

Sinch Investor meetings

Hosted by SEB

Frankfurt, February 2023

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SEK 27.7bn
net sales in the
past 12 months

SEK 8.8bn
gross profit in the
past 12 months

SEK 3.1bn
Adj. EBITDA in the
past 12 months

60+
countries with
local presence

a global leader in **cloud communications**
and **mobile customer engagement**

Scalable cloud communications platform
for messaging, voice, email and video

More than 600 billion
engagements per year

Over 150,000
customers



Profitable since our
foundation in 2008



>60% growth CAGR
since IPO in 2015



Serving 8 of the 10 largest
U.S. tech companies

Supporting the customer journey



Marketing

TARGETED CAMPAIGNS

“Back in stock – add a new speaker to your setup...”

BOOKING CONFIRMATION

“Thanks for traveling with us – confirming your trip to...”

SMS REMINDER

“Booking confirmed, table for 2, Saturday...”

Service delivery

CLOUD VOICE

“Your meeting will start in 3 minutes...”

SMS NOTIFICATION

“Your package has been delivered...”

PERSONALIZED VIDEO

“Here’s how we repaired your pick-up truck...”

Customer care

CUSTOMER CARE

“This is Brenda, how can I help you...”

FEEDBACK & REVIEWS

“Help us get better! Rate your...”

CONVERSATIONAL MESSAGING

“Hi, thanks for reaching out through WhatsApp...”

ONE-TIME PASSWORD

“Your pin code is 870 986...”



150,000+ customers

The Customer Communications Cloud



Best-of-breed product set

- One provider to integrate, automate and reach customers on every channel and device on the planet
- Scalable, secure, georedundant and compliant

Super network

- 600+ direct carrier connections for messaging
- 95% direct population coverage in North America
- 98% deliverability rate for email

Complementary go-to-market motions

- Direct sales and online self-signup for enterprises, SMB's and developers
- APIs, applications and integrations
- Partnerships with leading cloud platforms



200 billion messages per year

300 billion voice minutes per year

300 billion emails per year

Track record of profitable growth



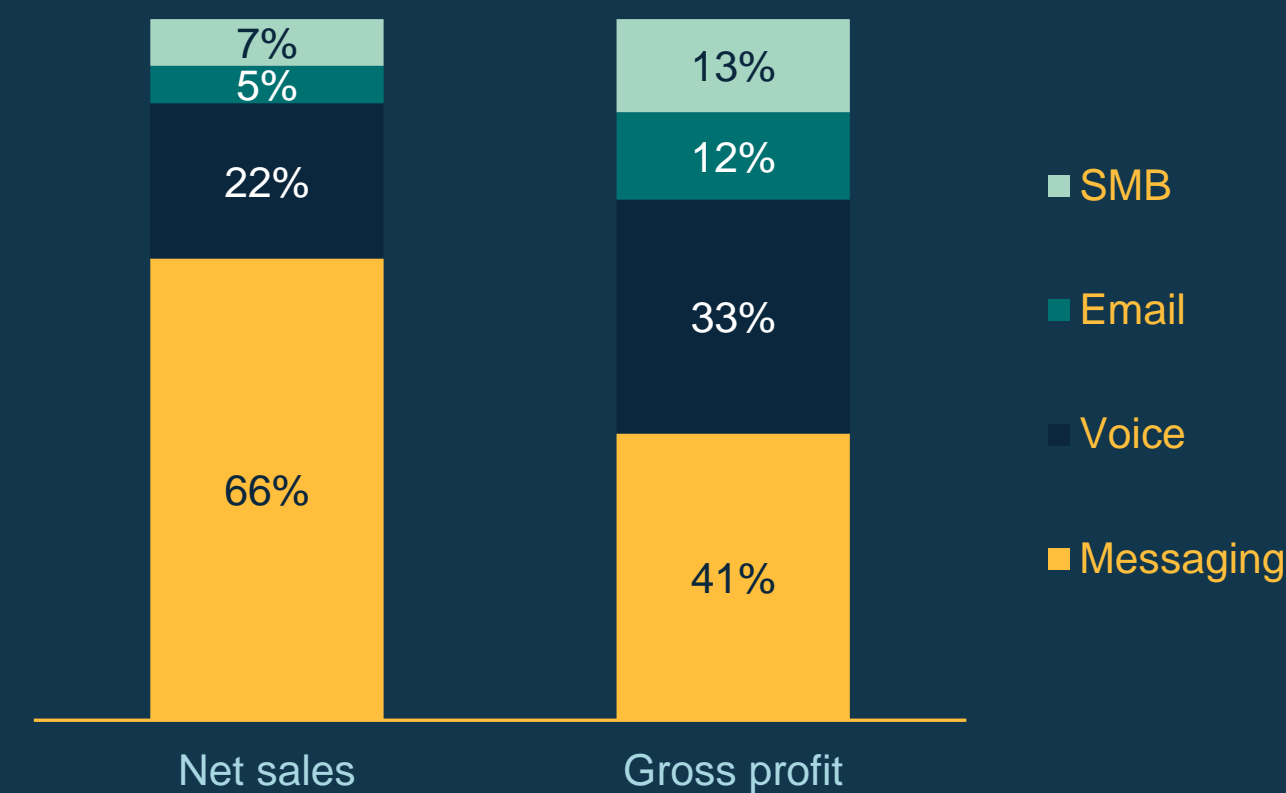
Global growth market

- USD 60 billion estimated Total Addressable Market (TAM)
- Estimating TAM growth to 10-15% with large variations between segments and geographies
- Growth fuelled by structural trends
 - › Digitalization
 - › Customer experience as competitive edge
 - › Increased usage of cloud services
 - › New communications channels

Organic and acquired growth

- Strategy to combine organic and acquired growth
- Acquisitions drive synergies through economies of scale and/or extend our product offering

