Q1 2021
Investor Presentation

28 April 2021

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CEO

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SEK 9.7bn
revenue in the past 12 months

SEK 968m
Adj. EBITDA in the past 12 months

SEK 104bn
Market Cap

2,160
people

47 countries with local presence

Customer engagement through mobile technology

152 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

10x growth in gross profit since IPO in 2015

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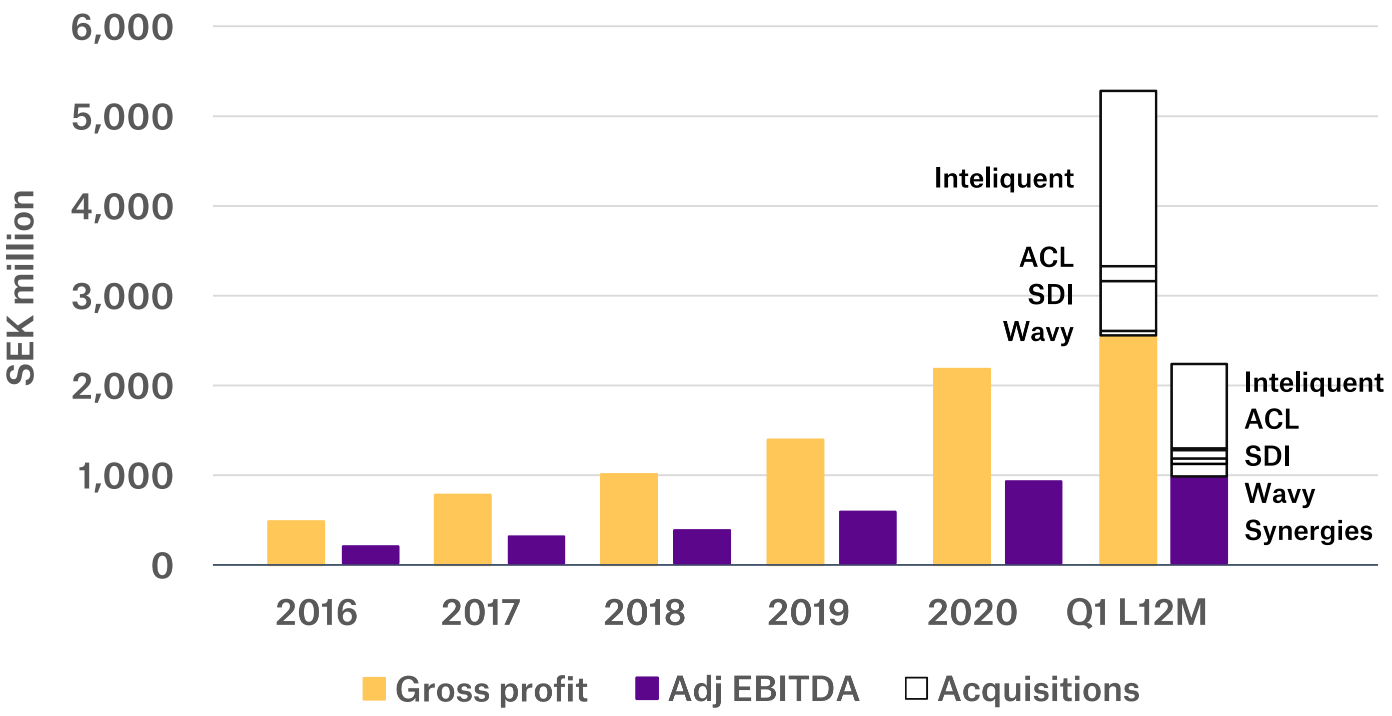
Track record of profitable growth



- **Focus on Gross profit since pass-through revenues vary between geographies**
- **Acquisitions of ACL, SDI, Wavy and Inteliquent adding significantly to our scale and profitability**
- **Investing to increase growth in acquired units**

The acquisition of Inteliquent is pending regulatory approval. ACL includes the last 5 months of earnings before the unit was consolidated on 1 September. SDI includes the last 7 months of earnings before the unit was consolidated on 1 November. Wavy includes the last 10 months of earnings before the unit was consolidated on 1 February. Synergies refer to expected synergies for Wavy and SAP Digital Interconnect, estimated mid-point, at full run rate. Exchange rates as of 26 April 2021.

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 **30%** growth CAGR
- Gartner expects **a 33%** growth CAGR
- IDC forecasts a **33%** growth CAGR
- "By 2023, 90% of global enterprises will leverage API-enabled CPaaS offerings, up from 20% in 2020" – Gartner

Creating value for businesses & their customers

Email

Rich content
Limited reach

SMS

Limited content
100% reach

35x higher open rate

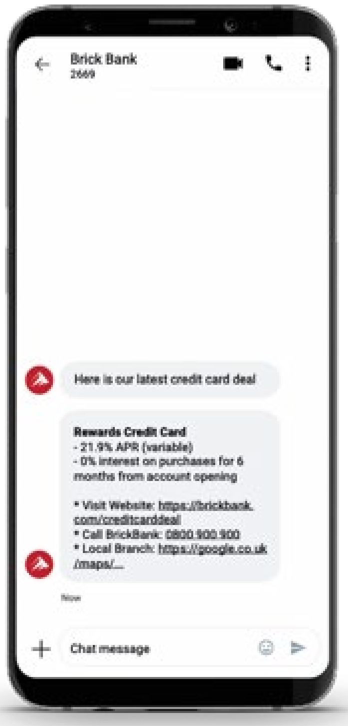
Next-gen messaging

Rich content
100% reach*

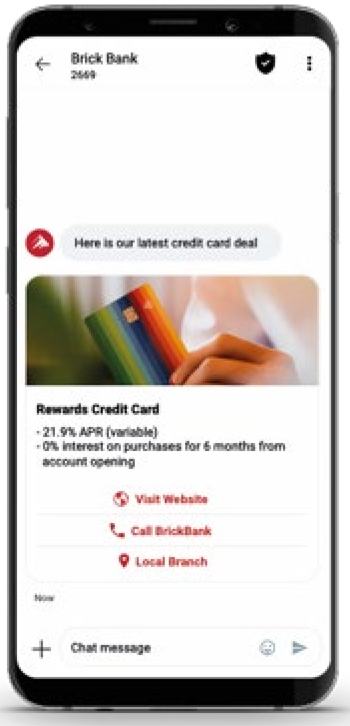
App-like experience

* Blending multiple channels including RCS, WhatsApp, Messenger and SMS with landing page technology

