

# Q2



INTERIM REPORT Q2 2021

SLEEP CYCLE





# Summary Q2 2021

**15%**

YoY subscription  
growth

**20%**

YoY currency adjusted  
net revenue growth

**10%**

Adjusted EBIT  
margin

**852k**

Subscriptions

**SEK 44.1m**

Net revenue

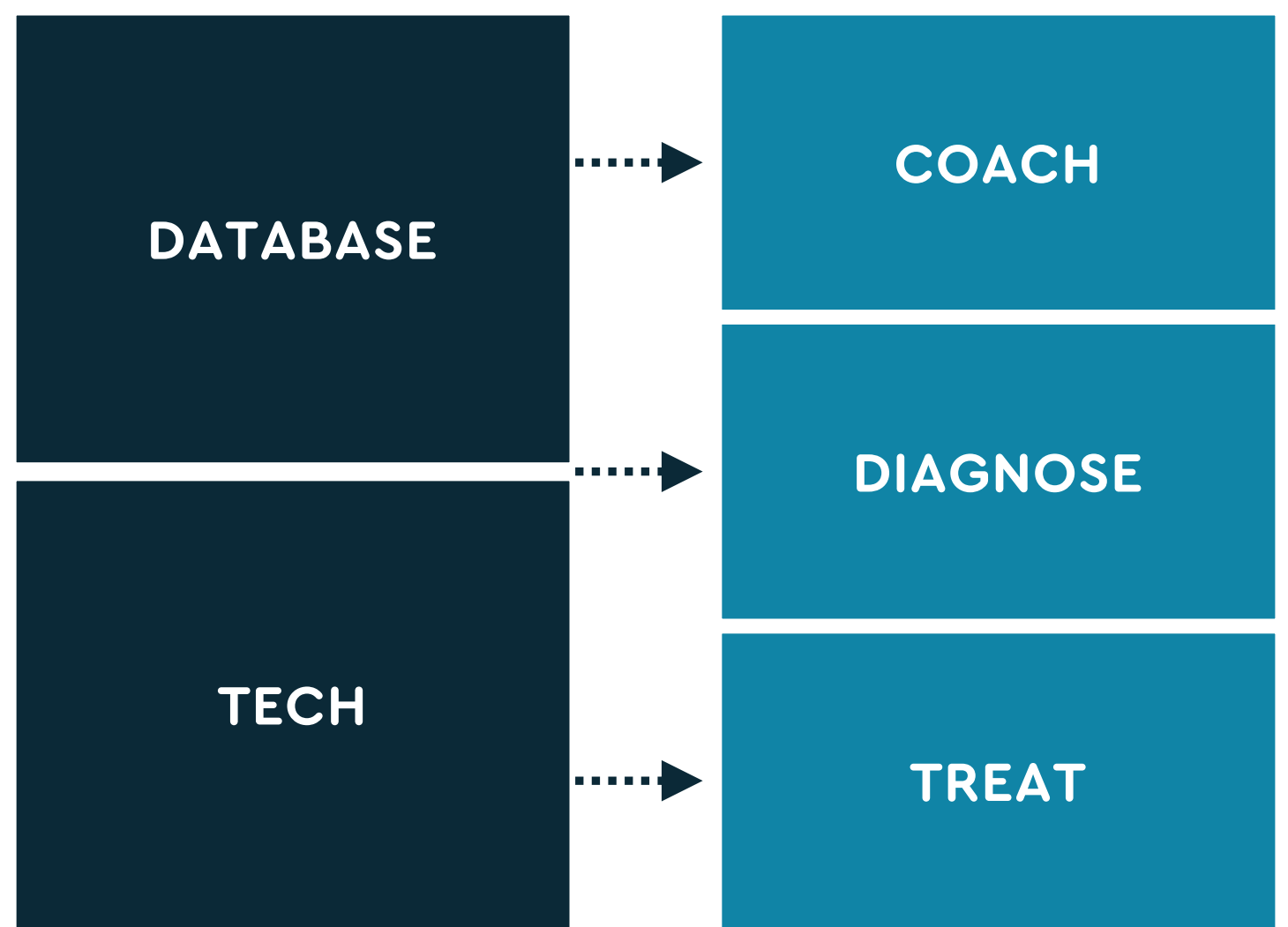
**SEK 4.5m**

Adjusted EBIT

# Sleep Cycle strategic initiatives driving high growth

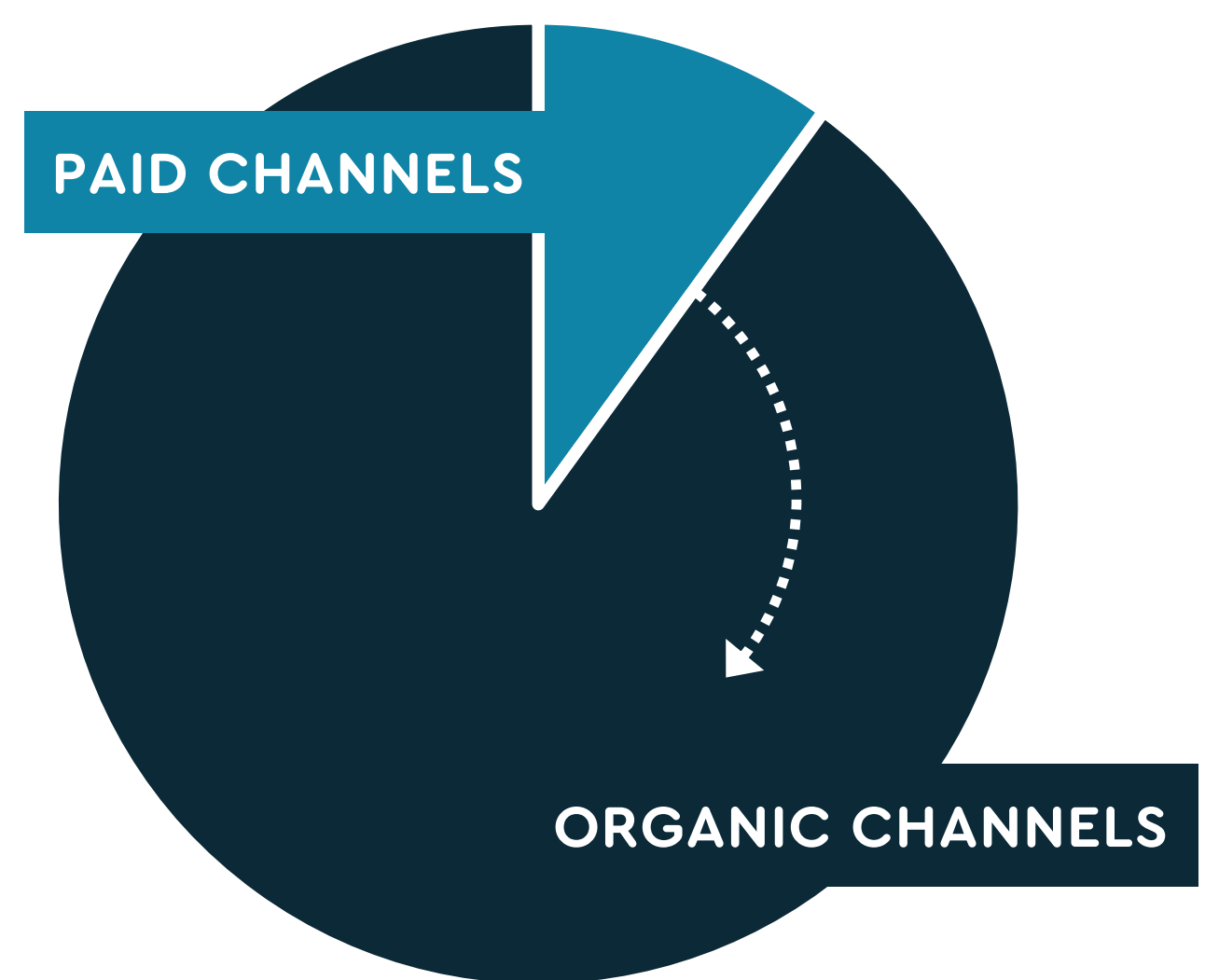
## EXPAND CORE OFFERING

Leverage data insights to expand core offering and user value



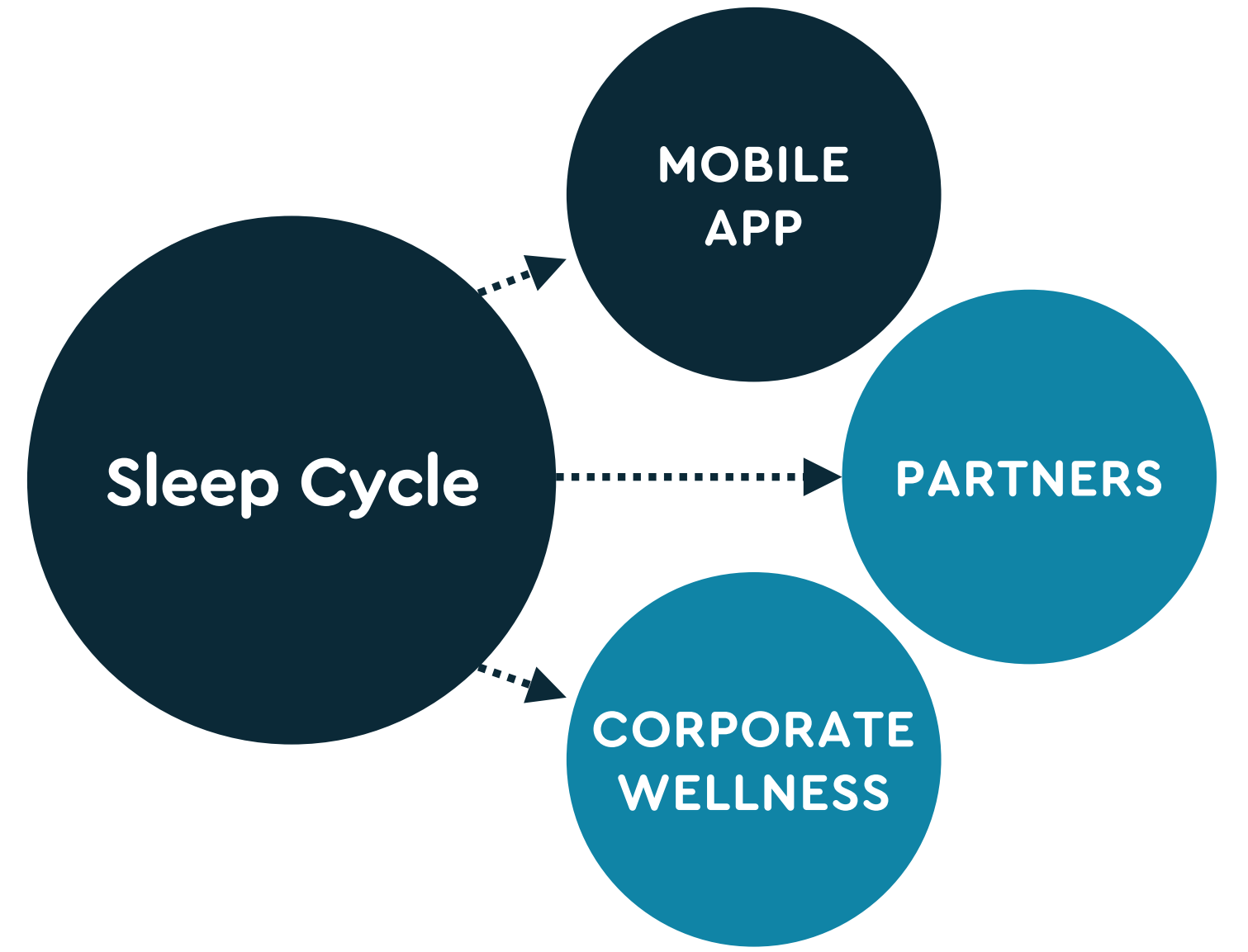
## SCALE MARKETING

Build on strong organic platform to scale marketing



## INCREASE REACH

Extend product reach by solving sleep in new channels



# On track across all strategic initiatives

## EXPAND CORE OFFERING

Leverage data insights to expand core offering and user value

**TECH:** Released new machine learning algorithm improving accuracy

**DATA:** Implemented new health privacy policy to ensure highest degree of user protection and trust

**FEATURES:** Released weekly reports delivering individual insights and expanded proprietary content, including celebrity sleep story narrated by Alexander Skarsgård

## SCALE MARKETING

Build on strong organic platform to scale marketing

**CONVERSION:** Continued to scale marketing spend (+2x vs last year) at attractive subscription acquisition cost (SAC)

**AWARENESS:** Launched out-of-home awareness campaigns in major cities across Sweden

**TRACKING:** Apple limited ad tracking policy has increased uncertainty but has had limited impact on performance to date

