



Q2 2024

Laurinda Pang, CEO
Roshan Saldanha, CFO
Thomas Heath, Chief Strategy Officer

INVESTOR PRESENTATION
JULY 19, 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 28.6bn

net sales in the
past 12 months

SEK 9.7bn

gross profit in the
past 12 months

SEK 3.6bn

Adj. EBITDA in the
past 12 months

Second quarter highlights

01

Record cash flow

- Operating cash flow of SEK 1,049 million in Q2 and SEK 3.2 billion over the last 12 months.
- Cash conversion above 40–50% target range with L12M cash conversion* at 72%.
- Paid down financial debt by SEK 881 million in Q2 and 3.1 billion over the last 12 months.
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 1.7x, down from 2.4x in Q2 2023.

02

Improved margins

- Organic gross profit growth at 2%.
- Gross margin at 34%, up 0.8pp from Q2 2023.
- Adjusted EBITDA margin of 12% and EBITDA margin of 11%.

03

Growth acceleration plan

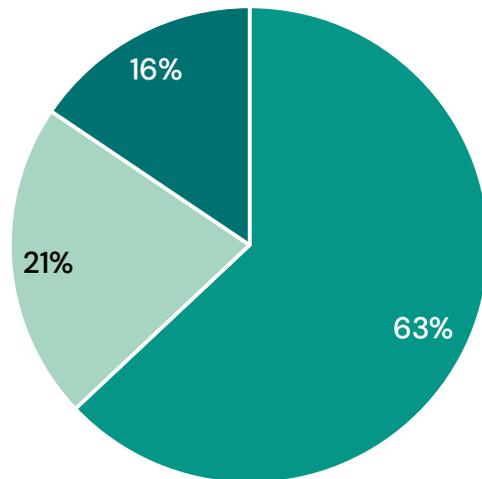
- Targeting SEK 300 million gross opex savings run-rate by year-end 2024.
- Realized gross savings of SEK 58 million in Q2, corresponding to SEK 232 million on a full-year basis.
- Savings are reinvested into growth initiatives.
- Total integration and restructuring cost are estimated at SEK 300 million in 2024. SEK 161 million was incurred in H1, out of which SEK 73 million was restructuring.

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

Overview

Operating segments

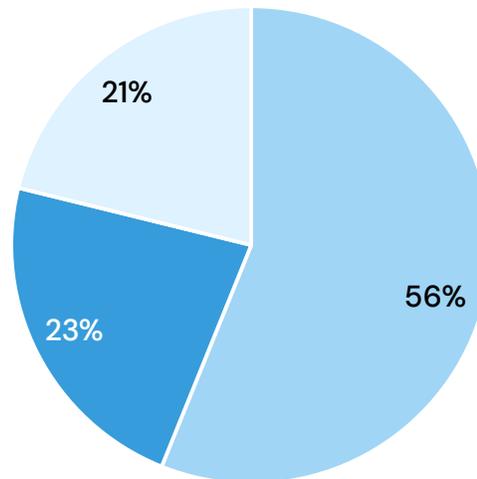
Gross profit by region, R12M



- Americas
- EMEA
- APAC

Product categories

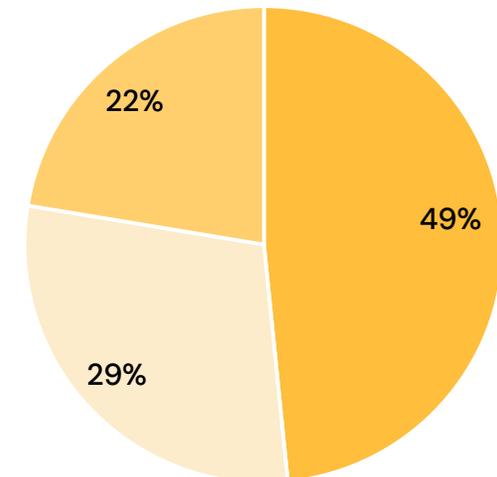
Gross profit by product, R12M



- API Platform
- Applications
- Network Connectivity

Expenditures

Adjusted opex by function, R12M



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

Performance by segment

Americas



- Stable gross profit year-on-year in constant currencies.
- Recognized as a 2024 Gartner Magic Quadrant Leader for CPaaS.
- Applications growth slow due to lower campaign activities, API Platform in line with Q1.
- Commercial negotiations with North American carriers reduces cost pressures on Network Connectivity.

EMEA



- Gross profit down 4% year-on-year in constant currencies.
- Commercial focus on RCS and cross sales of messaging and email.
- Absolute gross profit in Q2 at similar level to Q1.
- Strong performance in Network Connectivity with double-digit year-on-year growth.

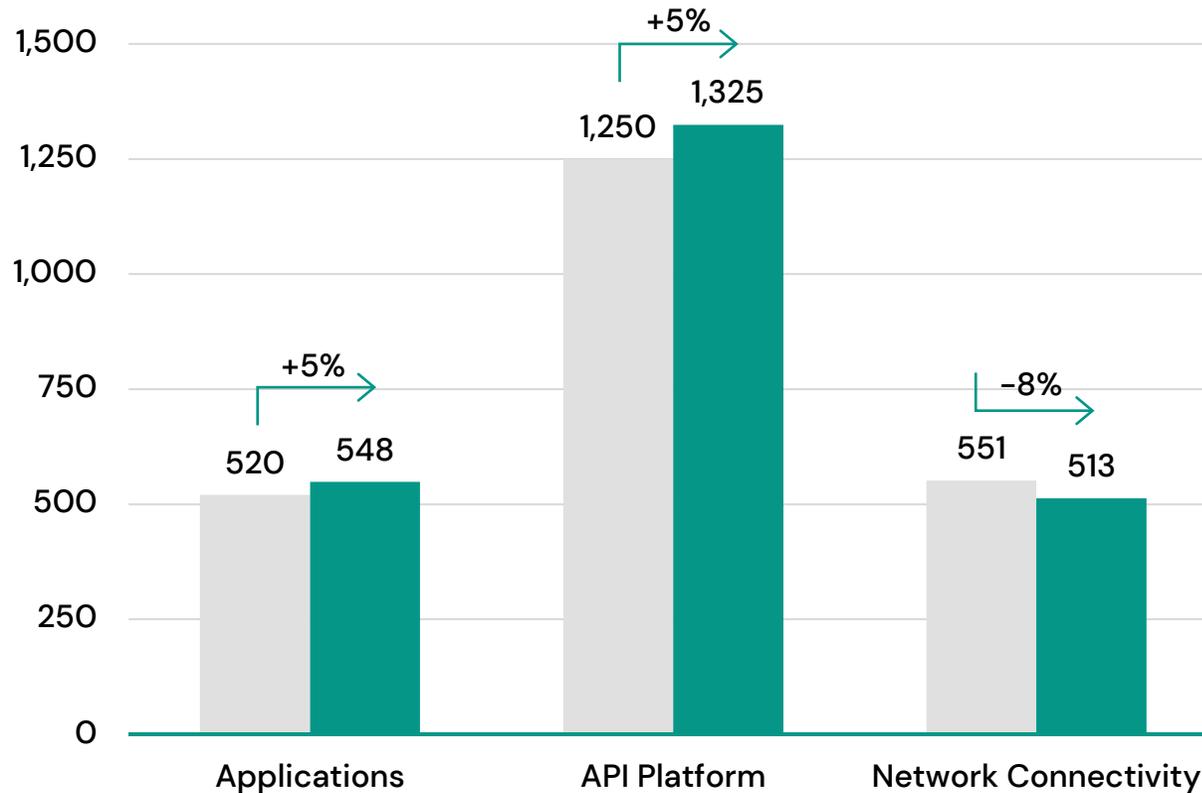
APAC



- 7% organic growth in Net sales and 19% organic growth in gross profit.
- Higher gross profit growth is attributable to a favourable product and customer mix in the current and comparison quarter.
- Successful partnerships with TPG and Adobe leading to new customer wins.

