



Q3 2024

Laurinda Pang, CEO
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INVESTOR PRESENTATION
NOV 6, 2024



150,000+

business
customers

800bn+

interactions
per year

60+

countries with
local presence

Scalable cloud communications
platform for messaging, voice and email

Pioneering the way the world communicates



SEK 28.5bn

net sales in the
past 12 months

SEK 9.6bn

gross profit in the
past 12 months

SEK 3.6bn

Adj. EBITDA in the
past 12 months

Third quarter highlights

01

Stable performance

- Gross profit growth of 1%, in constant currencies, with a stable gross margin of 34%.
- Adjusted EBITDA margin of 13% and EBITDA margin of 11%.
- We expect flat or slightly negative gross profit growth in Q4, with a slow start also to 2025.
- Operating expenditures to increase somewhat in 2025 as we execute on initiatives that drive growth.

02

Continued cash generation

- Operating cash flow of SEK 437 million in Q3 and SEK 2.8 billion over the last 12 months.
- L12M cash conversion* at 61%, above 40–50% target range.
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 1.6x, down from 2.2x in Q3 2023.

03

Transformation

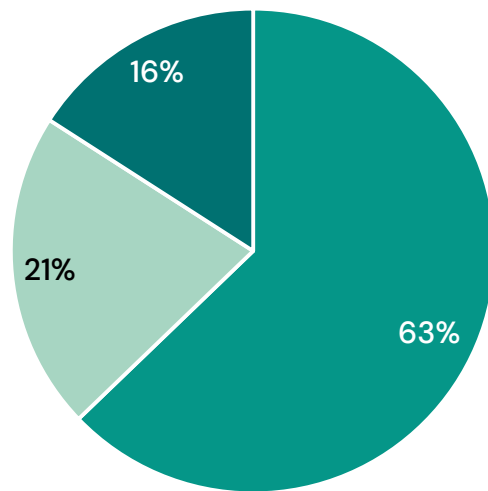
- Realized gross savings of SEK 84 million in Q3, corresponding to SEK 335 million on a full-year basis.
- Exceeded SEK 300 million gross opex savings target.
- Savings are reinvested into growth initiatives.
- Total integration and restructuring cost are estimated at SEK 300 million in 2024. SEK 222 million incurred in Jan–Sep, out of which SEK 84 million was restructuring.

* Cash conversion calculated as Cash flow from operating activities after investments / Adjusted EBITDA.

Overview

Operating segments

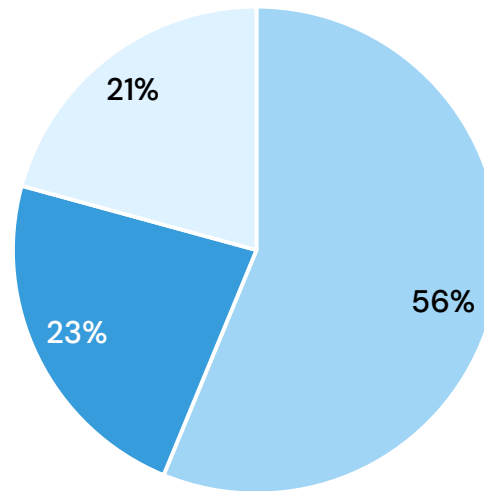
Gross profit by region, R12M



- Americas
- EMEA
- APAC

Product categories

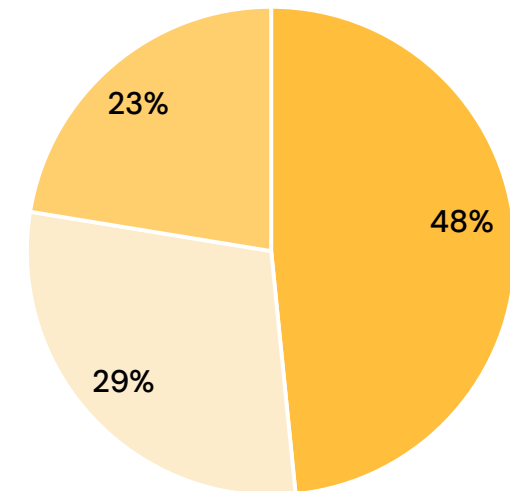
Gross profit by product, R12M



- API Platform
- Applications
- Network Connectivity

Expenditures

Adjusted opex by function, R12M



- R&D
- Sales & marketing
- General & administrative

Performance by segment

Americas



- 1% year-on-year gross profit growth in constant currencies.
- Gross profit positively affected by SEK 40m timing effect from Cost of services sold.
- Reduced year-on-year decline in Network Connectivity offset by weaker performance in SMS (API Platform).
- First Sinch RCS Innovation Day arranged together with Google at Mountain view campus.

EMEA



- Gross profit down 3% year-on-year in constant currencies.
- Improvement in Applications offset by API Platform and Network Connectivity.
- Cooperation with Dutch MINDD to develop an AI-solution to safely pre-triage patients.

