Q2 2020
Investor Presentation

17 July 2020

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CFO

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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

Customer engagement through mobile technology

40 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

>600% growth in gross profit since IPO in 2015

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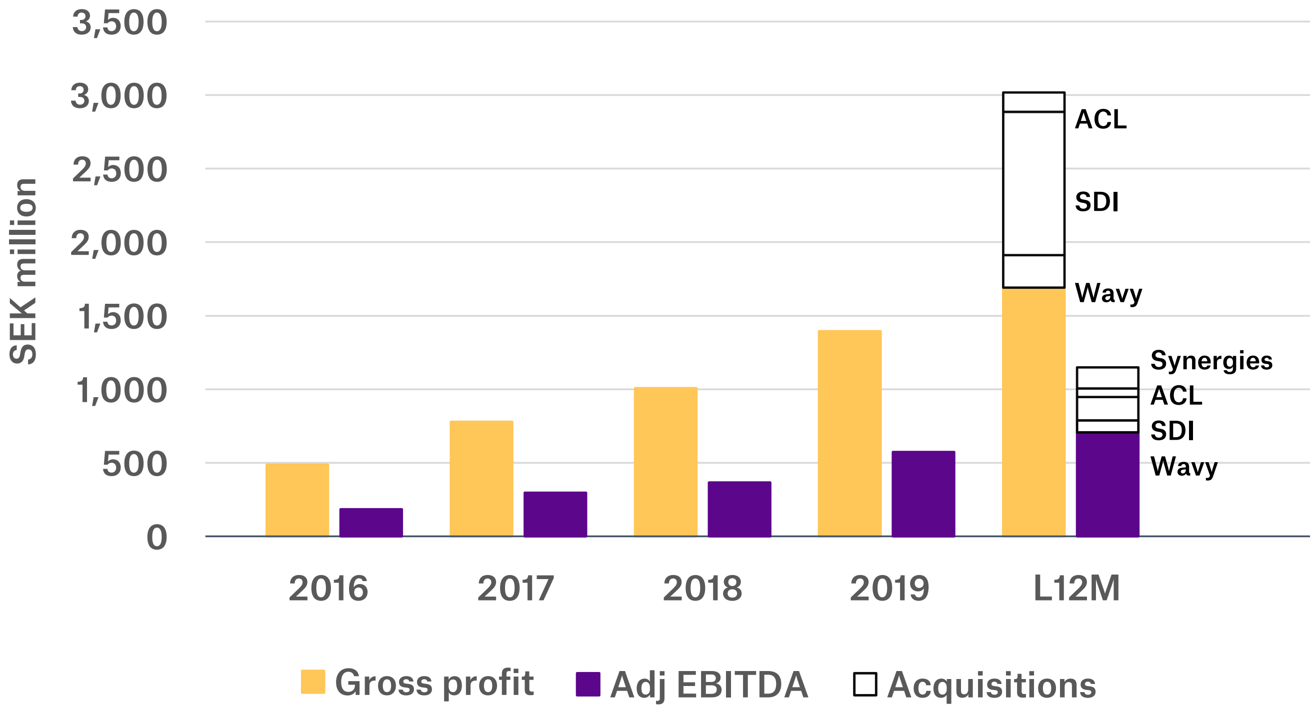
Track record of profitable growth



- **Focus on Gross profit since pass-through revenues vary between geographies**
- **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

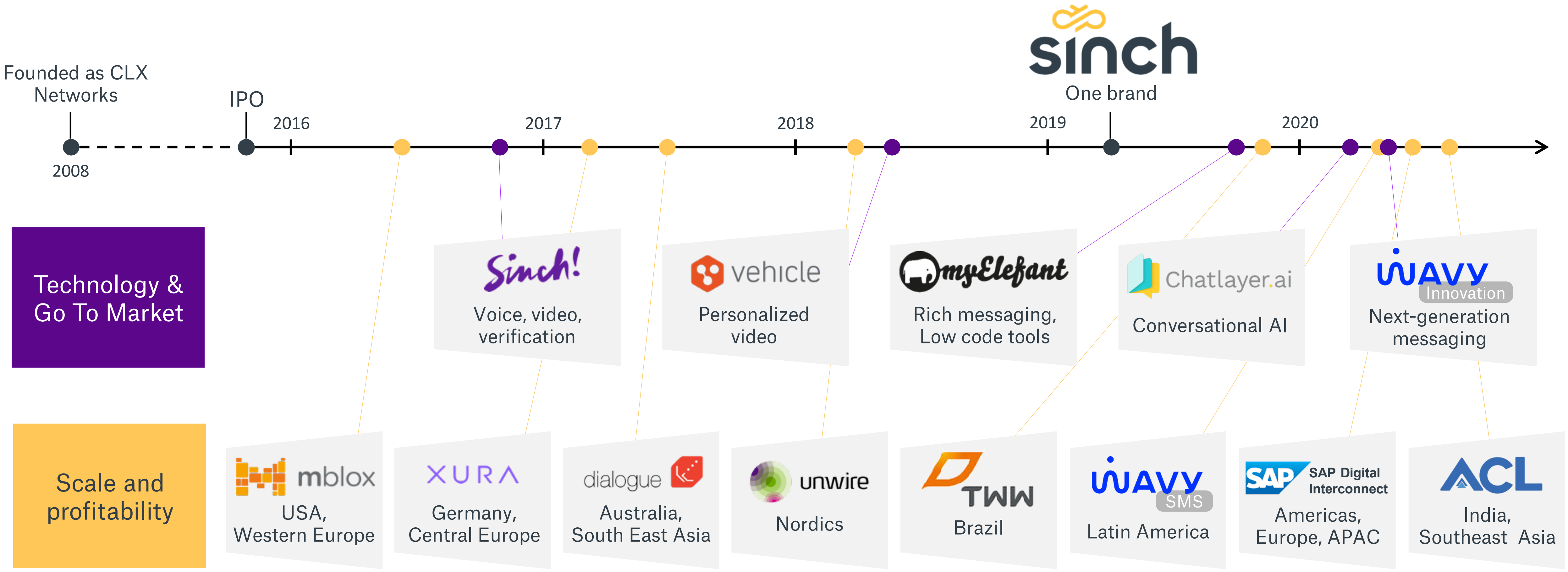
Communications Platform as a Service (CPaaS) allows businesses to easily integrate messaging, voice and video services into their own applications