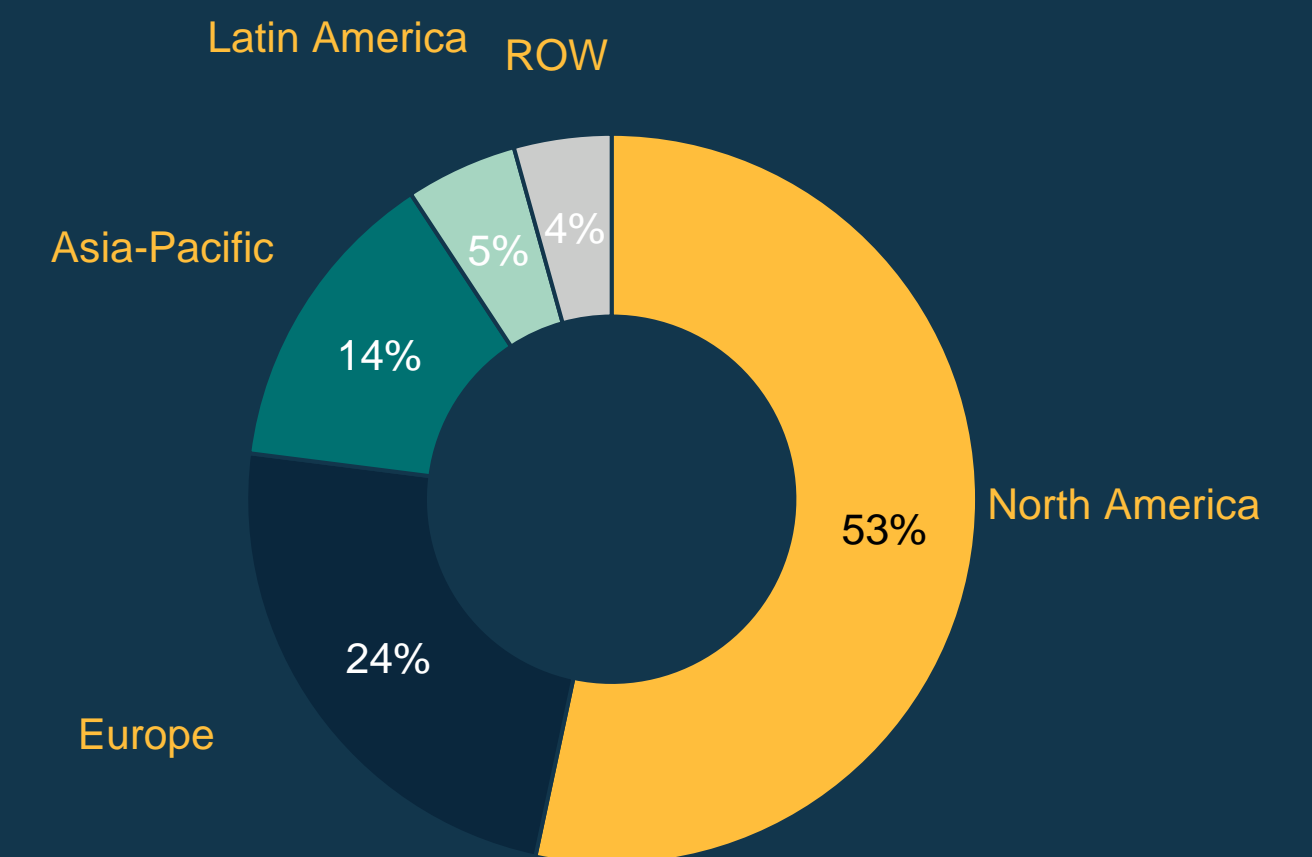
Net sales and Gross profit by segment



Profitable since our foundation

- Four profitable and growing segments

Revenues by geography



>60% growth CAGR since IPO in 2015

16 acquisitions since IPO in 2015

60+ countries with local presence

Addressable market estimated to USD 60 billion

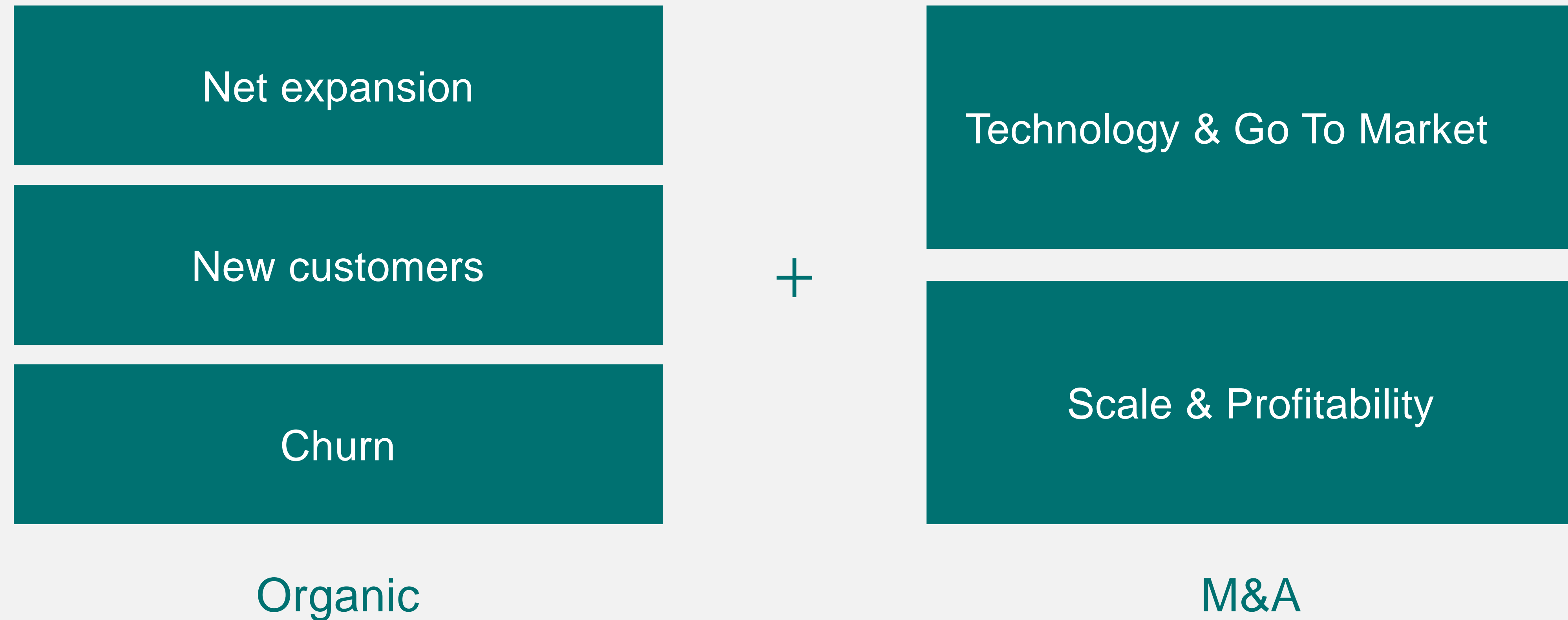
Global trends fuelling growth

- Digitalization
- Customer experience as competitive edge
- Increased usage of cloud services
- New communications channels