Conversational messaging

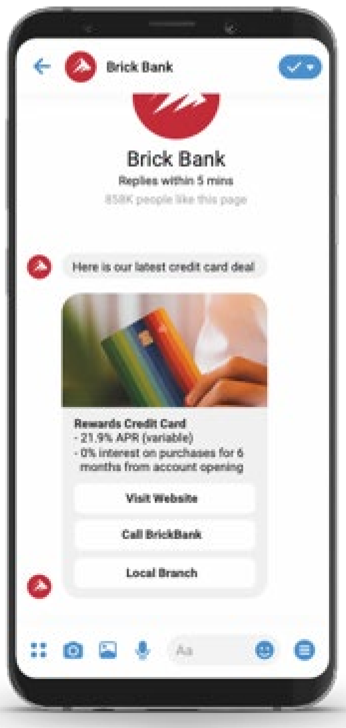


SMS

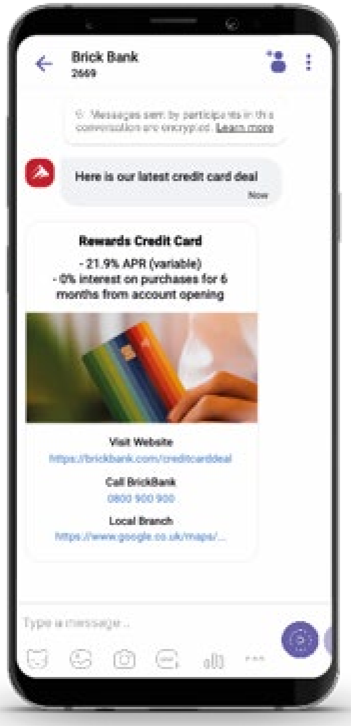


RCS

WhatsApp

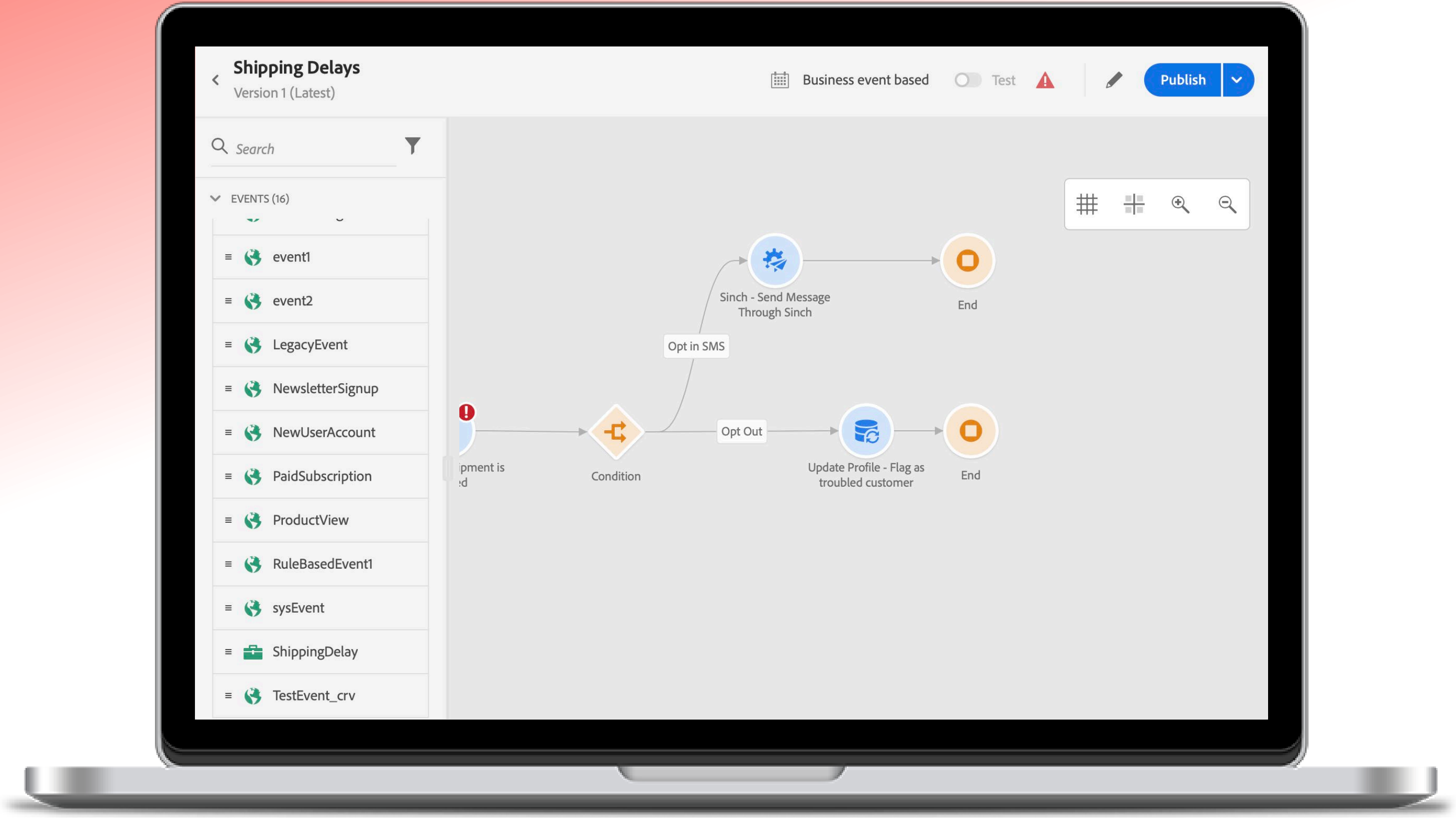


Messenger



Viber

Strategic partnership with Adobe



Adobe Experience Cloud

- Strategic partnership between Sinch and Adobe
- One and two-way campaigns across multiple next-generation messaging channels
- Leverages Sinch Conversation API
- Available in Journey Optimizer within Adobe Experience Cloud

Scaling with Sinch

Sinch acquired Chatlayer in March 2020, a cloud-based software platform that lets businesses create multi-lingual chatbots and voicebots using Artificial Intelligence (AI) and Natural Language Understanding (NLU).