- 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

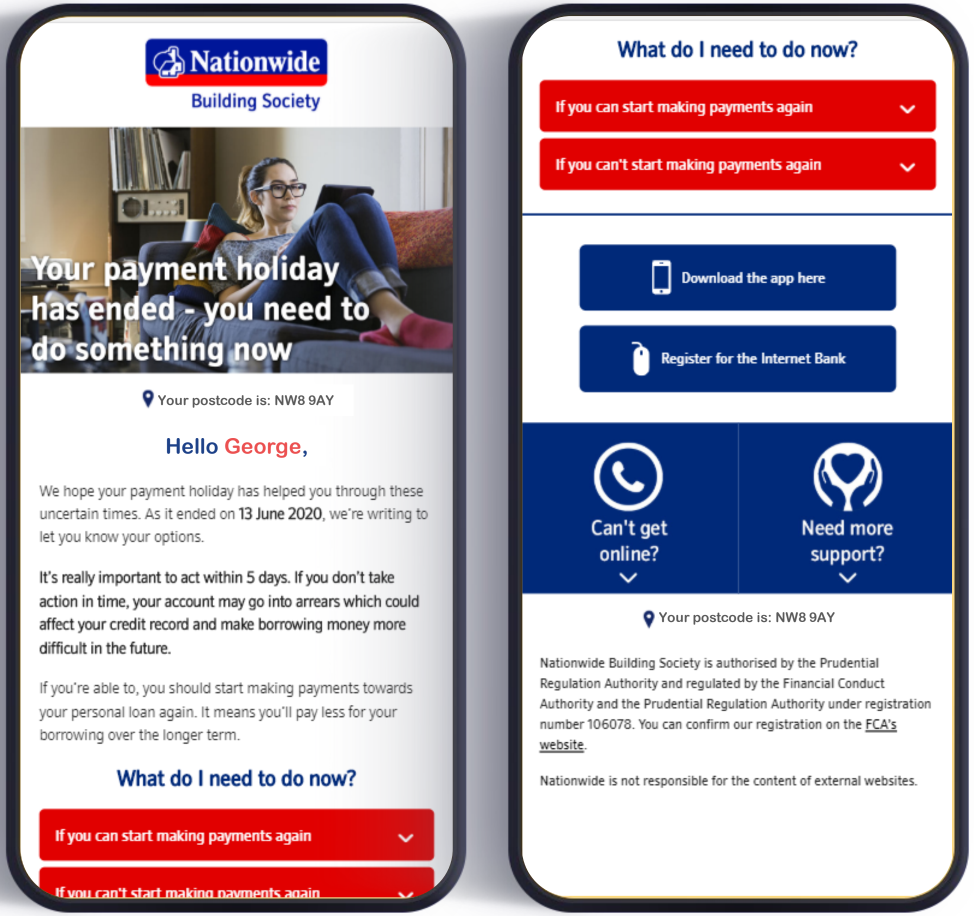
Software-as-a-Service	• Empower businesses to leverage rich and conversational messaging • Increase our software value-add (CPaaS) in addition to our connectivity offering • Increase stickiness with maintained scalability
Connectivity	• Ensure leading direct global connectivity without middlemen • Differentiate 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 billion[1]
- 1.2 billion mobile subscribers[2] and ~50% smartphone penetration
- World’s highest data usage per smartphone[3] at 9.8 GB/month
- Rapidly digitalizing economy; second only to Indonesia[4]
- World’s largest WhatsApp market[5] with 400 million users in July 2019

Sources:
(1) World Bank (2) Telecom Regulatory Authority of India (TRAI), January 2020 (3) Ericsson Mobility Report, June 2019 (4) McKinsey “Digital India”, March 2019 (5) Techcrunch

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

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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

