



Q3 PRESENTATION 2021
12 NOVEMBER 2021

SLEEP CYCLE



Summary Q3 2021

13%

YoY subscription
growth

30%

YoY currency adjusted
net revenue growth

25%

Adjusted EBIT
margin

884k

Subscriptions

SEK 48.8m

Net revenue

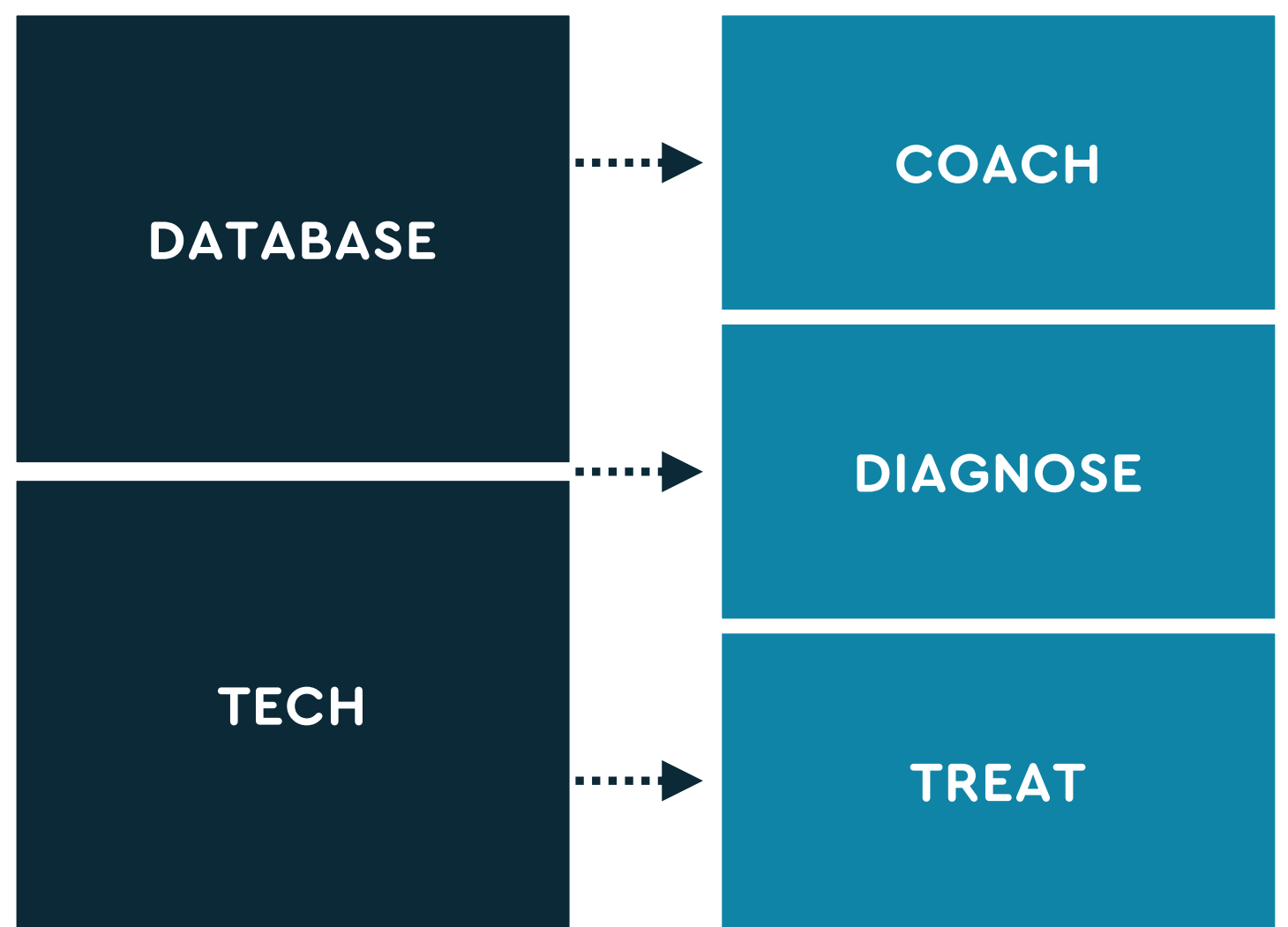
SEK 12.0m

Adjusted EBIT

Sleep Cycle strategic initiatives driving high growth

