

Interim report, January-June 2023

April - June 2023

- Net sales increased by 6 percent to SEK 7,021m (6,615).
- Gross profit increased by 20 percent to SEK 2,322m (1,937).
- EBITDA rose by 36 percent to SEK 715m (528).
- Adjusted EBITDA¹ increased by 72 percent to SEK 865m (503).
- The loss after tax for the quarter was SEK -70m (-40).
- Basic earnings per share were SEK -0.08 (-0.05) and diluted earnings per share were SEK -0.08 (-0.05).
- Cash used in operating activities was SEK -13m (668).

January - June 2023

- Net sales increased by 6 percent to SEK 13,948m (13,164).
- Gross profit increased by 14 percent to SEK 4,582m (4,033).
- EBITDA rose by 20 percent to SEK 1,408m (1,176).
- Adjusted EBITDA¹ increased by 34 percent to SEK 1,698m (1,264).
- The loss after tax for the period was SEK -148m (48).
- Basic earnings per share were SEK -0.18 (0.06) and diluted earnings per share were SEK -0.18 (0.06).
- Cash flow from operating activities amounted to SEK 199m (809).

“The second quarter marks improvement throughout our business with robust profitability and improved organic growth in both revenues and gross profit.” **- Laurinda Pang, CEO**

Significant events during the quarter

- Laurinda Pang acceded as the new CEO of Sinch on 17 April.
- The [Annual Report](#) for 2022, including the company’s [Sustainability Report](#) was published on the company’s website on 21 April.
- It was announced on 25 May that Sinch was named a leader in [IDC MarketScape for CPaaS](#).
- [Sibito Morley](#) was appointed the new Chief Data and Transformation Officer on 6 June.
- Sinch launched AI-powered [Smart Conversations](#) that provides business customers with invaluable insights into customer journeys and customer intent.
- As an element of the branding process, Inteliquent was replaced with “Sinch” and MessageMedia with “Sinch MessageMedia.”
- The cost reduction program initiated in July 2022 has achieved the savings target communicated when the program was announced. Gross savings total approximately SEK 360m on an annual basis, exceeding the target of SEK 300m.

Significant events earlier this year

- On 12 January 2023, credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2026.
- Sinch launched “Operator Connect for Partners” on 23 March, which makes it possible for service providers and other partners to offer voice calling services via Microsoft Teams.

1) Adjusted EBITDA is reported to clarify performance in underlying operations. See Note 2.

Comments from the CEO

Making progress in adverse conditions

The second quarter marks improvement throughout our business with robust profitability and improved organic growth in both revenues and gross profit. Q2 last year was heavily impacted by non-recurring items but Adjusted EBITDA is growing 21 percent year-on-year also when we adjust for these one-offs and measure organic progress in constant currencies.

Our leverage continues to decline with Net debt/Adjusted EBITDA reducing to 2.4x versus 2.7x in Q1 2023 and 3.3x in Q2 2022.

Underpinning this development is successful execution of the Cost reduction program that we launched in Q2 2022. We targeted annual gross savings of SEK 300 million, which corresponded to 10 percent of the cost base in Messaging and central functions, and we have now realized gross savings of approximately 360 million on a full-year, run-rate basis. Profitability is the hallmark of a healthy business and a prerequisite for sustained value creation. Market conditions remain challenging with more cost-focused customers and lower growth in volumes. This puts pressure on our installed base and hampers growth even though new sales continues to perform well. For select use cases like one-time passwords and number verification, we also see some customers explore new technologies that can offer savings over established methods like SMS. Whilst this market evolution can adversely affect our messaging business, it also offers an opportunity to advance our position and win share through our strong omnichannel capabilities.

Organic revenue growth in constant currencies was -1 percent in the quarter, a step in the right direction from Q1 when year-on-year growth was -3 percent. Organic gross profit growth totalled 13 percent and was helped by a low comparison quarter that was impacted by reassessment of reserves for accrued traffic costs. Excluding this impact on Q2 2022, gross profit grew 4 percent year-on-year which marks significant progress from Q1 when organic gross profit growth was -1 percent.

Our Email business continues to perform strongly with 14 percent organic revenue growth and a 23 percent organic increase in gross profit. We have a competitive product set and an online go-to-market model that we can leverage also to cross-sell voice and messaging.

Our SMB segment has improved compared to Q1 with double-digit gross profit growth fueled by strong execution in North America. Much like in our Messaging segment, the Australian installed base in SMB is affected by cost-focus and reduced volumes from larger enterprises customers.



Profitability remains strong in our Voice business with gross profit growth fueled by innovative products for Number verification. As we enter Q3, we will also see the final step down in the regulatory reform of U.S. toll-free calling and can direct our focus to forward-looking activities and growth.

Growth in Messaging has improved compared to Q1 but remains unsatisfactory. We expect current market conditions to prevail during the second part of the year with heightened cost-consciousness among our larger customers. Combined with changes in our business mix, this means that we may not see the same seasonal uplift that we've seen in previous years.

Looking beyond these current challenges, I am excited about our potential to create more value for our customers as we bring together the strengths of all our different businesses. To build a stronger, more unified Sinch where we showcase the full breadth of our offering to every customer we serve.

Stockholm, 21 July 2023

Laurinda Pang
CEO

Sinch overview

For a list and definitions of financial and operational measurements, please refer to page 32.

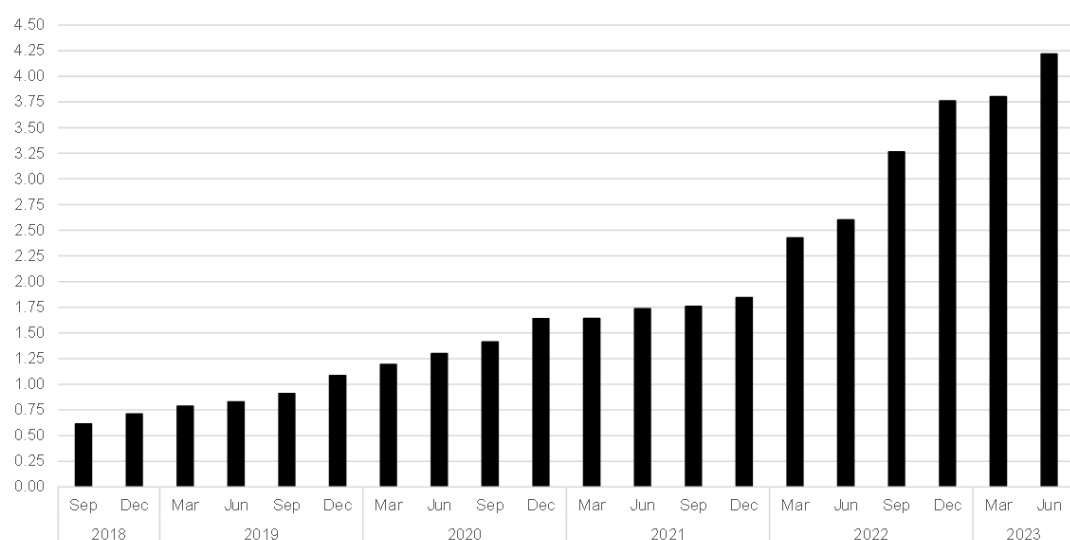
Sinch Group, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	7,021	6,615	13,948	13,164	27,722	28,505
Gross profit	2,322	1,937	4,582	4,033	8,810	9,359
Gross margin	33%	29%	33%	31%	32%	33%
EBITDA	715	528	1,408	1,176	2,774	3,006
EBITDA margin	10%	8%	10%	9%	10%	11%
Adjusted EBITDA ¹	865	503	1,698	1,264	3,124	3,559
Adjusted EBITDA margin	12%	8%	12%	10%	11%	12%
Adjusted EBITDA/gross profit	37%	26%	37%	31%	35%	38%
EBIT	92	-49	179	46	-4,703	-4,569
EBIT margin	1%	-1%	1%	0%	-17%	-16%
Adjusted EBIT ¹	747	390	1,472	1,037	2,731	3,166
Adjusted EBIT margin	11%	6%	11%	8%	10%	11%
Profit or loss for the period	-70	-40	-148	48	-4,943	-5,140
Cash flow from (-used in) operating activities	-13	668	199	809	2,508	1,898
Net debt (+) / Net cash (-)	9,442	10,530	9,442	10,530	9,162	9,442
Net debt/pro forma Adjusted EBITDA R12M, multiple ²	2.4	3.3	2.4	3.3	2.7	2.4
Equity ratio	62%	62%	62%	62%	60%	62%
Adjusted EBITDA/share, SEK	1.03	0.61	2.01	1.56	3.76	4.22
Diluted earnings per share ³ for the period, SEK	-0.08	-0.05	-0.18	0.06	-6.03	-6.13
Average number of employees	3,623	3,657	3,587	3,547	3,565	3,585
Average number of employees including consultants	4,253	4,346	4,229	4,278	4,287	4,262

1) Adjusted EBITDA and Adjusted EBIT are reported to clarify performance in underlying operations. See Note 2.

2) Adjusted EBITDA R12M is measured on a pro forma basis, includes contributions from acquired entities during the past 12 months and both net debt and Adjusted EBITDA are measured excluding IFRS 16-related lease liabilities. See page 9 for comments.

3) The dilutive effect is not taken into account when financial performance is negative and outstanding warrants/stock options are not considered when the company's average share price is below the exercise price.

Adjusted EBITDA per share⁴, R12M (SEK)



4) Sinch has a financial target decided by the board to grow Adjusted EBITDA per share by more than 20 percent per year. Adjusted EBITDA is an Alternative Performance Measure (APM) aimed at clarifying performance in underlying operations. The chart above shows the development of this APM over time.

Quarterly summary

Adjusted EBITDA and Adjusted EBIT are reported below to clarify performance in underlying operations. See Note 2 for more information.

