a global leader in cloud communications and mobile customer engagement

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

More than 600 billion engagements per year

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

100% Consumer penetration

Growing, global, multi-billion USD market

Profitable since our foundation in 2008

* Consolidated figures as of Q4 2021. MessageMedia, Inteliquent, MessengerPeople, Pathwire, SDI and Wavy consolidated less than 12 months.
Transforming into a global leader

Major Vendors in CPaaS

- Megaprovider: More Than $1 Billion
  - Twilio
  - Sinch

- Large Provider: $100 Million to $1 Billion
  - Bandwidth
  - LINK Mobility
  - MessageBird
  - Mitto
  - Vonage
  - Tanla
  - CM.com
  - Cisco
  - Kaleyra
  - Route Mobile

- Developer Model
  - 8x8
  - NetEase Yunxin
  - Microsoft
  - Plivo

- Co-creation Model
  - IntelePeer
  - Syniverse
  - Telnyx
  - Zenvia

Source: Gartner (November 2021)

* Gartner estimate based on launch in April 2021

Rising gross profit and broadened product mix

- 2020: 2,183
- 2021: 3,933
- 2021 proforma: 7,743

- SMB: 11%
- Email: 11%
- Voice: 32%
- Messaging incl. Applications: 46%

Gross profit in SEKm.
Fourth quarter highlights

01 Strengthened position as global leader in CPaaS

- Net sales growing 74%, Gross profit 69% and Adj EBITDA 25%
- Adjusted EBITDA of SEK 471m and operating cash flow of SEK 462m
- Transformative acquisitions positioning Sinch as the leading profitable CPaaS company
- Full year proforma Net sales at SEK 23.1bn with GP at SEK 7.7bn

02 Factors affecting organic earnings growth

- Strong comparison quarter
- Minimum commitments to a multinational mobile operator, in combination with low traffic volume, had a 5% (SEK 34m) negative effect on Gross profit in Q4
- Bad debt relating to one customer added SEK 37m to Opex in Q4
- Continued effect of previously communicated price adjustments

03 Focus areas for 2022

- Capitalizing on strong market position to drive growth
- Cost control in Messaging and group functions to ensure that costs do not grow faster than Gross profit
- New operating model with full P&L responsibility for Business Unit Presidents
Gross profit evolution

- Tough comparables in Q4 2021
- Minimum commitment to a multinational global mobile operator causing a 5% negative impact on GP in Q4 2021
- Unable to immediately pass on full carrier price increases in Brazil and India
- Price adjustments causing new sales to contribute lower margins than existing business
- 10% underlying GP growth in local currency excluding impact of pre-commitments
Opex development

- Slower opex growth in 2020 due to Covid-19 outbreak
- Increased opex base during 2021
  - Sales & product initiatives
  - Preparations for upcoming, large acquisitions
  - Businesses acquired during 2022 adding further Opex
- SEK 37m one-time impact on Opex in Q4 21 due to bad debt from a specific voice customer
- 17% underlying opex growth in Sinch+SDI excluding one-off

Adjusted Opex, SEKm

- Adjusted Opex = Gross profit – Adjusted EBITDA

Includes 37m bad debt
• Transaction closed 9 December
• Adj EBITDA in Q421 of SEK 325m, implying a 26% margin
• 7% organic net sales growth and 7% organic gross profit growth in local currencies in FY 2021
• Healthy underlying growth driven by enterprise demand for programmable voice
• Growth in 2021 impacted by Covid-19, growth in 2022 affected by 8YY regulation
MessageMedia pro forma Net sales and Gross profit (SEKm)

- Transaction closed 5 November
- Adj EBITDA in Q421 of SEK 100m, implying a 26% margin
- 25% organic net sales growth and 28% organic gross profit growth in local currencies in FY 2021
- 7,000 new customers started using the web-based products in Q4
- Integration with Sinch Conversation API has begun
Pathwire proforma Net sales and Gross profit (SEKm)

- Transaction closed 7 December
- Adj EBITDA in Q421 of SEK 113m, implying a 37% margin
- 32% organic net sales growth and 30% organic gross profit growth in local currencies in FY 2021
- Strong early stage pipeline of cross sales to existing Sinch customers
- High-velocity developer Go To Market with over 100,000 paying customers
New operating model