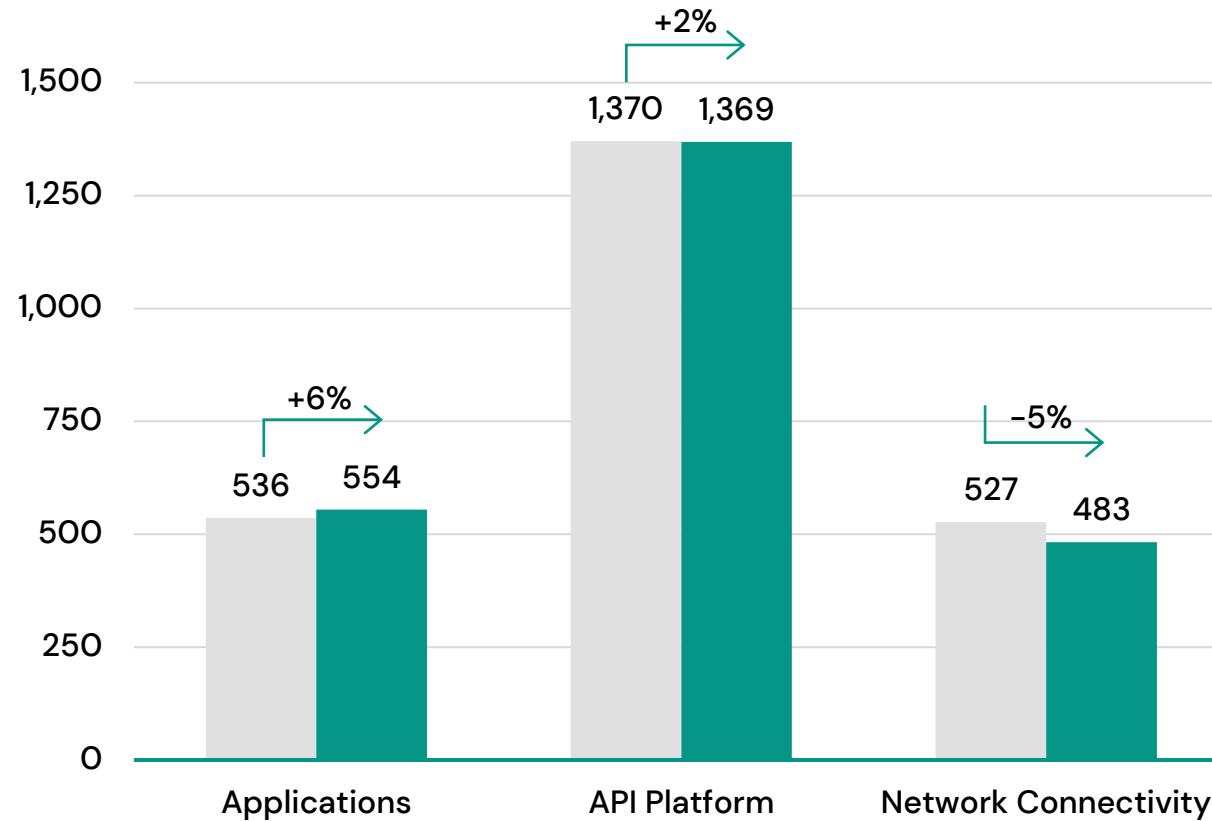
APAC



- 12% year-on-year growth in gross profit in constant currencies.
- Gross profit growth primarily attributable to India and an improved gross margin.
- Partnership with Singtel to become the first provider RCS to businesses in Singapore.

Gross profit by product

Gross profit, Q3 24 vs Q3 23, SEKm



- Targeting continued profitable growth in API Platform and Applications
- Focusing on cash generation in Network Connectivity
- API Platform and Applications contribute 80% of gross profit

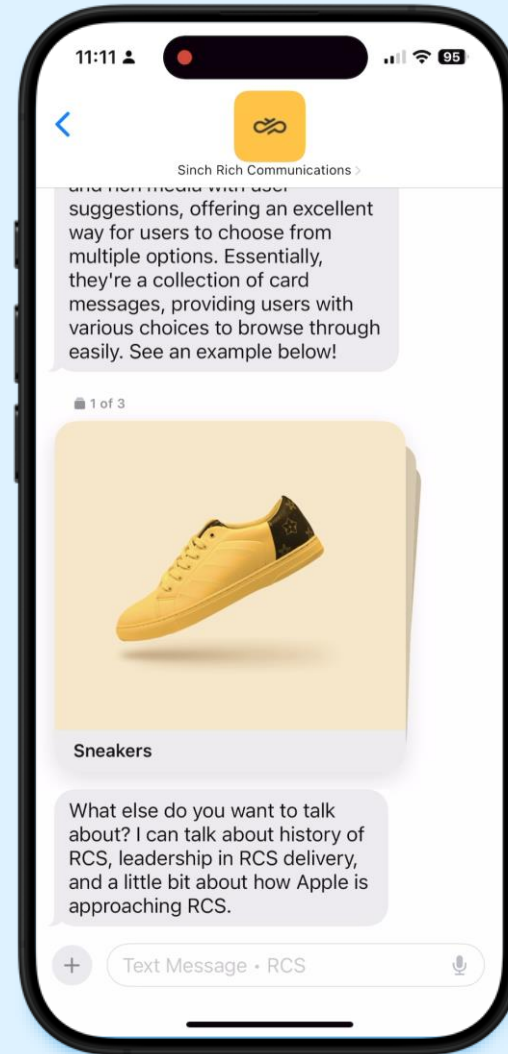
Rising interest in RCS messaging

The power of default:

- RCS is now turned on by default on new Androids and iPhones
- RCS messages appear in the same app that is used for SMS

Reinvents business messaging:

- RCS Business Messaging (RBM) adds a range of valuable features for businesses
- As for SMS, terms and pricing is governed by mobile operators.
- Gradual rollout by country and mobile operator.



Cooperation with Google:

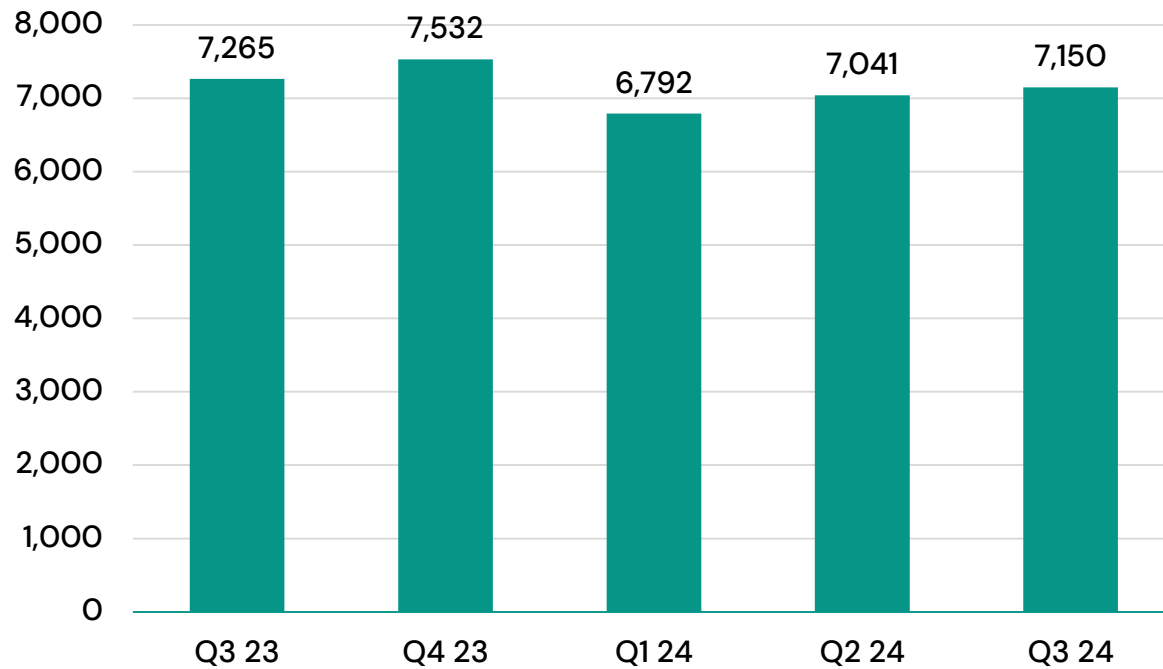
- Google operates the infrastructure used by most carriers to offer RCS
- Joint Sinch/Google events across regions to drive interest in RBM



