Customer engagement through mobile technology

- Scalable cloud communications platform for messaging, voice and video
- Serving 8 of the 10 largest U.S. tech companies
- Growing, global, multi-billion USD market
- 100% Consumer penetration
- Profitable since our foundation in 2008
- >600% growth in gross profit since IPO in 2015

SEK 6.0bn revenue in the past 12 months
SEK 708m Adj. EBITDA in the past 12 months
SEK 45bn Market Cap
822 people
37 countries with local presence

40 billion engagements per year
Publicly listed on NASDAQ in Stockholm
Track record of profitable growth

- Focus on Gross profit since pass-through revenues vary between geographies
- 43% growth in Gross profit and 55% growth in EBITDA in Q2 20
- Acquisitions of Wavy, SDI and ACL Mobile adding significantly to our scale and profitability

Acquisitions of Wavy and SDI are both pending regulatory approval. Sinch L12M includes Chatlayer. Synergies refer to expected for Wavy and SAP Digital Interconnect, estimated mid-point, at full run rate. Exchange rates as of 12 June 2020.
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)
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

* Acquisitions of Wavy and SAP Digital Interconnect are pending regulatory approval
Customer case: Driving engagement for Nationwide

Nationwide objectives
- Nationwide Payment holidays eases customers’ burden during covid-19
- Looking for ways to improve the customer experience
- Email has low open rates and sending physical mail a slow process

Sinch value proposition
- Hyper-personalized mobile campaigns using Rich SMS with a link to a landing page

Key performance indicators
- 4x click-through rate compared bank & finance sector average
- 91% engagement rate
- “If you can start making payment again” was the most-clicked option
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.
- Closing is subject to regulatory approval. Transaction expected to close in H2 2020
### 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 expected to close in Q3 2020 with 82% acquired upfront and 18% on or after Dec 1, 2020
India

• 2nd largest mobile market in the world with a population exceeding 1.3 billion¹

• 1.2 billion mobile subscribers² and ~50% smartphone penetration

• World’s highest data usage per smartphone³ at 9.8 GB/month

• Rapidly digitalizing economy; second only to Indonesia⁴

• World’s largest WhatsApp market⁵ with 400 million users in July 2019

Sources:
April – June 2020

- Gross profit rising 43% to SEK 460.3 million (321.1)
- Adjusted EBITDA rising 55% to SEK 176.5 million (114.2)
- Adjusted EBIT excl. acquisition-related amortization of SEK 161.7 million (104.1)
- Profit after tax of SEK 37.1 million (53.3)

- 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. Acquisition of TWW, myElefant and Chatlayer
3. Strong performance in Brazil
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**
- Software for advanced, interactive messaging
- New channels like WhatsApp and RCS
- Unified cross-channel Conversation API
- RCS-as-a-Service and SMSF for mobile operators
- TWW, myElefant & Chatlayer
- ACL Mobile (expected to close in Q3 2020)
- SDI (pending regulatory approval)
- Wavy (pending regulatory approval)
Accelerating growth in Messaging

- US tech companies continue to fuel growth
- Rising volumes as businesses shift from email to mobile messaging
- myElefant & TWW included since mid-October 2019, Chatlayer since April 2020
- Investments in software for next-generation messaging
Rising message volumes

- Acquisition of TWW and myElefant adding significant volumes in October-November 2019
- Significant volume increase in March 2020 was partly related to Covid-19
- Growth from existing customers, new customers, new use cases
- 58% growth in transactions
- 32% growth in Gross profit
Gross profit per transaction

Gross profit is the primary bottom line driver

GP/transaction stable compared to the same period last year

Reduced Opex/transaction due to economies of scale
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
Covid-19 impact on Voice and Video

- Sharp decrease in demand for Number masking from ride hailing customers as Covid-19 reduces travelling
- Positive underlying trends in products for Number verification
- Increasing OPEX to ensure quality of service and add functionality
Headwind in Operators

- Lengthened sales cycles as with lower operator investments due to Covid-19
- Currency headwinds
- Investments in 5G SMSF and RCS-as-a-Service for mobile operators
## Income statement