## INCREASE REACH

Extend product reach by solving sleep in new channels

**IPO:** Successful IPO in June has driven increased interest across all customer channels

**CORPORATE WELLNESS:** Continue to develop proposition and engage with pilot customers with more than 15k employees

**PARTNERSHIPS:** Sleep Cycle has entered an agreement with Samsung to provide sleep functionality directly in Samsung Health

DEEP DIVE:

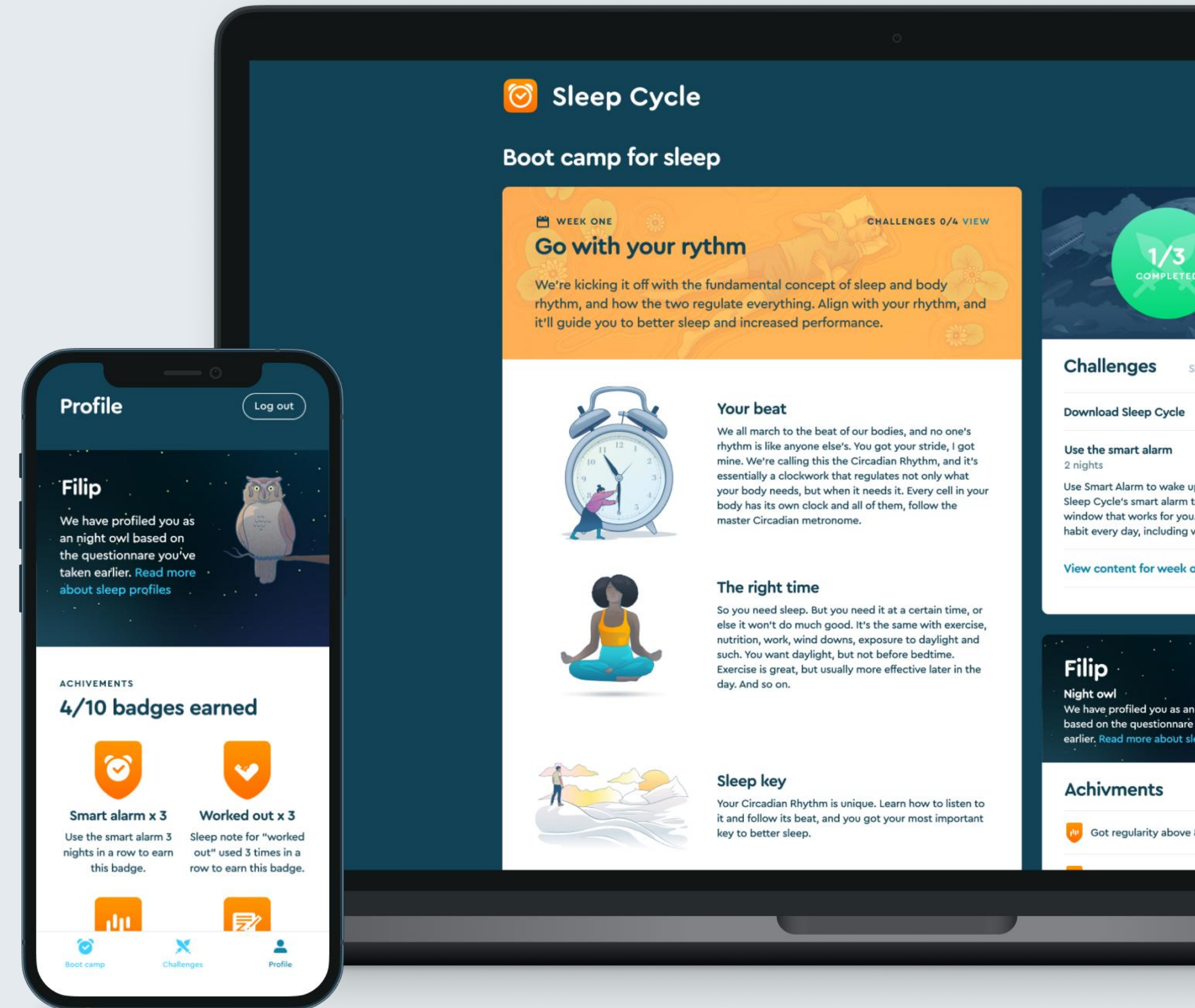
# Corporate offering

Corporates are evermore focused on mental health and the importance of sleep as a preventative measure