Financials

Net sales

Net sales, SEKm

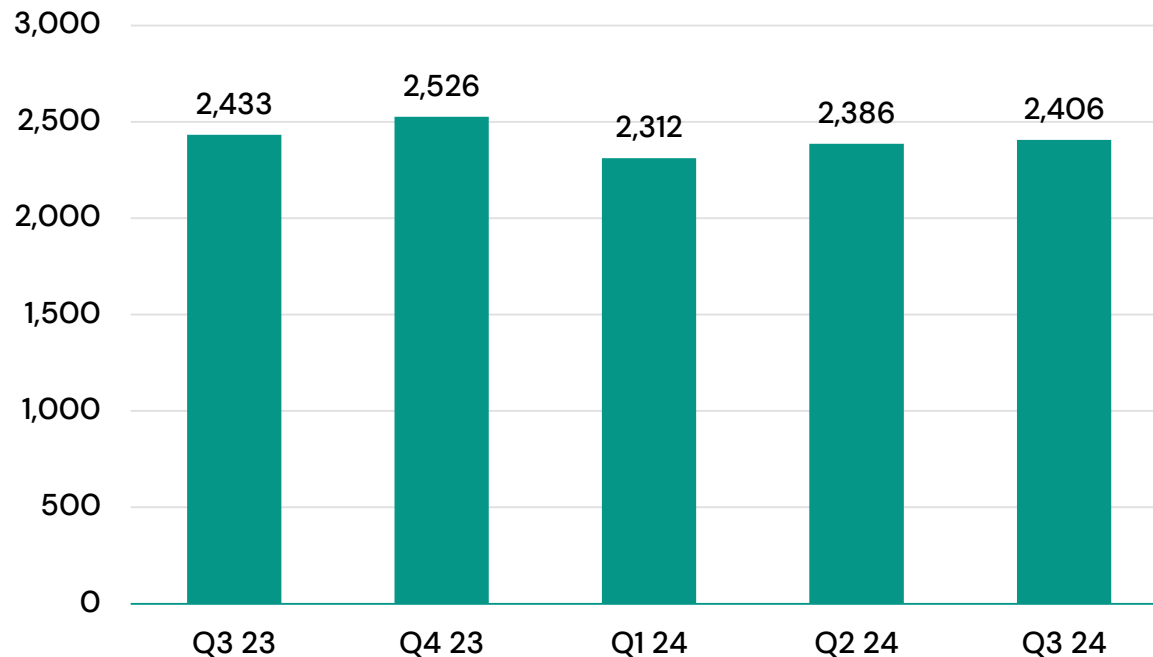


- Net sales in constant currencies increased by 2% year-on-year
- Net sales decreased by 2% on a reported basis

- Americas up 5% year-on-year in constant currencies
- EMEA down 4%, APAC unchanged

Gross profit

Gross profit, SEKm

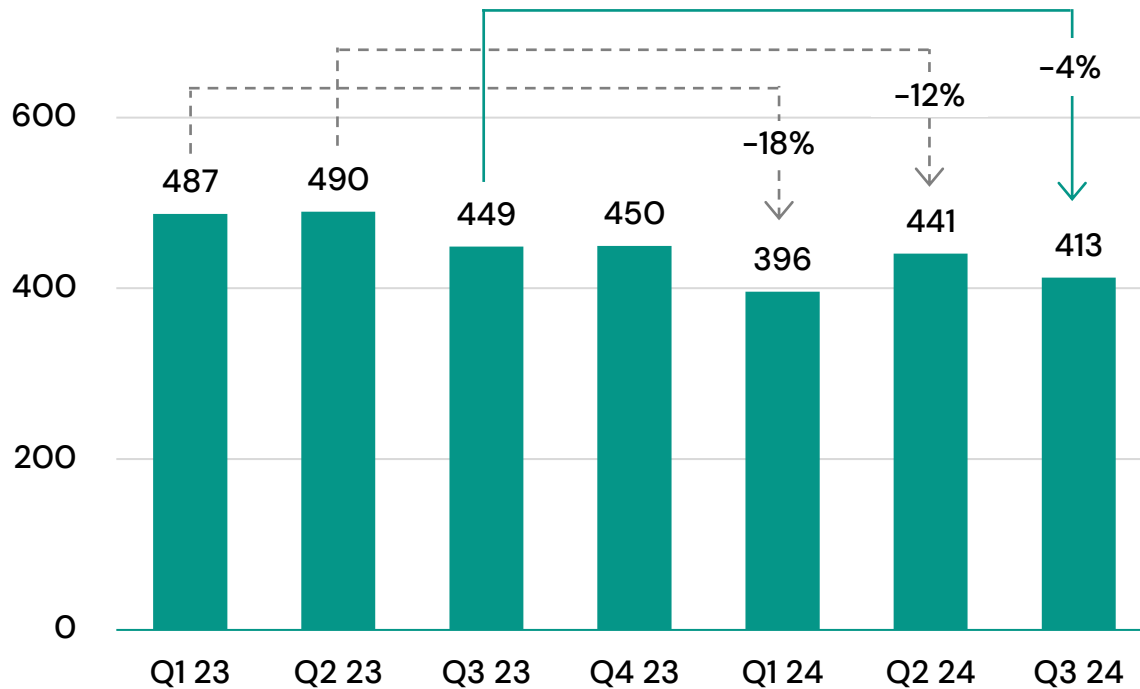


- Gross profit grew 1% year-on-year in constant currencies, and declined 1% on a reported basis
- Positively affected by a SEK 40m adjustment of Cost of services sold related to Q1 and Q2

- Americas up 1%, EMEA down 3%, and APAC up 12% in constant currencies
- Applications up 6%, API Platform up 2% and Network Connectivity down 5% in constant currencies

Network Connectivity

Gross profit (SEKm) and organic gross profit growth, Network Connectivity, Americas