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2021	2021	2021	2022	2022	2022	2022	2023	2023
Net sales, SEKm									
Messaging	3,640	3,884	4,540	4,392	4,318	4,698	4,817	4,518	4,621
Voice	42	53	339	1,400	1,485	1,624	1,625	1,603	1,557
Email	-	-	81	330	358	400	422	422	436
SMB	-	-	247	427	454	474	497	472	496
Other and eliminations	-	-	-	-	-	-	-	-87	-89
Total	3,682	3,938	5,207	6,550	6,615	7,196	7,361	6,927	7,021
Gross profit, SEKm									
Messaging	848	875	975	896	715	1,004	1,001	891	918
Voice	21	21	162	681	685	767	781	744	753
Email	-	-	64	246	260	292	320	327	339
SMB	-	-	147	273	277	299	314	298	312
Other and eliminations	-	-	-	-	-	-	-	-	-
Total	869	896	1,348	2,096	1,937	2,361	2,416	2,260	2,322
Gross margin									
Messaging	23%	23%	21%	20%	17%	21%	21%	20%	20%
Voice	50%	39%	48%	49%	46%	47%	48%	46%	48%
Email	-	-	79%	74%	73%	73%	76%	78%	78%
SMB	-	-	59%	64%	61%	63%	63%	63%	63%
Total	24%	23%	26%	32%	29%	33%	33%	33%	33%
EBITDA, SEKm									
Messaging	317	311	434	250	86	306	311	187	209
Voice	-10	-6	45	335	312	378	375	381	364
Email	-	-	36	116	122	141	168	174	185
SMB	-	-	70	126	112	122	130	107	113
Other and eliminations	-155	-148	-255	-178	-103	-140	-194	-158	-156
EBITDA, total	152	157	330	648	528	808	791	692	715
EBITDA margin	4%	4%	6%	10%	8%	11%	11%	10%	10%
Adjusted EBITDA, SEKm									
Messaging	382	388	448	267	55	326	366	260	299
Voice	-10	-6	52	343	318	389	382	384	371
Email	-	-	36	126	131	155	169	181	189
SMB	-	-	65	137	125	148	156	137	149
Other and eliminations	-89	-83	-130	-112	-127	-117	-113	-129	-143
Adjusted EBITDA, total	284	298	471	760	503	901	960	834	865
Adjusted EBITDA margin	8%	8%	9%	12%	8%	13%	13%	12%	12%
Adjusted EBITDA/gross profit	33%	33%	35%	36%	26%	38%	40%	37%	37%
Adjusted EBITDA/share, SEK	0.41	0.39	0.61	0.96	0.61	1.07	1.13	0.98	1.03

EBITDA adjustments, SEKm (Note 2)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Acquisition costs	-24	-24	-101	-42	1	-5	1	-3	-2
Restructuring costs	-	-	-	-	-	-18	-44	-6	-28
Earnouts	-	-	-	-	-	-	-	-18	-
Integration costs	-75	-59	-66	-59	-66	-61	-67	-47	-47
Costs of share-based incentive programs	-18	-45	-15	-17	-27	-42	-38	-23	-33
Operational foreign exchange gains/losses	-15	-14	29	5	117	37	-25	-45	-41
Other adjustments	-	-	11	-	-	-3	2	0	1
Total EBITDA adjustments	-132	-142	-141	-113	25	-93	-169	-141	-149
Amortization of acquisition-related assets	-75	-103	-264	-440	-464	-497	-587	-496	-506
Impairment of goodwill	-	-	-	-	-	-5,000	-97	-	-
Total EBIT adjustments	-207	-245	-405	-553	-439	-5,590	-853	-638	-655

April - June 2023

Net sales

Consolidated net sales grew in the quarter by 6 percent to SEK 7,021m (6,615), compared to the corresponding period in the preceding year. All business in Q2 2023 is classified as organic.

The currency tailwind was 7 percent for the quarter, corresponding to SEK 466m.

Organic net sales growth, in local currency and excluding acquisitions, was -1 percent. The adverse impact of the economic downturn persisted during the quarter and held back volumes and sales in several segments.

Gross profit

Consolidated gross profit rose during the quarter by 20 percent to SEK 2,322m (1,937).

The reassessment of reserves for accrued traffic costs in the amount of SEK 162m reduced gross profit and the gross margin in the comparison quarter.

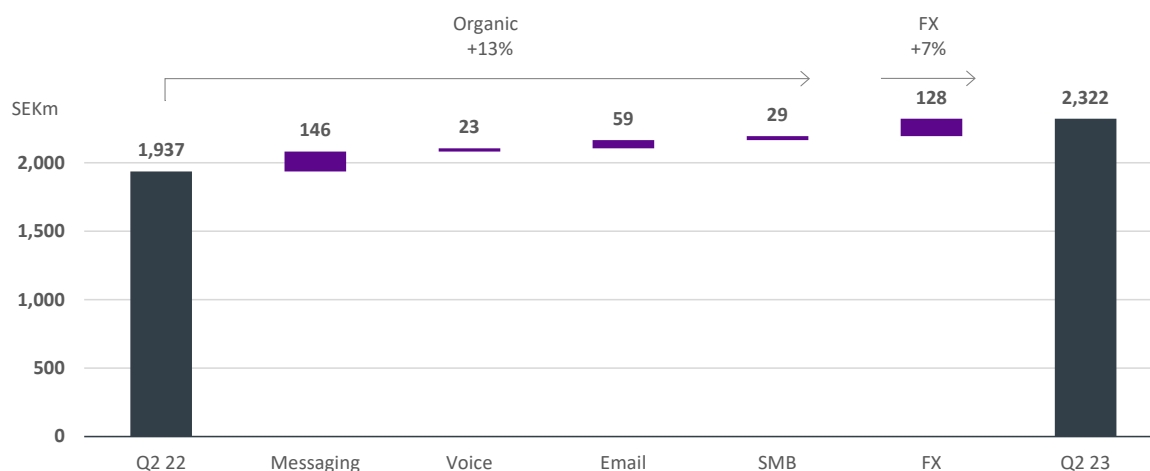
The currency tailwind was 7 percent for the quarter, corresponding to SEK 128m.

Organic gross profit growth, in local currency and excluding acquisitions, was 13 percent.

Excluding the revised assessment of reserves in the comparison quarter described above, organic gross profit growth was 4 percent.

The gross margin was 33 percent (29).

Change in consolidated gross profit, Q2 2022 - Q2 2023



Operating expenses

Operating expenses¹, defined as the difference between gross profit and EBITDA, grew by 14 percent to SEK 1,606m (1,409) compared to the same period in 2022. The majority of the cost base is attributable to direct and indirect employee benefits expenses. Compared to the same period last year, the cost base increased due to currency effects, inflation and pay adjustments, which were offset by workforce reductions and other cost savings.

Adjusted operating expenses¹, defined as the difference between gross profit and Adjusted EBITDA, grew by 2 percent to SEK 1,457m (1,434) compared to the same period

in 2022.

If exchange rates had been unchanged relative to the comparison quarter, adjusted operating expenses would have been SEK 80m lower in Q2 2023.

EBITDA

EBITDA increased by 36 percent to SEK 715m (528).

The revised assessment of reserves for accrued traffic costs of SEK 162m mentioned above reduced EBITDA and Adjusted EBITDA in the comparison quarter.

The consolidated EBITDA margin was 10 percent (8).

If exchange rates had been the same during the quarter as

¹See also the definitions on page 32.

during the corresponding quarter in the preceding calendar year, EBITDA would have been SEK 39m lower.

In total, Adjusted EBITDA² was SEK 149m (-25) higher than EBITDA for the quarter. The adjustments include integration costs of SEK -47m (-66), operational foreign exchange gains/losses of SEK -41m (117) and costs of share-based incentive programs of SEK -33m (-27). See the quarterly summary and Note 2 for more information.

Consequently, Adjusted EBITDA amounted to SEK 865m (503), a 72 percent increase compared to the same period in the preceding year. Excluding the aforementioned revised assessment of reserves in the comparison quarter, the increase was 30 percent.

If exchange rates had been the same during the quarter as during the corresponding quarter in the preceding calendar year, Adjusted EBITDA would have been about SEK 62m lower. Excluding the revised assessment of reserves, organic growth in Adjusted EBITDA, in local currency and excluding acquisitions, was 21 percent.

The Adjusted EBITDA margin was 12 percent (8).

The Group has a financial target to achieve growth of Adjusted EBITDA per share of 20 percent on an annual basis. Adjusted EBITDA per share was SEK 1.03 (0.61) for the quarter and SEK 4.22 (2.60) for the rolling twelve months, corresponding to an increase of 62 percent R12M. Adjusted EBITDA/gross profit was 37 percent (26) for the quarter.

EBIT

EBIT amounted to SEK 92m (-49).

The revised assessment of reserves for accrued traffic costs of SEK 162m mentioned above reduced EBIT and Adjusted EBIT in the comparison quarter.

Acquisition-related amortization, which does not affect cash flow, reduced EBIT by SEK -506m (464). The amortization is attributable mainly to systematic amortization of acquired customer relationships and acquired software.

Adjusted EBIT (EBIT excluding EBITDA adjustments and amortization of acquisition-related assets³) amounted to SEK 747m (390).

Cost reduction program

Sinch communicated the cost reduction program in conjunction with the Q2 report in 2022 and provided additional details in October 2022. The program was launched to safeguard financial performance and ensure that Sinch meets the financial target to grow Adjusted EBITDA per share by 20 percent per year. The objective of the program was to reduce operating expenses in the

Messaging segment and central functions by about 10 percent and achieve total gross savings of at least SEK 300m on an annual basis.

The cost reduction program achieved the announced target in Q2 2023 with total gross year-on-year savings in the quarter of SEK 89m, corresponding to approximately SEK 360m on an annual basis. The gross savings were, however, partially offset by new costs, primarily involving pay increases and targeted investments in cyber security and IT harmonization amounting to about SEK 130m at an annual rate. The cost base is also affected by currency effects. See the "Operating expenses" section.

