

Source: Company data, Analyst forecasts

Valuation

In my forecasts, I have assumed a 10% annual top-line growth, which is below management's goal of an 18.92% CAGR (assuming the conservative assumption that revenue will double in 4 years). I also believe that margins can expand significantly compared to the margins over the past three years. As mentioned earlier, I think the organization will become more efficient in many areas, and given the restructuring's impact on cost items between gross profit and EBIT as well as further topline growth, EBIT margins should reasonably improve. My forecasts result in an EBIT margin of 27.37% in 2024, growing to approximately 33.18% by 2028.

The DCF valuation model has various assumptions, including a TGR (terminal growth rate) of 1.5% and a discount rate of 11.70%. The WACC is calculated with the following assumptions: the average Swedish risk premium over the past 10 years (6.09%), the Swedish ten-year interest rate (2.488%), and a beta value of 0.7, which gives a Cost of Equity of 6.751%. Additional assumptions on the Cost of Debt at 5% generate a WACC of 5.7%, which I consider too low, so I've added an additional risk premium of 6%, resulting in a Discount Rate of 11.70%.

The DCF model generates an implied target price of 48.53 SEK, representing an upside of 33.85% (calculations can be found below). The forward multiples look very cheap at the current market value, and based on the DCF valuation, Sleep Cycle will be valued at 15.38x EBIT in 2024, which I consider a relatively reasonable multiple given the growth and profitability opportunities.

DCF valuation summary			
DCF valuation (mSEK)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	277,71	Risk free rate	2,5
NPV of TV	548,64	Risk premium	6,1
Value of operation	826,36	Beta	0,7
		Cost of equity	6,8
Net debt	-135		
Share issue/buy-back in forecast period	-	Cost of debt	5,0
Value of associated companies	-	Risk parameter	6,0
Value of minority shareholders equity	-	WACC	11,7
Value of marketable assets	-		
DCF value of equity	966,22	Assumptions	
DCF value per share (SEK)	47,65	Number of forecast years	5,0
Current share price (SEK)	35,60	Terminal growth rate	1,5
DCF potential performance (%)	33,85	NPV Free Cash Flow (% of TV)	50,62

Source: Analyst forecasts

DCF breakdown					
(mSEK)	2024E	2025E	2026E	2027E	2028E
NOPAT	56,4	73,1	80,9	89,7	100,0
D&A	3,6	2,5	2,8	3,0	3,3
CAPEX	0,9	1,0	1,1	1,2	1,4
Change in NWC	-2,4	2,3	-3,2	-4,1	-4,7
Unlevered FCF	56,7	72,3	79,3	87,4	97,4
PV of FCF	50,7	58,0	56,9	56,1	56,0
Discount period	1,00	2,00	3,00	4,00	5,00

Source: Analyst forecasts

DCF valuation range				
2024E EV/S at current price	2,32			
2024E EV/EBIT at current price	8,46			
WACC	12,70%	11,70%	10,70%	9,70%
DCF-valuation range (SEK)	43,81	47,65	52,37	58,23
2024E EV/S at DCF equity value	3,91	4,20	4,57	5,02
2024E EV/EBIT at DCF equity value	14,27	15,36	16,69	18,35

Source: Analyst forecasts

Relative valuation is a weaker valuation method in Sleep Cycle's case since they don't have any direct peers traded on the stock market and the selected competitors are very financially different. I have looked at "peers" that have SaaS-business models, which highlights how comparable SaaS firms are valued in relation to Sleep Cycle. Given that Sleep Cycle lacks direct peers, it is challenging to perform a direct relative valuation. However, companies with high revenue growth, relatively high profitability, and a SaaS business model have been applied in the valuation model to provide a comparable picture of valuations for similar growth and profitability in the effective business model. This valuation model does not prescribe how Sleep Cycle should be valued, but it reinforces the assumption that an upward revaluation is warranted given their effective business model, strong revenue growth, and profitability.

Since I conducted a multiple valuation for relatively similar SaaS companies, I want to see how the market values the company's operational performance. For this reason, I consider EV/EBITDA to be the best multiple to use in this case. The relative valuation on an EV/EBITDA basis indicates an upside of 31.10%, which aligns with the implied share price from the DCF valuation. These results should be interpreted with caution, as the peers used in this relative valuation do not have a direct connection to Sleep Cycle and, therefore, may not be traded in the same manner as Sleep Cycle. I found it interesting to include this valuation model in the analysis to gain insight into how (approximately) comparable companies are traded on the market.

The EV/S multiple is also worth investigating because SaaS firms with high profitability margins often command high EV/S multiples. However, due to significant operational and financial differences between these companies, this valuation metric may not be as precise.