**Business Unit**

- **Enterprise & Messaging**
  - President: Anders Olin
  - Financials: 46% of proforma GP*, 23% gross margin*, 17% GP growth in 2021**
  - Focus: Sales efforts & product development to accelerate voice sales to enterprise customers, Cross sales of voice and messaging, International expansion, 8YY reform

- **Voice**
  - President: Ed O’Hara
  - Financials: 32% of proforma GP, 46% gross margin*, 7% GP growth in 2021

- **Developer & Email**
  - President: Will Conway
  - Financials: 11% of proforma GP, 77% gross margin*, 30% GP growth in 2021

- **Applications**
  - President: Eduardo Henrique
  - Financials: Currently included in Messaging

- **SMB**
  - President: Paul Perrett
  - Financials: 11% of proforma GP, 62% gross margin*, 28% GP growth in 2021

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* Applications is currently included in Enterprise & Messaging  ** Including Applications. Excluding ACL (India) and Wavy (Brazil)

**SMB** = Small and Medium-sized Businesses
Financials
## Income statement

<table>
<thead>
<tr>
<th></th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>5,207</td>
<td>2,999</td>
<td>16,177</td>
<td>8,023</td>
</tr>
<tr>
<td><strong>Cost of goods sold and services</strong></td>
<td>-3,860</td>
<td>-2,204</td>
<td>-12,244</td>
<td>-5,840</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,348</td>
<td>796</td>
<td>3,933</td>
<td>2,183</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>89</td>
<td>34</td>
<td>192</td>
<td>198</td>
</tr>
<tr>
<td><strong>Work performed by the entity and capitalized</strong></td>
<td>37</td>
<td>20</td>
<td>98</td>
<td>69</td>
</tr>
<tr>
<td><strong>Other external costs</strong></td>
<td>-504</td>
<td>-293</td>
<td>-1,306</td>
<td>-683</td>
</tr>
<tr>
<td><strong>Employee benefits expenses</strong></td>
<td>-559</td>
<td>-312</td>
<td>-1,837</td>
<td>-869</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>-80</td>
<td>-66</td>
<td>-249</td>
<td>-183</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>330</td>
<td>179</td>
<td>831</td>
<td>715</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>-342</td>
<td>-88</td>
<td>-673</td>
<td>-262</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>-12</td>
<td>91</td>
<td>158</td>
<td>453</td>
</tr>
<tr>
<td><strong>Net finance income/expenses</strong></td>
<td>615</td>
<td>-34</td>
<td>1,039</td>
<td>-74</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>603</td>
<td>57</td>
<td>1,197</td>
<td>379</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-176</td>
<td>156</td>
<td>-315</td>
<td>67</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>427</td>
<td>213</td>
<td>882</td>
<td>446</td>
</tr>
</tbody>
</table>

- Adjusted EBITDA is different from EBITDA primarily due to acquisition costs, integration costs, and share-based incentive plans
- Adjusted EBITDA of SEK 471 million (378) in Q4 21
- Depreciation & amortization includes non-cash amortization related to acquired entities
- Adjusted EBIT of SEK 393 million (356) in Q4 21
- Net financials affected by currency gains ahead of upcoming acquisitions
Reconciling Cash flow with Adjusted EBITDA

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>471</td>
<td>234</td>
<td>1,322</td>
<td>989</td>
</tr>
<tr>
<td>Paid interest</td>
<td>0</td>
<td>-8</td>
<td>-34</td>
<td>-30</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>-126</td>
<td>-28</td>
<td>-253</td>
<td>-101</td>
</tr>
<tr>
<td>Other items</td>
<td>140</td>
<td>-43</td>
<td>142</td>
<td>-256</td>
</tr>
<tr>
<td><strong>Cash flow before changes in working capital</strong></td>
<td><strong>485</strong></td>
<td><strong>155</strong></td>
<td><strong>1,177</strong></td>
<td><strong>602</strong></td>
</tr>
</tbody>
</table>

Cash flow before changes in working capital / Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>103%</td>
<td>66%</td>
<td>89%</td>
<td>61%</td>
</tr>
</tbody>
</table>