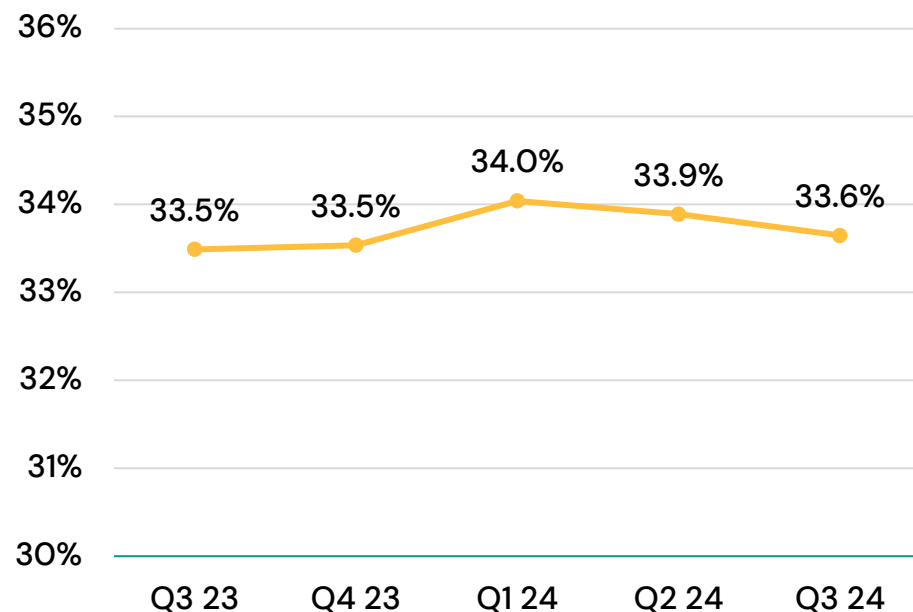


- Price increases for legacy voice network connections impacted gross profit in Q1 24.
- Improvement in Q2 24 following Commercial negotiations with North American carriers.
- Working to reduce reliance on legacy connectivity through service virtualization.

- Expecting similar absolute gross profit in H2 as in H1.
- From Q4 and onwards, there is no year-on-year growth impact from the 8YY reform

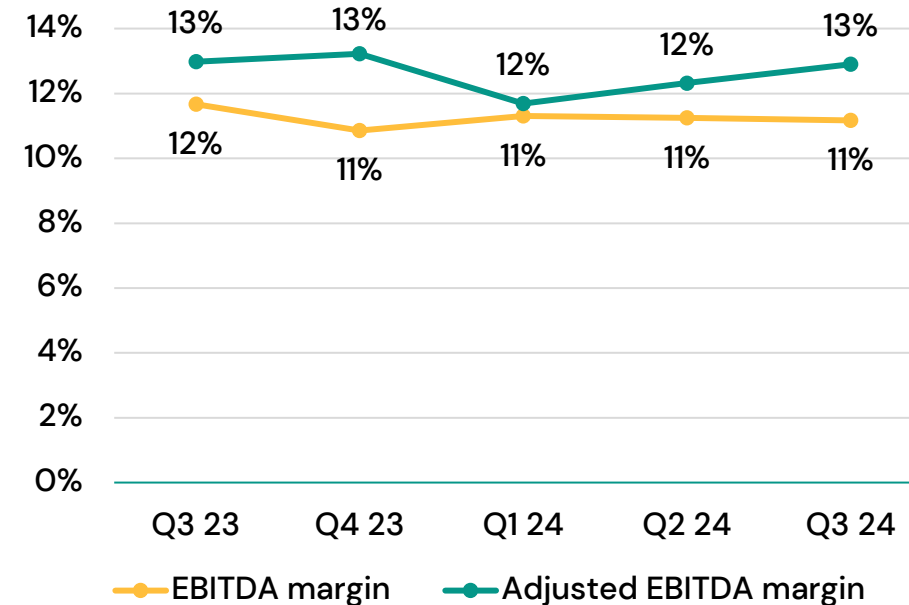
Stable margins

Gross margin, %



- Gross margin development affected by mix but stable overall.
- Applications products at 67% gross margin.

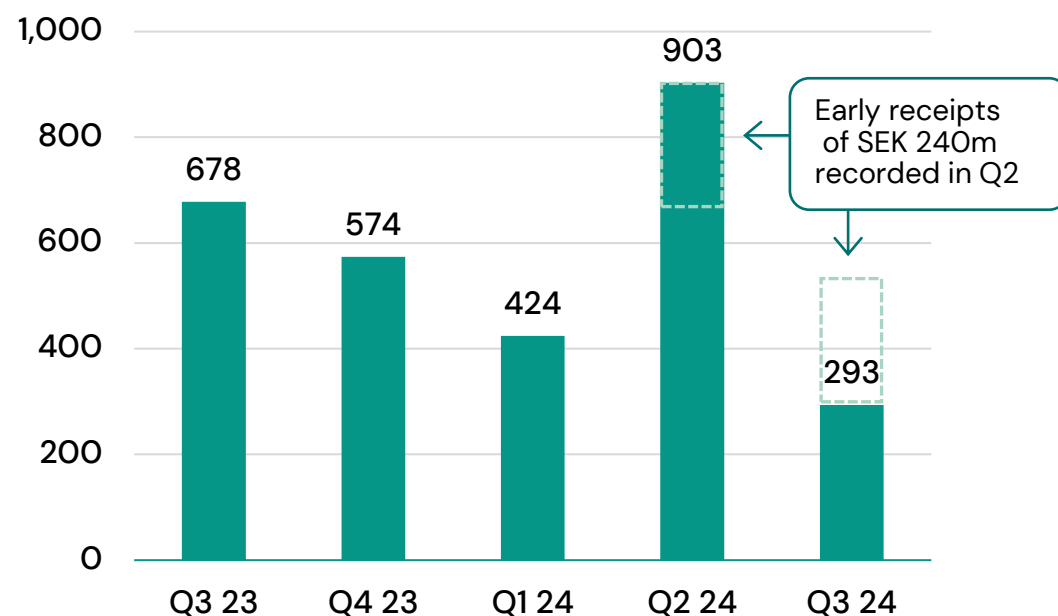
EBITDA margin, %



- EBITDA adjustments primarily related to integration costs, share-based incentive programs and currency losses.
- Operating expenditures to increase somewhat in 2025 as we execute on growth initiatives.