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

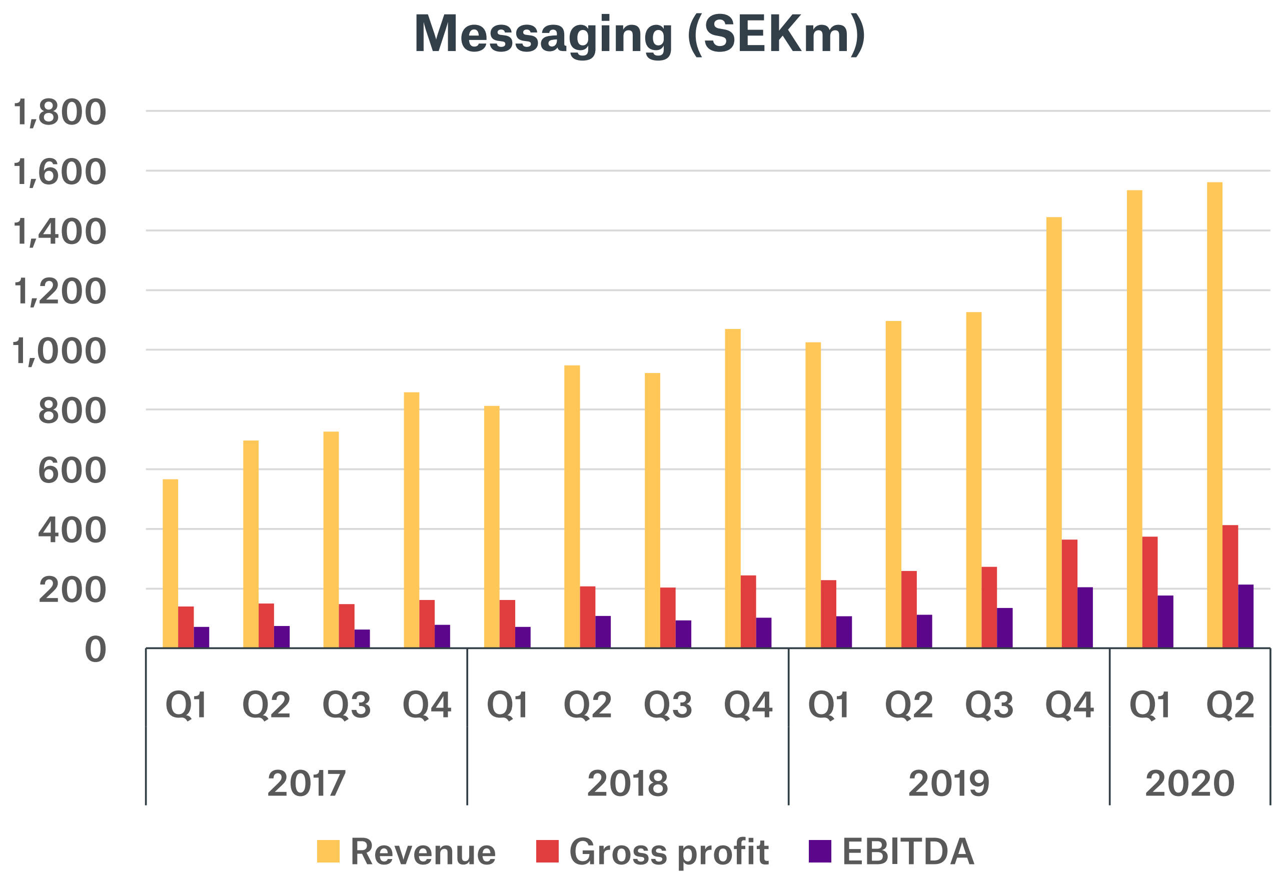
New technology

- 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

Integration

- TWW, myElefant & Chatlayer
- ACL Mobile (expected to close in Q3 2020)
- SDI (pending regulatory approval)
- Wavy (pending regulatory approval)