1 **year after the acquisition**

32x increase in messages on platform

+330% increase in recurring SaaS revenue

3 data locations, up from 1

Largest customer in USA, previously in Belgium

Intact team adding headcount

Playbook for profitable growth

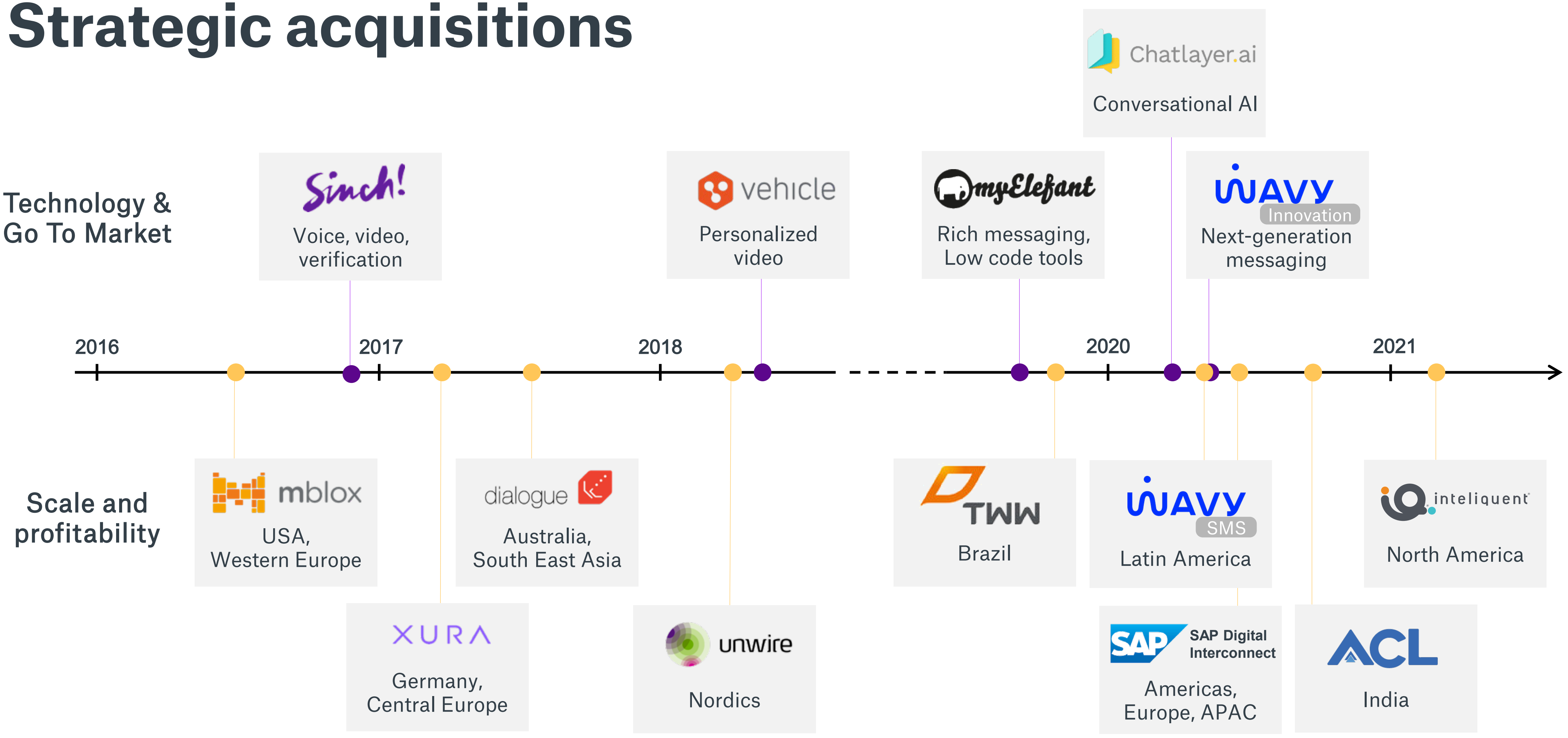
Software-as-a-Service

- 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

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

Strategic acquisitions



Deal rationale: Inteliquent

Inteliquent	• Largest independent voice communications provider in the United States • 300+ billion voice minutes per year and 100+ million active phone numbers • Around 600 employees including contractors with headquarters in Chicago, Illinois
Deal rationale	• Establish Sinch as a leader in voice communications selling to the largest US voice customers • Super network for voice reaching 94% of the US population without middlemen • Accretive deal that fits Scale and Profitability category
Integration	• Integration costs estimated to reach USD 25 million over 18 months • Cross- and upsell combined Sinch+Inteliquent product portfolio • Reinvest USD 15-20 million of EBITDA to accelerate joint roadmap in CPaaS voice, strengthen enterprise go to market and expand voice offering internationally
Financials	• Enterprise value of USD 1,140m. Closing is subject to regulatory approval, closing expected in H2 2021 • Reported revenues of USD 533m, gross profit of USD 256m, and EBITDA of USD 135m in 2020 • Revenues of USD 499m, GP of USD 233m and Adj EBITDA of USD 112m excl. temporary Covid uplift • Underlying year-on-year revenue growth around 11% over the past 2 years driven by growth in CPaaS

January – March 2021

- Gross profit rising 84% to SEK 820.0 million (446.7)
- Adjusted EBITDA rising 30% to SEK 240.3 million (184.3)
- Adjusted EBIT excl. acquisition-related amortization of SEK 215.0 million (168.8)
- Profit after tax of SEK 140.8 million (96.4)

- Organic Gross Profit growth of 24% in local currency
- 52% underlying growth in Adjusted EBITDA excl. currency effects and share incentive plans
- Acquired entities with lower Adjusted EBITDA margin causing lower margin
- COVID-19 causing reduced voice traffic and lengthened sales cycles
- Continued opex investments to prepare our business for future growth, strengthen our go to market and develop new products

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Key growth drivers

1.

Acquisition of SDI, TWW, Wavy and ACL Mobile

2.

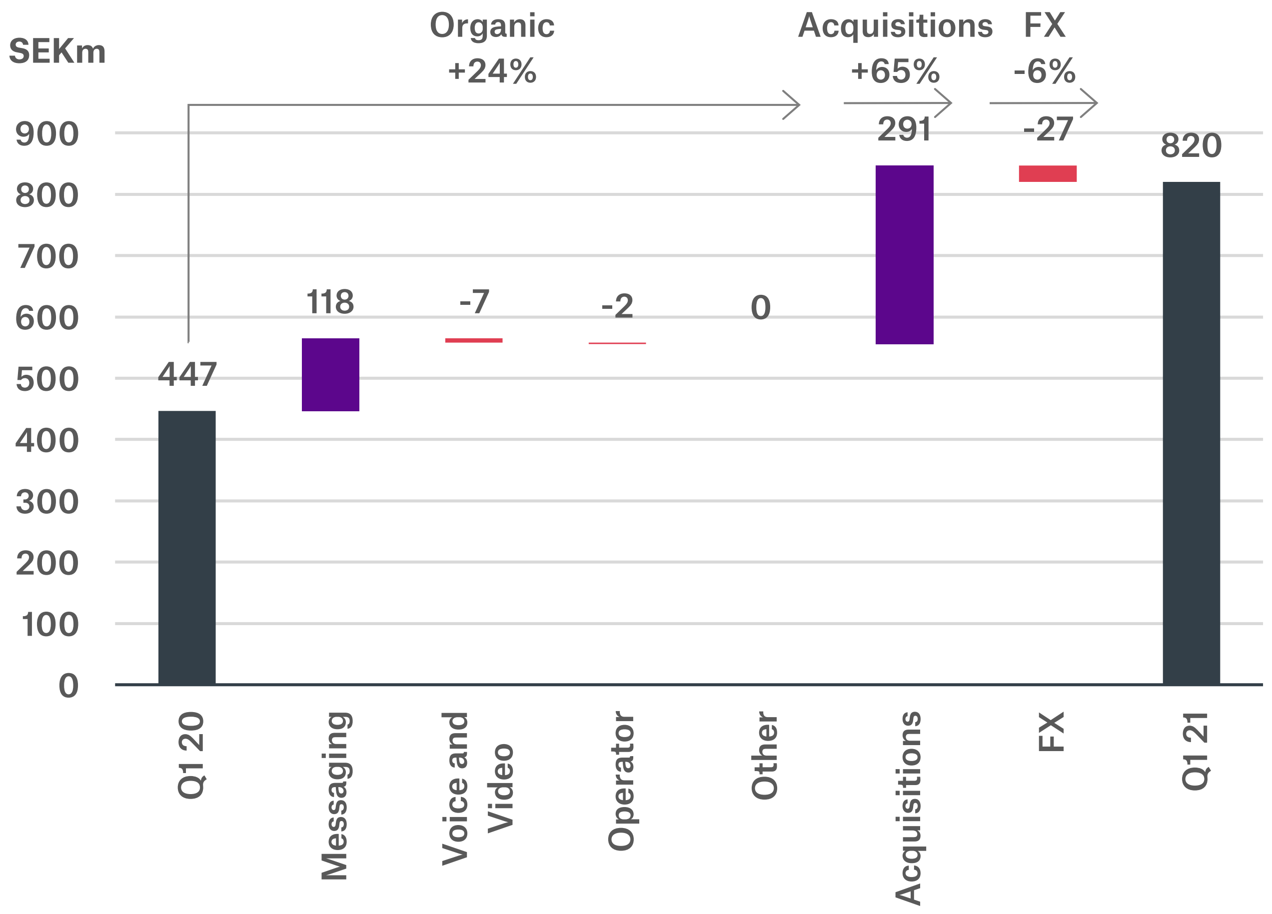
Volume growth & new use cases with US big tech companies

3.

Sales and marketing improvements driving broader growth

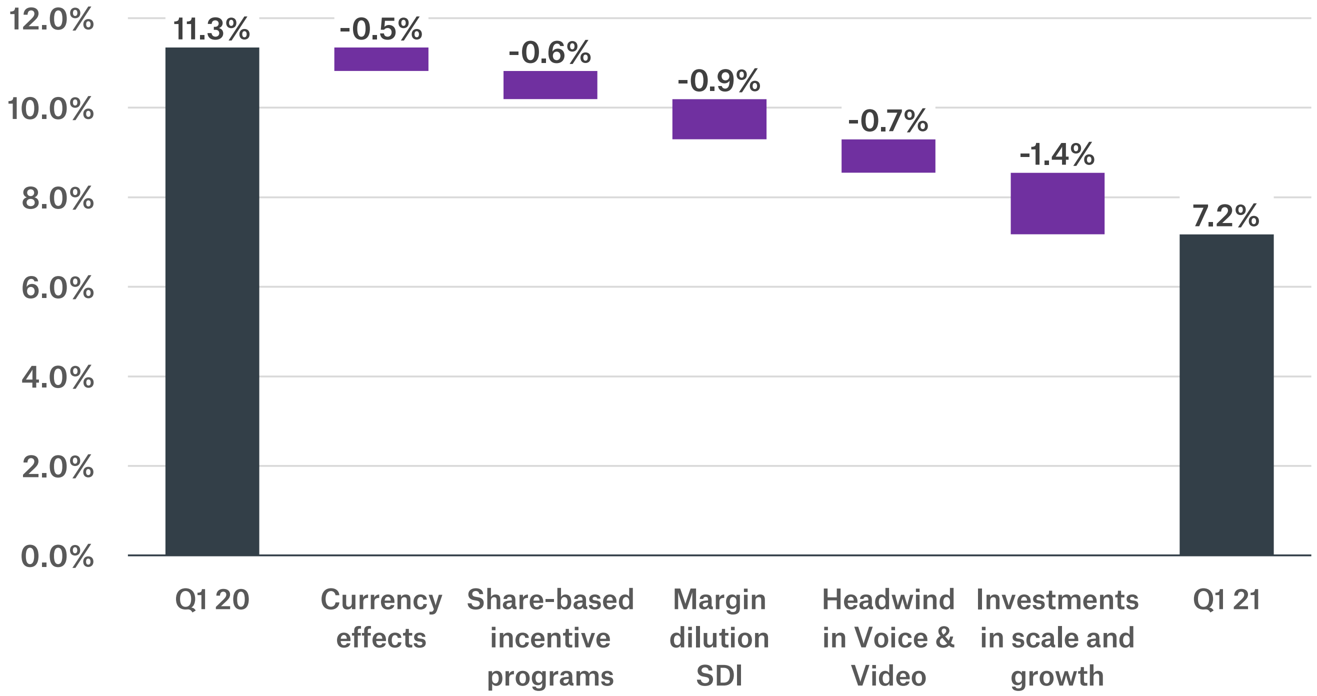
Growing both with new and existing customers

