



Q4 2024

Laurinda Pang, CEO
Roshan Saldanha, CFO
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INVESTOR PRESENTATION
FEB 13, 2025



175,000+

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 28.7bn

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

Fourth quarter highlights

01

New financial targets

- New financial targets announced at Capital Markets Day on 20 November.
- 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%.

02

Stable performance

- Net sales growth of 3% and gross profit growth of 1%, in constant currencies.
- Adjusted EBITDA margin of 13%.
- L12M cash conversion* at 66%, above 40–50% target range.
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 1.5x, down from 2.0x in Q4 2023.
- Reassessment of historical tax exposure has one-time impact of SEK 700m.

03

Investing in growth

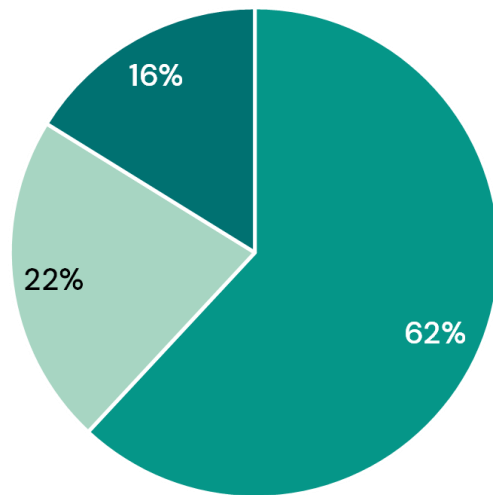
- Maintaining cost control enables resource allocation towards growth initiatives.
- Delivered SEK 352 million gross opex savings during 2024, exceeding the targeted 300 million.
- Prioritized growth levers ahead:
 - » Enterprise expansion
 - » Self-serve capabilities
 - » RCS and email
 - » Partners and ecosystems

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

Overview

Operating segments

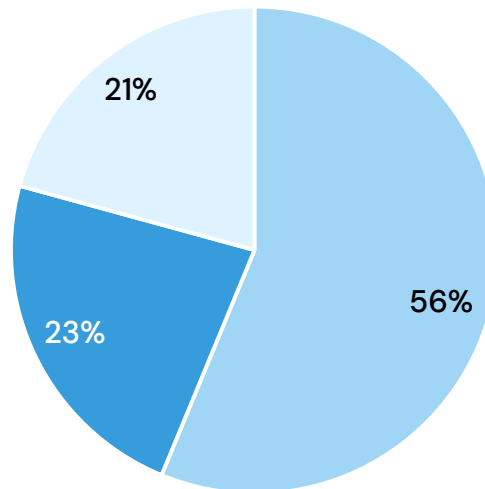
Gross profit by region, R12M



- Americas
- EMEA
- APAC

Product categories

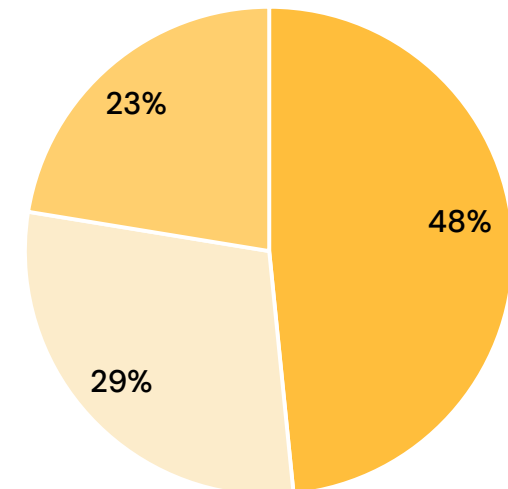
Gross profit by product, R12M



- API Platform
- Applications
- Network Connectivity

Expenditures

Adjusted opex by function, R12M



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

Performance by segment

Americas



- 5% year-on-year growth in Net sales but 5% decline in gross profit in constant currencies.
- Gross profit growth hampered by high gross margin in Q4 23 proforma figures.
- Significant improvement in Network Connectivity offset by weaker performance in SMS (API Platform).
- Launched Elastic SIP Trunking for voice calling and multiple ecosystem integrations.

EMEA



- 2% year-on-year growth in Net sales and 13% growth in gross profit in constant currencies.
- Gross profit growth across Applications, API Platform and Network Connectivity.
- Gross profit growth accelerated by low gross margin in Q4 23 proforma figures.
- Added multiple operator connections for RCS and grew RCS messaging volumes by 60% versus Q3.

