

Interim report, January–September 2023

July–September 2023

- Net sales increased by 1 percent to SEK 7,265m (7,196).
- Gross profit increased by 3 percent to SEK 2,433m (2,361).
- EBITDA rose by 5 percent to SEK 848m (808).
- Adjusted EBITDA¹ increased by 5 percent to SEK 943m (901).
- Profit after tax for the quarter was SEK 46m (-4,765).
- Basic earnings per share were SEK 0.05 (-5.69) and diluted earnings per share were SEK 0.05 (-5.69).
- Cash flow from operating activities was SEK 862m (727).

January–September 2023

- Net sales increased by 4 percent to SEK 21,213m (20,361).
- Gross profit increased by 10 percent to SEK 7,015m (6,394).
- EBITDA rose by 14 percent to SEK 2,256m (1,984).
- Adjusted EBITDA¹ increased by 22 percent to SEK 2,642m (2,165).
- The loss after tax for the period was SEK -102m (-4,717).
- Basic earnings per share were SEK -0.12 (-5.81) and diluted earnings per share were SEK -0.12 (-5.81).
- Cash flow from operating activities was SEK 1,061m (1,535).

“With stable margins and strong cash flow, we can again turn our focus towards growth.”

– Laurinda Pang, CEO

Significant events during the quarter

- Sinch was named as a leader in the first-ever Gartner [Magic Quadrant for CPaaS](#).
- Sinch MessageMedia announced that two-way SMS capabilities have been integrated with Zoho Desk and the HubSpot Service Hub.
- Sinch partnered with the [American Automobile Association](#) to develop a new service that makes it possible for AAA members in need of road assistance to use satellite connections for chat services when they are out of cellular range.
- Sinch launched a new product for Elastic SIP Trunking that is now available in an open beta version. A complement to existing Sinch voice services, the product allows business customers to easily buy flexible voice capacity via sinch.com.

Significant events earlier this year

- On January 12, 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.
- It was announced on May 25 that Sinch was named a leader in [IDC MarketScape for CPaaS](#).
- The cost reduction program that was announced in mid-2022 achieved the announced reduction targets in Q2 2023.

Significant events after the end of the quarter

- Sinch announced a new operating model to accelerate its organic growth. The new model increases the focus on customers, unlocks cross- and upselling, and leverages the company’s global scale in Product and R&D. Implementation of the new model implies thorough integration of multiple acquired entities into joint organizations so that efficiency gains and cost synergies can be reinvested into initiatives that drive growth. See the [press release](#) for more information.

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

Comments from the CEO

Solid profitability and strong cash flow

Performance in the third quarter matches what we've seen earlier in 2023. We delivered towards the priorities we set last year with robust profitability and strong cash flow.

Our gross margin is stable and we delivered a 12 percent EBITDA margin. Operating cash flow reached SEK 862 million in the quarter and exceeds SEK 2 billion over the last 12 months. Our Net debt/Adjusted EBITDA is now 2.2x, down from 3.2x in Q3 22.

We do not see any major changes to our commercial environment compared to earlier this year. Net sales and gross profit is up slightly versus Q2 and Q1, but our year-on-year growth rate has nonetheless deteriorated as Q3 2022 marked an unusually strong comparison period.

Since mid-2022 we have focused explicitly on profitability and cash flow. We can look back at five consecutive quarters with stable margins, we have strong cash flow, and we have significantly reduced our leverage. We have created room to maneuver and can again turn our focus towards growth, whilst of course maintaining our strong profitability.

Reigniting our growth is also the prime objective of the new operating model that we announced in October. We will organize our customer-facing teams into three geographic regions and equip our sales teams to market the full breadth of our product offering. Selling our full portfolio makes us more relevant, and more strategic, as we enable businesses to transform their customer experience. A regional setup also ensures that decisions can be made with speed and closer to our customers, not least in the Americas which contributes more than half of our net sales and gross profit.

The new operating model also creates centralized, global organizations for product, R&D and operations. This lets us leverage our superior scale, accelerate the development of integrated products, and makes it easier to reallocate resources towards growth areas.

Planning is now underway to ensure that the new organization is implemented by January 1. I am encouraged by the positive feedback that employees have shared as we announced these plans, especially considering the adaptability that is required by teams throughout our organization to ready our business ahead of the new year.

