

Q1



Q1 PRESENTATION 2022
27 APRIL 2022

SLEEP CYCLE



Summary Q1 2022

12%

YoY subscription
growth

21%

YoY currency adjusted
net revenue growth

25%

EBIT
margin

920k

Subscriptions

SEK 50.1m

Net revenue

SEK 12.7m

EBIT

Sleep Cycle strategic initiatives driving high growth

1. EXPAND CORE OFFERING

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

APPLE WATCH: Expanding tracking capabilities on Apple Watch. Allows for seamless, long-term tracking of sleep and health related metrics

EXPANSION OF SLEEP AID: Launch of an audio based sleep coaching program available to premium user base

2. INCREASE REACH

New subscriptions generated from strategic sales initiatives

PARTNERSHIPS: Initiated pilot projects with potential partners within insomnia and sleep apnea

CORPORATE WELLNESS: Continued on-boarding of corporate customers and fine-tuning of offering for scale-up in 2022

3. SCALE MARKETING

Increased efficiency in marketing spending and increased CRM activities

CRM: Positive uplift in CRM activities towards activations and reactivation and conversion from free user base

SAC: Continued lower SAC levels and decreased total spending in Q1. Marketing spending continued to some extent replaced by product launches as growth driver

Deep dive:

Product driven growth fuelled by top of the funnel marketing

Increase conversion and retention to grow paying subscribers

- Currently almost 1m installs per month and 50m installs historically. High cost driving new installs
- Improved onboarding and paywall optimizations to favour conversions to premium subscriptions
- Improved functionality for a better experience in order to retain users and increase renewal rates
- CRM, targeting existing free users or churned users for reactivation and retention

Lifting ARPU. Grow value of user base

- Built-in ARPU improvement from users churning on lower price levels while new users are acquired on higher prices
- Price adjustments in certain markets from Q2 will continue growing ARPU

ACQUISITION

ACTIVATION

ENGAGEMENT

RETENTION

Deep dive:

Example: new feature release driving growth

Product development: Automatic Sleep Tracking

- Coveted feature as large portion of new user in US market have an Apple Watch paired with iPhone
- Seamless sleep tracking experience provides more consistent sleep data and drives increased value core feature
- Positioning of Sleep Cycle in the Wearables and Health & Fitness segments

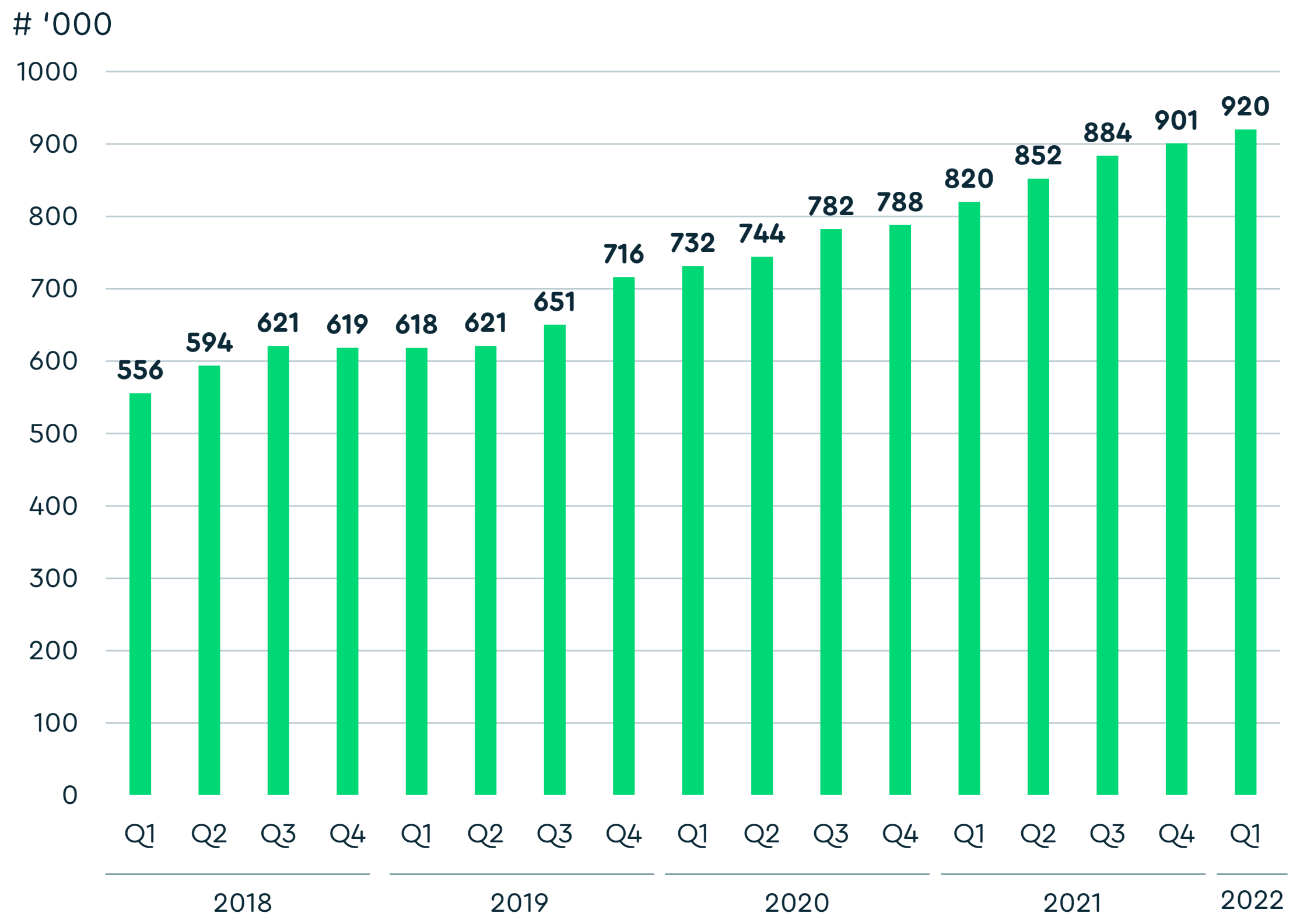
Effects on activation, engagement and retention