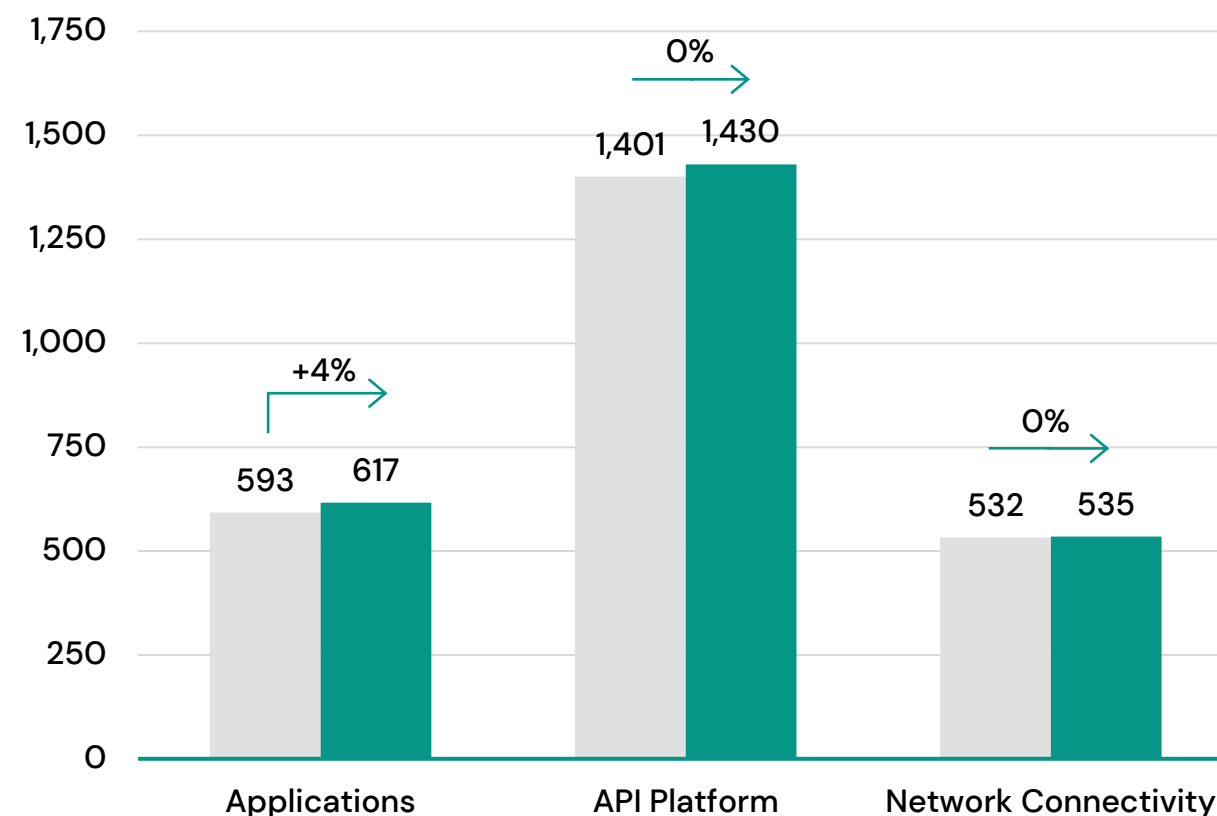
APAC



- 5% year-on-year decline in Net sales but 8% increase in gross profit in constant currencies.
- Declining SMS revenue in India only partially offset by growth in other parts of Asia.
- Gross profit growth due to improved mix and higher gross margin.
- Launched messaging services for Singapore's Open Government Products.

Gross profit by product

Gross profit, Q4 24 vs Q4 23, SEKm



- Initiatives underway to improve performance in API Platform and Applications
- Significant improvement to year-on-year performance in Network Connectivity compared to preceding quarters
- API Platform and Applications contribute 80% of gross profit

CMD highlights

1

Market

Sinch is a global leader in the market for Digital customer communications.

- Global market sized to \$85 billion
- Expecting 8-9% CAGR in 2024-2029
- Overall market growth fuelled by
 - Digital Transformation
 - Advanced Messaging
 - Artificial Intelligence

2

Transformation

We are reshaping our business to reaccelerate growth.

- Go-to-market Transformation
- Product Integration
- Operational Excellence

3

Value creation

We are focused on profitable and sustainable growth, organically and through M&A.

- Growth reacceleration through
 - Enterprise expansion
 - Self-serve capabilities
 - RCS and email
 - Partners and ecosystems
- EBITDA margin expansion
- Continued, high cash generation

Clarins increased engagement with RCS

Standing out in a competitive market

Clarins, a global leader in luxury skincare, needed a way to cut through the noise and create more engaging, personalized customer experiences.

Driving higher engagement with RCS

Using RCS, Clarins could send visually rich, interactive messages with a verified sender badge, branded images, and direct shopping links—all within the native messaging app. This provided a more seamless and trusted experience, making it easier for customers to explore and shop.

Proven results with more to come

The impact was clear: RCS messages achieved a 79% read rate and 22% click-through rate, far outperforming traditional messaging. Encouraged by these results, Clarins continues to refine their RCS strategy to drive even higher engagement as Apple adds support for RCS.