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>R12M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,621.9</td>
<td>1,176.7</td>
<td>5,035.6</td>
<td>6,003.2</td>
</tr>
<tr>
<td>Cost of goods sold and services</td>
<td>-1,161.6</td>
<td>-855.6</td>
<td>-3,641.4</td>
<td>-4,312.7</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>460.3</strong></td>
<td><strong>321.1</strong></td>
<td><strong>1,394.1</strong></td>
<td><strong>1,690.5</strong></td>
</tr>
<tr>
<td>Other operating income</td>
<td>34.1</td>
<td>25.6</td>
<td>103.1</td>
<td>118.6</td>
</tr>
<tr>
<td>Work performed and capitalized</td>
<td>17.7</td>
<td>9.1</td>
<td>38.6</td>
<td>56.2</td>
</tr>
<tr>
<td>Other external costs</td>
<td>-125.7</td>
<td>-79.6</td>
<td>-328.7</td>
<td>-416.4</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>-198.0</td>
<td>-132.6</td>
<td>-537.6</td>
<td>-667.6</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-42.8</td>
<td>-29.4</td>
<td>-113.9</td>
<td>-131.2</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>145.7</strong></td>
<td><strong>114.2</strong></td>
<td><strong>555.5</strong></td>
<td><strong>650.1</strong></td>
</tr>
<tr>
<td>Depreciation, amort. and impairment</td>
<td>-57.6</td>
<td>-41.1</td>
<td>-183.9</td>
<td>-213.8</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>88.1</strong></td>
<td><strong>73.2</strong></td>
<td><strong>371.6</strong></td>
<td><strong>436.2</strong></td>
</tr>
<tr>
<td>Finance income</td>
<td>2.0</td>
<td>0.8</td>
<td>18.6</td>
<td>-145.2</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-33.8</td>
<td>-8.3</td>
<td>-35.2</td>
<td>111.7</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>56.3</strong></td>
<td><strong>65.7</strong></td>
<td><strong>355.0</strong></td>
<td><strong>402.8</strong></td>
</tr>
<tr>
<td>Current tax</td>
<td>-34.3</td>
<td>-18.2</td>
<td>-83.8</td>
<td>-127.2</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>15.1</td>
<td>5.8</td>
<td>3.3</td>
<td>21.3</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>37.1</strong></td>
<td><strong>53.3</strong></td>
<td><strong>274.5</strong></td>
<td><strong>296.9</strong></td>
</tr>
</tbody>
</table>

- Non-recurring items of SEK 30.8 million in Q2 20 relate to acquisitions and integration cost
- Amortization of acquisition-related assets does not affect cash flow
- Adjusted EBIT excludes non-recurring items as well as amortization of acquisition-related assets
- Adjusted EBIT of SEK 161.7 million (104.1) in Q2 20
Accelerating Gross profit growth

- 43% growth in Gross profit despite headwinds in Operators and Voice and Video
- 24% organic Gross profit growth
- 19% contribution from acquisitions
- Big US tech companies and acquisitions fuelling growth
- SEK 11m negative FX effect on Adjusted EBITDA in the quarter
Headcount increase

- Headcount rising due to recruitment and acquisitions
- Near-term negative effect on EBITDA before new initiatives translate into higher revenues and gross profit
- Headcount at 822 at end of Q1
- Headcount increase in line with previous quarters excluding acquisitions
- Cautious recruitment during Q2 due to Covid-19
### Reconciling Cash flow with EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020 SEK million</th>
<th>Q2 2019 SEK million</th>
<th>2019 SEK million</th>
<th>R12M SEK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>176.5</td>
<td>114.2</td>
<td>573.5</td>
<td>708.0</td>
</tr>
<tr>
<td>Paid interest</td>
<td>-9.5</td>
<td>-6.0</td>
<td>-20.8</td>
<td>-24.6</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>-6.4</td>
<td>-34.7</td>
<td>-117.4</td>
<td>-71.6</td>
</tr>
<tr>
<td>Other</td>
<td>-33.9</td>
<td>0.5</td>
<td>18.2</td>
<td>-15.9</td>
</tr>
<tr>
<td>Cash flow before changes in working capital</td>
<td>126.7</td>
<td>74.0</td>
<td>453.5</td>
<td>595.9</td>
</tr>
</tbody>
</table>

