



# Notice to extraordinary general meeting in Sinch AB (publ)

Stockholm, Sweden – Sinch AB (publ) – XSTO: SINCH

The shareholders of Sinch AB (publ) (“**Sinch**” or the “**Company**”) are hereby summoned to the extraordinary general meeting on Friday 27 November 2020.

In order to prevent the spread of the coronavirus infection (COVID-19), the board has decided that the extraordinary general meeting shall be held without physical presence of shareholders, proxies and/or external parties and that the shareholders shall have the opportunity to vote by post prior to the general meeting.

## Right to attend the general meeting

Shareholders who wish to attend the general meeting must;

- be registered in the share register kept by Euroclear Sweden AB on Thursday 19 November 2020 or, if the shares are registered in the name of a nominee, request that the shares are registered in the shareholder’s own name for voting purposes by the nominee not later than on Monday 23 November 2020, and
- notify their intention to participate by having submitted a postal vote in accordance with the instructions under the heading “Voting by post” below in such manner that Computershare AB has received the postal vote by Thursday 26 November 2020, at the latest. Please note that a notification to attend the general meeting can only be done by a postal vote.

Shareholders with nominee-registered shares held via a bank or other nominee must request the nominee to register them in the shareholder’s own name in the share register kept by Euroclear Sweden AB in order to participate in the general meeting. As set out above, the nominee must have performed such registration with Euroclear by Monday 23 November 2020. Therefore, the shareholder must contact its nominee well in advance of such day and re-register its shares in accordance with the nominee’s instructions.

## Voting by post

The board has decided that the shareholders shall have the opportunity to exercise their voting rights by a postal vote pursuant to Sections 20 and 22 of the Swedish Act (2020:198) on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations. When voting by post, the shareholder shall use the voting form and follow the Company’s instructions that are available on the Company’s website: [www.sinch.com](http://www.sinch.com) and at the Company’s offices, Lindhagensgatan 74, SE-112 18, Stockholm. A completed and signed voting form should be sent by mail to Computershare AB, “EGM of Sinch AB”, Box 5267, SE-102 46 Stockholm. Completed forms must be received by Computershare AB by Thursday 26 November 2020, at the latest. The completed and signed form may alternatively be submitted electronically and is then to be sent to [info@computershare.se](mailto:info@computershare.se). Shareholders can also submit their postal votes electronically with BankID through the Company’s website, [www.sinch.com](http://www.sinch.com). If the shareholder votes by proxy, a power of attorney shall be enclosed with the voting form. Proxy form is available upon request and on the Company’s website, [www.sinch.com](http://www.sinch.com). If the shareholder is a legal entity, a certificate of incorporation or other authorization document shall be enclosed with the voting form.

Shareholders are not allowed to include special instructions or conditions in the postal vote. If special instructions or conditions are included, such postal vote becomes invalid. Further information and conditions can be found in the voting form.

## Proposed agenda

1. Opening of the meeting
2. Appointment of chairman of the meeting
3. Election of one or two persons to verify the minutes
4. Preparation and approval of the voting list
5. Approval of the agenda
6. Determination that the meeting has been duly convened



7. Resolution on incentive program II 2020 and issue of warrants and employee stock options
8. Closing of the meeting

#### **Proposals by the board of directors:**

##### **Appointment of chairman of the meeting (item 2)**

The chairman of the board Erik Fröberg, or, in his absence, the person designated by the board of directors, is proposed as chairman of the general meeting.

##### **Election of one or two persons to verify the minutes (item 3)**

Jonas Fredriksson, who represents Neqst D1 AB or, in its absence, the person designated by the board of directors, are, in addition to the chairman, proposed as person to verify the minutes. Also, such assignment includes verifying the voting list and that the received postal votes are correctly reflected in the minutes.

##### **Preparation and approval of the voting list (item 4)**

The voting list that is proposed to be approved under item 4 on the agenda is the voting list that Computershare AB has prepared, on behalf of the Company, based on the shareholders register and received postal votes and which has been verified and approved by the persons to verify the minutes.