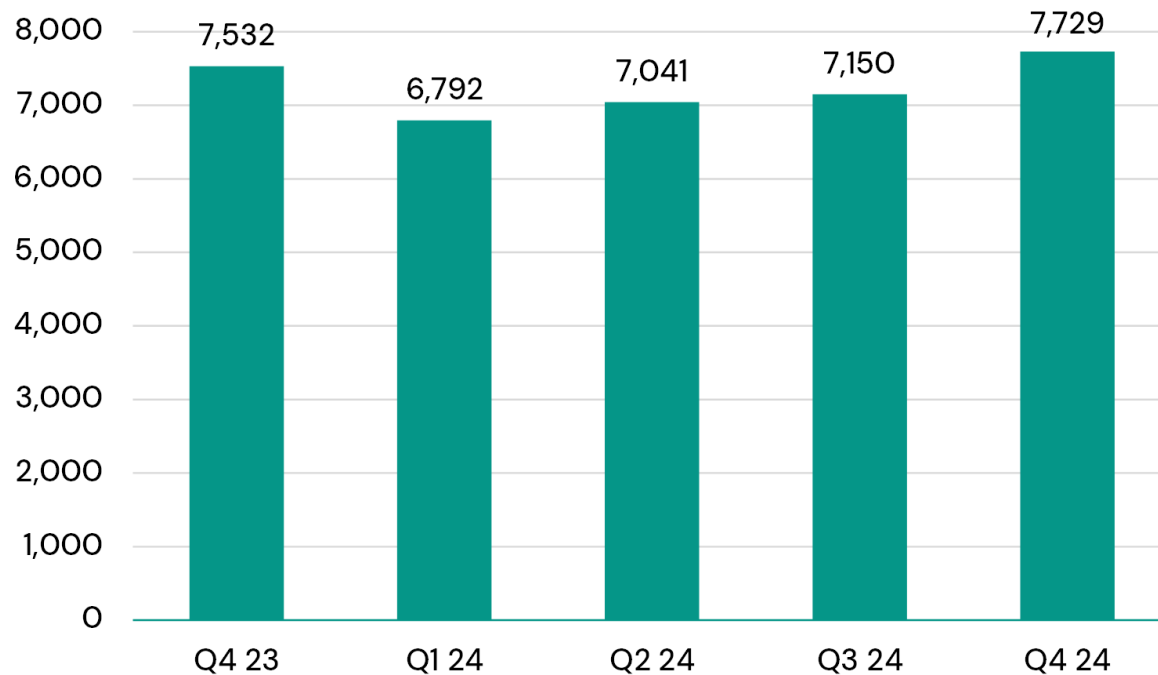
CLARINS

Full customer story at sinch.com.

Financials

Net sales

Net sales, SEKm

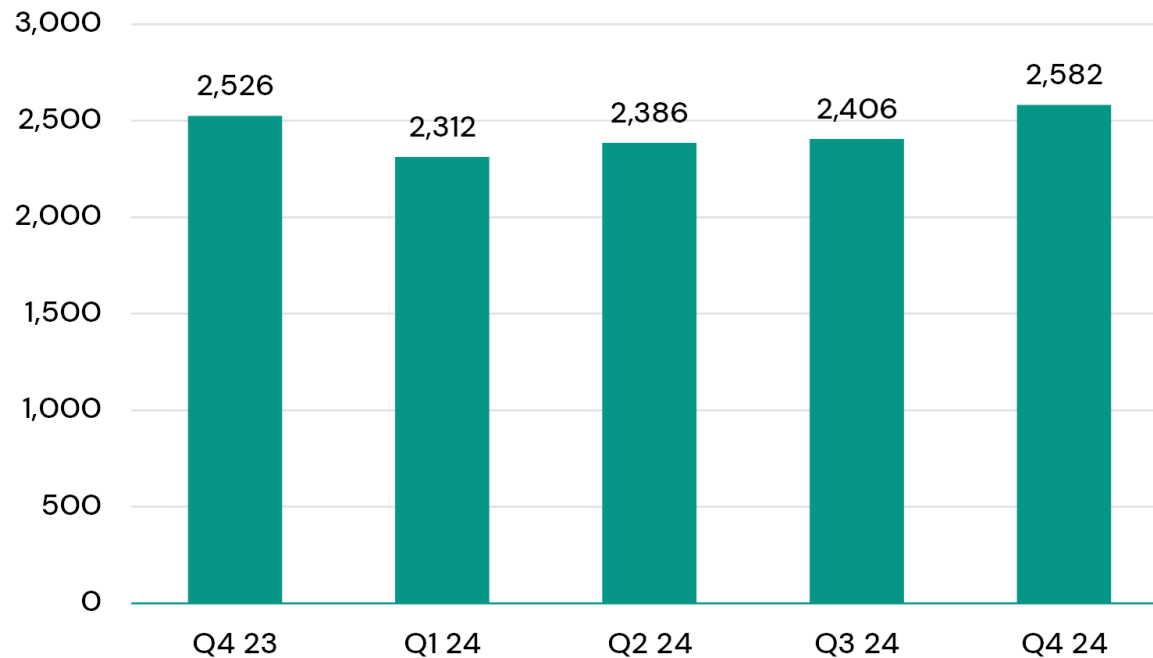


- Net sales in constant currencies increased by 3% year-on-year
- Net sales increased by 3% on a reported basis

- Americas up 5% year-on-year in constant currencies
- EMEA up 2%
- APAC down by 5%

