



Remuneration report for 2020

Introduction

This remuneration report contains information on how Sinch AB's (publ) (the "**Company**" or "**Sinch**") guidelines for compensation to senior executives (the "**remuneration guidelines**"), adopted by the annual general meeting 2020, have been applied during the financial year 2020. The report also provides details on the remuneration of the Company's CEO, deputy CEO and employed board member. In addition, the report contains a summary of the Company's outstanding long-term share-related incentive programs. The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act as well as the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes dated 1 January 2021.

The remuneration guidelines, adopted by the annual general meeting 2020, are included on pages 49–51 of the Company's annual report for 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on pages 106–115 of the annual report for 2020. Information required pursuant to Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act is available in note 7 on pages 76–79 of the annual report for 2020.

Board fees to the members of the board of directors are not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 7 on pages 76–79 in the annual report for 2020.

Remuneration decided or approved by the general meeting is not covered by the remuneration guidelines.

The Company's performance during 2020

Information on the general performance of the Company during 2020 is available in the CEO statement on pages 8–9 of the annual report for 2020.

Overview of compliance with the remuneration guidelines

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. Compensation to the CEO and other senior executives must therefore reflect Sinch's need to recruit and motivate qualified employees by means of compensation packages perceived as fair and competitive.

Compensation to senior executives consists of the following components:

- Fixed base pay
- Short- and long-term variable pay
- Pension benefits



- Other benefits
- Pay during period of notice of termination or resignation

The fixed base pay must be market based and reflect the employee's position, qualifications, experience, and individual performance.

Short-term variable pay must be measured against predefined financial performance targets. Non-financial objectives may also be used to sharpen focus on achieving the Company's strategic plans. Objectives must be specific, clear, measurable, subject to deadlines and adopted by the board of directors. They shall further be designed to contribute to the Company's business strategy, long-term interests and sustainability.

Compensation to founders of the Company is subject to approval by the board of directors. Founders are excluded from the requirement of market-based pay, i.e. their compensation and benefits may be below market, as they are compensated through their ownership in the Company.

Compensation to company founders consists of the following components:

- Fixed base pay
- Pension benefits
- Additional vacation entitlement
- Pay during period of notice of termination or resignation

If a founder is temporarily covering another management position, the founder will be compensated during this period with a base pay equal to the person in the management team with the lowest salary at the time, excluding other founders.

The remuneration guidelines adopted at the annual general meeting 2020 have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the Company's compliance with the guidelines is available on www.sinch.com.

In addition to remuneration covered by the remuneration guidelines, the general meetings of the Company have resolved to implement long-term share-related incentive programs, which are described in the section "*Long-term share-related incentive programs*" in this report.

Remuneration of the CEO, the deputy CEO and the employed board member

Remuneration of the CEO, the deputy CEO and the employed board member during 2020

During the financial year 2020, the CEO, the deputy CEO and the employed board member received fixed base salary, variable salary, pension and other benefits covered by the remuneration guidelines as presented in the table below.



| Name | Fixed remuneration | | Variable remuneration | | Extra-ordinary items | Pension expenses ²⁾ | Total remuneration | Proportion of fixed and variable remuneration |
|---|--------------------|------------------------------|-----------------------|---------------------|----------------------|--------------------------------|--------------------|---|
| | Base salary | Other benefits ¹⁾ | One-year variable | Multi-year variable | | | | |
| Oscar Werner (CEO) | 4,229 TSEK | 127 TSEK | 797 TSEK | 0 | 0 | 0 | 5,153 TSEK | 85/15 |
| Robert Gerstmann (deputy CEO) | 717 TSEK | 7 TSEK | 0 | 0 | 0 | 85 TSEK | 809 TSEK | 100/0 |
| Björn Zethraeus (employed board member) | 875 TSEK | 7 TSEK | 0 | 0 | 0 | 90 TSEK | 972 TSEK | 100/0 |

1) Insurances and wellness allowance.
2) Defined contributions pension in accordance with guidelines adopted by the board of directors.

In addition, the CEO has participated in one of the Company's long-term share-related incentive programs, see the section "*Long-term share-related incentive programs*" below.