- Increased conversion to premium, both new users and existing free users
- Increased consistency in sleep data increases value in core feature such as trends, insights and weekly report
- Reactivation campaign targeting inactive users highlighting Apple Watch feature

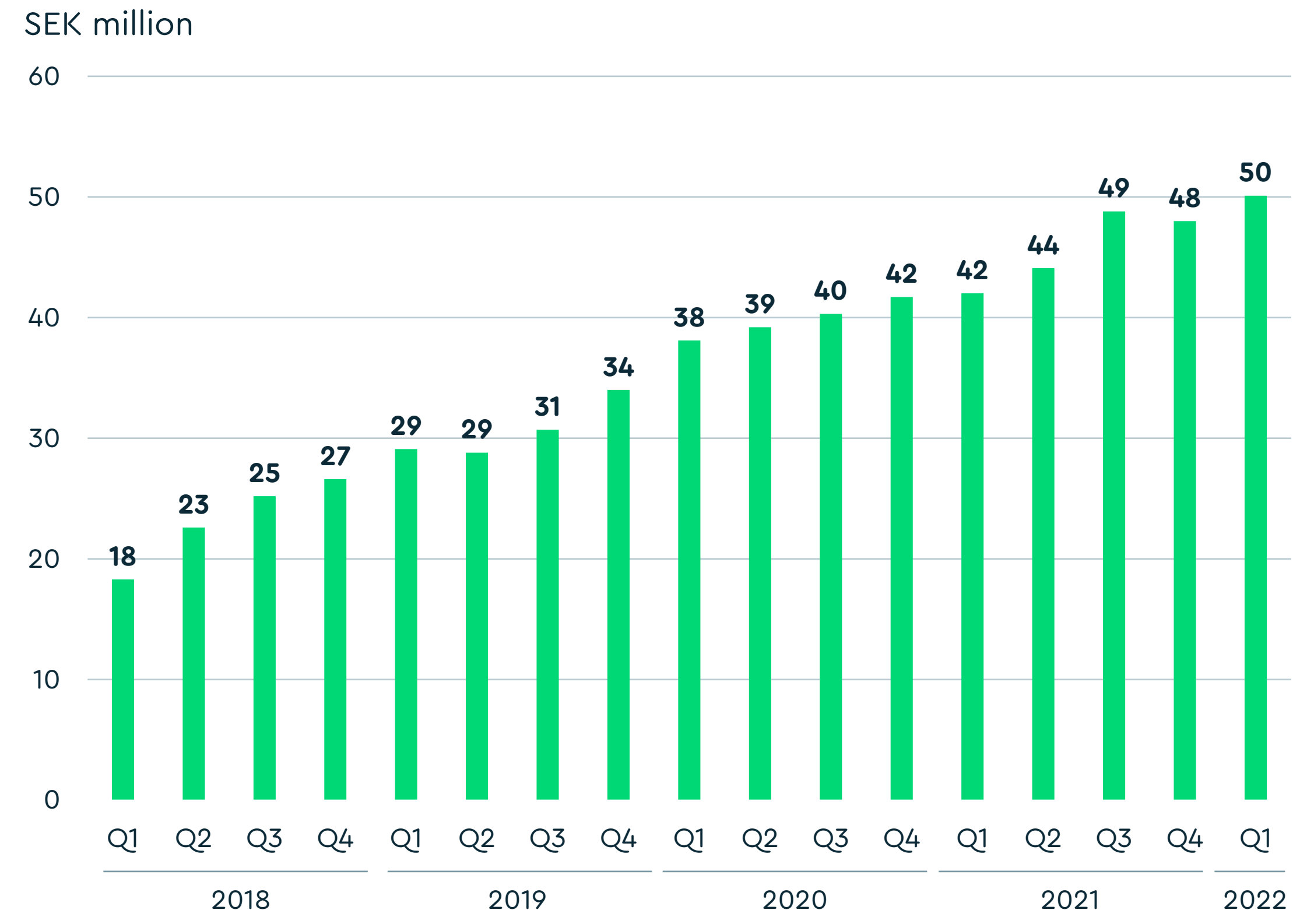


Continued stable subscription and revenue growth

SLEEP CYCLE TOTAL SUBSCRIPTIONS



SLEEP CYCLE NET REVENUE



Financial Summary Q1 2022:

Revenue growth and improved cost efficiency

SEK M	Q1-22	Q1-21	CHANGE	COMMENTS
Net revenue	50.1	42.0	19.2%	Currency adjusted net revenue growth of 21.3% (14.4%) driven by new product launches and increased conversion rates in combination with performance marketing. Uplift in ARPU due to price mix and FX effects
Capitalized work	0.7	0.6	9.6%	From 2021, certain projects qualify for capitalization
Platform fees	-11.9	-10.3	15.5%	Stable development with continued decrease in relation to revenues due to Google fee decrease from 2022
Other external costs	-11.9	-19.4	-38.8%	Non-recurring items (NRI) was SEK 7.1m in Q1-21. No NRI's in Q1-22. Increased marketing efficiency with decreased marketing spending of SEK 6.5m (SEK 7.7m)
Staff costs	-13.2	-8.0	64.5%	Increase driven by hiring across strategic areas reaching 45 (25) FTEs in the quarter
D&A	-1.2	-0.1	768.1%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
EBIT	12.7	4.7	172.0%	EBIT improvement explained by NRI's in Q1-21