- **Strong underlying cash generation**
- **Delayed tax payments in the United States**
- **72% cash conversion from Adjusted EBITDA to Cash flow before changes in working capital in Q2 20**
- **87% cash conversion from EBITDA which also includes costs related to acquisitions and integration**
## Cash flow

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2020</th>
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<th>R12M</th>
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<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>126.7</td>
<td>74.0</td>
<td>453.5</td>
<td>595.9</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>137.0</td>
<td>56.2</td>
<td>-126.2</td>
<td>-38.6</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>263.6</strong></td>
<td><strong>130.2</strong></td>
<td><strong>327.3</strong></td>
<td><strong>557.3</strong></td>
</tr>
<tr>
<td>Net investments in fixed assets and intangible assets</td>
<td>-24.2</td>
<td>-12.0</td>
<td>-56.0</td>
<td>-80.7</td>
</tr>
<tr>
<td>Change in financial receivables</td>
<td>-1.4</td>
<td>-3.0</td>
<td>12.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>-81.4</td>
<td>-74.4</td>
<td>-668.5</td>
<td>-708.4</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td><strong>-107.1</strong></td>
<td><strong>-89.4</strong></td>
<td><strong>-712.4</strong></td>
<td><strong>-777.7</strong></td>
</tr>
<tr>
<td>New borrowing</td>
<td>-</td>
<td>-</td>
<td>1,453.4</td>
<td>1,453.4</td>
</tr>
<tr>
<td>Amortization of bank loan</td>
<td>-211.4</td>
<td>-24.1</td>
<td>-756.7</td>
<td>-921.1</td>
</tr>
<tr>
<td>Amortization lease liability</td>
<td>-7.1</td>
<td>-6.3</td>
<td>-25.8</td>
<td>-27.3</td>
</tr>
<tr>
<td>New share issue/warrants</td>
<td>700.8</td>
<td>0.5</td>
<td>2.1</td>
<td>2,211.7</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td><strong>482.4</strong></td>
<td><strong>-29.9</strong></td>
<td><strong>673.1</strong></td>
<td><strong>2,716.7</strong></td>
</tr>
<tr>
<td><strong>Cash flow for the period</strong></td>
<td><strong>638.9</strong></td>
<td><strong>10.9</strong></td>
<td><strong>288.0</strong></td>
<td><strong>2,496.3</strong></td>
</tr>
</tbody>
</table>

- Positive development in Net Working Capital
- Successful directed new share issues contributing SEK 700 million to fund acquisitions
Integration process

**Deal scouting**

- **WAVY**
  - Purchase agreement signed March 2020
  - Regulatory approval process is ongoing
  - Expected to close H2 2020
  - Integration planning together with Wavy management, as applicable under competition rules

- **SAP Digital Interconnect**
  - Purchase agreement signed May 2020
  - Regulatory approval process is ongoing
  - Expected to close H2 2020
  - Integration planning together with SDI management, as applicable under competition rules

- **ACL**
  - Purchase agreement signed June 2020
  - Expected to close Q3 2020
  - Further synergy assessment after ACL and SDI transactions have closed

**Signing**

- **Sinch**
  - Transaction closed October 2019
  - Platform integration ongoing

- **TWW**
  - Transaction closed October 2019
  - Completed first stage of U.S. launch
  - Continued integration with Sinch platform is ongoing

- **myElephant**
  - Transaction closed April 2020
  - AI-powered conversations now powered by Sinch connectivity
  - Deeper integration is ongoing

**Closing**

- **Chatlayer.ai**
  - Further synergy assessment after ACL and SDI transactions have closed
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 57% in Q2 20, 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.

Leverage expected to decline in coming periods as EBITDA grows and cash is generated.

Acquisitions of Wavy and SDI are both pending regulatory approval.
Adj EBITDA for the 12 months ending 31 March is used to calculate impact of SDI, Wavy and ACL Mobile.
Key priorities ahead

- Continued growth with US-based, global tech companies
- Initiatives for broadened growth across the base
- Closing of pending transactions
- Integration planning for ACL, SDI, and Wavy
- Continued strengthening of our connectivity offering
- Investment in SaaS products for advanced, next-generation messaging
Thanks!