Restructuring costs through the end of Q2 2023 amounted to SEK 96m, as opposed to the original estimate of SEK 120m. A total of 115 people were affected by the workforce reductions.

The final parts of the program are expected to be formally concluded in H2, which could entail additional restructuring costs.

Other income and expense items

Net financial expenses were SEK -117m (2), with interest costs amounting to SEK -156m (-68) and foreign exchange differences to SEK 41m (66).

The net loss for the period was SEK -70m (-40).

Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK 138m (163). The investments include capitalized development expenditure of SEK 92m (87).

Cash flow

Cash flow before the change in working capital amounted to SEK 382m (89). Cash flow was reduced by tax paid of SEK -226m (-187) and interest expenses paid of SEK -145m (-60).

Cash used in operating activities amounted to SEK -13m (668) and was reduced by the total change in working capital of SEK -395m (579). Working capital was adversely affected by increased accounts receivables due to timing effects but overdue receivables did not increase compared to previous quarter. In the quarter, 161 MSEK, related to the previously communicated price regulation of American free calls (8YY reform), was also paid to a North American telecom operator. The amount was reserved and did thus not affect Sinch's income statement in the quarter.

Cash used in investing activities was SEK -137m (-162) and was affected by net investments of SEK -138m (-163), primarily capitalized development expenditure.

²Adjusted EBITDA is reported to clarify performance in underlying operations. See Note 2.

³Specifications are provided in the table on page 5 and in Note 2.

Cash used in financing activities was SEK -292m (-368) for the period, where the change in borrowings reduced net cash by SEK -300m (-352). Net cash flow for the period amounted to SEK -442m (138).

Liquidity and financial position

See comments on for the period of January-June, page 9.

Employees

At the end of the quarter, the Group employed 4,280 (4,399) people, including consultants. The average number of employees and consultants for the quarter was 4,253 (4,346). The average number of employees was 3,623 (3,657), of whom 31 percent (30) women.

Sibito Morley joined the company during the quarter as Chief Data and Transformation Officer and new member of the leadership team.

January - June 2023

Net sales

Consolidated net sales grew in the period by 6 percent to SEK 13,948m (13,164).

All business in H1 2023 is classified as organic.

The currency tailwind was 8 percent for the period, corresponding to SEK 1,027m. Organic growth during the period, in local currency and excluding acquisitions, was -2 percent.

Gross profit

Gross profit increased during the period by 14 percent to SEK 4,582m (4,033).

The comparison period was adversely affected by the reassessment of reserves for accrued traffic costs in the amount of SEK 162m, which reduced both gross profit and the gross margin.

The positive effect of FX changes was SEK 317m for the period, corresponding to 8 percent.

Organic gross profit growth, in local currency and excluding acquisitions, was 6 percent for the period.

Excluding the revised assessment of reserves in the comparison quarter described above, organic gross profit growth was 1 percent for the period.

The gross margin was 33 percent (31).

Operating expenses

Operating expenses, defined here as the difference between gross profit and EBITDA grew by 11 percent to SEK 3,174m (2,857) compared to the same period in 2022. Compared to the corresponding period last year, the cost base increased due to currency effects, inflation and pay adjustments, which were offset by workforce reductions and other cost

savings.

Adjusted operating expenses, defined here as the difference between gross profit and Adjusted EBITDA, grew by 4 percent to SEK 2,884m (2,769) compared to the same period in 2022.

If exchange rates had been unchanged relative to the corresponding period last year, adjusted operating expenses would have been SEK 79m lower in Q2.

EBITDA

EBITDA increased by 20 percent to SEK 1,408m (1,176).

The aforementioned reserves of SEK 162m had adverse impact on EBITDA and Adjusted EBITDA in the comparison period.

The consolidated EBITDA margin was 10 percent (9).

FX movements had positive effect on EBITDA. If exchange rates had been the same as during the preceding year, EBITDA would have been SEK 135m, or 11 percent, lower.

In total, Adjusted EBITDA was SEK 290m (88) higher than EBITDA for the period. The adjustments include integration costs of SEK -94m (-125), costs of share-based incentive programs of SEK -55m (-45) and operational foreign exchange gains/losses of SEK -86m (123). See Note 2 for more information.

Adjusted EBITDA amounted to SEK 1,698m (1,264), corresponding to an increase of 34 percent compared to the preceding year. The increase was 19 percent excluding the aforementioned reserves in the comparison period.

If exchange rates had been the same during the quarter as during the corresponding period in the preceding calendar year, Adjusted EBITDA would have been about SEK 105m lower.

The Adjusted EBITDA margin for the period was 12 percent (10).

Adjusted EBITDA per share amounted to SEK 2.01 (1.56) for the period. Adjusted EBITDA/gross margin was 37 percent (31).

EBIT

EBIT amounted to SEK 179m (46). The aforementioned reserves of SEK 162m had adverse impact on EBIT and Adjusted EBIT in the comparison period. Adjusted EBIT was SEK 1,472m (1,037).

Other income and expense items

Net financial expenses were SEK -279m (19), with interest costs amounting to SEK -289m (-117) and foreign exchange differences to SEK 18m (149). The Group's effective tax rate was -49 percent (25). Excluding acquisition related amortization and related deferred tax, the Group's effective tax rate was 32 percent.

The net loss for the period was SEK -148m (48).

Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK -292m (-291). The investments include capitalized development expenditure of SEK 187m (171).

Cash flow

Cash flow before the change in working capital amounted to SEK 792m (655) and was affected by tax paid of SEK -425m (-286) and interest expenses paid of SEK -272m (-109).

Cash flow from operating activities amounted to SEK 199m (809) and was affected by the change in working capital of SEK -593m (153).

Cash used in investing activities was SEK -320m (-335) and was affected by net investments of SEK -292m (-291).

Cash used in financing activities was SEK -626m (-813) for the period, where the change in borrowings reduced net cash by SEK -607m (-800).

Liquidity and financial position

Consolidated cash and cash equivalents at 30 June 2023 amounted to SEK 1,545m (1,470).

Net debt amounted to SEK 9,442m (10,530). This includes IFRS 16-related lease liabilities of SEK 988m (917). Sinch's financial target is that net debt over time shall be below 3.5 times Adjusted EBITDA (measured on a rolling twelve-month basis). Excluding IFRS 16-related lease liabilities, net debt in relation to Adjusted EBITDA R12M was 2.4x.

As of 30 June, Sinch had total available credit facilities of SEK 11,444m and the company had used loans and credit facilities totaling SEK 9,272m (10,321). Existing credit facilities that mature in February 2026 amount to SEK 7,694m and of that amount SEK 5,079m had been utilized as of 30 June 2023. Sinch also has SEK 3,000m in utilized loans that will mature in 2024 and USD 110m that will mature in 2025. In addition, issued senior unsecured bonds amounted to SEK 750m (750). Available bank overdraft facilities amounted to SEK 926m (907), of which SEK 0m (0) had been utilized as of 30 June 2023.

Shares were issued in relation to warrants under the Group's incentive programs. See Note 4.

Equity at 30 June 2023 amounted to SEK 36,181m (38,876), corresponding to an equity ratio of 62 percent (62).

Employees

The average number of employees and consultants for H1 was 4,229 (4,278). The average number of employees was 3,587 (3,547), of whom 32 percent (30) women.

Messaging

Businesses use the Sinch cloud communications platform to reach their customers directly on their phones via SMS and next-generation messaging technologies like WhatsApp and RCS. The Messaging segment also includes advanced interactive communication software and solutions for mobile operators. Operations are oriented primarily towards enterprises and channel partners.

Messaging, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	4,621	4,318	9,139	8,710	18,225	18,654
Gross profit	918	715	1,809	1,611	3,615	3,813
Gross margin	20%	17%	20%	18%	20%	20%
EBITDA	209	86	397	336	954	1,020
EBITDA margin	5%	2%	4%	4%	5%	5%
Adjusted EBITDA	299	55	559	323	1,015	1,256
Adjusted EBITDA margin	6%	1%	6%	4%	6%	7%
Adjusted EBITDA/gross profit	33%	8%	31%	20%	28%	33%

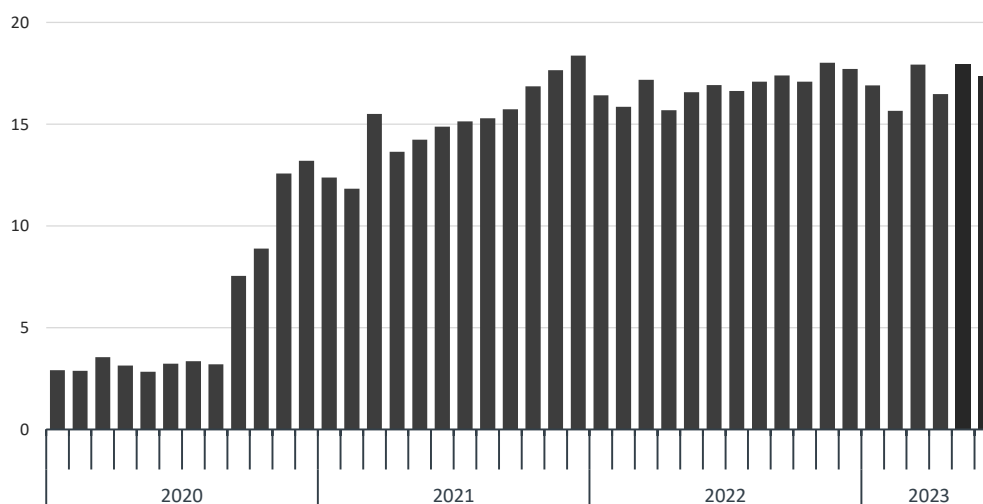
Significant events

- Agreements were closed during the quarter with 41 new large business customers in the segment.
- Sinch launched AI-powered [Smart Conversations](#), a set of additional features to the Conversation API product that provides business customers with invaluable insights into customer journeys and customer intent.
- New AI tools in [Sinch Engage](#) uses GPT to make it easier to create marketing campaigns and summarize customer service interactions. The new functionality makes it easier to communicate with customers through messaging apps like WhatsApp, Telegram, Instagram and Apple Messages for Business.