Peer table - Sleep Cycle																	
Date		2024-06-04															
Share Price		35,60 SEK															
Ticker	Company Name	Market Cap (m)	Enterprise Value (m)	Current Price	%-52-week performance	Revenue '5y	Growth '2y	EBIT '22	Margin '23	Profit '22	Margin '23	EV / EBIT LTM	EV /EBITDA LTM	P / E LTM	EV / S LTM	EV / FCF LTM	
VIT B	Vitec Software Group	20 291,00 SEK	21 965,00 SEK	540,50 SEK	-0,80%	173,16%	111,58%	18,00%	21,30%	12,40%	12,20%	35,40	19,10	58,30	7,91	-80,46	
HEM	Hemnet	31 472,30 SEK	31 910,00 SEK	320,00 SEK	32,56%	140,54%	38,05%	42,50%	44,60%	33,00%	33,70%	66,62	57,19	87,42	29,88	83,75	
ANOT	Anoto Group	70,00 SEK	92,00 SEK	0,21 SEK	-32,59%	-61,61%	-40,03%	-68,10%	200,00%	-35,70%	163,00%	44,15	0,90	1,00	2,14	-1,74	
CINT	Cint	2 992,30 SEK	3 797,00 SEK	14,05 SEK	21,02%	270,83%	92,09%	-121,00%	-168,00%	-120,00%	-168,00%	-8,49	142,21	-6,68	15,63	-183,43	
TCC A	TCECUR Sweden A	253,00 SEK	347,00 SEK	26,10 SEK	-45,90%	212,23%	210,58%	5,40%	4,30%	2,20%	1,30%	19,70	7,23	33,90	0,59	20,06	
FREJA	Freja eID Group	160,80 SEK	175,00 SEK	7,08 SEK	4,12%	-63,59%	76,21%	-126,00%	-81,30%	-132,00%	-88,10%	-5,93	-12,15	-5,03	4,82	-7,81	
TIRO	Transiro Holding	29,70 SEK	26,00 SEK	0,04 SEK	14,71%	120,67%	112,18%	-60,20%	-19,20%	-63,10%	-19,10%	-4,06	13,00	-6,32	0,79	-12,38	
OPTER	Opter	536,00 SEK	505,00 SEK	89,40 SEK	22,50%	-	40,14%	18,40%	22,90%	14,50%	17,80%	26,00	13,00	34,60	0,15	33,50	
FNØX	Fortnox	37 865,10 SEK	37 497,00 SEK	62,10 SEK	3,02%	208,65%	76,18%	36,40%	41,00%	27,20%	34,70%	52,30	42,42	61,77	21,57	220,57	
LIME	Lime Technologies	295,10 SEK	-56,00 SEK	0,19 SEK	-58,72%	122,86%	403,17%	5,30%	30,00%	-46,90%	32,80%	-0,29	-0,13	1,42	-0,09	0,64	
SKOLON	Skolon	616,00 SEK	578,00 SEK	23,20 SEK	-9,70%	-	180,65%	-7,20%	-7,40%	-14,80%	7,40%	-67,70	-125,65	88,60	5,61	9,50	
AVTB	Avtech	319,00 SEK	293,00 SEK	5,64 SEK	81,90%	120,00%	125,41%	28,50%	32,70%	28,50%	32,70%	28,30	19,53	30,50	10,65	28,17	
TRUE B	Truecaller B	11 588,10 SEK	10 136,00 SEK	30,30 SEK	-12,82%	478,26%	53,14%	38,80%	38,00%	30,20%	31,00%	15,40	14,42	21,62	5,86	-225,75	
ENEA	Enea	1 677,00 SEK	1 832,00 SEK	79,10 SEK	62,40%	10,00%	-0,22%	12,70%	-54,70%	11,80%	-60,30%	-3,30	10,23	-2,90	2,01	197,00	
CHECK	Checkin.com Group	858,00 SEK	837,00 SEK	29,30 SEK	-13,80%	-	334,98%	-9,80%	4,40%	-10,70%	3,60%	222,00	28,66	276,00	0,92	492,35	
FPIP	Formpipe	1 411,00 SEK	1 393,00 SEK	26,00 SEK	0,00%	29,31%	30,27%	3,20%	9,30%	1,80%	7,00%	30,60	12,55	42,30	2,65	24,44	
VERT B	Vertiseit	1 065,00 SEK	1 210,00 SEK	47,00 SEK	72,20%	400,72%	353,72%	4,30%	8,10%	2,80%	3,40%	27,50	18,03	46,50	3,48	23,59	
PTRK	Physitrack	255,00 SEK	290,00 SEK	15,70 SEK	-2,80%	1667,44%	390,32%	0,87%	22,70%	0,74%	21,10%	7,20	7,30	7,00	19,08	-0,29	
Mean												26,97	14,88	42,78	7,43	34,54	
Median												22,85	13,00	32,20	4,15	14,78	
Sleep Cycle																	
Mean		694	576	34,2	-14,50%	91,87%	28,96%	20,70%	24,00%	16,40%	19,50%	10,18	8,06	15,05	2,44	12,55	
Median																	
Discount / (premium) to online peers, mean (%)												164,98%	84,71%	184,16%	204,22%	175,24%	
Discount / (premium) to online peers, med (%)												124,53%	61,37%	113,89%	69,99%	17,77%	
Upside/ (downside), mean (%)												95,15%	31,10%	173,19%	126,46%	103,33%	
Upside/ (downside), med (%)												62,87%	12,48%	89,35%	19,36%	-22,31%	