Gross profit

Gross profit, SEKm

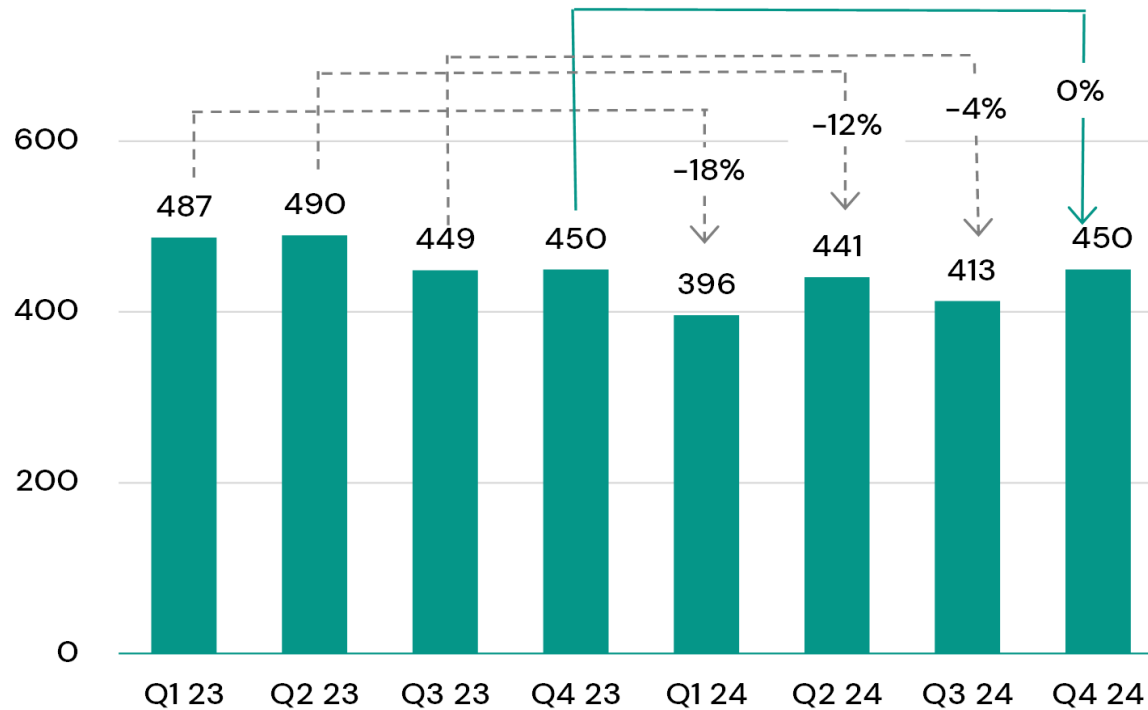


- Gross profit grew 1% year-on-year in constant currencies, and increased 2% on a reported basis

- Americas down 5%, EMEA up 13%, and APAC up 8% in constant currencies
- Applications up 4%, API Platform flat, and Network Connectivity flat in constant currencies

Network Connectivity

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

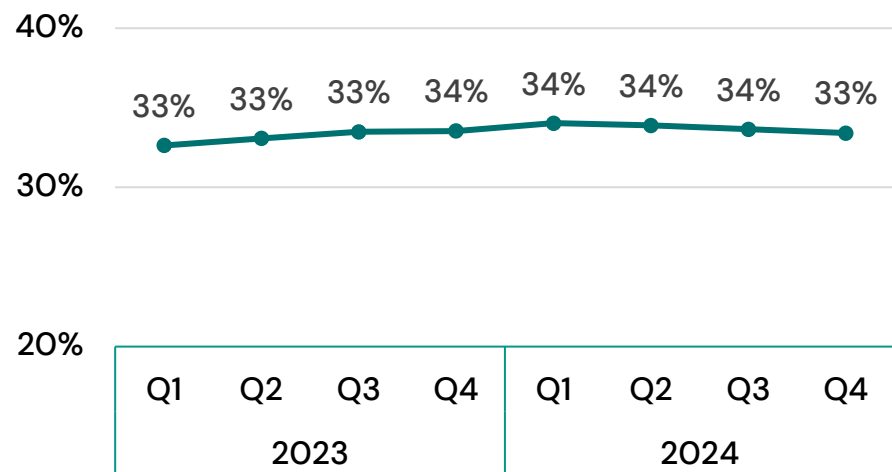


- Price increases for legacy voice network connections impacted gross profit from Q1 24.
- Improvement during 2024 after successful supplier negotiations and the passing on of remaining price increases.
- Working to reduce reliance on legacy connectivity through service virtualization.

- No year-on-year growth impact from the 8YY reform from Q4 2024 and onwards.

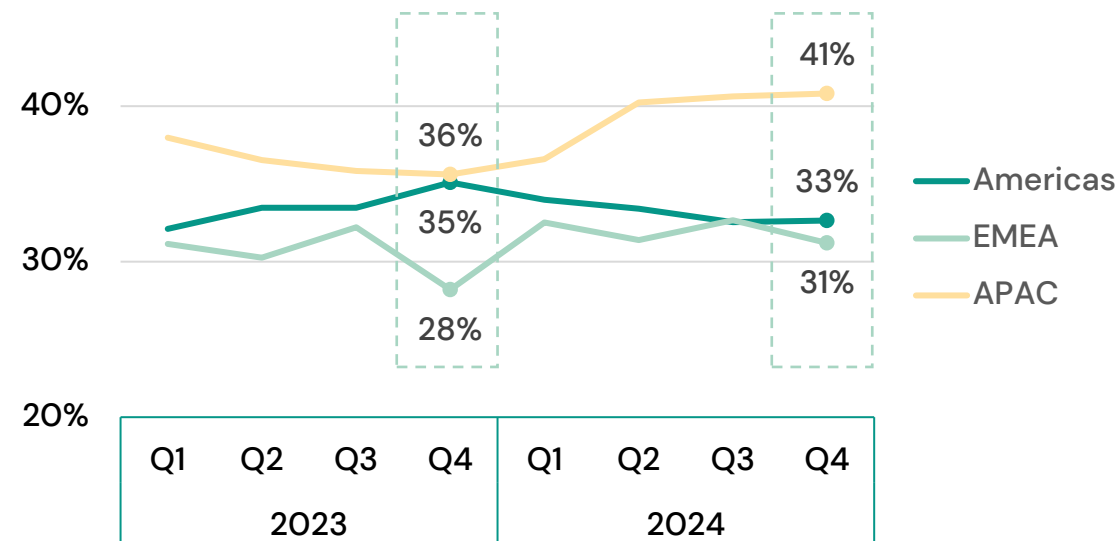
Stable gross margin at group level

Stable gross margin at group level



- Stable gross margin at group level
- 2023 financials by region were prepared on a best-effort, proforma basis

