SEK 6.6bn revenue in the past 12 months

SEK 786m Adj. EBITDA in the past 12 months

SEK 48bn Market Cap

1,484 people

41 countries with local presence

Customer engagement through mobile technology

107 billion engagements per year

Publicly listed on NASDAQ in Stockholm

Scalable cloud communications platform for messaging, voice and video

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

>650% growth in gross profit since IPO in 2015
The acquisition of Wavy is pending regulatory approval. “ACL” includes the last 11 months of ACL earnings before the unit was consolidated on 1 September, captured in reported figures. TWW and Chatlayer. Synergies refer to expected synergies for Wavy and SAP Digital Interconnect, estimated mid-point, at full run rate. Exchange rates as of 2 November 2020.

Track record of profitable growth

- Focus on Gross profit since pass-through revenues vary between geographies
- 40% growth in Gross profit and 53% growth in EBITDA in Q3 20
- Acquisitions of Wavy, SDI and ACL Mobile adding significantly to our scale and profitability
Growth markets

Messaging

Application-to-Person (A2P) messaging is used across the world for ever-more use cases

- USD 17 bn market size for A2P SMS (MobileSquared), other estimates vary between USD 15-50 bn
- Business usage of SMS continues to grow
- >100% growth rates expected in business messaging through next-generation messaging channels like WhatsApp & RCS

CPaaS

Communications Platform as a Service (CPaaS) allows businesses to easily integrate messaging, voice and video services into their own applications

- Juniper Research sees a 35% growth CAGR (USD 1.1 bn in 2016 to 6.7 bn in 2022)
- Gartner expects a 50% growth CAGR (USD 618 m in 2016 to 4.63 bn in 2021)
- IDC forecasts a 57% growth CAGR (USD 867 m in 2016 to 8.2 bn in 2021)
Creating value for businesses & their customers

Email
Rich content
Limited reach

SMS
Limited content
100% reach

Next-gen messaging
Rich content
100% reach*

35x higher open rate
App-like experience

* Blending multiple channels including RCS, WhatsApp, Messenger and SMS with landing page technology
Customer case: Driving conversion for Cdiscount

Cdiscount objectives
- French e-commerce company Cdiscount looking to improve conversion rates on marketing campaigns
- Expanding on previous positive experience of targeted marketing with SMS

Sinch value proposition
- Mobile campaign using RCS messaging with rich media content, action buttons, and interactivity

Key performance indicators
- Improved performance vs SMS benchmark
- 9% increase in average basket size
- 4% increase in revenue
Playbook for profitable growth

- Ensure leading direct global connectivity without middlemen
- Differentiate through superior quality, scale and reach
- Benefit from market growth and continue to win market share

Software-as-a-Service
- Empower businesses to leverage rich and conversational messaging
- Increase our software value-add (CPaaS) in addition to our connectivity offering
- Increase stickiness with maintained scalability

Connectivity
Strategic acquisitions

Founded as CLX Networks

IPO 2016

2008

2017

2018

2019

2020

Scale and profitability

Technology & Go To Market

Voice, video, verification

Personalized video

Rich messaging, Low code tools

Conversational AI

Next-generation messaging

USA, Western Europe

Germany, Central Europe

Australia, South East Asia

Brazil

Nordics

Latin America

Americas, Europe, APAC

India, Southeast Asia

mblox

XURA

dialogue

unwire

TWW

WAVY

SAP Digital Interconnect

ACL

USA, Western Europe

Germany, Central Europe

Australia, South East Asia

Brazil

Nordics

Latin America

Americas, Europe, APAC

India, Southeast Asia

*S Acquisitions of Wavy and SAP Digital Interconnect are pending regulatory approval
### Deal rationale: ACL Mobile

**ACL Mobile**
- Leading cloud communications provider in India and Southeast Asia
- Strong customer base with leading position in Banking & Finance
- Significant scale with 47 billion business messages handled in the past 12 months
- 288 employees in India, UAE and Malaysia

**Deal rationale**
- Significant scale in the world's second-largest mobile market with a 1.3 billion population
- More than 500 large enterprise customers, including the majority of India's privately-owned banks
- Highly accretive deal, fits Scale and Profitability category
- Direct operator connections in India & competitive cost structure for further expansion in Asia

