

Q4



Q4 PRESENTATION 2021  
15 FEBRUARY 2022

SLEEP CYCLE



# Summary Q4 2021

**14%**

YoY subscription  
growth

**22%**

YoY currency adjusted  
net revenue growth

**17%**

EBIT  
margin

**901k**

Subscriptions

**SEK 48.0m**

Net revenue

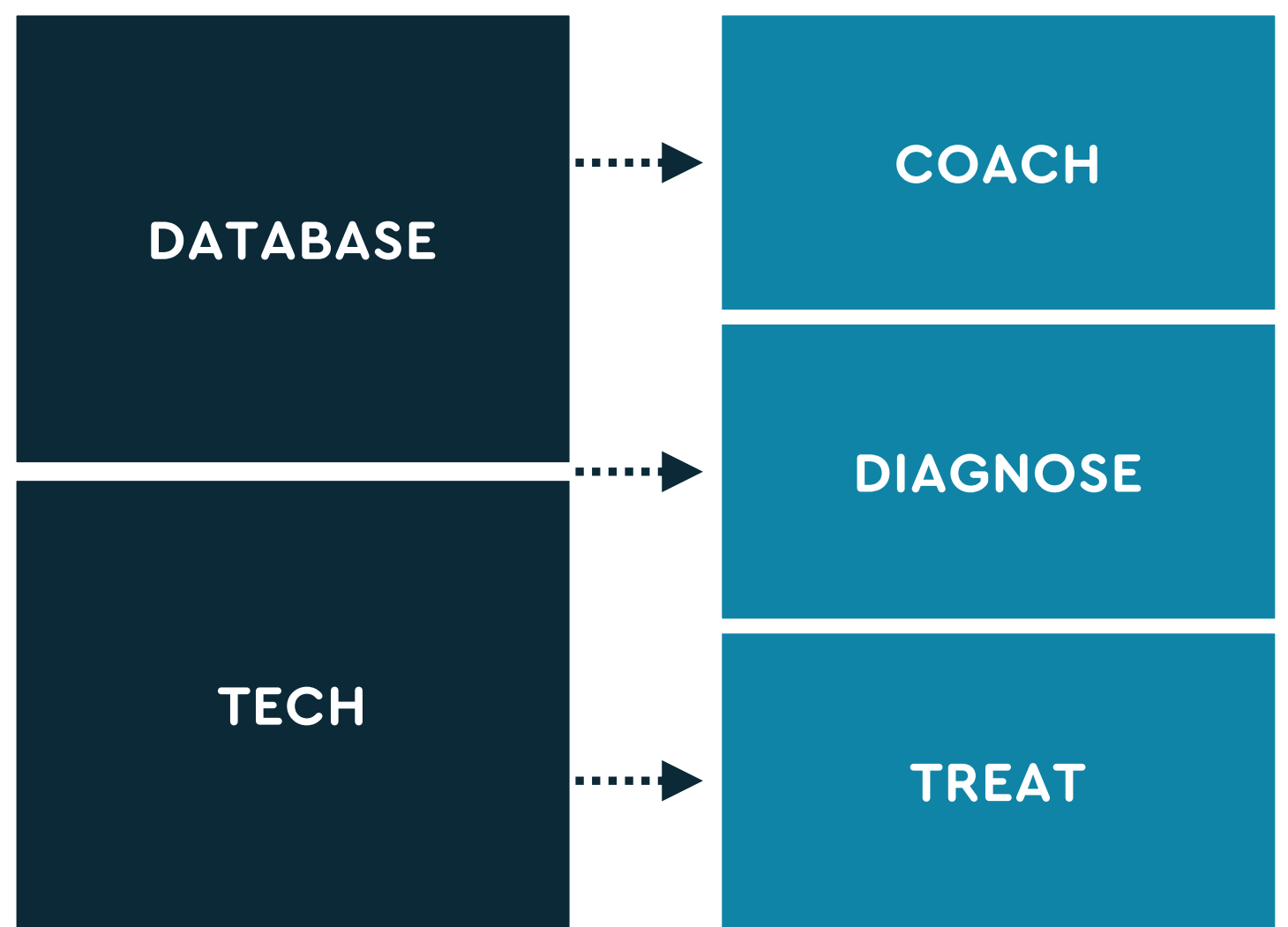
