

Q2 PRESENTATION 2022
29 JULY 2022



SLEEP CYCLE



Summary Q2 2022

8%

YoY subscription
growth

19%

YoY net revenue growth

24%

EBIT
margin

921k

Subscriptions

SEK 52.5m

Net revenue

SEK 12.8m

EBIT

Sleep Cycle strategic initiatives driving high growth

1. EXPAND CORE OFFERING

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

SLEEP IMPROVEMENT: Platform for optimized sleep and sleep improvement developed in collaboration with sleep researcher Mike Gradisar

DATA, ML AND RESEARCH: Real-time analysis and automatic sampling of coughing indicating coming Covid-outbreaks

2. INCREASE REACH

New subscriptions generated from strategic sales initiatives

PARTNERSHIPS: Partnership with leading corporate wellness platform. Continued increasing interest to partner with Sleep Cycle and for technical integrations

CORPORATE WELLNESS: On-boarding of new customers and preparation for scale-up of offering

3. SCALE MARKETING

Increased efficiency in marketing spending and increased CRM activities

PAID: Intention to increase marketing investments going forward with higher LTV following price adjustments. In addition, seasonal and platform openings represent campaign opportunities

SAC: Continued low SAC levels and efficient spending in line with previous quarters

Deep dive:

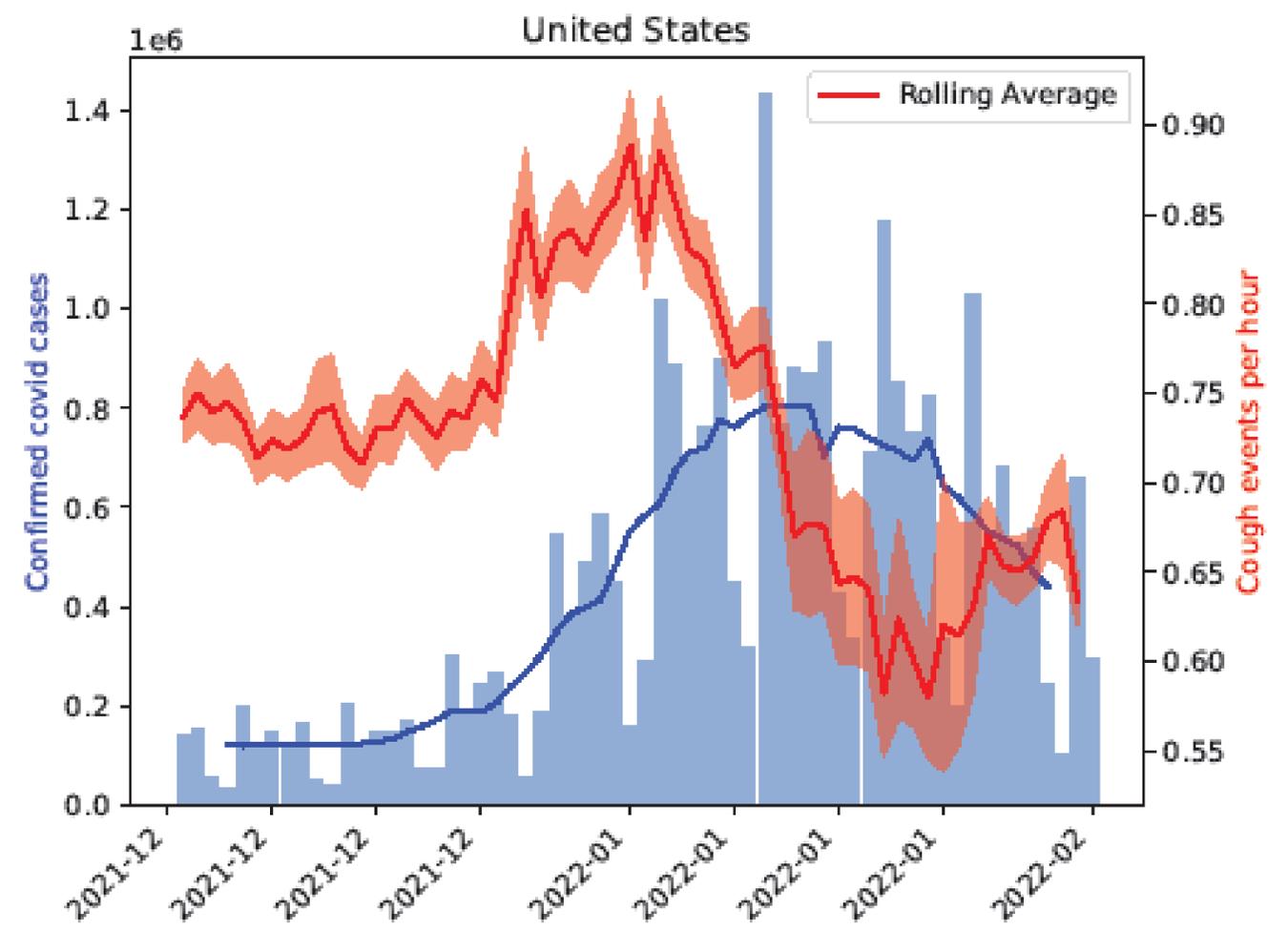
Using sleep data to detect early Covid-19 outbreaks