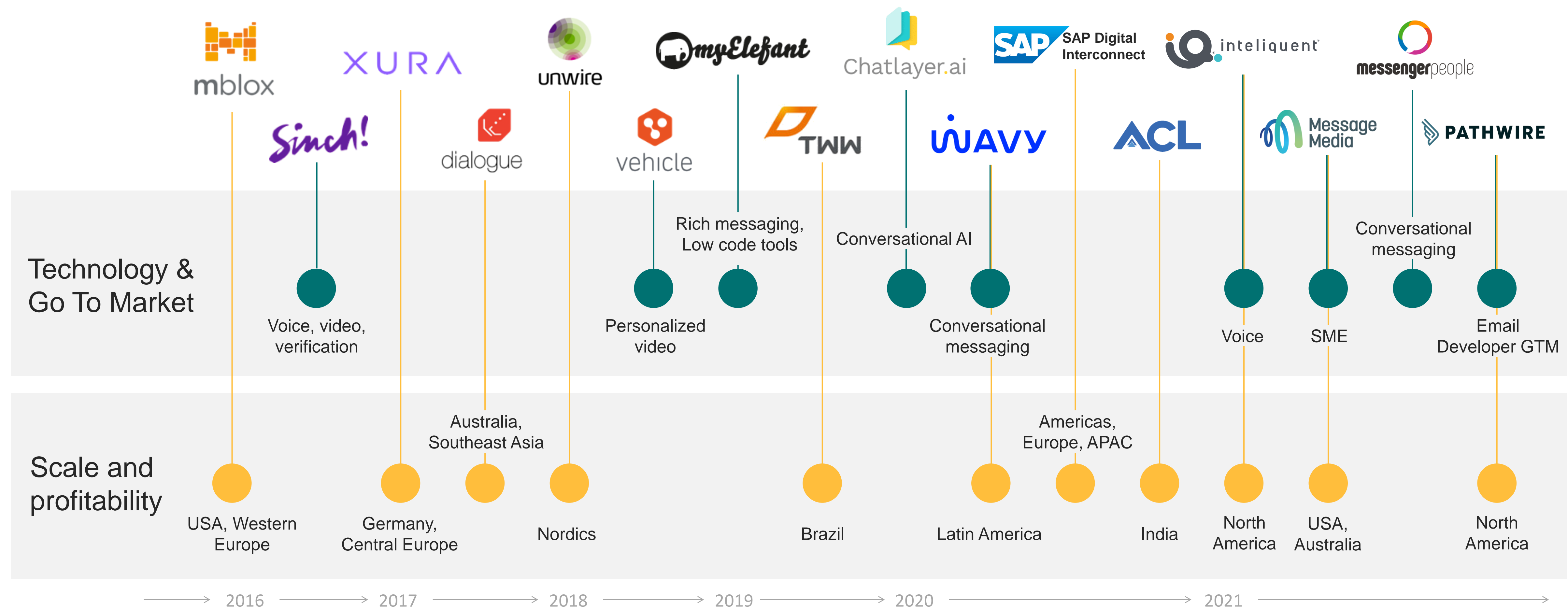


Two-pronged growth strategy



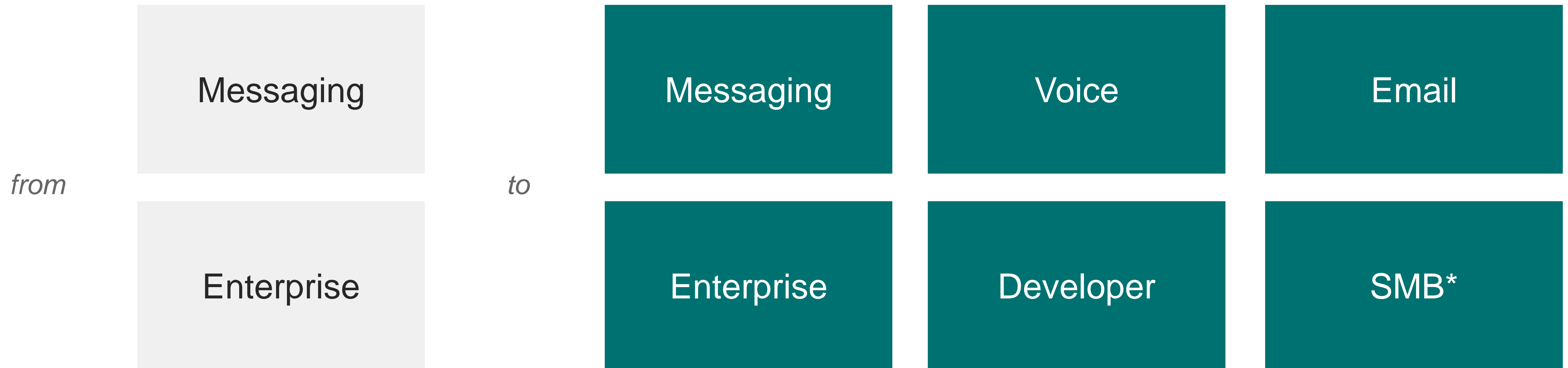


Strategic acquisitions





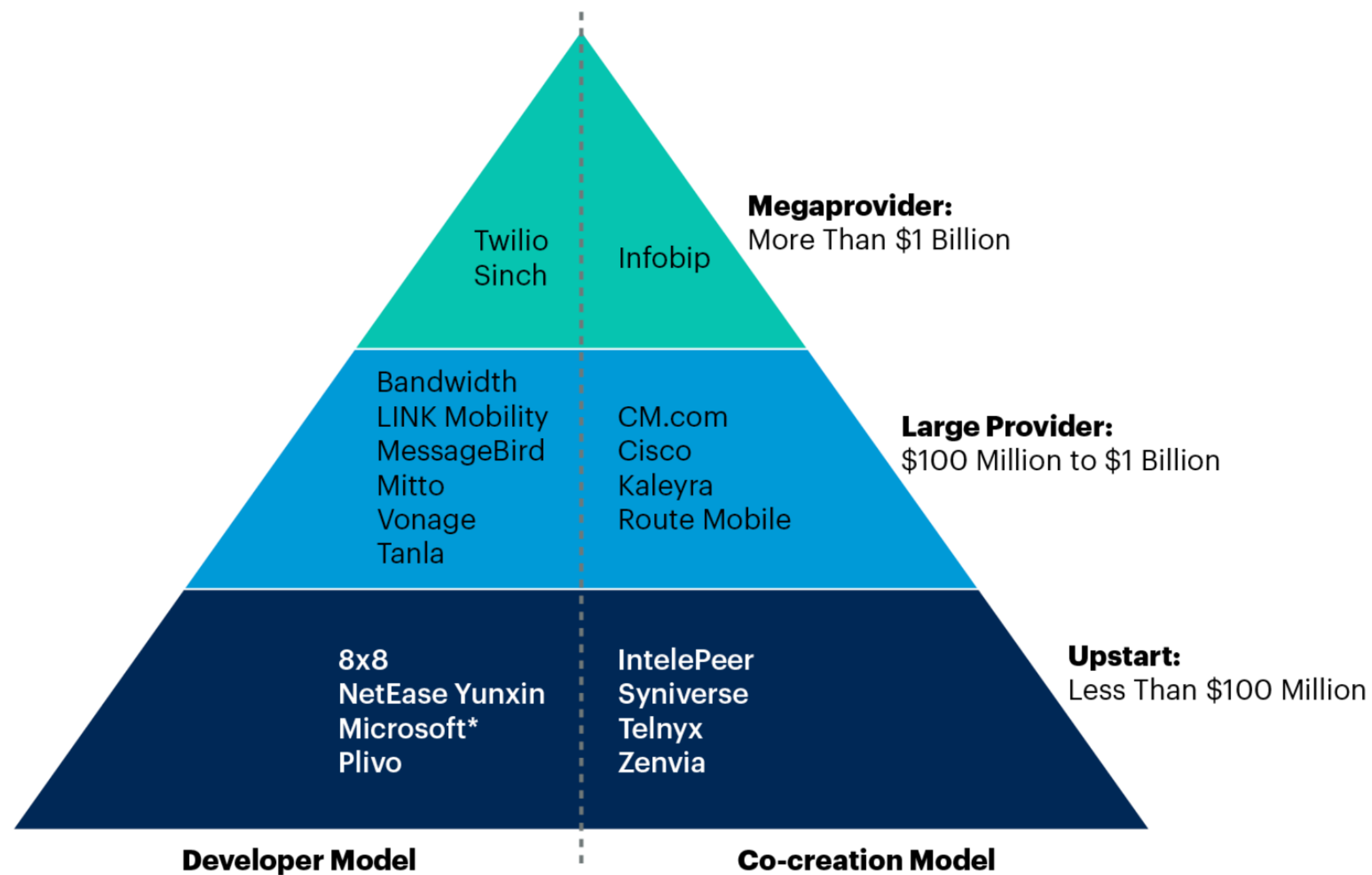
Extended capabilities expands our addressable market





