



Q1 2025

Laurinda Pang, CEO
Jonas Dahlberg, CFO
Ola Elmeland, Investor Relations

INVESTOR PRESENTATION
MAY 8, 2025



First quarter highlights

01

Increased growth

- Net sales grew 4% year-on-year, 3% organic
- Gross profit grew 4% year-on-year, 2% organic
- Third consecutive quarter with organic net sales growth
- Organic gross profit growth in all regions and product categories

02

Resilient financial performance

- Gross margin 34% (34)
- Adjusted EBITDA margin of 13% (12%), an 8% organic increase vs. Q1 2024
- L12M cash conversion* at 50%, in the upper part of the 40-50% target range
- Cash flow from operations after investments was SEK -104m (424), negatively affected by temporary working capital increase
- Net debt/Adj EBITDA** at 1.4x vs. 2.0x in Q1 2024

03

Product and innovation spotlight

- Additional AI-driven capabilities in Mailjet and Mailgun
- RCS in Conversation API generally available
- 65% deflection rate for e-mail and messaging customers using Sinch AI chatbot technology
- 20% improvement in live chat resolution time for Engage customers when agents are using AI Agent assist technology

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

** Excluding IFRS16 leases

Performance by segment

Americas



- 4% year-on-year organic growth in net sales and 1% organic growth in gross profit
- Stable gross margin at 34%
- Gross profit increased in all product categories year-on-year
- Improvements in Network Connectivity is a result of new commercial agreements with customers and suppliers



EMEA



- 7% year-on-year organic growth in net sales and 3% organic growth in gross profit
- Gross margin declined 2 pp to 31%
- Gross profit increased in API-platform and Applications while it decreased in Network Connectivity
- Strong activity around RCS and partners in the quarter



APAC



- 4% year-on-year organic decline in net sales while organic gross profit grew 5%
- Gross margin increased 3 pp to 40%
- Gross profit growth due to improved mix and higher gross margin
- Declining SMS revenue in India partially offset by enterprise growth in other parts of Asia



Sinch strategy for value creation

Growth reacceleration

We are focused on profitable and sustainable growth

- Enterprise expansion
- Self-service capabilities
- RCS and email
- Partners and ecosystems

EBITDA margin expansion

We are reshaping our business to expand margins over time

- Product mix shift at high margin
- Commercial discipline
- Operational efficiency

Active capital allocation

We are driving continued strong cash generation

- Reduce debt
- Finance acquisitions
- Return cash to shareholders

Mid-term financial targets

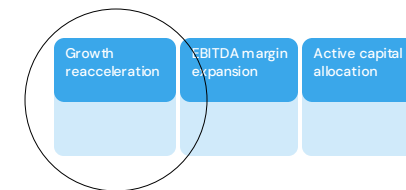
By the end of 2027, Sinch targets to reach:

- Organic growth in net sales and gross profit of 7-9% year-on-year
- Adjusted EBITDA margin of 12-14%

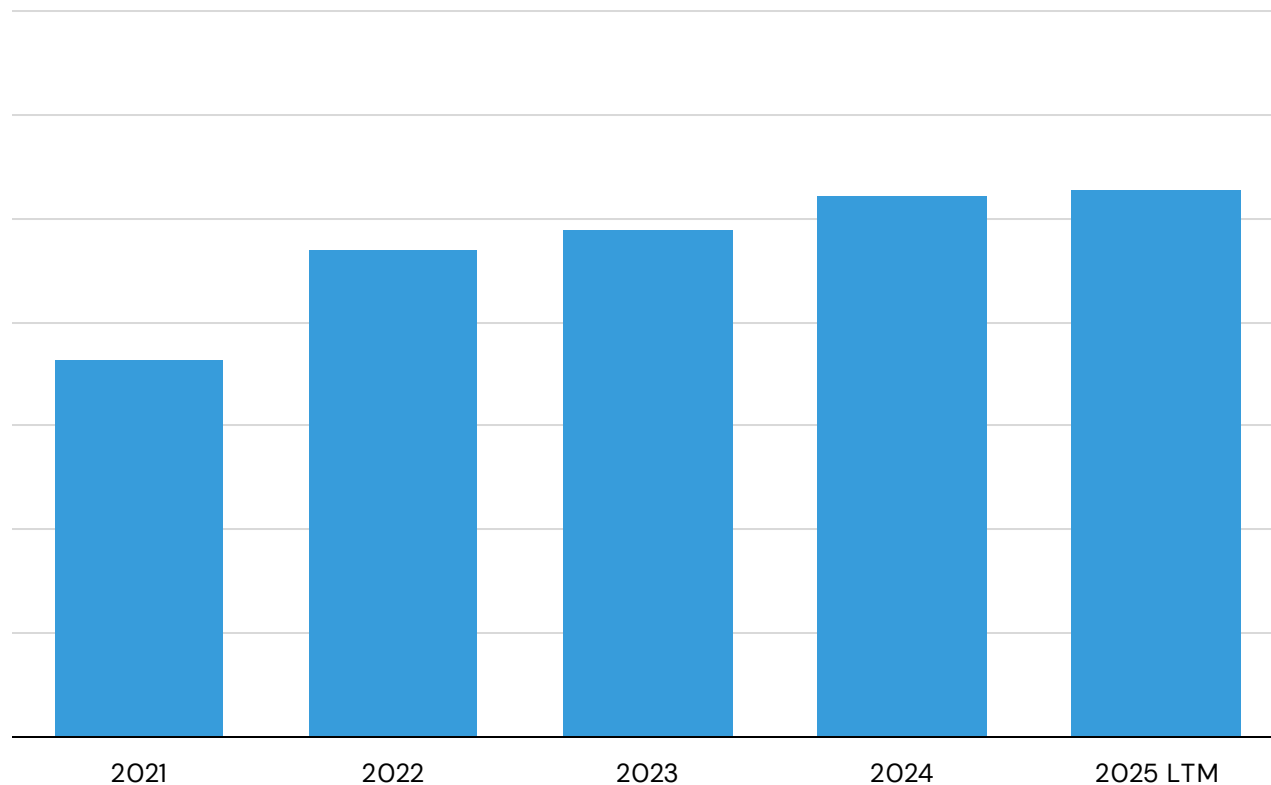
Financial leverage policy

Net debt over time shall be below 2.5 times Adjusted EBITDA (measured LTM)

Steady increase of new large enterprise customers



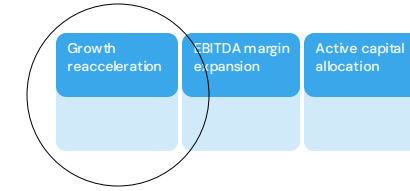
Number of customers generating more than 2 MSEK annualized GP



