

Q3 2021 Investor Presentation

2 November 2021



Oscar Werner, CEO

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SEK 14.0bn
revenue in the
past 12 months

SEK 122bn
Market Cap

SEK 1.2bn
Adj. EBITDA in the
past 12 months

2,424
people

49 countries with
local presence

Customer engagement through mobile technology

Listed on NASDAQ
in Stockholm, Sweden

Scalable cloud communications
platform for messaging, voice and video

190 billion B2C
engagements per year



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



Third quarter highlights

01

Organic growth & growth through acquisitions

- Total revenues growth of 122%, with organic growth at 41%
- Total gross profit up 86%, with organic gross profit growth of 20%
- Continued opex investments in product and go-to-market
- Adjusted EBITDA up 64%

02

Acquisitions of Pathwire and MessengerPeople

- Pathwire offers a leading, cloud-based email communications platform, proven developer-centric go to market capabilities, and a highly attractive financial profile
- MessengerPeople is a pioneer in customer care through messaging apps, and 700+ businesses use its web-based SaaS applications
- MessengerPeople closed on 1 November

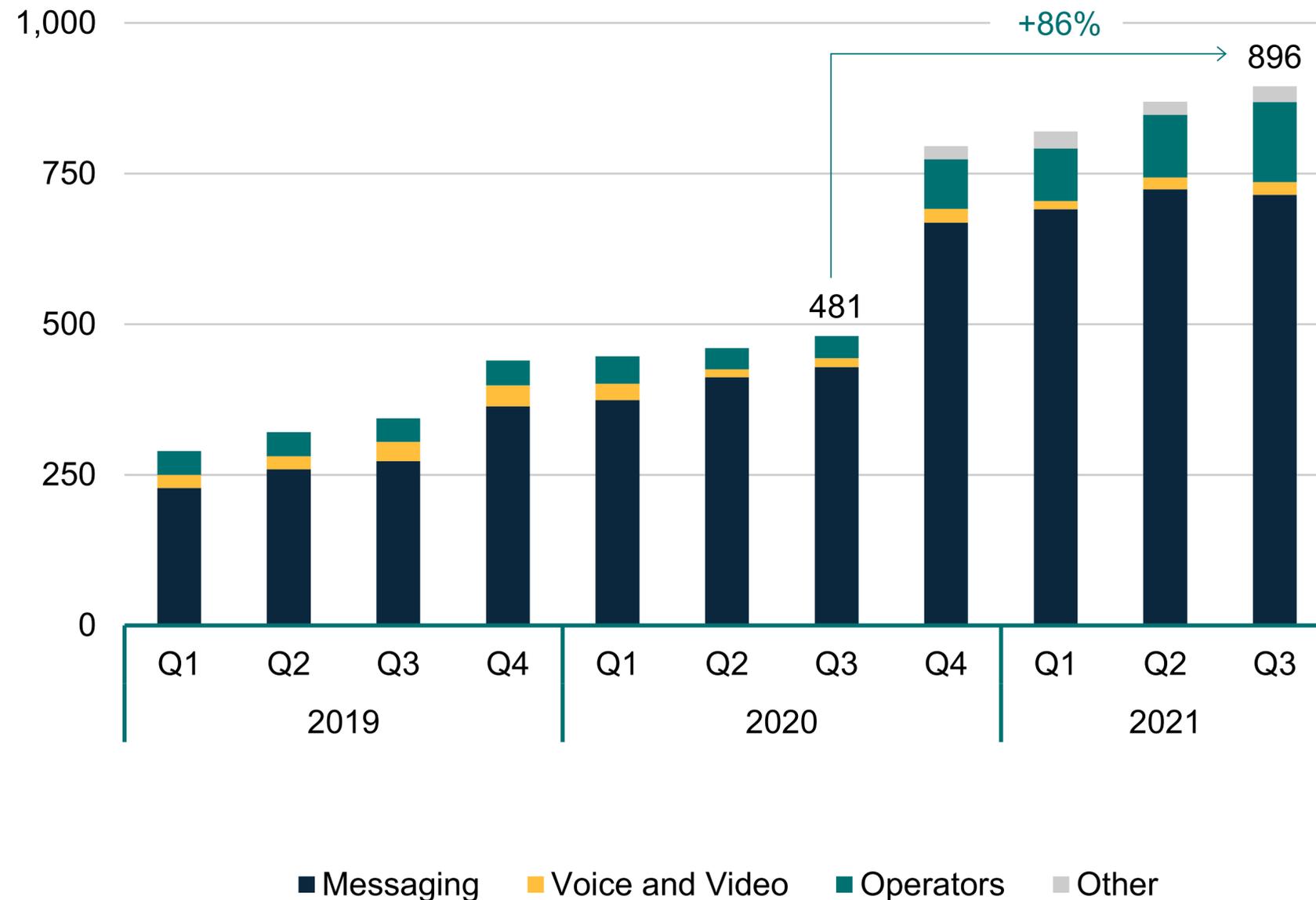
03

Investments in scale, systems and people

- Inteliquent, MessageMedia and Pathwire acquisitions expected to close during the second half of 2021
- Building out capabilities including ERP, CRM, HR, etc.
- Preparing “Day 1” activities to start realizing cross-sales opportunities
- Preparing 15-20 MUSD growth acceleration plan for Inteliquent