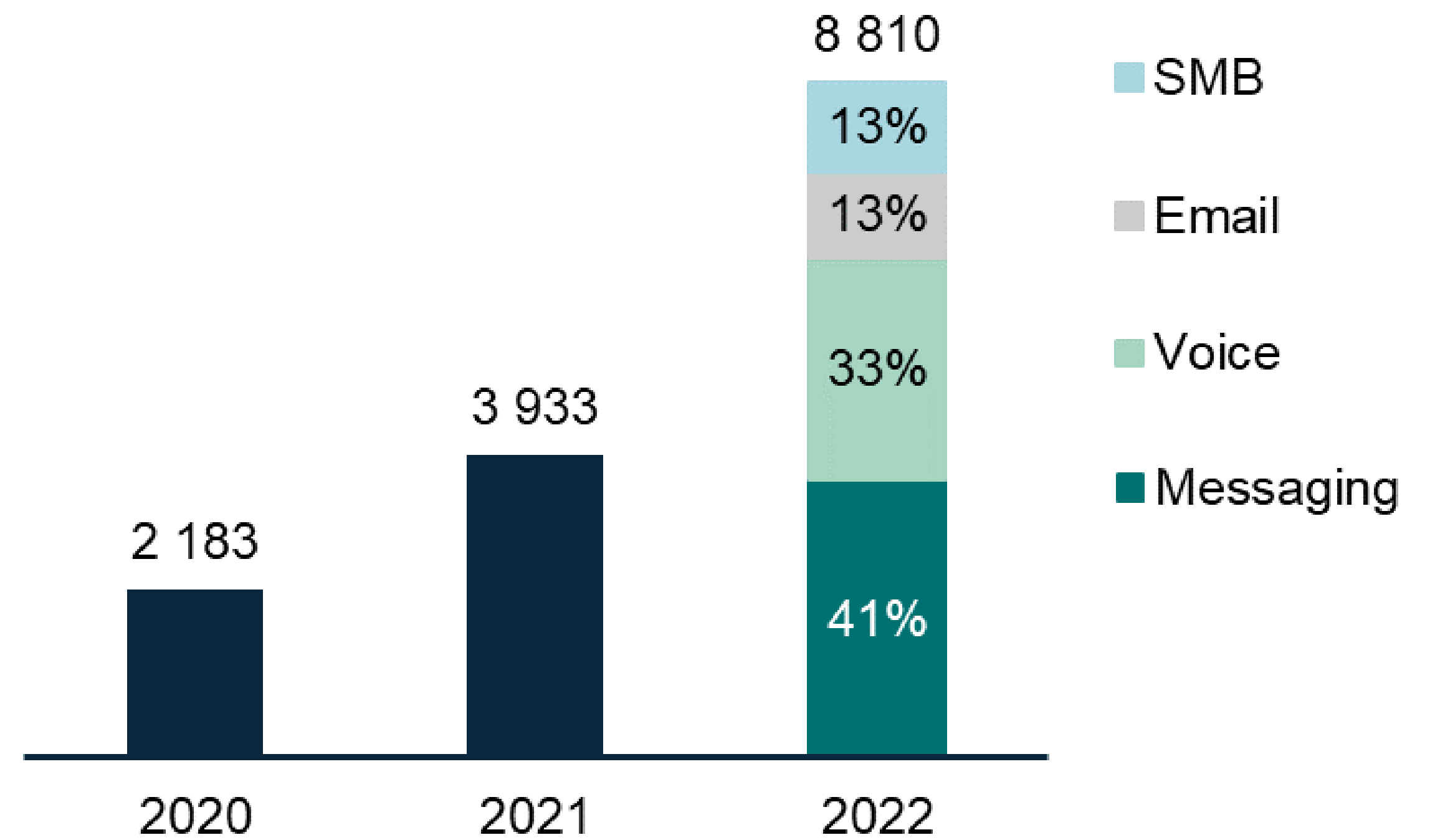
A global leader in cloud communications

Major Vendors in CPaaS



Source: Gartner (November 2021)
 * Gartner estimate based on launch in April 2021