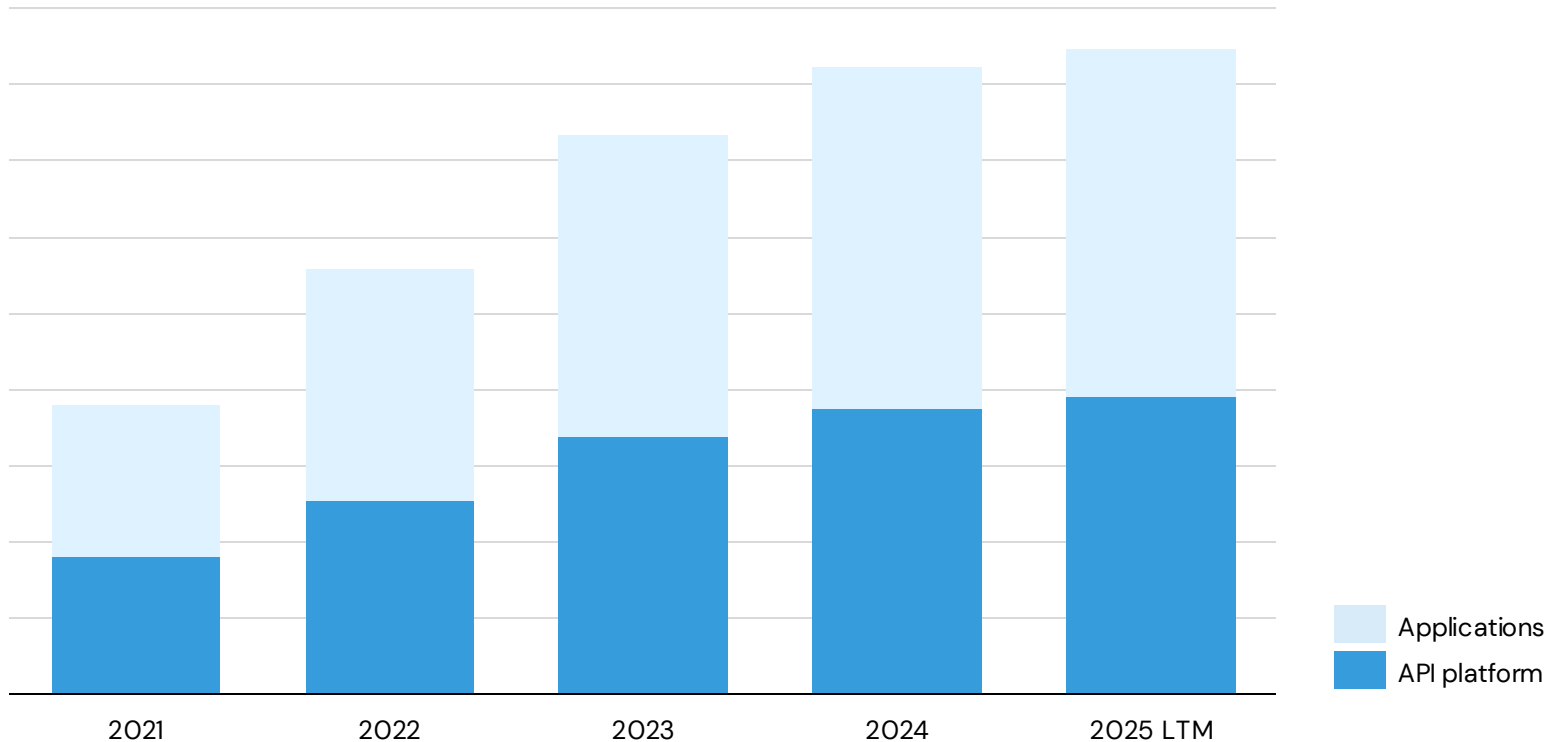
Pro-forma figures for 2021-2022

- About 500 large customers represent more than 60% of total gross profit
- High lifetime value as well as upsell and cross sell opportunities
- Number of customers increased 5% YoY in Q1 2025

Self-service business growing rapidly



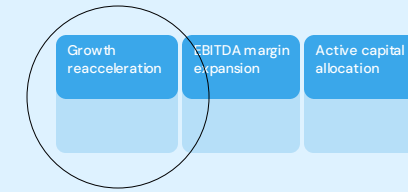
Gross Profit from Self-serve offerings



Pro-forma figures for 2021-2022

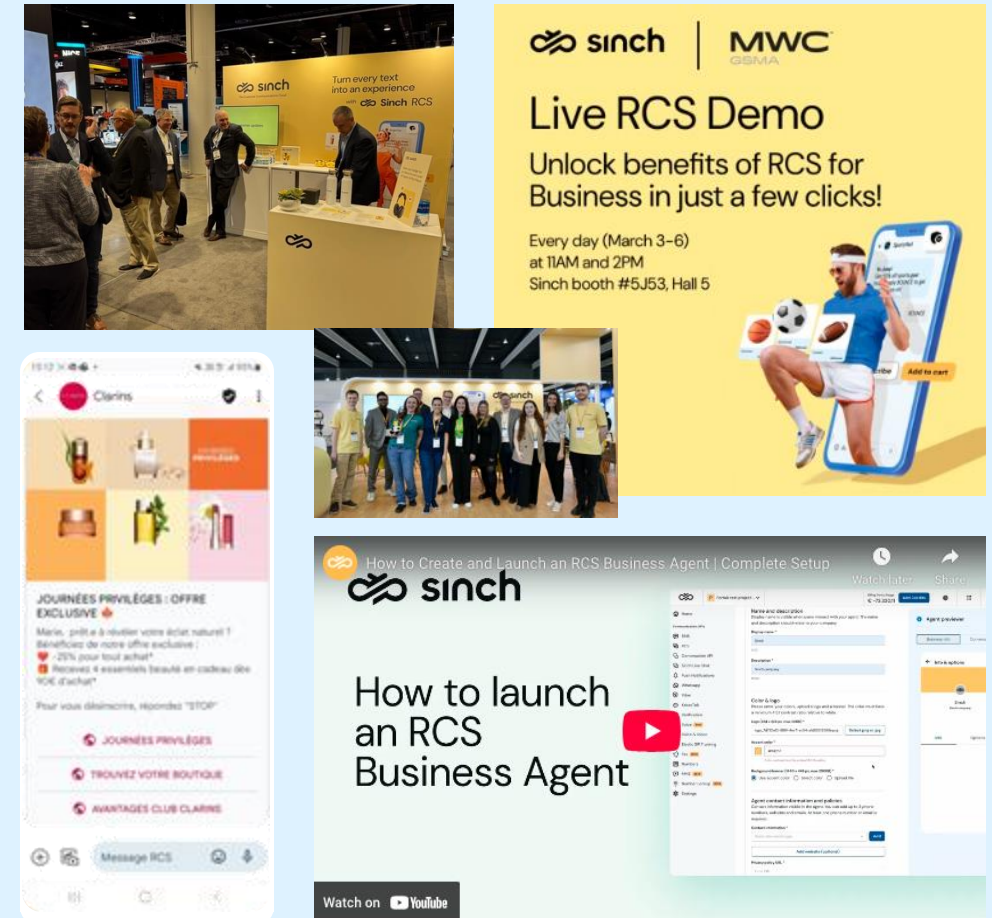
- Large number of customers representing more than 15% of Sinch gross profit
- High growth and high gross margin segment.
- Globally scalable business with low acquisition cost
- Gross profit increase of 13% YoY in Q1 2025

RCS momentum building

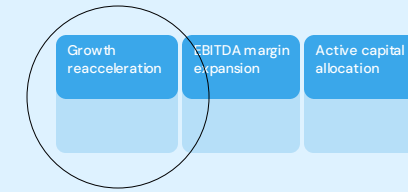


- Launch of Sinch RCS Business Enablement Service
 - Sinch's RCS Business Enablement Service is designed to help telcos seamlessly launch, operate, and monetize RCS for Business
- Sinch Makes RCS Accessible for All Businesses with Simple and Fast Set-Up and Launch
 - Businesses can create, test, and launch RCS Agents in just a few clicks on the Sinch Build dashboard using our upgraded provisioning wizard
- Events: MWC, Enterprise Connect, Shoptalk, Adobe Summit, MEF in Barcelona & Miami, ICEM London, Google-partnered event NYC
 - Big focus on RCS at booths, presentations and panel sessions, and live demos
- Number of messages rapidly increasing
 - 600M+ RCS business messages sent in Q1
 - 50 percent increase versus Q4 2024

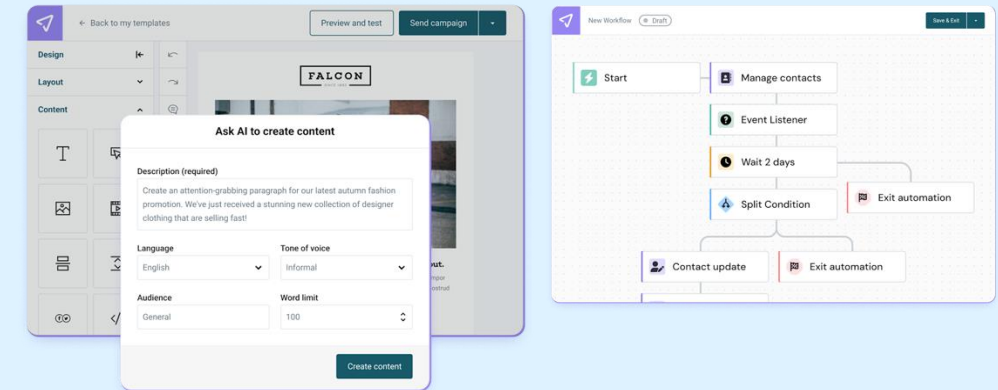
Read more: [Courir case](#)