Continued, broad-based growth

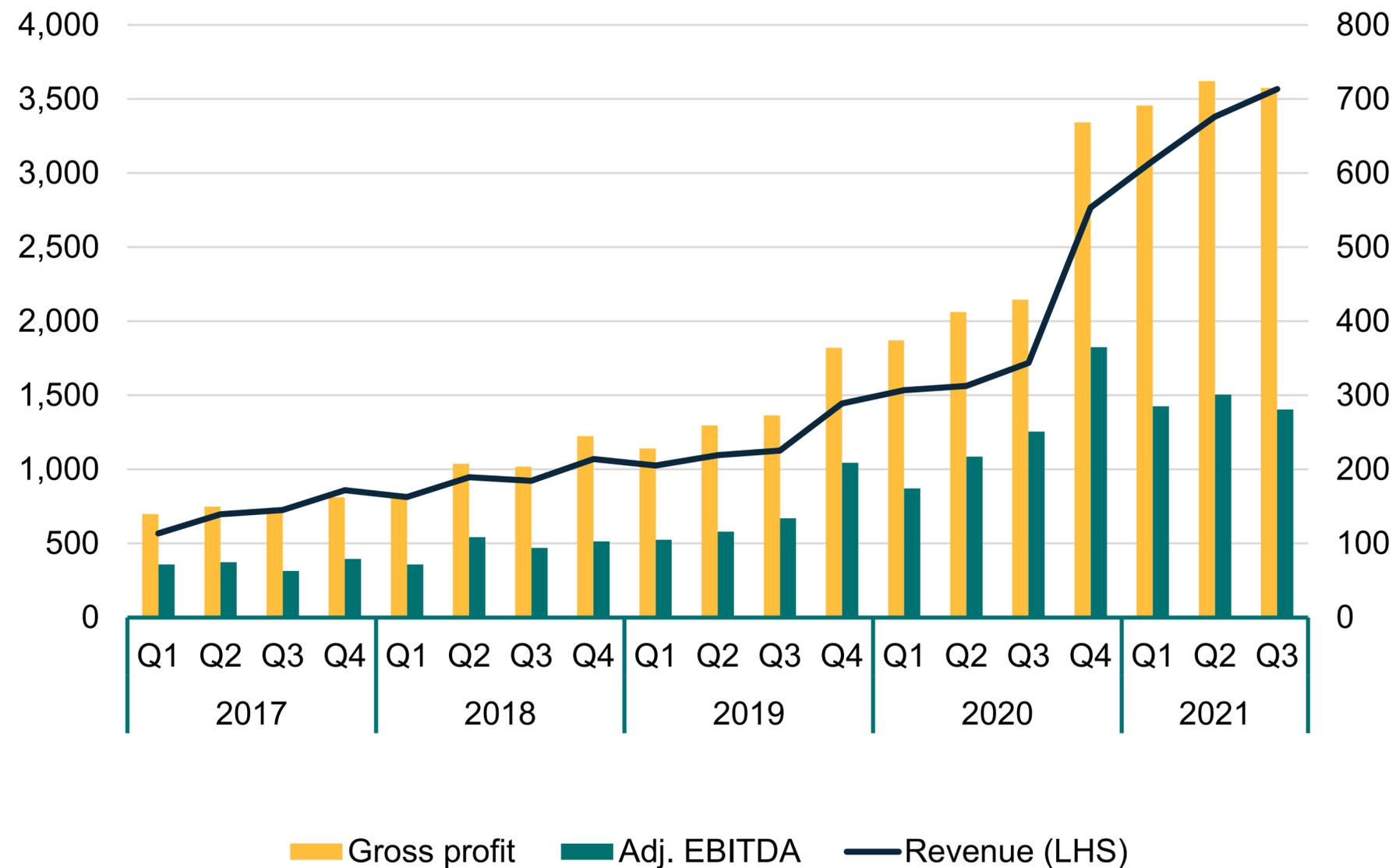
Gross profit, SEKm



- Focus on gross profit since pass-through revenues vary between products and geographies
- 86% higher gross profit with organic gross profit growth at 20%
- Higher growth in transaction volumes and revenues, with organic revenue growth at 41%
- Gross margin affected by increased carrier pass-through fees and renegotiated volume discounts in early 2021

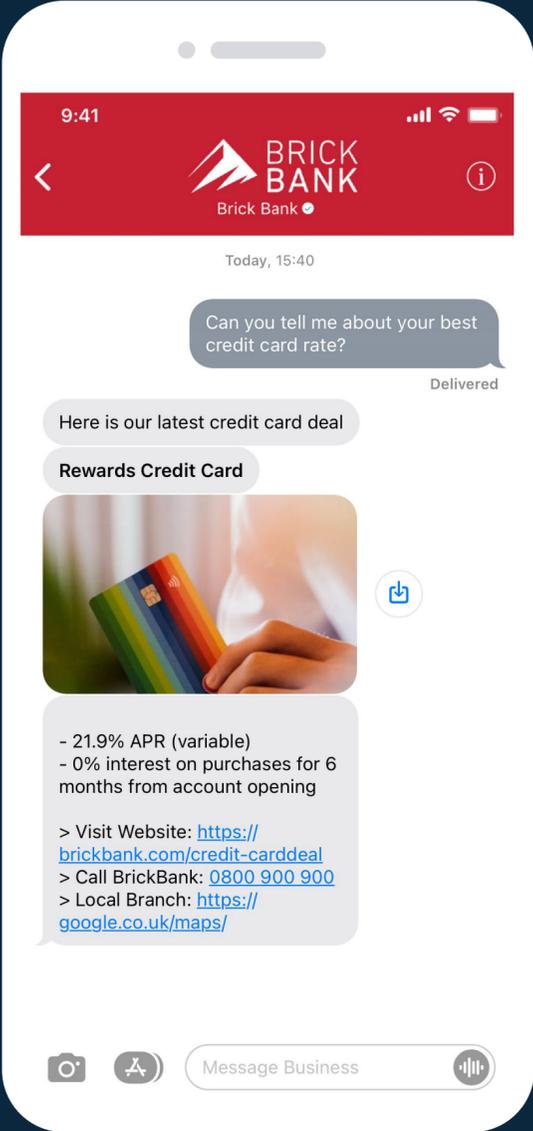
Adding volumes in Messaging

Messaging, SEKm

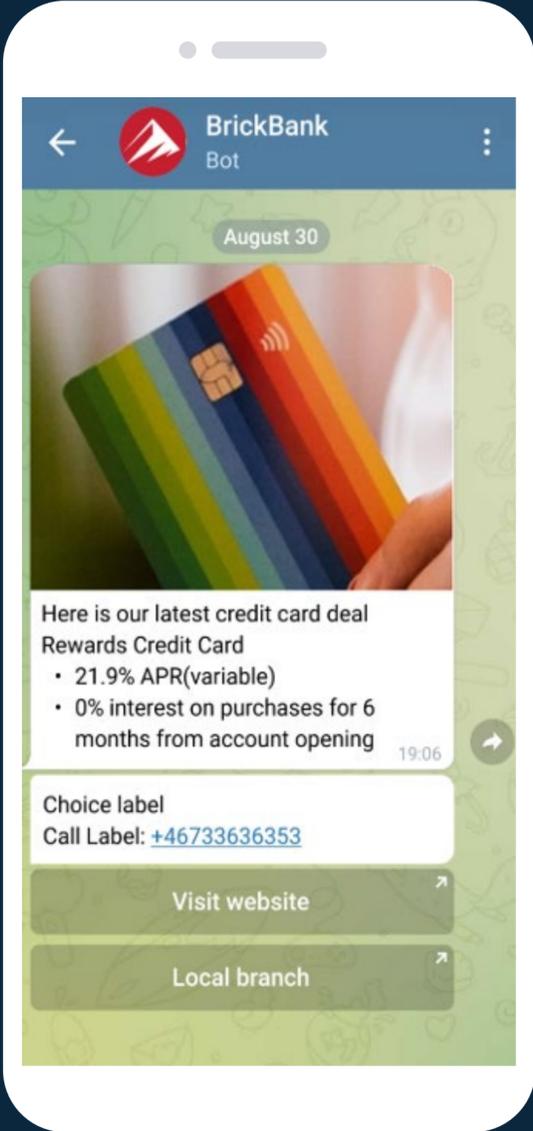


- 46 billion transactions in Q3, a 229% increase y-o-y
- 97% higher revenues with 35% organic growth
- 67% higher gross profit with 19% organic growth
- Continued, broad growth across geographies and customer types
- SDI customer base still growing slower than Sinch, will affect organic growth in Q4

