Acquisition of Chatlayer
19 March 2020

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Customer engagement through mobile technology

Scalable cloud communications platform for messaging, voice and video

Growing, global, multi-billion USD market

100% Consumer penetration

Serving 8 of the 10 largest U.S. tech companies

Profitable since our foundation in 2008

>600% gross profit growth since IPO in 2015

SEK 5.0bn revenue in the past 12 months
SEK 574m Adj. EBITDA in the past 12 months
SEK 18bn Market Cap
722 people
33 countries with local presence

40 billion engagements per year
Publicly listed on NASDAQ in Stockholm

SEK 574m
SEK 18bn
722
33
Technology evolution in messaging

Text notifications → Rich media messaging → Conversational messaging

Next-generation messaging offers a step-change in customer experience
CPaaS relevance throughout the customer journey

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<tr>
<th>STAGE</th>
<th>OBJECTIVE</th>
<th>EXAMPLE PRODUCTS</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>generation</td>
<td>Add revenues&lt;br&gt;Reduce churn</td>
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<tr>
<td></td>
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<td>Rich SMS with dynamic mobile landing page&lt;br&gt;Personalized video to prevent bill shock</td>
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<tr>
<td>Service</td>
<td>enablement</td>
<td>Use CPaaS functionality in own apps and products&lt;br&gt;Improve efficiency&lt;br&gt;Reduce cost</td>
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<td></td>
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<td>One Time Passwords (OTP)&lt;br&gt;Verification&lt;br&gt;Number masking&lt;br&gt;Mobile boarding pass</td>
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<tr>
<td>Customer</td>
<td>care</td>
<td>Handle customer support&lt;br&gt;Improve customer experience&lt;br&gt;Reduce contact center cost</td>
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<td>WhatsApp instead of phone&lt;br&gt;Bots and AI to automate conversations</td>
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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 scalabilty

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
Leveraging M&A to meet strategic objectives

Technology & Go To market
- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

Scale and profitability
- Acquire sticky customer relationships
- Add direct operator connections in new markets
- Extract synergies by transferring traffic to Sinch’s technology platform
- EV/EBITDA-accretive: acquiring profit at a valuation below our own
Strategic acquisitions

Founded as CLX Networks

2008

2009 2010 2014 2015

IPO

2016

2017 2018 2019 2020

One brand

Technology & Go To Market

Symsoft
Industry-leading tech platform

Caleo
Billing technology

Sinch!
Voice, video, verification

Vehicle
Personalized video

myElefant
Rich messaging, Low code tools

Chatlayer.ai
Conversational AI

Scale and profitability

VOLTARI
USA, Canada

mblox
USA, Western Europe

XURA
Germany, Central Europe

dialogue
Australia, south east Asia

unwire
Nordics

TWW
Brazil
Deal rationale

Chatlayer
- Founded in 2018
- Cloud-based software platform to build high-performing chat- and voicebots in multiple languages
- Custom AI for superior Natural Language Understanding
- Team of 17 people in Antwerp, Belgium

Deal rationale
- "Technology and Go To Market"-type acquisition to strengthen product offering and fuel growth
- Increased SaaS value-add in addition to our global connectivity offering
- Partner-based Go To Market model in line with Sinch strategy
- Future growth with cross- and upsell opportunities

Integration
- Integration with Sinch APIs for communications across all mobile channels
- Zero-touch onboarding for cross-channel conversational messaging
- Cross-selling to Sinch customers

Financials
- Sinch pays an upfront EV of EUR 6.9m
- Transaction expected to close in early April
- Chatlayer recorded revenues of EUR 0.8m, gross profit of EUR 0.7m, and EBITDA of EUR -0.9m in 2019
Chatlayer.ai

- 100+ languages
- Text- and voicebots
- Own AI
- No-code configuration
- Analytics & Training

Select customers

Integration partners

Livechat integrations

CRM integrations

Text and voice channels
Welcome to KD Insurance.
Select your option:
Reply for Home insurance
Reply for Auto insurance
Reply for Life insurance
Reply for Main menu

You have typed an incorrect response. Please try again.

This is the Main menu.
Please select your option:
Reply for Product info
Reply for Current offers
Reply for Insurance claims
Reply for Main menu

Hi! I'm KDbot at KD Insurance!

Which city are you in?
We have two offices in Liverpool. One is on 31 Victoria Street and the other is on 74 Beresford Road.

Great, thanks!

If you have any other insurance questions, you know where to find me!

You’re welcome!

First-generation chatbots use simple scripts and keyword processing
Adding intelligence to messaging
Radical improvement in end-user experience

Conversational AI uses NLU to interpret user input and provide a relevant answer
Continuous learning for higher performance

- Visual flow metrics illustrate how user cohorts navigate through the bot.
- Multi-lingual design for lower total cost of ownership: Supporting e.g. five languages within one bot means flow design is reused and effort to train NLU is reduced by 75-80%.
Customer case: Banking & Finance

Conversational AI for Belfius

- Belfius is a tier 1 bank in Belgium servicing 3.5 million customers.
- Its mobile app is the most used banking app in Belgium and has won numerous awards for its convenience.
- Chatlayer helped the bank become even more conversational with the Chatlayer.ai platform.

Two intelligent chatbots for targeted use cases

- Bbot answers questions about daily banking and is an expert on questions on fees or how to transfer money abroad.
- myBo is used to report insurance claims, guiding the user step-by-step to ensure that all relevant information is collected.
- Service rated 4.5 out of 5 by end users.
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 54% in Q4 19, measured on a rolling 12 month basis
- Net debt/EBITDA of 1.7x, measured on a rolling 12 month basis
Thanks!