**SEK 8.0m**

EBIT

# Sleep Cycle strategic initiatives driving high growth

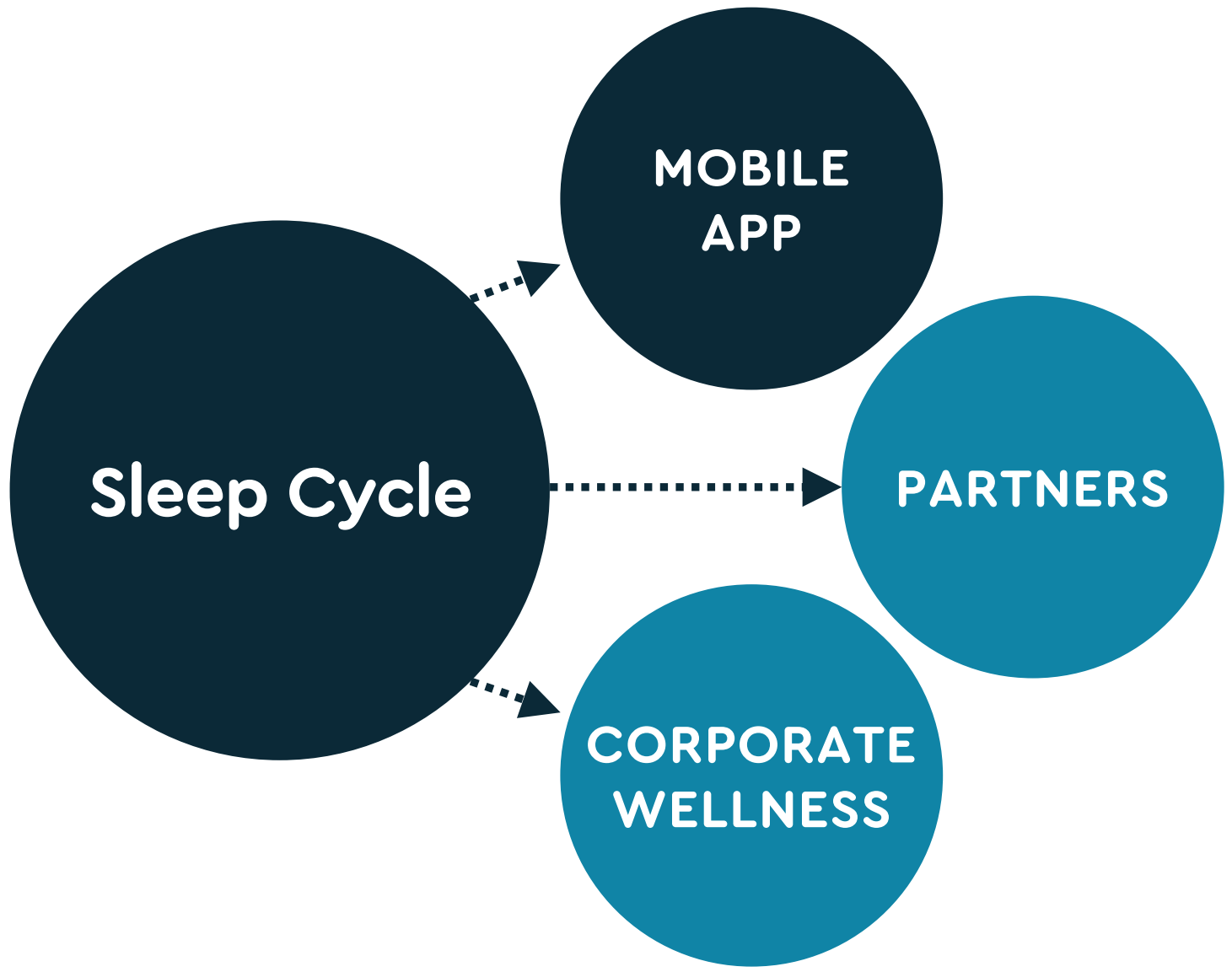
## 1. EXPAND CORE OFFERING

Leverage data insights to expand core offering and user value



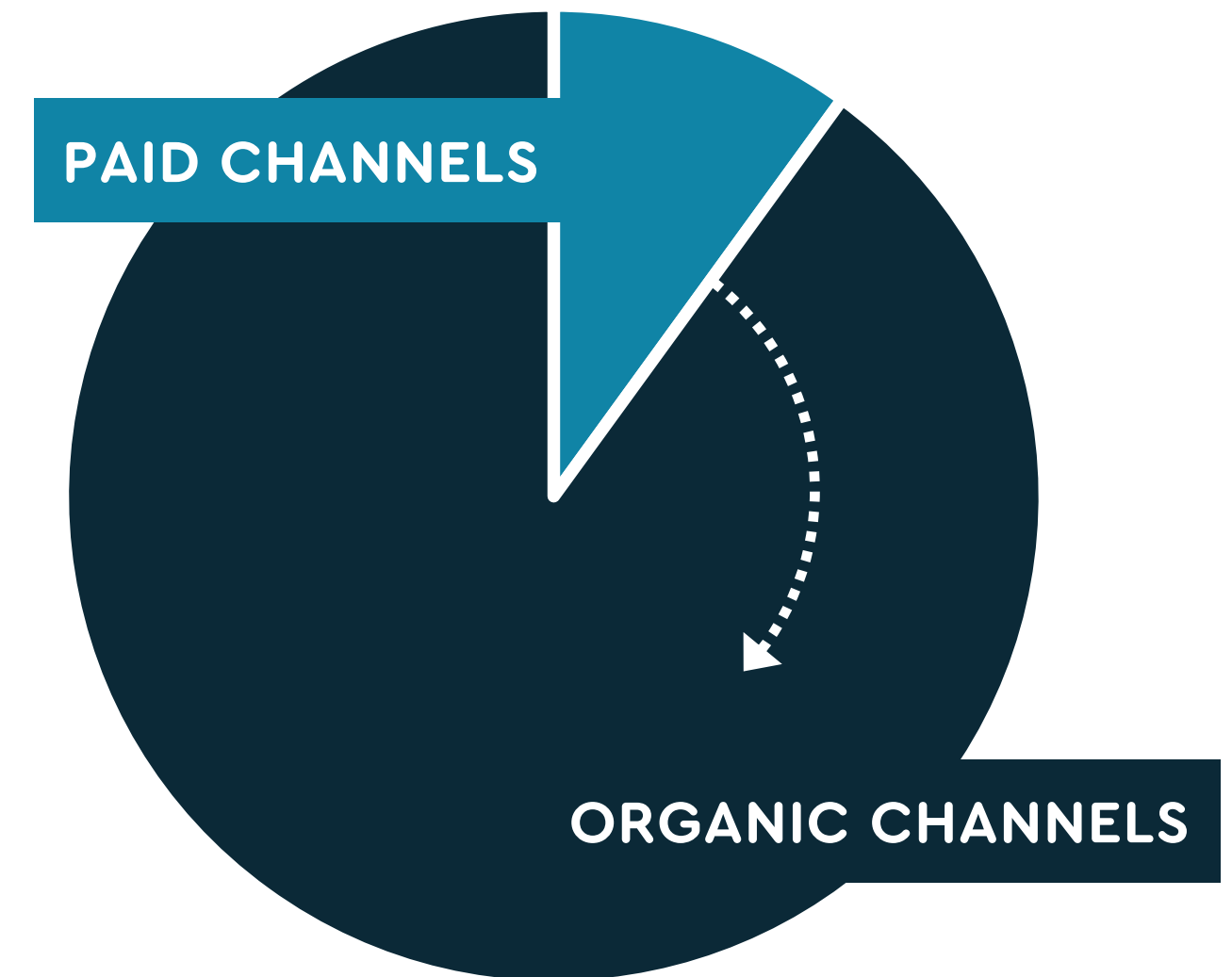
## 2. INCREASE REACH

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

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

**SLEEP GOALS:** A new feature allowing users to set a sleep goal. Sleep Cycle then proposes actions and behavioral changes to reach the goal

