



Remuneration report for 2021

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 2021, have been applied during the financial year 2021. 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 2021, are included on pages 65–67 of the Company's annual report for 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report, which is available on pages 50–55 of the annual report for 2021. Information required pursuant to Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act is available in note 7 on pages 93-97 of the annual report for 2021.

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 93-97 in the annual report for 2021.

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

The Company's performance during 2021

Information on the general performance of the Company during 2021 is available in the CEO statement on pages 8–9 of the annual report for 2021.

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 2021 have been fully implemented. No derogations from the procedure for implementation of the guidelines have been made. Two former senior executives (who were senior executives during 2021 but now have other roles in Sinch) who became senior executives through acquisitions in 2020, had employment terms which deviated from the guidelines. The executives were considered to be key to retain in the group, which is why their existing employment agreements in the acquired entities were kept and the deviations temporarily accepted. According to the remuneration guidelines, deviations may be accepted if in a specific case there is a special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, which has been deemed to be the case. The deviations were: variable pay which could exceed 30 percent of the fixed base pay (amounting to 41 and 43 percent, respectively) and other benefits which amounted to more than 6 percent of the executives' fixed base pay (amounting to 10 and 7 percent, respectively). Other than this, no deviations from 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 2021

During the financial year 2021, 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		Extraordinary 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)	4 432 KSEK	134 KSEK	0	0	0	0	4 566 KSEK	100/0
Robert Gerstmann (deputy CEO)	714 KSEK	7 KSEK	0	0	0	86 KSEK	807 KSEK	100/0
Björn Zethraeus (employed board member)	764 KSEK	7 KSEK	0	0	0	89 KSEK	860 KSEK	100/0

1) Insurances and Wellness allowance.
2) Defined contributions pension in accordance with guidelines adopted by the board of directors of Sinch AB (publ).

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.

During 2021, the remuneration of the CEO, and the employed board member were 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 2021 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 2021.

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 board of directors has decided to not pay out a bonus to the CEO in 2022 relating to the performance during 2021.



Long-term share-related incentive programs

Outstanding share-related incentive programs

The Company does have the following outstanding share-related incentive programs. All programs except LTIP II 2021 were adopted prior to the 1:10 share split implemented on 18 June 2021. In all of these programs, one stock option/warrant therefore gives the right to 10 shares. As LTIP II 2021 was adopted after the share split, one stock option gives the right to one share in this program.

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, 3, 4, 5 and 6) 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 (SEK 12.77 per share after share split). All warrants and stock options which have been acquired by or granted to participants have been exercised.

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, of which a number of warrants and stock options have been exercised (series 1 and 4) as of the date of this report. 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 (SEK 9.13 per share after share split). 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 7,456,350 shares will be issued in the Company, equivalent to a dilution of approximately 0.91 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 (SEK 17.41 per share after share split). Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 2,410,000 shares will be issued in the Company, equivalent to a dilution of approximately 0.29 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, of which a number of warrants and stock options have been exercised (series 7) as of the date of this report. 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 (SEK 60.20 per share after share split). 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 62.40 per share after share split), SEK 1,040 per share (SEK 104.00 per share after share split) and SEK 1,422 per share (SEK 142.20 per share after share split), respectively. Upon exercise of all outstanding warrants and stock options which have been acquired by or granted to participants, a maximum of 2,652,400 shares will be issued in the Company, equivalent to a dilution of approximately 0.32 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 (SEK 136.10 per share after share split) 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 104.00 per share after share split), SEK 1,206 per share (SEK 120.60 per share after share split) and SEK 1,422 per share (SEK 142.20 per share after share split), respectively. Upon exercise of all outstanding warrants and stock options which have been acquired by or granted to participants, a maximum of 3,995,200 shares will be issued in the Company, equivalent to a dilution of approximately 0.49 per cent.

LTI 2021. An annual general meeting held on 18 May 2021 approved the board's proposal regarding an incentive program for senior executives and key employees and resolved to issue not more than 323,000 warrants and resolution of approving transfer of warrants. In total, 323,000 warrants were subscribed by the subsidiary and 311,885 warrants and stock options have been acquired by or granted to participants. No warrants or stock options under the LTI 2021 have been exercised as of the date of this report, and no more warrants or employee stock options will be offered out of LTI 2021. The exercise price has been set to SEK 1,400.70 per share (SEK 140.07 per share after share split), SEK 1,528.00 per share (SEK 152.80 per share after share split) and SEK 1,655.30 per share (SEK 165.53 per share after share split) subscribed by exercise of warrants series 1–3, respectively. As regards series 4, stock options have been granted at three different occasions; twice in June 2021 and once in December 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 1,538.50 per share (SEK 153.85 per share after share split), SEK 1,586.50 per share (SEK 158.65 per share after share split) and SEK 1,021.50 per share (SEK 102.15 per share after share split), respectively. Upon exercise of all outstanding warrants and stock options which have been acquired by or granted to participants, a maximum of 3,010,360 shares will be issued in the Company, equivalent to a dilution of approximately 0.37 per cent.

LTI II 2021. An extraordinary general meeting held on 26 October 2021 approved the board's proposal regarding an incentive program for senior executives and key employees and resolved to issue not more than 3,210,000 warrants and resolution of approving transfer of warrants. In total, 3,210,000 warrants were subscribed by the subsidiary and 3,111,413 stock options (with warrants as a hedging arrangement) have been granted to participants. No stock options under the LTI II 2021 have been exercised as of the date of this report, and no more stock options will be offered out of LTI II 2021. The stock options have been granted at two different occasions; in December 2021 and in February 2022. Consequently, the exercise price for stock options (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 102.15 per share and SEK 94.10 per share, respectively. Upon exercise of all warrants and stock options which have been acquired by or granted to participants, a maximum of 3,022,117 shares will be issued in the Company, equivalent to a dilution of approximately 0.37 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	Exercised	Warrants subject to performance condition	Warrants awarded and unexercised
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	SEK 91.30	500,000	0	166,666	0	333,334
	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
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	II 2021	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.

	RFY 2020	RFY 2021	RFY 2021 vs 2020
Oscar Werner (CEO)	5 153 KSEK	4 566 KSEK	-11,4%
Robert Gerstmann (deputy CEO)	809 KSEK	807 KSEK	-0,2%
Björn Zethraeus (employed board member)	972 KSEK	860 KSEK	-11,5%
Other full-time equivalent employees of the group (excl. the CEO, the deputy CEO and the employed board member)	815 KSEK	830 KSEK	1,8%
Adjusted EBITDA (group)	989,4 MSEK	1 321,9 MSEK	33,6%

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Stockholm in April 2022
Sinch AB (publ)
The board of directors