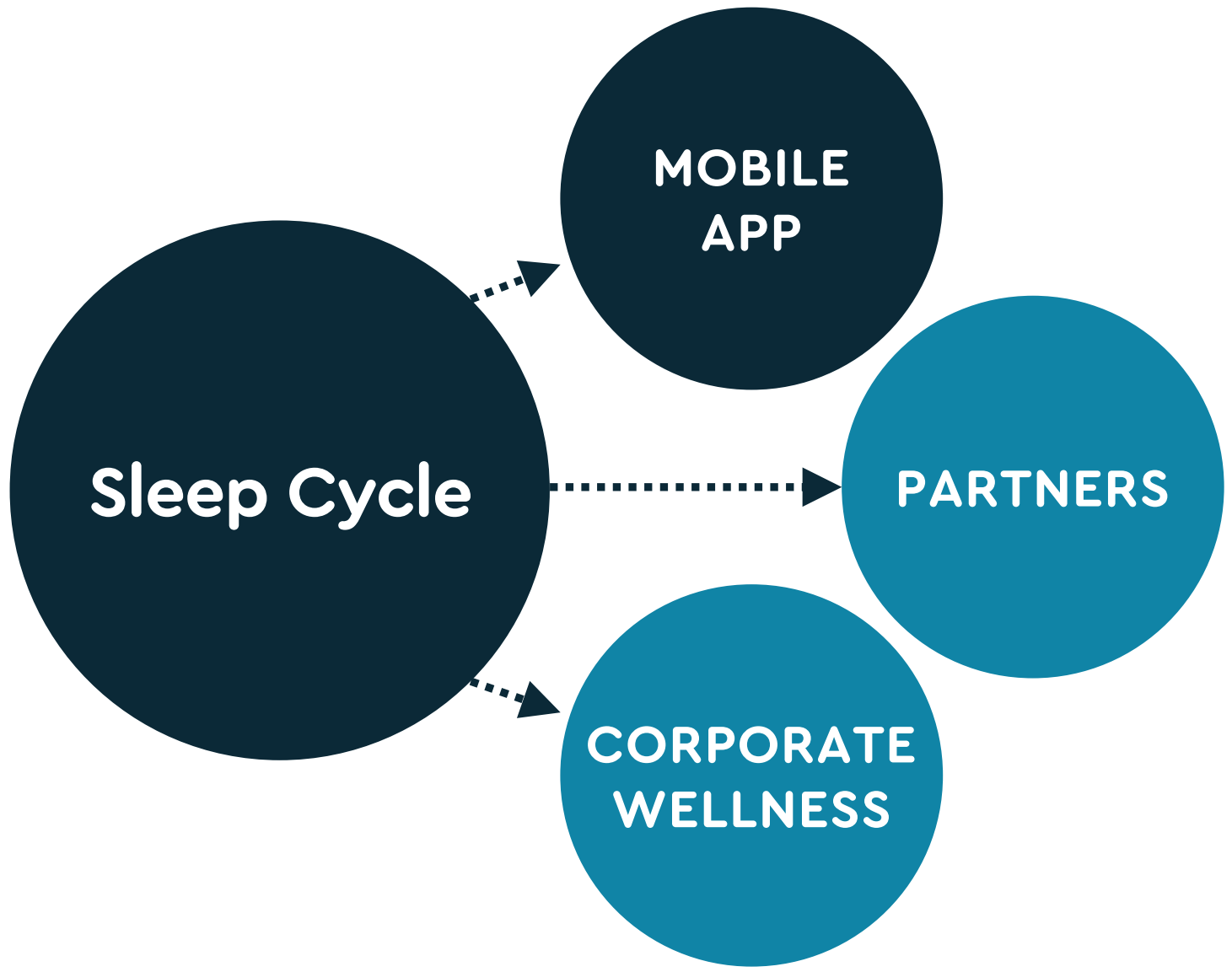
1. EXPAND CORE OFFERING

Leverage data insights to expand core offering and user value



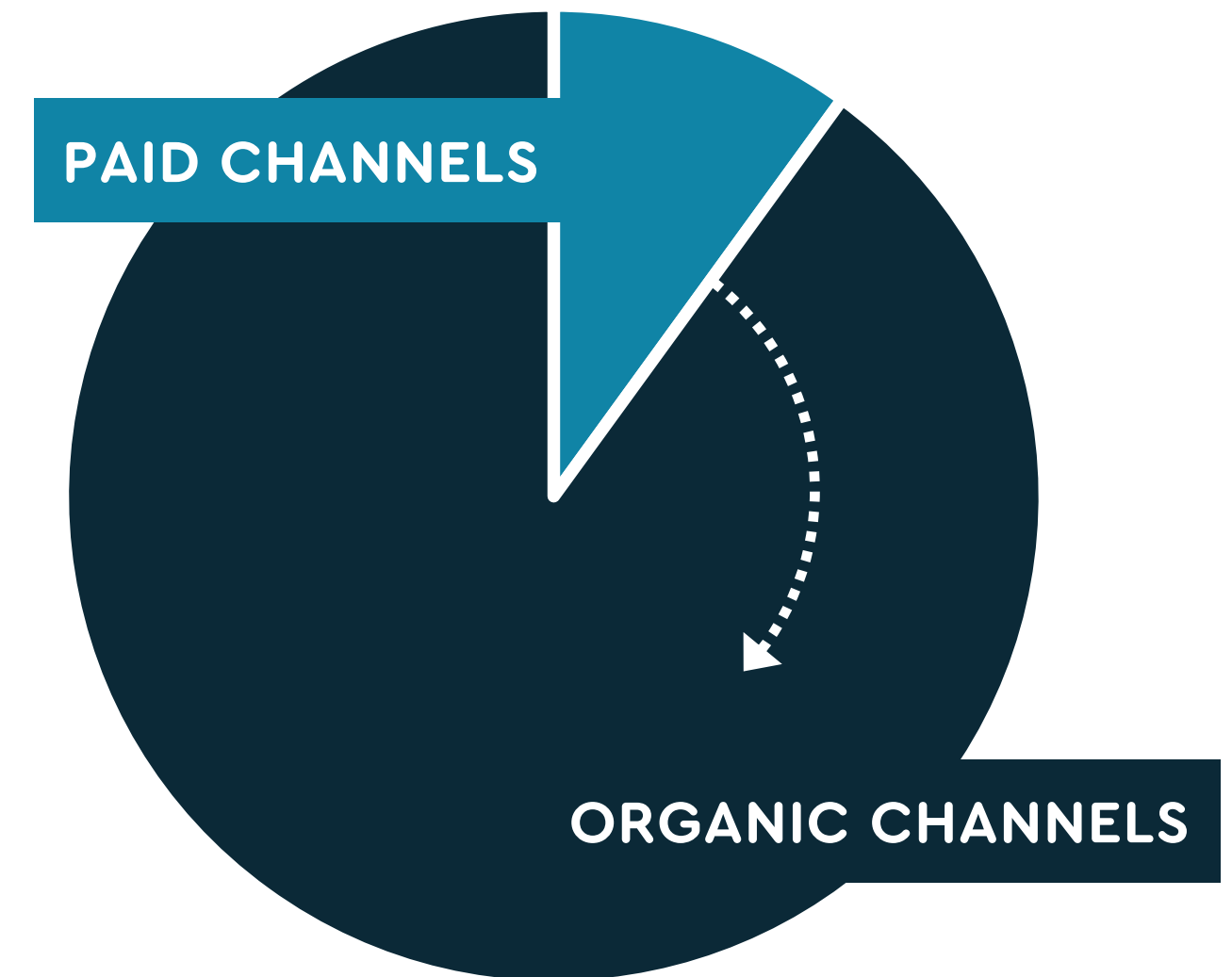
2. INCREASE REACH

Extend product reach by solving sleep in new channels



3. SCALE MARKETING

Build on strong organic platform to scale marketing



Sleep Cycle strategic initiatives driving high growth

1. EXPAND CORE OFFERING

Available on more wearables and new health data privacy policy

WEARABLES: Launch of Sleep Cycle for Android wear. Sleep Cycle is now available on Apple, Samsung and other Android devices

DATA: Implemented new health data privacy policy to ensure highest degree of user protection and trust. First step towards clinical insights