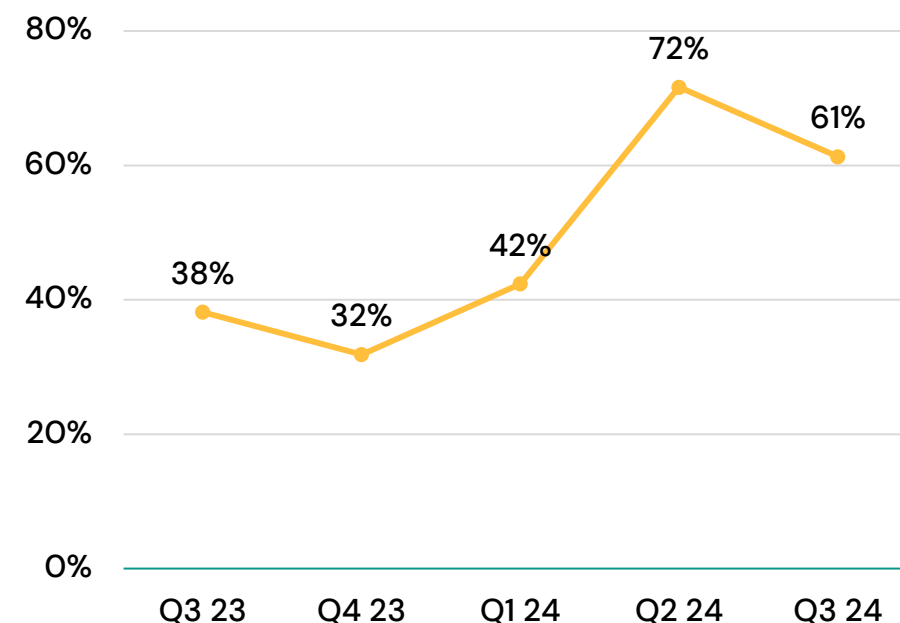
Strong cash conversion

Cash flow after investments, SEKm



- Net working capital causes variation between individual quarters.
- Q2 benefit of SEK 240 million due to early payments from a few larger customer was reversed in Q3.

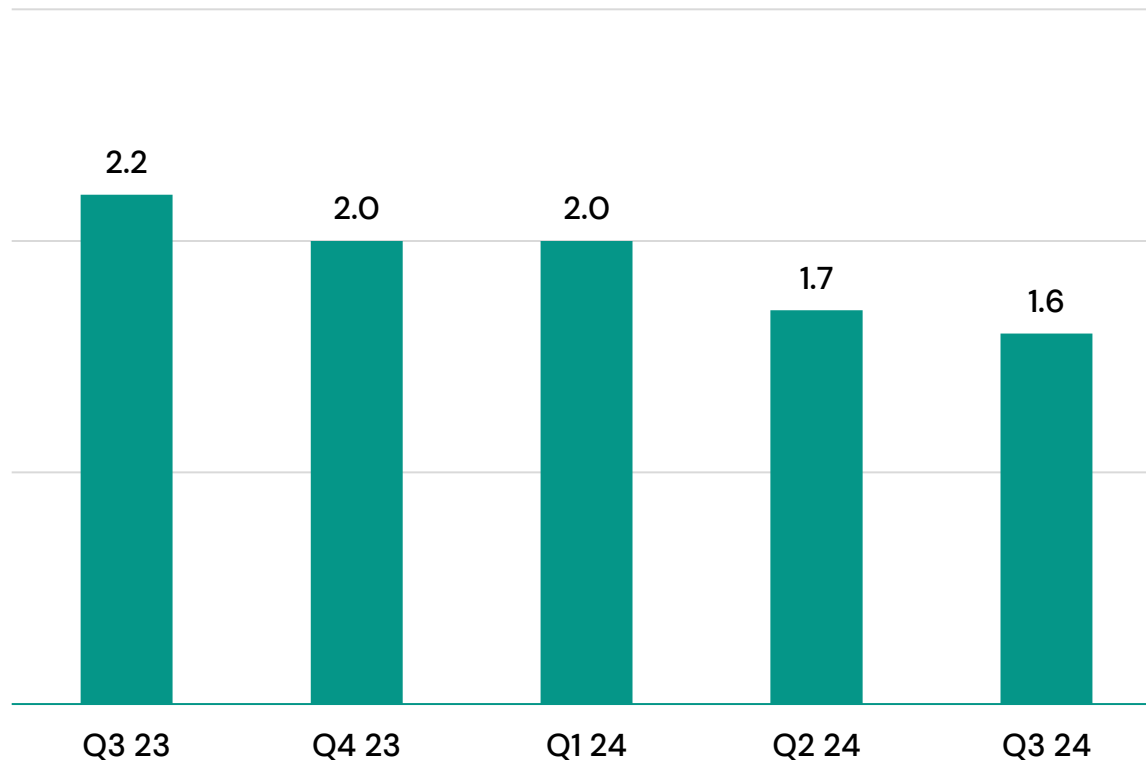
Cash conversion from Adj EBITDA, R12M



- Cash flow from operating activities after investments was SEK 2,194 million over the past 12 months.
- Targeting 40-50% cash conversion over time.