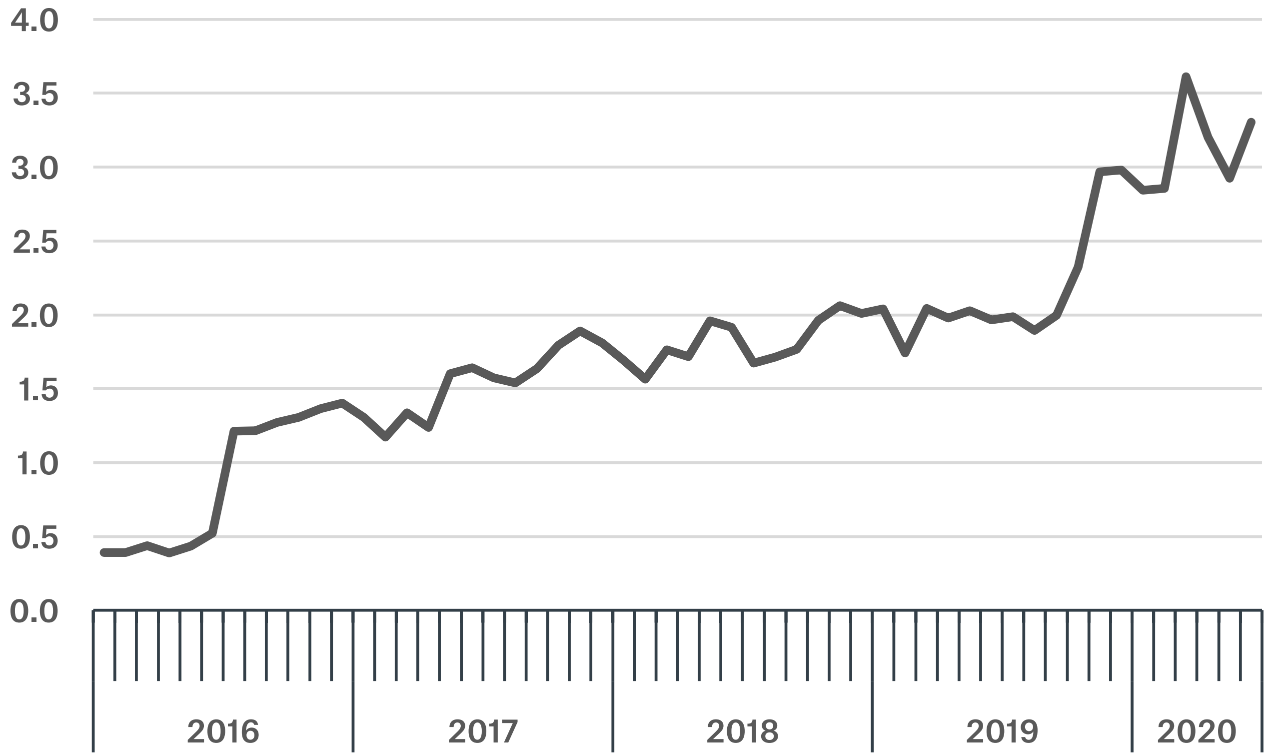
Accelerating growth in Messaging



- **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**

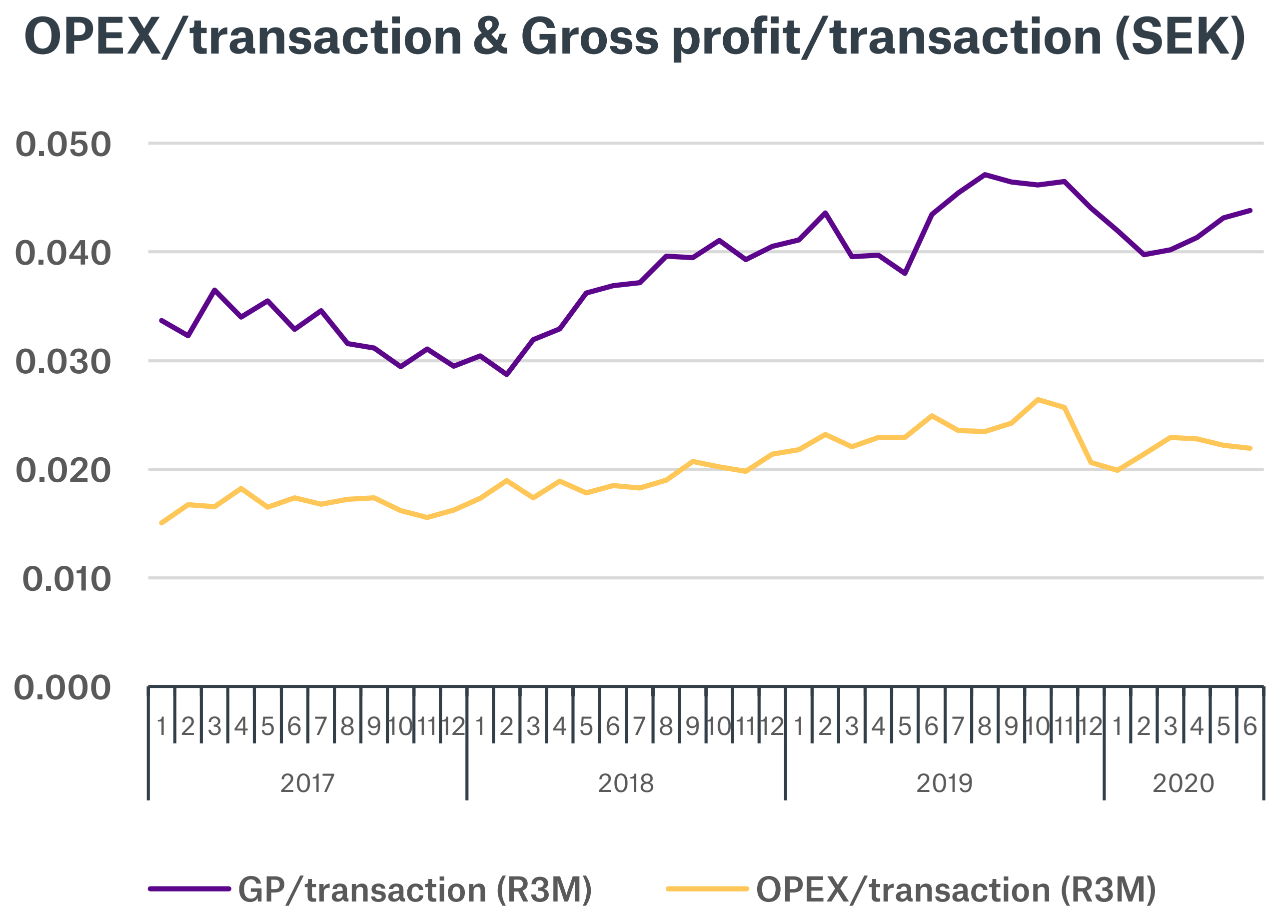
Rising message volumes

Number of transactions per month (billions)