**ANDROID:** Launched "Other Sounds" as a new feature on Android allowing. Positive response with increased conversions and new user acquisition

## 2. INCREASE REACH

New subscriptions generated from strategic sales initiatives

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

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

## 3. SCALE MARKETING

Continued increased efficiency in marketing spending

**SAC:** Continued lower SAC levels and decreased total spending in Q4. Marketing spending to some extent replaced by product launches as growth driver

**CAMPAIGNS:** Positive uplift in new user acquisition from effective campaigns with high conversion rates

Deep dive:

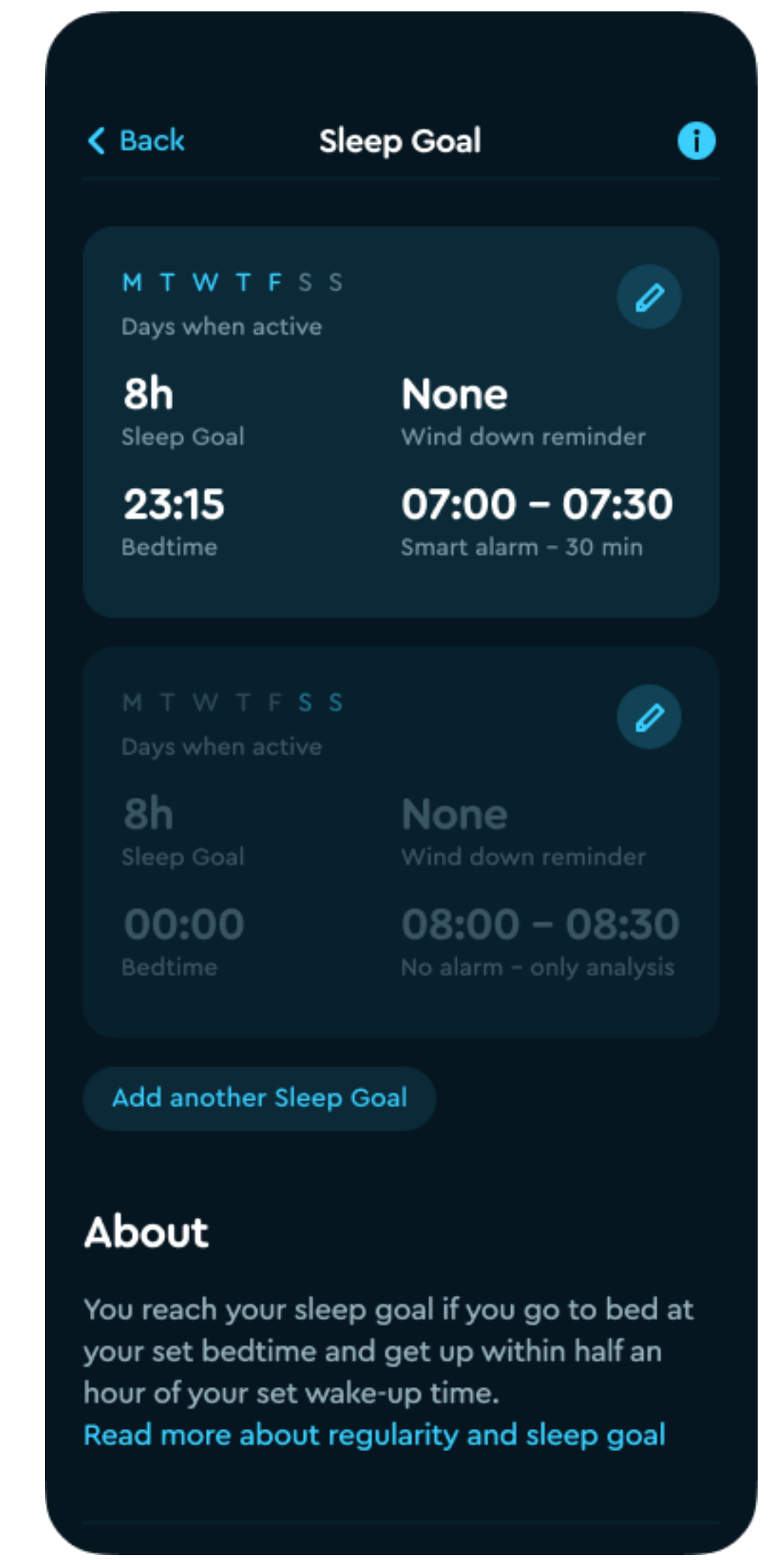
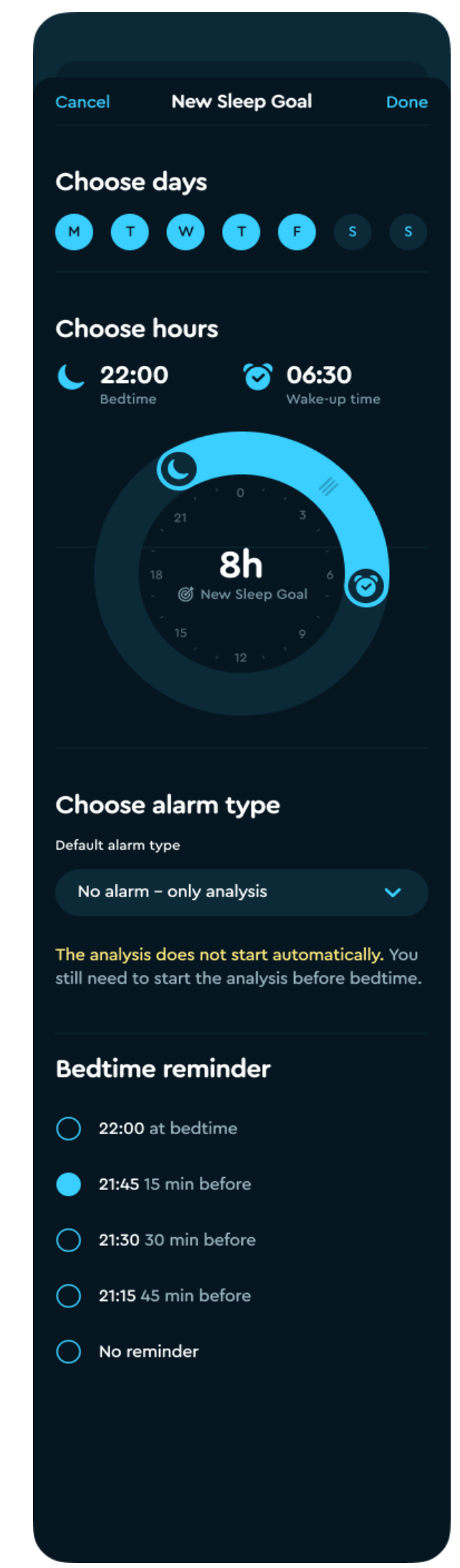
# Product road-map 2022