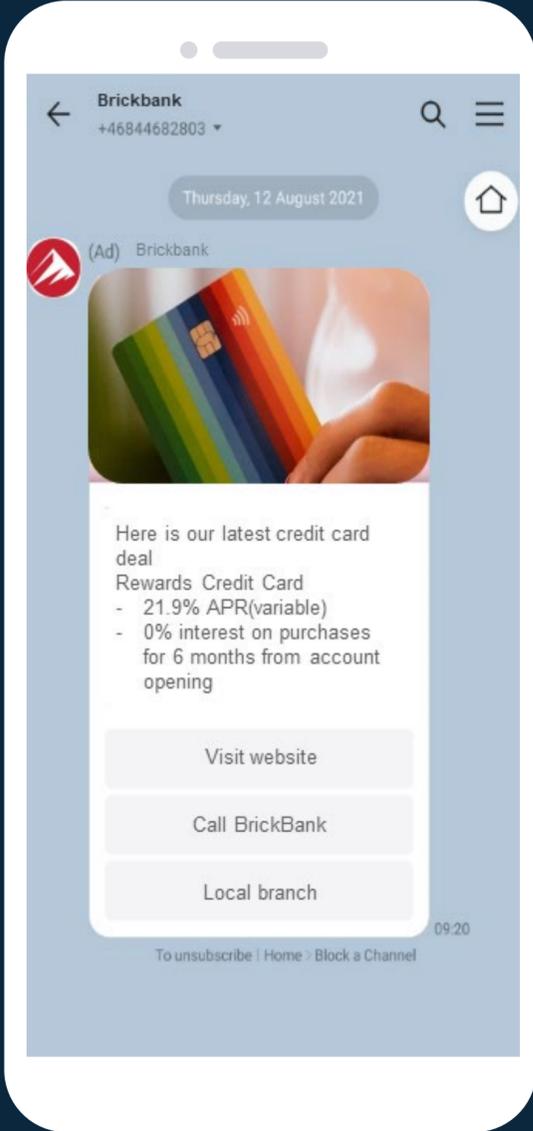
Extending the Sinch Conversation API



Apple Messages for Business



Telegram

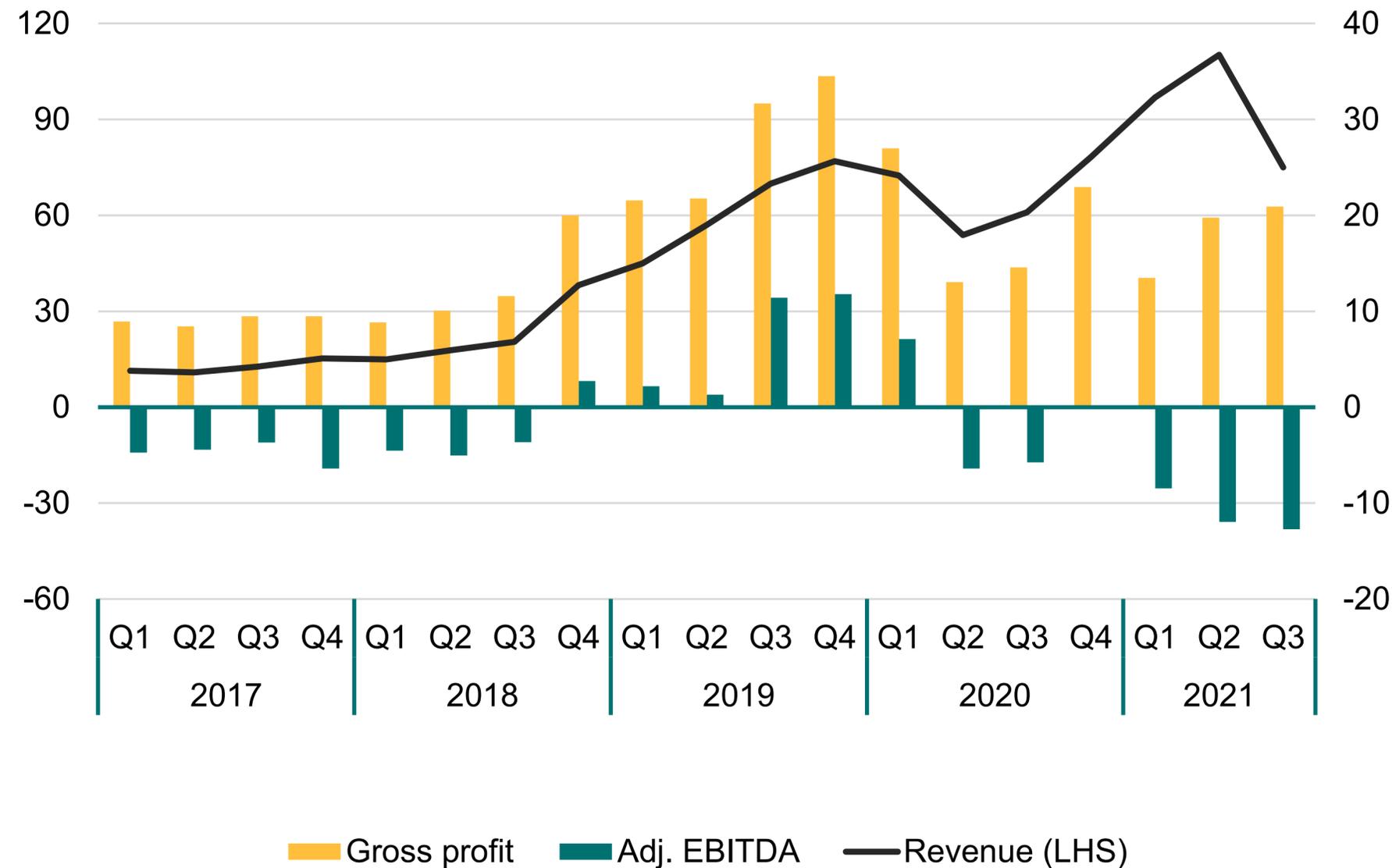


KakaoTalk



Healthy growth in Voice and Video

Voice and Video, SEKm

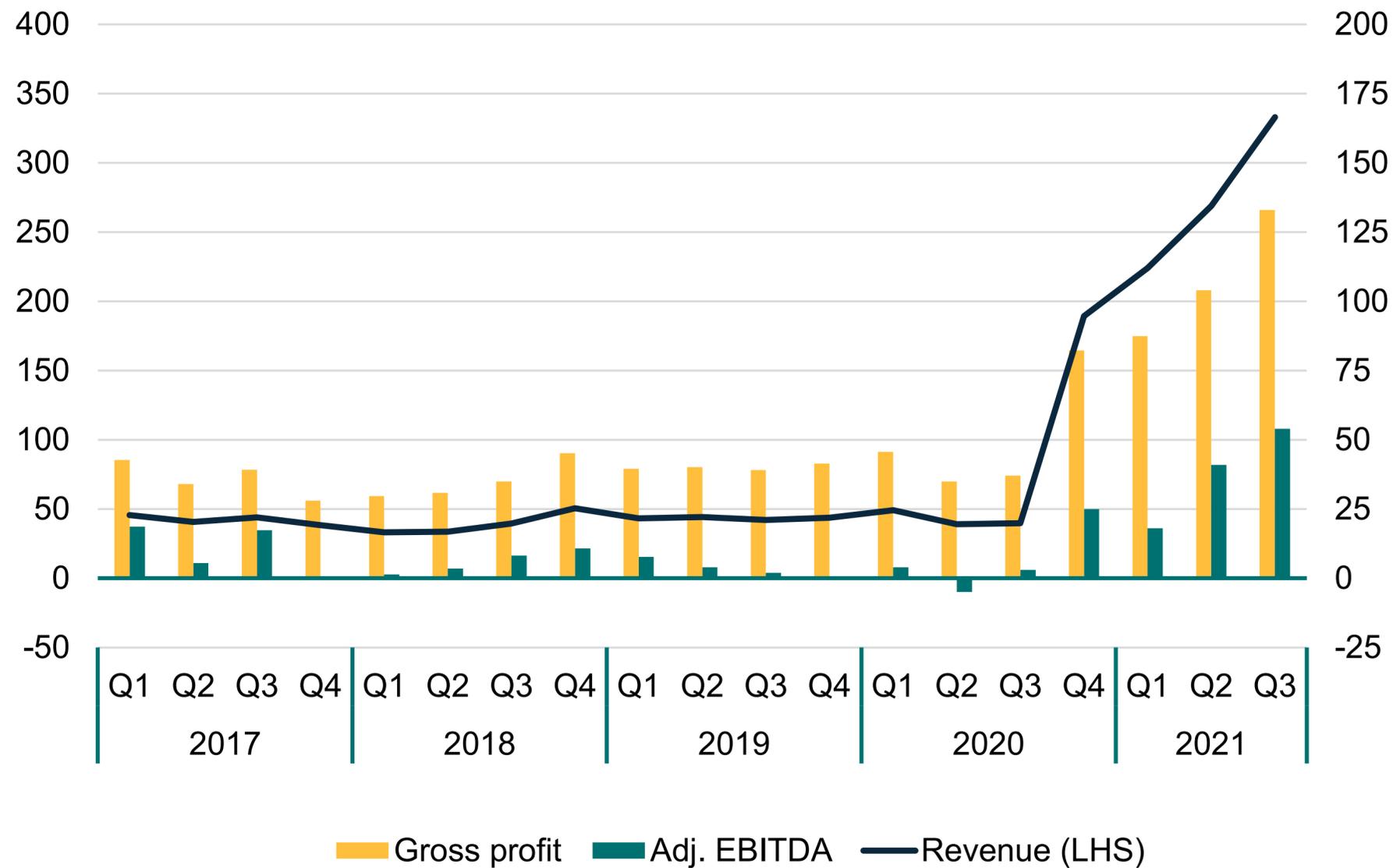


- 23% higher revenues with organic growth at 26%
- 44% higher gross profit with organic growth also at 44%
- Temporary traffic at low gross margin now ended; gross margin from 18% in Q2 to 28% in Q3
- Preparing for Inteliquent closing
- 15-20 MUSD of Inteliquent EBITDA to be reinvested growth initiatives (as previously announced)