##### **Resolution on incentive program II 2020 and issue of warrants and employee stock options (item 7)**

###### **Background and reasons**

The Company has previously implemented a number of share-related incentive programs. In view of this, the board of directors proposes that the general meeting resolves to implement an additional long term incentive program for senior executives and key employees within the Sinch group ("LTI II 2020"). The proposal to implement an incentive program has been put forward as the board of directors determines that it is important and in the interest of all shareholders to create even greater participation for current and future key persons and senior executives within the group with regard to the group's development. It is also important to encourage continued employment.

In the light of the above, the board of directors proposes that the general meeting resolves to implement the incentive program LTI II 2020 in accordance with item 7 (a) – 7 (c) below. The resolutions under item 7 (a) – 7 (c) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution. LTI II 2020 is proposed to include up to approximately 145 current and future senior executives and key employees within the Sinch group.

###### **Proposal regarding the adoption of LTI II 2020 (item 7 (a))**

LTI II 2020 comprises four (4) series. Series 1–3 consist of warrants (*Sw. teckningsoptioner*) to be transferred to employees within the Sinch group in Sweden and other countries. The warrants of Series 1 have a term of approximately 3.25 years, the warrants of Series 2 have a term of approximately four (4) years and the warrants of Series 3 have a term of approximately five (5) years, and the holders are entitled to exercise the warrants to subscribe for shares during a period of three (3) months before the end of the term of each Series of warrants. Series 4 of LTI II 2020 comprise of employee stock options which will be granted to employees within the Sinch Group outside Sweden. Stock options within the frame of Series 4 will *inter alia* be granted to employees in newly acquired subsidiaries of the Company.

The board of directors proposes that the general meeting resolves to issue not more than 470,260 warrants, of which not more than 18,420 warrants may be issued in Series 1, not more than 18,420 warrants may be issued in Series 2 and not more than 18,420 warrants may be issued in Series 3. Further, not more than 415,000 warrants may be issued in order to secure delivery of shares upon exercise of stock options to participants in Series 4. The right to subscribe for the warrants of Series 1–4 shall vest in the wholly-owned subsidiary Sinch Holding AB (the "**Subsidiary**"), which company shall transfer the warrants of Series 1–3 to employees of the Company and the group and keep warrants of Series 4 to ensure delivery of shares upon exercise of stock options in Series 4. Each warrant entitles the holder to subscribe for one (1) share in the Company. The warrants shall be issued without consideration to the Subsidiary.

Below is a description of the terms and conditions for each of the Series 1–4.

###### **Series 1–3 – Warrants**

The Subsidiary will transfer the warrants in Series 1–3 to participants at a price corresponding to the market value of the warrant (the warrant premium).



Each warrant of Series 1–3 entitles the holder to subscribe for one (1) share in the Company during the call period of each Series at an exercise price corresponding to 140 per cent of the volume-weighted average price for the Company's share on Nasdaq Stockholm during the period from and including 16 November 2020 up to and including 27 November 2020. However, the exercise price may not be less than the share's quota value (SEK 0.10). Day without price quotation shall not be included in the calculation.

The call periods for exercising the warrants for subscription of shares under each Series are according to the following:

- Series 1: from and including 15 December 2023 up to and including 15 March 2024;
- Series 2: from and including 15 September 2024 up to and including 15 December 2024; and
- Series 3: from and including 15 September 2025 up to and including 15 December 2025.