## R&D ramp-up following organizational growth in 2021

- Positive impact on new user acquisition and retention in Q4-21 as a direct result of launches of "Other Sounds" and "Sleep goals"
- Increased speed in product development and new feature launches for 2022

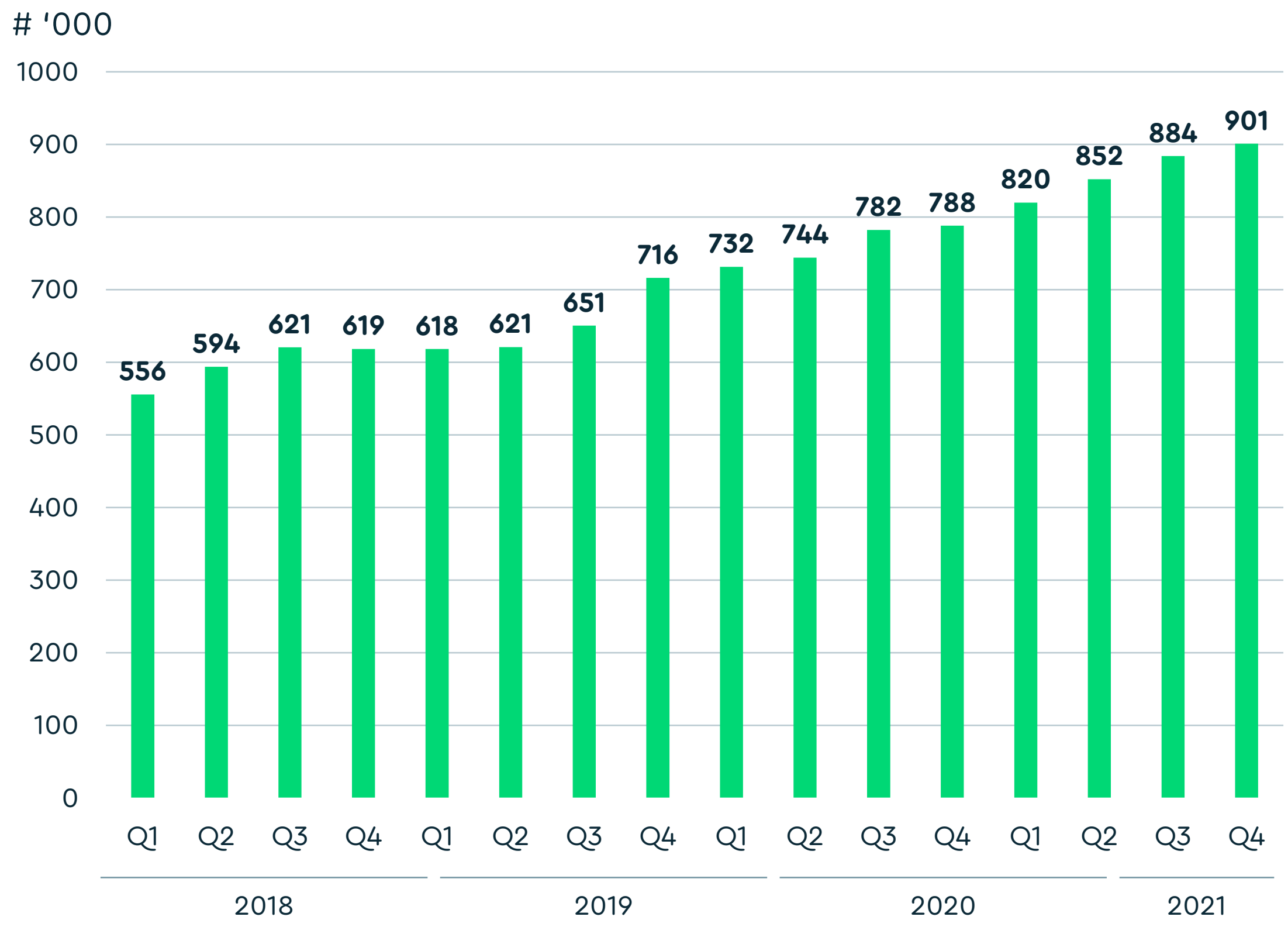
## Next level personalised sleep optimization

- Personalised sleep improvement. Programs, coaching and content delivered contextual by user sleep data, engagement and behavioural data
- Increased tracking capabilities leveraging other sensors, platforms aiming for more seamless tracking alternatives
- Sleep verticals such as insomnia, infant sleep, sleep apnea with product enhancements, partnership and acquisitions