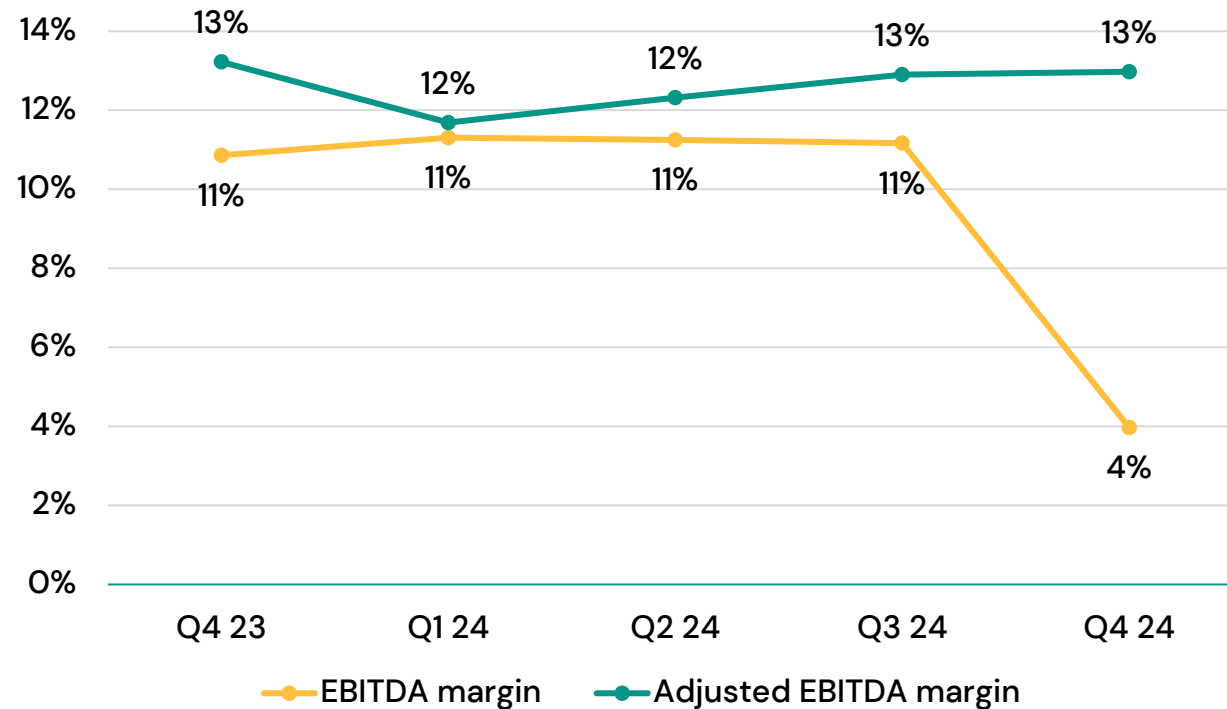
Regional variations affect gross profit growth



- Unusually low EMEA gross margin in Q4 23 boosts gross profit growth in Q4 24
- Unusually high Americas gross margin in Q4 23 reduces gross profit growth in Q4 24

Margin development

EBITDA margin, %



- SEK 700m one-time provision impacts EBITDA but does not affect Adjusted EBITDA
- Integration and restructuring totaled SEK 301 million in 2024, in line with SEK 300 million expectation

One-time provision for historical non-income based taxes

Revised assessment of historical tax exposure

- Sinch has proactively initiated a review of the company's current tax position and previous practice.
- A one-time provision of SEK 700m has been recorded in Q4 2024.
- Sinch is not currently subject to tax assessment or audit in any of the relevant jurisdictions.

Complex, global tax environment

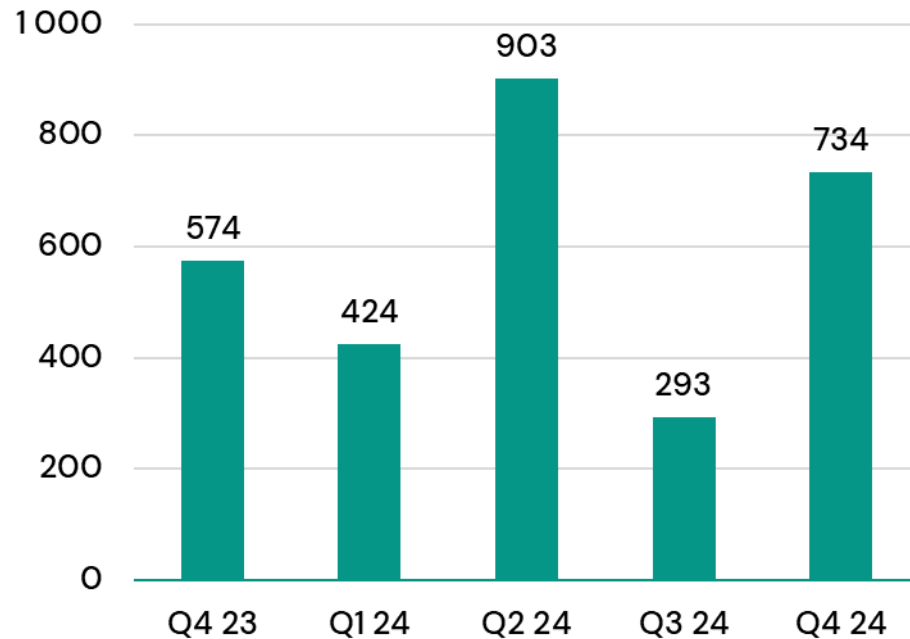
- Sinch operates in a complex, global tax environment.
- Many jurisdictions are continually clarifying their tax legislation relating to how certain taxes apply to services like the ones offered by Sinch.
- Sinch operates multiple legal entities that offer similar or related services to customers within the same jurisdiction.