Source: Company data

The exit multiple valuation model is the simplest valuation model but perhaps the one that most accurately reflects potential outcomes. All forecasts are entered into the model, and a reasonable valuation multiple is set for the company given the growth the company can potentially demonstrate. Currently, Sleep Cycle trades at approximately 10.14x EBIT (actually even lower when adjusted for the write-downs of Sleep Cycle Kids). I believe that given the growth and margin expansion, Sleep Cycle deserves at least a 15x EBIT multiple. I have also included management's financial goals in this valuation model as a reference to see how the corresponding development would look if management can achieve the targets set (calculations can be found down below). This valuation method confirms my thesis that a significant revaluation can occur if my forecasts proves to be relatively realistic and a potential (deserved) multiple expansion.

Exit multiple valuation summary

Exit multiple valuation (mSEK)	Current	2024E	2025E	2026E	2027E	2028E
EBIT-margin - Analyst financial expectations	23,88%	27,37%	32,28%	32,45%	32,74%	33,18%
EBIT-margin - Management financial targets	23,88%	25,00%	25,00%	25,00%	25,00%	25,00%
Net debt	-121,30	-135,46	-151,21	-168,73	-188,22	-209,88
Share issue/buy-back in forecast period	-	-	-	-	-	-
Target multiple		15x	15x	15x	15x	15x
Equity value in explicit forecast period - Analyst financial expectations	721,88	1211,59	1547,28	1712,49	1901,52	2119,84
Equity value in explicit forecast period - Management financial targets	721,88	1192,41	1408,15	1663,49	1965,79	2323,78
Exit multiple value per share - Analyst financial expectations (SEK)	35,60	59,75	76,30	84,45	93,77	104,54
Exit multiple value per share - Management financial targets (SEK)	35,60	58,80	69,44	82,04	96,94	114,60
Exit multiple potential performance - Analyst financial expectations (%)	0,00%	67,84%	114,34%	137,23%	163,41%	193,66%
Exit multiple potential performance - Management financial targets (%)	0,00%	65,18%	95,07%	130,44%	172,32%	221,91%

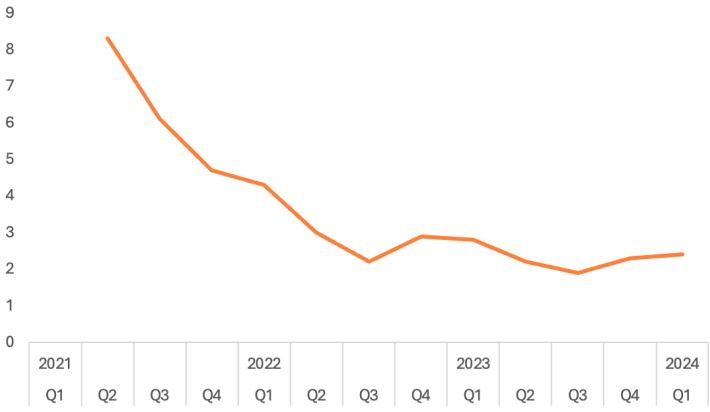
Source: Company data, Analyst forecasts

My forecasts for cash and debt are conservatively estimated, based on the assumption that Sleep Cycle will distribute a significant portion of its annual profit and take on some new long-term lease debt. These assumptions are made to avoid an unreasonably high target price. If I were more realistic, I believe the cash reserves would grow more, which would lead to an even higher target price.

On December 19, 2022, an offer for Sleep Cycle was made at 42.5 SEK. The offer was made by Velvet Cichlid but they ultimately withdrew from the offer and did not acquire any shares. The offer then added a premium of approximately 33%. This is interesting to keep in mind and also to know that external parties seem to see the scalability of the business model.

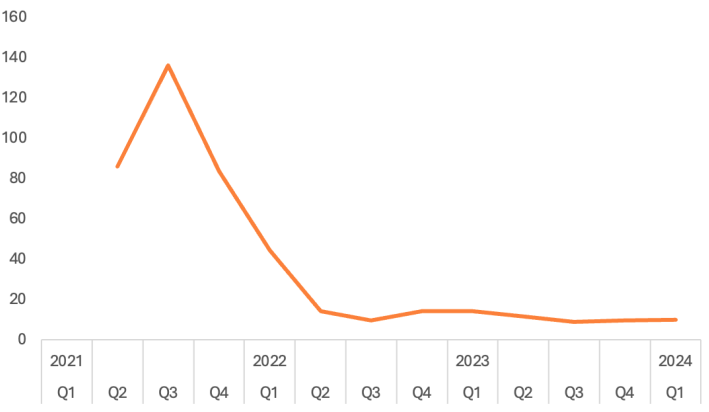
Given that Sleep Cycle grows and demonstrates the profitability I have forecasted, the forward-looking multiples appear very cheap. Looking at the most comparable multiple in my opinion, EV/EBIT, Sleep Cycle trades at 8.46x EBIT already in 2024 and 4.77x EBIT in 2028. If Sleep Cycle achieves their financial goals, a revaluation should not be unreasonable to assume. Given Sleep Cycle's low D&A, the EV/EBIT multiple serves as a suitable comparison metric when examining the company on an individual basis.