Consistent strong Email performance



- Email Volume
 - 165B emails sent, double digit year-on-year growth
- Double digit organic Net sales and GP growth year on year
- Customers and Partners
 - Completed onboarding of two large enterprise customers, with a combined 100B+ in annual email volume
 - Mailgun expanded email security offering in partnership with Red Sift
- Product Releases and Regional Expansion
 - Mailgun launched and open-sourced our Model Context Protocol server, transforming email analytics through conversational AI
 - Mailjet added AI-powered content creation, improved tracking including bot detection, consistent branding kit, and advanced workflow automation
 - Mailgun rolled-out in Latin America following establishment of local sales and support teams

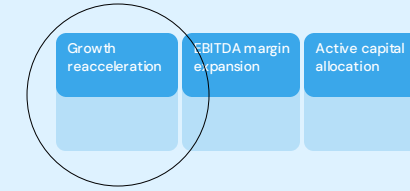


Introducing Mailgun's open-source MCP server

Navigating email data just got easier. With Mailgun's open-source MCP server, developers can query email analytics using conversational AI. No dashboards, no waiting.



Partnering to drive scalable growth



- Strong momentum in partnerships & ecosystems
 - Solid growth in partner-driven new logo acquisition as well as base expansion
 - Partner-driven business meaningfully outperforming overall GP growth in Q1
- Strategic partnership recognitions
 - Unified Customer Experience Partner of the Year awarded by **Adobe** for the third consecutive year
 - Named “Essential App” in **HubSpot**
 - **SAP** & Sinch Omnichannel engagement
- Continued expansion
 - Partnering with OneReach.ai to simplify access to and benefit from AI in customer communications
 - Partnering with Aduna to broaden reach and adoption of network APIs
 - Targeted approach to expanding partnerships in prioritized markets and verticals

A collage of four images showcasing Sinch's partnerships and awards. The top-left image is a red banner from Adobe naming Sinch a '2023 Technology Partner of the Year'. The top-right image is a white press release from Ericsson dated February 11, 2025, announcing a partnership between Aduna and Sinch. The bottom-left image is a dark blue banner from HubSpot naming Sinch one of its 'Essential Apps for Customer Service' in 2025. The bottom-right image is a blue banner for a 'Product Inspiration Series' video featuring a Sinch representative discussing omnichannel engagement with SAP CX.

Adobe
2023 Technology Partner of the Year
Digital Experience
Unified Customer Experience | Global

sinch
Unified Customer Experience
Technology Partner of the Year

PRESS RELEASE
February 11, 2025

ERICSSON

Aduna partners with Sinch to accelerate network API opportunities

Aduna, a venture between Ericsson and global telecom leaders, will be entering a partnership with Sinch to further bolster the network API ecosystem.

HUBSPOT ESSENTIAL APPS 2025

Sinch named one of HubSpot's essential apps for customer service

Essential App
• FOR CUSTOMER SERVICE •

Sinch
HubSpot
2025

Product Inspiration Series
Sinch Omnichannel Engagement with its Omnichannel Messaging, Chatlayer and Contact Pro for SAP CX