It is also encouraging to see the progress made this quarter with several new logo wins and product announcements.

For AAA, the American Automobile Association, we have extended the omnichannel capabilities of our Customer Communications Cloud to support real-time messaging via satellite. This innovative solution leverages the unique



hardware capabilities of recent iPhones so that stranded motorists can reach roadside assistance, including when driving through remote areas without mobile cell coverage.

We have also launched several new products this quarter, adding voice functionality that broadens our addressable market and new email tools that improve deliverability.

Our proprietary voice network and end-to-end control make us uniquely positioned and differentiated towards the quality-discerning and compliance-minded voice buyer. We are now expanding our scope with new features and much-improved self-service capabilities so that developers and enterprise buyers can onboard and leverage our voice platform via sinch.com.

The launch of Mailgun Optimize and Mailgun Validate adds further capabilities to our email platform that extends our lead in deliverability versus competition. We believe these additions will help drive growth both with online self-signup customers as well as with larger enterprise accounts.

Our ability to service both large enterprise buyers and software developers is recognized also by industry analysts. During the quarter, Gartner named Sinch a Leader in their Magic Quadrant™ for CPaaS (Communications-Platform-as-a-Service).

We have a leading, global position in an attractive and expanding market, but we can do much more to leverage our full capabilities. We are now making changes to sharpen our focus on customers, unify our product offering, and increase our commercial velocity. We are organizing for growth and are intent on delivering.

Stockholm, 7 November, 2023

Laurinda Pang
CEO

Sinch overview

For a list and definitions of financial and operational measurements, please refer to page 31.

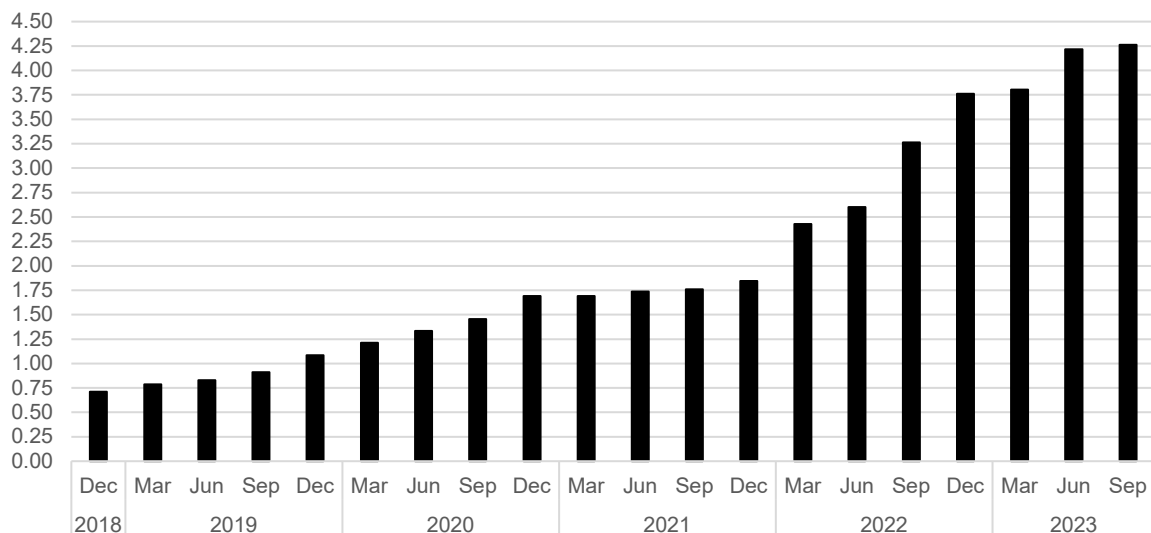
Sinch Group, SEKm	Q3	Q3	Jan-Sep	Jan-Sep	2022	R12M
	2023	2022	2023	2022		
Net sales	7,265	7,196	21,213	20,361	27,722	28,574
Gross profit	2,433	2,361	7,015	6,394	8,810	9,431
Gross margin	33%	33%	33%	31%	32%	33%
EBITDA	848	808	2,256	1,984	2,774	3,047
EBITDA margin	12%	11%	11%	10%	10%	11%
Adjusted EBITDA ¹	943	901	2,642	2,165	3,124	3,601
Adjusted EBITDA margin	13%	13%	12%	11%	11%	13%
Adjusted EBITDA/gross profit	39%	38%	38%	34%	35%	38%
EBIT	184	-4,815	363	-4,769	-4,703	429
EBIT margin	3%	-67%	2%	-23%	-17%	2%
Adjusted EBIT ¹	806	774	2,278	1,811	2,731	3,197
Adjusted EBIT margin	11%	11%	11%	9%	10%	11%
Profit or loss for the period	46	-4,765	-102	-4,717	-4,943	-328
Cash flow from operating activities	862	727	1,061	1,535	2,508	2,034
Net debt (+) / Net cash (-)	8,832	10,258	8,832	10,258	9,162	8,832
Net debt/pro forma Adjusted EBITDA R12M, multiple ²	2.2	3.2	2.2	3.2	2.7	2.2
Equity ratio	62%	60%	62%	60%	60%	62%
Adjusted EBITDA/share, SEK	1.12	1.07	3.12	2.64	3.76	4.26
Diluted earnings per share ³ for the period, SEK	0.05	-5.69	-0.12	-5.81	-6.03	-0.39
Average number of employees	3,691	3,635	3,622	3,576	3,565	3,599
Average number of employees including consultants	4,259	4,351	4,239	4,303	4,287	4,239