EV/SALES valuation



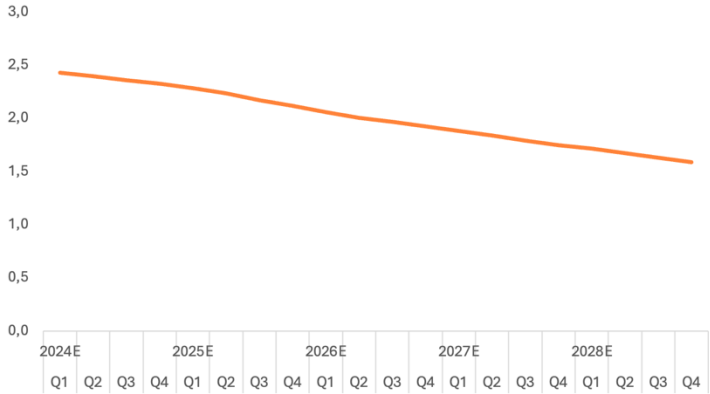
Source: Analyst forecasts

EV/EBIT valuation at ATL



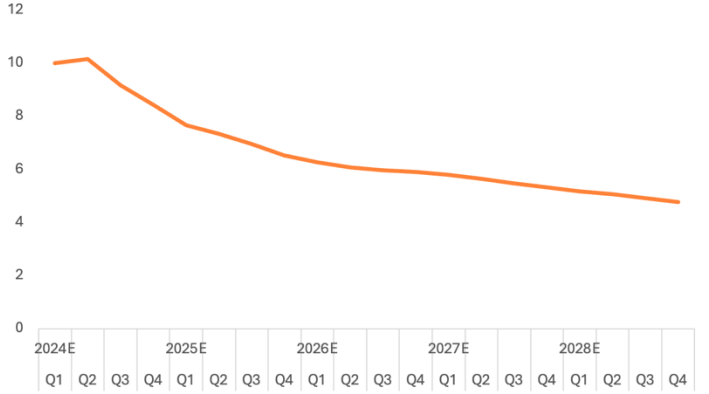
Source: Analyst forecasts

Forward EV/SALES valuation



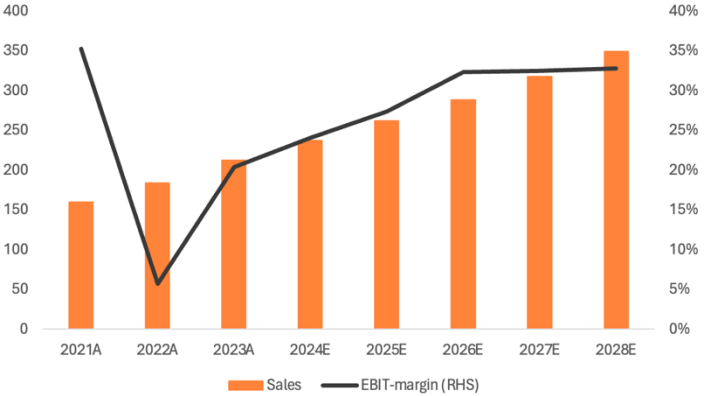
Source: Company data, Analyst forecasts

Forward EV/EBIT valuation



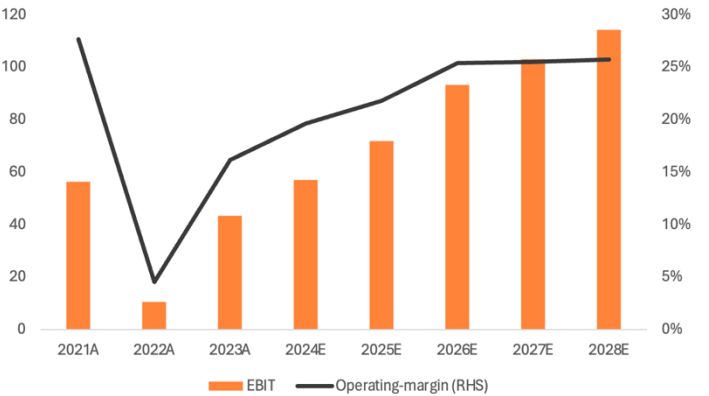
Source: Company data, Analyst forecasts

Sales and EBIT-margin



Source: Company data, Analyst forecasts

EBIT and Operating-margin



Source: Company data, Analyst forecasts

Investment Risks

The “freemium” version that Sleep Cycle offers actually includes most of the essential features, which has led to discussions that it might be too good, potentially making it more challenging for Sleep Cycle to convert freemium users to premium users in the future. The features offered by the premium version are not particularly necessary, but rather convenient.