Gross profit by product

Gross profit, Q2 24 vs Q2 23, SEKm



- Targeting continued profitable growth in API Platform and Applications
- Focusing on cash generation in Network Connectivity
- API Platform and Applications contribute 79% of gross profit

Customer Connections report

- More than 3 in 4 consumers say one bad experience (just one!) can end their relationship with a brand.
- Effective communication is a key component of a positive customer experience.

- For more than 54% of the consumers we surveyed, convenience is what makes the biggest impact.
- The preferred communications channels vary by use case.

- 58% of businesses integrate messaging channels in CRM systems and 57% directly within their website or app.
- Nearly 63% of surveyed businesses are evaluating Conversational AI to engage with their customers.

→ Interactive report at connections.sinch.com.



5 ways to build stronger customer connections



Swipe →

1/5



Make a strong first impression

Over 54% of consumers say convenience is what makes the biggest impact to their first impression of a company.

sinch.com

2/5



Build smart cross-channel journeys

Understand the unique strengths of the channels your customers use to enhance every step of their journey.

sinch.com

3/5



Get timing right

Stay on top of deliverability and speed, and get communication frequency right — or risk losing 35% of your customers.

sinch.com

4/5



Embrace AI responsibly

Trust is a crucial aspect of a positive AI-powered experience. Use solutions built with security and transparency in mind, with robust guardrails in place.

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5/5



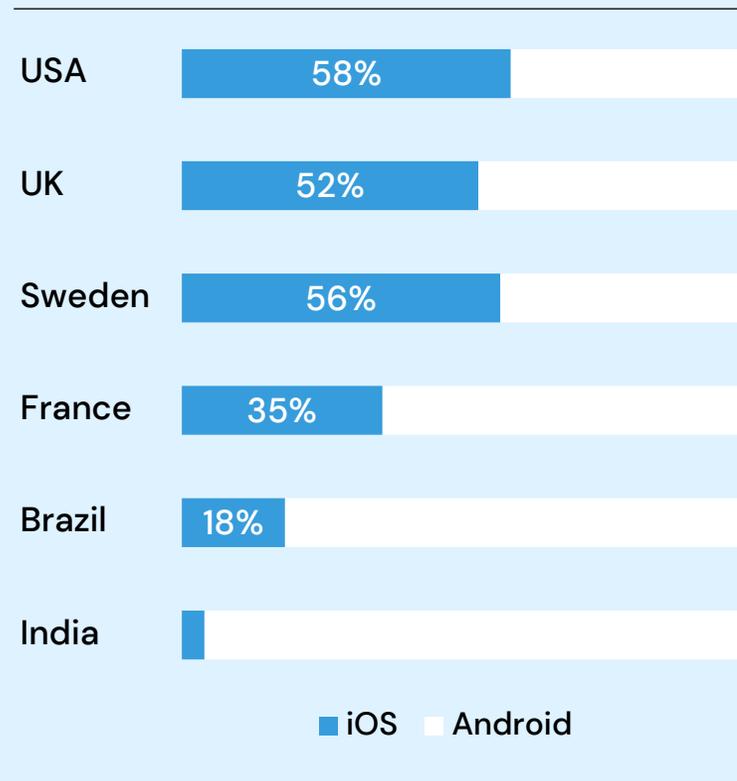
Choose the right communications partner

The right partner will help you build a solid, flexible foundation for meaningful communication and take care of the complexities for you.

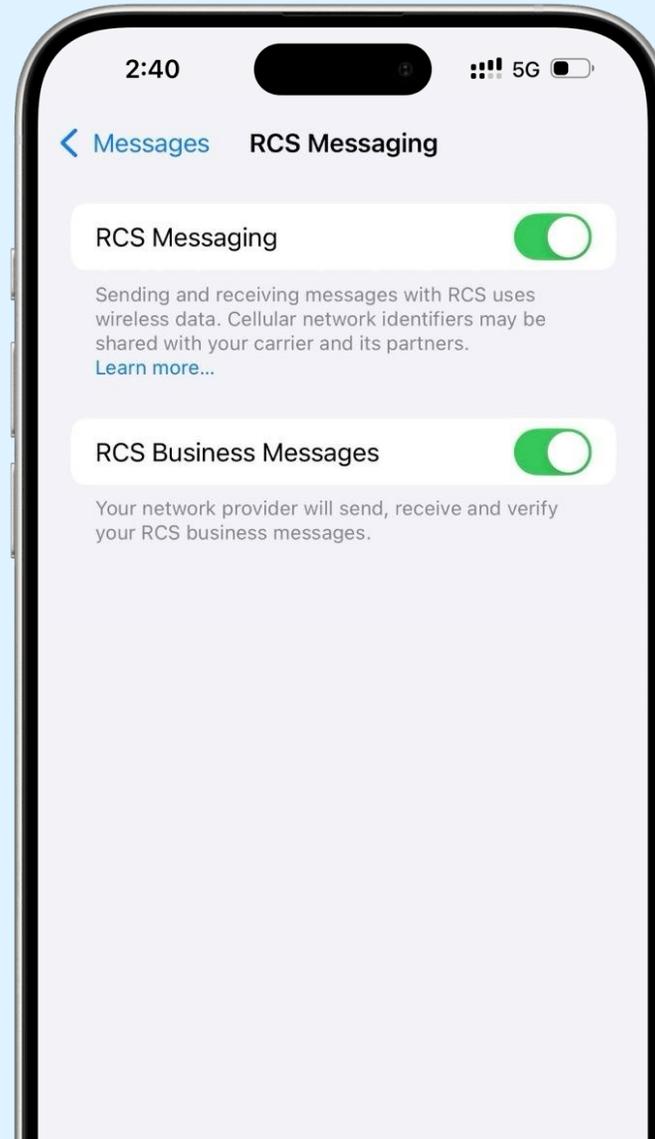


RCS support on the iPhone

Smartphone OS market shares by country



Source: World Population Review



- Rich Communications Services (RCS) is feature-rich messaging protocol designed to succeed SMS
- Users receive RCS messages in the same app where they read SMS today