The issued warrants of Series 1–3 shall, with deviation from the shareholders' preferential rights, be subscribed for by the Subsidiary – a wholly owned subsidiary to the Company – whereafter the Subsidiary shall offer warrants to participants. The notification period, during which notice of acquisition of warrants shall be made by participants, shall indicatively take place during the period from and including 30 November 2020 up to and including 14 December 2020. Transfer of warrants Series 1–3 to participants shall be made at a price corresponding to the market value of the warrants (the warrant premium) calculated according to an established method of valuation (the Black & Scholes valuation model) and determined in connection to the first day of the notification period. The board of directors of the Company shall be authorized to extend the notification period during which notice of acquisition of warrants shall be made by participants. Warrants shall also be available to future new employees. For acquisitions made by future new employees, the terms shall be the same or equal to the terms that are set out in this resolution. This means, *inter alia*, that such acquisitions shall take place based on the, at that time, going market value of the warrants and that the board of directors shall set forth an equivalent notice of acquisition period for new employees whose acquisition takes place after the initial notice of acquisition period. The valuation of the warrants shall be made by an independent appraiser or audit firm. The Company shall in connection with the transfer of the warrants to the participants reserve a pre-emption right regarding the warrants if the participant's employment or assignment within the group is terminated or if the participant wishes to transfer its warrants.

#### ***Series 4 – Employee stock options (with warrants as hedging arrangement)***

Each employee stock option entitles the employee to acquire one (1) share in the Company in accordance with the following terms and conditions:

- The employee stock options of Series 4 will be granted without consideration;
- Employee stock options Series 4 may be granted to employees of the Sinch group who work outside of Sweden;
- Each employee stock option of Series 4 entitles the holder to acquire one (1) share in the Company at an exercise price equal to the fair market value of the share, as determined by the closing price of the Company's share on Nasdaq Stockholm on the last trading day immediately preceding the date of grant of each stock option (however, the exercise price may not be less than the shares' quota value (SEK 0.10));
- The employee stock options of Series 4 are subject to both performance and time based vesting requirements – on the date when a portion of the options would vest as a result of the passage of time with the employee remaining employed by the Sinch group, in order for the stock options to vest, the Company's adjusted EBITDA per share during a measurement period of the three (3) most recent completed calendar years immediately preceding the applicable vesting date must also have increased by an average of at least ten (10) per cent per year (the “**EPS Condition**”);
- If the applicable EPS Condition is not satisfied as of an applicable vesting date, the Stock Options concerned will remain unvested and will immediately be deemed forfeited without consideration;
- Provided the applicable EPS Condition has been satisfied as of the applicable vesting date, the employee stock options of Series 4 will vest and become exercisable (i) on the first anniversary of the date of grant with respect to 20 per cent of the total number of stock options granted to a participant, and (ii) on the last day of each of the following sixteen (16) calendar quarters with respect to an additional five (5) per cent at a time of the total number of stock options granted to a participant. The total vesting period, after which all granted stock options will have vested (if applicable), is five (5) years from the date of grant;



- Upon vesting, unless the employee's employment or engagement with the Sinch group ends sooner, options of Series 4 remain exercisable for a period of six (6) years from the date of grant;
- One key employee in the Company's recently acquired subsidiary ACL Mobile Limited in India will be granted more favorable vesting and exercise conditions than other participants within the frame of Series 4. The reason for the deviation from the conditions for other participants is an agreement entered into with the key employee in question in connection the acquisition of ACL Mobile Limited. The vesting and exercise conditions will however be consistent with what is set out above, except that (i) if the key employee has remained employed in the Sinch group for two (2) years from and including the date of grant, vesting will continue even if the employment is terminated provided that the EPS condition is fulfilled on each respective vesting date, and (ii) if the key employee has remained employed in the Sinch group for two (2) years from and including the date of grant, vested stock options will remain exercisable for a period of six (6) years from the date of grant even if the employment is terminated; and
- The terms and conditions for participants in Series 4 may differ between countries due to differences in local legislation, however the terms and conditions shall not be more favorable for participants than what is set out in this resolution proposal.

The warrants issued to the Subsidiary in order to secure delivery of shares upon exercise of stock options granted to participants in Series 4 may be exercised for subscription of shares during the period from and including 27 November 2021 up to and including 31 December 2027, at an exercise price equal to the shares' quota value (SEK 0,10).

