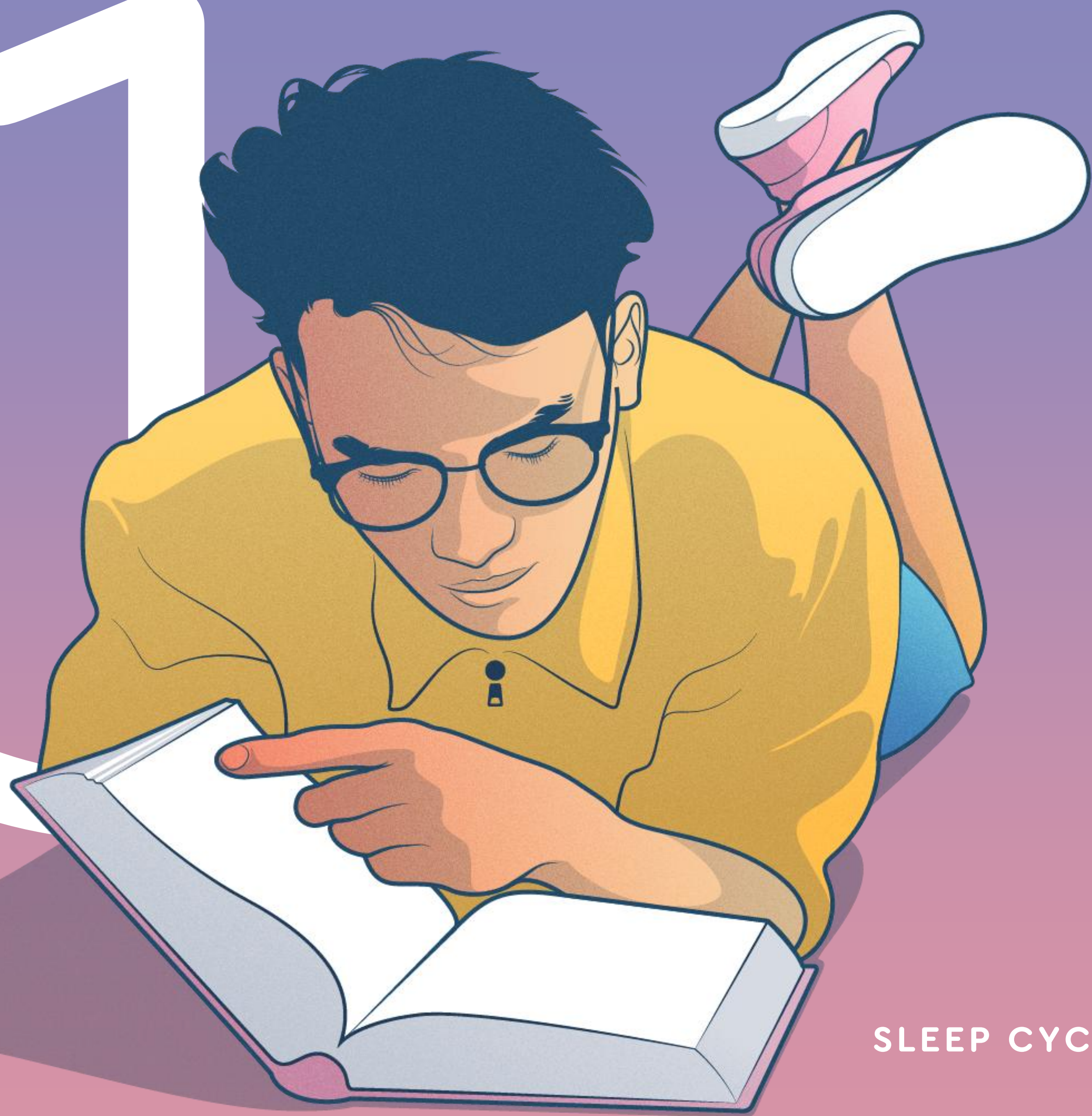


Q1



INTERIM REPORT JAN-MAR 2023
27 APRIL 2023

SLEEP CYCLE



Summary Q1 2023

-4%

YoY subscription growth