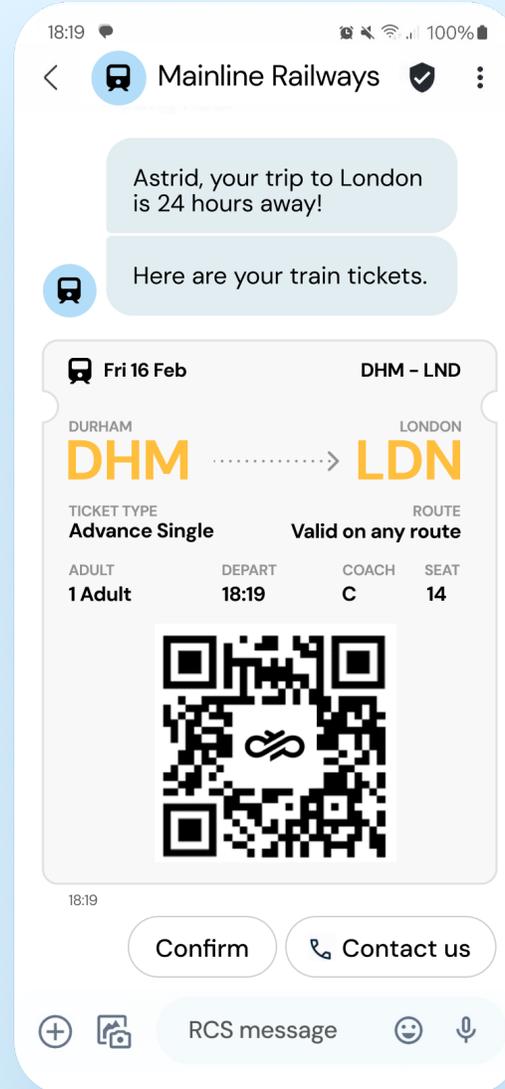
- A global GSMA standard
- Enabled by default on new Android phones since August 2023
- Apple will release iOS 18 in autumn 2024. Now-released beta version adds RCS support

RCS adds valuable new features

Branding
Name, logo, color

Rich media
Images, video, animated GIFs and custom colors

Suggested replies
Pre-defined options



← **Verified sender**
Significantly reduces the risk for fraud

← **Better analytics**
Improved delivery receipts and read receipts for brands

← **QR codes**
For tickets, tracking and redemptions

← **Suggested actions**
URL, Map, Contact, Calendar or Dialer

RCS for EasyPark

One communications partner for all markets

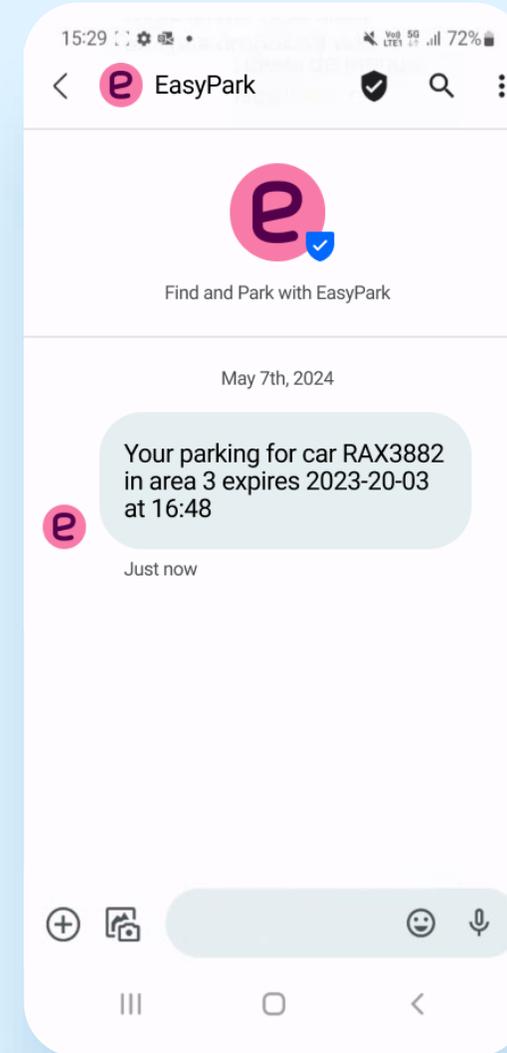
EasyPark Group needed a reliable partner to send messages across more than 20 countries.

Creating a secure driver experience with RCS

By switching to Sinch, EasyPark only has one partner for all markets, which simplified their messaging infrastructure without sacrificing a high-quality driver experience.

Delivery rates exceeding 97%

Since EasyPark launched RCS, 40% of messages have been sent via RCS in Germany, and the delivery rates jumped up to 97.4%. Future use-cases could add interactivity and allow customers to extend their parking time without opening the EasyPark app.



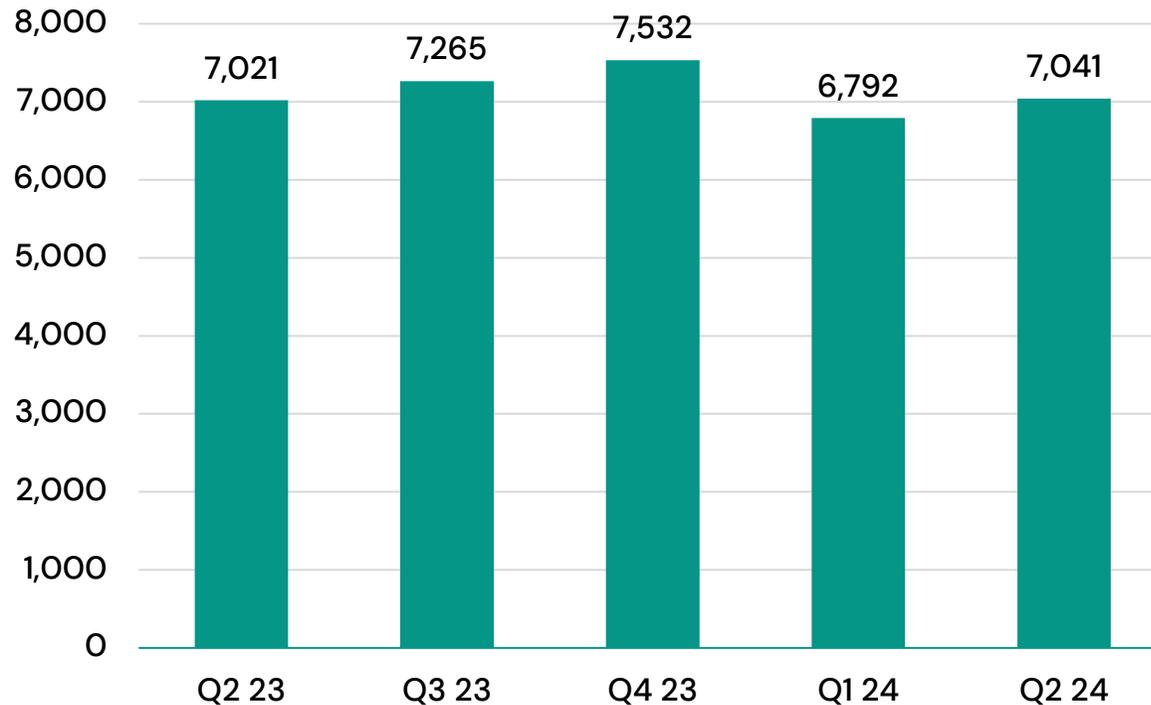
easypark

Full customer story
at sinch.com.