The remuneration of the CEO, the deputy CEO and the employed board member was paid by the parent company of the group, Sinch AB (publ), and in relation to the CEO also by the subsidiary Sinch America Inc. No additional remuneration was paid in 2020 to the CEO, the deputy CEO or the employed board member by any other group company.

No remuneration of the CEO, the deputy CEO or the employed board member was reclaimed during 2020.

Application of performance criteria for the variable cash remuneration

Pursuant to the remuneration guidelines, short-term variable pay must be measured against predefined financial performance targets. Non-financial objectives may also be used to sharpen focus on achieving the Company's strategic plans. Short-term variable pay may not exceed 30 percent of the fixed base pay.

To which extent the criteria for awarding variable remuneration has been satisfied shall be evaluated/determined when the relevant measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. However, for variable remuneration to other senior executives, the CEO is responsible for the evaluation.

The performance targets for the CEO's variable remuneration during 2020 were selected to contribute to the Company's business strategy, long-term interests and sustainability. The non-financial objectives contributed to sharpen focus on achieving the Company's strategic plans.

The board of directors has decided to pay out a bonus in 2021 to the CEO of 796,485 SEK and relating to performance during 2020. This bonus has been decided based on performance on the following criteria.



| Name | Description of the criteria related to the remuneration component | Relative weighting of the performance criteria | a) Measured performance; b) Actual remuneration |
|--------------------|---|--|--|
| Oscar Werner (CEO) | Growth in Gross profit per share | 50% | a) 100% b) 398 TSEK |
| | Growth in adjusted EBITDA per share | 50% | a) 100% b) 398 TSEK |

Long-term share-related incentive programs

Outstanding share-related incentive programs

The Company does have the following outstanding share-related incentive programs.

LTI 2016: An extraordinary general meeting held on 5 December 2016 approved the board's proposal regarding an incentive program for key employees and resolution of issue of not more than 1,500,000 warrants and resolution of approving transfer of warrants. In total, 1,500,000 warrants were subscribed by the subsidiary and 1,215,700 warrants and stock options have been acquired by or granted to participants, of which a number of warrants and stock options have been exercised (series 1, 2, 4 and 5) as of the date of this report. No more warrants or employee stock options will be offered out of LTI 2016. The exercise price was set to SEK 127.67 per share. Upon exercise of all warrants and stock options which have been acquired by or granted to participants and which have, as of the date of this report, not yet been exercised, a maximum of 334,499 shares will be issued in the Company, equivalent to a dilution of approximately 0.51 per cent.

LTI 2018: An annual general meeting held on 18 May 2018 approved the board's proposal regarding an incentive program for key employees and resolution of issue of not more than 1,500,000 warrants and resolution of approving transfer of warrants. In total, 1,500,000 warrants were subscribed by the subsidiary and 1,380,920 warrants and stock options have been acquired by or granted to participants. No warrants or stock options under the LTI 2018 have been exercised as of the date of this report, and no more warrants or employee stock options will be offered out of LTI 2018. The exercise price was set to SEK 91.30 per share. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 1,380,920 shares will be issued in the Company, equivalent to a dilution of approximately 2.08 per cent.

LTI 2019: An annual general meeting held on 17 May 2019 approved the board's proposal regarding an incentive program for key employees and resolution of share issue of not more than 510,000 warrants and resolution of approving transfer of warrants. In total, 510,000 warrants were subscribed by the subsidiary and 326,000 warrants and stock options have been acquired by or granted to participants. No warrants or stock options under the LTI 2019 have been exercised as of the date of this report, and no more warrants or employee stock options will be offered out of LTI 2019. The exercise price was set to SEK 174.10 per share. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 326,000 shares will be issued in the Company, equivalent to a dilution of approximately 0.50 per cent.