2. INCREASE REACH

New subscriptions generated from strategic sales initiatives

CORPORATE WELLNESS: Launch of Sleep Boot Camp offering with first customers on-boarded during Q3. Polestar and Djurgårdens IF as reference customers

SAMSUNG: Sleep Cycle launched as part of Samsung's Health offering. New subscribers generated from September

3. SCALE MARKETING

Continued increased efficiency in marketing spending

SAC: Continued lower SAC levels although spending on constant absolute levels during Q3

BRAND: Advertisement on Swedish TV combined with digital campaigns to support brand and awareness

SOCIAL MEDIA: Positive uplift in Social Media channels affecting downloads during Q3 positively

Deep dive:

Platform fees

Lower platform fees on Google Play

- The platform fees on sales up to USD 1m was decreased to 15% on 1 July 2021
- From 1 Jan 2022, Android platform fees will decrease from 30% to 15% of sales

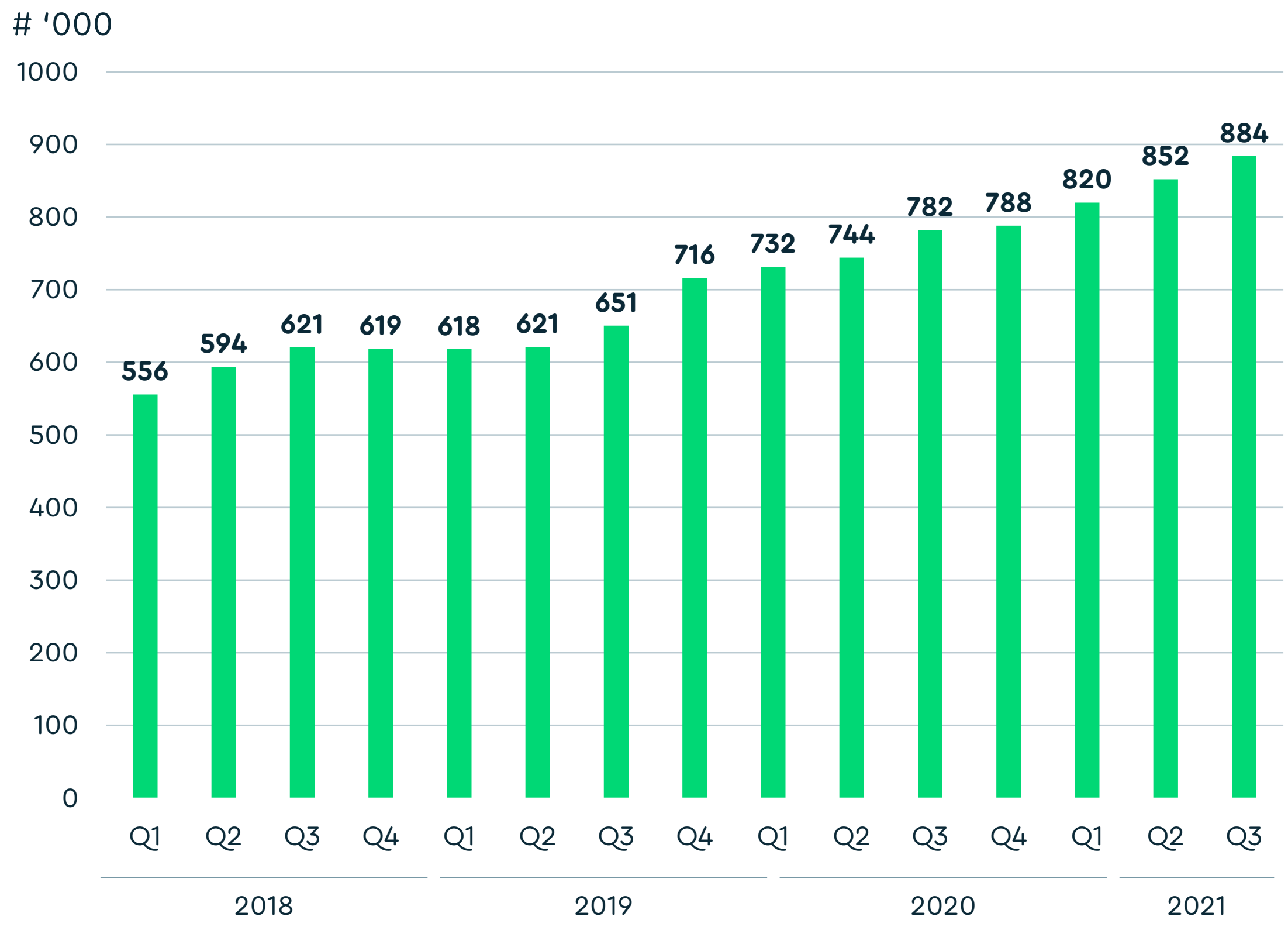
Epic Games v. Apple lawsuit

- Epic Games filed a lawsuit against Apple for antitrust and anticompetitive behaviour with its practices around the App Store and its payment system
- The first ruling issued on 10 September 2021 ruled against Apple's anti-steering policies, which prevent any app from directing its users to a different payment method outside of the App Store
- As a consequence, Apple has updated the guidelines for App Store, now permitting developers to direct users to out of app storefronts and payment methods