Financials

Net sales

Net sales, SEKm

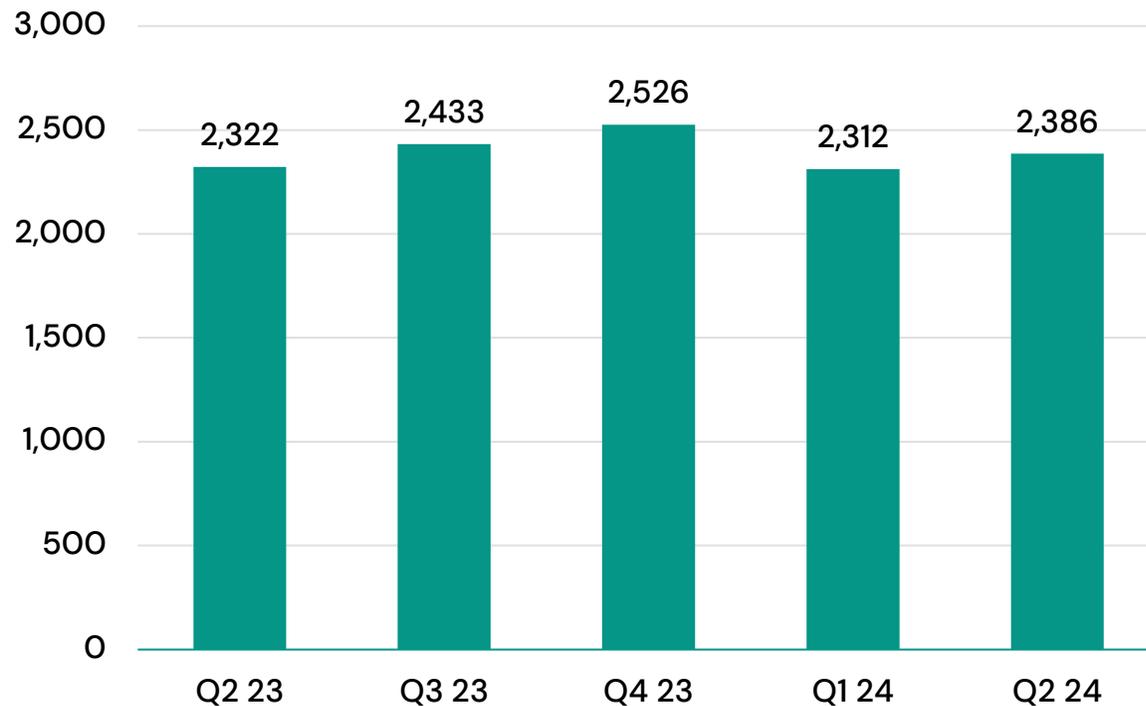


- Net sales unchanged year-on-year
- Organic growth in constant currencies decreased by 1%

- Americas up 1% year-on-year in constant currencies
- EMEA down 8%, APAC growing 7%

Gross profit

Gross profit, SEKm

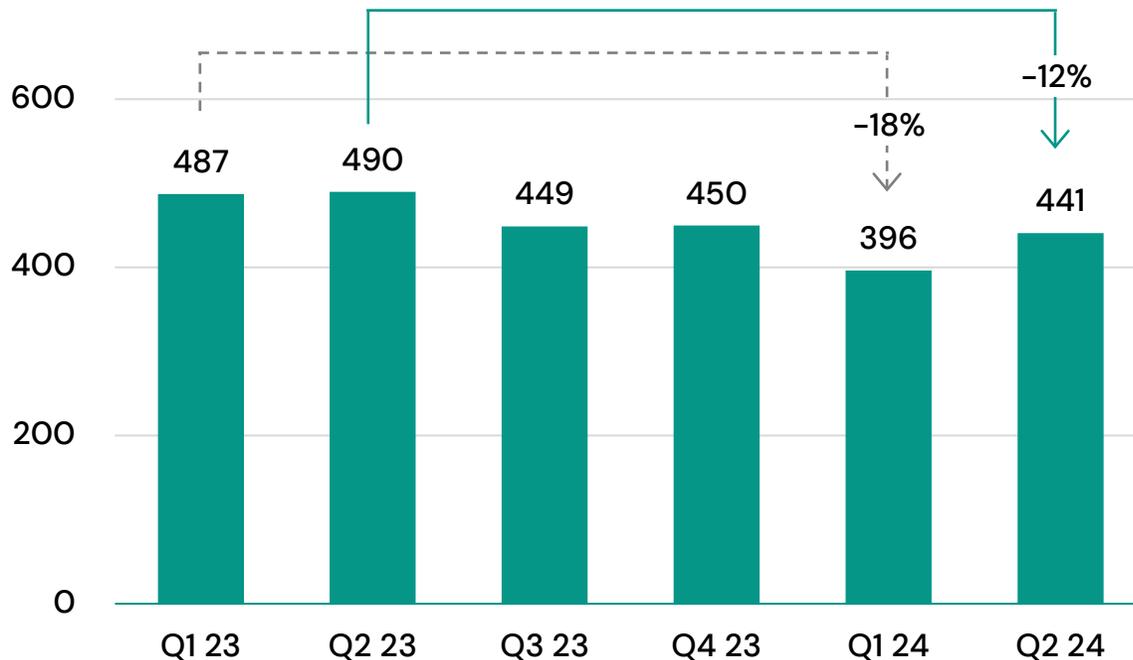


- Gross profit up 3% year-on-year, with a positive currency effect of 1%
- Organic growth in constant currencies at 2%

- Americas unchanged, EMEA down 4%, and APAC up 19% in constant currencies
- 5% organic growth in Applications and API Platform, and 8% decline in Network Connectivity

Network Connectivity

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

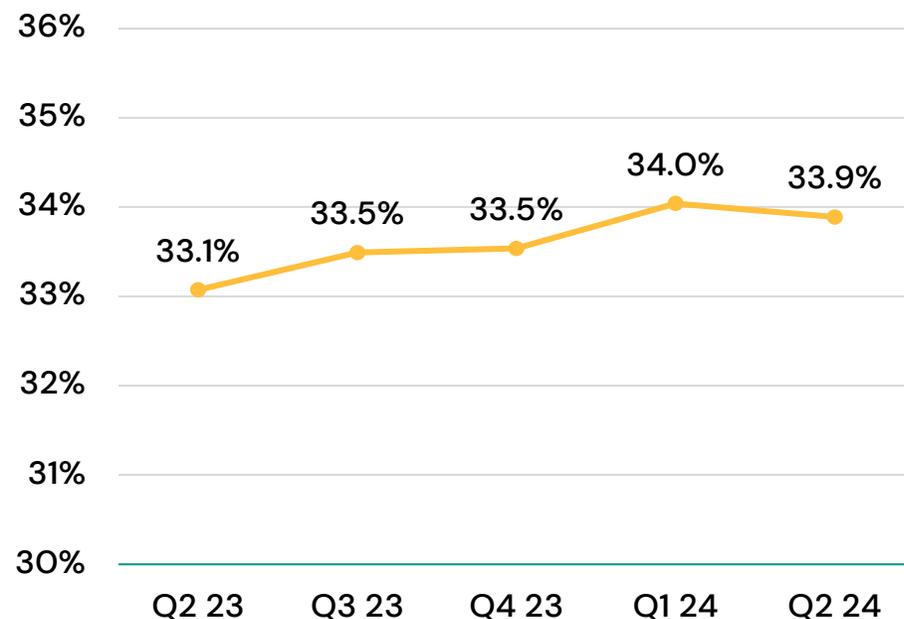


- Price increases for legacy voice network connections impacted gross profit in Q1 24.
- Commercial negotiations with North American carriers reduces the risk for future price increases.
- Reducing reliance on legacy connectivity through service virtualization.