Identifying the type of moat Sleep Cycle has compared to competitors is tricky. Competitors can always emerge with rival products. Startups can compete with Sleep Cycle in terms of user-friendliness, but I believe Sleep Cycle has a significant edge with their patented sound analysis function and the extensive data they possess, data that greatly enhances Sleep Cycle's user experience. Sleep Cycle has a large user base worldwide, allowing users to compare their sleep quality with others in their vicinity. Since its inception in 2009, Sleep Cycle has been able to analyze both users and competitors to create an optimal sleep application. Therefore, I believe the risk of having a weak moat compared to smaller startups is relatively low. The major risk, however, lies in larger companies like Apple developing a similar product, which could significantly reduce Sleep Cycle's market share. Nonetheless, it's important to note that Apple currently recommends Sleep Cycle to their customers in the "Health" app, indicating that even Apple finds the product user-friendly. Should Apple want to implement similar functions in their applications, an acquisition scenario is not impossible, given that Sleep Cycle is currently valued at 742 million SEK on the stock exchange, which would likely be a very good investment for Apple if they want to implement a similar service.

Since Sleep Cycle's management is essentially new to the company and relatively untested, there is an absolute risk that they might make irrational decisions that harm shareholder value, especially given their currently low insider ownership. One could also argue that the new strategy is somewhat optimistic, at least regarding the topline growth target. High goals can certainly be beneficial if they are achievable, but considering their weak experience with Sleep Cycle, one could argue that they might not know the company well enough and are therefore setting overly ambitious goals, which could lead to poorer outcomes.

Given the founder Maciej Drejak's large insider ownership and his position on the board, decisions could be made that favor Maciej's personal finances more than the shareholders'. Unnecessary dividends or other disadvantageous decisions are not impossible potential outcomes.

Over the past year, various funds have sold large holdings in Sleep Cycle, which has likely been a significant factor in the depressed stock price throughout 2023. A potential reason for this could be that the company has fallen below a market cap of 1 billion SEK, which might mean that funds no longer have the mandate to own Sleep Cycle. There is a risk that this trend continues in the near term and that the stock price could be further pressured down.

Income Statement									
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	159,607	183,331	212,563	237,01	262,09	288,30	317,13	348,84	383,72
YoY%	N/A	14,86%	15,94%	11,50%	10,00%	10%	10%	10%	10%
Platform fee	40,144	43,991	49,74	53,64	60,06	66,04	72,65	79,91	87,90
% of sales	25,15%	24,00%	23,40%	22,63%	22,91%	22,91%	22,91%	22,91%	22,91%
Gross Result	119,46	139,34	162,82	183,37	202,03	222,25	244,48	268,93	295,82
% gross margin	74,85%	76,00%	76,60%	77,37%	77,09%	77,09%	77,09%	77,09%	77,09%
(+) Activated work for own account	0,00	2,84	3,22	1,11	0,99	1,09	1,20	1,32	1,45
% of sales	0,00%	1,55%	1,52%	0,47%	0,38%	0,38%	0,38%	0,38%	0,38%
Premises costs	0,44	0,91	0,60	1,25	1,03	1,14	1,25	1,38	1,52
% of sales	0,28%	0,50%	0,28%	0,53%	0,39%	0,39%	0,39%	0,39%	0,39%
Consumable equipment, software & consumables	2,07	3,57	5,64	6,23	5,59	6,15	6,76	7,44	8,18
% of sales	1,30%	1,95%	2,65%	2,63%	2,13%	2,13%	2,13%	2,13%	2,13%
Marketing expenses	19,58	42,00	34,79	22,73	40,05	44,06	48,47	53,31	58,64
% of sales	12,27%	22,91%	16,37%	9,59%	15,28%	15,28%	15,28%	15,28%	15,28%
Consultant fees, product development	6,11	5,03	7,97	9,82	11,58	13,31	15,37	17,29	19,25
% of sales	3,83%	2,74%	3,75%	4,14%	4,42%	4,62%	4,85%	4,96%	5,02%
Server & technology costs	3,54	3,65	2,73	3,62	4,60	5,06	5,56	6,12	6,73
% of sales	2,22%	1,99%	1,28%	1,53%	1,75%	1,75%	1,75%	1,75%	1,75%
Other external services	9,42	27,20	10,53	6,388	9,22	10,14	11,15	12,27	13,49
% of sales	5,90%	14,84%	4,95%	2,70%	3,52%	3,52%	3,52%	3,52%	3,52%
Other costs	0,89	6,73	1,13	3,09	1,09	1,20	1,32	1,45	1,60
% of sales	0,56%	3,67%	0,53%	1,30%	0,42%	0,42%	0,42%	0,42%	0,42%
(-) Total other external costs	42,05	89,09	63,38	53,13	70,76	81,05	89,89	99,26	109,41
% of sales	26,34%	48,60%	29,82%	22,42%	27,00%	28,11%	28,34%	28,45%	28,51%
(-) Personell costs	20,51	40,58	54,20	59,57	55,04	46,70	50,11	53,72	57,17
% of sales	12,85%	22,13%	25,50%	25,13%	21,00%	16,20%	15,80%	15,40%	14,90%
(-) Amortization & depericiation	0,63	2,05	5,26	14,86	4,38	2,52	2,77	3,04	3,35
% of sales	0,39%	1,12%	2,48%	6,27%	1,67%	0,87%	0,87%	0,87%	0,87%
SG&A total	63,19	128,88	119,62	126,45	130,29	129,18	141,56	154,70	168,49
% of sales	39,59%	70,30%	56,28%	53,35%	49,71%	57,41%	54,19%	53,67%	53,74%
EBIT	56,28	10,46	43,20	56,92	71,74	93,07	102,92	114,22	127,33
% of sales	35,26%	5,70%	20,32%	24,02%	27,37%	32,28%	32,45%	32,74%	33,18%
Taxes	12,05	2,14	8,88	12,05	15,38	19,95	22,06	24,49	27,30
% of EBIT	21,41%	20,46%	20,55%	21,17%	21,44%	21,44%	21,44%	21,44%	21,44%
Net interest	-0,15	-0,08	0,02	1,59	0,00	0,00	0,00	0,00	0,00
Net income	44,08	8,24	34,34	46,45	57,05	73,12	80,85	89,73	100,03
% of sales	27,62%	4,50%	16,16%	19,60%	21,77%	25,36%	25,50%	25,72%	26,07%