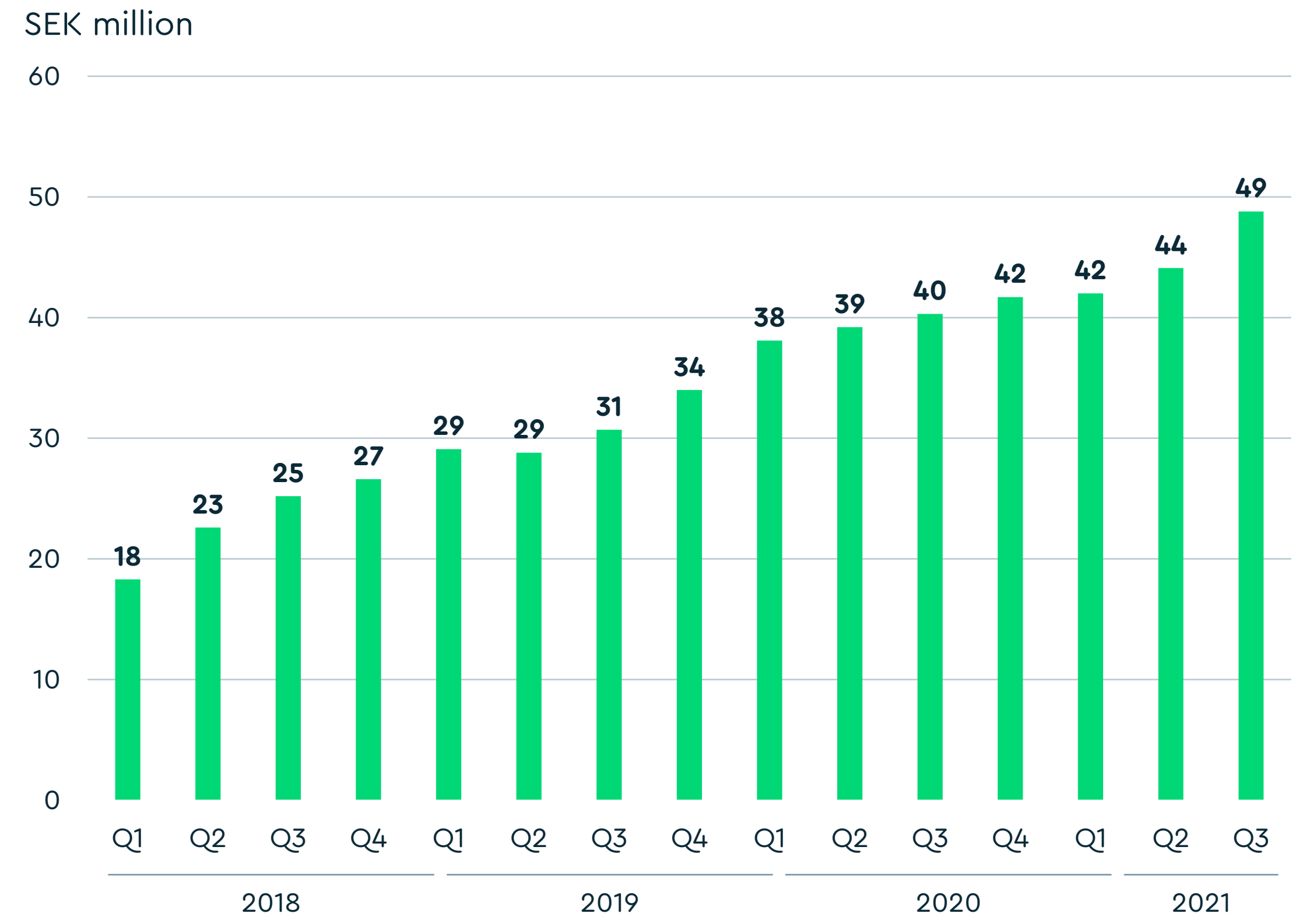


Sustained strong growth despite FX headwinds vs LY

SLEEP CYCLE TOTAL SUBSCRIPTIONS



SLEEP CYCLE NET REVENUE



Financial Summary Q3 2021:

Acceleration of net revenue growth driven by new initiatives

SEK M	Q3-21	Q3-20	CHANGE	COMMENTS
Net revenue	48.8	40.3	21.1%	Currency adjusted net revenue growth of 30.0% driven by continued scaling of investments in marketing together with recognition of integration fee of SEK 3.3m from partnerships with Samsung
Capitalized work	1.0	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-11.2	-10.3	8.7%	Decreased share of revenues due to high renewal rates and Google's fee decrease to 15% between USD 0-1m in sales
Other external costs	-19.6	-9.4	108.5%	Increase driven by marketing costs of SEK 11.4m (5.4m) and IPO related non-recurring items (NRI) of SEK 3.0m
Staff costs	-9.3	-4.6	102.2%	Increase driven by hiring across strategic areas reaching 37 (22) FTEs
D&A	-0.7	-0.1	600.0%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
EBIT	9.0	15.9	-43.4%	EBIT affected by marketing and increased staff costs
Margin	18.5%	39.4%		
Adj. EBIT	12.0	15.9	-24.5%	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	24.6%	39.4%		
Adj. operating cash flow	7.6	16.7	-54.5%	Low profitability and negative working capital development from payables related to NRIs in Q2
Liquidity at period end	145.1	37.5	286.9%	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost

Financial Summary Jan-Sep 2021:

Marketing and staff investments to drive long-term growth

SEK M	Jan-Sep 21	Jan-Sep 20	CHANGE	COMMENTS
Net revenue	134.9	117.7	14.6%	Currency adjusted net revenue growth of 21.6% driven by subscription growth re-accelerating after initial impact of COVID-19 during FY2020 supported by increased marketing investments