- Expecting similar absolute gross profit in H2 as in H1.
- From August 2024, the 8YY reform will no longer impact year-on year growth.

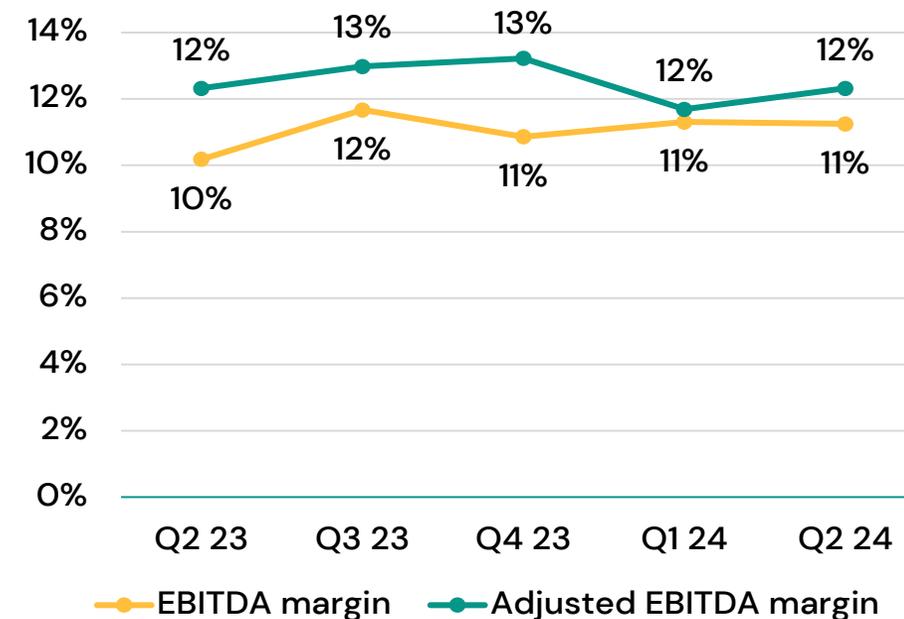
Rising gross margins

Gross margin, %



- Favourable mix shift between product categories and within the API Platform.
- Applications products at 68% gross margin.

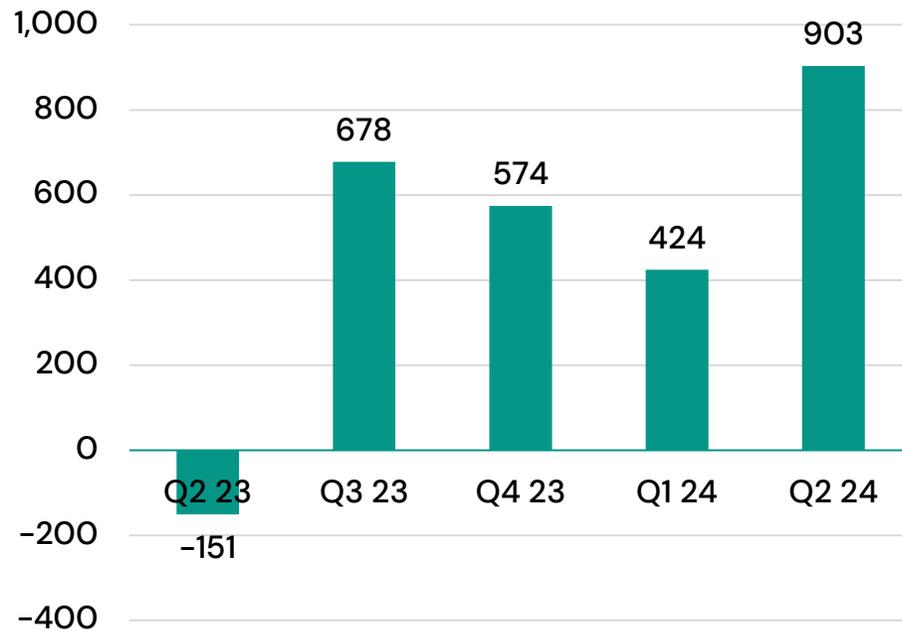
EBITDA margin, %



- Low total EBITDA adjustments due to currency gains and share-based incentive programs.
- Internal time previously classified as integration work is no longer reported as integration.

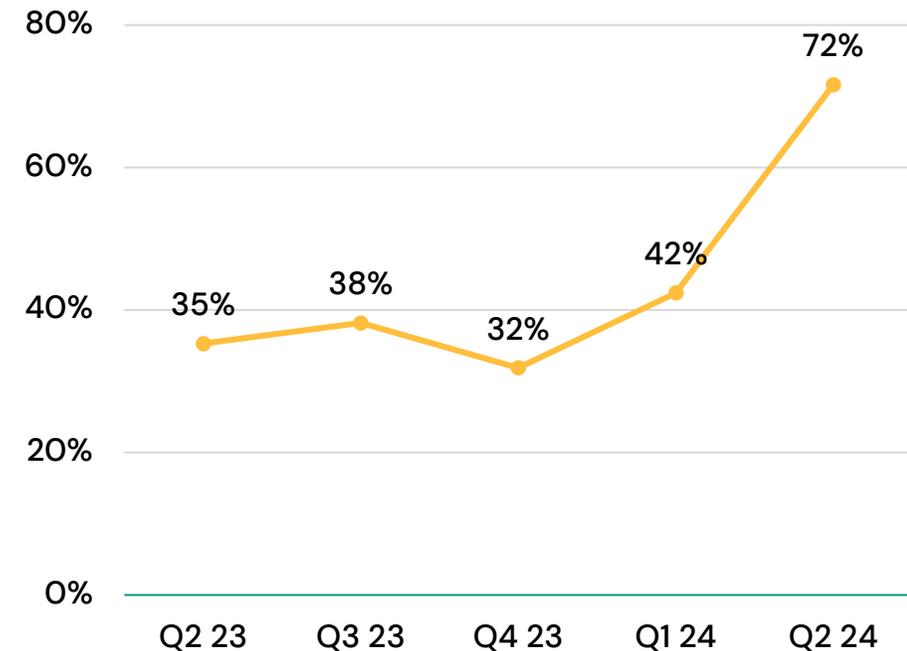
Strong cash conversion

Cash flow after investments, SEKm



- Net working capital causes variation between individual quarters.
- SEK 240 million of early payments from a few larger customer benefits working capital in Q2.