Strong performance in Operators

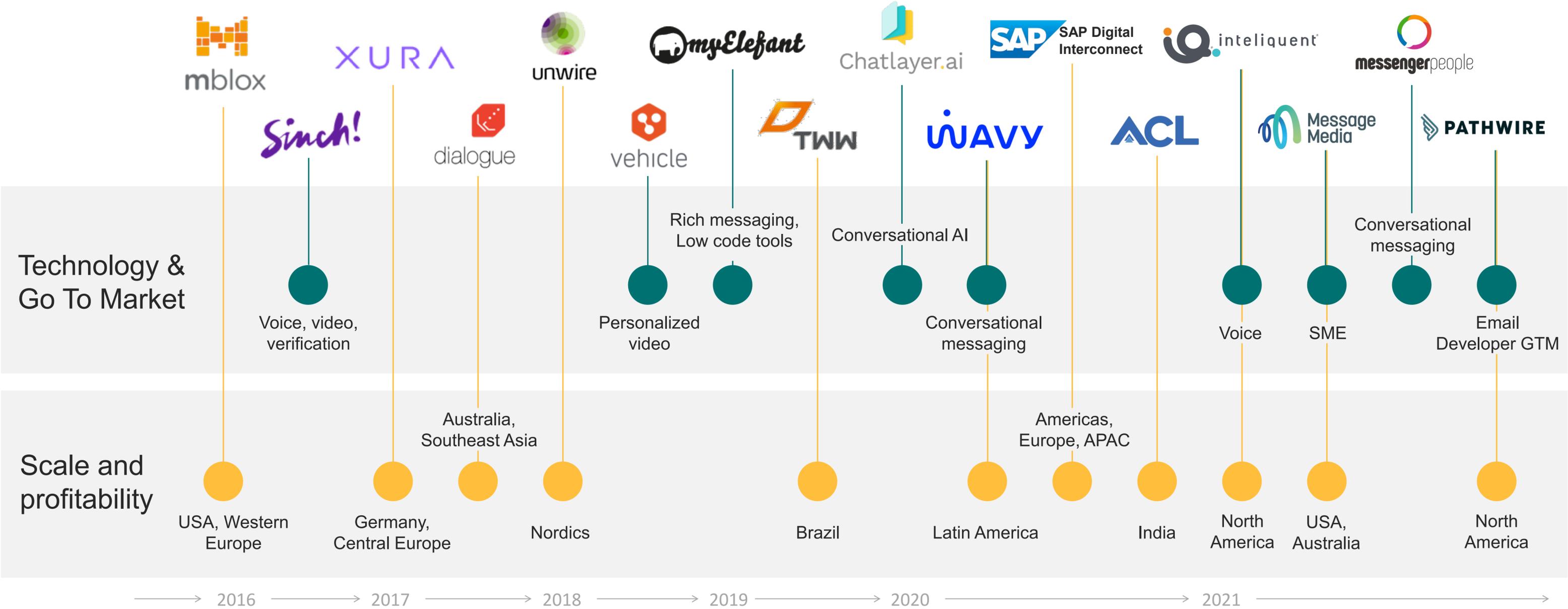
Operators, SEKm



- Growth since Q4 2020 driven primarily by SDI acquisition
- Healthy growth and profitability in both Sinch and SDI businesses in Q3 2021
- Expect continued earnings volatility between quarters
- Inteliquent voice offering to telecom operators will be included in Operators segment after closing



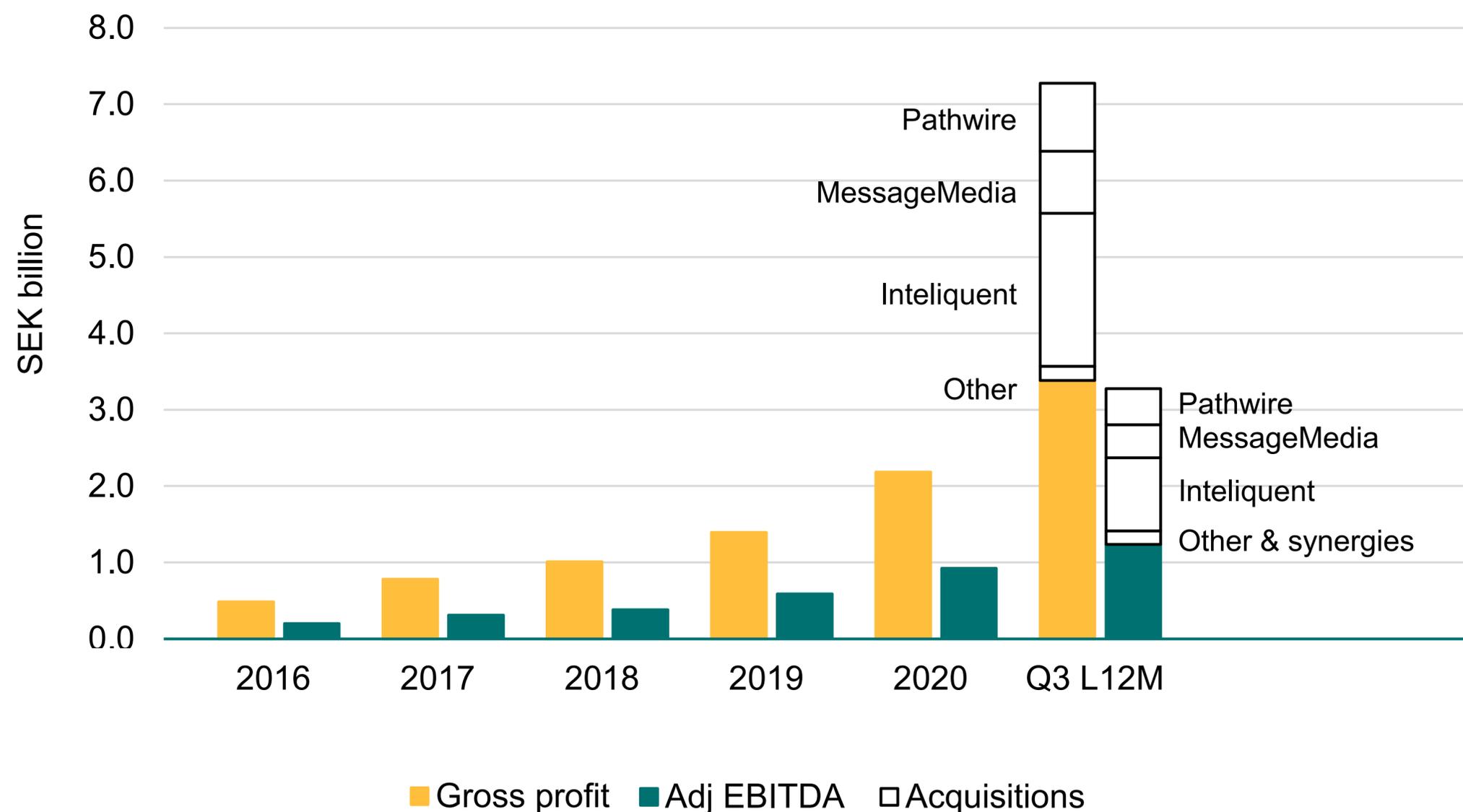
Strategic acquisitions





Pro forma illustrates greater scale

Proforma gross profit and Adjusted EBITDA



- Focus on Gross profit since pass-through revenues vary between products and geographies
- Acquisitions adding significantly to our scale and profitability
- Investing to increase growth in acquired units
- Pro forma L12M revenues of SEK 21.3 billion, gross profit of SEK 7.3 billion and Adjusted EBITDA of SEK 3.2 billion

* The acquisitions of Inteliquent and Pathwire are pending regulatory approval. "Other" captures unconsolidated earnings from SDI, Wavy, and MessengerPeople.