15%

YoY ARPU growth

13%

YoY net revenue growth

20%

Adj EBIT margin

881k

Subscriptions

SEK 252

ARPU

SEK 56.4m

Net revenue

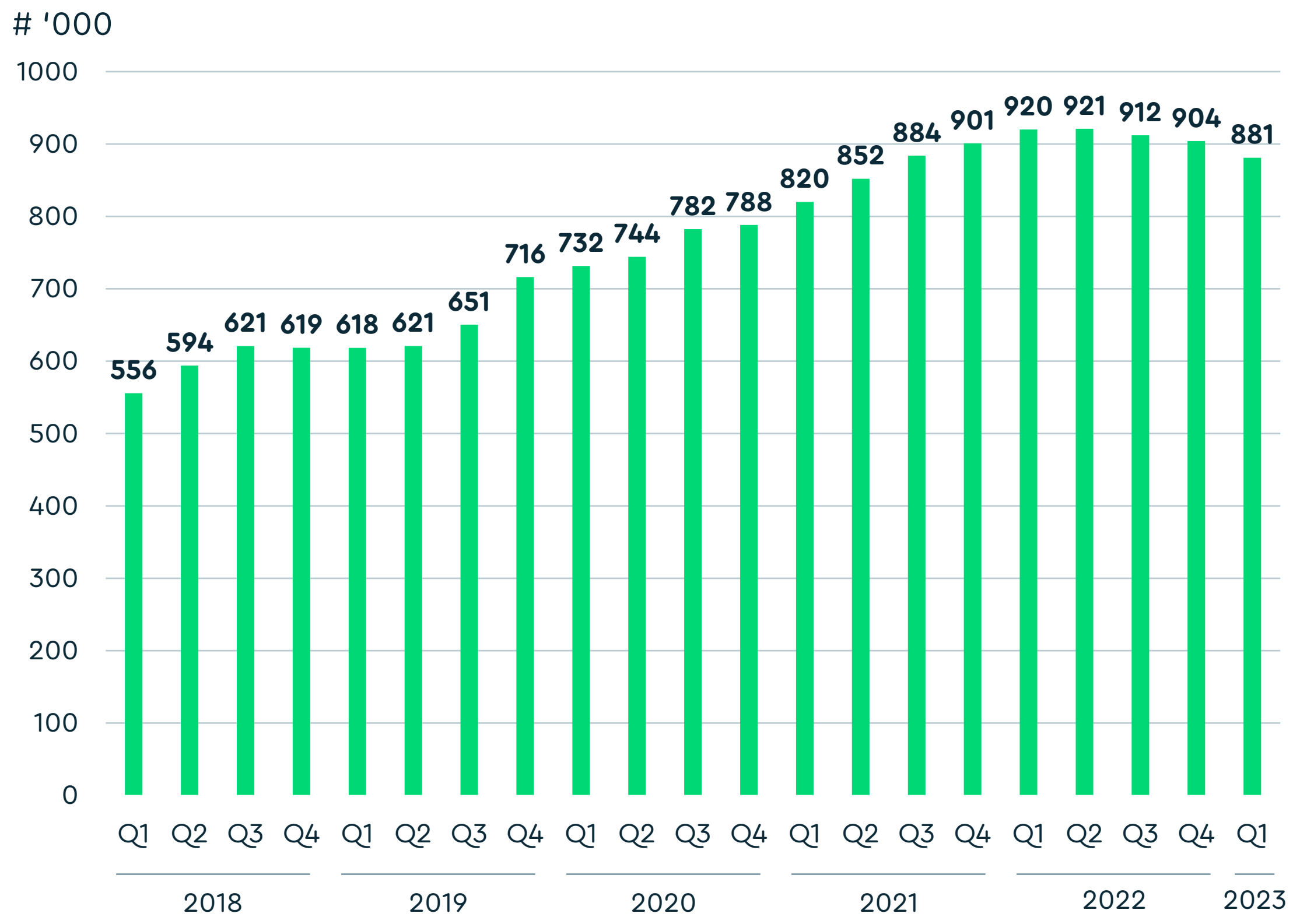