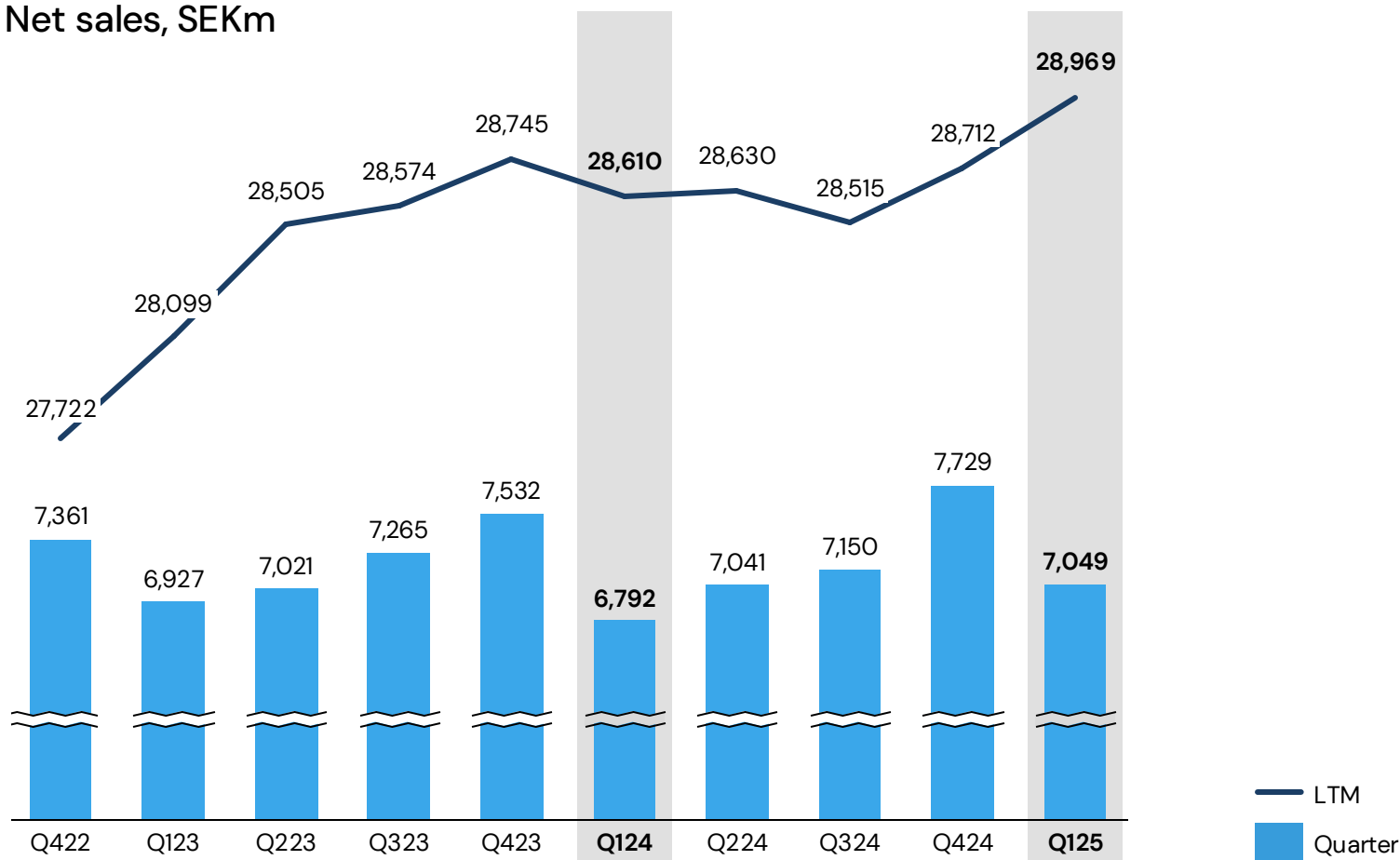
SAP Customer Experience

Watch now

Financials

Net sales – Turning to growth

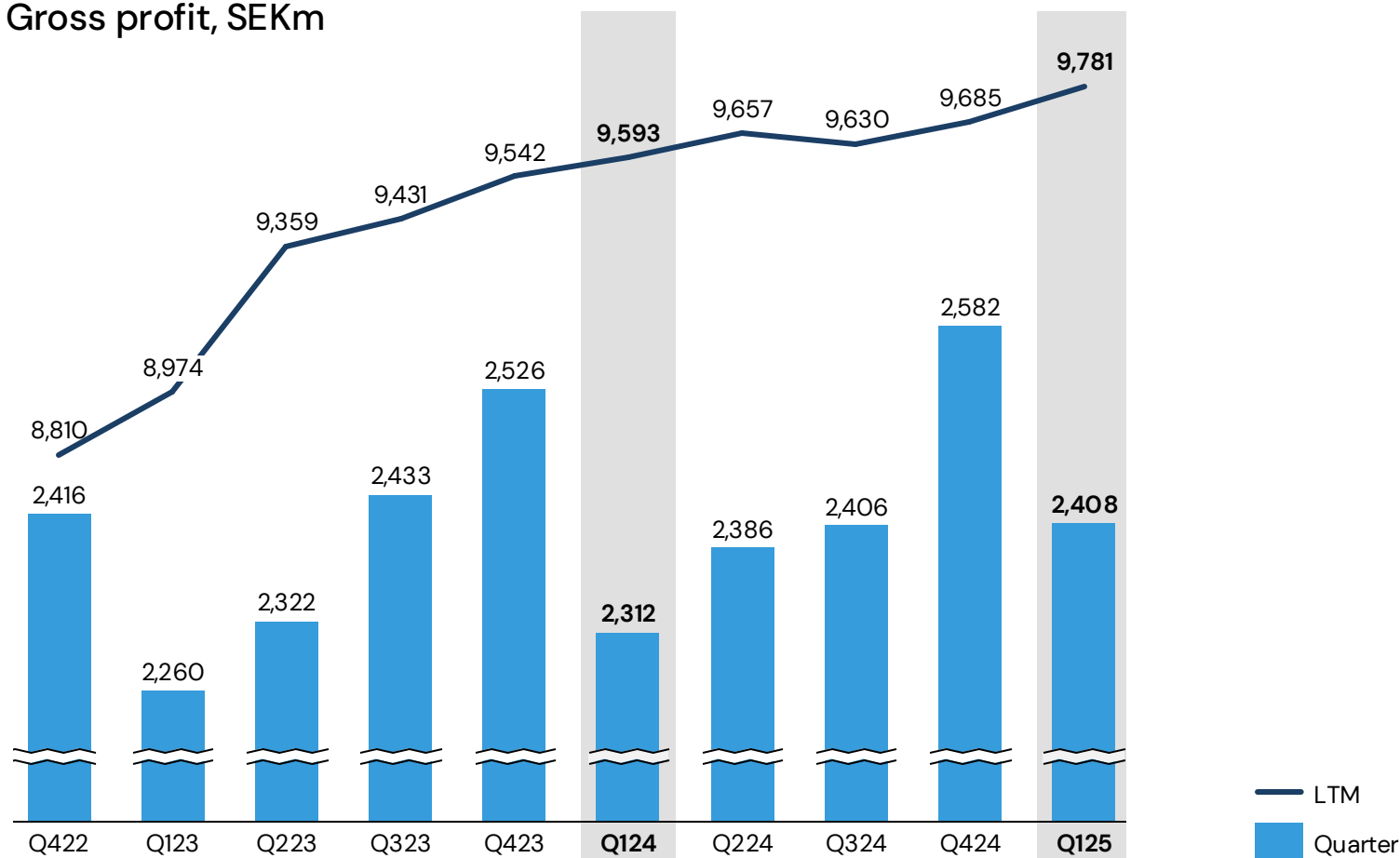
Net sales, SEKm



- Net sales growth Q1 4% y/o/y
- 3% organic growth Q1 y/o/y
 - Americas 4%
 - EMEA 7%
 - APAC -4%
- 3rd consecutive quarter of organic growth

Gross profit – Also growing

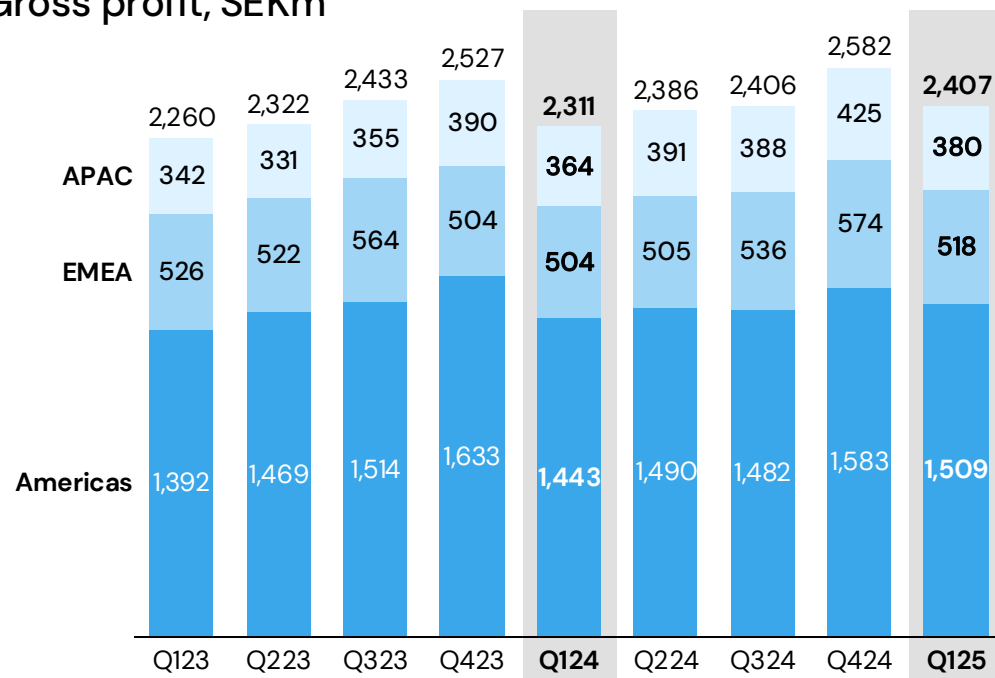
Gross profit, SEKm



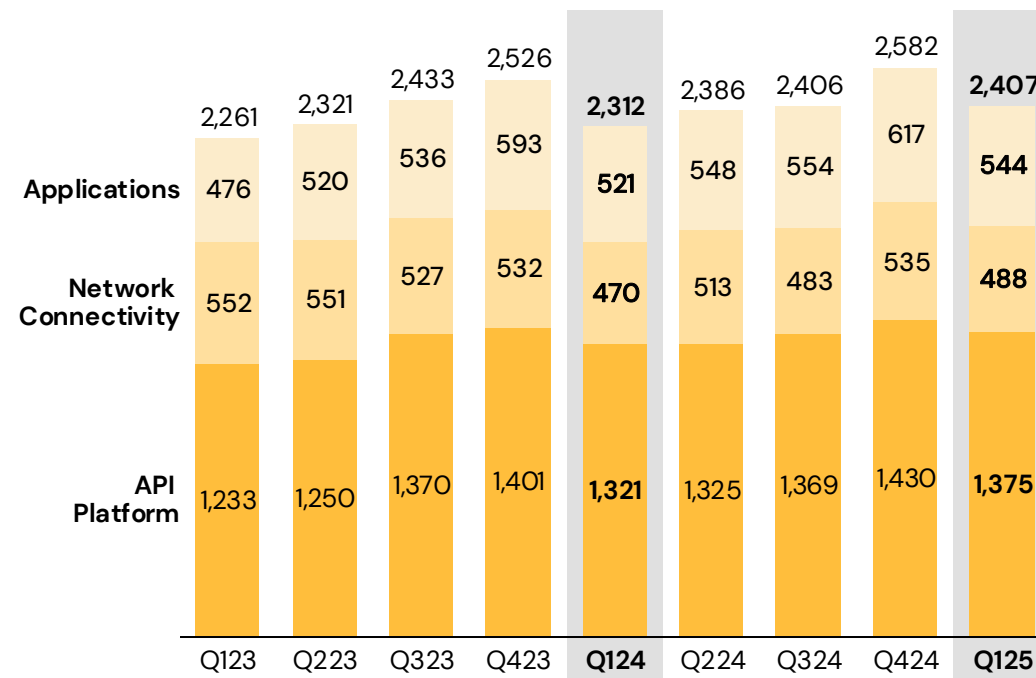
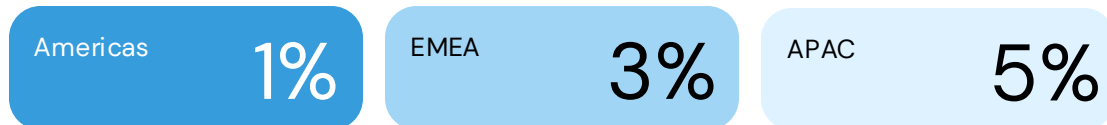
- 4% growth Q1 y/o/y
- 2% organic growth Q1 y/o/y
- All regions and all product categories contributed to organic GP growth