Pathwire adds email and developer go-to-market

Enterprise

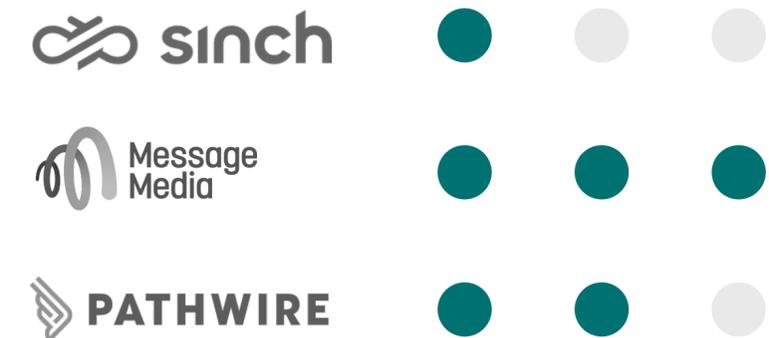
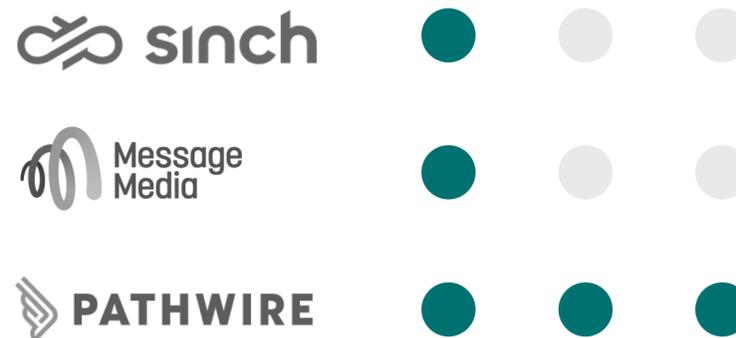
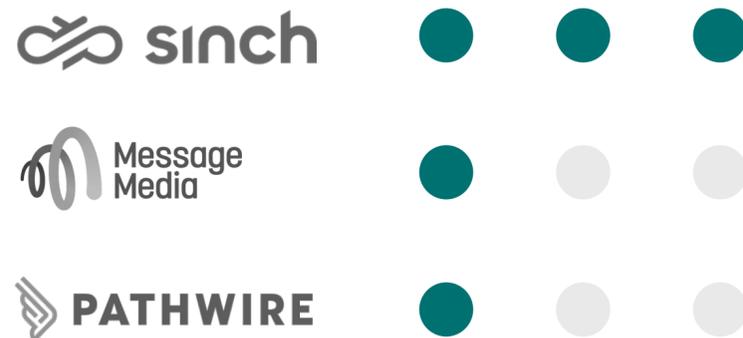
- Online lead-generation
- Lead with APIs and SaaS
- Target enterprise customers and indirect channel partners
- Customers may have in-house development resources or use System Integrators
- Customers look for superior service delivery, global reach, end-to-end connectivity, compliance, and competitive pricing at high volumes

Developer

- Online self-signup
- Lead with APIs
- Target developers, who may work for any size business
- Customers have in-house developer resources
- Customers look for intuitive UX, self-signup and self-service, SDKs, tutorials and code examples, strong documentation

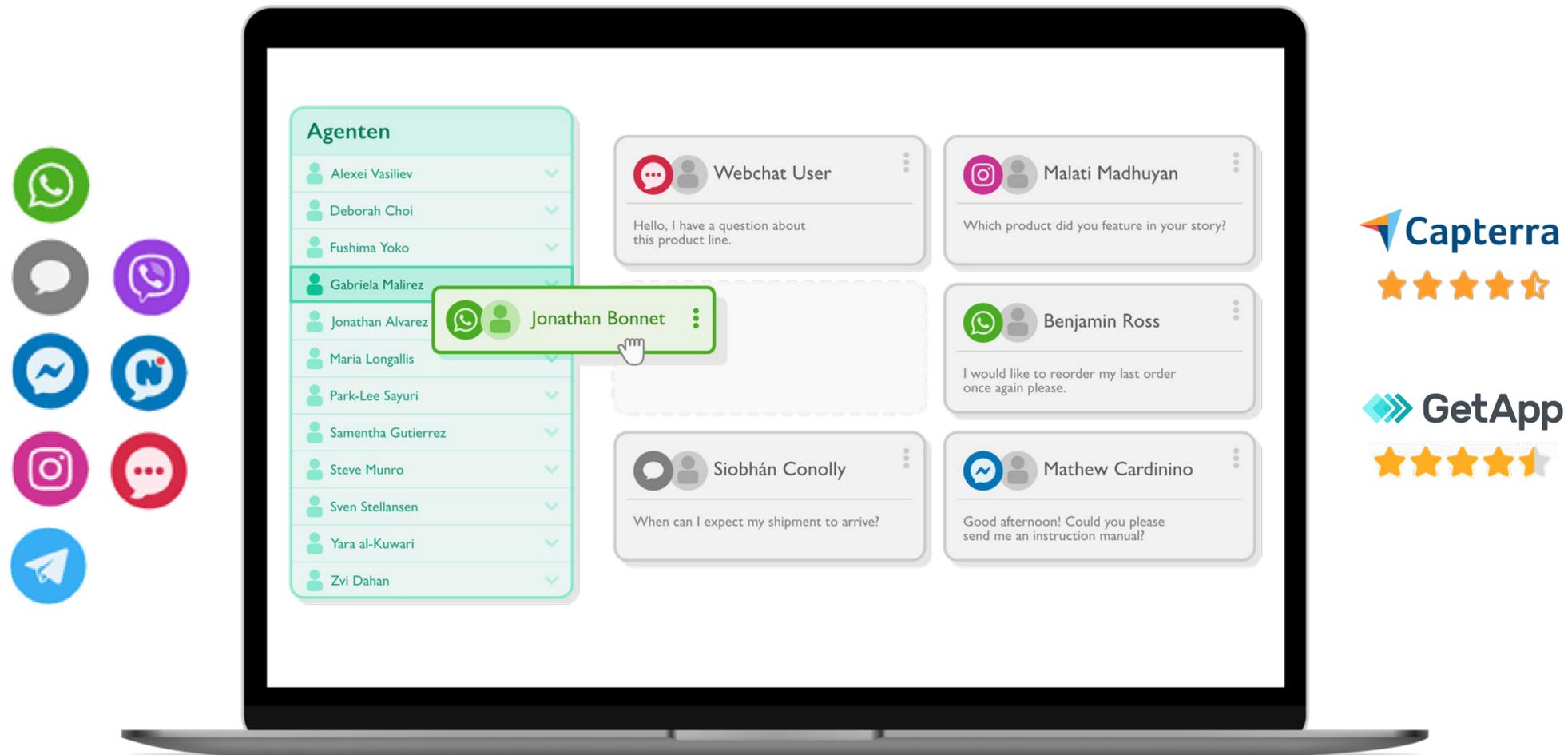
SMB*

- Online self-signup
- Lead with SaaS & integrations
- Target small and medium sized businesses: local dentists, mechanics, etc.
- Customers have limited development resources
- Customers look for 'out-of-the-box' solution, ease-of-use, quick time-to-value, and ability to reach wanted business objective without coding



* SMB = Small and Medium Sized businesses

Extending our leadership with MessengerPeople



- Conversations with customers in all different messaging apps are handled in a single business inbox
- Time-saving tools increase agent efficiency and reduce waiting times
- Quick to demo, quick to deploy
- Optimised for mid-sized businesses



Integration projects



- TWW closed October 2019
- Wavy closed February 2020
- Migration of customers and suppliers to shared global platform
- Initiatives to scale Wavy's Conversational Messaging business in other regions



- Deal closed September 2020
- International traffic to India leveraging ACL direct operator connections
- Chatlayer Conversational AI offered with WhatsApp and Conversation API to Indian enterprise customers



- Deal closed November 2020
- Sales teams merged with Sinch across 19 countries
- Migration of customers and suppliers to shared global platform
- P2P Messaging products for Operators aligned with Sinch Operator software offering

Scale-up

- Rapid inorganic growth increases workload across multiple functions, including finance and HR
- Investments in people, systems, and processes
- Building out capabilities including ERP, CRM, HR, etc.