Source: Company data, Analyst forecasts

Income Statement																	
	2020A	2021A	2022A	Q1/23A	Q2/24A	Q3/23A	Q4/23A	2023A	Q1/24A	Q2/24E	Q3/24E	Q4/24E	2024E	2025E	2026E	2027E	2028E
Revenue	159,607	183,331	212,563	56,464	58,284	61,103	61,494	237,010	63,657	63,716	67,073	67,642	262,088	288,296	317,126	348,839	383,722
YoY%	N/A	14,86%	15,94%	12,73%	11,01%	11,14%	10,99%	11,50%	12,74%	8,16%	9,32%	9,77%	10,00%	10,00%	10,00%	10,00%	10,00%
Platform fee	40,144	43,991	49,74	12,64	13,03	13,73	14,24	53,64	14,31	14,62	15,41	15,72	60,06	66,04	72,65	79,91	87,90
% of sales	25,15%	24,00%	23,40%	22,39%	22,36%	22,47%	23,15%	22,63%	22,47%	22,94%	22,98%	23,24%	22,91%	22,91%	22,91%	22,91%	22,91%
Gross Result	119,46	139,34	162,82	43,82	45,25	47,38	47,26	183,37	49,35	49,10	51,66	51,92	202,03	222,25	244,48	268,93	295,82
% gross margin	74,85%	76,00%	76,60%	77,61%	77,64%	77,53%	76,85%	77,37%	77,53%	77,06%	77,02%	76,76%	77,09%	77,09%	77,09%	77,09%	77,09%
(+) Activated work for own account	0,00	2,84	3,22	0,46	0,57	0,07	0,01	1,11	0,00	0,33	0,33	0,33	0,99	1,09	1,20	1,32	1,45
% of sales	0,00%	1,55%	1,52%	0,81%	0,98%	0,11%	0,01%	0,47%	0,00%	0,52%	0,49%	0,49%	0,38%	0,38%	0,38%	0,38%	0,38%
Premises costs	0,44	0,91	0,60	n/a	n/a	n/a	n/a	1,25	n/a	n/a	n/a	n/a	1,03	1,14	1,25	1,38	1,52
% of sales	0,28%	0,50%	0,28%	-	-	-	-	0,53%	-	-	-	-	0,39%	0,39%	0,39%	0,39%	0,39%
Consumable equipment, software & consumables	2,07	3,57	5,64	n/a	n/a	n/a	n/a	6,23	n/a	n/a	n/a	n/a	5,59	6,15	6,76	7,44	8,18
% of sales	1,30%	1,95%	2,65%	-	-	-	-	2,63%	-	-	-	-	2,13%	2,13%	2,13%	2,13%	2,13%
Marketing expenses	19,58	42,00	34,79	n/a	n/a	n/a	n/a	22,73	n/a	n/a	n/a	n/a	40,05	44,06	48,47	53,31	58,64
% of sales	12,27%	22,91%	16,37%	-	-	-	-	9,59%	-	-	-	-	15,28%	15,28%	15,28%	15,28%	15,28%
Consultant fees, product development	6,11	5,03	7,97	n/a	n/a	n/a	n/a	9,82	n/a	n/a	n/a	n/a	11,58	13,31	15,37	17,29	19,25
% of sales	3,83%	2,74%	3,75%	-	-	-	-	4,14%	-	-	-	-	4,42%	4,62%	4,85%	4,96%	5,02%
Server & technology costs	3,54	3,65	2,73	n/a	n/a	n/a	n/a	3,62	n/a	n/a	n/a	n/a	4,60	5,06	5,56	6,12	6,73
% of sales	2,22%	1,99%	1,28%	-	-	-	-	1,53%	-	-	-	-	1,75%	1,75%	1,75%	1,75%	1,75%
Other external services	9,42	27,20	10,53	n/a	n/a	n/a	n/a	6,388	n/a	n/a	n/a	n/a	9,22	10,14	11,15	12,27	13,49
% of sales	5,90%	14,84%	4,95%	-	-	-	-	2,70%	-	-	-	-	3,52%	3,52%	3,52%	3,52%	3,52%
Other costs	0,89	6,73	1,13	0,10	0,14	0,06	0,08	0,38	0,08	0,34	0,34	0,34	1,09	1,20	1,32	1,45	1,60
% of sales	0,56%	3,67%	0,53%	0,17%	0,23%	0,10%	0,13%	0,16%	0,12%	0,53%	0,50%	0,50%	0,42%	0,42%	0,42%	0,42%	0,42%
(-) Total other external costs	42,05	89,09	63,38	16,83	12,34	10,81	13,15	53,13	14,97	16,97	19,30	19,52	70,76	81,05	89,89	99,26	109,41
% of sales	26,34%	48,60%	29,82%	29,80%	21,18%	17,69%	21,38%	22,42%	23,52%	26,63%	28,77%	28,86%	27,00%	28,11%	28,34%	28,45%	28,51%
(-) Personell costs	20,51	40,58	54,20	14,65	18,32	13,84	12,69	59,51	18,34	11,79	12,41	12,51	55,04	46,70	50,11	53,72	57,17
% of sales	12,85%	22,13%	25,50%	25,95%	31,43%	22,66%	20,64%	25,11%	28,80%	18,50%	18,50%	18,50%	21,00%	16,20%	15,80%	15,40%	14,90%
(-) Amortization & depericiation	0,63	2,05	5,26	1,62	2,29	2,30	8,65	14,86	2,12	0,88	0,74	0,64	4,38	2,52	2,77	3,04	3,35
% of sales	0,39%	1,12%	2,48%	2,86%	3,92%	3,77%	14,07%	6,27%	3,34%	1,38%	1,10%	0,95%	1,67%	0,87%	0,87%	0,87%	0,87%
SG&A total	63,19	128,88	119,62	32,73	32,52	26,95	34,57	126,77	35,51	29,64	32,46	32,68	130,29	129,18	141,56	154,70	168,49
% of sales	39,59%	70,30%	56,28%	57,97%	55,79%	44,10%	56,21%	53,49%	55,78%	46,53%	48,39%	48,31%	49,71%	53,57%	52,18%	50,99%	51,61%
EBIT	56,28	10,46	43,20	11,09	12,74	20,43	12,69	56,61	13,84	19,46	19,20	19,24	71,74	93,07	102,92	114,22	127,33
% of sales	35,26%	5,70%	20,32%	19,64%	21,85%	33,43%	20,63%	23,88%	21,74%	30,53%	28,63%	28,45%	27,37%	32,28%	32,45%	32,74%	33,18%
Taxes	12,05	2,14	8,88	2,38	2,70	4,32	2,72	12,05	3,01	4,16	4,10	4,11	15,38	19,95	22,06	24,49	27,30
% of EBIT	21,41%	20,46%	20,55%	21,45%	21,16%	21,17%	21,44%	21,29%	21,72%	21,37%	21,37%	21,37%	21,44%	21,44%	21,44%	21,44%	21,44%
Net interest	-0,15	-0,08	0,02	0,36	0,27	0,47	0,48	1,59	0,69	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net income	44,08	8,24	34,34	9,07	10,31	16,58	10,44	46,14	11,52	15,30	15,10	15,13	57,05	73,12	80,85	89,73	100,03
% of sales	27,62%	4,50%	16,16%	16,07%	17,70%	27,13%	16,98%	19,47%	18,10%	24,01%	22,51%	22,37%	21,77%	25,36%	25,50%	25,72%	26,07%