All regions and product categories contributing to GP growth

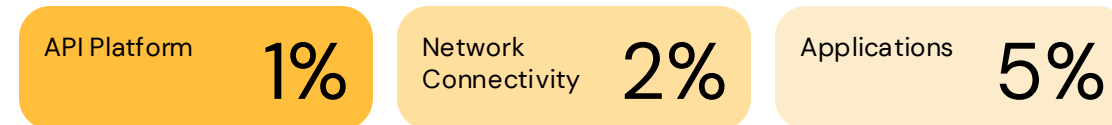
Gross profit, SEKm



Organic GP growth Q1 y/o/y:

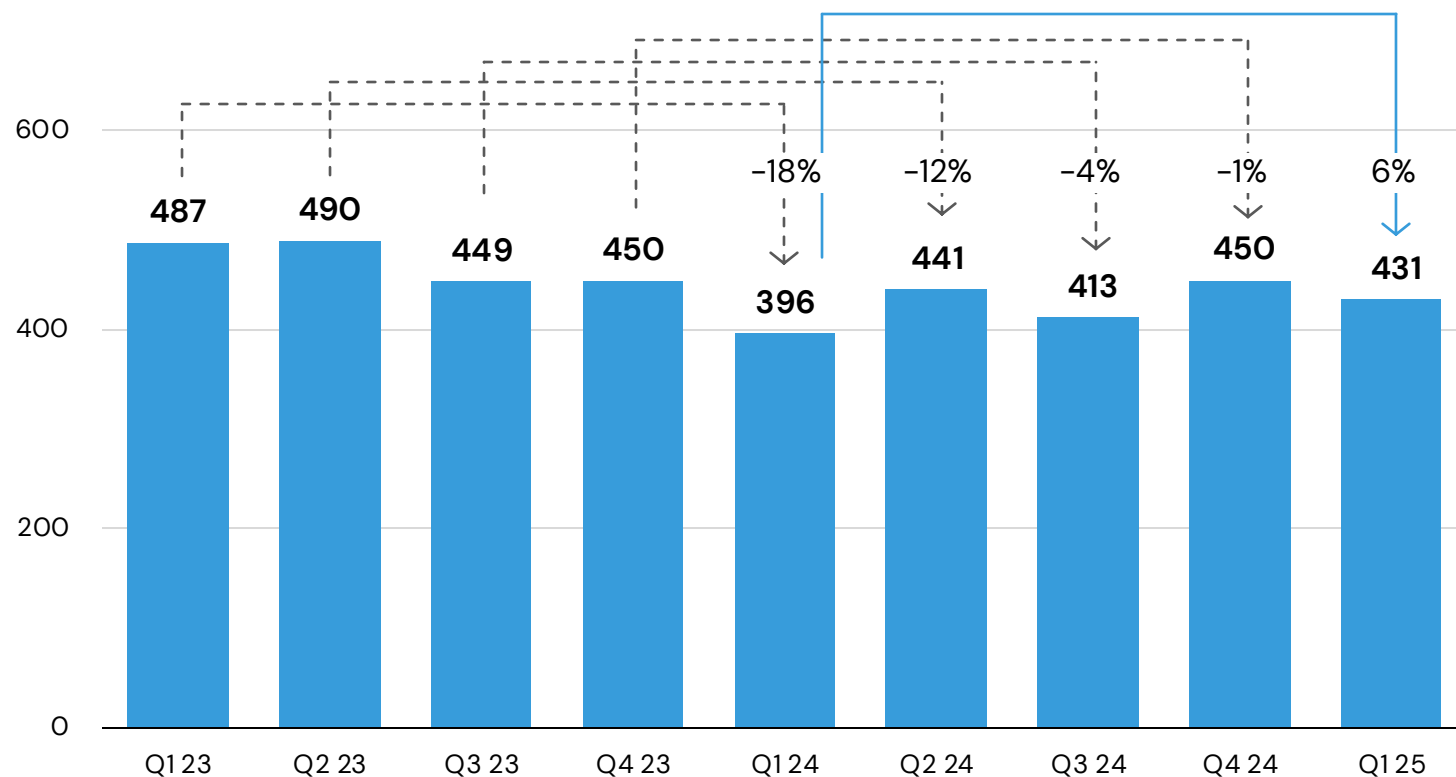


Organic GP growth Q1 y/o/y:



Network Connectivity turn around

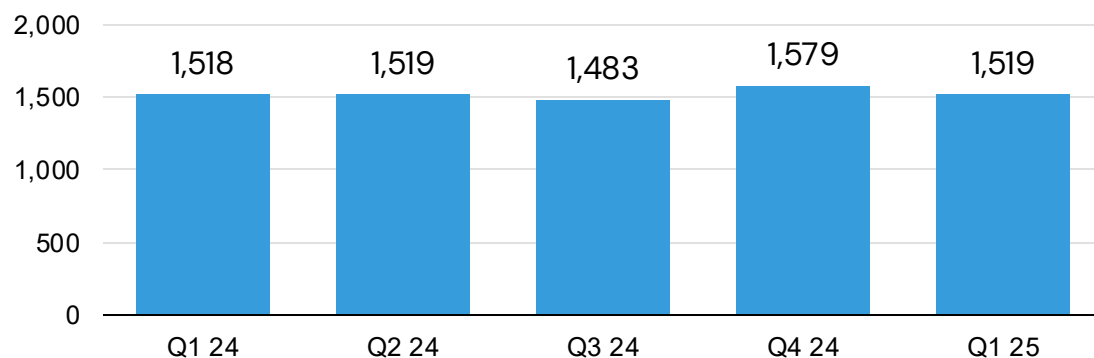
Gross profit (SEKm) and organic gross profit growth,
Network Connectivity, Americas



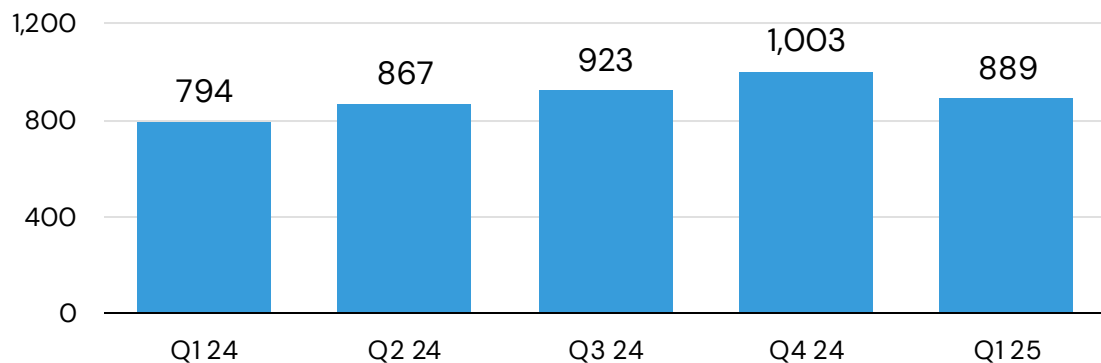
- Cost increases for legacy voice network connections impacted gross profit from Q1 24
- Gradual improvements after successful renegotiations with suppliers and customers
- Accelerated upgrade of network from TDM to IP technology, structurally reducing cost and dependency on legacy technology
- No year-on-year growth impact from the 8YY reform from Q4 2024 and onwards