Integration planning



- Deal signed February 2021
- Expected to close H2 2021
- Regulatory approval process is ongoing
- Integration planning as applicable under competition rules
- Focus on cross-sales of voice and messaging to larger Sinch and Inteliquent customers



- Deal signed June 2021
- Expected to close H2 2021
- Regulatory approvals have been received
- Preparing shift to Sinch operator connectivity
- Assessing joint growth opportunities



- Deal signed September 2021
- Deal closed 1 November 2021
- Assessing integration options with other Sinch software applications

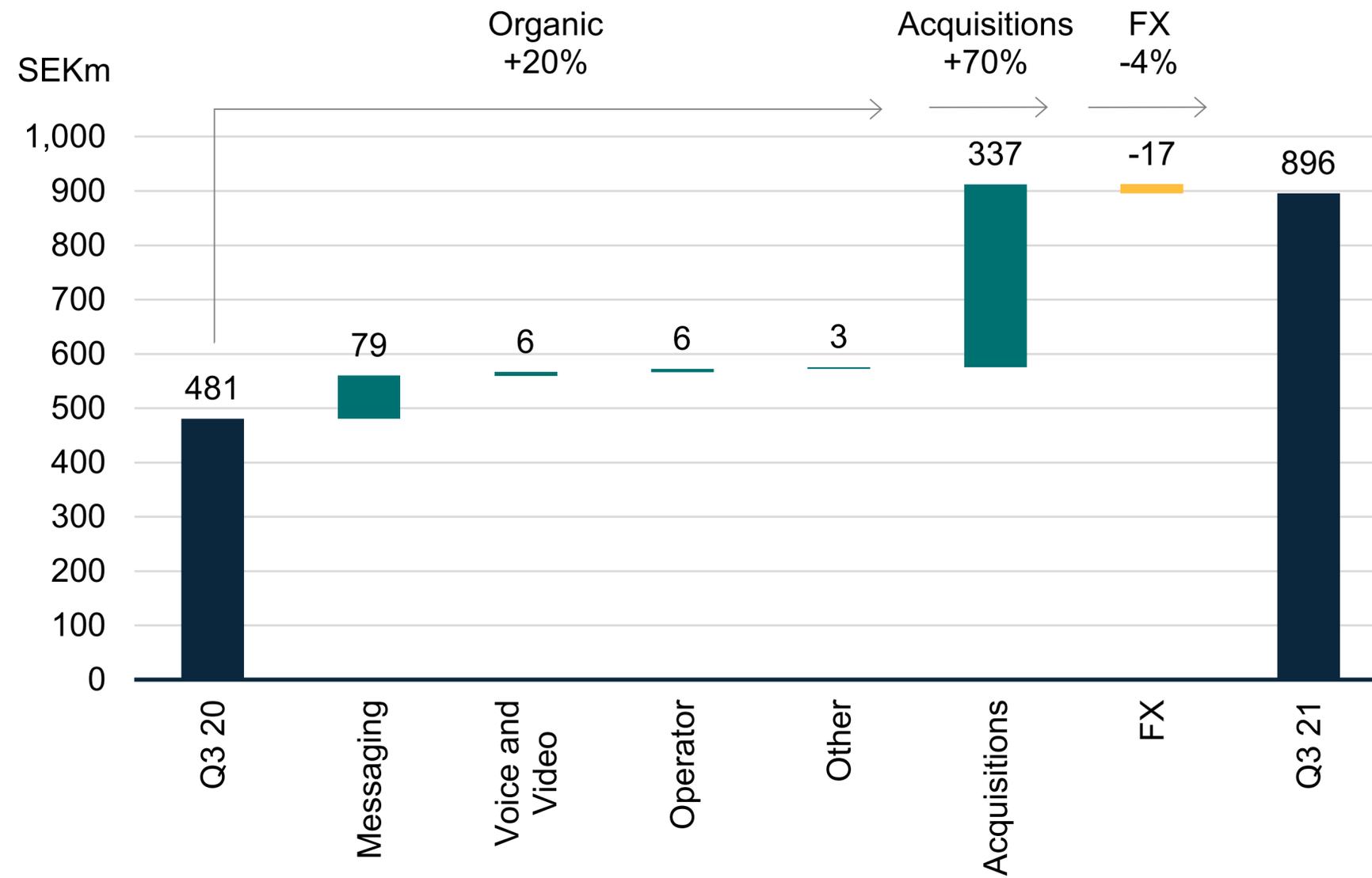


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- Integration planning as applicable under competition rules
- Identification of cross-sales opportunities

Financials



Gross profit bridge



- High growth rates in Q3 and Q4 2020 implies tougher comparables
- 20% organic gross profit growth
- Inorganic growth contributions from SDI (SEK 247m), Wavy (SEK 58m) and ACL (SEK 32m)

Income statement

SEKm	Q3 2021	Q3 2020	2020	R12M
Net sales	3,938	1,778	8,023	13,969
Cost of goods sold and services	-3,042	-1,297	-5,840	-10,589
Gross profit	896	481	2,183	3,381
Other operating income	46	97	198	137
Work performed by the entity and capitalized	21	17	69	81
Other external costs	-270	-165	-683	-1,083
Employee benefits expenses	-460	-176	-869	-1,590
Other operating expenses	-77	-38	-183	-246
EBITDA	157	215	715	680
Depreciation and amortization	-132	-60	-262	-419
EBIT	25	155	453	261
Net finance income/expenses	276	-20	-74	391
Profit before tax	301	135	379	652
Income tax	-35	-39	67	19
Profit for the period	266	96	446	671

- Adjusted EBITDA is different from EBITDA primarily due to acquisition costs, integration costs, and share-based incentive plans
- Adjusted EBITDA of SEK 298 million (234) in Q3 21
- Depreciation & amortization includes non-cash amortization related to acquired entities
- Adjusted EBIT of SEK 270 million (219) in Q3 21
- Net financials affected by currency hedging ahead of upcoming acquisitions where payment is due in USD



Reconciling Cash flow with Adjusted EBITDA

SEKm	Q3 2021	Q3 2020	2020	R12M
Adjusted EBITDA	298	234	989	1,229
Paid interest	-16	-9	-30	-45
Paid taxes	-30	-73	-101	-137
Other items	-8	-8	-256	-200
Cash flow before changes in working capital	244	145	602	846
Cash flow before changes in working capital / Adjusted EBITDA	82%	62%	61%	69%

- High conversion of Adjusted EBITDA to cash flow

Cash flow

SEKm	Q3 2021	Q3 2020	2020	R12M
Cash flow before changes in working capital	244	145	602	846
Change in working capital	-735	-38	-148	-1,041
Cash flow from operating activities	-491	107	454	-195
Net investments in property, plant and equipment and intangible assets	-38	-22	-86	-122
Change in financial receivables	1	8	-2	-10
Acquisition of Group companies	22	-569	-2,885	-2,851
Cash flow from investing activities	-14	-583	-2,972	-2,983
Amortization of bank loans	-37	-26	-267	-159
Amortization lease liability	-6	-8	-30	-41
New issue/warrants	39	-1	5,529	12,789
Cash flow from financing activities	-4	-34	5,231	12,589
Cash flow for the period	-510	-509	2,713	9,412
Opening cash and cash equivalents	12,264	2,651	466	2,113
Exchange rate differences	179	-28	-56	409
Closing cash and cash equivalents	11,934	2,113	3,123	11,934

- Change in working capital affected by prepayment of operator traffic charges
- Limited capex as most platform investment is booked as opex
- Net cash position ahead of upcoming transactions