#### **Recalculation due to split, consolidation, new share issue etc.**

The exercise price for warrants Series 1-3 as well as stock options Series 4, determined as set out above, shall be rounded to the nearest SEK 0.10 whereby SEK 0.05 shall be rounded upwards. The exercise price and the number of shares that each warrant or stock option entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue etc. in accordance with customary re-calculation terms. If all warrants of Series 1-4 are exercised for subscription of shares, the Company's share capital will increase with SEK 47,026.00.

#### **Allocation of warrants and stock options, limitations in the disposition over the warrants and the right to receive warrants and employee stock options**

The participants' right to acquire warrants or to be granted employee stock options have been differentiated with reference to position, responsibility and working performance in the group and the participants have for this reason been divided into two different categories:

**Category A** – Members of the group management and selected key employees

**Category B** – Other personnel

The right to acquire warrants for employees within Sweden and the group's foreign subsidiaries, as applicable, requires that the participant enters into a pre-emption agreement with the Company and that the participant acquires an equal number of warrants of Series 1, 2 and 3, respectively. Pre-emption shall be made at market value with regard to the Swedish participants and also with regard to the foreign participants, to the extent that it does not cause adverse tax consequences. The warrants are otherwise freely transferable. The right to receive employee stock options of Series 4 shall vest in key employees and other personnel engaged by the Company's outside of Sweden. The following allocation applies to the grant of warrants/stock options within each category.



	<b>Maximum number of warrants/stock options for each participant</b>	<b>Total number of warrants/stock options within the category</b>
<b>Category A – not more than three people</b>	250,000	253,750
<b>Category B – not more than 142 people</b>	10,200	216,510

In the event that all warrants and/or stock options within category A are not transferred after the initial notice of acquisition period, such non-transferred warrants/ stock options may be offered to employees in category B, and in the event that all warrants and/or stock options within category B are not transferred after the initial notice of acquisition period, such non-transferred options may be offered to employees in category A. The maximum number of warrants and/or stock options per person within each category as set out above may however not be exceeded for any individual.

The Company's board members nor the founders shall be eligible to participate in LTI II 2020.

#### **Proposal regarding issue of warrants in Series 1–3 (item 7 (b))**

The board of directors proposes that the Company shall issue not more than 55,260 warrants for subscription of shares, whereof not more than 18,420 warrants in Series 1, not more than 18,420 warrants in Series 2 and not more than 18,420 warrants in Series 3, whereby the Company's share capital may be increased by not more than SEK 5,526.00 at full exercise of the warrants for subscription of shares, corresponding to approximately 0.09 per cent of the total number of shares and votes in the Company as of the day of this proposal.

The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only belong to the Subsidiary, with the right and obligation to dispose of the warrants as described above. Each warrant entitles the holder to subscribe for one (1) share in the Company. The warrants will be issued without consideration to the Subsidiary.

In order to fulfil the commitments arising from LTI II 2020, the board of directors proposes that the general meeting authorizes that the Subsidiary may assign warrants to a third party or in another way dispose of the warrants in accordance with the above.

#### **Proposal regarding issue of warrants Series 4 (item 7 (c))**

The board of directors proposes that the Company shall issue not more than 415,000 warrants Series 4 for subscription of shares, whereby the Company's share capital may be increased by not more than SEK 41,500.00 at full exercise of warrants for subscription of shares, corresponding to approximately 0.69 per cent of the total number of shares and votes in the Company.

The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only belong to the Subsidiary, with the right and obligation to dispose of the warrants as described above. Each warrant entitles the holder to subscribe for one (1) share in the Company. The warrants shall be issued without compensation to the Subsidiary.

In order to fulfil the commitments arising from LTI II 2020, the board of directors proposes that the general meeting authorizes that the Subsidiary may assign to a third party or in another way dispose of the warrants in accordance with above.