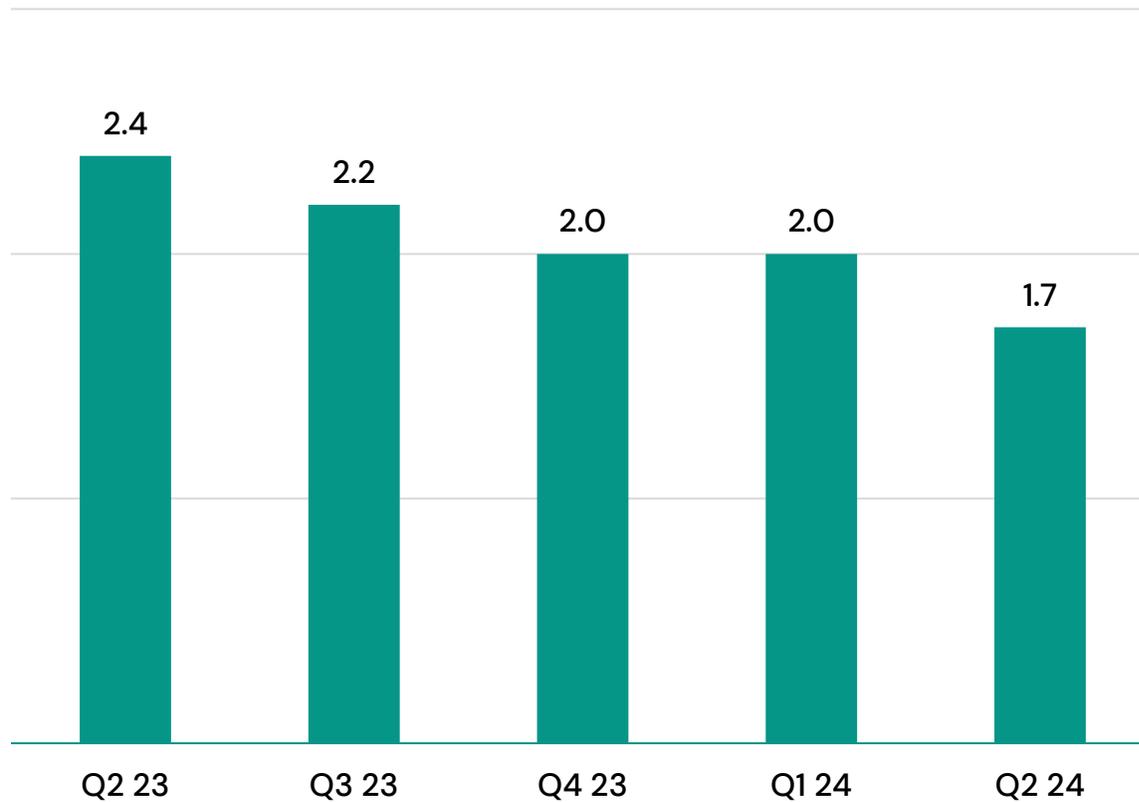
Cash conversion from Adj EBITDA, R12M



- Cash flow from operating activities after investments was SEK 2,579 million over the past 12 months.
- Targeting 40-50% cash conversion over time.

Reduced leverage

Net debt/Adjusted EBITDA R12m*

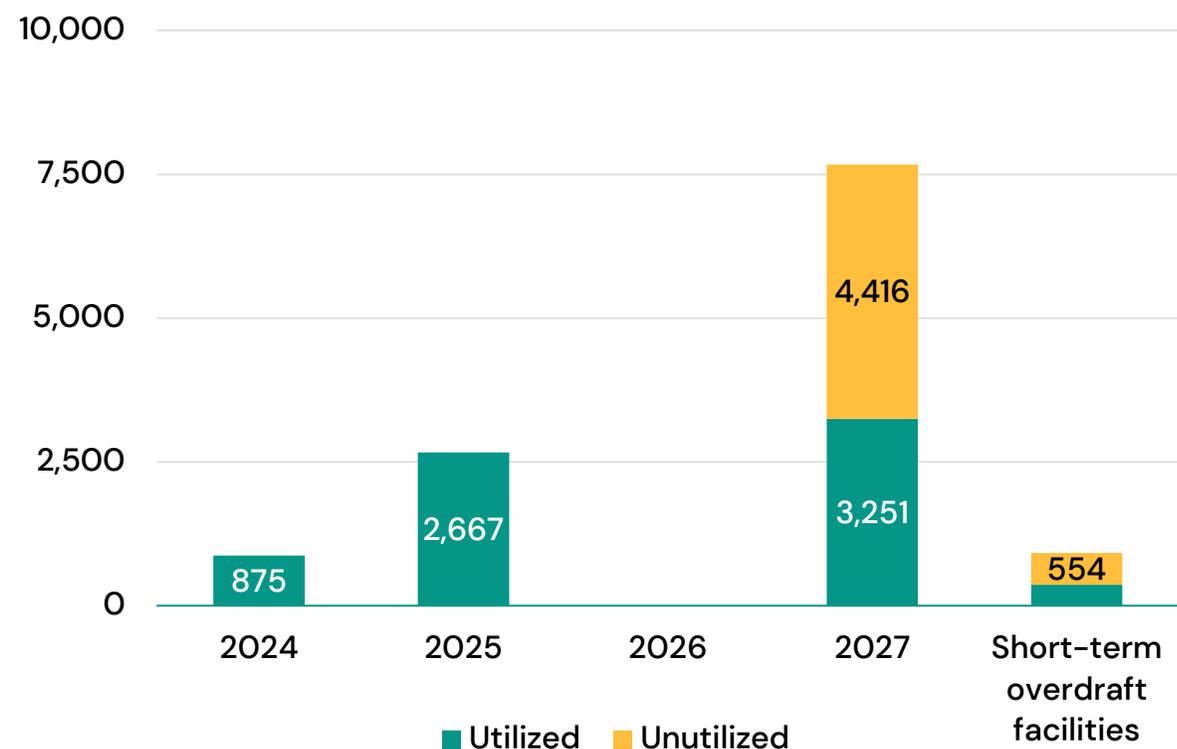


- Continued deleveraging with Net debt/EBITDA now at 1.7x
- Three components affecting Net debt/EBITDA:
 - EBITDA growth
 - Cash generation
 - Immediate currency impact on debt, but trailing impact on earnings