Gross profit growth



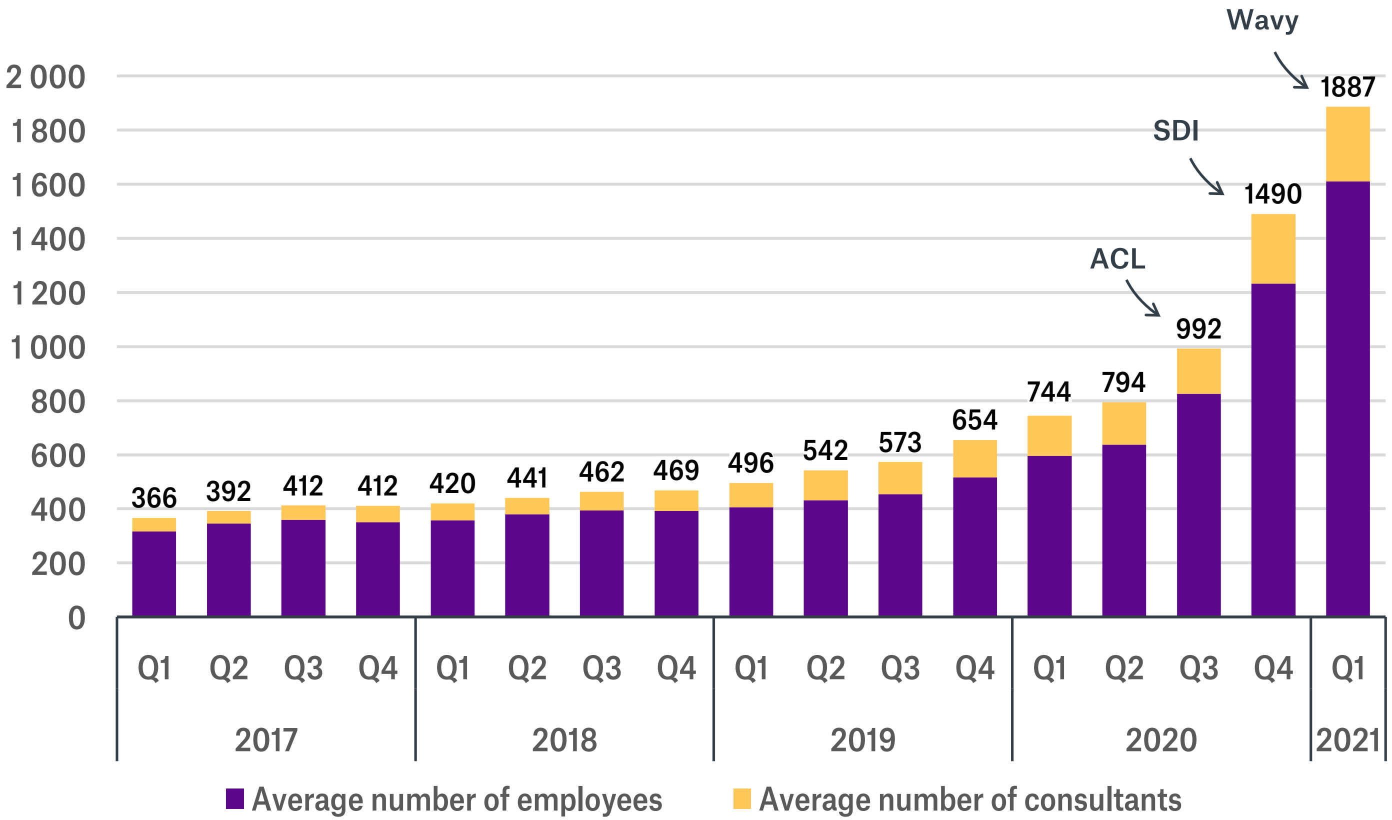
- **Gross profit growth of 84% compared to Q1 2020**
- **24% organic Gross profit growth**
- **Continued strong performance with large US tech companies, but lower percentage growth rate after strong performance in 2020**
- **Broader organic growth across the business due to investments in product and go to market**

Adjusted EBITDA margin



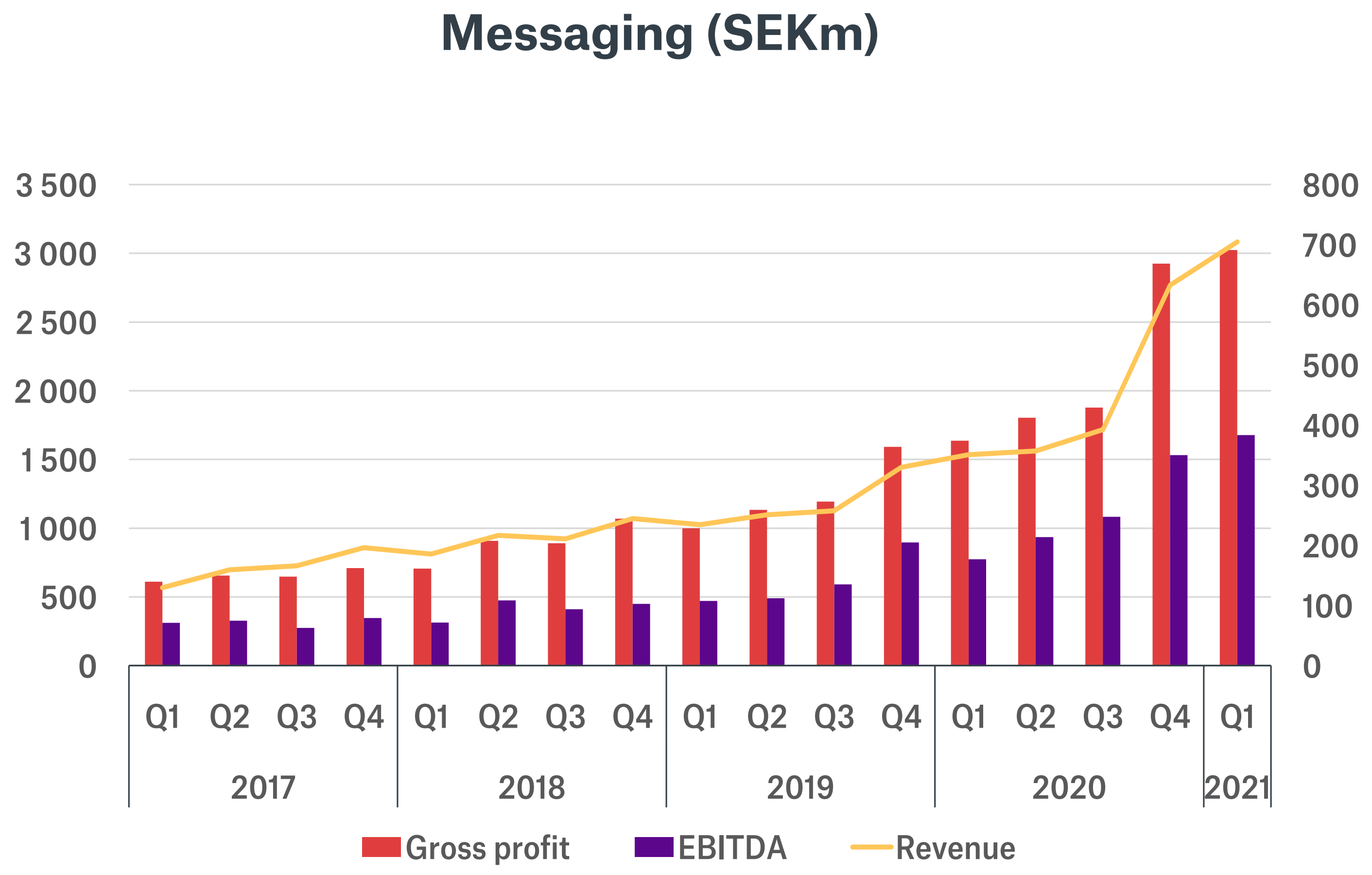
- **Large impact from currency effects and costs for share-based incentive programs**
- **Margin dilution from acquired SDI business**
- **Investments in scale and growth**
- **30% growth in Adjusted EBITDA, with 52% growth excluding currency movements and share-based incentive programs**