Transaction volume

Transaction volume in Q2 was 3 percent higher than in the corresponding quarter in the preceding year. Volume growth in India made a positive contribution to transaction volumes but they were reduced by the economic slump, reduced local traffic in Brazil and lower volumes of wholesale traffic at low margins. The chart below does not include volumes from customers in the SMB segment.

Number of messages per month (billions)



Net sales

Net sales for the quarter amounted to SEK 4,621m (4,318). All business during the quarter is classified as organic.

Net sales increased by 7 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -1 percent. Organic growth was reduced primarily by a changed traffic mix, as volume growth in India generates a lower contribution per message.

Gross profit

Gross profit for the quarter amounted to SEK 918m (715).

The reassessment of reserves for accrued traffic costs in the amount of SEK 162m reduced gross profit and the gross margin in the comparison quarter.

Gross profit growth was 28 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 20 percent. Excluding the revised assessment of reserves, organic gross profit growth was -3 percent for the period. The poorer economic environment and the changed traffic mix had negative impact on the gross profit trend.

The gross margin was 20 percent (17) for the quarter.

EBITDA

EBITDA for Q2 amounted to SEK 209m (86). The EBITDA margin was 5 percent (2) for the segment.

The revised assessment of reserves for accrued traffic costs of SEK 162m mentioned above reduced EBITDA and Adjusted EBITDA in the comparison quarter.

Adjusted EBITDA amounted to SEK 299m (55). The Adjusted EBITDA margin was 6 percent (1). The largest adjustment items in the quarter were operational foreign exchange gains/losses of SEK -40m (70) and integration costs of SEK -20m (-28). See Note 2 for more information. Excluding the revised assessment of reserves in the comparison period, organic growth in Adjusted EBITDA in local currency was 21 percent compared to the corresponding quarter in the preceding year. The growth rate in EBITDA is higher than the growth rate in Net sales and gross profit due to continued cost control and execution of the Cost reduction program launched in Q2 2022.

Voice

Sinch services for voice communications make it possible for business customers, service providers and telecom carriers to handle large volumes of voice calls, phone numbers and emergency calls with no need for costly investments in infrastructure. The backbone of the offering is the Sinch super network for voice calls, which reaches 95 percent of the US population and handles more than 300 billion voice minutes per year.

Voice, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	1,557	1,485	3,159	2,885	6,134	6,408
Gross profit	753	685	1,497	1,366	2,915	3,046
Gross margin	48%	46%	47%	47%	48%	48%
EBITDA	364	312	745	646	1,399	1,498
EBITDA margin	23%	21%	24%	22%	23%	23%
Adjusted EBITDA	371	318	755	661	1,432	1,526
Adjusted EBITDA margin	24%	21%	24%	23%	23%	24%
Adjusted EBITDA/gross profit	49%	46%	50%	48%	49%	50%

Significant events

- Sinch informed the market that it is extending its Super Network and offering international [IP Connect](#).
- T-Mobile has deployed Sinch's location solution for emergency calls ([NG911 i3 Location Agent](#)). The service makes it possible to locate mobile handsets including vertical location, which reduces response time in emergencies.
- Inteliquent's voice offer is now presented as part of the [Sinch brand](#).

Net sales

Net sales for the quarter amounted to SEK 1,557m (1,485). All business during the quarter is classified as organic.

Net sales increased by 5 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -2 percent. Growth was hampered by the previously communicated regulation of charges for American toll-free numbers (the 8YY Access Charge Reform) and lower volumes. Products within Sinch's voice-based number verification services offer a competitive choice for global verification of phone numbers and demand remains strong.

Gross profit

Gross profit for the quarter amounted to SEK 753m (685).

Gross profit grew by 10 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 3 percent. Gross margin growth had positive impact on gross profit. Regulation of the American toll-free call market, the 8YY Access Charge Reform, reduced gross profit growth in Q2 by -4 percentage points. An improved product mix increased the gross margin to 48 percent (46) for the quarter.

EBITDA

EBITDA was SEK 364m (312) in Q2 and the EBITDA margin was 23 percent (21). Adjusted EBITDA was SEK 371m (318) and the Adjusted EBITDA margin was 24 percent (21).

Email

The segment includes Sinch's email business, which offers industry-leading deliverability of transactional and marketing emails to more than 100,000 customers worldwide. Corporate developers of communication services are a prioritized customer group, and the product set includes market-leading products including Mailgun, Mailjet and Email on Acid.

Email, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	436	358	858	688	1,511	1,680
Gross profit	339	260	666	506	1,117	1,278
Gross margin	78%	73%	78%	73%	74%	76%
EBITDA	185	122	360	238	547	669
EBITDA margin	43%	34%	42%	35%	36%	40%
Adjusted EBITDA	189	131	370	257	581	694
Adjusted EBITDA margin	43%	37%	43%	37%	38%	41%
Adjusted EBITDA/gross profit	56%	50%	56%	51%	52%	54%

Significant events

- Mailjet launched new security features including two-factor authentication and Single Sign-on.
- InboxReady launched enhanced features to reduce spam and a new integration with Google Postmaster for improved delivery performance.
- A total of 113 billion emails were sent during the quarter, an increase of 23 percent compared to the same quarter in 2022 and 5 percent compared to the preceding quarter.

Net sales

Net sales for the quarter amounted to SEK 436m (358). All business during the quarter is classified as organic.

Net sales increased by 22 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 14 percent. New customer acquisition is the main driver of growth.

Gross profit

Gross profit for the quarter amounted to SEK 339m (260).

Gross profit increased by 31 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 23 percent. Gross profit was increased by higher net sales and the improved gross margin. The gross margin was 78 percent (73) for the quarter. The gross margin improvement is due mainly to the migration to the new cloud infrastructure in 2022.

EBITDA

EBITDA was SEK 185m (122) in Q2. Adjusted EBITDA amounted to SEK 189m (131). The EBITDA margin was 43 percent (34) and the Adjusted EBITDA margin was 43 percent (26). The margin improvement is attributable to gross profit growth combined with operating cost discipline.

SMB

The segment includes easy-to-use turnkey solutions that make it a sinch for small and medium-sized businesses to use messaging services provided by well-established products including Sinch MessageMedia, SimpleTexting and ClickSend.

SMB, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	496	454	967	881	1,852	1,938
Gross profit	312	277	610	550	1,162	1,222
Gross margin	63%	61%	63%	62%	63%	63%
EBITDA	113	112	220	237	490	473
EBITDA margin	23%	25%	23%	27%	26%	24%
Adjusted EBITDA	149	125	286	262	566	590
Adjusted EBITDA margin	30%	28%	30%	30%	31%	30%
Adjusted EBITDA/gross profit	48%	45%	47%	48%	49%	48%

Significant events

- SimpleTexting introduced "AI Assist" functionality for creating SMS campaigns and templates.
- ClickSend launched eight new technical integrations that make it easy to use the platform together with Pipedrive, Slack, Airtable, Mailchimp Kissflow, Back in Stock, Eventsair and Workload.
- Through a strategic partnership with Sinch, TPG Telecom launched Messaging Hub, a new offering in which Sinch MessageMedia's industry leading products for customer engagement are combined with TPG Telecom's robust network infrastructure in Australia. TPG Telecom was formerly called Vodafone Australia.
- The "MessageMedia" brand was replaced by "Sinch MessageMedia."

Net sales

Net sales for the quarter amounted to SEK 496m (454). All business during the quarter is classified as organic.

Net sales increased by 9 percent compared to the same quarter last year and organic net sales growth, in local currency and excluding acquisitions, was 7 percent. The growth rate was improved by declining Covid 19-related messaging traffic in the comparison base and negatively affected by a cautious stance among business customers in Australia. The American market continues to perform well, with strong growth for SimpleTexting and Sinch MessageMedia.

Gross profit

Gross profit for the quarter amounted to SEK 312m (277).

Gross profit increased by 12 percent compared to the same quarter last year and organic profit growth, in local currency and excluding acquisitions, was 10 percent. The gross margin was 63 percent (61). The changed mix had positive effect on the gross margin.

EBITDA

EBITDA was SEK 113m (112) in Q2. Adjusted EBITDA amounted to SEK 149m (125). The EBITDA margin was 23 percent (25) and the Adjusted EBITDA margin was 30 percent (28).

Other and eliminations

Eliminations, the costs of central functions and group-wide costs are reported within "Other and eliminations." Eliminations affect only net sales and arise from internal sales between segments.

Other and eliminations, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	-89	-	-176	-	-	-176
Gross profit	-	-	-	-	-	-
EBITDA	-156	-103	-314	-281	-615	-654
Adjusted EBITDA	-143	-127	-272	-239	-469	-507

Net sales

Net sales were SEK -89 for the quarter and were comprised entirely of eliminations.

EBITDA

EBITDA for the quarter was SEK -156m (-103) and consisted mainly of employee benefits expenses in Finance, HR and IT and R&D, and rental costs.

Adjusted EBITDA amounted to SEK -143m (-127). See Note 2 for information about adjustments.