Cost control supporting Adj EBITDA

Adj Opex, SEKm



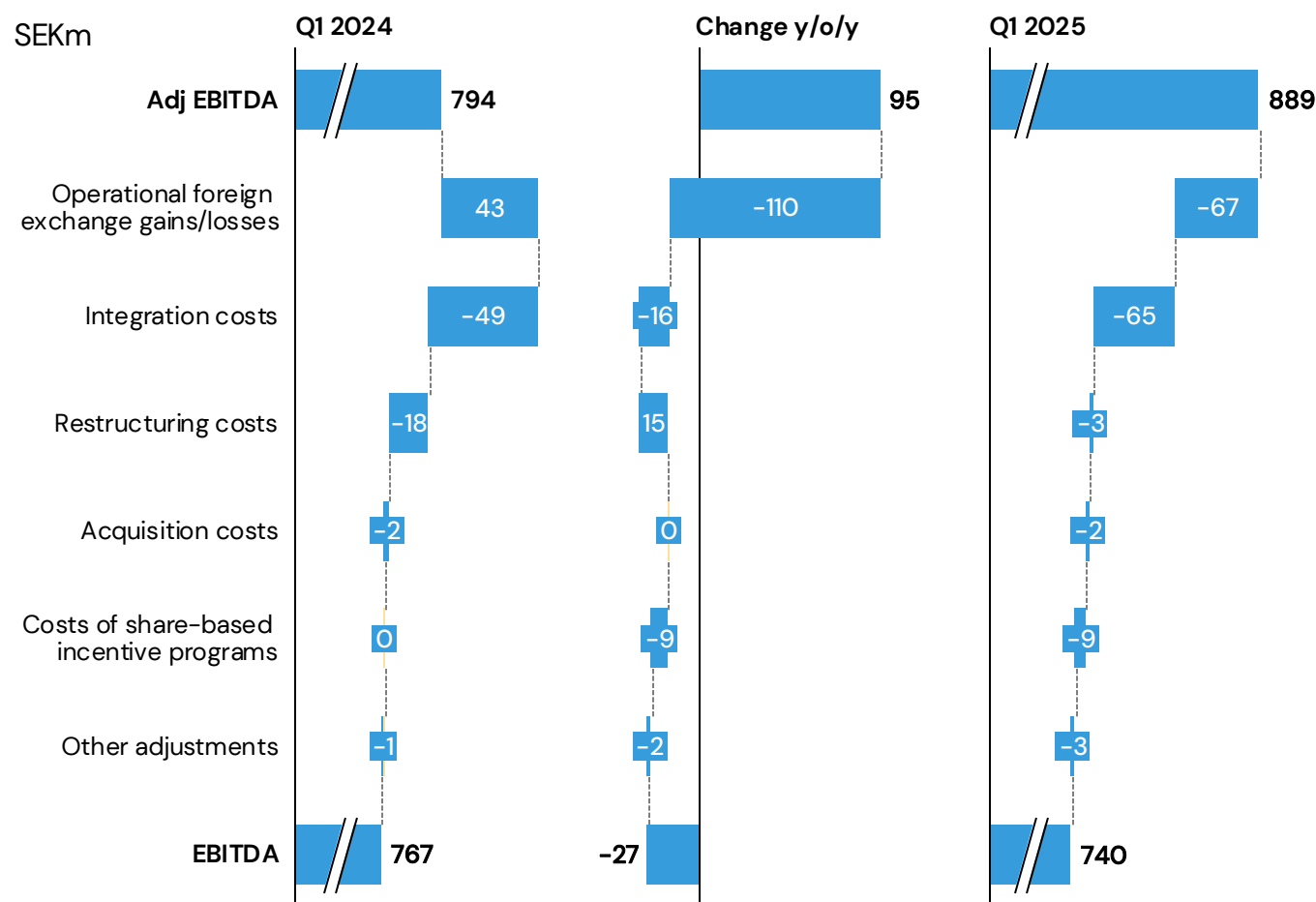
Adj EBITDA, SEKm



- Q1 Adj Opex in fixed currency -1% y/o/y
- Gradual contribution from cost-saving program during 2024, program closed end of 2024
- Integration and restructuring efforts paying off – Continued integrations to drive synergies and scale economies
- Although no visible market weakness, we remain vigilant on cost in an uncertain macro environment

- 12% increase of Adj EBITDA, 8% organic y/o/y
- Gross profit increase essentially fully dropping down to Adj EBITDA due to flat Adj Opex development

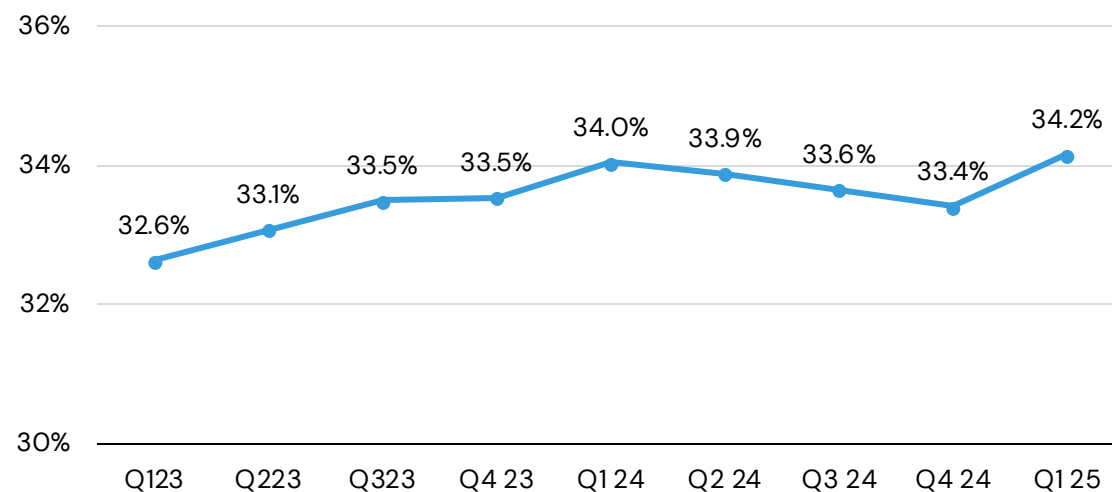
Improvement of Adj EBITDA with essentially unchanged integration and restructuring costs



- Adj EBITDA +12%, +8% organic y/o/y
- FX revaluations of working capital main driver of EBITDA adjustments in quarter and y/o/y
- In combination, stable integration and restructuring cost

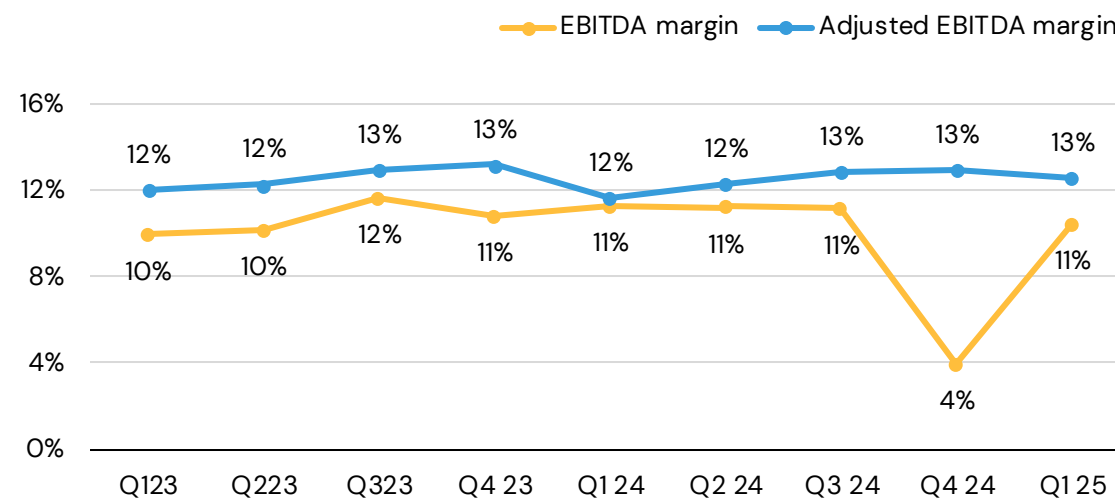
Positive margin development

Gross margin, %



- Positive gross margin development trend
- Favourable impact from change in product and regional mix