SEK 11.4m

Adj EBIT*

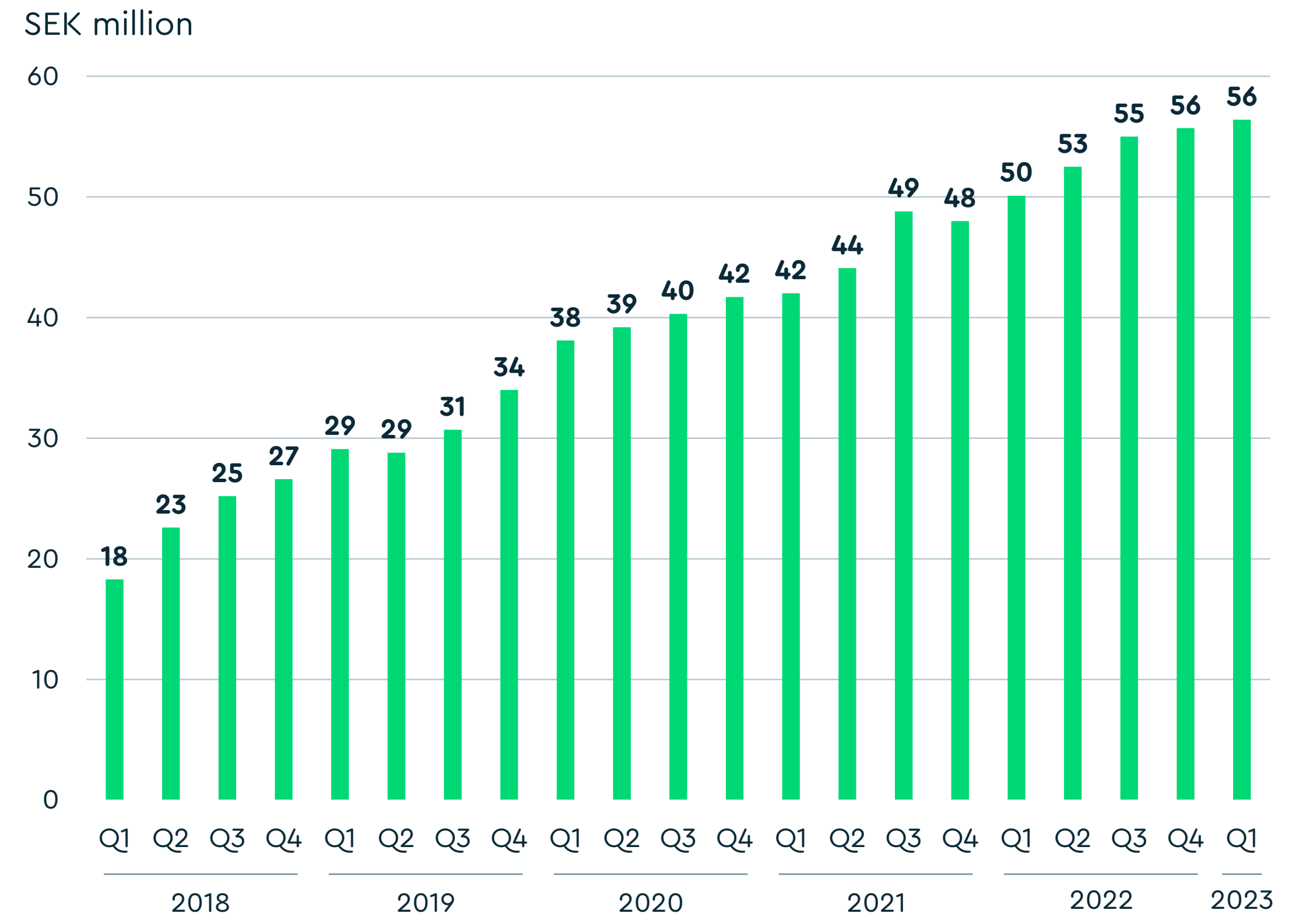
* Excluding costs of SEK 0.3m related to Velvet Cichlid's public cash offer