Rising gross profit and broadened product mix



Q4 2022



Three priorities

01 Cost control

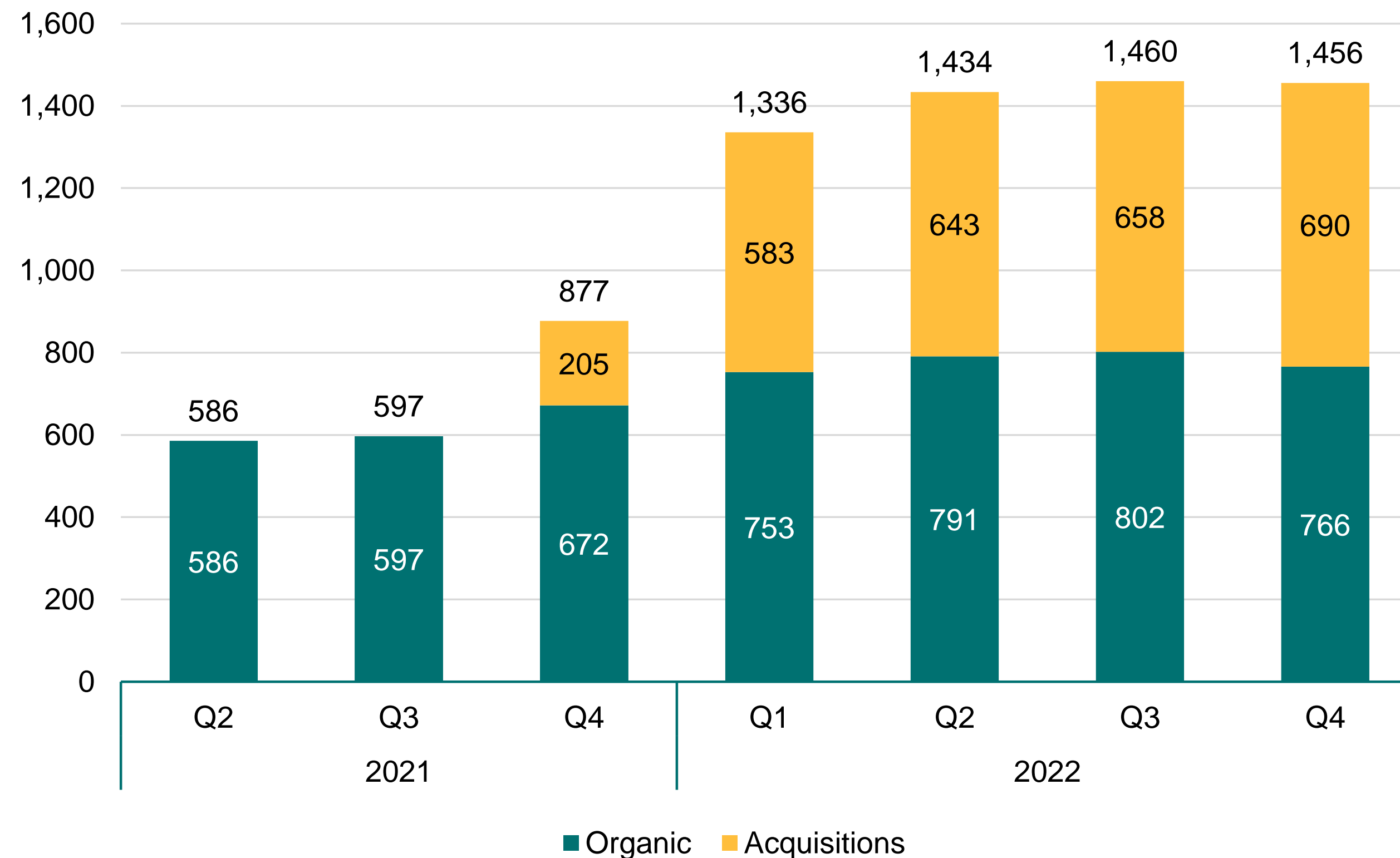
02 Cash flow

03 Growth



Delivering on our cost reduction program

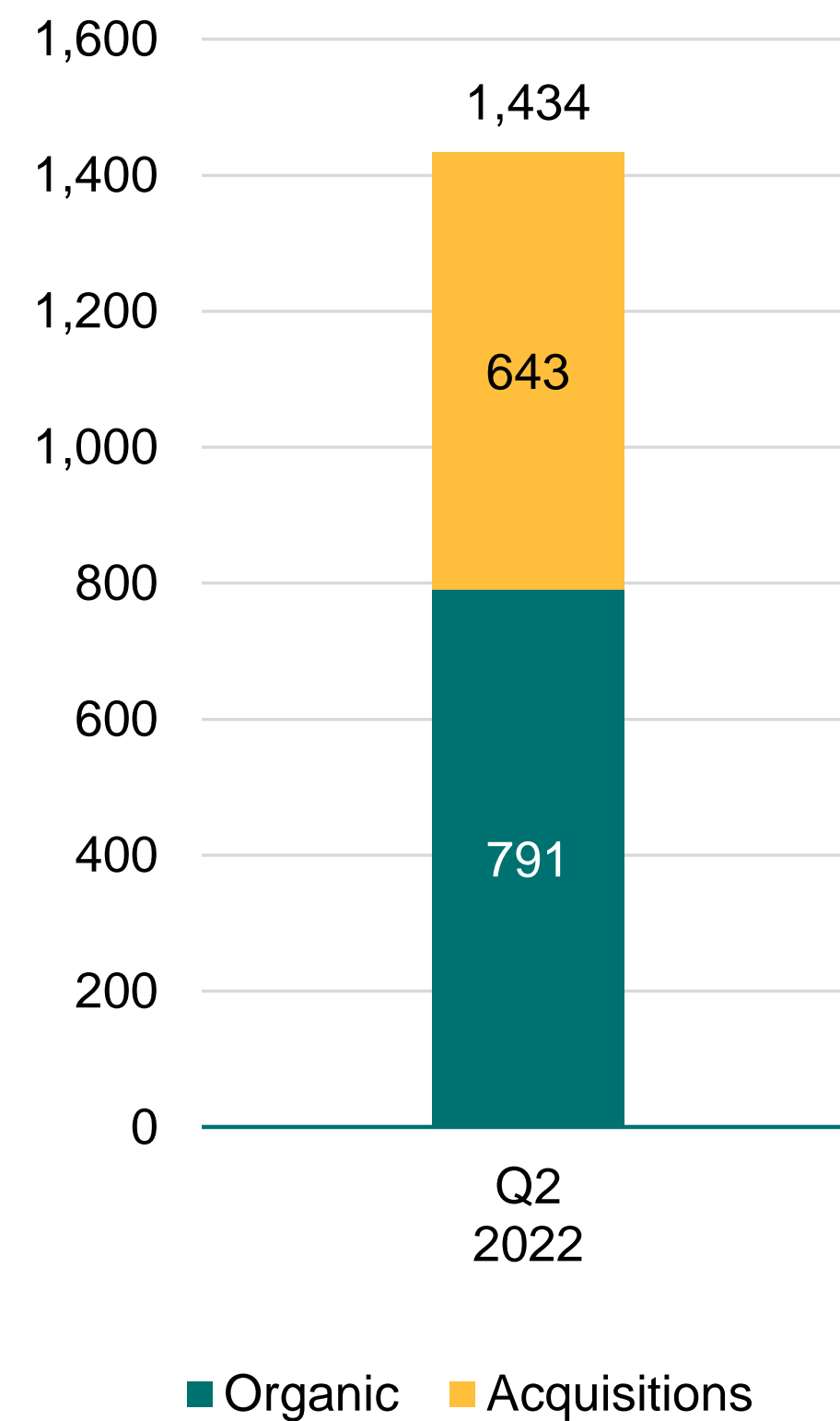
Adjusted Opex, SEKm



- Half of the targeted SEK 300m gross savings have now been realized
- Adjusted Opex in constant currency is 12% lower in Q4 than in Q2
 - One-time items reduce costs by around 60 MSEK in Q4
 - In constant currencies excl. one-time items, Adj Opex is 8% lower in Q4 vs Q2
- Continued delivery of cost reduction plan to safeguard growth investments

Lower expected restructuring charges

Adj Opex, Q2 2022, SEKm



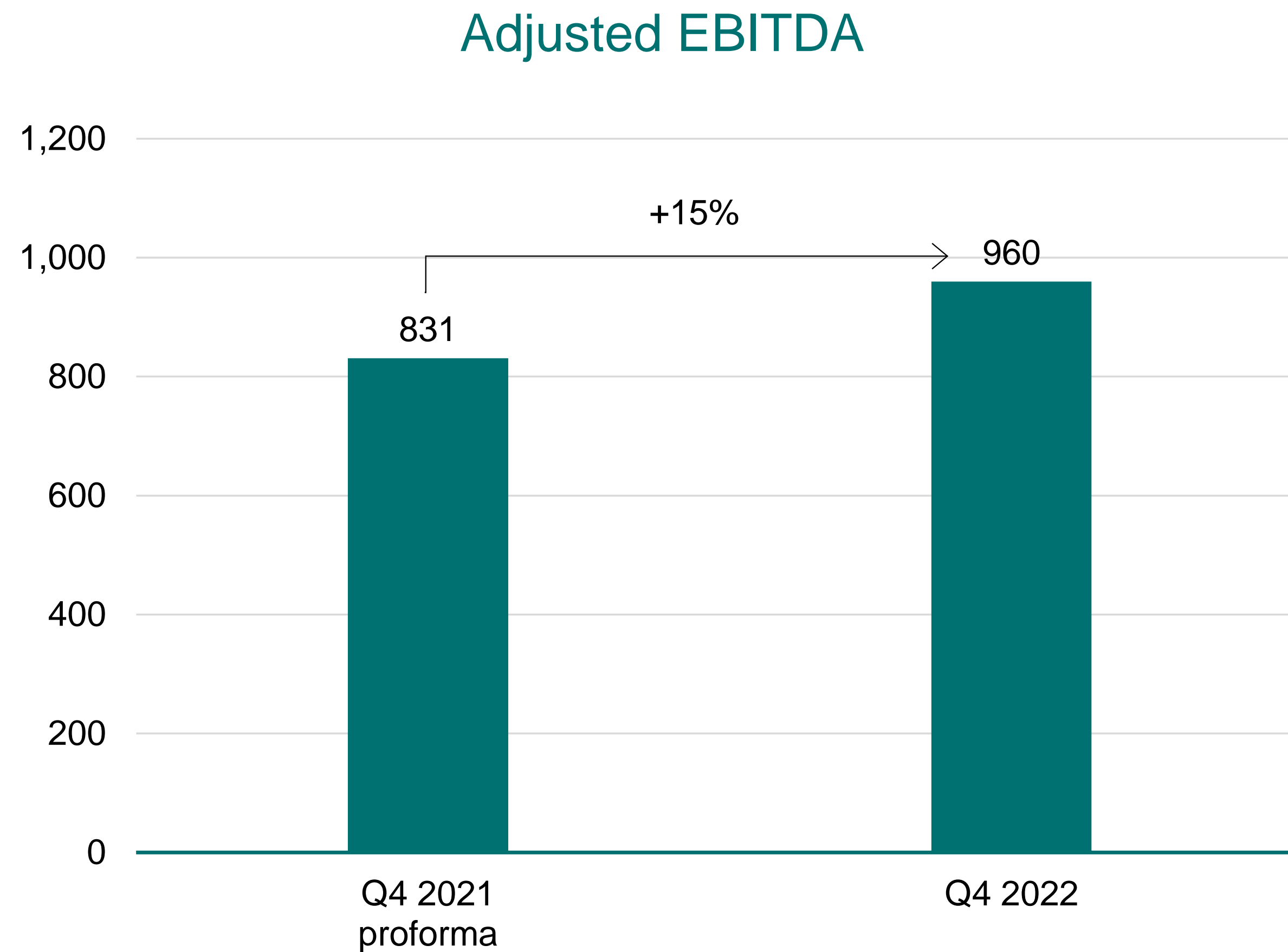
Voice, Email and SMB maintain strong margins and are out of scope

Targeting a **10% cost reduction** in Messaging and central functions (reported as segment “Other”)

- Targeting SEK 300 million (10%) in gross savings through
 - Reduced non-personnel expenses
 - Fewer consultants
 - Accelerated platform integrations
 - Employee reductions
- Around 150 redundancies
- Total restructuring charges now estimated to SEK 80 million (previously 120m)