Reduced leverage

Net debt/Adjusted EBITDA R12m*

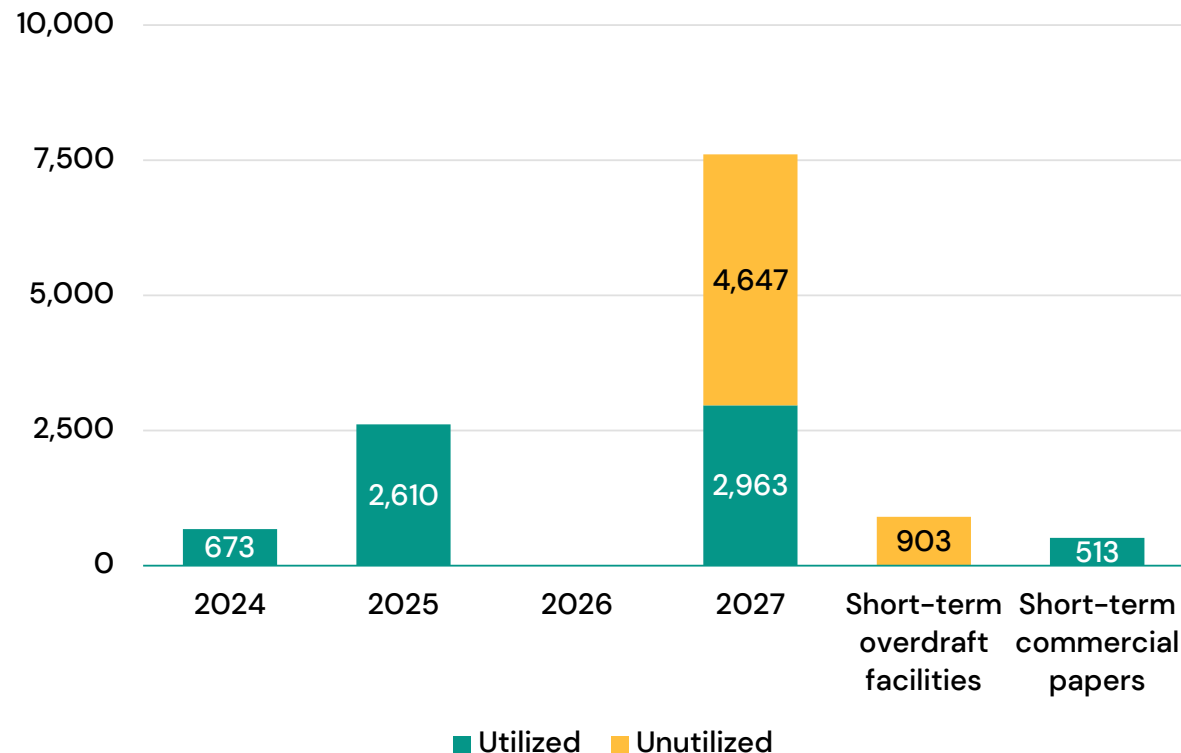


- Continued deleveraging with Net debt/EBITDA now at 1.6x
- Three components affecting Net debt/EBITDA:
 - EBITDA growth
 - Cash generation
 - Immediate currency impact on debt, but trailing impact on earnings

* Net debt/Adjusted EBITDA is measured excluding IFRS16-related leases.

Well-covered debt maturities

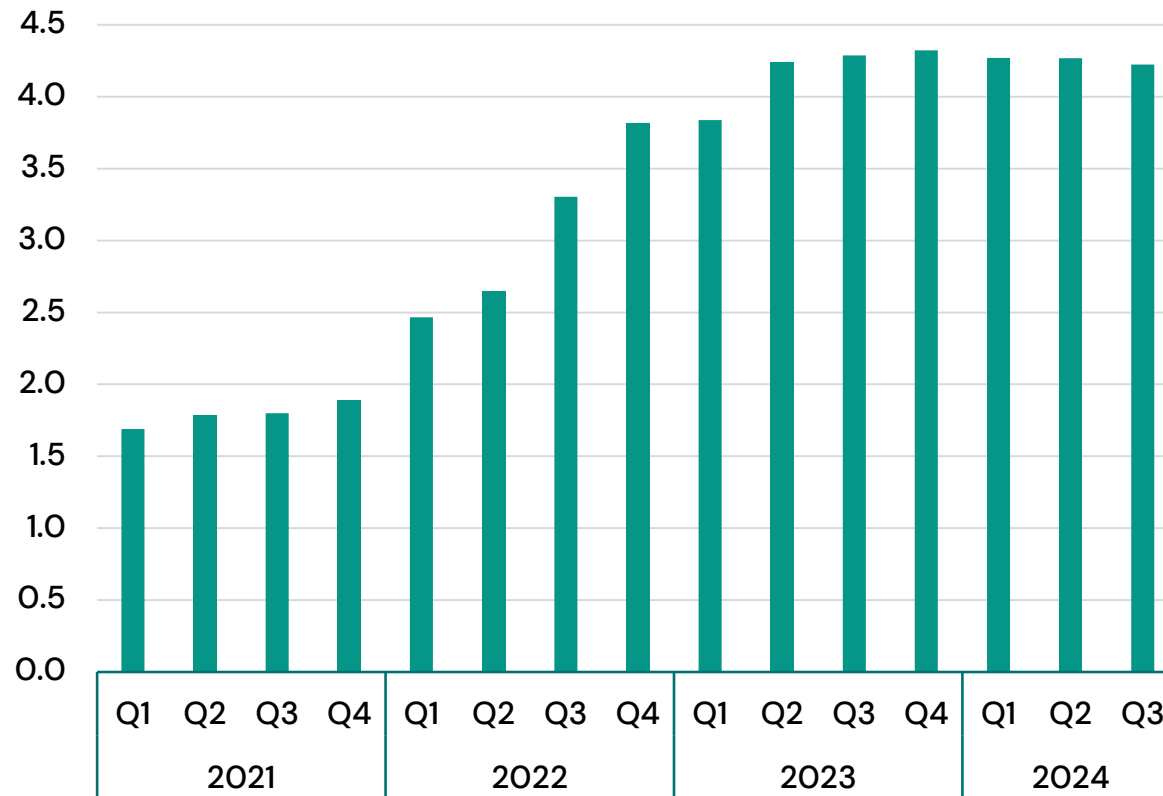
Maturity schedule as of 30 September, SEKm



- After the end of the quarter, a bond loan of SEK 673m with maturity in November 2024 was prematurely redeemed
- Available cash and committed credit facilities more than exceed loans maturing in 2025-26