Steady revenue development with strong ARPU growth compensating for a tougher market

SLEEP CYCLE TOTAL SUBSCRIPTIONS



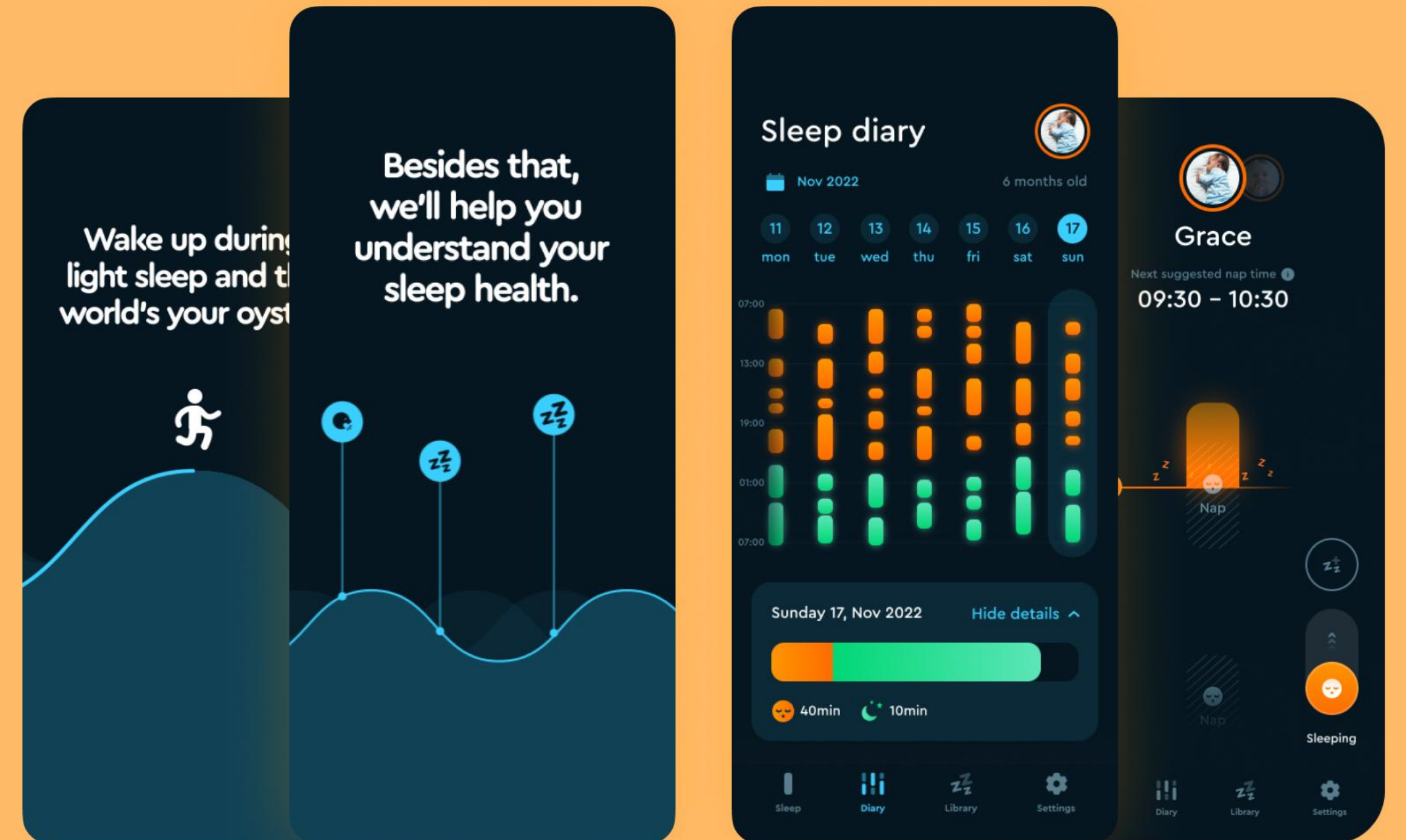
SLEEP CYCLE NET REVENUE



Current product initiatives

Increased release speed of updates and new feature roll out and testing in Q1-23

- ▶ Revamped onboarding
- ▶ Breathing disruptions
- ▶ Sleep Cycle Kids



Onboarding

Revamped onboarding improving engagement

- ▶ Lowering thresholds and promoting benefits
- ▶ Early proxy metric for conversion and retention
- ▶ Initial testing shows >10% uplift in engagement



Sleep Cycle: Kids

New offering addressing well-known problem with defined target groups

- ▶ Cross-sell opportunity: top sleep issue in Sleep Cycle user base
- ▶ Leverage technology and experience (Prof. Mike Gradisar)
- ▶ Early version, user iterations and analytics
- ▶ Subscriber growth contribution expected Q2/Q3



Breathing disruptions

Releasing the power of data and AI

- ▶ Built on top of audio and snore data platform
- ▶ Extension of existing user behaviour
- ▶ Indicator of potential health issues



Financial Summary Q1 2023:

Continued revenue growth and EBIT margin on target

| SEK M | Q1-23 | Q1-22 | CHANGE | COMMENTS |
|--------------------------------|--------------|--------------|---------------|---|
| Net revenue | 56.4 | 50.1 | 12.7% | Net revenue growth of 12.7%, currency adjusted 3.3%. Negative subscription development and lower new user intake was offset by higher prices while the growth vs LY was mainly driven by FX |
| Capitalized work | 0.5 | 0.7 | -32.1% | Total capitalization of development expenses were SEK 2.3m (SEK 0.5m internal costs) mainly related to the Kids app |
| Platform fees | -12.6 | -11.9 | 6.3% | Continued decrease in relation to revenues due to more traffic in own sales channels |