Income statement

Sinch Group, SEKm	Note	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales		7,021	6,615	13,948	13,164	27,722	28,505
Operating income		112	143	210	279	611	543
Work performed by the entity and capitalized		92	87	187	171	374	391
Cost of services sold		-4,699	-4,678	-9,366	-9,132	-18,912	-19,146
Other external cost		-549	-597	-1,097	-1,187	-2,400	-2,311
Employee benefits expenses		-1,117	-1,001	-2,187	-1,941	-4,157	-4,402
Other operating costs		-145	-41	-288	-179	-464	-573
EBITDA		715	528	1,408	1,176	2,774	3,006
Depreciation and amortization	5	-624	-577	-1,228	-1,130	-7,478	-7,576
EBIT		92	-49	179	46	-4,703	-4,569
Finance income		775	591	1,212	1,915	3,702	3,000
Finance expenses		-892	-589	-1,491	-1,896	-3,774	-3,369
Profit or loss before tax		-25	-47	-99	64	-4,775	-4,939
Current tax		-201	-139	-346	-397	-583	-532
Deferred tax		156	145	297	381	414	331
Profit or loss for the period		-70	-40	-148	48	-4,943	-5,140
Attributable to:							
Owners of the parent		-70	-40	-148	48	-4,943	-5,140
Non-controlling interests		0	0	0	0	0	0

Earnings per share

Sinch Group, SEK	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Basic	-0.08	-0.05	-0.18	0.06	-6.03	-6.13
- Diluted ¹	-0.08	-0.05	-0.18	0.06	-6.03	-6.13

1) The dilutive effect is not taken into account when financial performance is negative and outstanding warrants/stock options are not considered when the company's average share price is below the exercise price.

Statement of comprehensive income

Sinch Group, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Profit or loss for the period	-70	-40	-148	48	-4,943	-5,140
Other comprehensive income						
Items that may subsequently be reclassified to profit or loss for the period						
Translation differences	1,693	2,822	1,583	4,204	4,593	1,972
FX changes on increased net investments	240	555	233	547	604	290
Tax effect items in other comprehensive income	-22	-17	-18	-120	-107	-6
Other comprehensive income or loss for the period	1,911	3,360	1,797	4,631	5,090	2,256
Comprehensive income or loss for the period	1,840	3,320	1,649	4,679	147	-2,883
Attributable to:						
Owners of the parent	1,840	3,320	1,649	4,679	147	-2,883
Non-controlling interests	0	0	0	0	0	0

Balance sheet

Sinch Group, SEKm	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill		27,028	30,563	25,838
Customer relationships		14,679	15,051	14,719
Operator relationships		224	300	246
Proprietary software		5,330	5,359	5,315
Other intangible assets		454	1,209	488
Property, plant and equipment		967	814	874
Right-of-use assets		922	907	859
Financial assets		83	76	74
Deferred tax assets		1,084	1,053	962
Total non-current assets		50,770	55,332	49,375
Current assets				
Accounts receivable	7	4,614	4,523	4,247
Tax assets		285	210	317
Other current receivables		356	334	340
Prepaid expenses and accrued income	8	846	912	833
Cash and cash equivalents		1,545	1,470	2,173
Total current assets		7,646	7,449	7,909
TOTAL ASSETS		58,416	62,780	57,284
EQUITY AND LIABILITIES				
Equity				
Share capital		8	8	8
Other capital contributions		32,320	32,129	32,219
Reserves		7,065	4,809	5,268
Retained earnings including profit for the year		-3,212	1,928	-3,064
Equity attributable to owners of the parent	4	36,181	38,875	34,431
Non-controlling interests		1	1	1
Total equity		36,181	38,876	34,432
Non-current liabilities				
Deferred tax liability		5,395	6,024	5,403
Non-current liabilities, interest-bearing ¹		7,877	8,860	11,236
Non-current liabilities, non-interest-bearing		20	38	34
Total non-current liabilities		13,292	14,922	16,673
Current liabilities				
Contract liabilities/Advance payments from customers		279	257	260
Provisions		44	16	49
Accounts payable		1,646	1,408	1,561
Tax liability		354	444	466
Other interest bearing current liabilities ¹		3,111	3,140	99
Other non interest bearing current liabilities		302	316	344
Accrued expenses and prepaid income		3,207	3,401	3,401
Total current liabilities		8,942	8,983	6,180
TOTAL EQUITY AND LIABILITIES		58,416	62,780	57,284
Financial instruments measured at fair value				
Derivative instruments with positive value		-	0	-
Derivative instruments with negative value		25	38	15

1) Reclassification between other non interest bearing non-current liabilities, interest bearing current liabilities and other current liabilities has been carried out for 30 June 2022.

Condensed statement of changes in equity

Sinch Group, SEKm	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance 1 January 2022	7	31,988	178	1,879	34,053	1	34,053
Profit or loss for the period				48	48	0	48
Other comprehensive income			4,631		4,631	0	4,631
Share-based payments		73			73		73
Shares issued for warrants	0	77			77		77
Rights issue	1	-2			-1		-1
Issue expenses, net of tax		-7			-7		-7
Closing balance 30 June 2022	8	32,129	4,809	1,928	38,875	1	38,876
Opening balance 1 January 2023	8	32,219	5,268	-3,064	34,431	1	34,432
Profit or loss for the period				-148	-148	0	-148
Other comprehensive income			1,797		1,797	0	1,797
Warrants issue		4			4		4
Share-based payments		58			58		58
Shares issued for warrants	0	42			42		42
Rights issue					-		-
Issue expenses, net of tax		-2			-2		-2
Closing balance 30 June 2023	8	32,320	7,065	-3,212	36,181	1	36,181

Condensed statement of cash flows

Sinch Group, SEKm	Note	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Profit or loss before tax		-25	-47	-99	64	-4,775	-4,938
Adjustment for non-cash items ¹		633	323	1,316	877	7,167	7,605
Income tax paid		-226	-187	-425	-286	-560	-699
Cash flow before changes in working capital		382	89	792	655	1,832	1,968
Change in working capital		-395	579	-593	153	676	-70
Cash flow from (-used in) operating activities		-13	668	199	809	2,508	1,898
Net investments in property, plant and equipment and intangible assets		-138	-163	-292	-291	-643	-644
Change in financial receivables		1	0	-4	-6	-3	-1
Acquisition of Group companies	6	0	0	-24	-38	-45	-31
Cash flow from (-used in) investing activities		-137	-162	-320	-335	-691	-676
Change in borrowings		-300	-352 ²	-607	-800 ²	-1,455	-1,262
Amortization lease liability		-38	-57	-62	-83	-144	-124
New issue/warrants	4	46	42	44	70	91	65
Cash flow from (-used in) financing activities		-292	-368	-626	-813	-1,508	-1,321
Cash flow for the period		-442	138	-748	-340	309	-98
Opening balance cash and cash equivalents for the period		1,902	1,226	2,173	1,871	1,871	1,470
Exchange rate differences in cash and cash equivalents		85	106 ²	119	-61 ²	-7	173
Closing balance cash and cash equivalents for the period		1,545	1,470	1,545	1,470	2,173	1,545

1) Comprised mainly of depreciation, amortization and impairments and unrealized foreign exchange gains and losses.

2) A correction was made in Q3 2022 between "Change in borrowings" and "Exchange rate differences in cash and cash equivalents" for Q1 and Q2 2022.

Other disclosures

Sinch Group, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Share information						
Basic earnings per share, SEK	-0.08	-0.05	-0.18	0.06	-6.03	-6.13
Diluted earnings per share, SEK ¹	-0.08	-0.05	-0.18	0.06	-6.03	-6.13
Basic weighted average number of shares	839,886,328	815,839,195	839,247,835	799,542,882	819,116,557	838,805,863
Diluted weighted average number of shares ²	839,886,328	815,839,195	839,247,835	808,670,403	819,116,557	838,805,863
Total number of shares at the end of the period	842,776,438	837,597,728	842,776,438	837,597,728	838,602,248	842,776,438
Financial position						
Equity attributable to owners of the parent	36,181	38,875	36,181	38,875	34,431	36,181
Equity ratio	62%	62%	62%	62%	60%	62%
Net investments in property, plant and equipment and intangible assets	-138	-163	-292	-291	-643	-644
Cash and cash equivalents	1,545	1,470	1,545	1,470	2,173	1,545
Net debt (+) / Net cash (-)	9,442	10,530	9,442	10,530	9,162	9,442
Net debt/pro forma Adjusted EBITDA R12M, multiple	2.4	3.3	2.4	3.3	2.7	2.4
EBIT margin	1%	-1%	1%	0%	-17%	-16%
EBITDA margin	10%	8%	10%	9%	10%	11%
Employee information						
Average FTEs	3,623	3,657	3,587	3,547	3,565	3,585
Average FTEs, women	1,141	1,082	1,131	1,060	1,079	1,114
Percentage female	31%	30%	32%	30%	30%	31%

1) The dilutive effect is not taken into account when financial performance is negative and outstanding warrants/stock options are not considered when the company's average share price is below the exercise price.

2) If financial performance had been positive, the weighted number of dilutive warrants/stock options would have been 6,096,730 for H1 2023 and 11,773,922 for H1 2022.

Segment reporting

An operating segment is defined as a business activity that is able to generate revenues and incur costs, whose operating results are regularly reviewed by the entity's chief executive officer and for which separate financial information is available. The Group's operating segments are Messaging, Voice, Email, SMB and Other and eliminations. Items under EBITDA are not allocated to the segments.

Q2 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	4,621	1,557	436	496	-89	7,021
Gross profit	918	753	339	312	-	2,311
EBITDA	209	364	185	113	-156	715
EBITDA adjustments ¹	-90	-6	-4	-36	-13	-149
Adjusted EBITDA	299	371	189	149	-143	865
Depreciation and amortization						-624
EBIT						92
Net finance income						-117
Profit or loss before tax						-25

Q2 2022, SEK million	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	4,318	1,485	358	454	-	6,615
Gross profit	715	685	260	277	-	1,937
EBITDA	86	312	122	112	-103	528
EBITDA adjustments ¹	30	-6	-9	-14	23	25
Adjusted EBITDA	55	318	131	125	-127	503
Depreciation and amortization						-577
EBIT						-49
Net finance income						2
Profit or loss before tax						-47

Jan-Jun 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	9,139	3,159	858	967	-176	13,948
Gross profit	1,809	1,497	666	610	-	4,582
EBITDA	397	745	360	220	-314	1,408
EBITDA adjustments ¹	-163	-9	-11	-66	-42	-290
Adjusted EBITDA	559	755	370	286	-272	1,698
Depreciation and amortization						-1,228
EBIT						179
Net finance income						-279
Profit or loss before tax						-99

1) See specifications in Note 2.