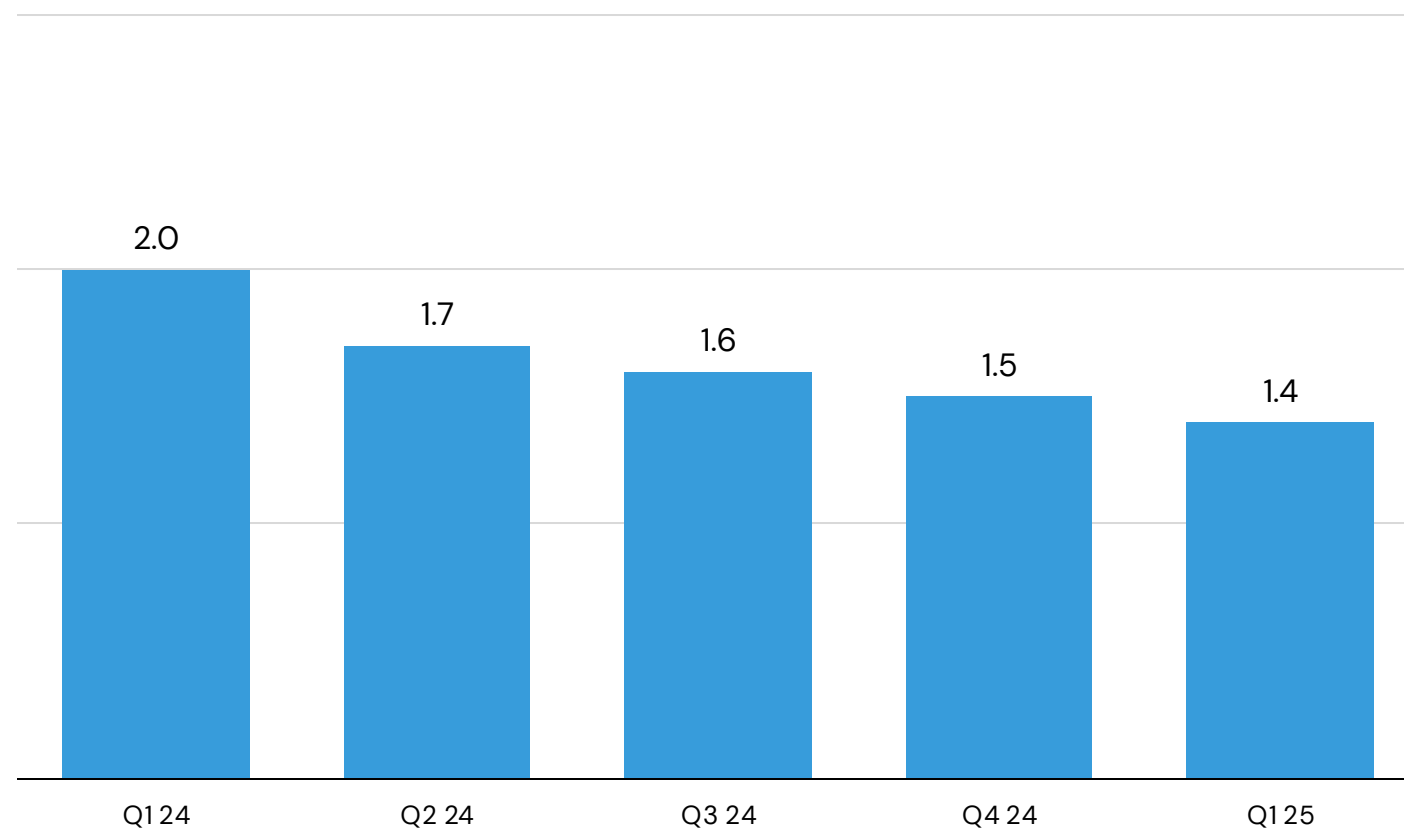
EBITDA margin, %



- EBITDA adjustments primarily relating to integration costs, share-based incentive programs and currency gain/losses
- SEK 700m one-time provision impacted EBITDA in Q4 of 2024

Continued strengthening of the balance sheet

Net debt/Adjusted EBITDA R12m*

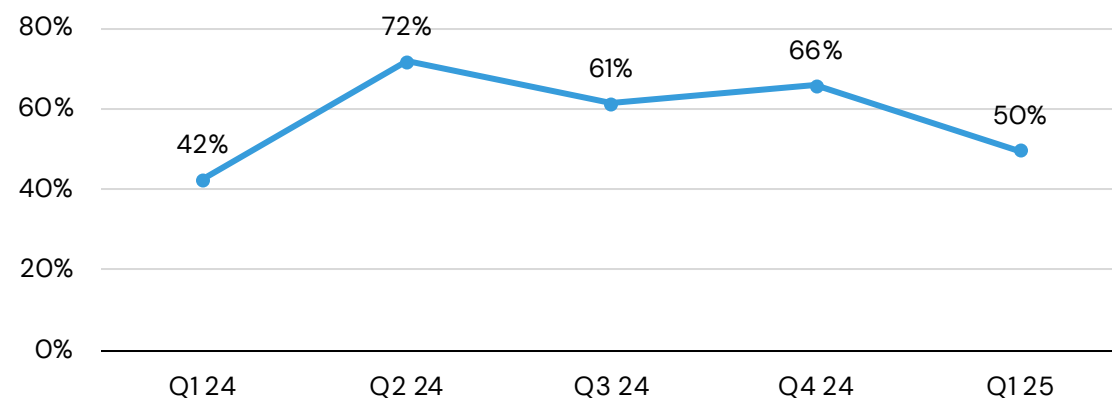


- Continued deleveraging with Net debt/Adj EBITDA now at 1.4x
- Adj EBITDA improvement and currency impact on EUR and USD debt drives improvement
- The board proposes that the Annual General Meeting authorize share buy-backs

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

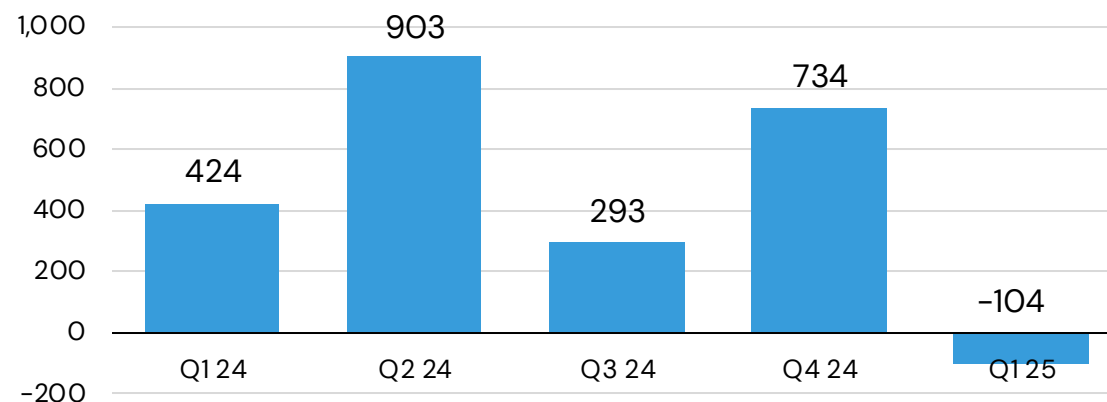
Strong cash conversion LTM

Cash conversion from Adj EBITDA, LTM



- Cash flow from operating activities after investments was SEK 1,826 million over the past 12 months, corresponding to 50% cash conversion
- Targeting 40-50% cash conversion over time