- 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

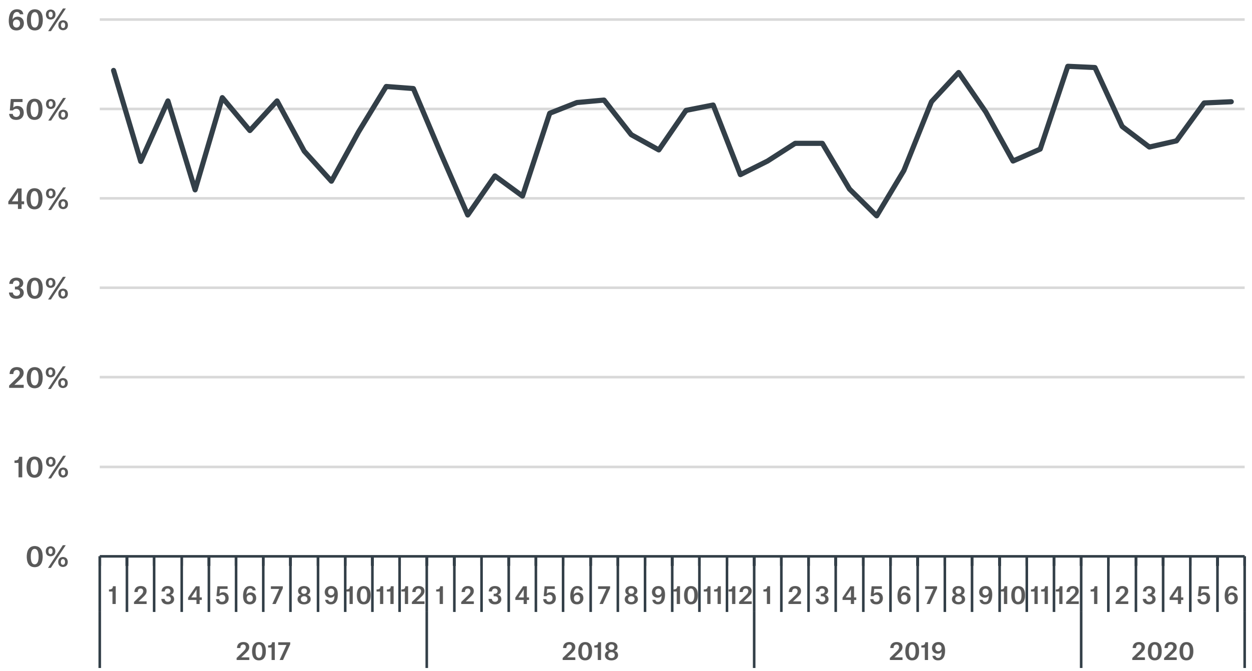
Gross profit per transaction



- **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**

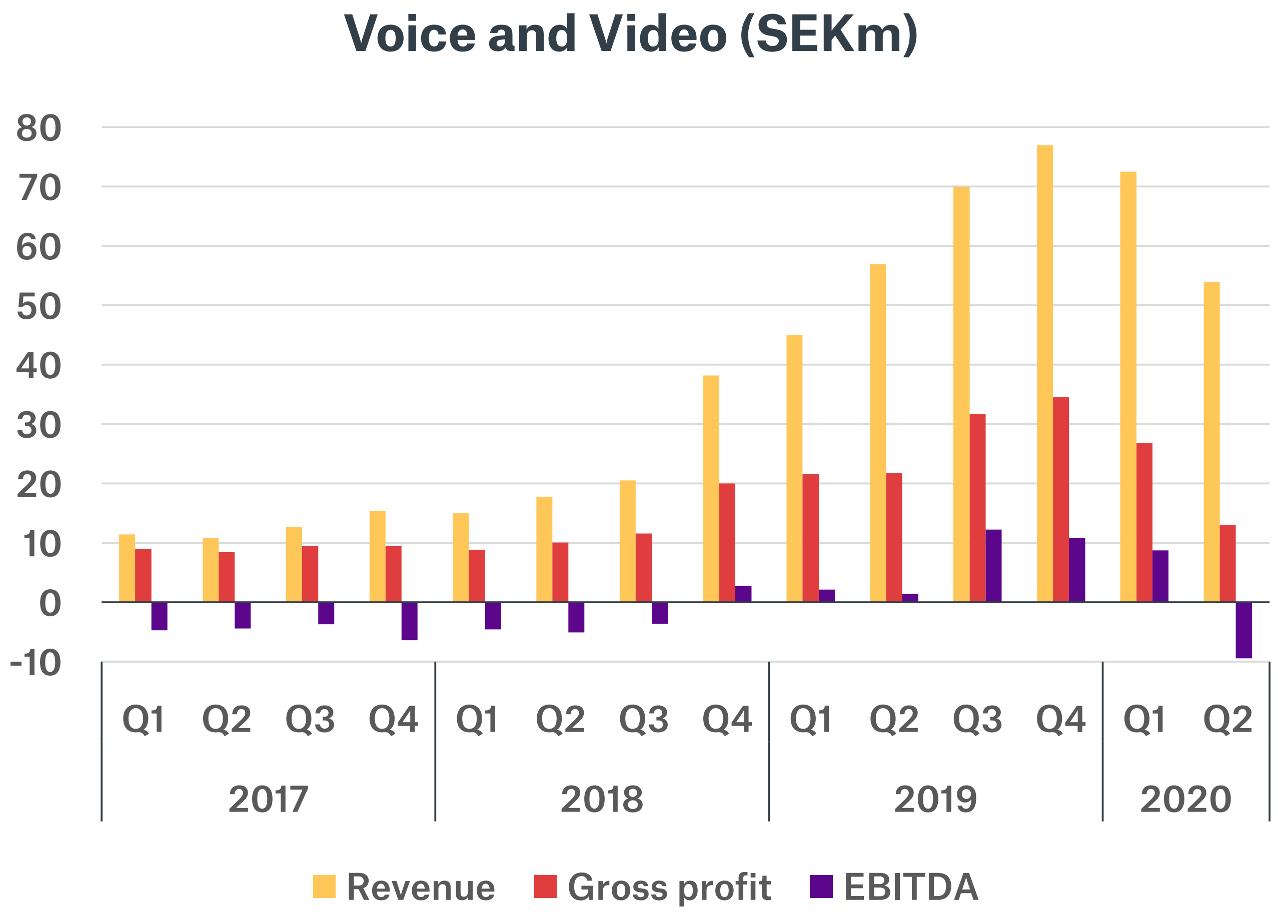
Rising margin in Messaging

Messaging EBITDA/Gross profit



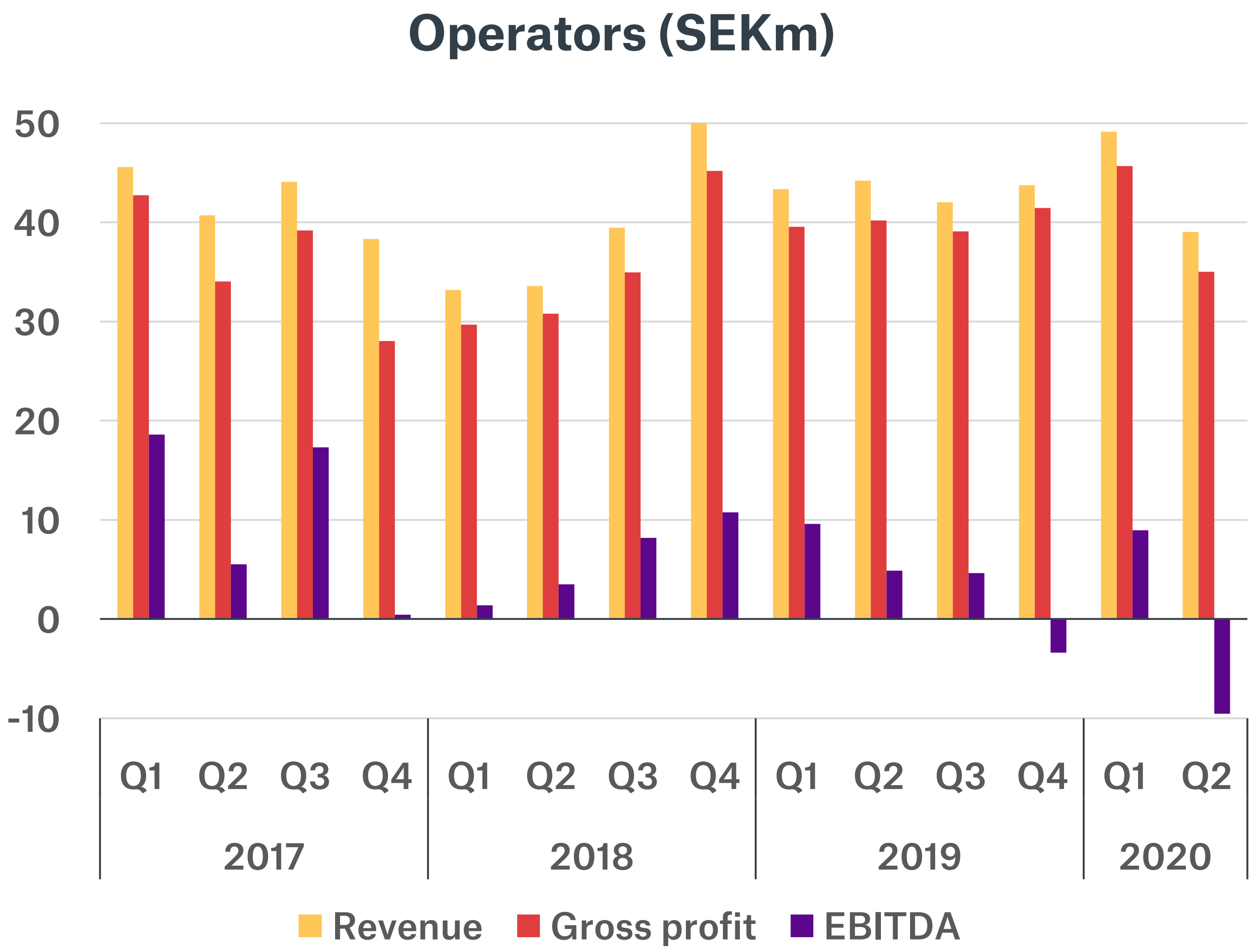
- Revenue and gross margin depend on mix of terminating markets