We have seen high engagement from corporate customers during 1H 2021

Successful launch of corporate offering in Sweden and we are now working with customers with more than 15,000 employees

Expanding our product and content offering to corporates remain a high priority going forward





DEEP DIVE:

# Partnerships

Sleep Cycle has entered a partnership with Samsung, in which Sleep Cycle's sound analysis will be integrated directly into Samsung Health on top-of-the-range devices to provide users with snoring insights

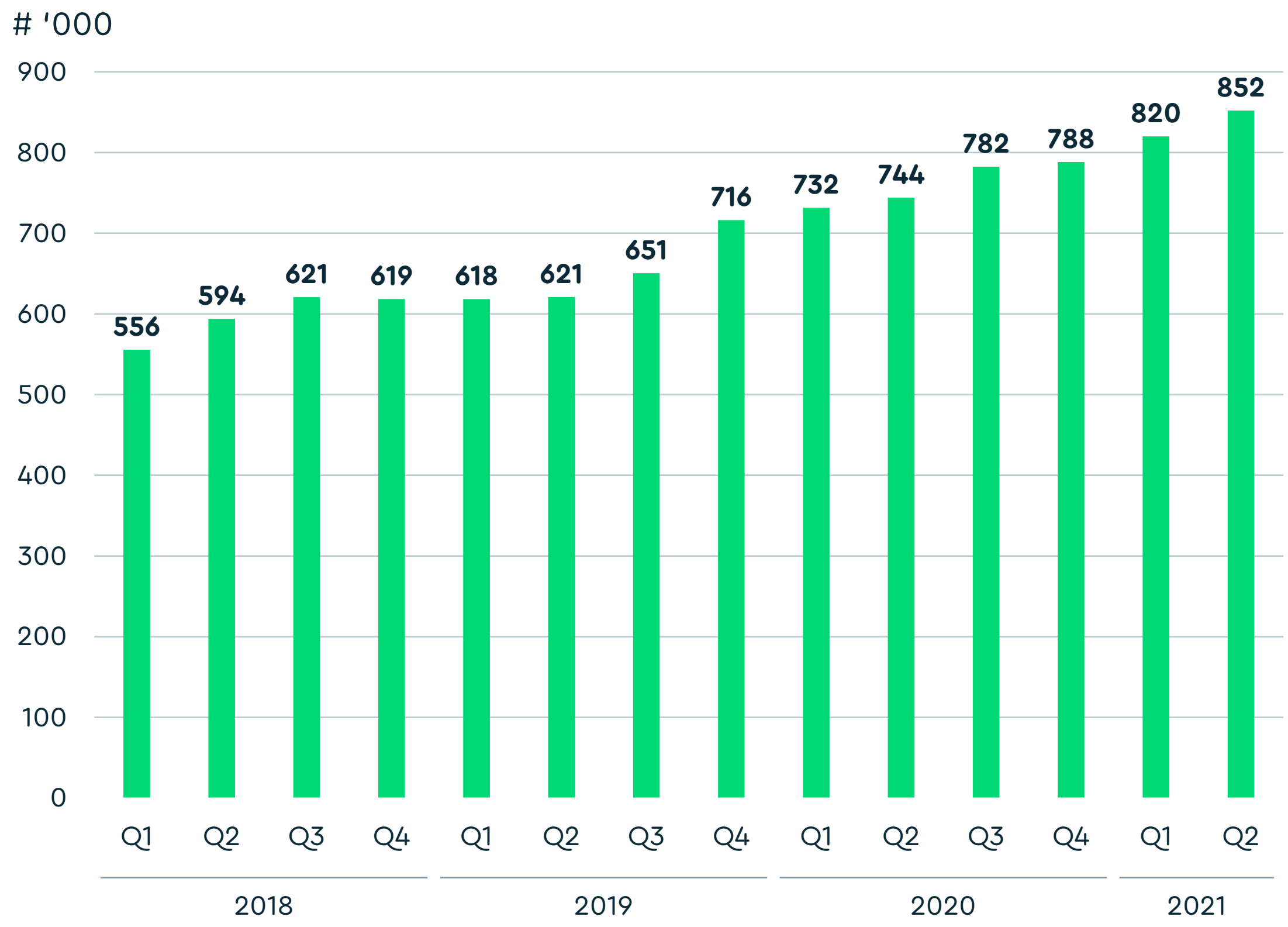
The partnership includes an integration fee of up to SEK 3.5m and a revenue share on new subscriptions originating from Samsung Health