Headcount increase



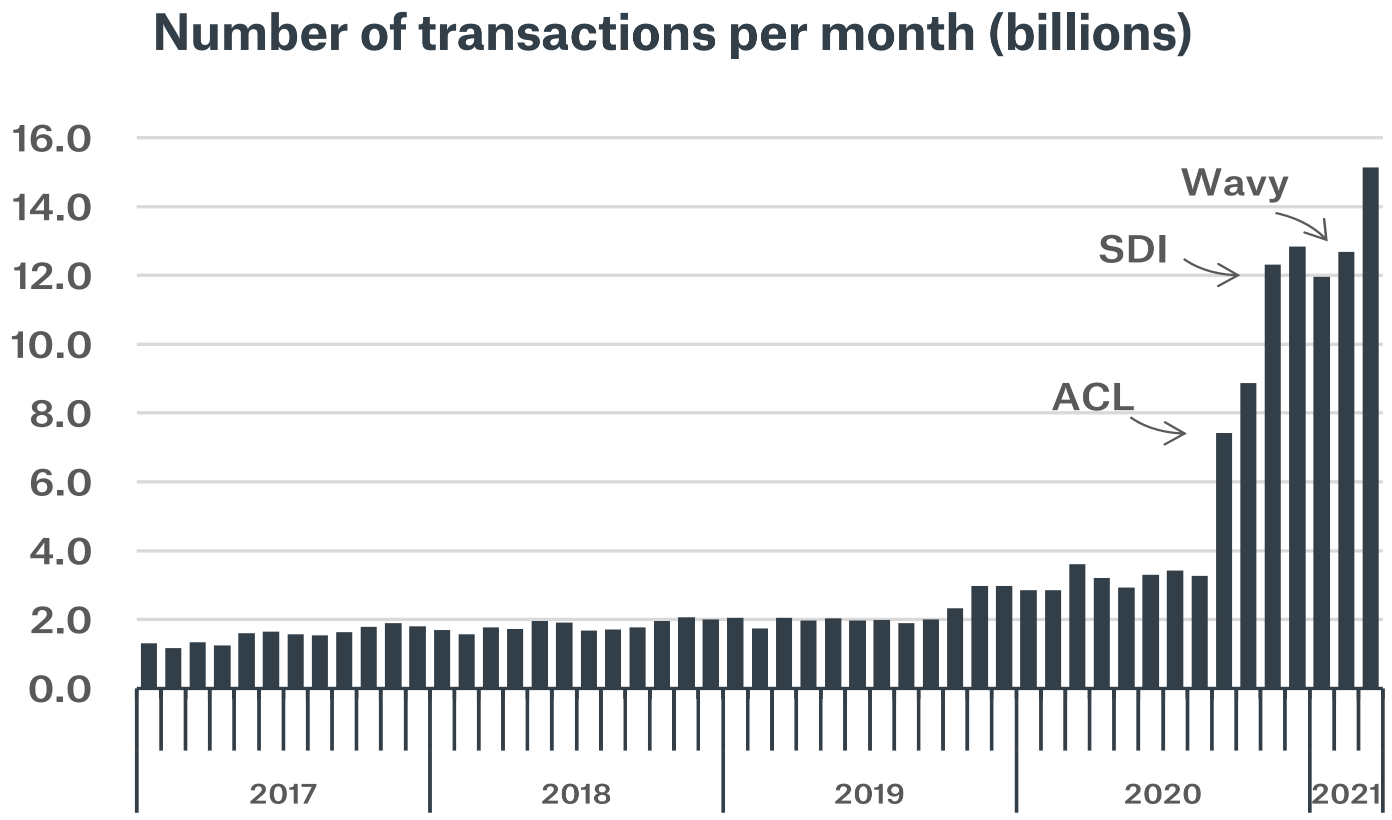
- **Headcount rises with recruitment and acquisitions**
- **Added 382 people in Q1, of which 305 people joined from Wavy**
- **2,160 people in Sinch at end of Q1**

Strong growth in Messaging



- Total Gross profit growth of 85% with organic growth at 32%
- SDI contributing from 1 November 2020 & Wavy from 1 February 2021
- Growth broadening beyond US tech companies
- Tough comparable figures in 2021 after strong performance in 2020

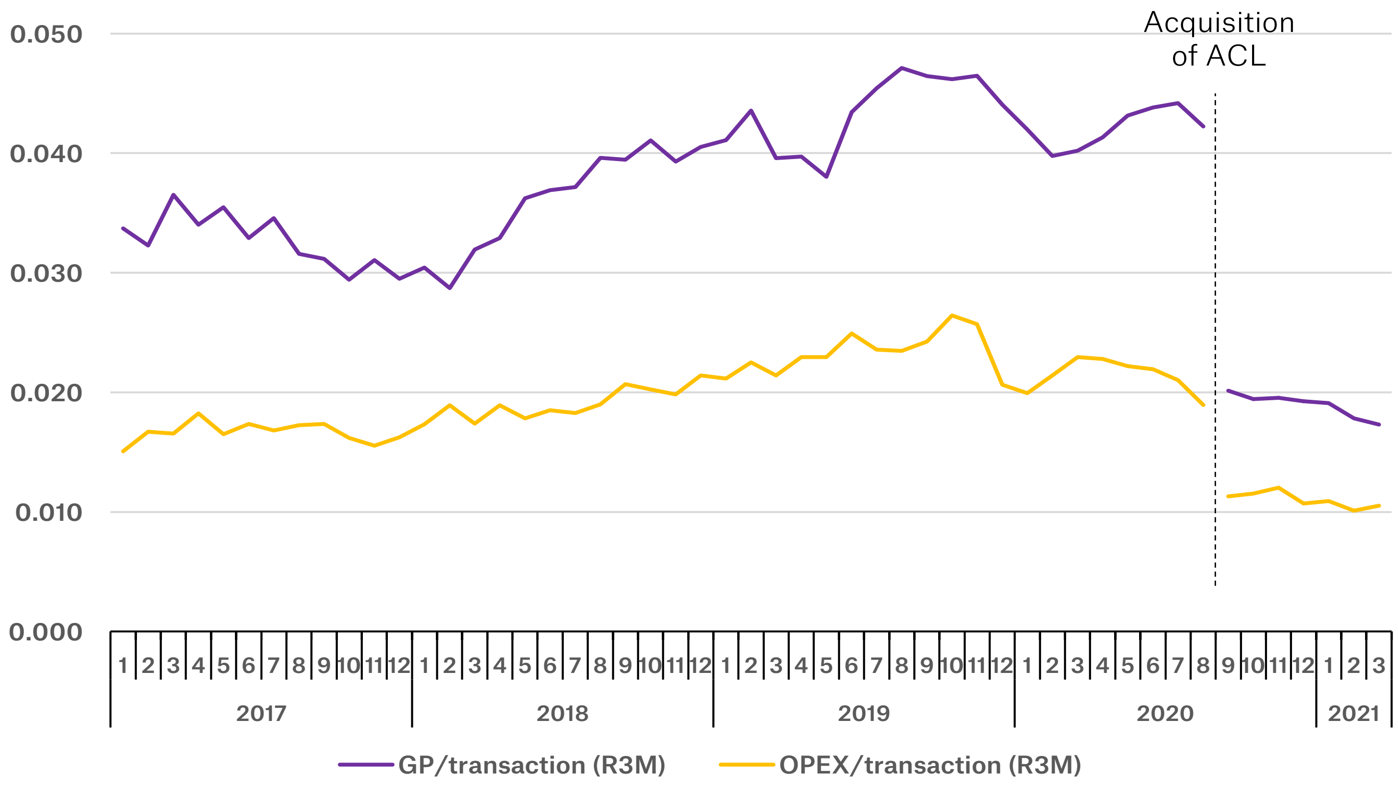
Rising message volumes



- Large increase in September 2020 due to ACL acquisition in India
- 327% year-on-year growth in transactions in Q1 with 47% growth in comparable units
- Seasonal uptick in March due to end of financial year in India
- Growth from existing customers, new customers, new use cases