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

Well-covered debt maturities

Maturity schedule, SEKm

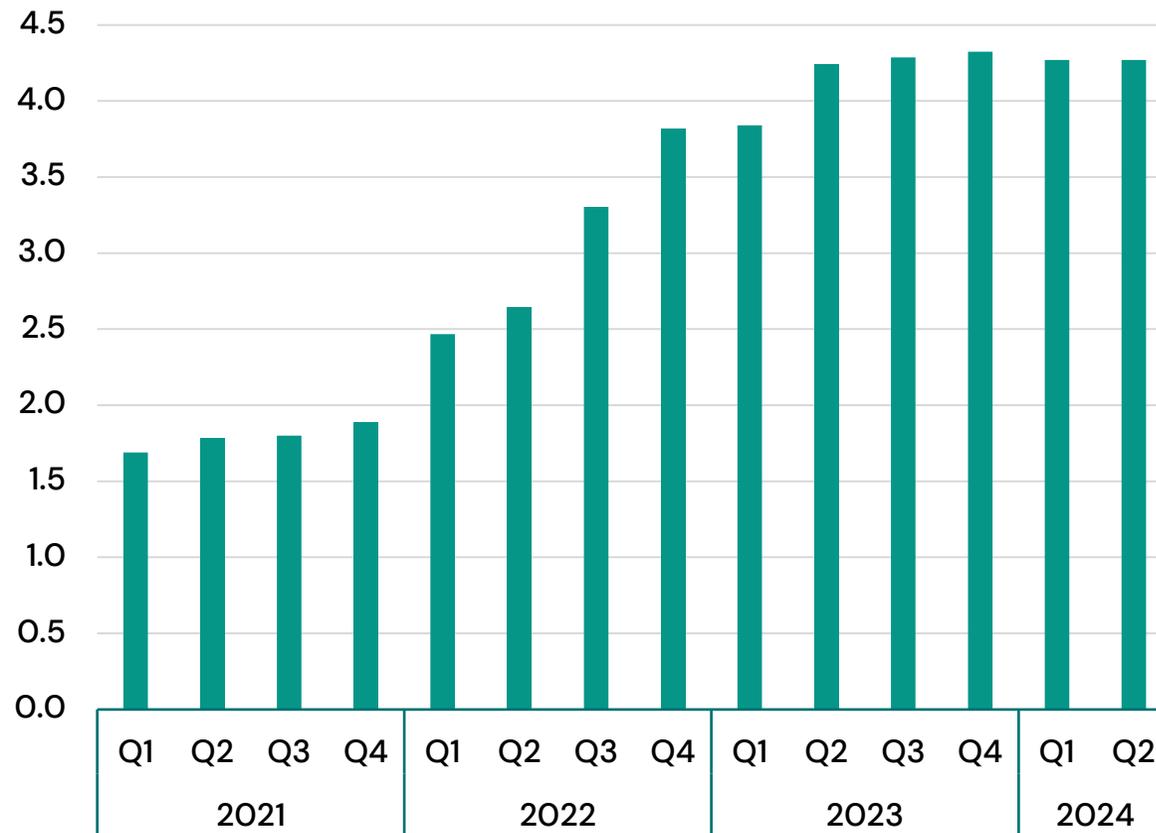


- Available cash and committed credit facilities more than exceed loans maturing in 2024 and 2025

- Last 12 months:
 - Generated SEK 2.6 billion in Cash flow from operating activities after investments
 - Repaid SEK 3.1 billion of debt

Financial targets

Adjusted EBITDA per share, rolling 12 months



Targets:

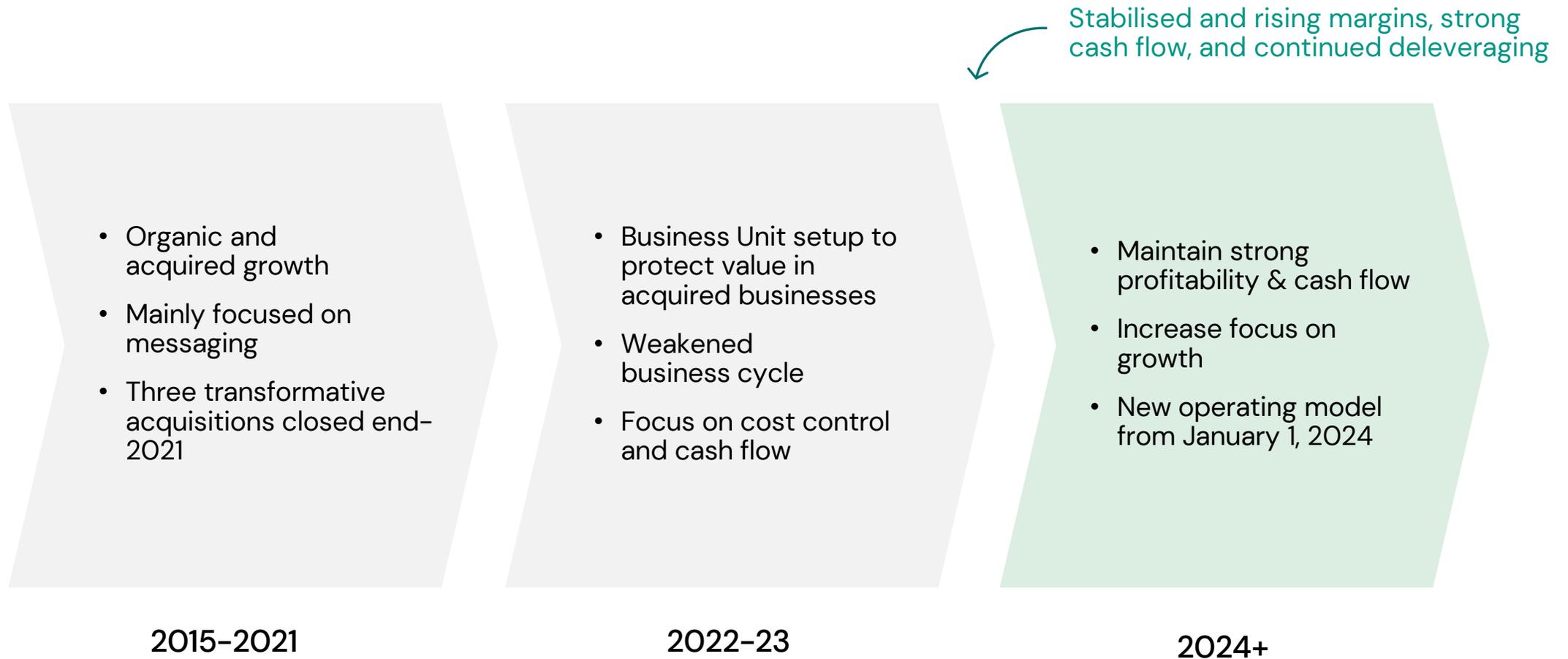
- Adjusted EBITDA per share to grow 20% per year
- Net debt < 3.5x adjusted EBITDA over time

Performance:

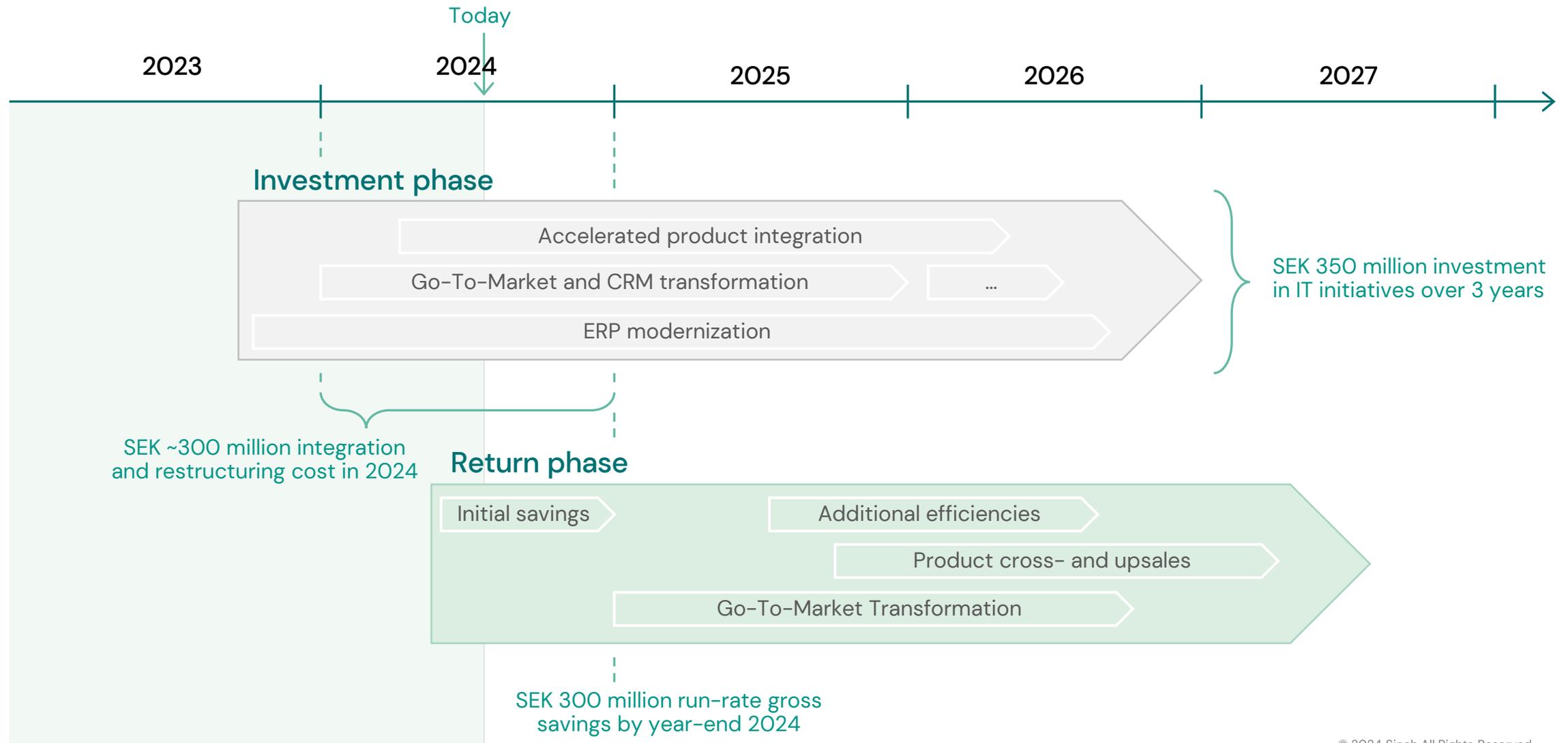
- Adjusted EBITDA per share grew 1% in Q2 2024, measured on a rolling 12-month basis
- Net debt/adjusted EBITDA of 1.7x excl. IFRS 16-related leases

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.



Save the date!

Capital Markets Day

20 November 2024

For more information, contact:

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Income statement

SEKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	2023	R12M
Net sales	6,927	7,021	7,265	7,532	6,792	7,041	28,745	28,630
Cost of services sold	-4,667	-4,699	-4,832	-5,006	-4,480	-4,655	-19,204	-18,973
Gross profit	2,260	2,322	2,433	2,526	2,312	2,386	9,542	9,657
Operating expenses	-1,568	-1,606	-1,585	-1,708	-1,544	-1,594	-6,468	-6,431
EBITDA	692	715	848	818	768	792	3,074	3,226
Depreciation and amortization	-605	-624	-665	-687	-617	-622	-2,580	-2,591
EBIT	88	92	184	131	151	170	494	635
Financial income	437	775	854	1,214	353	732	3,280	3,153
Financial expenses	-599	-892	-1,064	-1,371	-464	-881	-3,926	-3,780
Profit or loss before tax	-75	-25	-26	-26	40	21	-152	9
Current tax	-145	-201	-114	141	-136	-28	-319	-138
Deferred tax	141	156	186	30	7	102	513	325
Profit or loss for the period	-78	-70	46	145	-90	95	42	196
Adjusted EBITDA	834	865	943	996	794	867	3,637	3,600
Adjusted EBIT	725	747	806	844	658	738	3,122	3,046

Cash flow

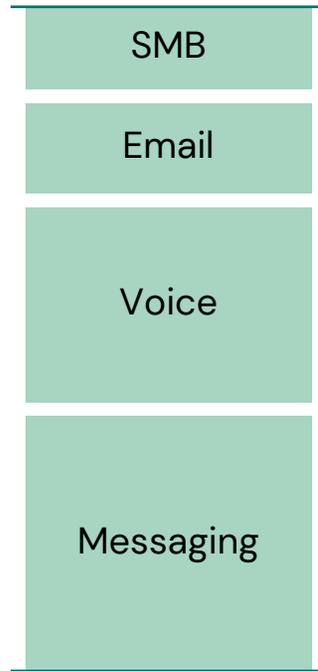
SEKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	2023	R12M
Profit or loss before tax	-75	-25	-26	-26	40	21	-152	8
Adjustment for non-cash items	684	633	640	903	574	594	2,859	2,711
Income tax paid	-199	-226	-127	-48	-57	-147	-600	-379
Cash flow before changes in working capital	410	382	487	828	557	468	2,107	2,340
Change in working capital	-198	-395	375	-101	-4	581	-319	851
Cash flow from (-used in) operating activities	212	-13	862	727	553	1,049	1,788	3,191
Net investments in property, plant and equipment and intangible assets	-154	-138	-184	-153	-129	-146	-629	-612
Change in financial receivables	-5	1	2	6	-2	-3	4	3
Acquisition of Group companies	-24	0	0	0	0	0	-24	0
Cash flow from (-used in) investing activities	-184	-137	-182	-147	-131	-149	-649	-609
Change in borrowings	-307	-300	-540	-1,106	-615	-881	-2,254	-3,143
Amortization lease liability	-25	-38	-42	-32	-34	-33	-136	-141
New issue/warrants	-2	46	1	3	5	4	48	13
Cash flow from (-used in) financing activities	-333	-292	-581	-1,135	-645	-909	-2,342	-3,270
Cash flow for the period	-305	-442	99	-555	-223	-9	-1,203	-687
Opening cash and cash equivalents	2,173	1,902	1,545	1,620	1,012	756	2,173	1,012
Exchange rate differences	34	85	-24	-53	-33	-13	42	-123
Closing cash and cash equivalents	1,902	1,545	1,620	1,012	756	734	1,012	201

Cash conversion

SEKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	2023	R12M
Adjusted EBITDA	834	865	943	996	794	867	3 637	3 600
Net interest paid	-127	-145	-159	-156	-131	-130	-588	-587
Paid taxes	-199	-226	-127	-48	-57	-147	-600	-379
Other items	-97	-111	-170	36	-49	-122	-342	-294
Cash flow before changes in working capital	410	382	487	828	557	468	2 107	2 340
Change in working capital	-198	-395	375	-101	-4	581	-319	851
Cash flow from operating activities	212	-13	862	727	553	1 049	1 788	3 191
Net investments in property, plant and equipment and intangible assets	-154	-138	-184	-153	-129	-146	-629	-612
Cash flow from operating activities after investments	58	-151	678	574	424	903	1 159	2 579

New reporting vs earlier disclosure

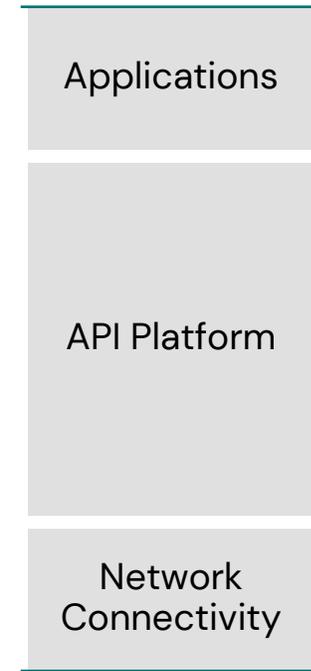
Previous operating segments



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.