Robust EBITDA development

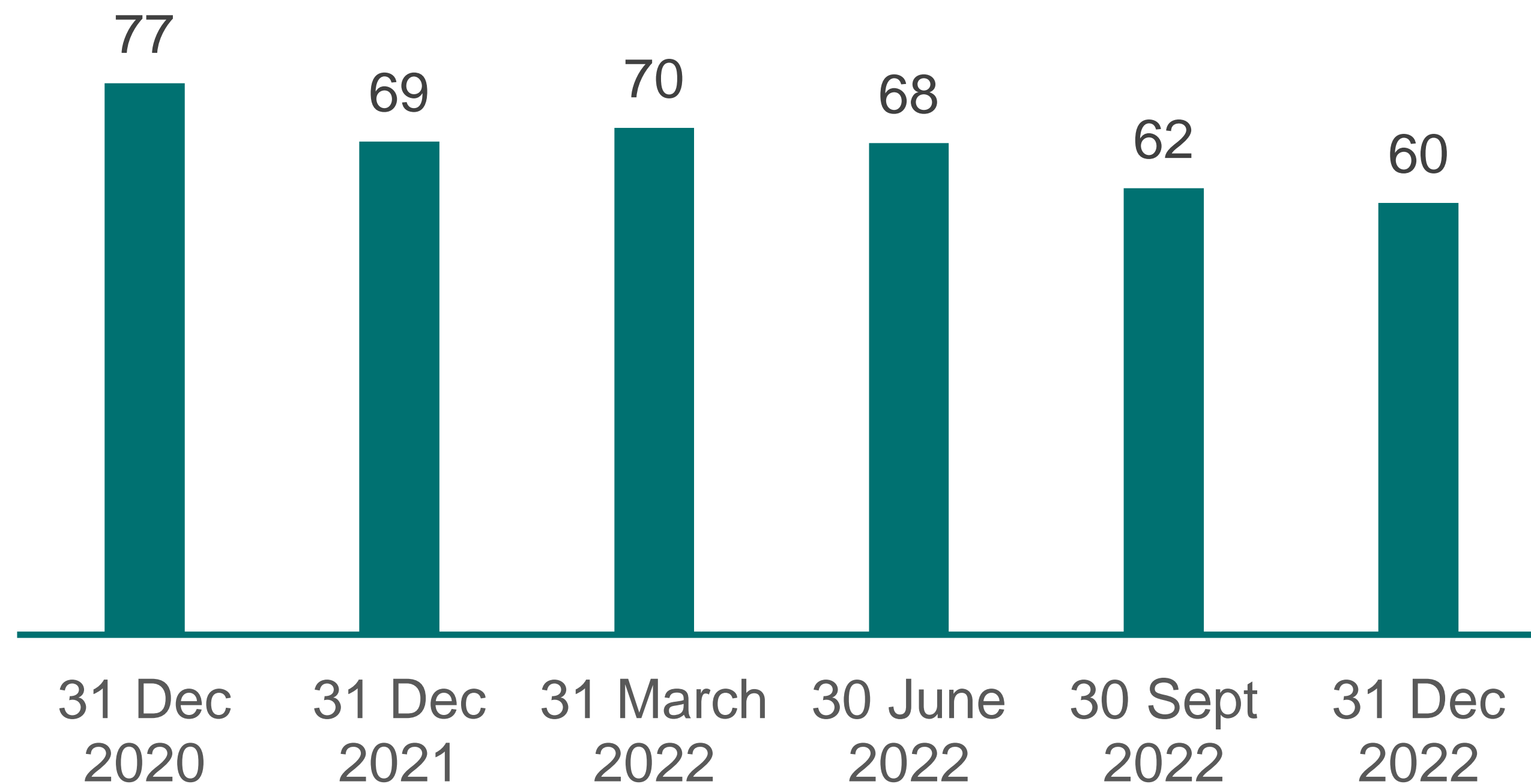


- Proforma Adjusted EBITDA in Q4 2021 was SEK 831m
- Adjusted EBITDA in Q4 22 is 15% higher than proforma Q4 21
- Cost control and margin focus safeguard earnings growth



Continued, strong cash flow

Days Sales Outstanding*



- Cash flow from operating activities at SEK 973m in Q4 and 2,508m for 2022
- YTD cash conversion at 60%**
- Focused effort to reduce Accounts Receivables is yielding results
- DSO at 60, down from 62 in Q3

*DSO = Days Sales Outstanding = (Accounts Receivables, billed and unbilled + Accrued income) / proforma Net income * 365. Proforma as of balance sheet date.

** Cash flow from operating activities after investments / Adjusted EBITDA



Growth

Q4 2022

- Total revenue growth of 41% and gross profit growth of 79%, with acquisitions and currency contributing*
- -1% revenue growth and 3% growth in gross profit (proforma in constant currency)
- Macroeconomic decline affecting Messaging & Voice
 - Large software services providers (who resell or embed our offering) focusing more on price
 - Reduced marketing volumes
- Macroeconomic environment remains uncertain
- Multiple growth initiatives ongoing to accelerate growth through product integration, developer go to market and cross sales

Messaging

- Revenue growth at -5% and GP growth at -8%
- Large impact from reduction with one large customer
- Investment in developer go to market and conversational messaging for future growth

Email

- Q4 revenue growth at 19% and GP growth at 20%
- Cloud migration completed
- Focusing on cross sales of messaging and email

Voice

- Revenue growth at 4% and GP growth at 6%
- International expansion & product investments to strengthen self-serve offering

SMB

- Q4 revenue growth at 16%, GP growth at 24%
- Continued strong growth in U.S. SMB offering

Financials

Fourth quarter highlights

01

Lower costs

- Cost reduction program announced Q2 2022 has delivered faster results than anticipated
- Around half of the targeted SEK 300m gross savings have been realized
- Adjusted Opex in Q4 is 12% lower than in Q2 2022 in constant currencies; 8% lower excl. one-offs

02

Margin stability

- Net sales growing 41%, Gross profit 79% and Adj EBITDA 104%
- Gross margin at 33% (26%), in line with Q3 2022 and 1.4% up from pro forma Q4 2021
- L12M Net sales at SEK 27.7bn with GP at SEK 8.8bn

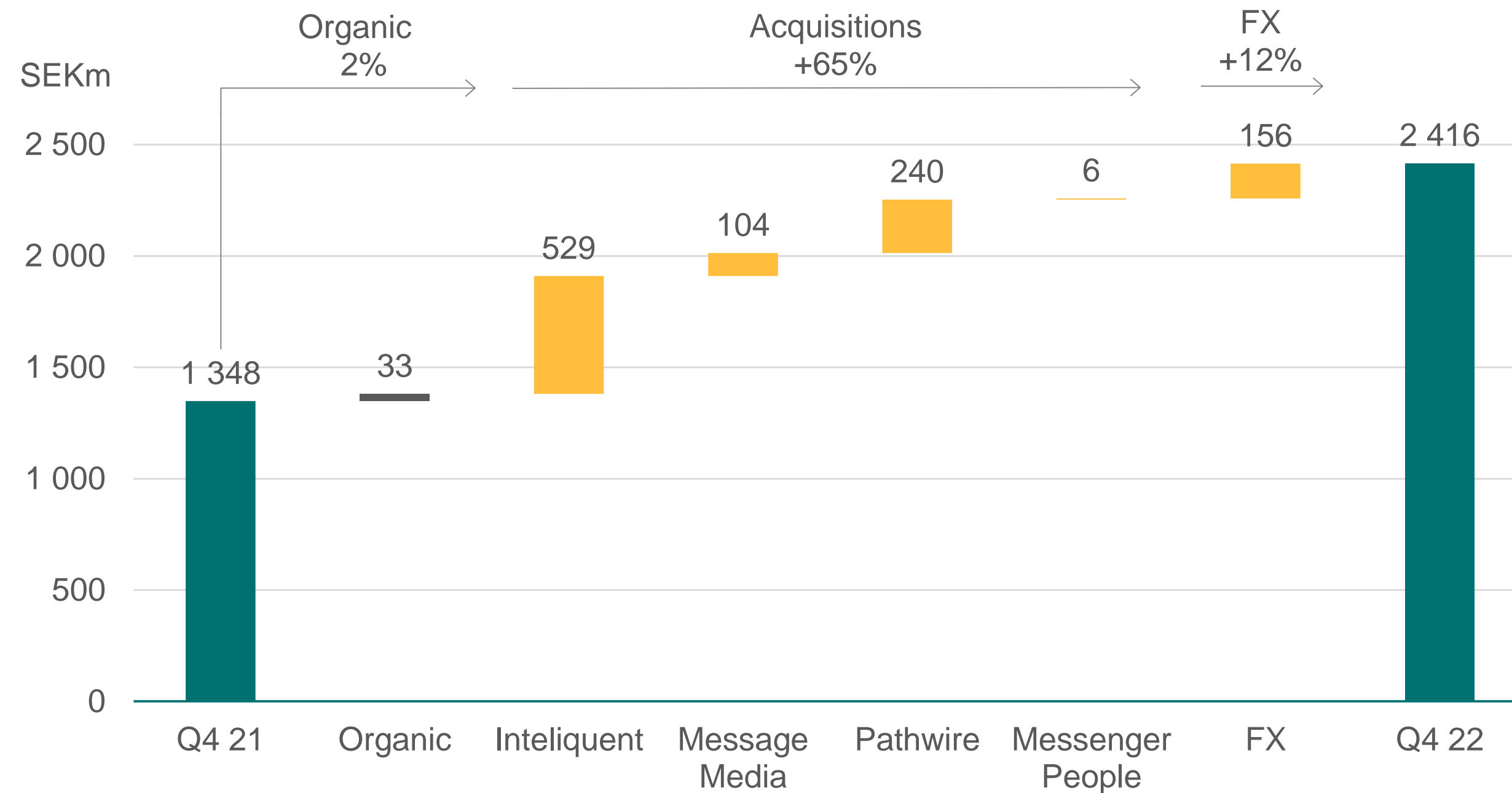
03

Strong cash flow

- Adjusted EBITDA of SEK 960m, up 104% vs Q4 2021 and 15% higher than Q4 2021 pro forma
- Improved Cash flow from operating activities at SEK 973m
- Net debt/Adjusted EBITDA excl. IFRS16 leases at 2.7x.