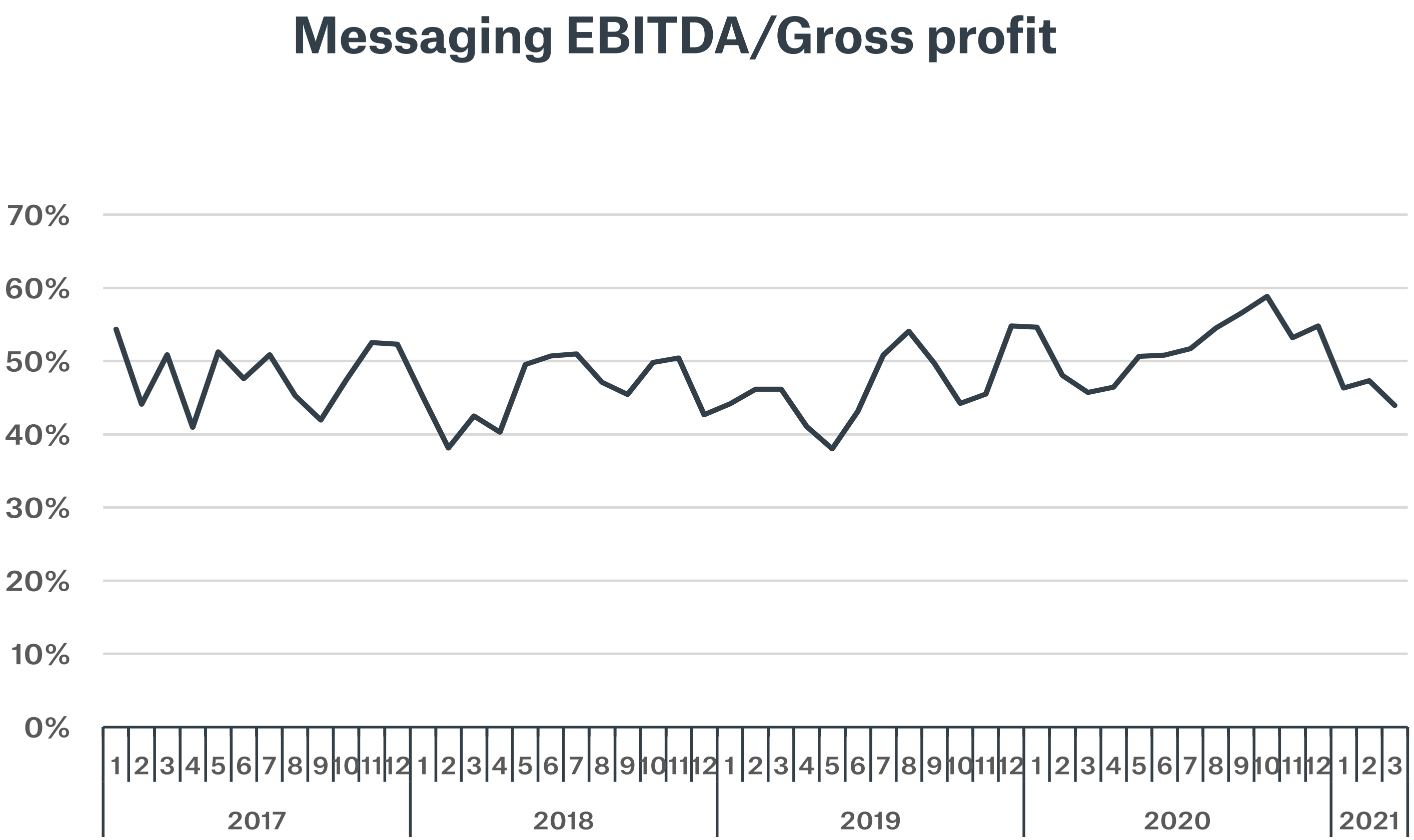
Gross profit per transaction

OPEX/transaction & Gross profit/transaction (SEK)



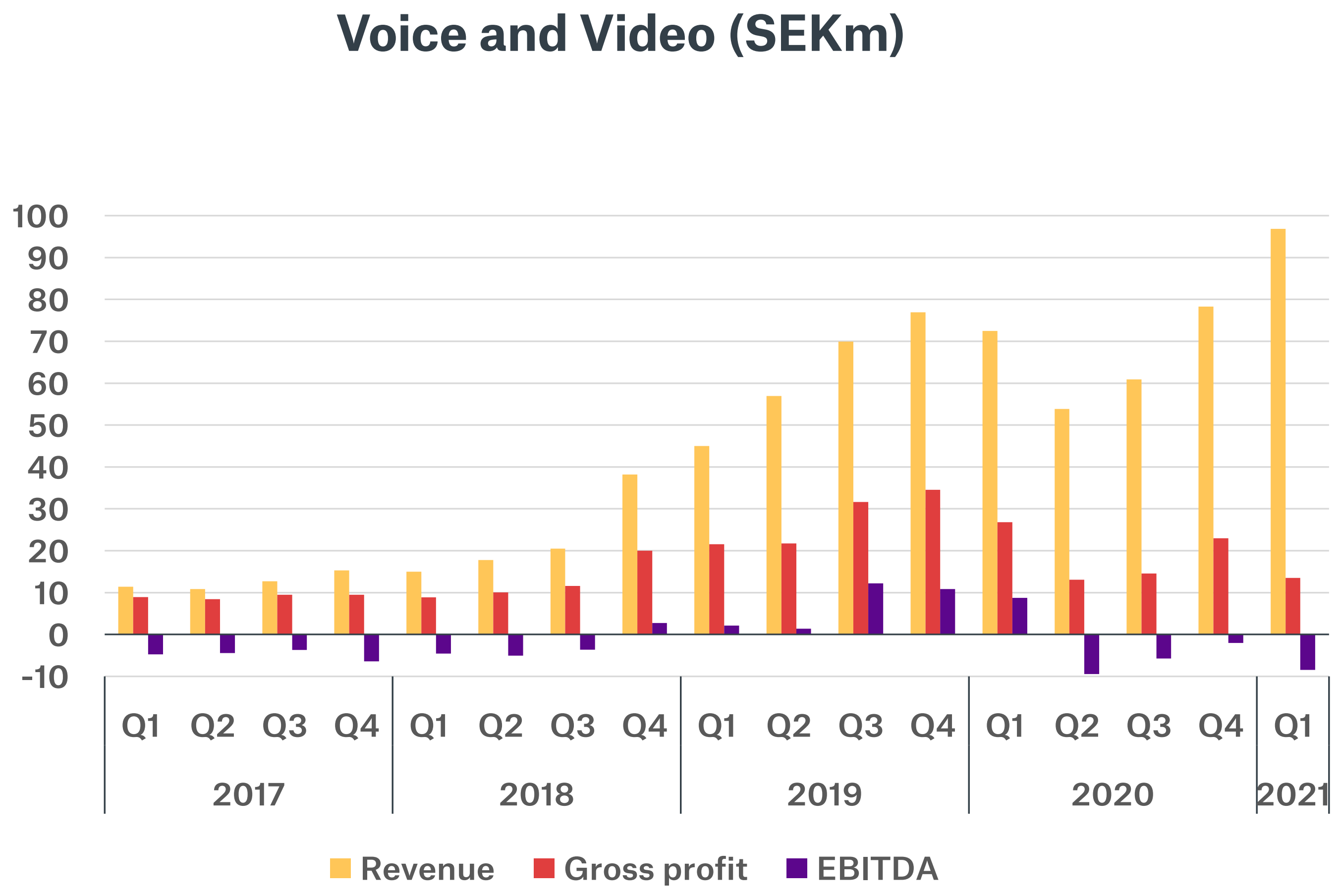
- **Gross profit is the primary bottom line driver**
- **Per-transaction measures relevant to track profitability and economies of scale**
- **ACL Mobile has significantly lower GP and OPEX per transaction, skews overall measures from September 2020**