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 and includes contributions from acquired entities during the past 12 months. Net debt and Adjusted EBITDA are both measured excluding IFRS 16-related lease liabilities. See page 8 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.

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net sales, SEKm									
Messaging	3,884	4,540	4,392	4,318	4,698	4,817	4,518	4,621	4,796
Voice	53	339	1,400	1,485	1,624	1,625	1,603	1,557	1,591
Email	-	81	330	358	400	422	422	436	447
SMB	-	247	427	454	474	497	472	496	532
Other and eliminations	-	-	-	-	-	-	-87	-89	-100
Total	3,938	5,207	6,550	6,615	7,196	7,361	6,927	7,021	7,265
Gross profit, SEKm									
Messaging	875	975	896	715	1,004	1,001	891	918	1,011
Voice	21	162	681	685	767	781	744	753	743
Email	-	64	246	260	292	320	327	339	345
SMB	-	147	273	277	299	314	298	312	335
Other and eliminations	-	-	-	-	-	-	-	-	-
Total	896	1,348	2,096	1,937	2,361	2,416	2,260	2,322	2,433
Gross margin									
Messaging	23%	21%	20%	17%	21%	21%	20%	20%	21%
Voice	39%	48%	49%	46%	47%	48%	46%	48%	47%
Email	-	79%	74%	73%	73%	76%	78%	78%	77%
SMB	-	59%	64%	61%	63%	63%	63%	63%	63%
Total	23%	26%	32%	29%	33%	33%	33%	33%	33%
EBITDA, SEKm									
Messaging	311	434	250	86	306	311	187	209	310
Voice	-6	45	335	312	378	375	381	364	338
Email	-	36	116	122	141	168	174	185	186
SMB	-	70	126	112	122	130	107	113	158
Other and eliminations	-148	-255	-178	-103	-140	-194	-158	-156	-143
EBITDA, total	157	330	648	528	808	791	692	715	848
EBITDA margin	4%	6%	10%	8%	11%	11%	10%	10%	12%
Adjusted EBITDA, SEKm									
Messaging	388	448	267	55	326	366	260	299	378
Voice	-6	52	343	318	389	382	384	371	344
Email	-	36	126	131	155	169	181	189	190
SMB	-	65	137	125	148	156	137	149	167
Other and eliminations	-83	-130	-112	-127	-117	-113	-129	-143	-135
Adjusted EBITDA, total	298	471	760	503	901	960	834	865	943
Adjusted EBITDA margin	8%	9%	12%	8%	13%	13%	12%	12%	13%
Adjusted EBITDA/gross profit	33%	35%	36%	26%	38%	40%	37%	37%	39%
Adjusted EBITDA/share, SEK	0.39	0.61	0.96	0.61	1.07	1.13	0.98	1.03	1.12