**Integration**
- Maintained leadership with ACL founder & CEO Sanjay K Goyal joining Sinch
- Utilisation of ACL's direct operator connections in India, UAE and Malaysia for all Sinch customers
- Further synergy assessment after ACL and SDI transactions have closed

**Financials**
- Sinch pays a total enterprise value of INR 5,350m (SEK 655m)
- Revenues of INR 4,959m, gross profit of INR 1,091m and Adj EBITDA of INR 480m in the last 12 months
  - this corresponds to revenues of SEK 607m, gross profit of SEK 134m, and EBITDA of SEK 59m
- Like-for-like gross profit growth of 13 percent in the 12 months ending March 2020
- Transaction closed on 1 September with 82% acquired upfront and 18% on or after Dec 1, 2020
## Deal rationale: SAP Digital Interconnect

### SAP Digital Interconnect
- Global cloud communications provider with operations in Americas, Europe and Asia Pacific
- Programmable Communications (67% of revenue), Carrier Messaging (28%), Enterprise Solutions (5%)
- 18bn business messages and 292bn person-to-person (P2P) messages in 2019
- Around 320 employees with headquarters in San Ramon, California

### Deal rationale
- 1,500 enterprise customers, some of the world’s most valuable brands, diversifies Sinch customer base
- Highly accretive deal, fits Scale and Profitability category
- Significantly strengthened US presence, more people also in Asia Pacific and Europe
- Very strong operator relationships as trusted vendor to hundreds of carriers

### Integration
- Await approval from competition authorities in multiple jurisdictions
- Combine operations across the USA, Europe, and Asia
- Win synergies through SMS platform integration
- Cross- and upsell combined & broadened Sinch+SDI product portfolio

### Financials
- Sinch pays an enterprise value of EUR 225m
- SAP Digital Interconnect recorded revenues of EUR 340m, gross profit of EUR 94m, and Adj EBITDA of EUR 15.4m in the 12 months ending March 2020. Revenue growth around 10% in the past two years.
- Transaction closed on 1 November 2020
The Sinch Conversation API

- Send and receive messages on multiple conversational channels through a single API
- Leverage the expanded feature set of next-generation messaging channels
- WhatsApp, RCS, Viber, SMS and more
- Support for bots with seamless handover to a human when needed
Rich rendering across channels

SMS
RCS
WhatsApp
Messenger
Viber
July – September 2020

- Gross profit rising 40% to SEK 480.6 million (343.6)
- Adjusted EBITDA rising 53% to SEK 226.0 million (147.6)
- Adjusted EBIT excl. acquisition-related amortization of SEK 210.7 million (131.5)
- Profit after tax of SEK 96.4 million (68.7)

- Organic Gross profit growth of 24% in local currency
- COVID-19 causing reduced voice traffic and lengthened sales cycles
- High scalability means that EBITDA grows faster than Gross profit despite increased opex to handle greater business volumes, strengthen our go to market and develop new products
Key growth drivers

1. Volume growth & new use cases with US big tech companies
2. Businesses increasing their use of SMS in addition to email
3. Acquisition of TWW, myElefant, Chatlayer and ACL Mobile

Growing both with new and existing customers
Four investment areas

**Organic growth**
- Continuous investment in platform scalability
- Supporting growth with existing customers
- Greater focus on lead gen and new sales

**Operational efficiency**
- COGS efficiency
- Internal automation for improved scalability
- Client self-service tools

**New technology**
- Unified cross-channel Conversation API
- New channels like WhatsApp and RCS
- Software for advanced, interactive messaging
- RCS-as-a-Service and 5G Messaging for mobile operators

**Integration**
- TWW, myElefant & Chatlayer
- ACL Mobile
- SAP Digital Interconnect
- Wavy (pending regulatory approval)
Strong growth in Messaging

- Total Gross profit growth of 57% with organic growth at 35%
- US tech companies continue to fuel growth
- myElefant & TWW included since mid-October 2019, Chatlayer since April 2020, ACL Mobile since September 2020
- Tougher comparable figures heading in to 2021
Rising message volumes

• Very large increase in September 2020 due to the acquisition of ACL Mobile in India
• 265% year-on-year growth in transactions in Q3 with 19% growth in comparable units
• SAP Digital Interconnect will add further volume from 1 November
• Growth from existing customers, new customers, new use cases
Gross profit per transaction

- Gross profit is the primary bottom line driver
- Per-transaction measures relevant to track profitability and economies of scale
- ACL Mobile has significantly lower GP and OPEX per transaction, skews overall measures from September 2020
Rising margin in Messaging