Cash flow reclassification

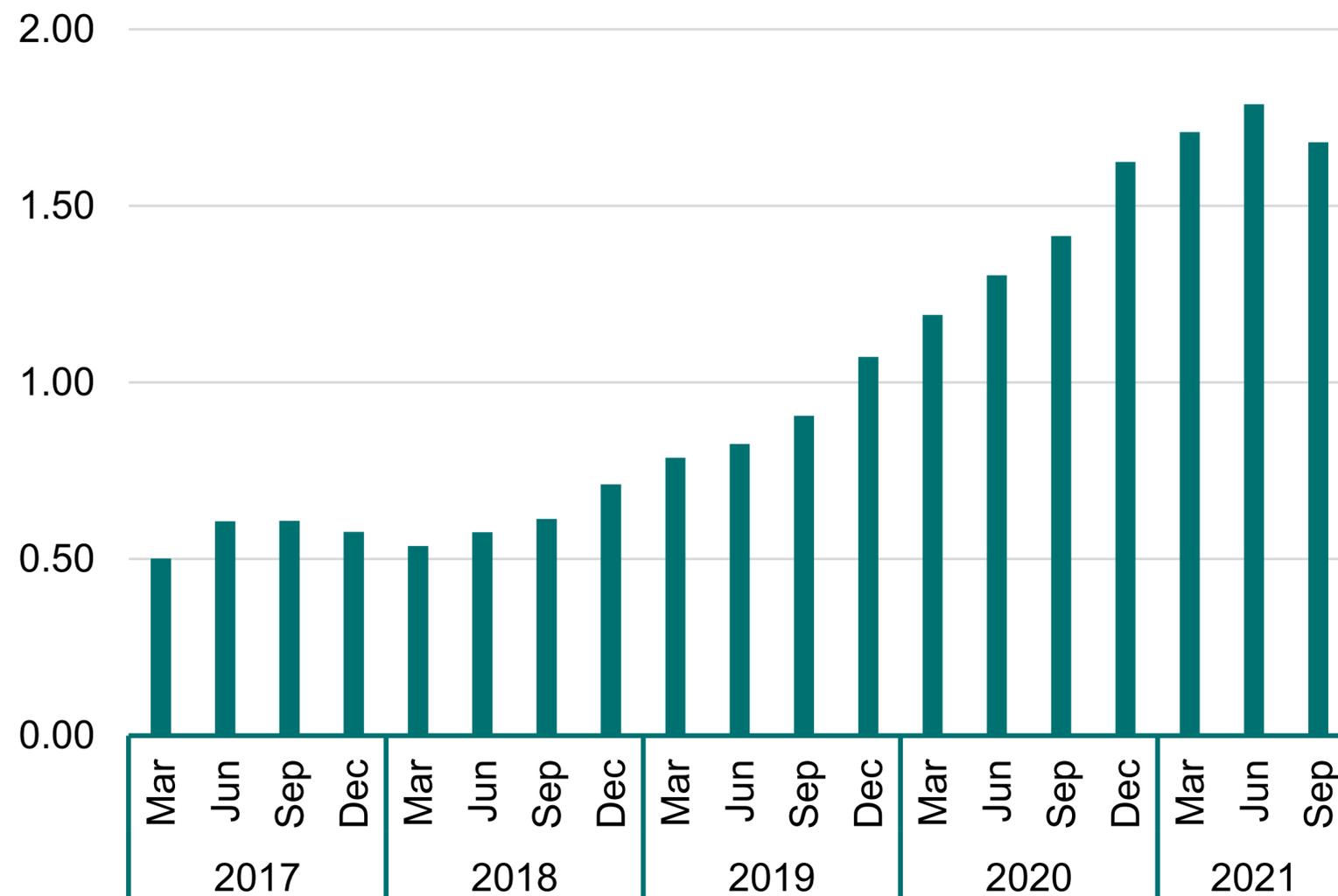
SEKm	Q1 2021	Q2 2021	Q3 2021	Jan-Sep 2021
Cash flow before changes in working capital	226	221	244	692
Change in working capital	361	-461	-735	-834
Cash flow from operating activities	587	-240	-491	-143
Net investments in property, plant and equipment and intangible assets	-39	-26	-38	-102
Change in financial receivables	6	-9	1	-1
Acquisition of Group companies	-505	-178	22	-661
Cash flow from investing activities	-538	-213	-14	-765
Amortization of bank loans	-21	-71	-37	-130
Amortization lease liability	-10	-16	-6	-32
New issue/warrants	37	9,395	39	9,471
Cash flow from financing activities	6	9,308	-4	9,308
Cash flow for the period	54	8,855	-510	8,400
Opening balance cash and cash equivalents for the	3,123	3,200	12,264	3,123
Exchange rate differences in cash and cash	22	209	179	410
Closing balance cash and cash equivalents for the	3,199	12,264	11,934	11,934

- Part of the financing for Wavy was recognised as “New share issue” in Q1 2021
- Significant currency effects due to large net cash position
- Reassessment causing reclassification of select cash flow items in Q1 and Q2 2021



Financial targets

Adjusted EBITDA per share, rolling 12 months



Targets:

- Adjusted EBITDA per share to grow 20% per year
- Net debt < 3.5x adjusted EBITDA over time

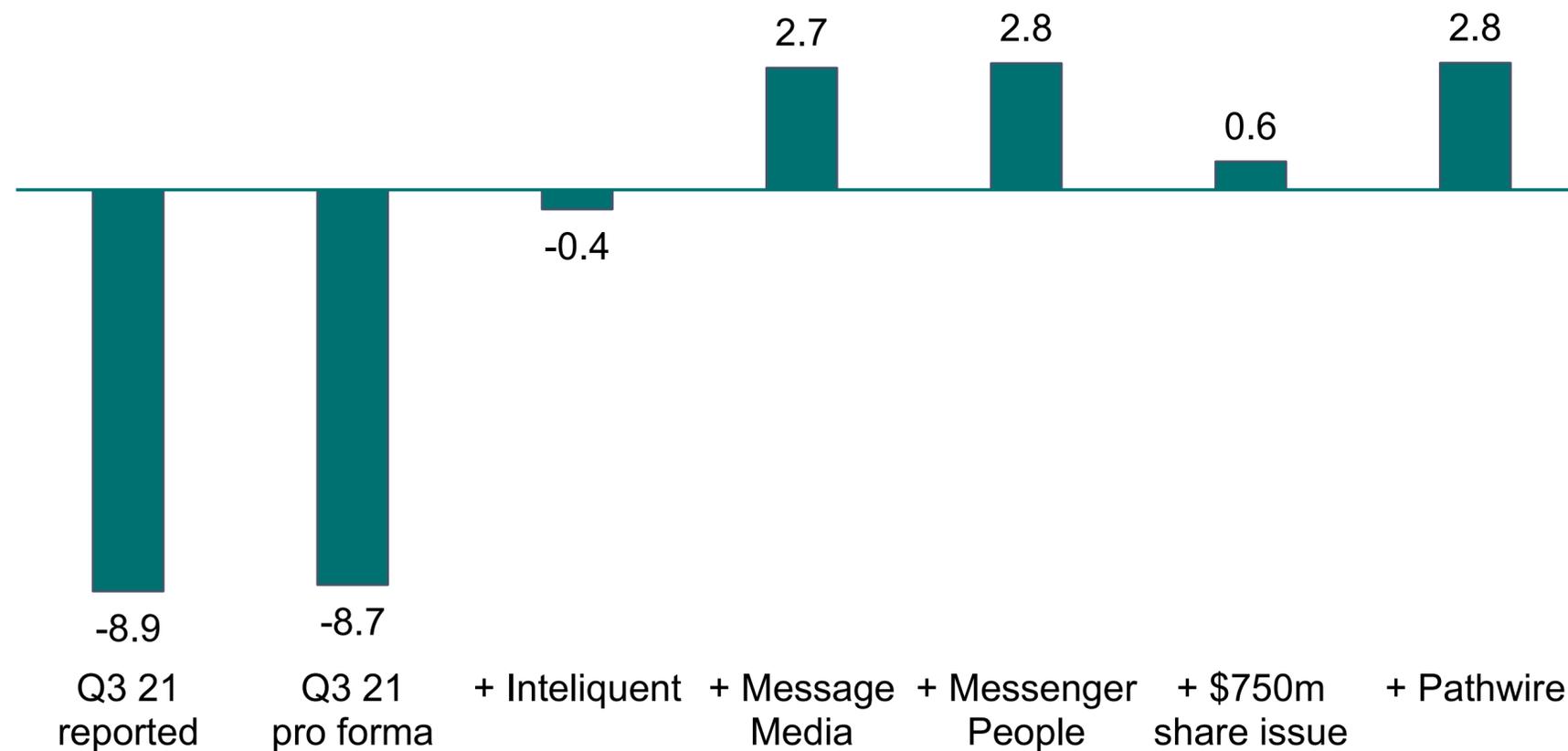
Performance:

- Adjusted EBITDA per share grew 19% in Q3 21, measured on a rolling 12 month basis
- Net debt/EBITDA of -8.9x, measured on a rolling 12 month basis