Messaging margin affected by M&A



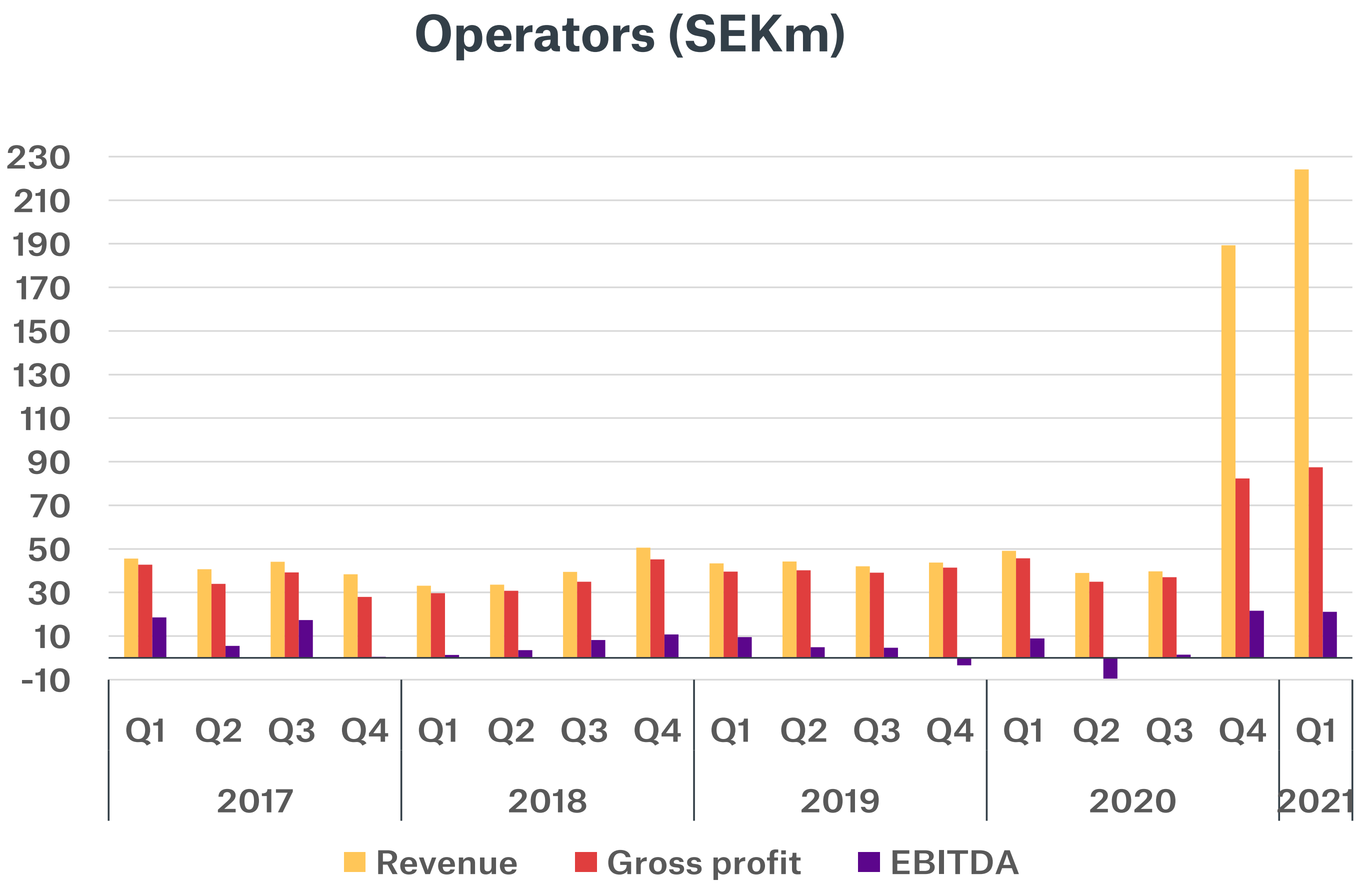
- **Revenue and gross margin depend on mix of terminating markets**
- **EBITDA/Gross profit shows margin excluding mobile operator charges**
- **Acquisition of SDI causing 3.3% dilution to Adj EBITDA/Gross profit in Messaging**
- **Investing to support future growth**

Continued Covid impact on Voice and Video



- **Sharp decrease in demand for Number masking from ride hailing customers as Covid-19 reduces travelling**
- **Increase in traffic with low gross margin contributing revenue with limited gross profit**
- **Planning for integration ahead of Inteliquent closing**

Broadened product offering to Operators



- Sinch and SDI operator organizations united in early 2021
- High margins in Operator Software business
- SDI person-to-person (P2P) messaging hub operating at lower gross margin
- Stable underlying performance

Integration

inteliquent	TWW + WAVY	ACL	SAP Digital Interconnect
Integration planning	**Integration**	**Integration**	**Integration**
• Deal signed in February 2021	• TWW closed October 2019 • Wavy closed February 2020	• Deal closed September 2020	• Deal closed November 2020
• Regulatory approval process is ongoing • Expected to close H2 2021 • Integration planning together with Inteliquent management, as applicable under competition rules	• Jointly rebranded as Sinch just 8 weeks after Wavy closed • New LatAm website with localized content • Defined customer and supplier migration plans • Initiatives to scale Wavy's Conversational Messaging business	• Deployed cross-functional go to market-teams based on Wavy learnings to accelerate growth in Conversational Messaging • Selling Chatlayer Conversational AI	• Sales teams merged with Sinch across 19 countries • New joint Product organisation • Integrated global Operations teams • P2P Messaging products for Operators aligned with Sinch Operator software offering • Initiated customer and supplier migrations to shared global platform

Q1 2021 Financials

Income statement

Sinch Group, SEK million	Q1 2021	Q1 2020	2020	R12M
Net sales	**3,349.9**	**1,624.2**	**8,023.3**	**9 749,0**
Cost of goods sold and services	-2 529,8	-1,177.5	-5,840.0	-7 192,4
Gross profit	**820.0**	**446.7**	**2,183.3**	**2,556.6**
Other operating income	32.6	32.9	197.8	197.5
Work performed by the entity and capitalized	18.7	15.2	69.4	72.9
Other external costs	-238.1	-110.7	-683.0	-821.7
Employee benefits expenses	-400.0	-184.2	-869.4	-1 085,2
Other operating expenses	-40.7	-24.7	-183.2	-188.0
EBITDA	**192.5**	**175.2**	**714.9**	**732.1**
Depreciation, amortization, and impairment	-95.5	-56.6	-262.0	-300.9
EBIT	**97.0**	**118.6**	**452.9**	**431.3**
Finance income	216.4	24.2	5.7	209.2
Finance expenses	-127.4	-12.1	-79.2	-205.9
Profit before tax	**185.9**	**130.8**	**379.4**	**434.6**
Current tax	-76.5	-42.0	-142.5	-177.0
Deferred tax	31.4	7.7	209.1	239.9
Profit for the period	**140.8**	**96.4**	**446.0**	**490.5**

- **Non-recurring items in EBITDA reflect recent M&A activity**
- **SEK 30.6 million integration cost related primarily to SDI and Wavy**
- **Adjusted EBIT excludes non-recurring items as well as amortization of acquisition-related assets**
- **Adjusted EBIT of SEK 215.0 million (168.8) in Q1 21**

Reconciling Cash flow with EBITDA

SEK million	Q1 2021	Q1 2020	2020	R12M
Adjusted EBITDA	240.3	184.3	912.5	968.5
Paid interest	-11.1	-6.9	-29.7	-33.9
Paid taxes	-48.1	-3.0	-101.3	-146.4
Other	44.7	1.2	-179.4	-135.9
Cash flow before changes in working capital	**225.8**	**175.6**	**602.1**	**652.3**
Cash flow before changes in working capital / Adjusted EBITDA	**94%**	**95%**	**66%**	**67%**