Source: Company data, Analyst forecasts

DCF	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
NOPAT	44,23	8,32	34,32	44,87	56,36	73,12	80,85	89,73	100,03
(+) D&A	0,63	2,047	5,261	14,86	3,64	2,52	2,77	3,04	3,35
% of sales	0,39%	1,12%	2,48%	6,27%	1,39%	0,87%	0,87%	0,87%	0,87%
(-) Capex	0,0002	0,78	0,59	0,86	0,93	1,02	1,13	1,24	1,36
% of sales	0,00%	0,43%	0,28%	0,36%	0,36%	0,36%	0,36%	0,36%	0,36%
(-) change in NWC	0,00	1,50	11,63	-16,29	-2,39	2,29	-3,19	-4,13	-4,67
% of sales	0,00%	0,82%	5,47%	-6,87%	-0,91%	0,79%	-1,01%	-1,18%	-1,22%
Unlevered FCF	44,86	11,08	50,62	42,58	56,68	72,32	79,30	87,41	97,35
Present Value of Unlevered FCF					50,74	57,96	56,89	56,14	55,98
Discount Period					1	2	3	4	5
Terminal Value									954,19
Present Value of Terminal Value									548,64
Present Value of Unlevered FCF									277,71
(+) cash									150,53
(-) debt									10,67
Equity Value									966,22
NOSH									20,28
Implied Price Per Share									47,65 SEK