- High conversion of Adjusted EBITDA to cash flow
- Other items positively impacted by realized currency changes
## Cash flow

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>486</td>
<td>155</td>
<td>1,177</td>
<td>602</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-24</td>
<td>-207</td>
<td>-859</td>
<td>-148</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>462</strong></td>
<td><strong>-52</strong></td>
<td><strong>318</strong></td>
<td><strong>454</strong></td>
</tr>
</tbody>
</table>

- Net investments in property, plant and equipment and intangible assets: -174, -20, -277, -86
- Change in financial receivables: -2, -8, -4, -2
- Acquisition of Group companies: -28,216, -2,190, -28,877, -2,885

| **Cash flow from investing activities**   | -28,392 | -2,218 | -29,158 | -2,972 |

- Changes in loans: 10,662, -29, 10,533, -267
- Amortization lease liability: -23, -8, -55, -30
- New issue/warrants: 6,505, 3,318, 15,976, 5,529
- Cash flow from financing activities: 17,144, 3,280, 26,454, 5,231

| **Cash flow for the period**               | -10,786 | 1,011  | -2,386 | 2,713 |

- Opening cash and cash equivalents: 11,934, 2,113, 3,123, 466
- Exchange rate differences: 717, -1, 1,128, -56

| **Closing cash and cash equivalents**      | 1,865   | 3,123  | 1,865  | 3,123 |

- Positive net working capital excluding acquisitions
- Acquisitions and financing related to acquisitions during Q4
<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>226</td>
<td>221</td>
<td>244</td>
<td>486</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>361</td>
<td>-461</td>
<td>-735</td>
<td>-24</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>587</td>
<td>-240</td>
<td>-491</td>
<td>462</td>
</tr>
<tr>
<td>Net investments in property, plant and equipment and intangible assets</td>
<td>-39</td>
<td>-26</td>
<td>-38</td>
<td>-174</td>
</tr>
<tr>
<td>Change in financial receivables</td>
<td>6</td>
<td>-9</td>
<td>1</td>
<td>-2</td>
</tr>
<tr>
<td>Acquisition of Group companies</td>
<td>-505</td>
<td>-178</td>
<td>22</td>
<td>-28,216</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-538</td>
<td>-213</td>
<td>-14</td>
<td>-28,392</td>
</tr>
<tr>
<td>Changes in loans</td>
<td>-21</td>
<td>-71</td>
<td>-37</td>
<td>10,662</td>
</tr>
<tr>
<td>Amortization lease liability</td>
<td>-10</td>
<td>-16</td>
<td>-6</td>
<td>-23</td>
</tr>
<tr>
<td>New issue/warrants</td>
<td>37</td>
<td>9,395</td>
<td>39</td>
<td>6,505</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>6</td>
<td>9,308</td>
<td>-4</td>
<td>17,144</td>
</tr>
<tr>
<td><strong>Cash flow for the period</strong></td>
<td>54</td>
<td>8,855</td>
<td>-510</td>
<td>-10,786</td>
</tr>
</tbody>
</table>

Opening cash and cash equivalents 3,123 3,200 12,264 11,934
Exchange rate differences 22 209 179 717
Closing cash and cash equivalents 3,199 12,264 11,934 1,865

- Part of the financing for Wavy was recognised as “New share issue” in Q1 2021
- Reassessment causing reclassification of select cash flow items in Q1 and Q2 2021
- Acquisitions affecting cash flow in Q4 2021
Financial targets

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

Performance:
• Adjusted EBITDA per share grew 12% in Q4 21, measured on a rolling 12 month basis
• Net debt/EBITDA of 8.1x, measured on a rolling 12 month basis
• Proforma Net debt/EBITDA of 3.2x
Financial leverage

• Pro forma calculation includes last 12 months of Adj EBITDA for acquired entities

• Financial target is to maintain Net debt < 3.5x adjusted EBITDA over time

• Pro forma Net debt/Adj EBITDA of 3.2x, or 2.9x excluding IFRS 16-related lease liabilities
Transforming into a global leader

Rising gross profit and broadened product mix

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

Gross profit in SEKm.
Thank you!

To get in touch, contact:

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Thomas Heath, Chief Strategy Officer & Head of Investor Relations
investors@sinch.com