Automatic sampling of nightly coughing's from 100,000+ of American users

- Automatic sampling through Sleep Cycles patented sound-detection. Cost and time efficient
- Approximately 8 hours analysis of real-time coughing frequency per night per user
- Unique position combining amount of data, global reach and ML technology to analyse the data

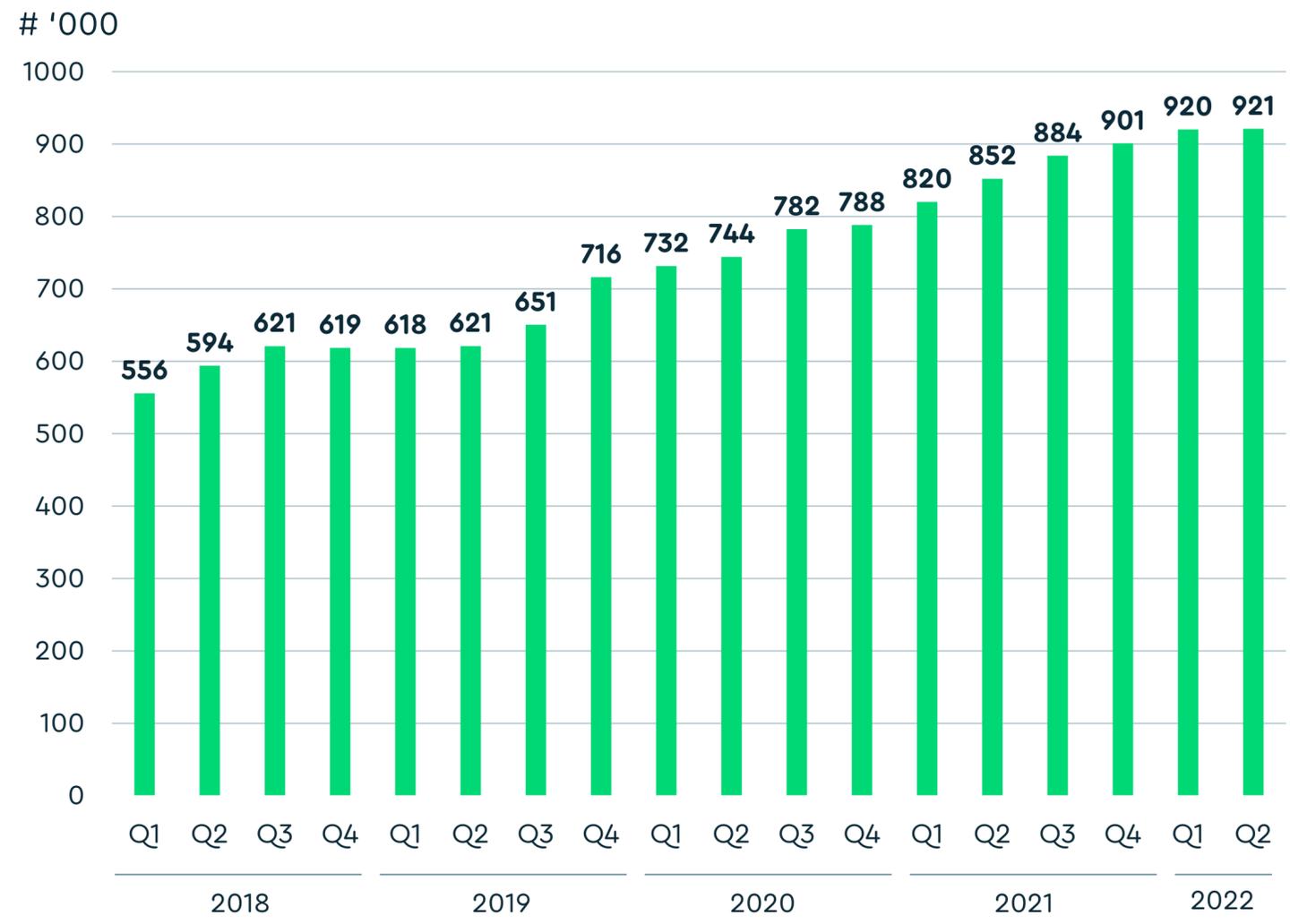
A direct link between coughing and confirmed Omnicron outbreaks in the United States