Gross profit evolution

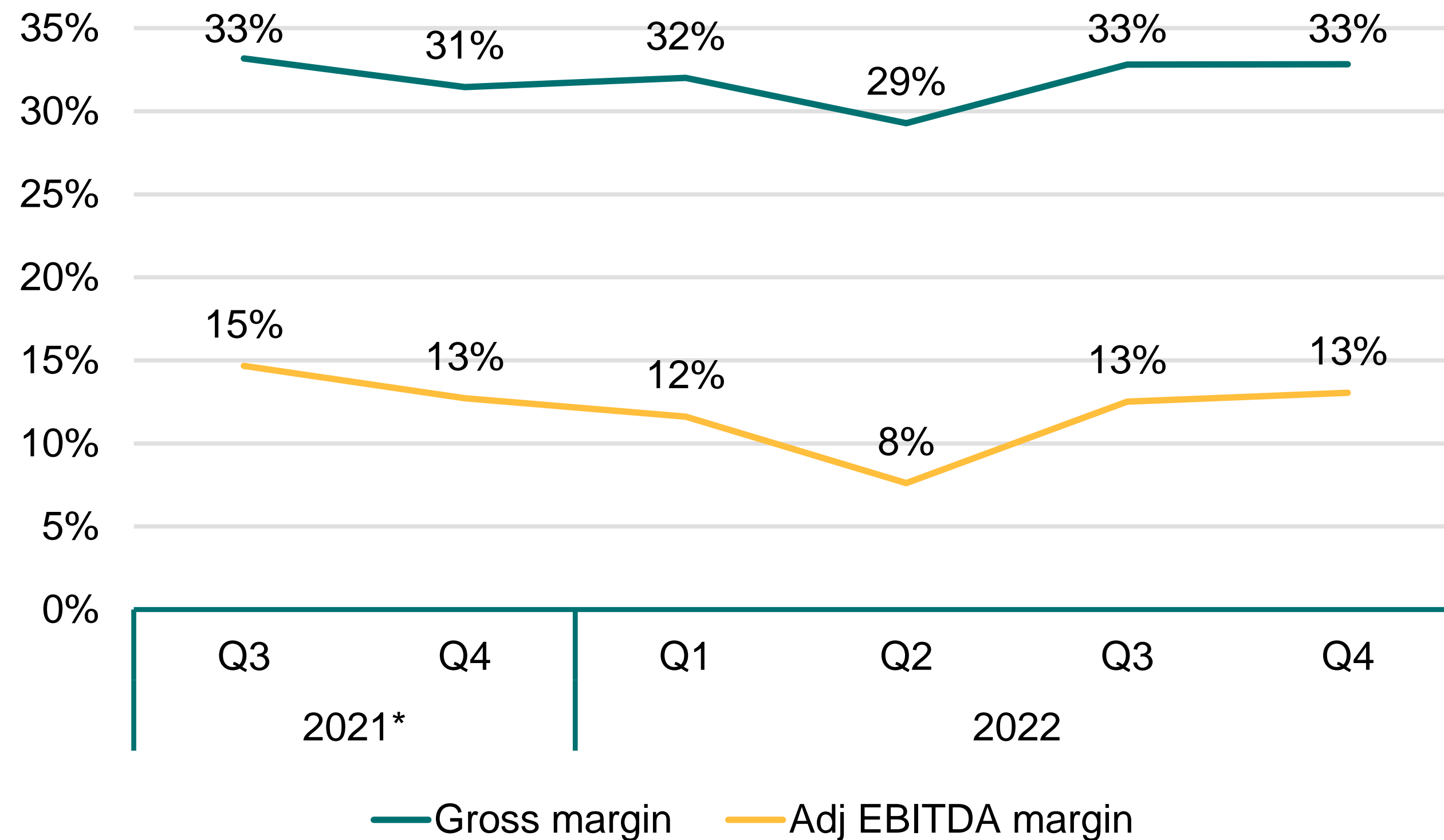
Gross profit, SEKm



- Organic gross profit growth of 2% and proforma gross profit growth of 3% in constant currency
- Organic growth impacted by reduced Messaging volumes and the price negotiation with one of our largest Messaging customers that took place in Q2
- Messaging volumes down 3% year-on-year due to reduced wholesale traffic, lower volumes in Brazil and reduced volumes from a major customer

Margin development

Gross margin & Adjusted EBITDA margin



- Stable gross margin
- Q2 2022 affected by SEK 162 million reassessment of reserves for accrued traffic costs
- Opex control contributing to improved Adjusted EBITDA margin in H2 2022

*Figures for Q3 and Q4 2021 are pro forma, including all acquisitions

Income statement

SEKm	Q4 2022	Q4 2021	2022	2021
Net sales	7 361	5 207	27 722	16 177
Cost of goods sold and services	-4 945	-3 860	-18 912	-12 244
Gross profit	2 416	1 347	8 810	3 933
Other operating income	107	89	611	192
Work performed by the entity and capitalized	105	37	374	98
Other external costs	-622	-504	-2 400	-1 306
Employee benefits expenses	-1 072	-559	-4 157	-1 837
Other operating expenses	-143	-80	-464	-249
EBITDA	791	330	2 774	831
Depreciation and amortization	-724	-342	-7 478	-673
EBIT	66	-12	-4 703	158
Financial income	866	1 371	3 702	2 393
Financial expenses	-1 098	-757	-3 774	-1 354
Profit before tax	-166	603	-4 775	1 197
Current tax	50	-228	-583	-378
Deferred tax	-111	78	414	89
Profit for the period	-226	453	-4 943	908
Adjusted EBITDA	960	471	3 124	1 322
Adjusted EBIT	919	393	2 731	1 161

- Currency effects increase Net sales, Gross profit and EBITDA
- Depreciation & amortization includes non-cash amortization related to acquired entities
- SEK 97m goodwill impairment in Q4 is a currency effect on the SEK 5 billion goodwill impairment booked in Q3

Cash conversion

SEKm	Q4 2022	Q4 2021	2022	2021
Adjusted EBITDA	960	471	3 124	1 322
Paid interest	-119	6	-279	-34
Paid taxes	-161	-109	-560	-254
Other items	-18	127	-453	154
Cash flow before changes in working capital	661	496	1 832	1 188
Change in working capital	312	-24	676	-859
Cash flow from operating activities	973	472	2 508	329
Net investments in property, plant and equipment and intangible assets	-183	-75	-643	-178
Cash flow from operating activities after investments	790	397	1 865	151
Cash conversion from Adjusted EBITDA	82%	84%	60%	11%

- Cash conversion* of 82% in Q4 and 60% for 2022
- Higher paid interest in Q4 due to increased interest rates