LTI 2020: An annual general meeting held on 15 May 2020 approved the board's proposal regarding an incentive program for senior executives and key employees and resolved to issue not more than 580,000 warrants and resolution of approving transfer of warrants. In total, 580,000 warrants were subscribed by the subsidiary and 327,800 warrants and stock options have been acquired by or granted to participants. No warrants or stock options under the LTI 2020 have been exercised as of the date of this report, and no more warrants or stock options will be offered out of LTI 2020. The exercise price of warrants and stock options series 1–6 was set to SEK 602 per share. As regards series 7, stock options have been granted at three different occasions; in June 2020, November 2020 and February 2021. Consequently, the exercise price for stock options series 7 (which shall equal to the fair market value of the share, as determined by the closing price of the Company's share on Nasdaq Stockholm on the last trading day immediately preceding the date of grant of each stock option) varies and has been set to SEK 624 per share, SEK 1,040 per share and SEK 1,422 per share, respectively. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 327,800 shares will be issued in the Company, equivalent to a dilution of approximately 0.50 per cent.

LTI II 2020: An extraordinary general meeting held on 27 November 2020 approved the board's proposal regarding an incentive program for senior executives and key employees and resolved to issue not more than 470,260 warrants and resolution of approving transfer of warrants. In total, 470,260 warrants were subscribed by the subsidiary and 422,889 warrants and stock options have been acquired by or granted to participants. No warrants or stock options under the LTI II 2020 have been exercised as of the date of this report, and no more warrants or stock options will be offered out of LTI II 2020. The exercise price has been set to SEK 1,361 per share subscribed by exercise of warrants series 1–3. As regards series 4, stock options have been granted at three different occasions; twice in November 2020 and once in February 2021. Consequently, the exercise price for stock options series 4 (which shall equal to the fair market value of the share, as determined by the closing price of the Company's share on Nasdaq Stockholm on the last trading day immediately preceding the date of grant of each stock option) varies and has been set to SEK 1,040 per share, SEK 1,206 per share and SEK 1,422 per share, respectively. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 422,889 shares will be issued in the Company, equivalent to a dilution of approximately 0.65 per cent.

The dilution calculations above have been based on the maximum number of shares and votes which may be issued upon exercise of the warrants and stock options, divided by the total number of shares and votes in the Company after such issues (based on the total number of shares and votes outstanding as of the date of this report).

More information on the Company's long-term share-related incentive programs, including the applicable performance criteria, is available on the Company's website, www.sinch.com.



Remuneration of the CEO under share related incentive programs

| Name | Main conditions | | | | | | Information regarding the reported financial year | | | | |
|--------------------|-----------------|--------------------|------------|--------------|---|-----------------------------|---|-----------------|------------|---|-----------------------------------|
| | | | | | | | Opening balance | During the year | | Closing balance | |
| | LTI | Performance period | Award date | Vesting date | Exercise period | Exercise price of the share | Warrants held at the beginning of the year | Awarded | Exer-cised | Warrants subject to performance condition | Warrants awarded and unexer-cised |
| Oscar Werner (CEO) | 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2018 | N/A | 2018 | N/A | June–September 2021, March–June 2022, March–June 2023 | 91.30 SEK | 500,000 | 0 | 0 | 0 | 500,000 |
| | 2019 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2020 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | II 2020 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | | | | | | | 500,000 | 0 | 0 | 0 | 500,000 |

Change of the remuneration of the CEO, the deputy CEO and the employed board member compared to the Company's performance and remuneration of other employees of the group

In order to put the remuneration of the CEO, the deputy CEO and the employed board member into further context, the following table presents the annual change in remuneration of the CEO, the deputy CEO and the employed board member in relation to the group's results and the average remuneration within the Sinch group for other full-time equivalent employees during the previous two financial years.

| Name | RFY 2019 | RFY 2020 | RFY 2020 vs 2019 |
|---|------------|------------|------------------|
| Oscar Werner (CEO) | 7,981 TSEK | 5,153 TSEK | -35.4% |
| Robert Gerstmann (deputy CEO) | 781 TSEK | 809 TSEK | 3.6% |
| Björn Zethraeus (employed board member) | 784 TSEK | 972 TSEK | 24% |
| Other full-time equivalent employees of the group (excl. the CEO, the deputy CEO and the employed board member) | 913 TSEK | 815 TSEK | -10.7% |
| Adjusted EBITDA (group) | 573.5 MSEK | 912.5 MSEK | 59.1% |

* * *

Stockholm in April 2021

Sinch AB (publ)

The board of directors