EBITDA adjustments, SEKm (Note 2)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Acquisition costs	-24	-101	-42	1	-5	1	-3	-2	-2
Restructuring costs	-	-	-	-	-18	-44	-6	-28	-14
Earnouts	-	-	-	-	-	-	-18	-	-
Integration costs	-59	-66	-59	-66	-61	-67	-47	-47	-31
Costs of share-based incentive programs	-45	-15	-17	-27	-42	-38	-23	-33	-29
Operational foreign exchange gains/losses	-14	29	5	117	37	-25	-45	-41	-12
Other adjustments	-	11	-	-	-3	2	0	1	-9
Total EBITDA adjustments	-142	-141	-113	25	-93	-169	-141	-149	-95
Amortization of acquisition-related assets	-103	-264	-440	-464	-497	-587	-496	-506	-526
Impairment of goodwill	-	-	-	-	-5,000	-97	-	-	-
Total EBIT adjustments	-245	-405	-553	-439	-5,590	-853	-638	-655	-621

July-September 2023

Net sales

Consolidated net sales grew in the quarter by 1 percent to SEK 7,265m (7,196), compared to the corresponding period in the preceding year. All business in Q3 2023 is classified as organic.

The currency tailwind was 5 percent for the quarter, corresponding to SEK 387m.

Organic net sales in local currency and excluding acquisitions decreased by 4 percent compared to the same quarter in 2022. The adverse impact of the economic

downturn persisted during the quarter and held back volumes and sales in several segments.

Gross profit

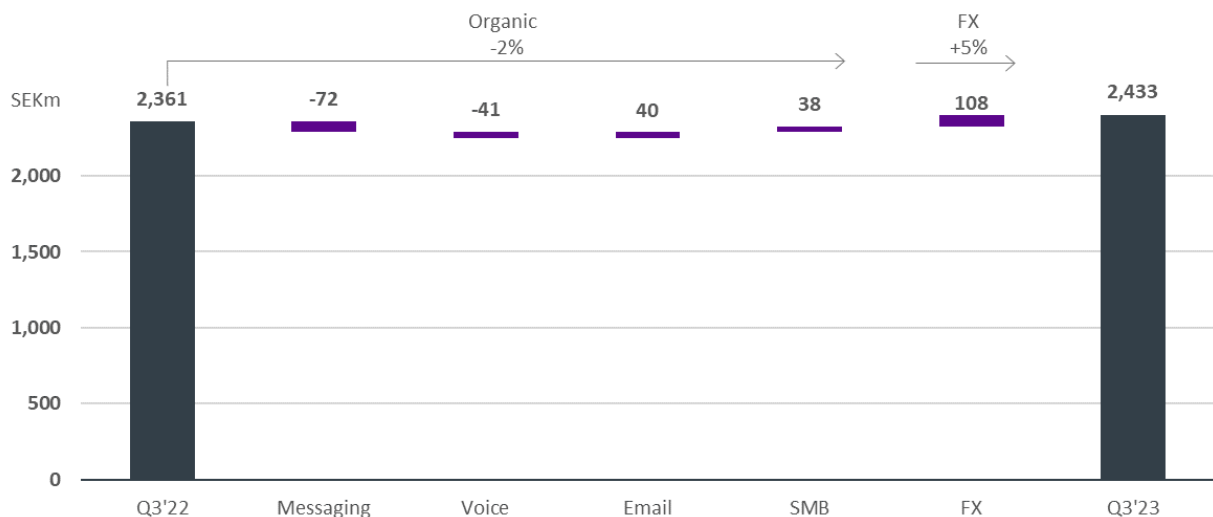
Consolidated gross profit rose during the quarter by 3 percent to SEK 2,433m (2,361).

The currency tailwind was 5 percent for the quarter, corresponding to SEK 108m.

Organic gross profit decreased by 2 percent compared to the same quarter last year.

The gross margin was 33 percent (33).

Change in consolidated gross profit, Q3 2022 - Q3 2023



Operating expenses

Operating expenses, defined as the difference between gross profit and EBITDA grew by 2 percent to SEK 1,585m (1,553) 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 expenses, defined as the difference between gross profit and Adjusted EBITDA, grew by 2 percent to SEK 1,490m (1,460) compared to the same period in 2022.