Not expected to affect future profitability

- The provision relates to non-income based taxes over multiple previous years.
- Future payment of additional taxes and fees is not expected to affect the company's competitiveness.
- No impact on ability to meet mid-term financial targets.

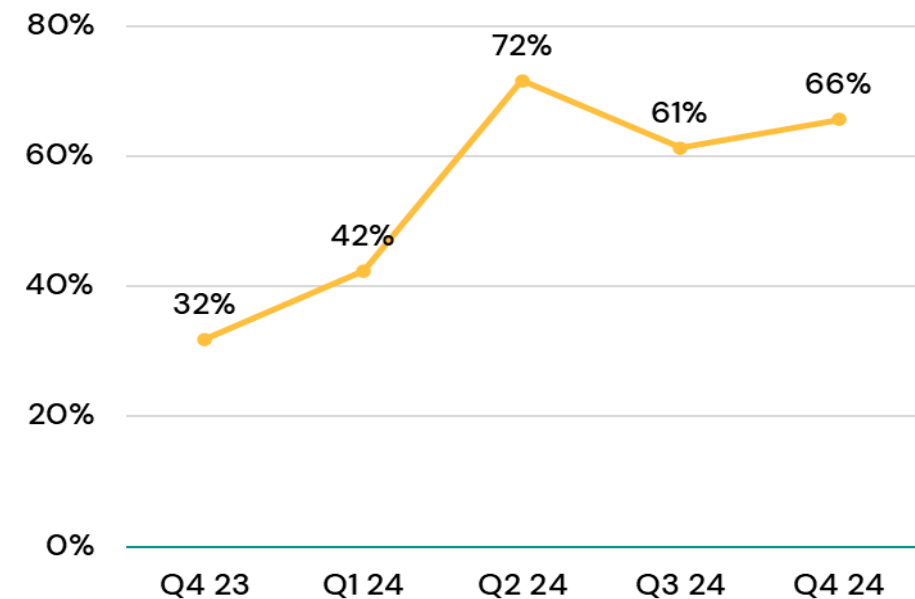
Strong cash conversion

Cash flow after investments, SEKm



- Net working capital causes variation between individual quarters.
- Cash flow from operating activities after investments of SEK 734 million in the quarter.