Additionally, Sleep Cycle is working closely with Google to launch Sleep Cycle on the new Android Wear OS

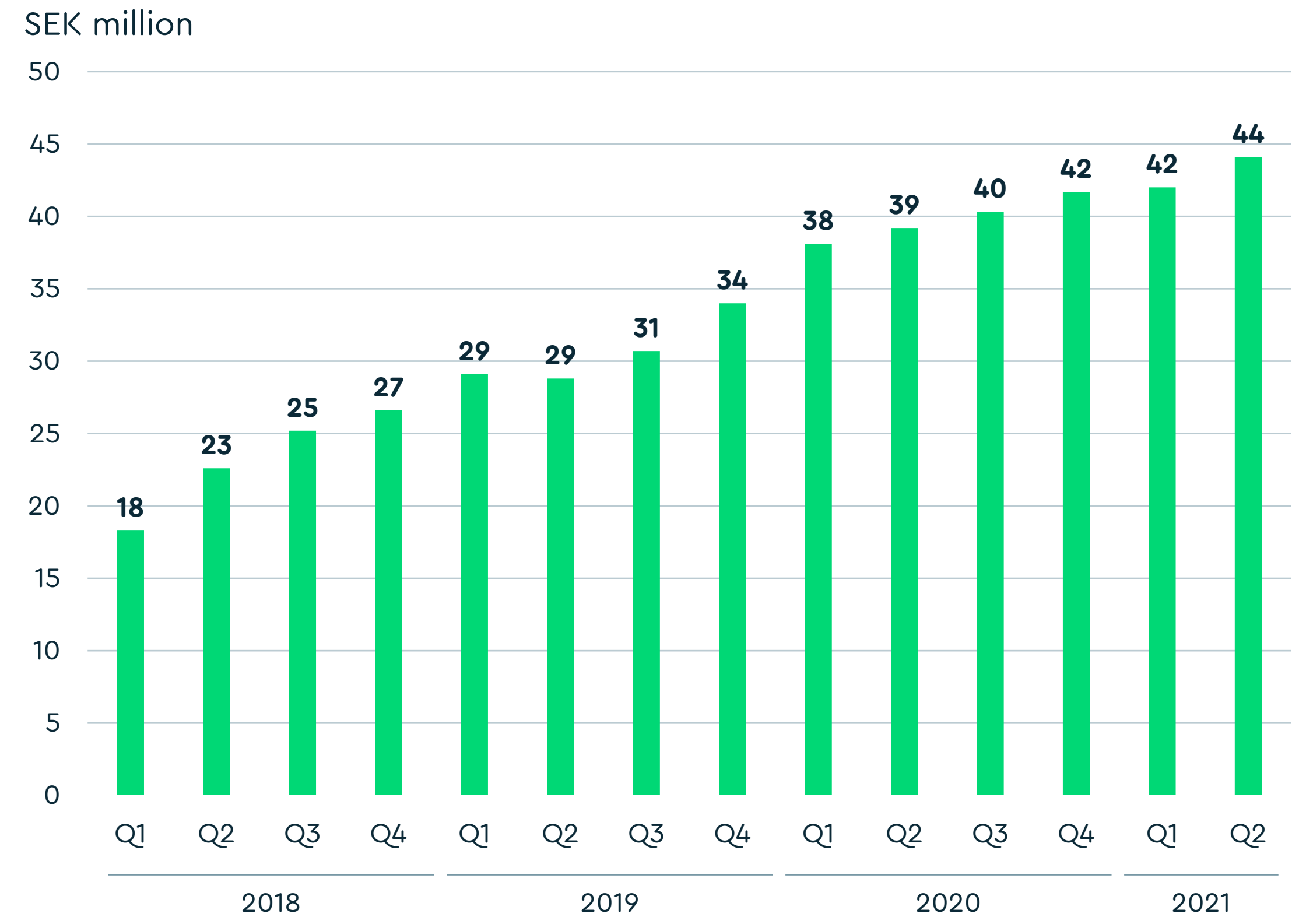


# Strong growth in Q2 2021 across new subscriptions and net revenue

### SLEEP CYCLE TOTAL SUBSCRIPTIONS



### SLEEP CYCLE NET REVENUE



## Financial Summary Q2 2021:

## Continued acceleration in net revenue growth

SEK M	Q2-21	Q2-20	CHANGE	COMMENTS
<b>Net revenue</b>	<b>44.1</b>	<b>39.2</b>	<b>12.5%</b>	Currency adjusted net revenue growth of 20.3% driven by high renewal rates and continued scaling of investments in marketing at attractive subscription acquisition costs (SAC)
Capitalized work	0.8	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-10.9	-9.9	10.6%	Lower share of net revenue driven by higher share of renewed subscriptions and more sales through own channels
Other external costs	-33.1	-8.0	310.6%	Increase driven by marketing costs of SEK 13.3m (4.8m) and IPO related non-recurring items (NRI) of SEK 13.2m
Staff costs	-12.4	-5.1	145.1%	Continued scale-up of organization to meet long-term growth targets and IPO related NRIs of SEK 2.8m
D&A	-0.1	-0.2	-14.2%	
<b>EBIT</b>	<b>-11.4</b>	<b>16.3</b>	<b>n.m.</b>	EBIT heavily affected by IPO related NRIs of SEK 15.9m in addition to scaled-up marketing and staff costs
Margin	-25.9%	41.4%		
<b>Adj. EBIT</b>	<b>4.5</b>	<b>16.3</b>	<b>-72.1%</b>	Investments in marketing and staff impacted adjusted EBIT and is expected to drive accelerated growth going forward. Full year adjusted EBIT margin expected in line with financial target
Adj. margin	10.3%	41.4%		
<b>Adj. operating cash flow</b>	<b>16.4</b>	<b>18.7</b>	<b>-12.3%</b>	Low profitability offset by positive working capital development from payables related to NRIs
<b>Liquidity at period end</b>	<b>141.0</b>	<b>24.3</b>	<b>480.8%</b>	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost



## Financial Summary 1H 2021:

## Executing long-term strategy re-accelerating growth

SEK M	1H-21	1H-20	CHANGE	COMMENTS