Margin	25.4%	11.2%		
Adj. EBIT	12.7	11.8	7.8%	Increase explained by revenue growth and improved marketing efficiency despite higher staff costs vs LY
Adj. margin	25.4%	28.1%		
Adj. operating cash flow	26.9	4.4	517.1%	In addition to improved EBIT, positive working capital changes from prepayment of subscriptions
Liquidity at period end	190.2	44.7	325.8%	Positive results in combination with IPO equity issue contributing SEK 95.4m net of transaction cost

Outlook and focus areas

▶ **Growth**

Continued growth driven by positive development in underlying KPI's. Price adjustments expected to impact positively during 2H22. Revenue growth target is expected to be met on quarterly basis in late FY22.

▶ **Profitability**

Financial focus on growth over profitability and to deliver approximately 20% adjusted EBIT margin. Positive margin impact in Q1 from efficiency in marketing spending creates flexibility for remaining part of FY22.

▶ **Organisation**

Recruitments progressed according to plan with 47 employees as per 31 Mar 2022. Focus on leveraging organizational growth from 2021 to speed up R&D. Plan to employ ca 5-10 additional people during 2022.

▶ **Opportunities**

Continued good funnel of potential partnerships, integrations and M&A opportunities. Pilot projects within sleep apnea and insomnia started in Q1. Ambition to gear up and invest in new areas from Q2.

Q&A

Carl Johan Hederoth – CEO
Per Andersson - CFO





Thank you!