Financial leverage

Pro forma net debt/Adjusted EBITDA



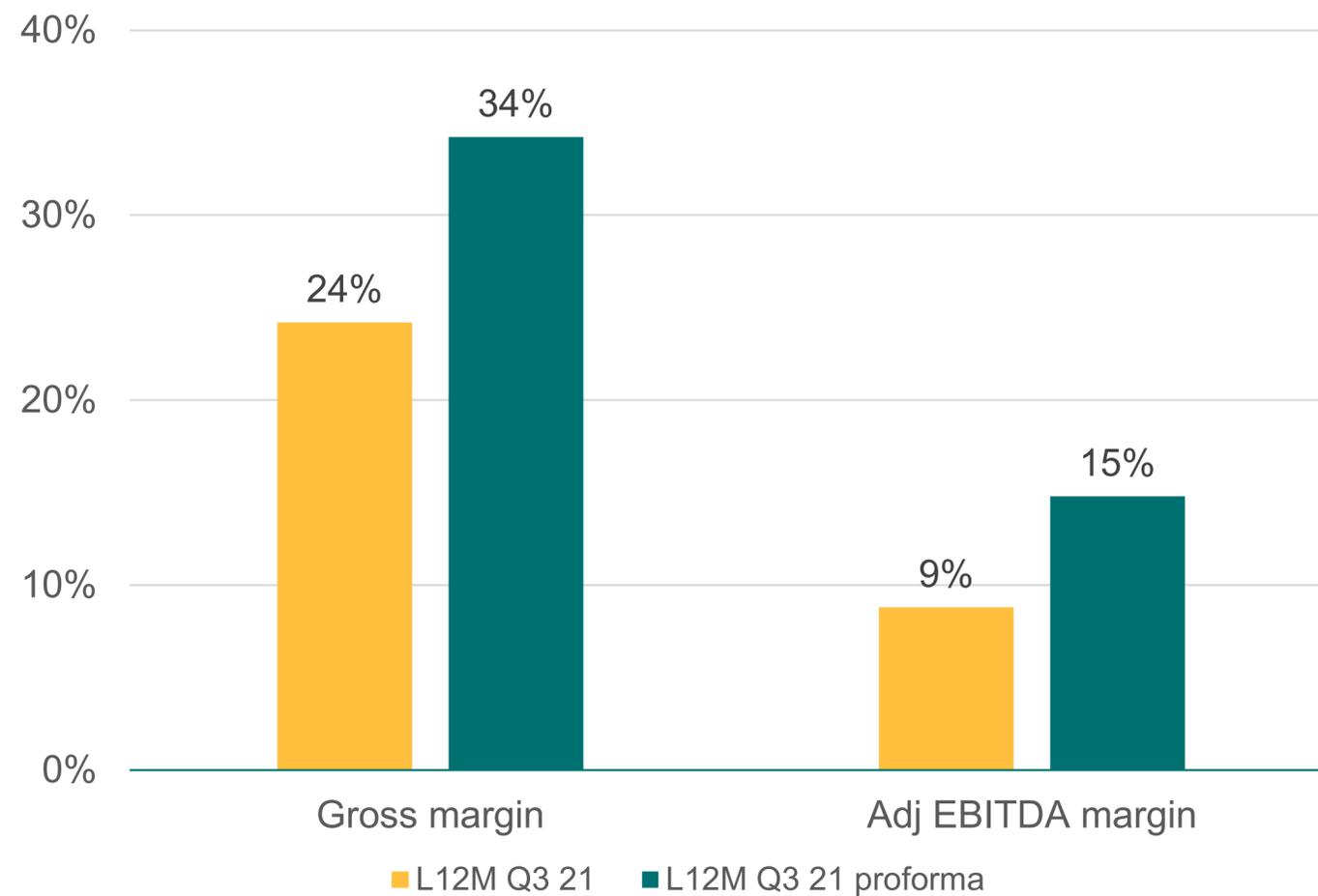
- Pro forma calculation includes last 12 months of Adj EBITDA for acquired entities
- Updated financial target is to maintain Net debt < 3.5x adjusted EBITDA over time
- Pro forma Net debt/Adj EBITDA of 2.8x after payment for Inteliquent, MessageMedia, MessengerPeople and Pathwire

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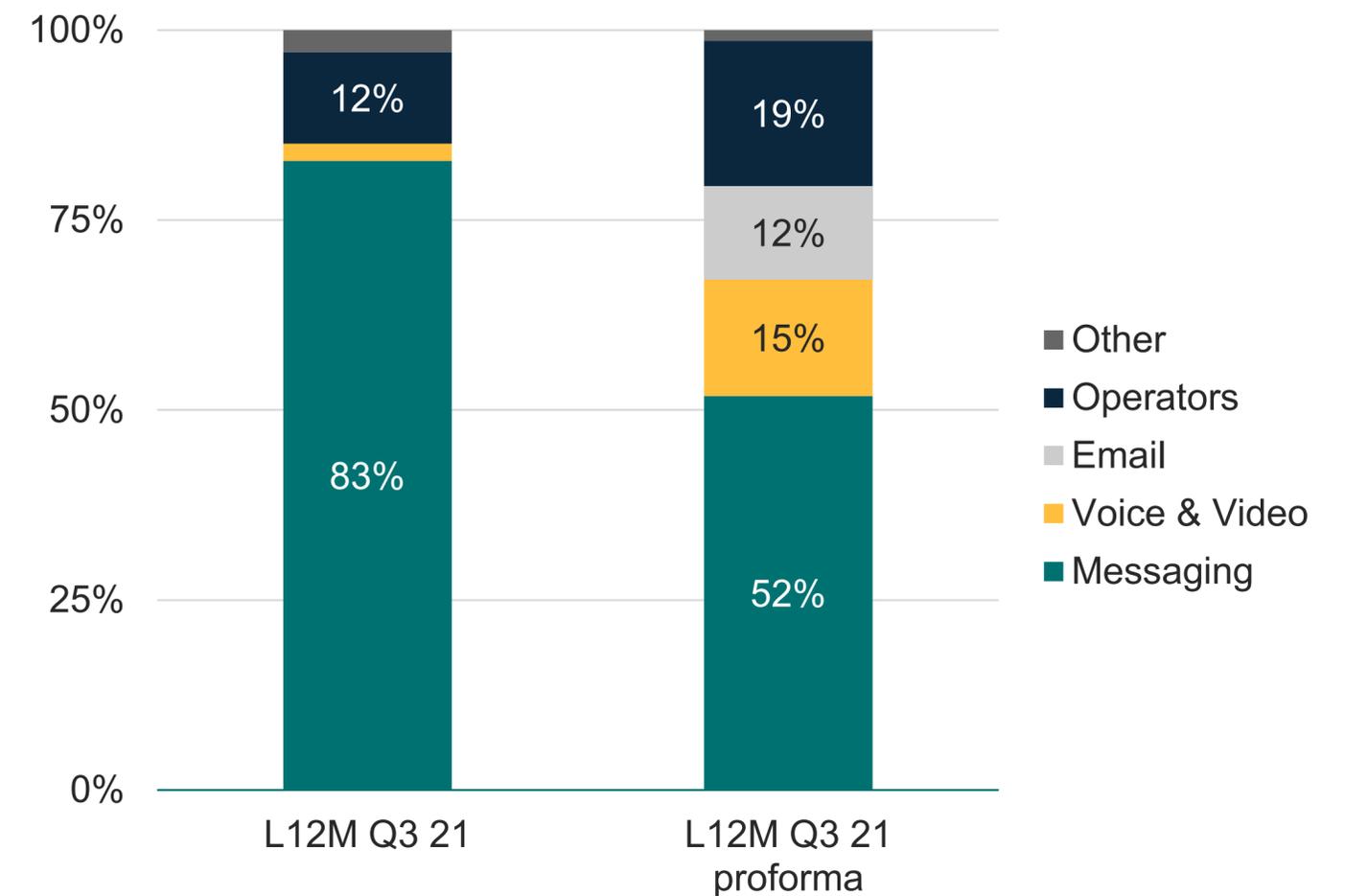


Improved margin profile and balanced product mix

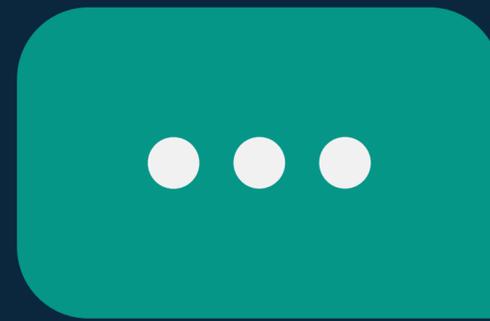
Gross margin & Adjusted EBITDA margin



Gross profit by product



Thank you!



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