Jan-Jun 2022, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	8,710	2,885	688	881	-	13,164
Gross profit	1,611	1,366	506	550	-	4,033
EBITDA	336	646	238	237	-281	1,176
EBITDA adjustments ¹	13	-14	-19	-25	-42	-88
Adjusted EBITDA	323	661	257	262	-239	1,264
Depreciation and amortization						-1,130
EBIT						46
Net finance income						19

Profit or loss before tax
64

1) See specifications in Note 2.

R12M, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	18,654	6,408	1,680	1,938	-176	28,505
Gross profit	3,813	3,046	1,278	1,222	-	9,359
EBITDA	1,020	1,498	669	473	-654	3,006
EBITDA adjustments ¹	-236	-27	-25	-117	-146	-552
Adjusted EBITDA	1,256	1,526	694	590	-507	3,559
Depreciation and amortization						-7,576
EBIT						-4,569
Net finance income						-369
Profit or loss before tax						-4,939

1) See specifications in Note 2.

Distribution of net sales

Q2 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales by customer region						
North America	2,769 ²	1,512	210	181	-29	4,643 ²
EMEA ¹	654 ²	27	167	43	-10	882 ²
Asia-Pacific	887	17	43	271	-50	1,168
Latin America	311	1	16	0	-	328
Total	4,621	1,557	436	496	-89	7,021
Net sales by product/service						
Communication services	4,551	1,557	436	505	-89	6,959
Initial software licenses and upgrades	50	-	-	-	-	50
Support	13	-	-	-	-	13
Other	7	-	-	-9	-	-2
Total	4,621	1,557	436	496	-89	7,021
Net sales allocation per point in time						
Over time	737	1,476	361	31	-89	2,516
At one point in time	3,884	81	75	465	-	4,505
Total	4,621	1,557	436	496	-89	7,021

1) As of and including Q1 2023, we have replaced the Europe region with the EMEA region and in so doing eliminated the "Rest of the world" region. Historical periods have not been adjusted with regard to Europe and Rest of the World.

2) Revenues of SEK 578m reported in Q1 were reclassified from EMEA to North America in Q2, which affects net sales in Messaging and consolidated net sales for these regions in the quarter.

Notes: Net sales by customer region are based on the customer's domicile and not necessarily where traffic is generated or terminated. This means, for example, that a customer reported above within North America may generate revenues related to traffic sent from a European subsidiary to end customers in other parts of the world.

The US provides the largest contribution to North America. The largest contributing countries in EMEA are the UK and France. The largest countries in the Asia-Pacific region are India and Australia. The largest contribution to Latin America is generated in Brazil.

Q2 2022, SEK million	Messaging	Voice	Email	SMB	Consolidated
Net sales by customer region					
North America	1,819	1,410	166	134	3,528
Europe ¹	1,287	33	120	38	1,478
Asia-Pacific	474	12	21	236	743
Latin America	223	-	5	-	229
Rest of the world	515	29	46	46	637
Total	4,318	1,485	358	454	6,615

Net sales by product/service					
Communication services	4,274	1,485	358	454	6,571
Initial software licenses and upgrades	29	-	-	-	29
Support	30	-	-	-	30
Other	-15	-	-	-	-15
Total	4,318	1,485	358	454	6,615

Net sales allocation per point in time					
Over time	849	1,347	291	33	2,519
At one point in time	3,469	138	67	422	4,096
Total	4,318	1,485	358	454	6,615

1) As of and including Q1 2023, we have replaced the Europe region with the EMEA region and in so doing eliminated the "Rest of the world" region. Historical periods will not be adjusted as Europe and Rest of the world combined cannot be reliably determined as having only been part of EMEA.

Jan-Jun 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales by customer region						
North America	4,287	3,067	417	351	-64	8,058
Europe ¹	2,658	56	327	82	-19	3,104
Asia-Pacific	1,580	35	82	533	-93	2,138
Latin America	614	1	32	1	-	648
Rest of the world	-	-	-	-	-	-
Total	9,139	3,159	858	967	-176	13,948

Net sales by product/service						
Communication services	9,006	3,159	858	967	-176	13,815
Initial software licenses and upgrades	80	-	-	-	-	80
Support	34	-	-	-	-	34
Other	19	-	-	-	-	19
Total	9,139	3,159	858	967	-176	13,948

Net sales allocation per point in time						
Over time	2,574	2,990	711	67	-176	6,166
At one point in time	6,565	169	147	900	-	7,782
Total	9,139	3,159	858	967	-176	13,948

1) As of and including Q1 2023, we have replaced the Europe region with the EMEA region and in so doing eliminated the "Rest of the world" region. Historical periods will not be adjusted as Europe and Rest of the world combined cannot be reliably determined as having only been part of EMEA.

Jan-Jun 2022, SEKm	Messaging	Voice	Email	SMB	Consolidated
Net sales by customer region					
North America	3,639	2,745	315	243	6,942
Europe ¹	2,698	44	235	76	3,053
Asia-Pacific	911	23	41	479	1,454
Latin America	446	1	10	-	457
Rest of the world	1,016	73	88	82	1,259
Total	8,710	2,885	688	881	13,164
Net sales by product/service					
Communication services	8,558	2,885	688	881	13,012
Initial software licenses and upgrades	58	-	-	-	58
Support	52	-	-	-	52
Other	42	-	-	-	42
Total	8,710	2,885	688	881	13,164
Net sales allocation per point in time					
Over time	1,260	2,747	560	58	4,625
At one point in time	7,451	138	129	823	8,540
Total	8,710	2,885	688	881	13,164

1) As of and including Q1 2023, we have replaced the Europe region with the EMEA region and in so doing eliminated the "Rest of the world" region. Historical periods will not be adjusted as Europe and Rest of the world combined cannot be reliably determined as having only been part of EMEA.

Parent company

Sinch AB (publ) owns and manages the shares attributable to the Sinch Group. The group's operational and strategic management functions have been centralized to the parent company. At the end of the period, the parent company had 4 (4) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries.

Parent company income statement

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Net sales	148	60	271	78	356	549
Operating income	5	0	6	1	6	12
Operating expenses						
Other external expenses	-166	-110	-208	-147	-345	-406
Employee benefits expenses	-5	-6	-10	-11	-21	-20
EBIT before other operating costs, depreciation/amortization and impairment losses	-19	-57	59	-79	-4	135
Other operating costs	-2	0	-3	-1	-8	-10
Depreciation and amortization	-1	-1	-1	-2	-5	-4
EBITDA	-22	-59	55	-83	-16	122
Impairment of shares in subsidiaries	-	0	-	-	-4,340	-4,340
Interest income and similar profit items	910	393	1,464	2,094	3,923	3,293
Interest expenses and similar loss items	-747	-479	-1,310	-1,649	-3,435	-3,096
Profit after financial items	141	-144	210	363	-3,868	-4,021
Appropriations	-	-	-	-	-252	-252
Profit or loss before tax	141	-144	210	363	-4,120	-4,273
Tax on profit for the period	-30	30	-48	-75	-25	1
Profit or loss for the period	111	-114	161	288	-4,145	-4,271

Parent company balance sheet

SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	4	6	5
Property, plant and equipment	2	4	3
Financial assets			
Investments in Group companies	15,764	19,728	15,764
Non-current receivables, Group companies	2,414	2,227	2,278
Total financial assets	18,178	21,955	18,041
Deferred tax assets	-	7	-
Total non-current assets	18,184	21,971	18,049
Current assets			
Receivables from Group companies ¹	26,582	26,116	22,276
Tax assets	2	0	33
Other current receivables	39	11	-
Prepaid expenses and accrued income	104	298	82
Cash and cash equivalents	164	120	765
Total current assets	26,890	26,545	23,155
TOTAL ASSETS	45,074	48,516	41,204
EQUITY AND LIABILITIES			
Share capital	8	8	8
Total restricted equity	8	8	8
Share premium reserve	34,172	34,105	34,126
Retained earnings	-4,018	129	130
Profit or loss for the year	161	288	-4,145
Total non-restricted equity	30,316	34,521	30,111
Total equity	30,324	34,530	30,119
Untaxed reserves	95	43	95
Deferred tax liability	5	-	-
Total untaxed reserves and provisions	100	43	95
Non-current liabilities			
Liabilities to credit institutions	6,986	8,071	10,449
Total non-current liabilities	6,986	8,071	10,449
Current liabilities			
Accounts payable	32	32	3
Tax liability	-	36	-
Liabilities to Group companies ¹	4,541	2,731	469
Liabilities to credit institutions	3,000	3,000	-
Other current liabilities	28	39	17
Accrued expenses and prepaid income	63	34	52
Total current liabilities	7,665	5,872	541
TOTAL EQUITY AND LIABILITIES	45,074	48,516	41,204

1) Consolidated liabilities have been reclassified from Receivables from Group companies to Liabilities to Group companies for 30 June 2022.

Note 1 - Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes and elsewhere in the interim report. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting of Legal Entities. The accounting policies and estimation methods are unchanged from those applied in the 2022 annual report. The financial statements are presented in SEKm unless otherwise specified. Amounts and calculations presented in the tables are rounded off and may not precisely match the figures presented in the financial statements and notes.