- With approximately two weeks delay, coughing and confirmed Omnicron caes were correlated providing early indications of the outbreak
- Real-time analysis of coughing can indicate new Covid outbreaks and health changes on a population as well as individual level

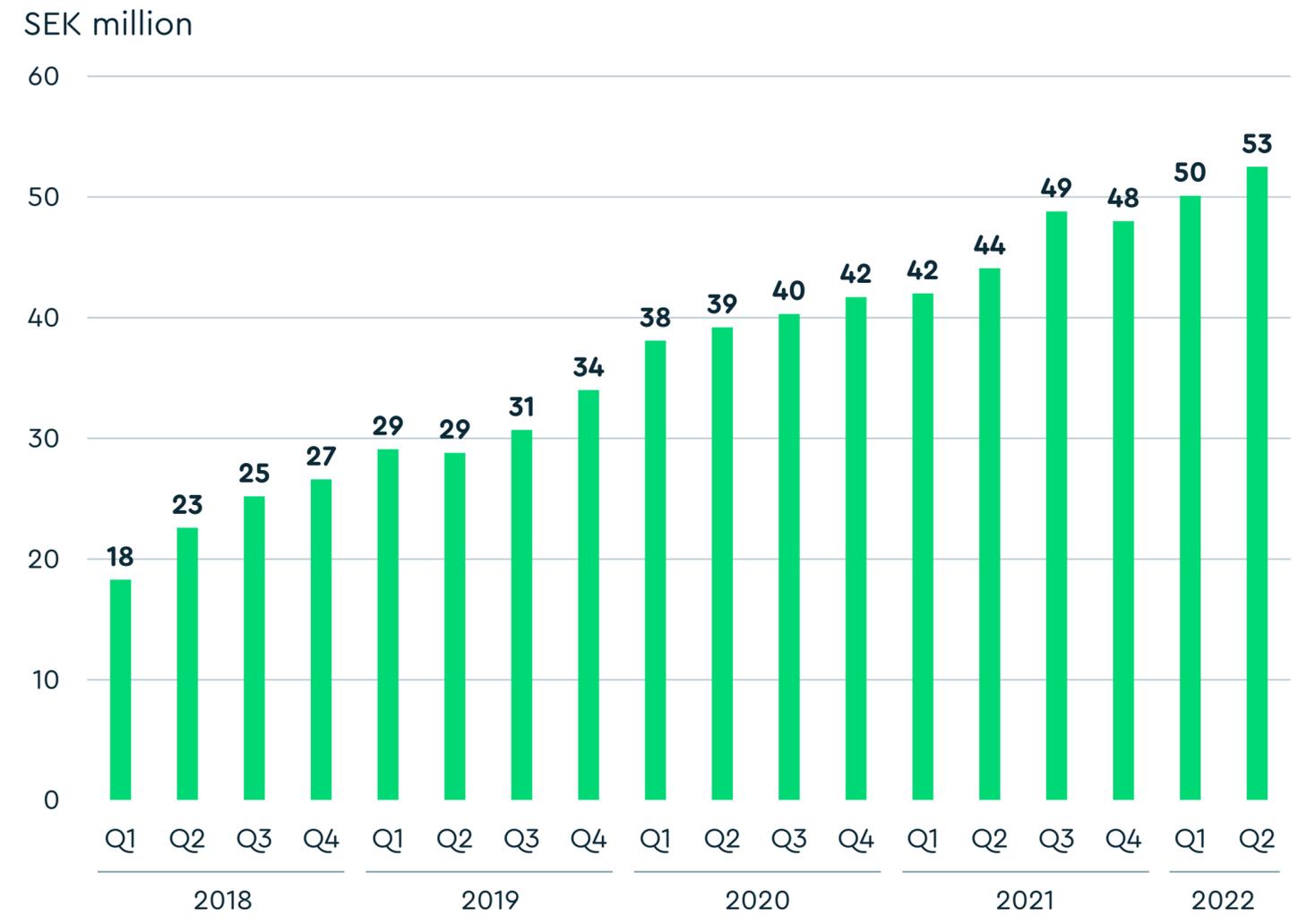


Continued stable revenue growth. Subscription intake affected by price adjustments and downloads