Capitalized work	2.5	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-32.4	-29.7	9.1%	Higher share of renewed subscriptions and subscriptions through own payment channels
Other external costs	-72.1	-22.3	223.3%	Increase driven by marketing costs of SEK 32.3m (11.8m) as part of long-term strategy and IPO related NRIs of SEK 23.3m. No further NRIs expected for 2021
Staff costs	-29.8	-14.9	100.0%	Continued scale-up of organization to meet long-term growth targets reaching 31 (21) FTEs and IPO related NRIs of SEK 2.8m
D&A	-1.0	-0.5	100.0%	
EBIT	2.3	50.5	-95.5%	EBIT heavily affected by IPO related NRIs totalling SEK 26.1m for the period
Margin	1.7%	42.9%		
Adj. EBIT	28.4	50.5	-43.8%	Adjusted EBIT impacted by scale up of marketing and organisation
Adj. margin	21.0%	42.9%		
Adj. operating cash flow	28.3	50.1	-43.5%	Lower profitability and positive working capital changes offset by capitalizations in 2021
Liquidity at period end	145.1	37.5	286.9%	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost

Outlook and focus areas 2021-2022

▶ **Growth**

Continued investments to expand product, scale marketing, and increase reach to achieve +30% currency adjusted revenue growth from 2022 and onwards. Increased product investments in 2021 expected to support that.

▶ **Profitability**

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

▶ **Organisation**

Recruitments progressed according to plan with 43 employees as per 31 Oct 2021. Continued focus to scale the organisation to deliver on strategic initiatives during 2022, but with increased focus on efficiency and return from staff growth in 2022.

▶ **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