There is no plan to early apply new standards or amendments adopted by the EU that become effective for annual periods subsequent to 2023. Sinch will be affected by the amendments to IAS 1 regarding accounting policies, but the change will only affect information concerning accounting policies. The Group will also be affected as regards accounting for deferred tax on leases, where the gross accounts will be presented in a note to the financial statements. Sinch has not yet determined how the Group will be affected by the amendment to IAS 1 regarding classification of liabilities. It has been determined that other forthcoming amendments will have no material impact. Risks and uncertainties relevant to Sinch are described in the 2022 Annual Report, with further comments provided below.

Fair value

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are attributable to measurement levels 2 and 3. For information on the measurement techniques, see Note 28 in the 2022 Annual Report.

Impairments

Sinch determined in Q2 2023 for all cash-generating units that there are no indications of impairment of goodwill.

Receivables and accrued revenues

Accounts receivable (both billed and unbilled) have an unconditional right to payment. Revenues based on an unconditional right to payment must be reported as unbilled receivables if the amounts have not been billed as of the reporting date, while revenues that have been billed are shown as billed receivables on the balance sheet. Most customers are billed monthly in arrears (after services are rendered) and the unbilled receivables are converted to billed receivables a few days after the close of books.

Contract assets referring to accrued revenue have a conditional right to payment, which means for example that Sinch must first satisfy a final contractual obligation before an unconditional right to payment is established.

Impact of external factors on consolidated accounting policies

Macroeconomic trends including the weaker SEK, rising inflation, increased interest rates and slower economic growth have affected the company's finances in terms of revenues, costs and valuation. Consolidated accounting policies have not been altered in response to macroeconomic changes, but the models used have been affected. Impairment testing of goodwill, where the discount rate is a material component, is one example. See also "Risk assessment" on page 29 for more information regarding changed macroeconomic conditions.

Note 2 - Operating profit

EBITDA and EBIT adjustments are intended to clarify performance in underlying operations. The adjustments include acquisition costs, integration costs, operational foreign exchange gains/losses, restructuring costs, costs of share-based incentive programs and non-recurring adjustments.

The costs of incentive programs are clarified and divided into payroll costs and social insurance costs, where payroll costs are, in accordance with IFRS 2, an estimated cost that does not affect cash flow and social insurance costs fluctuate with Sinch's price per share. Excluding these costs from Adjusted EBITDA ensures that short-term changes in the share price do not impede analysis of the underlying business and makes it easier to relate Adjusted EBITDA to Sinch's cash flow.

Sinch's financial target is defined as growth in Adjusted EBITDA per share. The future cost of Sinch's incentive programs to existing shareholders is reflected there as dilution, through an increased number of shares. By applying the new definition of Adjusted EBITDA, we ensure that the cost to shareholders in Sinch is not counted twice. Sinch's definition of Adjusted EBITDA also becomes more directly comparable with other listed competitors.

Reconciliation items related to operating profit

EBITDA adjustments, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Acquisition costs	-2	1	-5	-41	-45	-9
Restructuring costs	-28	-	-33	-	-62	-96
Earnouts	-	-	-18	-	-	-18
Integration costs	-47	-66	-94	-125	-252	-221
Costs of share-based incentive programs	-33	-27	-55	-45	-124	-135
Operational foreign exchange gains/losses	-41	117	-86	123	135	-74
Other adjustments	1	-	1	-	-1	0
Total EBITDA adjustments	-149	25	-290	-88	-350	-552
Amortization of acquisition-related assets	-506	-464	-1,003	-904	-1,987	-2,086
Impairment of goodwill	-	-	-	-	-5,097	-5,097
Total EBIT adjustments	-655	-439	-1,293	-992	-7,434	-7,735

Acquisition costs, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	0	-	0	-	-	0
Voice	-	3	-	3	3	0
Email	-	-	-	-	-	-
SMB	0	0	0	-	-	0
Other and eliminations	-2	-2	-4	-44	-48	-9
Total acquisition costs per segment¹	-2	1	-5	-41	-45	-9

1) Reported as other external expenses.

Restructuring costs, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	-15	-	-20	-	-61	-81
Voice	-	-	-	-	-	-
Email	-	-	-	-	-	-
SMB	-9	-	-9	-	-	-9
Other and eliminations	-4	-	-4	-	-2	-6
Total restructuring costs per segment²	-28	-	-33	-	-62	-96

2) Reported as other external expenses.

Earnout, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	-	-	-	-	-	-
Voice	-	-	-	-	-	-
Email	-	-	-	-	-	-
SMB	-	-	-	-	-	-
Other and eliminations	-	-	-18	-	-	-18
Total earnout per segment³	-	-	-18	-	-	-18

3) Reported as other external expenses.

Integration costs, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	-20	-28	-37	-53	-111	-95
Voice	-1	-5	-3	-8	-12	-7
Email	-	-6	-	-11	-13	-2
SMB	-21	-9	-42	-15	-54	-80
Other and eliminations	-5	-18	-12	-38	-62	-38
Total integration costs per segment⁴	-47	-66	-94	-125	-252	-221
Of which:						
Employee benefits expenses	-44	-42	-89	-82	-180	-187
External consultants	-3	-20	-4	-38	-59	-25
Other	-	-4	-	-4	-13	-9
Total integration costs per category⁴	-47	-66	-94	-125	-252	-221

4) Reported as other external expenses and employee benefits expenses.

Costs of share-based incentive programs, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	-15	-12	-23	-17	-52	-58
Voice	-5	-5	-7	-9	-22	-20
Email	-5	-6	-11	-11	-25	-24
SMB	-5	-4	-12	-7	-21	-26
Other and eliminations	-3	-2	-3	-1	-4	-6
Total costs for share-based incentive programs per segment⁵	-33	-27	-55	-45	-124	-135
Of which:						
Cost of vested warrants per IFRS 2	-31	-36	-58	-73	-140	-125
Social insurance costs	-1	8	2	28	16	-10
Total costs for share-based incentive programs per category⁵	-33	-27	-55	-45	-124	-135

5) Reported as employee benefits expenses.

Operational foreign exchange gains/losses, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	-40	70	-82	83	161	-5
Voice	0	-	0	-	-	0
Email	0	3	-1	3	5	1
SMB	-1	-1	-3	-3	-1	-1
Other and eliminations	1	45	0	40	-30	-70
Total operational foreign exchange gains/losses⁶	-41	117	-86	123	135	-74
Of which:						
Realized foreign exchange gains/losses	29	98	18	113	128	33
Unrealized foreign exchange gains/losses	-70	19	-104	9	7	-107
Total operational foreign exchange gains/losses per category⁶	-41	117	-86	123	135	-74

6) Reported as other operating income or other operating costs.

Other adjustments, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Messaging	0	-	0	-	1	1
Voice	0	-	0	-	-	0
Email	1	-	1	-	-2	0
SMB	-	-	-	-	-	-
Other and eliminations	0	-	0	-	-	0
Total other adjustments per segment⁷	1	-	1	-	-1	0

7) Reported as other operating income or other operating costs.

Note 3 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities amounted to SEK 195m (198).

Note 4 - Incentive programs

Under the incentive program, LTI 2023, adopted by the AGM on 17 May 2023, 6,473,099 warrants have been subscribed for by senior executives and key employees within Sinch. The maximum number of warrants in LTI 2023 is 8,385,000. Under the incentive program, LTI 2022, adopted by the AGM on 9 June 2022, 2,115,096 warrants have been subscribed for by senior executives and key employees within Sinch. The maximum number of warrants in LTI 2022 is 25,000,000.

During the second quarter, 370,918 warrants from LTI 2018 and 16,640 warrants from LTI 2019 were exercised, where each warrant carried 10 shares. The exercise prices were SEK 9.13 and SEK 17.41 per share, respectively. Sinch gained SEK 42m in equity through the exercise of warrants.

Total costs for the incentive programs recognized in profit or loss amount to SEK 55m (45) for the period of January-June. Payroll costs for vested warrants are included in profit or loss in the amount of SEK 58m (73) with a corresponding increase in equity and social insurance costs, and improved profit by SEK 2 (28), with a corresponding reduction of provisions in the balance sheet. Payroll costs reduced profit in Q2 by SEK 31m (36) and social insurance costs reduced profit by SEK 1m (-8).

If operations had generated net profit for the quarter, 9 percent of all outstanding warrants would have been considered dilutive in Q2 because the exercise price was lower than the average share price. The potential dilutive effect, as measured at the inception of the programs, is 0.7 percent (1.1) upon exercise of all warrants/options in all programs. See Note 7 of the 2022 annual report for further disclosures regarding the Group's incentive programs LTI 2016, LTI 2018, LTI 2019, LTI 2020, LTI II 2020, LTI 2021, LTI II 2021 and LTI 2022.

Note 5 - Depreciation, amortization and impairments

Depreciation, amortization and impairments, SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	2022	R12M
Amortization acquired customer relationships	-311	-291	-615	-567	-1,200	-1,248
Amortization acquired operator relationships	-19	-18	-37	-34	-72	-75
Amortization acquired trademarks	-23	-14	-45	-28	-121	-138
Amortization acquired software	-154	-141	-305	-274	-594	-626
Impairment of goodwill	-	-	-	-	-5,097	-5,097
Total acquisition-related amortization	-506	-463	-1,003	-903	-7,084	-7,183
Amortization proprietary software	-35	-33	-62	-65	-60	-57
Amortization licenses	-2	-	-3	-3	-6	-6
Amortization other intangible assets	-1	-	-1	-1	-2	-2
Total amortization intangible assets	-543	-497	-1,068	-972	-7,153	-7,249
Depreciation tangible fixed assets	-43	-43	-87	-88	-181	-181
Depreciation right-of-use assets	-37	-36	-73	-70	-143	-146
Impairments	-0	-	-0	-	-0	-0
Total amortization/depreciation of intangible assets and property, plant and equipment	-624	-577	-1,228	-1,130	-7,478	-7,576

Note 6 - Acquisition of Group companies

Acquisitions in 2023

There have been no acquisitions in 2023, but a contingent earnout of SEK 24m was paid in Q1 in relation to the acquisition of TWW.