- EBITDA/Gross profit shows margin excluding mobile operator charges
- Adding traffic volume increases gross profit more than it increases opex
- Continued opex investments to capture growth

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

Q2 2020 Financials

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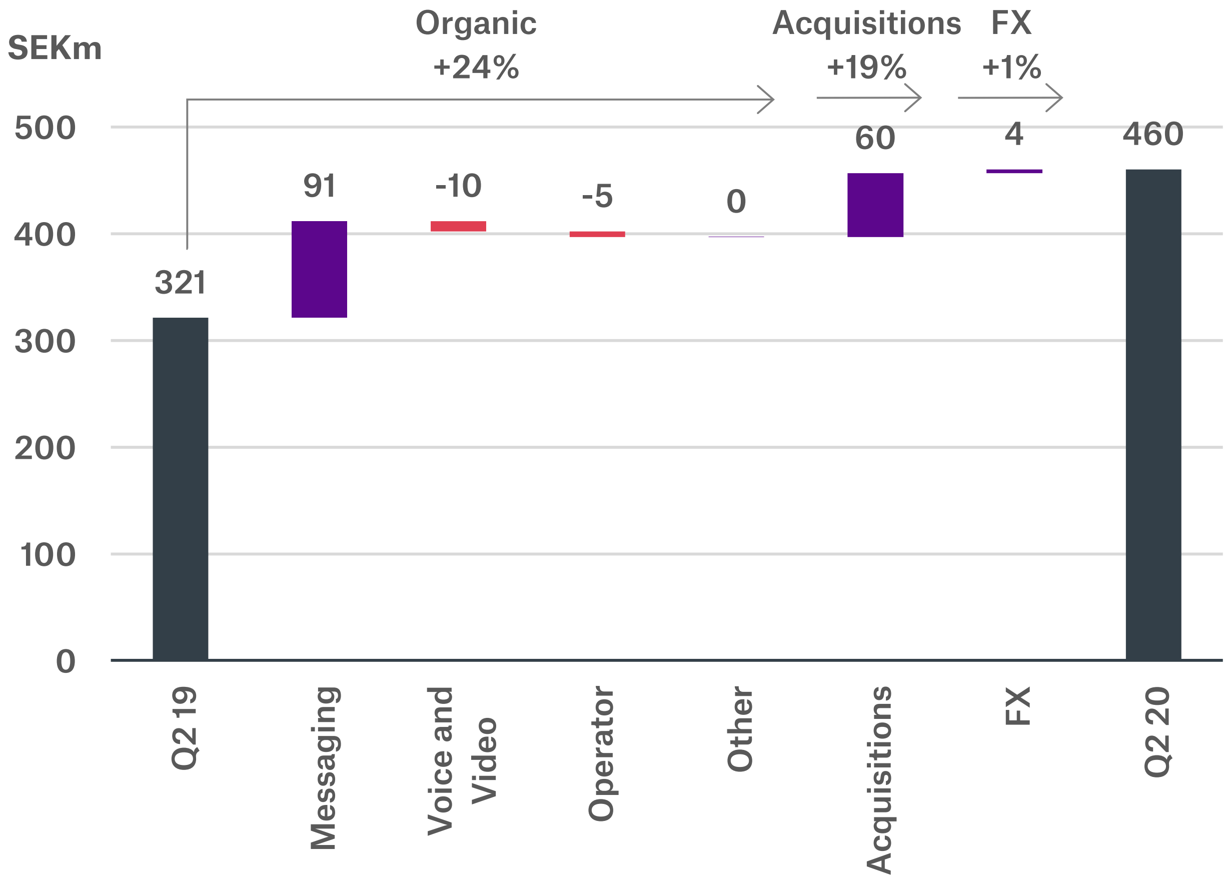
Income statement