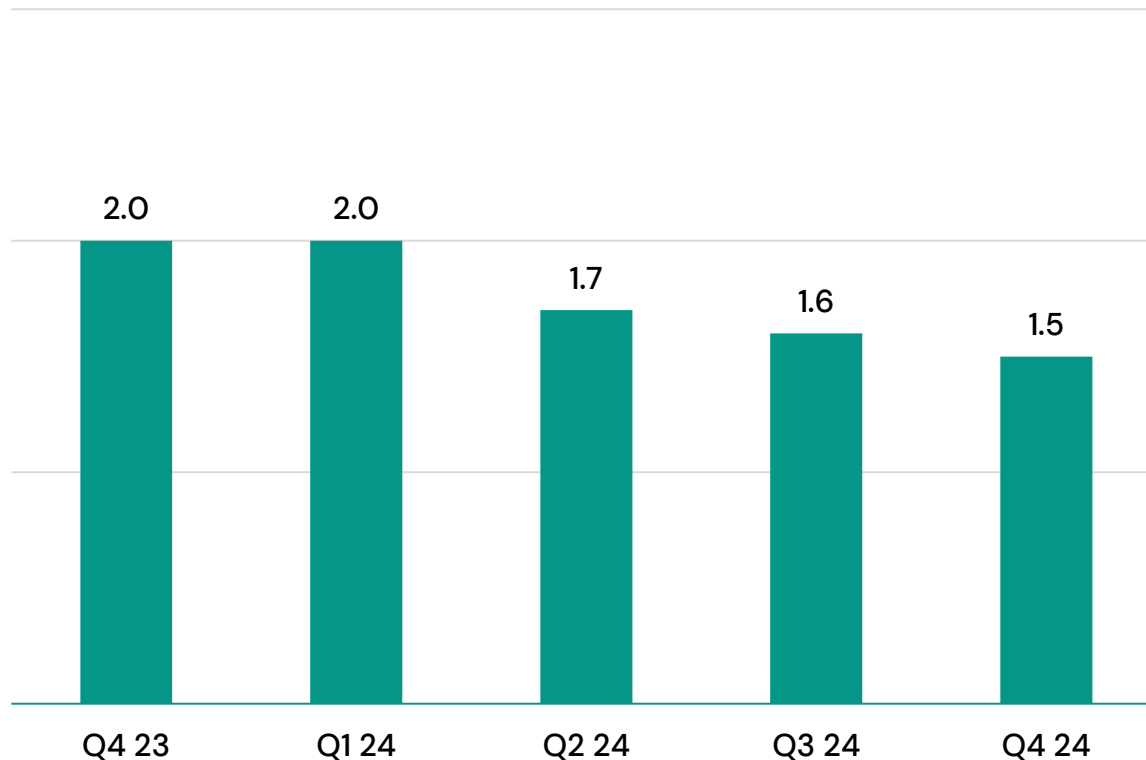
Cash conversion from Adj EBITDA, R12M



- Cash flow from operating activities after investments was SEK 2,355 million over the past 12 months.
- Targeting 40-50% cash conversion over time.

Reduced leverage

Net debt/Adjusted EBITDA R12m*

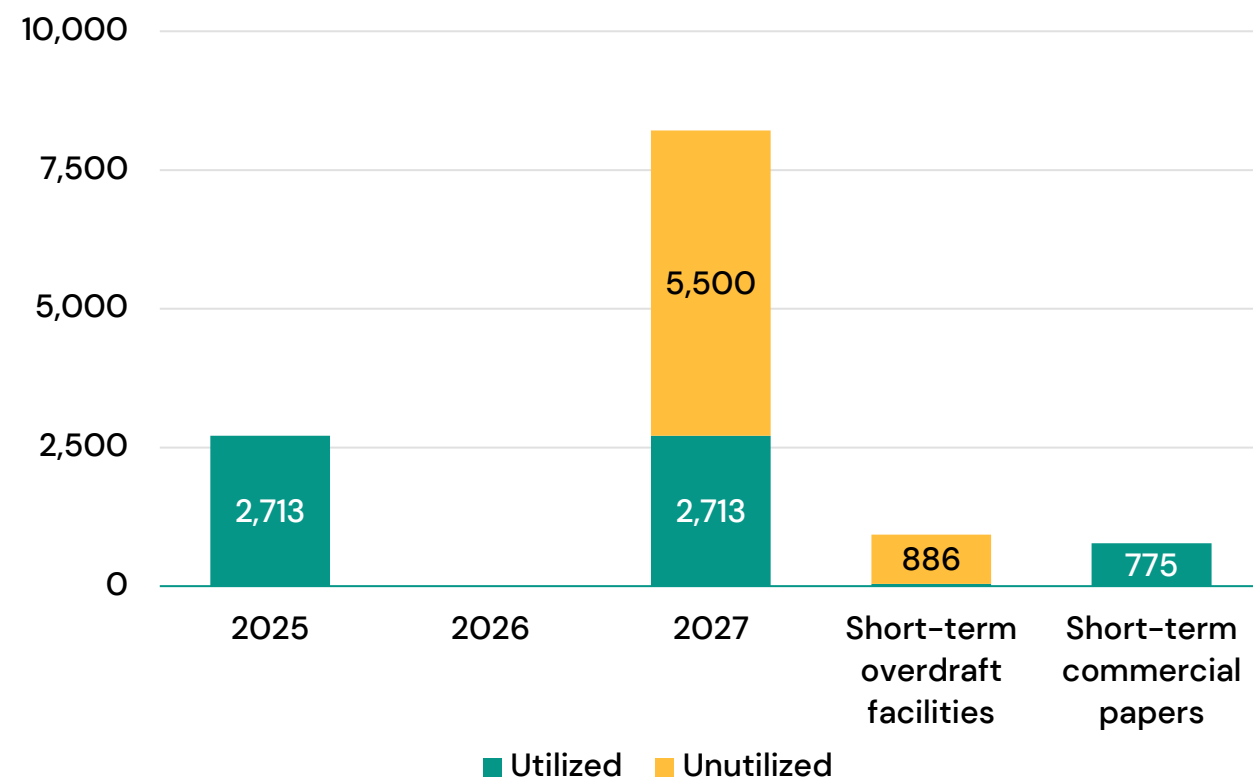


- Continued deleveraging with Net debt/Adj EBITDA now at 1.5x
- Three components affecting Net debt/Adj EBITDA:
 - Adj EBITDA growth
 - Cash generation
 - Immediate currency impact on debt, but trailing impact on earnings

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

Well-covered debt maturities

Maturity schedule as of 31 December, SEKm



- A bond loan of SEK 673m with maturity in November 2024 was prematurely redeemed in October
- Available cash and committed credit facilities more than exceed loans maturing in 2025-26
- New 2-year USD 100m loan from Danske Bank secured after the end of the quarter, replacing debt expiring in February 2025

Financial targets

Long-term value creation

Sinch's Board of Directors measures long term value creation through an assessment of free cash flow per share.

Targeting Net Zero emissions by 2050, in line with the Science Based Targets initiative (SBTi).

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%.

The organic growth rate reflects an ambition to grow faster than market in each product category.

Financial leverage policy

Sinch's financial leverage policy is that:

- Net debt over time shall be below 2.5 times adjusted EBITDA (measured on a rolling twelve-month basis).

Capital allocation

Cash generated from the business will be used to:

1. Reduce debt
2. Finance acquisitions
3. Return cash to shareholders



Thanks!