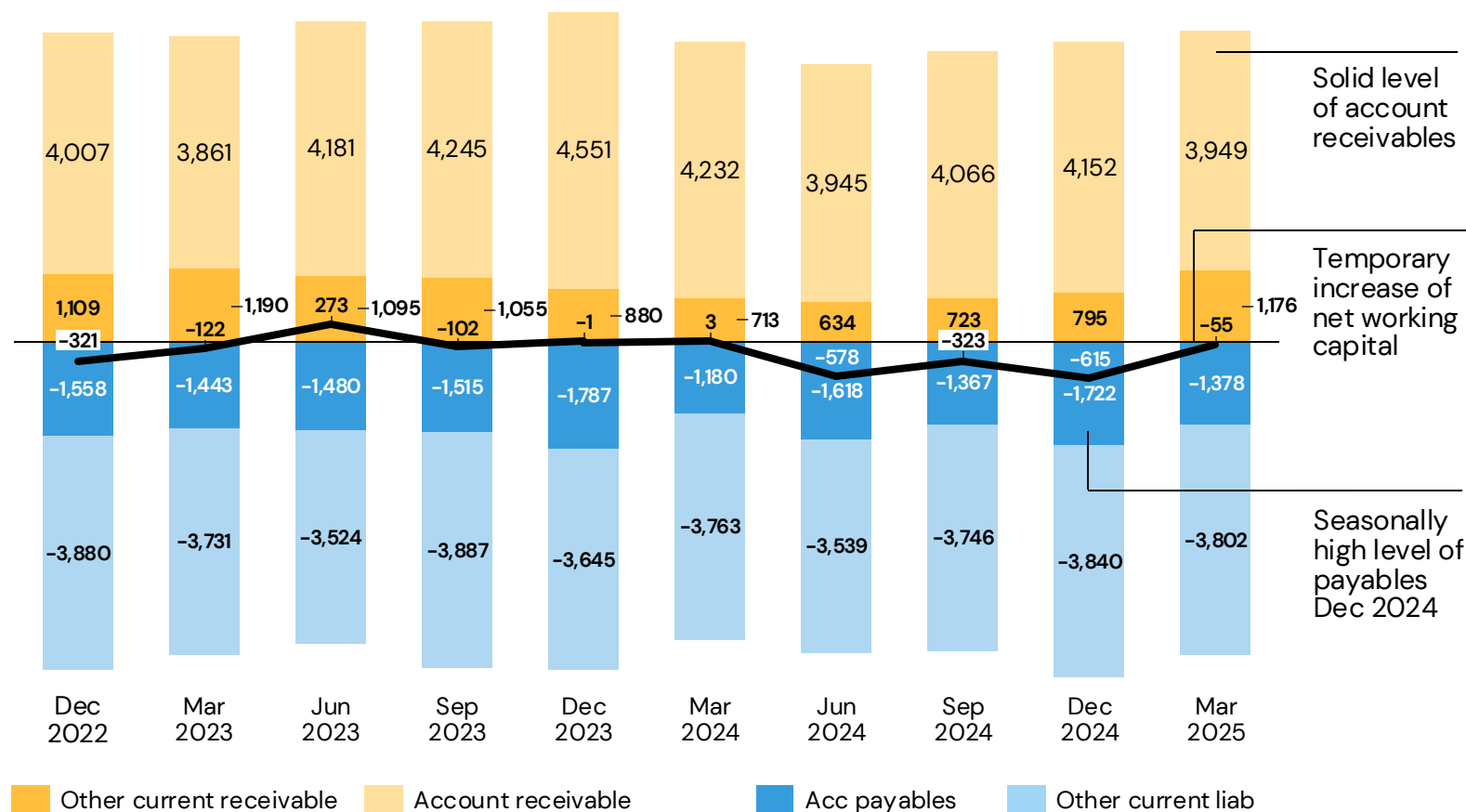
Cash flow after investments, SEKm



- Net working capital causes variation between individual quarters
- Temporarily elevated working capital in Q1 2025 relating to cost mitigation agreement with a large supplier
- Cash flow from operating activities after investments of SEK -104 million in the quarter

Net Working Capital within normal variations

Net working capital, SEKm*



- Slightly decreased account receivables despite increased growth – DSO of 56 days
- Payables coming down from seasonally high level end December
- Temporary impact of SEK 370m relating to cost agreement with a large supplier – Expected to normalize in the coming quarters
- Overall, net working capital within normal variations, but impacting cash flow negatively in the quarter

* Working Capital adjusted for non-cash items

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Financial leverage policy

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Thanks!

For more information, contact:

Ola Elmeland
Investor Relations Director
investors@sinch.com

175,000+
business
customers

900bn+
interactions
per year

60+
countries with
local presence

Scalable cloud communications
platform for messaging,
voice and email

Pioneering the way the world communicates

SEK 29.0bn
net sales in the
past 12 months

SEK 9.8bn
gross profit in the
past 12 months

SEK 3.7bn
Adj. EBITDA in the
past 12 months



Income statement

SEKm	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	2024	R12M
Net sales	7,532	6,792	7,041	7,150	7,729	7,049	28,712	28,968
Cost of services sold	-5,006	-4,480	-4,655	-4,744	-5,147	-4,641	-19,026	-19,187
Gross profit	2,526	2,312	2,386	2,406	2,582	2,408	9,686	9,781
Operating expenses	-1,708	-1,544	-1,594	-1,607	-2,275	-1,667	-7,020	-7,143
EBITDA	818	768	792	799	307	740	2,666	2,638
Depreciation and amortization	-687	-617	-622	-6,623	-611	-616	-8,473	-8,472
EBIT	131	151	170	-5,824	-304	124	-5,807	-5,834
Financial income	1,214	353	732	937	266	449	2,287	2,384
Financial expenses	-1,371	-464	-881	-1,076	-295	-581	-2,715	-2,832
Profit or loss before tax	-26	40	21	-5,963	-333	-8	-6,235	-6,283
Current tax	141	-136	-28	-193	-139	-172	-496	-533
Deferred tax	30	7	102	61	148	133	319	445
Profit or loss for the period	145	-90	95	-6,095	-324	-47	-6,414	-6,371
Adjusted EBITDA	996	794	867	923	1,003	889	3,587	3,682
Adjusted EBIT	844	658	738	795	875	749	3,066	3,157

Cash flow

SEKm	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	2024	R12M
Profit or loss before tax	-26	40	21	-5,963	-333	-8	-6,235	-6,283
Adjustment for non-cash items	903	574	594	6,754	991	738	8,914	9,078
Income tax paid	-48	-57	-147	-99	-45	-111	-348	-402
Cash flow before changes in working capital	828	557	468	692	613	619	2,330	2,393
Change in working capital	-101	-4	581	-255	292	-560	614	58
Cash flow from (-used in) operating activities	727	553	1,049	437	905	60	2,944	2,450
Net investments in property, plant and equipment and intangible assets	-153	-129	-146	-143	-171	-164	-589	-624
Change in financial receivables	6	-2	-3	2	-12	1	-16	-12
Acquisition of Group companies	0	0	0	0	0	0	0	0
Cash flow from (-used in) investing activities	-147	-131	-149	-141	-183	-163	-604	-636
Change in borrowings	-1,106	-615	-881	108	-745	-183	-2,133	-1,701
Amortization lease liability	-32	-34	-33	-31	-29	-32	-126	-124
New issue/warrants	3	5	4	10	5	-1	25	18
Cash flow from (-used in) financing activities	-1,135	-645	-909	87	-768	-216	-2,234	-1,805
Cash flow for the period	-555	-223	-9	382	-46	-319	105	9
Opening cash and cash equivalents	1,620	1,012	756	734	1,108	1,083	1,012	756
Exchange rate differences	-53	-33	-13	-9	21	-44	-34	-45
Closing cash and cash equivalents	1,012	756	734	1,108	1,083	719	1,083	719

Cash conversion

SEKm	Q 4 23	Q1 24	Q 2 24	Q 3 24	Q 4 24	Q1 25	2024	R12M
Adjusted EBITDA	996	794	867	923	1,003	889	3,587	3,682
Net interest paid	-156	-131	-130	-117	-103	-76	-480	-426
Paid taxes	-48	-57	-147	-99	-45	-111	-348	-402
Other items	36	-49	-122	-15	-242	-83	-428	-462
Cash flow before changes in working capital	828	557	468	692	613	619	2,330	2,392
Change in working capital	-101	-4	581	-255	292	-560	614	58
Cash flow from operating activities	727	553	1,049	437	905	60	2,944	2,451
Net investments in property, plant and equipment and intangible assets	-153	-129	-146	-143	-171	-164	-589	-624
Cash flow from operating activities after investments	574	424	903	293	734	-104	2,355	1,827

Well-covered debt maturities

Maturity schedule as of 31 March, SEKm