If exchange rates had been unchanged relative to the comparison quarter, adjusted operating expenses would have decreased and been SEK 52m lower in Q3 2023.

EBITDA

EBITDA increased by 5 percent to SEK 848m (808).

The consolidated EBITDA margin was 12 percent (11).

If exchange rates had been the same during the quarter as during the corresponding quarter in the preceding calendar year, EBITDA would have been SEK 53m lower.

In total, Adjusted EBITDA¹ was SEK 95m (93) higher than EBITDA for the quarter. The adjustments include integration costs of SEK -31m (-61), operational foreign exchange gains/losses of SEK -12m (37), and costs of share-based incentive programs of SEK -29m (-42). See the quarterly summary and Note 2 for more information.

Consequently, Adjusted EBITDA amounted to SEK 943m (901), a 5 percent increase compared to the same period in the preceding year.

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

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 SEK 56m lower.

The Adjusted EBITDA margin was 13 percent (13).

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 1.12 (1.07) for the quarter and SEK 4.26 (3.26) for the rolling twelve months, corresponding to an increase of 31 percent R12M. Adjusted EBITDA/gross profit was 39 percent (38) for the quarter.

EBIT

EBIT amounted to SEK 184m (-4,815).

Acquisition-related amortization, which does not affect cash flow, reduced EBIT by SEK -526m (-497). 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 assets) amounted to SEK 806m (774). See the quarterly summary and Note 2 for specifications.

Cost reduction program

Sinch communicated the cost reduction program in conjunction with the Q2 report and provided additional details in October 2022.

The cost reduction program achieved the announced target in Q2 2023 with total gross savings of SEK 89m compared to the same quarter last year, corresponding to about SEK 360m on an annual basis.

Restructuring costs through the end of Q3 2023 amounted to SEK 110m, as opposed to the original estimate of SEK 120m. A total of 115 people were affected by workforce reductions and the program has been concluded.

Other income and expense items

Net financial expenses were SEK -210m (141), including net interest expense of SEK -159m (-63) and foreign exchange differences of SEK -47m (234).

The net profit for the period was SEK 46m (-4,765).

Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK 184m (168).

The investments include capitalized development expenditure of SEK 100m (99).

Cash flow

Cash flow before the change in working capital amounted to SEK 487m (516). Cash flow was reduced by tax paid of SEK -127m (-112) and interest expenses paid of SEK -159m (-51).

Cash flow from operating activities amounted to SEK 862m (727) and was increased by the total change in working capital of SEK 375m (211).

Cash used in investing activities was SEK -182m (-175) and was affected by net investments of SEK -184m (-168), primarily capitalized development expenditure.

Cash used in financing activities was SEK -581m (-85) for the period, where the change in borrowings reduced net cash by SEK -540m (-55). Net cash flow for the period amounted to SEK 99m (467).

Employees

At the end of the quarter, the Group employed 4,277 (4,328) people, including consultants. The average number of employees and consultants for the quarter was 4,259 (4,351). The average number of employees was 3,691 (3,635), of whom 31 percent (30) women.

January-September 2023

Net sales

Consolidated net sales grew in the period by 4 percent to SEK 21,213m (20,361).

All business during the period in 2023 is classified as organic.

The currency tailwind was 7 percent for the period, corresponding to SEK 1,414m. Organic net sales growth during the period, in local currency and excluding acquisitions, decreased by 3 percent.

Gross profit

Gross profit increased during the period by 10 percent to SEK 7,015m (6,394).

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 FX tailwind was SEK 425m for the period, corresponding to 7 percent.

Organic gross profit growth for the period was 3 percent compared to the same quarter last year.

Excluding the revised assessment of reserves in the comparison quarter described above, organic gross profit growth was 0 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 8 percent to SEK 4,759m (4,410) 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 3

percent to SEK 4,374m (4,230) compared to the same period in 2022.

If exchange rates had been unchanged compared to the corresponding period last year, adjusted operating expenses would have been SEK 234m lower.

EBITDA

EBITDA increased by 14 percent to SEK 2,256m (1,984).

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

The consolidated EBITDA margin was 11 percent (10).