- Revenue and gross margin depend on mix of terminating markets
- EBITDA/Gross profit shows margin excluding mobile operator charges
- Adding traffic volume increases gross profit more than it increases opex
- Continued opex investments to capture growth
- Positive timing effects, holiday pay and currency reducing opex in Q3
Modest improvement Voice and Video

- Sharp decrease in demand for Number masking from ride hailing customers as Covid-19 reduces travelling
- Improvement towards end of the quarter, but uncertain future due to renewed lockdowns
- Positive underlying trends in products for Number verification
Recovery in Operators

• Return to profitability, partly driven by reduced currency headwind
• Lengthened sales cycles as with lower operator investments due to Covid-19
• Positive customer feedback to new 5G Messaging products sold together with Ericsson
### Income statement

<table>
<thead>
<tr>
<th></th>
<th>Q3 2020</th>
<th>Q3 2019</th>
<th>2019 R12M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEK million</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>1,777.7</td>
<td>1,216.4</td>
<td>5,035.6</td>
</tr>
<tr>
<td>Cost of goods sold and services</td>
<td>-1,297.1</td>
<td>-872.9</td>
<td>-3,641.4</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>480.6</td>
<td>343.6</td>
<td>1,394.1</td>
</tr>
<tr>
<td>Other operating income</td>
<td>96.7</td>
<td>25.0</td>
<td>103.1</td>
</tr>
<tr>
<td>Work performed and capitalized</td>
<td>16.7</td>
<td>8.1</td>
<td>38.6</td>
</tr>
<tr>
<td>Other external costs</td>
<td>-164.9</td>
<td>-90.0</td>
<td>-328.7</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>-175.7</td>
<td>-124.9</td>
<td>-537.6</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-38.5</td>
<td>-27.0</td>
<td>-113.9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>214.9</td>
<td>134.8</td>
<td>555.5</td>
</tr>
<tr>
<td>Depreciation, amort. and impairment</td>
<td>-59.7</td>
<td>-48.2</td>
<td>-183.9</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>155.2</td>
<td>86.6</td>
<td>371.6</td>
</tr>
<tr>
<td>Finance income</td>
<td>-9.9</td>
<td>-150.8</td>
<td>18.6</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-10.5</td>
<td>-144.4</td>
<td>-35.2</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>134.7</td>
<td>93.0</td>
<td>355.0</td>
</tr>
<tr>
<td>Current tax</td>
<td>-41.5</td>
<td>-25.1</td>
<td>-83.8</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>3.2</td>
<td>0.8</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>96.4</td>
<td>68.7</td>
<td>274.5</td>
</tr>
</tbody>
</table>

- Non-recurring Acquisition cost of SEK 68.8 million in Q3 20 related mainly to SAP Digital Interconnect
- Non-recurring Adjusted earnout of SEK 61.0 million related to Vehicle
- Adjusted EBIT excludes non-recurring items as well as amortization of acquisition-related assets
- Adjusted EBIT of SEK 210.7 million (131.5) in Q3 20
Gross profit growth

- 40% growth in Gross profit despite headwinds in Operators and Voice and Video
- 24% organic Gross profit growth
- 21% contribution from acquisitions
- Big US tech companies and acquisitions fuelling growth
Headcount increase

- Headcount rises with recruitment and acquisitions
- Employee cost is the largest contributor to group Opex
- Headcount at 1,162 at end of Q3, including 288 employees from ACL Mobile
- SAP Digital Interconnect adding 322 employees from 1 November
Reconciling Cash flow with EBITDA

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
<th>2019</th>
<th>R12M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>226.0</td>
<td>147.6</td>
<td>573.5</td>
<td>786.3</td>
</tr>
<tr>
<td>Paid interest</td>
<td>-7.7</td>
<td>-5.9</td>
<td>-20.8</td>
<td>-26.4</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>-72.7</td>
<td>-8.1</td>
<td>-117.4</td>
<td>-136.1</td>
</tr>
<tr>
<td>Other</td>
<td>-0.7</td>
<td>10.4</td>
<td>18.2</td>
<td>-26.9</td>
</tr>
<tr>
<td>Cash flow before changes in working capital</td>
<td>145.0</td>
<td>144.0</td>
<td>453.5</td>
<td>596.9</td>
</tr>
<tr>
<td>Cash flow before changes in working capital/Adjusted EBITDA</td>
<td>64%</td>
<td>98%</td>
<td>79%</td>
<td>76%</td>
</tr>
</tbody>
</table>