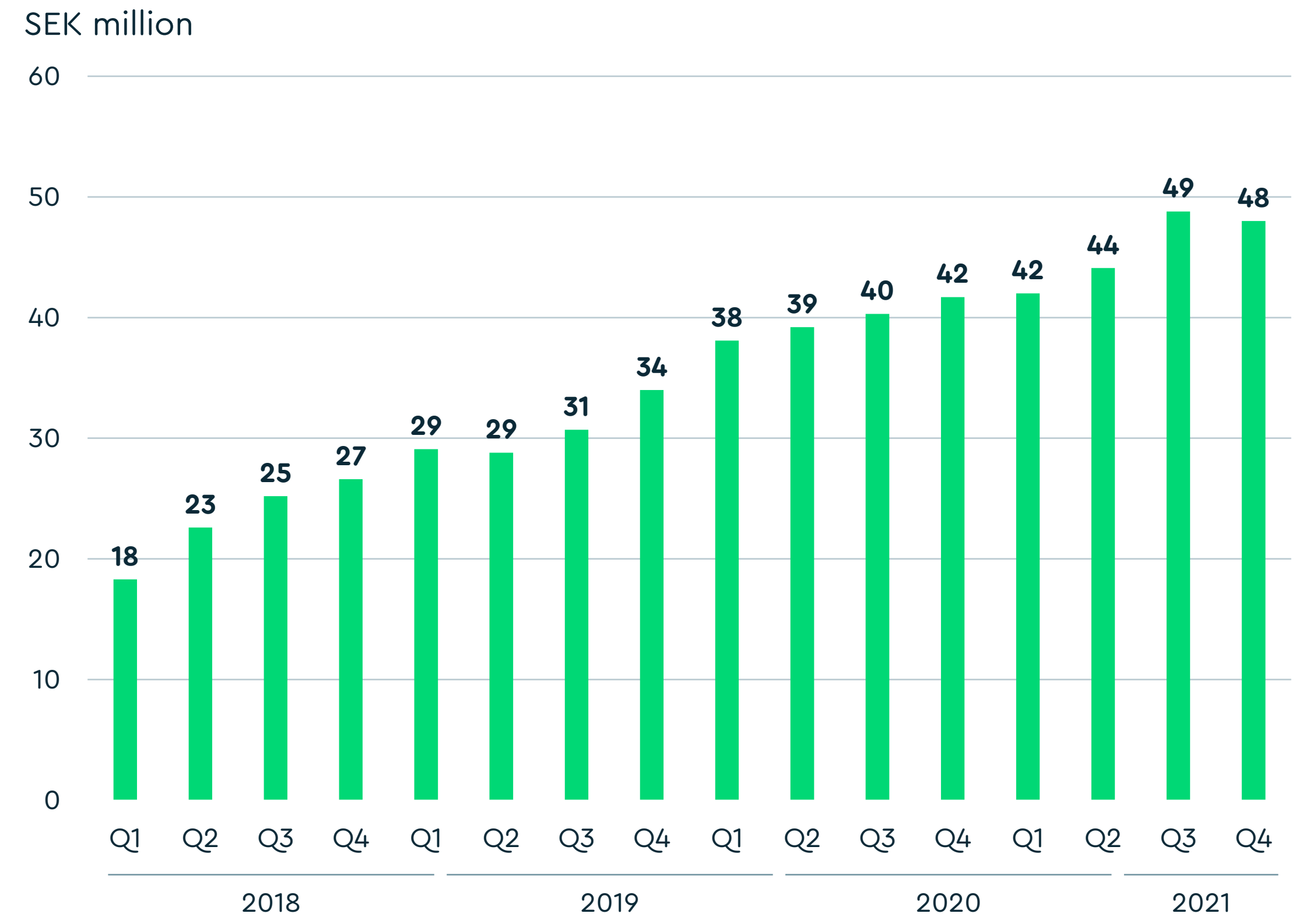


# Accelerated YoY subscription growth, from 10.1% to 14.3%

### SLEEP CYCLE TOTAL SUBSCRIPTIONS



### SLEEP CYCLE NET REVENUE



## Financial Summary Q4 2021:

## Continued net revenue growth driven by new initiatives

SEK M	Q4-21	Q4-20	CHANGE	COMMENTS
<b>Net revenue</b>	<b>48.0</b>	<b>41.8</b>	<b>15.0%</b>	Currency adjusted net revenue growth of 21.7% driven by continued scaling of investments in marketing together with organic growth driven by new feature launches and campaigns
Capitalized work	0.4	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-11.6	-10.5	10.7%	Stable development with slight decrease in relation to revenues due to improved mix new/renew/web
Other external costs	-17.0	-19.8	-13.9%	Adjusted for non-recurring items (NRI) of SEK 7.7m in Q4-20, the increase is driven by marketing spending, consultants and a larger organisation. No NRI's in Q4-21. Marketing spending was SEK 9.7m (SEK 7.7) for the quarter.
Staff costs	-10.8	-5.6	92.3%	Increase driven by hiring across strategic areas reaching 37 (23) FTEs in the quarter
D&A	-1.1	-0.1	655.5%	Increase due to depreciation of intangible assets as certain projects are capitalized from 2021
<b>EBIT</b>	<b>8.0</b>	<b>5.7</b>	<b>40.5%</b>	EBIT affected by marketing, increased staff costs and consultancy costs
Margin	16.7%	13.7%		
<b>Adj. EBIT</b>	<b>8.0</b>	<b>13.4</b>	<b>-39.2%</b>	Investments in marketing and staff impacted adjusted EBIT and is expected to drive accelerated growth going forward
Adj. margin	16.7%	39.4%		
<b>Adj. operating cash flow</b>	<b>8.8</b>	<b>26.1</b>	<b>-67.4%</b>	Higher cost base and lower adj. EBIT explains the difference
<b>Liquidity at period end</b>	<b>165.4</b>	<b>53.1</b>	<b>211.5%</b>	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost

## Financial Summary Jan-Dec 2021:

# Heavy investments supporting long-term growth

SEK M	Jan-Dec 21	Jan-Dec 20	CHANGE	COMMENTS
<b>Net revenue</b>	<b>182.9</b>	<b>159.4</b>	<b>14.7%</b>	Currency adjusted net revenue growth of 21.7% driven by subscription growth. Underlying subscription growth was 14.7%, up from 10.1% in previous year but with limited revenue impact due to foreign exchange