<b>Net revenue</b>	<b>86.1</b>	<b>77.4</b>	<b>11.4%</b>	Currency adjusted net revenue growth of 17.3% driven by subscription growth re-accelerating after initial impact of COVID-19 during FY2020 supported by increased marketing investments
Capitalized work	1.5	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-21.2	-19.4	9.5%	Lower share of net revenue driven by higher share of renewed subscriptions and more sales through own channels
Other external costs	-52.4	-12.9	307.7%	Increase driven by marketing costs of SEK 21.0m (6.4m) as part of long-term strategy and IPO related NRIs of SEK 20.3m
Staff costs	-20.4	-10.3	99.2%	Continued scale-up of organization to meet long-term growth targets and IPO related NRIs of SEK 2.8m
D&A	-0.3	-0.3	-17.2%	
<b>EBIT</b>	<b>-6.7</b>	<b>34.6</b>	<b>n.m.</b>	EBIT heavily affected by IPO related NRIs totalling SEK 23.1m for the period
Margin	-7.8%	44.8%		
<b>Adj. EBIT</b>	<b>16.4</b>	<b>34.6</b>	<b>-52.8%</b>	Adjusted EBIT impacted by scale up of marketing and organisation
Adj. margin	19.0%	44.8%		
<b>Adj. operating cash flow</b>	<b>20.7</b>	<b>33.4</b>	<b>-38.0%</b>	Low profitability offset by positive working capital development from payables related to NRIs
<b>Liquidity at period end</b>	<b>141.0</b>	<b>53.1</b>	<b>480.8%</b>	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost

# Outlook and focus areas 2021

## ▶ **Growth**

Continued investments to expand product, scale marketing, and increase reach to achieve +30% currency adjusted revenue growth from 2022 and onwards

## ▶ **Profitability**

Financial focus on growth over profitability and to deliver approximately 20% adjusted EBIT margin

## ▶ **Organisation**

Continue to scale the organisation to deliver on strategic initiatives with recruitment progressing according to plan with 37 employees as per 30 June 2021

## ▶ **Opportunities**

Increased opportunities as a result of IPO relating to sales, partnerships, and M&A opportunities



# Q & A





# Thank you!

Carl Johan Hederoth – CEO  
Per Andersson - CFO