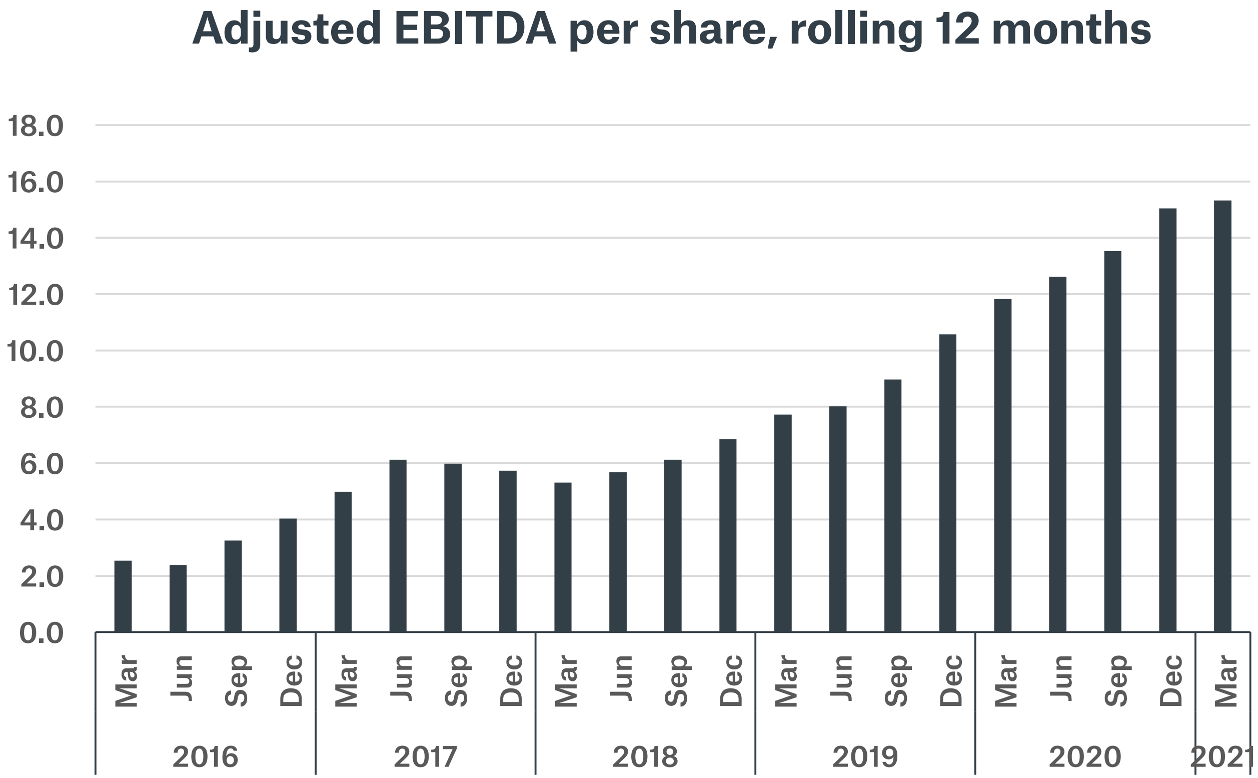
- **High conversion of Adjusted EBITDA to cash flow**
- **“Other” captures non-recurring items in EBITDA and revaluation of balance sheet items**

Cash flow

Sinch Group, SEK million	Q1 2021	Q1 2020	2020	R12M
Cash flow before changes in working capital	225.8	175.6	602.1	652.3
Changes in working capital	361.3	-40.9	-148.2	254.0
Cash flow from operating activities	**587.1**	**134.7**	**453.9**	**906.3**
Net investments in tangible and intangible assets	-302.4	-20.0	-85.6	-108.1
Change in financial receivables	5.8	-0.9	-2.2	4.5
Acquisition of subsidiaries	-691.5	-44.3	-2,884.6	-3,791,8
Cash flow from investing activities	**-988.1**	**-65.1**	**-2,972.4**	**-3,895.4**
Amortization of bank loan	-17.1	-1.4	-267.2	-282.9
Amortization lease liability	-9.9	-6.9	-30.4	-33.4
New share issue/warrants	482.6	1,511.2	5,529.0	4,500.4
Cash flow from financing activities	**455.6**	**1,502.9**	**5,231.4**	**4,184.1**
Cash flow for the period	**54.6**	**1,572.5**	**2,712.9**	**1,195.0**

- **Positive change in working capital due to shortened payment cycle in SDI and acquisition of Wavy**
- **Acquisition of subsidiary and new share issue relates to the acquisition of Wavy**

Financial targets



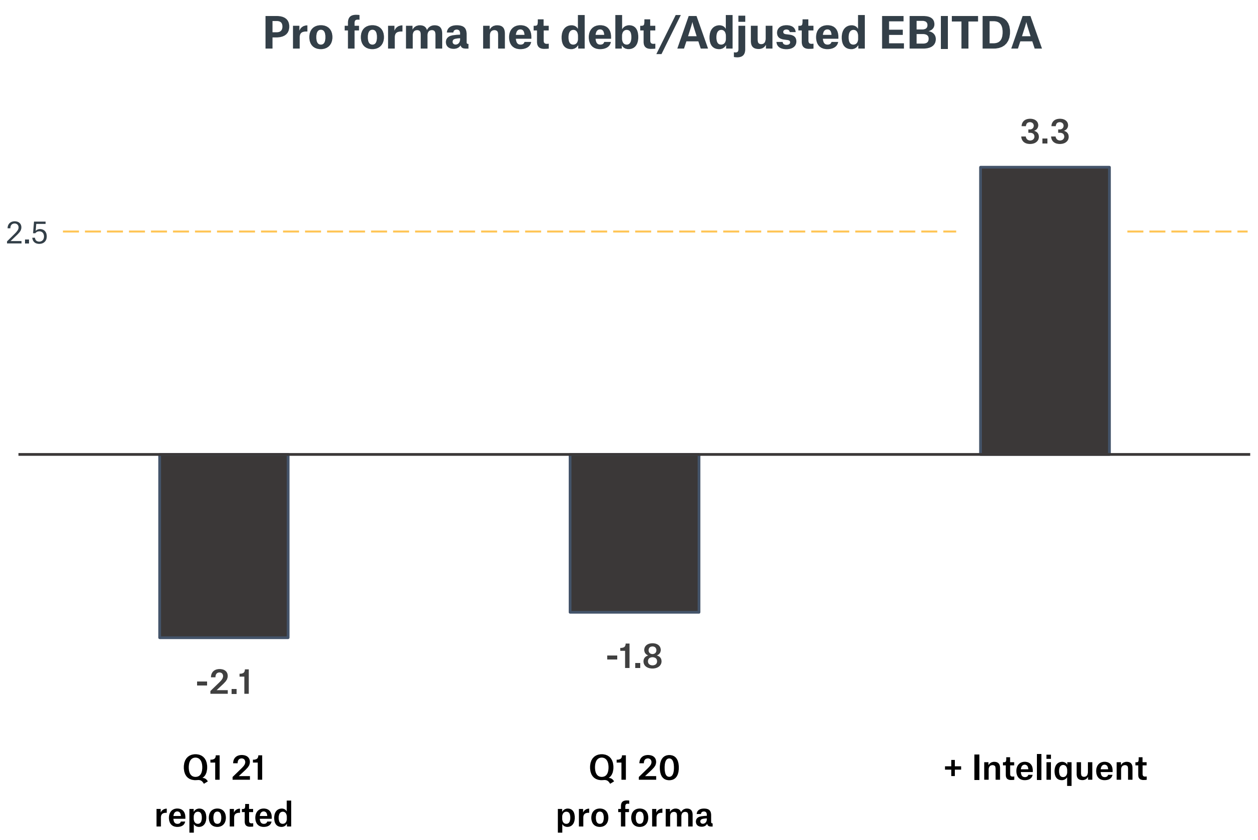
Targets:

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

Performance:

- Adjusted EBITDA per share grew 30% in Q1 21, measured on a rolling 12 month basis
- Net debt/EBITDA of -2.1x, measured on a rolling 12 month basis

Financial leverage



- **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**

The acquisition of Inteliquent is pending regulatory approval.

Key priorities ahead

Build on momentum for broadened growth across the base

Continued growth with US-based, global tech companies

New customer wins in Conversational messaging

Integration of recently acquired entities & initiatives to increase growth and margins

Preparation for future organic & acquired growth

Continued strengthening of our connectivity offering

Investment in SaaS products for advanced, Conversational messaging


Thanks!