- Strong underlying cash generation
- Higher paid tax in the United States due to timing effects
- 64% cash conversion from Adjusted EBITDA to Cash flow before changes in working capital in Q3 2020
# Cash flow

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 2020</th>
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<th>2019 R12M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>145.0</td>
<td>144.0</td>
<td>453.5</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-37.6</td>
<td>-120.9</td>
<td>-126.2</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>107.4</strong></td>
<td><strong>23.1</strong></td>
<td><strong>327.3</strong></td>
</tr>
<tr>
<td>Net investments in fixed assets and intangible assets</td>
<td>-21.9</td>
<td>-13.7</td>
<td>-56.0</td>
</tr>
<tr>
<td>Change in financial receivables</td>
<td>8.3</td>
<td>5.2</td>
<td>12.1</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>-569.0</td>
<td>-2.1</td>
<td>-668.5</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td><strong>-582.6</strong></td>
<td><strong>-10.7</strong></td>
<td><strong>-712.4</strong></td>
</tr>
<tr>
<td>New borrowing</td>
<td>-</td>
<td>-</td>
<td>1,453.4</td>
</tr>
<tr>
<td>Amortization of bank loan</td>
<td>-25.6</td>
<td>-27.5</td>
<td>-756.7</td>
</tr>
<tr>
<td>Amortization lease liability</td>
<td>-8.1</td>
<td>-6.4</td>
<td>-25.8</td>
</tr>
<tr>
<td>New share issue/warrants</td>
<td>-0.6</td>
<td>-1.7</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td><strong>-34.2</strong></td>
<td><strong>-35.6</strong></td>
<td><strong>673.1</strong></td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>-509.4</td>
<td>-23.2</td>
<td>288.0</td>
</tr>
</tbody>
</table>

- Continued high cash conversion
- Acquisition of subsidiary relates to acquisition of ACL Mobile
Integration process

- **Deal scouting**
  - **Due diligence**
  - **Signing**
  - **Integration planning**
  - **Closing**

- **Integration phase**
  - **Transaction closed October 2019**
  - **Platform integration ongoing**
  - **Transaction closed October 2019**
  - **Platform integration ongoing**
  - **Expected to close H2 2020, slight delay is possible**
  - **Transaction closed October 2019**
  - **Platform integration ongoing**
  - **Investments in localization and scalability**
  - **Transaction closed 1 November 2020**
  - **Started sales team integration**
  - **Planning platform consolidation**
  - **Integration planning together with Wavy management, as applicable under competition rules**
  - **Purchase agreement signed March 2020**
  - **Regulatory approval process is ongoing**
  - **Transaction closed 1 September 2020**
  - **Further synergy assessment after closing of SDI transaction**
  - **Transaction closed April 2020**
  - **Integrated into Sinch self-service portal**
  - **Cross- and upsell ongoing**
  - **Transaction closed 1 November 2020**
  - **Started sales team integration**
Financial targets

Targets:
- Adjusted EBITDA per share to grow 20% per year
- Net debt < 2.5x adjusted EBITDA over time

Performance:
- Adjusted EBITDA per share grew 51% in Q3 20, measured on a rolling 12 month basis
- Net debt/EBITDA of -1.2x, measured on a rolling 12 month basis
Financial leverage

Pro forma net debt/Adjusted EBITDA

• Pro forma calculation includes last 12 months of Adj EBITDA for acquired entities
• Financial target is to maintain Net debt < 2.5x adjusted EBITDA over time

Q3 20 reported + TWW, myElefant, Chatlayer, ACL + SDI + Wavy

Financial leverage

Pro forma net debt/Adjusted EBITDA

2.5

-1.2
-1.2
1.4
1.8

The acquisitions of Wavy is pending regulatory approval.
Adj EBITDA for the 12 months ending 31 March is used to calculate impact of SDI and Wavy.
Key priorities ahead

- Continued growth with US-based, global tech companies
- Initiatives for broadened growth across the base
- New customer wins in next-gen messaging through Sinch Conversation API
- Closing of pending transactions
- Technical and commercial integration of SAP Digital Interconnect
- Continued strengthening of our connectivity offering
- Investment in SaaS products for advanced, next-generation messaging
Thanks!