Acquisitions in 2022

A minor acquisition worth SEK 5m was carried out in 2022. A contingent earnout of EUR 750k, corresponding to SEK 7m, was paid in Q3 in relation to the 2019 acquisition of MyElefant. The earnout was paid in accordance with contract and has no impact on consolidated financial results.

Note 7 - Accounts receivable

Sinch Group, SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
Unbilled receivables	1,995	1,835	1,958
Receivables, billed	2,791	2,858	2,465
Expected credit loss allowance	-172	-169	-176
Total accounts receivable	4,614	4,523	4,247

Note 8 - Prepaid expenses and accrued income

Sinch Group, SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
Accrued revenue from contracts with customers	73	91	112
Other accrued income and prepaid expenses	773	821	721
Total accrued income and prepaid expenses	846	912	833

Definitions

Financial measurements defined under IFRS:

Earnings per share, basic and diluted

Net profit for the period attributable to owners of the parent divided by the volume-weighted average number of shares outstanding in the period before/after dilution.

Financial measurements not defined under IFRS:

The company presents certain financial measurements that are not defined under IFRS. The company believes that these measurements provide useful supplemental information to investors and the company's management for reasons including that they enable evaluation of the company's performance. Because not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies. These financial measurements should therefore not be considered a substitute for measurements defined under IFRS. Please refer to investors.sinch.com for a reconciliation of these financial measurements and organic growth.

Gross margin

Gross profit in relation to net sales.

The gross margin reflects the percentage of sales that comprises internal value creation and is not passed on to suppliers.

Gross profit

Net sales less the cost of services sold.

Illustrates the company's internal value creation excluding costs paid to suppliers.

A large share of Sinch's cost of services sold consists of mobile operator fees for sending messages. As operator traffic tariffs differ substantially from one country to the next, Sinch focuses mainly on gross profit and gross profit growth, rather than net sales and the gross margin. Consequently, changes in traffic patterns and the volume mix can have high impact on net sales and gross margin even though there is no effect on gross profit in absolute numbers.

Net investments in property, plant and equipment and intangible assets

Investments in property, plant and equipment and intangible assets during the period less divested property, plant and equipment and intangible assets.

Interest-bearing liabilities

Bond loans, bank loans, overdraft facilities and lease liabilities.

Used to calculate net debt.

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Used to track the debt trend and visualize the size of refinancing requirements.

Net debt/pro forma Adjusted EBITDA R12M

Net debt divided by adjusted EBITDA, past 12 months. Adjusted EBITDA R12M is measured on a pro forma basis, includes contributions from acquired entities during the past 12 months and excludes lease liabilities related to IFRS 16.

Shows how many years it would take to pay off the company's debts presuming that net debt and Adjusted EBITDA are constant and with no consideration of other cash flows.

OPEX

Other external expenses and employee benefits expenses

Equity ratio

Equity as a percentage of total assets.

Illustrates the company's financial position. A good equity/assets ratio equips the company to manage periods of economic downturn and the financial basis for growth.

EBIT

Profit for the period before finance income, finance expenses and tax.

EBITDA

Profit for the period before finance income, finance expenses, tax and depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Enables comparisons of profitability over time, regardless of the effects of the rate of depreciation and amortization of non-current assets, financing structure and the corporation tax rate.

Operating expenses

Operating expenses are defined as the difference between gross profit and EBITDA and consist of the following items: Other operating income, Work performed by the entity and capitalized, Other external services, Employee benefits expenses and Other operating costs.

Adjusted operating expenses

Adjusted operating expenses are defined as the difference between gross profit and Adjusted EBITDA and consist of the following items: Other operating income, Work performed by the entity and capitalized, Other external services, Employee benefits expenses, Other operating costs and EBITDA adjustments.

Integration costs

Integration costs arise upon acquisition of a business and may include adaptation of processes, trademarks and technical systems. Costs are non-recurring, but unlike restructuring costs, they are related to the company's ongoing and future operations.

Restructuring costs

Restructuring costs comprise direct costs related to restructuring and have no connection with the company's current operations. Restructuring costs include mainly the costs of laying off employees and indirect costs related to the layoffs.

Adjusted EBITDA

EBITDA excluding acquisition costs, integration costs, restructuring costs, operational foreign exchange gains/losses, costs of share-based incentive programs and non-recurring adjustments.

Enables comparison of profitability over time in underlying operations.

Adjusted EBITDA per share

Adjusted EBITDA divided by the volume-weighted average number of shares outstanding for the period after dilution.

Measures the earnings per share generated by the business adjusted for acquisition costs, integration costs and other adjustment items. Sinch's financial targets, which have been set by the board of directors, are based on growth in Adjusted EBITDA per share.

Adjusted EBITDA/gross profit

The measure shows the company's Adjusted EBITDA margin as a percentage of gross profit. The cost of services sold is included in gross profit in addition to net sales.

Adjusted EBIT

EBIT after the same adjustments as for Adjusted EBITDA and excluding non-cash acquisition-related depreciation, amortization and impairment.

Enables comparison of profitability over time, regardless of amortization and impairment of acquisition-related intangible assets and independent of financing structure and the corporation tax rate.

EBIT margin/Adjusted EBIT margin

EBIT/Adjusted EBIT in relation to net sales.

EBITDA margin /Adjusted EBITDA margin

EBITDA/Adjusted EBITDA in relation to net sales,

Amortization of acquisition-related assets

Amortization of acquired intangible assets/depreciation of acquired property, plant and equipment. Depreciation of property, plant and equipment and amortization of other intangible assets are included in acquisition-related amortization and depreciation, as this is a measure of the use of resources necessary to generate profit.

Operational measurements**Percentage female**

Average number of women in relation to the average total number of employees during the period, recalculated as full-time equivalents.

Number of ordinary shares at the end of the period

Number of ordinary shares at the end of the period.

Average number of employees and consultants

Average number of employees and consultants during the period, recalculated as full-time equivalents.

Organic growth

Growth adjusted for acquisition and currency effects.

Sinch's presentation currency is SEK, while a large portion of revenues and costs are in other currencies. Growth adjusted for acquired entities and currency effects shows underlying growth. Acquisitions are considered part of organic operations after 12 months.

Total shares outstanding

Total number of ordinary shares and preference shares at the end of the period.

Terms and acronyms

See the Annual Report for Sinch AB (publ) for definitions of terms and acronyms, available at investors.sinch.com.

About Sinch

Sinch powers meaningful conversations between businesses and their customers through its Customer Communications Cloud. More than 150,000 businesses – including many of the world’s largest tech companies – rely on Sinch and its global super network, which is the most secure and reliable network for messaging, voice and email. Sinch has been profitable and fast-growing since it was founded in 2008. It is headquartered in Stockholm, Sweden, with shares traded at NASDAQ Stockholm: XSTO:SINCH.

Forthcoming reporting dates

Interim report Q3, Jan–Sep 2023 7 November

Annual report

The annual report for the 2022 financial year is available on the company’s website, investors.sinch.com.

Annual General Meeting

The annual general meeting of shareholders in Sinch was held on 17 May 2023 and the meeting endorsed all board proposals. See sinch.investors.com for more information.

Risk assessment

Sinch is, like all businesses, exposed to various types of risks in its operations. These include financial risks that could affect the company’s performance and cash flow such as currency movements, changes in interest rates, financing terms and taxes. In addition, there are commercial risks such as technological advances, competition, supplier price increases and regulations, as well as ESG-related risks such as processing of personal data, corruption and discrimination. Risk management is an integral part of Sinch’s management, and risks are described in more detail in the Annual Report. The risks described for the Group may also have an indirect impact on the parent company.

Changed macroeconomic conditions and the impact of the Russian invasion of Ukraine

Russia invaded Ukraine on 24 February 2022, which has caused massive human suffering. Although Sinch’s business has no material direct exposure to Ukraine or the immediate effects of the war, Sinch is exposed to the secondary effects of the war in the form of a changed macroeconomic situation of rising inflation and interest rates and lower economic growth.

Sinch’s business is well-diversified, with revenues related to a large number of geographical markets, sectors and customer groups. The company is also a leading global

supplier and as such enjoys large economies of scale in its operations. In addition, Sinch’s offering helps companies improve the efficiency of their businesses using digital communications, which has contributed to keeping demand up even when the economy has been weak.

Outlook

Sinch does not publish forecasts, but due to the above, the changed macroeconomic outlooks have increased the risk that Sinch will be impacted by lower demand, changes in the competitive landscape and increased costs.

Forward-looking statements

This report contains statements concerning, among other things, Sinch’s financial position and earnings as well as statements regarding market conditions that may be forward-looking. Sinch believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. Forward-looking statements, however, include risks and uncertainties and actual outcomes or consequences may differ materially from those expressed. Other than as required by applicable law, forward-looking statements apply only on the day they are presented and Sinch does not undertake to update any of them in light of new information or future events.

Assurance

The board of directors and the CEO certify that the interim report gives a true and fair view of the company’s and the Group’s operations, position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Headquarters

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Invitation to webcast and phone conference

Sinch will present the interim report in a webcast and phone conference on Friday, 21 July 2023 at 14:00 CEST. Watch the presentation at investors.sinch.com/webcast.

Follow the link below to register to participate via phone conference. After you register, you will be given a phone number and conference ID to log into the conference.

<https://conference.financialhearings.com/teleconference/?id=200888>

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Stockholm, 21 July 2023

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Board Chair

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Director

Renée Robinson Strömberg
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Johan Stuart
Director

Björn Zethraeus
Director

Hudson Smith
Director

Laurinda Pang
President and CEO

Note: Sinch AB (publ), is required to publish the information in this interim report pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication by the contact person above on 21 July 2023 at 07:30 CEST.

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply. This report has not been subject to review by the company's independent auditors.