Source: Company data, Analyst forecasts

Balance sheet	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
(tSEK)									
Assets									
Fixed assets									
Intangible fixed assets									
Capitalized expenditure for development work	0	4638	9595	4474	7432	9732	10232	11287	11471
Patent	0	0	0	0	0	0	0	0	0
Total intangible assets	0	4638	9595	4474	7432	9732	10232	11287	11471
Tangible fixed assets									
Assets with right-of-use	995	2452	4132	15605	10692	18017	12345	8458	14253
Leasehold improvements	0	0	0	738	738	738	738	738	738
Equipment and computers	208	996	1468	1703	1976	2292	2659	3084	3578
Total tangible assets	1203	3448	5600	18046	13405	21047	15741	12280	18569
Financial assets									
Other long-term receivables	0	0	411	411	411	411	411	411	411
Total financial assets	0	0	411	411	411	411	411	411	411
Deferred taxes									
Deferred tax asset	113	48	13	83	83	83	83	83	83
Total deferred taxes	113	48	13	83	83	83	83	83	83
Current assets									
Trade receivables	113	21626	22388	38224	32428	34698	37126	39726	42506
Other receivables	2005	1944	1084	2602	2251	2408	2577	2757	2950
Current tax assets	9557	5015	2628	2148	1976	1818	1673	1539	1416
Prepaid expenses and accrued income	38617	25537	27943	31086	40740	38084	40850	44492	48607
Cash and cash equivalents	53136	165508	232862	133471	147630	163869	181895	201903	224113
Total current assets	103428	219630	286905	207531	225024	240877	264121	290417	319592
Total assets	104745	227765	302525	230545	246356	272151	290588	314478	350126
Equity and liabilities									
Equity									
Share capital	150	540	563	563	563	563	563	563	563
Other capital contributions	2020	102292	119299	288	288	288	288	288	288
Profit brought forward including profit/loss for the year	-2043	6066	36719	60147	59430	72716	77798	87419	107828
Total equity attributable to shareholders in the parent company	127	108898	156581	60998	60281	73567	78649	88270	108679
Long-term liabilities									
Lease liabilities	415	0	2623	11743	12168	12655	13161	13687	14235
Total long-term liabilities	415	0	2623	11743	12168	12655	13161	13687	14235
Current liabilities									
Lease liabilities	497	2494	1572	4175	4426	4691	4972	5271	5587
Accounts payable - trade	6775	9755	14203	13908	13985	14964	16012	17133	18332
Other liabilities	525	874	8900	10322	10941	11598	12294	13031	13813
Accrued expenses and deferred income	96405	105741	118716	129399	144555	154676	165501	177087	189480
Total current liabilities	104202	118864	143391	157804	173907	185929	198778	212522	227212
Total equity and liabilities	104744	227762	302595	230545	246355	272150	290589	314478	350126

Source: Company data, Analyst forecasts

Exit Multiple

FY	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Sales	93,3	123	159,61	183,33	212,56	237,01	262,09	288,30	317,13	348,84	383,72
% YoY	N/A	31,83%	29,76%	14,86%	15,94%	11,50%	10,00%	10,00%	10,00%	10,00%	10,00%
Sales Management Target (2X mid-term)							281,85	335,18	398,60	474,02	563,71
Management Target - % YoY							18,92%	18,92%	18,92%	18,92%	18,92%
EBIT	36,1	52	56,2	10,3	44,1	56,6	71,74	93,07	102,92	114,22	127,33
% of sales	38,69%	42,28%	35,21%	5,62%	20,75%	23,88%	27,37%	32,28%	32,45%	32,74%	33,18%
EBIT Management Target							70,46	83,80	99,65	118,51	140,93
Management Target - % of sales							25,00%	25,00%	25,00%	25,00%	25,00%
Forward Multiple						10,14	8,00	6,17	5,58	5,03	4,51
Forward Multiple (MGMNT Target)						10,14	8,15	6,85	5,76	4,84	4,07
EBIT Multiple						10,14	15	15	15	15	15
Target EV						574,05	1076,13	1396,06	1543,76	1713,31	1909,96
(+) cash	49,7	58,3	53,1	166	233	133,00	147,63	163,87	181,89	201,90	224,11
(-) debt	1,4	0,9	0,4	0	2,6	11,7	12,17	12,65	13,16	13,69	14,23
Target M-cap						721,88	1211,59	1547,28	1712,49	1901,52	2119,84
NOSH						20,28	20,28	20,28	20,28	20,28	20,28
Target Price						35,60	59,75	76,30	84,45	93,77	104,54
Current price						35,60	35,60	35,60	35,60	35,60	35,60
Potential upside (downside)						0,00%	67,84%	114,34%	137,23%	163,41%	193,66%
CAGR						0,00%	67,84%	46,40%	33,37%	27,40%	24,04%
Potential upside/(downside) (MGMNT Target)						0,00%	65,18%	95,07%	130,44%	172,32%	221,91%
CAGR (MGMNT Target)						0,00%	65,18%	39,67%	32,08%	28,46%	26,34%

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Equity Research Report



Sleep Cycle

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