Financial targets

Adjusted EBITDA per share, rolling 12 months

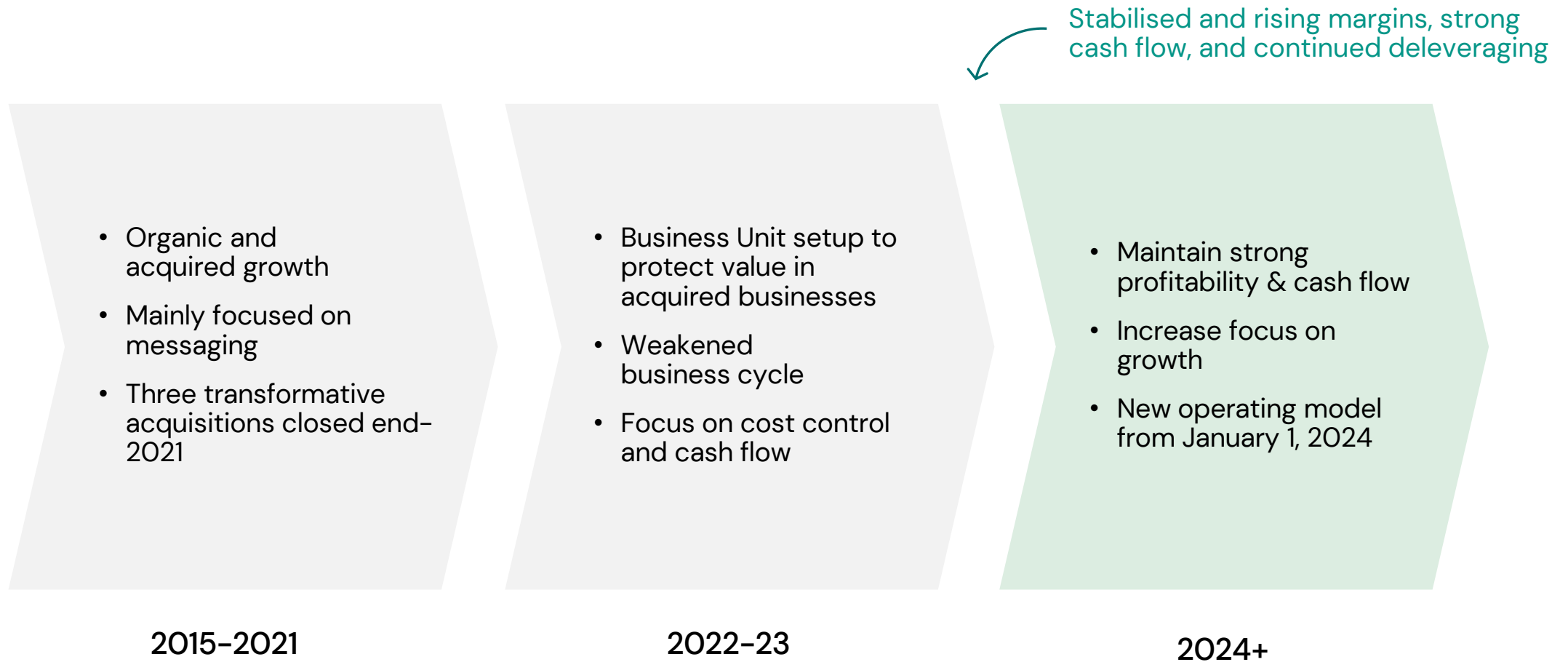


- Financial target to grow Adjusted EBITDA per share by 20% per year
- Adjusted EBITDA per share decreased by 1% in Q3 2024, measured on a rolling 12-month basis

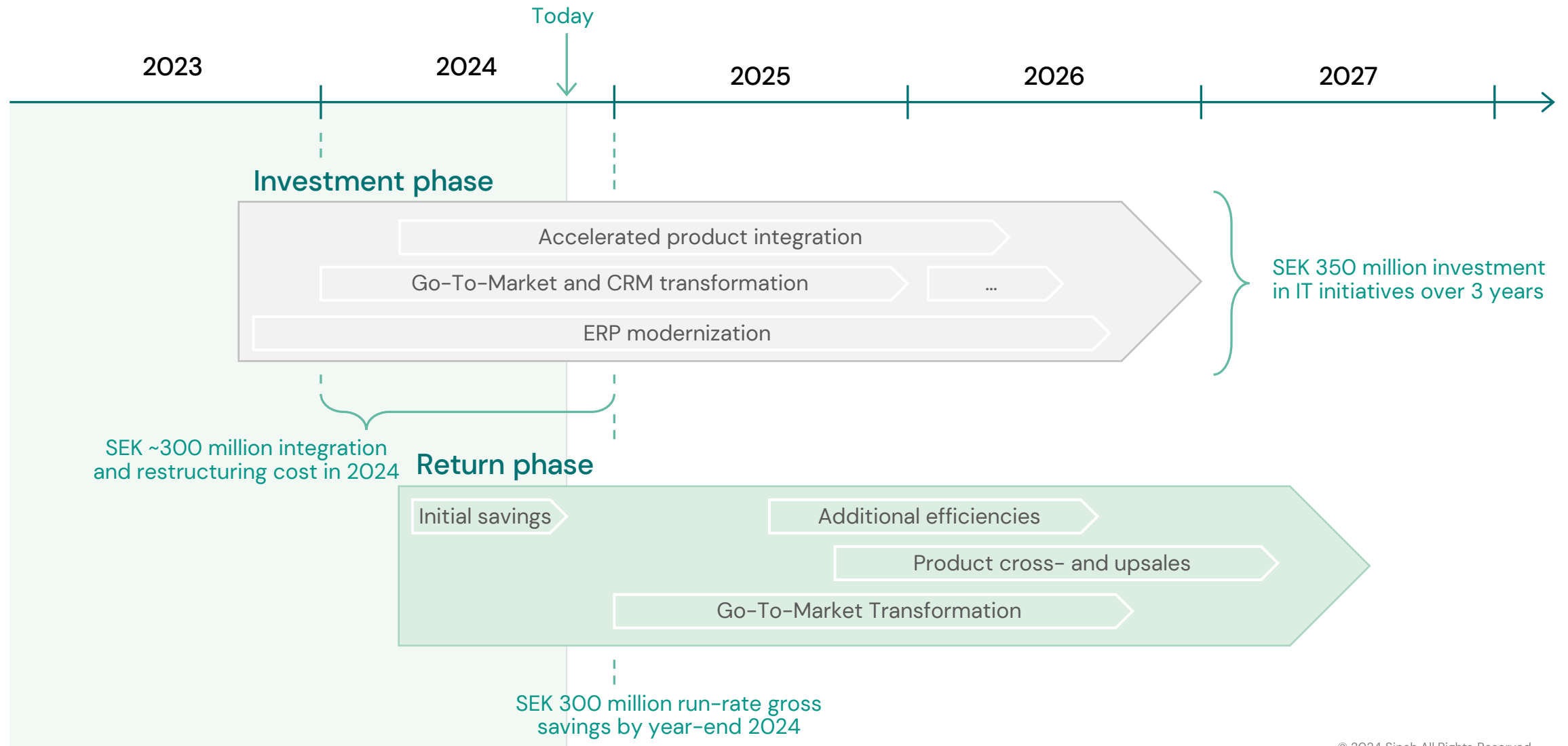
- Financial leverage policy to maintain Net debt/adjusted EBITDA below 2.5x over time
- Net debt/adjusted EBITDA was 1.6x in Q3 excluding IFRS 16-related leases

Growth acceleration plan

Our next phase



Growth acceleration plan



Tracking our progress



Go-To-Market transformation

- Americas, EMEA and APAC reported as financial segments.
- Integrated account coverage design.
- Customer visibility dashboards.
- Joint account planning framework.
- CRM target architecture definition and integration roadmap.
- Sales compensation model.