Capitalized work	2.8	-	-	From 2021, certain projects qualify for capitalization
Platform fees	-44.0	-40.1	9.6%	Higher share of renewed subscriptions, subscriptions through own payment channels and Google fee decrease
Other external costs	-89.1	-42.0	111.9%	Increase driven by marketing costs of SEK 42.0m (19.6m) as part of long-term strategy and IPO related NRIs of SEK 23.3m (7.7m) in addition to a larger organisation. No further NRIs expected for 2021
Staff costs	-40.6	-20.5	97.8%	Continued scale-up of organization to meet long-term growth targets reaching 37 (23) FTEs and IPO related NRIs of SEK 2.8m
D&A	-2.0	-0.6	224.5%	Increase in 2021 due to capitalization of intangible assets
<b>EBIT</b>	<b>10.3</b>	<b>56.2</b>	<b>-81.6%</b>	EBIT heavily affected by IPO related NRIs totalling SEK 26.1m for the period and costs for a larger organisation
Margin	5.6%	35.3%		
<b>Adj. EBIT</b>	<b>36.4</b>	<b>63.7</b>	<b>-42.9%</b>	Adjusted EBIT impacted by scale up of marketing and organisation
Adj. margin	19.9%	40.0%		
<b>Adj. operating cash flow</b>	<b>36.8</b>	<b>76.2</b>	<b>-51.7%</b>	Lower profitability and positive working capital changes offset by capitalizations in 2021
<b>Liquidity at period end</b>	<b>165.4</b>	<b>53.1</b>	<b>211.5%</b>	New equity issue in connection with IPO contributing SEK 95.4m net of transaction cost



# Outlook and focus areas

## ▶ **Growth**

Challenging to reach 2022 revenue growth target due to sales levels in 2021. Main focus for 2022 to increase sales growth to be on par with +30% currency adjusted revenue target. Target remains and is expected to be met on quarterly basis in 2H.

## ▶ **Profitability**

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

## ▶ **Organisation**

Recruitments progressed according to plan with 44 employees as per 31 Dec 2021. Focus on leveraging organizational growth from 2021 to speed up R&D. Plan to employ ca 10 additional people during 2022.

## ▶ **Opportunities**

Several opportunities within technical integrations, partnerships and M&A following increased global attention for Sleep Cycle in 2021. Ambition to further exploit these opportunities in 2022 creating growth in extended areas and new verticals.

# Q & A

Carl Johan Hederoth – CEO  
Per Andersson - CFO





Thank you!