#### **Costs**

Given that the warrants of Series 1–3 shall be transferred at a price corresponding to the market value of the warrants, no significant social security costs will arise for the Company in connection with the transfer of warrants to the participants.

Costs related to LTI II 2020 will be accounted for in accordance with IFRS 2 which stipulates that the employee stock option costs shall be recorded as a personnel expense in the income statement during the vesting period. The total costs for employee stock options Series 4 are estimated to amount approximately SEK 9.06 million during the term of the program.

The total costs, including other expenses for LTI II 2020 related to fees to external advisors, external appraiser, in-house work and administration of the incentive program are estimated to amount to approximately SEK 11.06 million, based on a share price at exercise of SEK 1,600.



## Market value of warrants

Based on a market value on the underlying share corresponding to SEK 820, the market value of the warrants is, in accordance with a preliminary valuation made by an external appraiser, SEK 116.0, SEK 138.8 and SEK 166.3 per warrant for Series 1, 2 and 3, respectively, assuming an exercise price of SEK 1,148 per share. The Black & Scholes valuation model has been used for the preliminary valuation of the warrants, assuming a risk free interest of 0.00 per cent for each of the Series 1, 2 and 3 and a volatility of approximately 36 per cent.

## Effect on important key ratios

LTI II 2020 is expected to have a marginal effect on the Company's adjusted EBITDA per share. The costs for LTI II 2020 amount to approximately 0.22 percent of the net sales of the Sinch group during the financial year 2019.

## Dilution

Upon exercise of all warrants issued within the frame of LTI II 2020, up to 470,260 shares (with reservation for any re-calculation) may be issued, equivalent to a maximum dilution of approximately 0.78 per cent of the shares and votes of the Company. Upon full exercise of the warrants, the Company's share capital will increase with SEK 47,026.00. Together with warrants and stock options which have been transferred or granted to participants in LTI 2016, LTI 2018, LTI 2019 and LTI 2020 and which have not yet been exercised for subscription or acquisition of shares, the maximum dilution will amount to approximately 5.46 per cent of the shares and votes of the Company. The dilution calculations have been based on the maximum number of shares and votes which may be issued upon exercise of the warrants and stock options, divided by the total number of shares and votes in the Company after such issues.

## Preparation of the proposal

The proposal to the incentive program LTI II 2020 has been prepared by the board of directors of the Company.

## The reason for the deviation from the shareholders' preferential rights

The reason for the deviation from the shareholders' preferential rights is to implement an incentive program for the senior executives and key employees in the Company and the group.

## Majority requirement

A resolution to approve the present proposal is valid only where supported by shareholders holding not less than nine-tenths (9/10) of both the shares voted for and of the shares represented at the general meeting.

## Authorization

It is further proposed that the board of directors, or a person appointed by the board of directors, is authorized to undertake such minor adjustments in the decision that may be required for the registration with the Swedish Companies Registration Office and Euroclear Sweden AB and that the board of directors shall have the right to undertake minor adjustments to the incentive program due to applicable foreign rules and laws.

## Outstanding incentive programs

The Company does have the following outstanding share-related incentive programs.

**LTI 2016.** An annual general meeting held on 5 December 2016 approved the board's proposal regarding an incentive program for key employees and resolution of share issue of not more than 1,500,000 warrants and resolution of approving transfer of warrants. In total, 1,500,000 warrants were subscribed by the subsidiary and 1,215,700 warrants and stock options have been acquired by or granted to participants, of which 272,662 warrants and stock options have been exercised (Series 1 and Series 4). No more warrants or employee stock options will be offered out of LTI 2016. The exercise price was set to SEK 127.67 per share. Upon exercise of all warrants and stock options which have been acquired by or granted to participants and not yet exercised, a maximum of 943,038 shares will be issued in the Company, equivalent to a dilution of approximately 1.55 per cent.