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

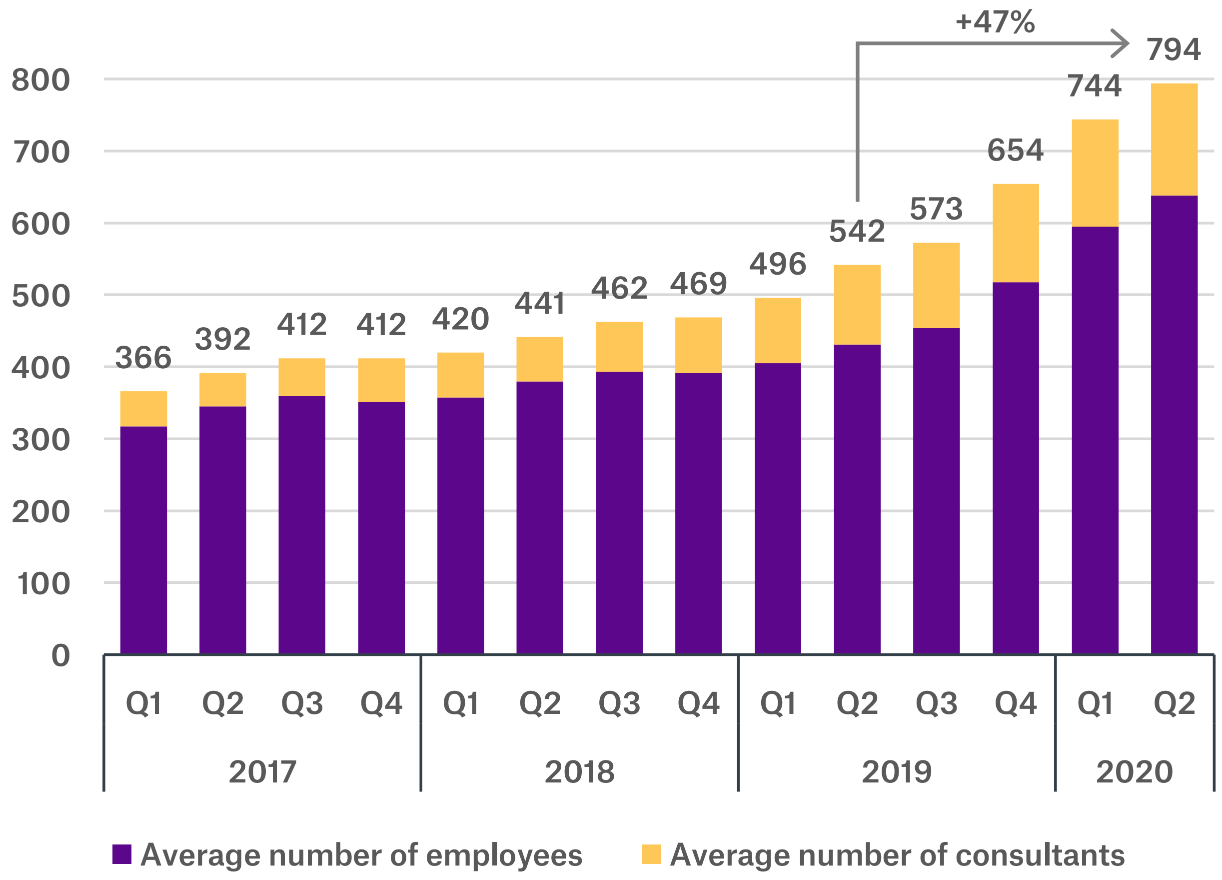
- **Non-recurring items of SEK 30.8 million in Q2 20 relate to acquisitions and integration cost**
- **Amortization of acquisition-related assets does not affect cash flow**
- **Adjusted EBIT excludes non-recurring items as well as amortization of acquisition-related assets**
- **Adjusted EBIT of SEK 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

SEK million	Q2 2020	Q2 2019	2019	R12M
Adjusted EBITDA	176.5	114.2	573.5	708.0
Paid interest	-9.5	-6.0	-20.8	-24.6
Paid taxes	-6.4	-34.7	-117.4	-71.6
Other	-33.9	0.5	18.2	-15.9
Cash flow before changes in working capital	**126.7**	**74.0**	**453.5**	**595.9**
Cash flow before changes in working capital/Adjusted EBITDA	**72%**	**65%**	**79%**	**84%**

- **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

SEK million	Q2 2020	Q2 2019	2019	R12M
Cash flow before changes in working capital	126.7	74.0	453.5	595.9
Changes in working capital	137.0	56.2	-126.2	-38.6
Cash flow from operating activities	**263.6**	**130.2**	**327.3**	**557.3**
Net investments in fixed assets and intangible assets	-24.2	-12.0	-56.0	-80.7
Change in financial receivables	-1.4	-3.0	12.1	11.5
Acquisition of subsidiary	-81.4	-74.4	-668.5	-708.4
Cash flow from investing activities	**-107.1**	**-89.4**	**-712.4**	**-777.7**
New borrowing	-	-	1,453.4	1,453.4
Amortization of bank loan	-211.4	-24.1	-756.7	-921.1
Amortization lease liability	-7.1	-6.3	-25.8	-27.3
New share issue/warrants	700.8	0.5	2.1	2,211.7
Cash flow from financing activities	**482.4**	**-29.9**	**673.1**	**2,716.7**
Cash flow for the period	**638.9**	**10.9**	**288.0**	**2,496.3**