SLEEP CYCLE TOTAL SUBSCRIPTIONS



SLEEP CYCLE NET REVENUE



Financial Summary Q2 2022:

Revenue growth and improved cost efficiency

SEK M	Q2-22	Q2-21	CHANGE	COMMENTS
Net revenue	52.5	44.1	19.0%	Net revenue growth of 19.0%, currency adjusted 16.1%, driven by new product launches and high renewal rates but impacted by seasonality effects and decline in downloads. Uplift in ARPU due to price and subscription mix effects
Capitalized work	1.1	0.8	33.1%	The increase reflects a higher product development activity from previous year
Platform fees	-12.4	-10.9	13.5%	Stable development with continued decrease in relation to revenues due to Google fee decrease from 2022
Other external costs	-13.6	-33.1	-58.9%	Non-recurring items (NRI) was SEK 13.1m in Q2-21. No NRI's in Q2-22. Lower performance marketing spending SEK 7.3m (SEK 8.3m) and less use of consultants explain decreased OPEX adjusted for NRI
Staff costs	-13.7	-12.4	10.0%	Increase driven by hiring across strategic areas reaching 46 (31) FTEs in the quarter. In Q2-21, staff costs included NRI's of SEK2.8m
D&A	-1.4	-0.1	853.2%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
EBIT	12.8	-11.4	212.1%	EBIT improvement explained by NRI's in Q1-21 and improved cost control during FY22
Margin	24.4%	-25.9%		
Adj. EBIT	12.8	4.5	182.3%	Increase explained by revenue growth and improved marketing efficiency despite higher staff costs vs LY
Adj. margin	24.4%	10.3%		
Operating cash flow	12.7	-2.3	650.7%	Improved EBIT in combination with no NRI's in Q2-22 explains the improvement
Liquidity at period end	202.5	141.0	43.6%	Positive results and positive cash flows explains the improved liquidity

Financial Summary 1H 2022:

Revenue growth and improved cost efficiency

SEK M	1H-22	1H-21	CHANGE	COMMENTS
Net revenue	102.6	86.1	19.1%	Net revenue growth of 19.1%, currency adjusted 18.6%, driven by new product launches and increased conversion rates in combination with higher renewal rates. Uplift in ARPU due to subscription mix effects
Capitalized work	1.8	1.5	23.2%	From 2021, certain projects qualify for capitalization
Platform fees	-24.3	-21.2	14.4%	Stable development with continued decrease in relation to revenues due to Google fee decrease from 2022
Other external costs	-25.4	-52.4	-51.5%	Non-recurring items (NRI) was SEK 20.2m in 1H-21. No NRI's in Q1-22. Increased marketing efficiency, better cost control and less use of consultants are the main drivers of lower OPEX
Staff costs	-26.9	-20.4	31.4%	Non-recurring items (NRI) was SEK 2.8m in 1H-21. Increase driven by hiring across strategic areas reaching 45 (28) FTEs
D&A	-2.6	-0.3	810.6%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
EBIT	25.5	-6.7	479.5%	EBIT improvement explained by NRI's in 1H-21 in combination with revenue growth and improved cost efficiency
Margin	24.9%	-7.8%		
Adj. EBIT	25.5	16.4	56.2%	Increase explained by revenue growth and improved marketing efficiency despite higher staff costs vs LY
Adj. margin	24.9%	19.0%		
Operating cash flow	38.6	-11.4	517.1%	In addition to improved EBIT, positive working capital changes from prepayment of subscriptions
Liquidity at period end	202.5	141.1	43.6%	Positive results and positive cash flows explains the improved liquidity

Outlook and focus areas

▶ **Growth**

Continued stable growth driven by positive development in underlying KPI's. Accelerated investments in product development, marketing and price adjustments are expected to impact sales and drive growth during 2H22. Revenue growth target is projected to be met on quarterly basis during FY23.

▶ **Profitability**

Financial focus on growth over profitability and to deliver approximately 20% in long-term EBIT margin. Positive margin impact in 1H creates flexibility to ramp-up marketing investments while maintaining EBIT margin on or above target.

▶ **Organisation**

Recruitments progressed according to plan with 47 employees as per 30 Jun 2022. Focus on leveraging organizational growth from 2021 to speed up R&D. Plan to employ ca 5 additional people during remaining part of 2022.

▶ **Opportunities**

Continued good funnel of potential partnerships, integrations and M&A opportunities. Ambition to increase investments and to deploy more resources to data, AI and sound analysis.

Q & A

Carl Johan Hederoth – CEO
Per Andersson - CFO





Thank you!