**LTI 2018.** An annual general meeting held on 18 May 2018 approved the board's proposal regarding an incentive program for key employees and resolution of share issue of not more than 1,500,000 warrants and resolution of approving transfer of warrants. In total, 1,500,000 warrants were subscribed by the subsidiary and 1,380,920 warrants and stock options have been acquired by or granted to participants. No more warrants or employee stock options will be offered out of LTI 2018. The exercise price was set to SEK 91.30 per share. Upon exercise of all warrants and stock options



which have been acquired by or granted to participants, a maximum of 1,380,920 shares will be issued in the Company, equivalent to a dilution of approximately 2.25 per cent.

**LTI 2019.** An annual general meeting held on 17 May 2019 approved the board's proposal regarding an incentive program for key employees and resolution of share issue of not more than 510,000 warrants and resolution of approving transfer of warrants. In total, 510,000 warrants were subscribed by the subsidiary and 326,000 warrants and stock options have been acquired by or granted to participants. No more warrants or employee stock options will be offered out of LTI 2019. The exercise price was set to SEK 174.10 per share. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 326,000 shares will be issued in the Company, equivalent to a dilution of approximately 0.54 per cent.

**LTI 2020.** An annual general meeting held on 15 May 2020 approved the board's proposal regarding an incentive program for senior executives and key employees and resolved to issue not more than 580,000 warrants and resolution of approving transfer of warrants. In total, 580,000 warrants were subscribed by the subsidiary and 178,750 warrants and stock options have been acquired by or granted to participants. No more warrants Series 1–6 will be offered out of LTI 2020, however further stock options Series 7 may come to be offered out of LTI 2020. The exercise price was set to SEK 602 per share subscribed by exercise of warrants and stock options Series 1–6. The exercise price for stock options series 7 which have been granted to this date (which shall be determined as the fair market value of the share, as determined by the closing price of the Company's share on Nasdaq Stockholm on the last trading day immediately preceding the date of grant of each stock option) has been set to SEK 624. Upon exercise of all warrants and stock options which have been or may come to be acquired by or granted to participants, a maximum of 342,750 shares will be issued in the Company, equivalent to a dilution of approximately 0.57 per cent.

The dilution calculations above have been based on the maximum number of shares and votes which may be issued upon exercise of the warrants and stock options, divided by the total number of shares and votes in the Company after such issues.

### **Majority requirements**

The resolution under item 7 above is valid only if the resolution is supported by shareholders representing at least nine tenths (9/10) of the votes cast as well as the shares represented at the meeting.

### **Available documents**

The complete proposals, together with ancillary documentation, will be made available at the Company's offices, Lindhagensgatan 74, SE-112 18, Stockholm, in accordance with the requirements of the Swedish Companies Act and will be sent to shareholders who so request and who inform the Company of their mailing address. The documents will also be made available on the Company's website: [www.sinch.com](http://www.sinch.com). All documents above will be presented at the meeting.

The shareholders register concerning the general meeting is also available at the Company.

### **Shareholders' right to request information**

At the meeting, shareholders have the right to information pursuant to Chapter 7, Section 32 of the Swedish Companies Act. A request for such information should be made in writing to Sinch AB (publ), Attn. Ola Hanson or by e-mail to [ola.hanson@sinch.com](mailto:ola.hanson@sinch.com) at the latest on Tuesday 17 November 2020. Requested information will be made available at the Company's offices, Lindhagensgatan 74, SE-112 18, Stockholm and at [www.sinch.com](http://www.sinch.com) by Sunday 22 November 2020, at the latest. Within the same time, the information will also be sent to the shareholder that has requested it and provided an address.



### **Processing of personal data**

For information on how personal data is processed in connection with the general meeting, see the privacy notices of Euroclear Sweden AB and Computershare AB available on their respective websites, [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf). and [www.computershare.com/se/gm-gdpr](http://www.computershare.com/se/gm-gdpr).

### **Other information**

The Company has, per the date of this notice, 59,985,934 outstanding shares and votes. The Company holds no treasury shares.

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Stockholm in October 2020

Sinch AB (publ)

*The board of directors*