Product integration

- Unified cross-Sinch product strategy.
- Financial reporting matching new product taxonomy.
- Common design system across products.
- Single Sinch ID for API Platform products.
- MessageMedia EU deployment.
- API and Application migrations to global platform.



Operational excellence

- Target operating model for business support functions.
- Set science-based target for emission reduction.
- Roles & responsibilities alignment for global customer support
- Cost reduction from reduced duplication.
- Comprehensive cloud governance.
- Implementation planning for global HR support model.



Capital Markets Day

20 November 2024

Register to attend in person:
investors.sinch.com/cmd-live

Participate via webcast:
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For more information, visit investors.sinch.com/cmd-2004.

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Income statement

SEKm	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	2023	R12M
Net sales	7,021	7,265	7,532	6,792	7,041	7,150	28,745	28,515
Cost of services sold	-4,699	-4,832	-5,006	-4,480	-4,655	-4,744	-19,204	-18,885
Gross profit	2,322	2,433	2,526	2,312	2,386	2,406	9,542	9,630
Operating expenses	-1,606	-1,585	-1,708	-1,544	-1,594	-1,607	-6,468	-6,453
EBITDA	715	848	818	768	792	799	3,074	3,177
Depreciation and amortization	-624	-665	-687	-617	-622	-6,623	-2,580	-8,549
EBIT	92	184	131	151	170	-5,824	494	-5,373
Financial income	775	854	1,214	353	732	937	3,280	3,236
Financial expenses	-892	-1,064	-1,371	-464	-881	-1,076	-3,926	-3,791
Profit or loss before tax	-25	-26	-26	40	21	-5,963	-152	-5,928
Current tax	-201	-114	141	-136	-28	-193	-319	-217
Deferred tax	156	186	30	7	102	61	513	200
Profit or loss for the period	-70	46	145	-90	95	-6,095	42	-5,945
Adjusted EBITDA	865	943	996	794	867	923	3,637	3,579
Adjusted EBIT	747	806	844	658	738	795	3,122	3,035

Cash flow

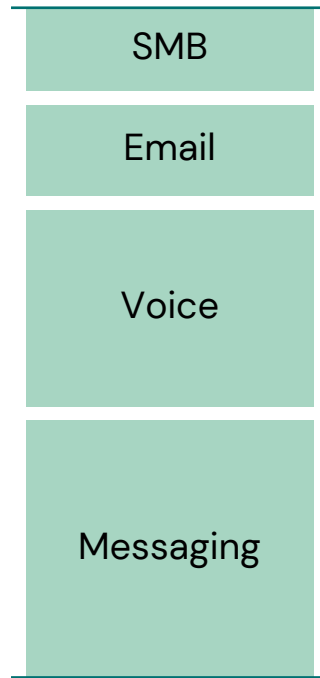
SEKm	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	2023	R12M
Profit or loss before tax	-25	-26	-26	40	21	-5,963	-152	-5,929
Adjustment for non-cash items	633	640	903	574	594	6,754	2,859	8,825
Income tax paid	-226	-127	-48	-57	-147	-99	-600	-351
Cash flow before changes in working capital	382	487	828	557	468	692	2,107	2,545
Change in working capital	-395	375	-101	-4	581	-255	-319	221
Cash flow from (-used in) operating activities	-13	862	727	553	1,049	437	1,788	2,766
Net investments in property, plant and equipment and intangible assets	-138	-184	-153	-129	-146	-143	-629	-571
Change in financial receivables	1	2	6	-2	-3	2	4	3
Acquisition of Group companies	0	0	0	0	0	0	-24	0
Cash flow from (-used in) investing activities	-137	-182	-147	-131	-149	-141	-649	-568
Change in borrowings	-300	-540	-1,106	-615	-881	108	-2,254	-2,494
Amortization lease liability	-38	-42	-32	-34	-33	-31	-136	-130
New issue/warrants	46	1	3	5	4	10	48	22
Cash flow from (-used in) financing activities	-292	-581	-1,135	-645	-909	87	-2,342	-2,602
Cash flow for the period	-442	99	-555	-223	-9	382	-1,203	-404
Opening cash and cash equivalents	1,902	1,545	1,620	1,012	756	734	2,173	1,620
Exchange rate differences	85	-24	-53	-33	-13	-9	42	-108
Closing cash and cash equivalents	1,545	1,620	1,012	756	734	1,108	1,012	1,108

Cash conversion

SEKm	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	2023	R12M
Adjusted EBITDA	865	943	996	794	867	923	3,637	3,579
Net interest paid	-145	-159	-156	-131	-130	-117	-588	-534
Paid taxes	-226	-127	-48	-57	-147	-99	-600	-351
Other items	-111	-170	36	-49	-122	-15	-342	-149
Cash flow before changes in working capital	382	487	828	557	468	692	2,107	2,545
Change in working capital	-395	375	-101	-4	581	-255	-319	221
Cash flow from operating activities	-13	862	727	553	1,049	437	1,788	2,766
Net investments in property, plant and equipment and intangible assets	-138	-184	-153	-129	-146	-143	-629	-571
Cash flow from operating activities after investments	-151	678	574	424	903	293	1,159	2,194

New reporting vs earlier disclosure

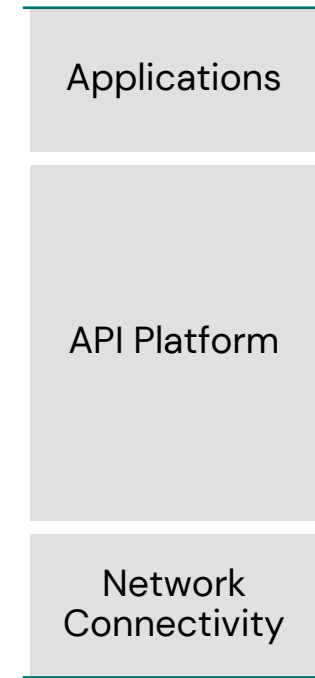
Previous operating segments



New operating segments



Complementary product view



New product categories



Customer Communications Cloud

Applications

- Software applications for customer engagement supporting use cases across marketing, operations and customer care.
- Targets business users.

API Platform

- APIs allow businesses to trigger mobile messaging, voice calling, and emails from their own internal or third-party IT systems.
- Targets developers and product managers.

Network Connectivity

- Primarily voice and messaging interconnect services, operator software and services.
- Target telecom operators and wholesale voice buyers.