| Other external costs | -16.8 | -11.9 | 41.7% | Exceptional items of SEK 0.3m in Q1-23. Increased use of consultants and higher marketing spending of SEK 8.6m (SEK 6.5m) in the quarter to leverage higher prices and increased LTV |
| Staff costs | -14.7 | -13.2 | 10.9% | Increase driven by hiring of new people to deliver on growth targets reaching 48 (45) FTEs in the quarter |
| D&A | -1.6 | -1.2 | 30.3% | Increase due to depreciation of intangible assets as certain projects are capitalized from 2021 |
| EBIT | 11.1 | 12.7 | -13.0% | EBIT decrease explained by increased investments in marketing and product development (OPEX) |
| Margin | 19.6% | 25.4% | | |
| Adj. EBIT | 11.4 | 12.7 | -10.6% | Q1-23 EBIT margin impacted by SEK 0.3m in exceptional items related to public cash offer |
| Adj. margin | 20.2% | 25.4% | | |
| Liquidity at period end | 231.2 | 190.2 | 21.6% | Positive results in combination with warrant conversion contributing SEK 16.6m in Q3-22. Negative impact ca SEK 15m in Q1-23 due to calendar impact from Apple payments |

Outlook and focus areas

▶ **Growth**

Near-term high pace in new product releases to fuel subscription growth. A continued challenging market climate poses uncertainties to near-term subscription development. Positive impact from previously implemented price increases is expected to continue drive revenue growth.

▶ **Profitability**

Increased focus on efficiency in marketing and product development due to uncertain market environment. Continued investments for growth but with higher threshold for ROI. EBIT margin expected above 20% full-year due to efficiency initiatives.

▶ **Organisation**

Expected to capitalize on the organizational growth from 2022 with higher speed in new product releases during 2023. Plan to strengthen the capacity within selected areas during 2023 but with limited impact on total number of employees.

Q&A

Carl Johan Hederoth – CEO
Per Andersson - CFO





Thank you!