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

Integration process

Deal scouting | Signing | Closing

Due diligence	Integration planning	Integration phase

Integration planning

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

Integration phase

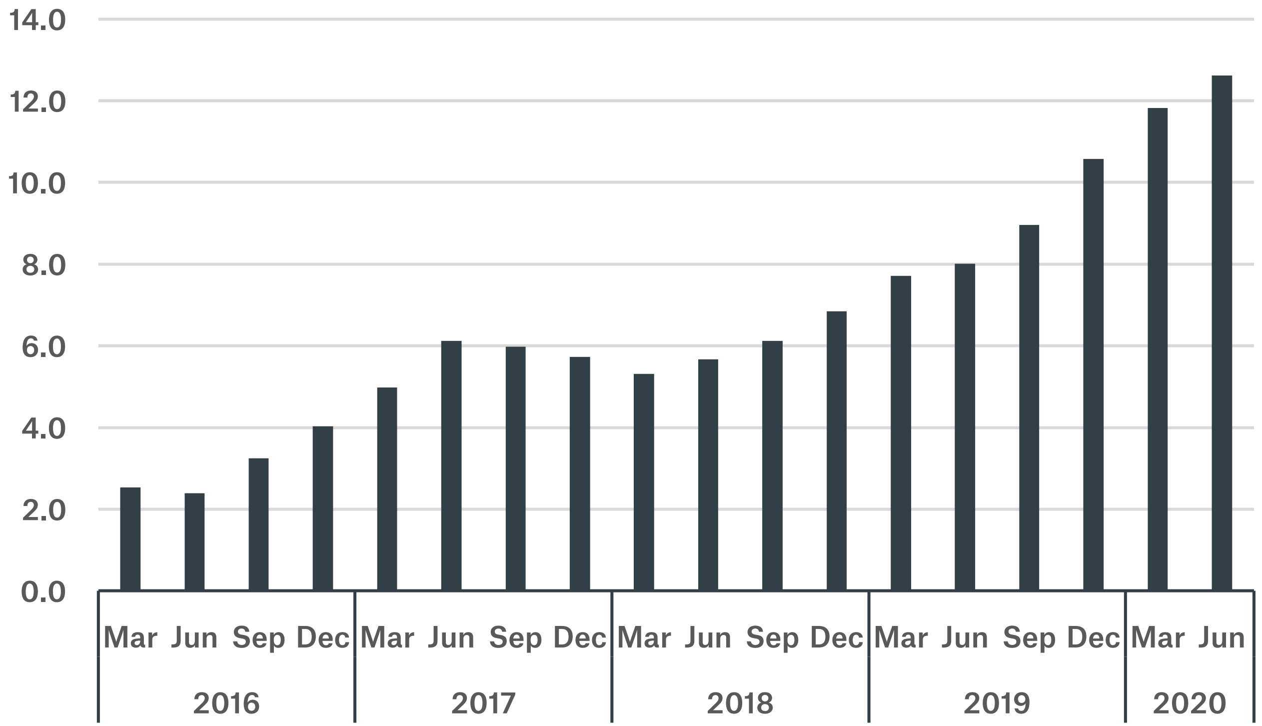
TWW
- Transaction closed October 2019
- Platform integration ongoing

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

Chatlayer.ai
- Transaction closed April 2020
- AI-powered conversations now powered by Sinch connectivity
- Deeper integration is ongoing

Financial targets

Adjusted EBITDA per share, rolling 12 months



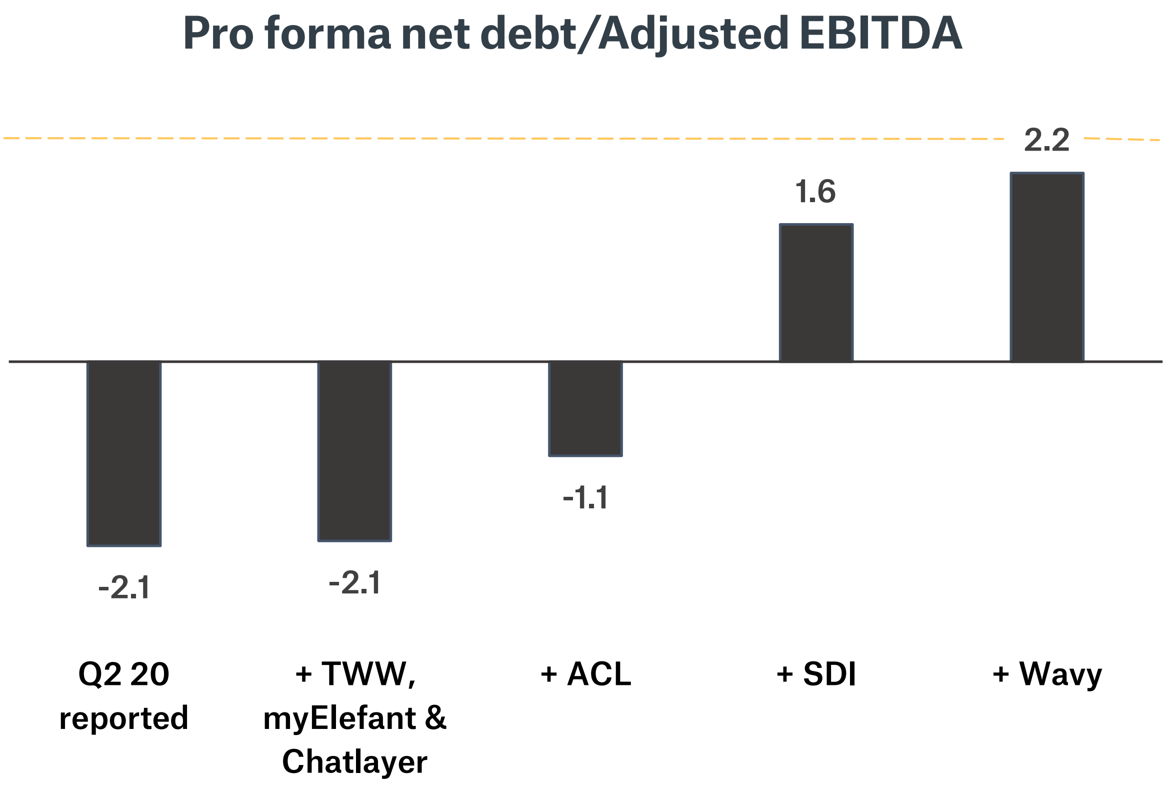
Targets:

- 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!