For more information, contact:

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Income statement

| SEKm | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | 2023 | 2024 |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Net sales | 7 265 | 7 532 | 6 792 | 7 041 | 7 150 | 7 729 | 28 745 | 28 712 |
| Cost of services sold | -4 832 | -5 006 | -4 480 | -4 655 | -4 744 | -5 147 | -19 203 | -19 027 |
| Gross profit | 2 433 | 2 526 | 2 312 | 2 386 | 2 406 | 2 582 | 9 542 | 9 685 |
| Operating expenses | -1 585 | -1 708 | -1 544 | -1 594 | -1 607 | -2 275 | -6 468 | -7 020 |
| EBITDA | 848 | 818 | 768 | 792 | 799 | 307 | 3 074 | 2 665 |
| Depreciation and amortization | -665 | -687 | -617 | -622 | -6 623 | -611 | -2 580 | -8 473 |
| EBIT | 184 | 131 | 151 | 170 | -5 824 | -304 | 494 | -5 807 |
| Financial income | 854 | 1 214 | 353 | 732 | 937 | 266 | 3 280 | 2 287 |
| Financial expenses | -1 064 | -1 371 | -464 | -881 | -1 076 | -295 | -3 926 | -2 715 |
| Profit or loss before tax | -26 | -26 | 40 | 21 | -5 963 | -333 | -152 | -6 235 |
| Current tax | -114 | 141 | -136 | -28 | -193 | -139 | -319 | -497 |
| Deferred tax | 186 | 30 | 7 | 102 | 61 | 148 | 513 | 319 |
| Profit or loss for the period | 46 | 145 | -90 | 95 | -6 095 | -324 | 42 | -6 413 |
| Adjusted EBITDA | 943 | 996 | 794 | 867 | 923 | 1 003 | 3 637 | 3 586 |
| Adjusted EBIT | 806 | 844 | 658 | 738 | 795 | 875 | 3 122 | 3 066 |

Cash flow

| SEKm | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | 2023 | 2024 |
|--|--------------|---------------|-------------|--------------|--------------|--------------|---------------|---------------|
| Profit or loss before tax | -26 | -26 | 40 | 21 | -5 963 | -333 | -152 | -6 235 |
| Adjustment for non-cash items | 640 | 903 | 574 | 594 | 6 754 | 991 | 2 859 | 8 914 |
| Income tax paid | -127 | -48 | -57 | -147 | -99 | -45 | -600 | -348 |
| Cash flow before changes in working capital | 487 | 828 | 557 | 468 | 692 | 613 | 2 107 | 2 330 |
| Change in working capital | 375 | -101 | -4 | 581 | -255 | 292 | -319 | 614 |
| Cash flow from (-used in) operating activities | 862 | 727 | 553 | 1 049 | 437 | 905 | 1 788 | 2 944 |
| Net investments in property, plant and equipment and intangible assets | -184 | -153 | -129 | -146 | -143 | -171 | -629 | -589 |
| Change in financial receivables | 2 | 6 | -2 | -3 | 2 | -12 | 4 | -16 |
| Acquisition of Group companies | 0 | 0 | 0 | 0 | 0 | 0 | -24 | 0 |
| Cash flow from (-used in) investing activities | -182 | -147 | -131 | -149 | -141 | -183 | -649 | -604 |
| Change in borrowings | -540 | -1 106 | -615 | -881 | 108 | -745 | -2 254 | -2 133 |
| Amortization lease liability | -42 | -32 | -34 | -33 | -31 | -28 | -136 | -126 |
| New issue/warrants | 1 | 3 | 5 | 4 | 10 | 5 | 48 | 25 |
| Cash flow from (-used in) financing activities | -581 | -1 135 | -645 | -909 | 87 | -767 | -2 342 | -2 234 |
| Cash flow for the period | 99 | -555 | -223 | -9 | 382 | -46 | -1 203 | 105 |
| Opening cash and cash equivalents | 1 545 | 1 620 | 1 012 | 756 | 734 | 1 108 | 2 173 | 1 012 |
| Exchange rate differences | -24 | -53 | -33 | -13 | -9 | 21 | 42 | -34 |
| Closing cash and cash equivalents | 1 620 | 1 012 | 756 | 734 | 1 108 | 1 083 | 1 012 | 1 083 |

Cash conversion

| SEKm | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | 2023 | 2024 |
|--|------------|------------|------------|--------------|------------|------------|--------------|--------------|
| Adjusted EBITDA | 943 | 996 | 794 | 867 | 923 | 1 003 | 3 637 | 3 586 |
| Net interest paid | -159 | -156 | -131 | -130 | -117 | -103 | -587 | -480 |
| Paid taxes | -127 | -48 | -57 | -147 | -99 | -45 | -600 | -348 |
| Other items | -171 | 37 | -49 | -122 | -14 | -242 | -342 | -428 |
| Cash flow before changes in working capital | 487 | 828 | 557 | 468 | 692 | 613 | 2 107 | 2 330 |
| Change in working capital | 375 | -101 | -4 | 581 | -255 | 292 | -319 | 614 |
| Cash flow from operating activities | 862 | 727 | 553 | 1 049 | 437 | 905 | 1 788 | 2 944 |
| Net investments in property, plant and equipment and intangible assets | -184 | -153 | -129 | -146 | -143 | -171 | -629 | -589 |
| Cash flow from operating activities after investments | 678 | 574 | 424 | 903 | 293 | 734 | 1 159 | 2 355 |