Cash flow

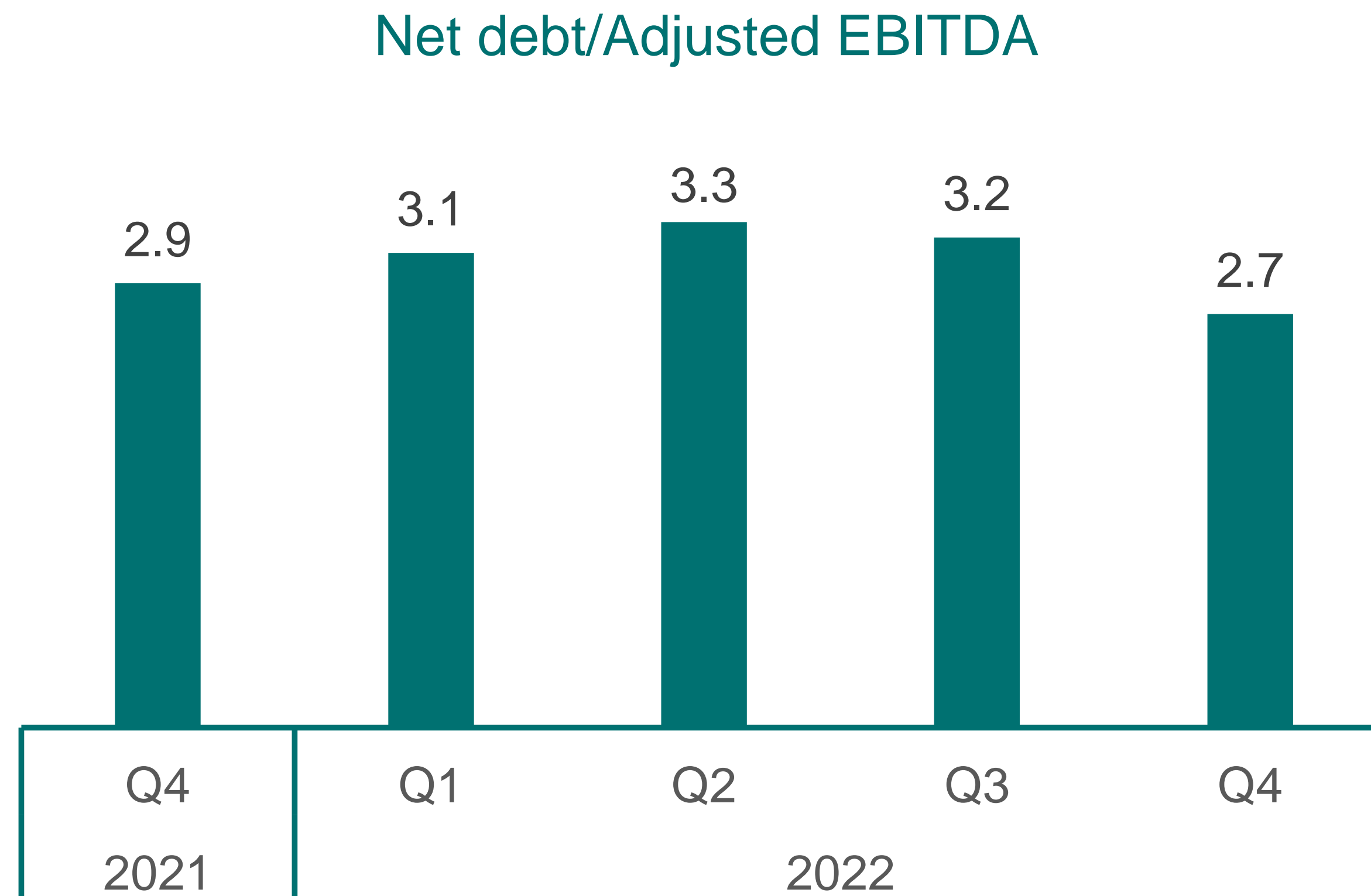
SEKm	Q4 2022	Q4 2021	2022	2021
Profit after financial items	-166	603	-4 775	1 197
Adjustment for non-cash items	988	2	7 167	245
Income tax paid	-161	-109	-560	-254
Cash flow before changes in working capital	661	496	1 832	1 188
Change in working capital	312	-24	676	-859
Cash flow from operating activities	973	472	2 508	329
equipment and intangible assets	-183	-75	-643	-178
Change in financial receivables	3	-3	-3	-4
Acquisition of Group companies	-	-28 216	-45	-28 877
Cash flow from investing activities	-180	-28 294	-691	-29 059
Changes in loans	-600	10 662	-1 455	10 533
Amortization lease liability	-18	-23	-144	-55
New issue/warrants	8	6 505	91	15 976
Cash flow from financing activities	-610	17 144	-1 508	26 454
Cash flow for the period	183	-10 676	309	-2 276
Opening cash and cash equivalents	2 012	11 934	1 871	3 123
Exchange rate differences	-22	614	-7	1 024
Closing cash and cash equivalents	2 173	1 871	2 173	1 871

- Cash flow from operating activities at SEK 973 million in Q4 and 2,508 million YTD
- Net debt decreased by SEK 1,096m during the quarter
- Strong financial profile with diversified earnings pool

* Cash flow from operating activities after investments / Adjusted EBITDA



Lower Net debt/Adjusted EBITDA



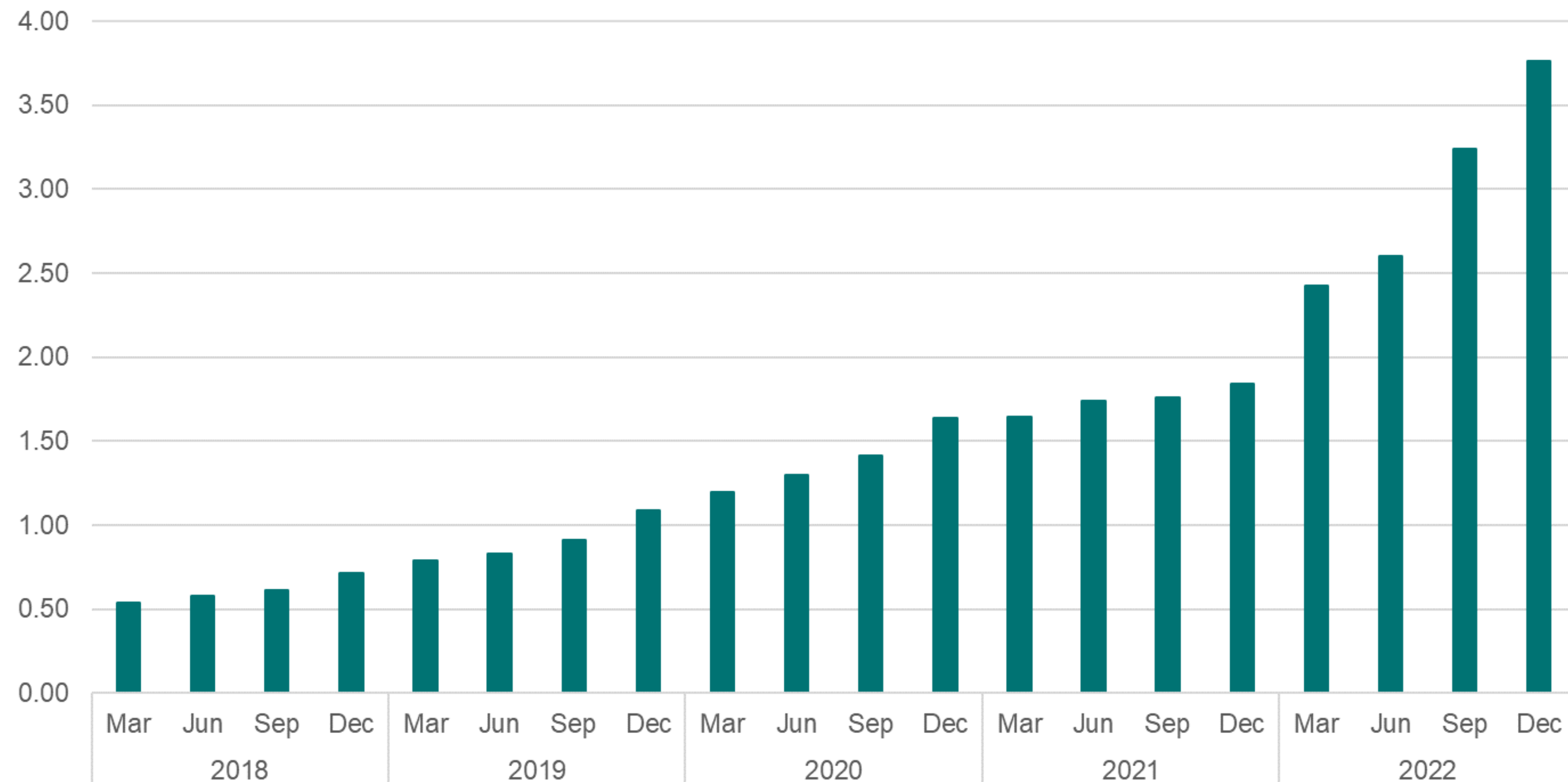
- Three components affecting Net debt/EBITDA:
 - EBITDA growth
 - Cash generation
 - Immediate currency impact on debt, but trailing impact on earnings
- EBITDA growth and strong cash generation causing Net debt/EBITDA to fall in Q4 vs Q3
- Expecting continued deleveraging from earnings growth and cash generation
- Extended maturities for SEK 6.5bn and USD 110m of existing credit facilities to 2026

* Net debt/Adjusted EBITDA is excludes IFRS16-related leases. For Q4 2021 to Q3 2022, Net debt/Adjusted EBITDA is measured on a pro forma basis.



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 104% in Q4 22, measured on a rolling 12-month basis
- Net debt/adjusted EBITDA of 2.7x excl. IFRS 16-related leases



Three priorities

01 Cost control

02 Cash flow

03 Growth

Thank you!



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