FX movements had positive effect on EBITDA. If exchange rates had been the same as during the preceding year, EBITDA would have been SEK 187m, or 9 percent, lower.

Total Adjusted EBITDA was SEK 385m (181) higher than EBITDA for the period. The adjustments include integration costs of SEK -124m (-186), costs of share-based incentive programs of SEK -84m (-87) and operational foreign exchange gains/losses of SEK -98m (159). See Note 2 for more information.

Adjusted EBITDA amounted to SEK 2,642m (2,165), corresponding to an increase of 22 percent compared to the preceding year. The increase was 14 percent excluding the aforementioned reserves in the comparison period.

If exchange rates had been the same as during the corresponding period in the preceding calendar year, Adjusted EBITDA would have been about SEK 191m lower.

The Adjusted EBITDA margin for the period was 12 percent (11).

Adjusted EBITDA per share amounted to SEK 3.12 (2.64) for the period. Adjusted EBITDA/gross margin was 38 percent (34).

EBIT

EBIT amounted to SEK 363m (-4,769). Adjusted EBIT was SEK 2,278m (1,811). The aforementioned reserves of SEK 162m had adverse impact on EBIT and Adjusted EBIT in the comparison period.

Other income and expense items

Net financial expenses were SEK -488m (160) including net interest expenses of SEK -448m (-180) and foreign exchange differences of SEK -27m (383). The Group's effective tax rate was 18 percent (-2). The comparison period was affected by the impairment loss recognized in Q3 2022.

The net loss for the period was SEK -102m (-4,717).

Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK 476m (460). The investments include capitalized development expenditure of SEK 287m (270).

Cash flow

Cash flow before the change in working capital amounted to SEK 1,279m (1,171) and was affected by tax paid of SEK -552m (-398) and interest expenses paid of SEK -432m (-160).

Cash flow from operating activities amounted to SEK 1,061m (1,535) and was reduced by the total change in working capital of SEK -218m (364).

Cash used in investing activities was SEK -502m (-511) and was affected by net investments of SEK -476m (-460).

Cash used in from financing activities was SEK -1,207m (-898) for the period, where the change in borrowings reduced net cash by SEK -1,148m (-855).

Liquidity and financial position

Consolidated cash and cash equivalents as of 30 September 2023 amounted to SEK 1,620m (2,012).

Net debt amounted to SEK 8,832m (10,258). This includes IFRS 16-related lease liabilities of SEK 1,000m (957). 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 2.2x.

As of 30 September, Sinch had total available credit facilities of SEK 12,810m. The company had utilized loans and credit facilities totaling SEK 8,719m (10,559). Existing credit facilities that mature in February 2026 amount to SEK 7,693m and of that amount SEK 4,527m had been utilized as of 30 September 2023. Sinch also has SEK 3,000m in utilized loans, of which 1,500m will mature in February 2024 and 1,500m in May 2024, as well as a utilized loan of USD 110m that will mature in February 2025. In addition, issued senior unsecured bonds that will mature in November 2024 amounted to SEK 750m (750). Available bank overdraft facilities amounted to SEK 925m (934), of which SEK 0m (0) had been utilized as of 30 September 2023.

All in all, Sinch had SEK 1,620 in cash and cash equivalents and SEK 4,091m in unutilized long-term credit and overdraft facilities as of September 30.

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

Equity at 30 September 2023 amounted to SEK 35,813m (36,558), corresponding to an equity ratio of 62 percent (60).

Employees

The average number of employees and consultants during the interim period was 4,239 (4,303). The average number of employees was 3,622 (3,576), of whom 31 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 large businesses and channel partners.

Messaging, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	4,796	4,698	13,935	13,409	18,225	18,752
Gross profit	1,011	1,004	2,819	2,615	3,615	3,820
Gross margin	21%	21%	20%	19%	20%	20%
EBITDA	310	306	706	642	954	1,019
EBITDA margin	6%	7%	5%	5%	5%	5%
Adjusted EBITDA	378	326	937	649	1,015	1,304
Adjusted EBITDA margin	8%	7%	7%	5%	6%	7%
Adjusted EBITDA/gross profit	37%	32%	33%	25%	28%	34%

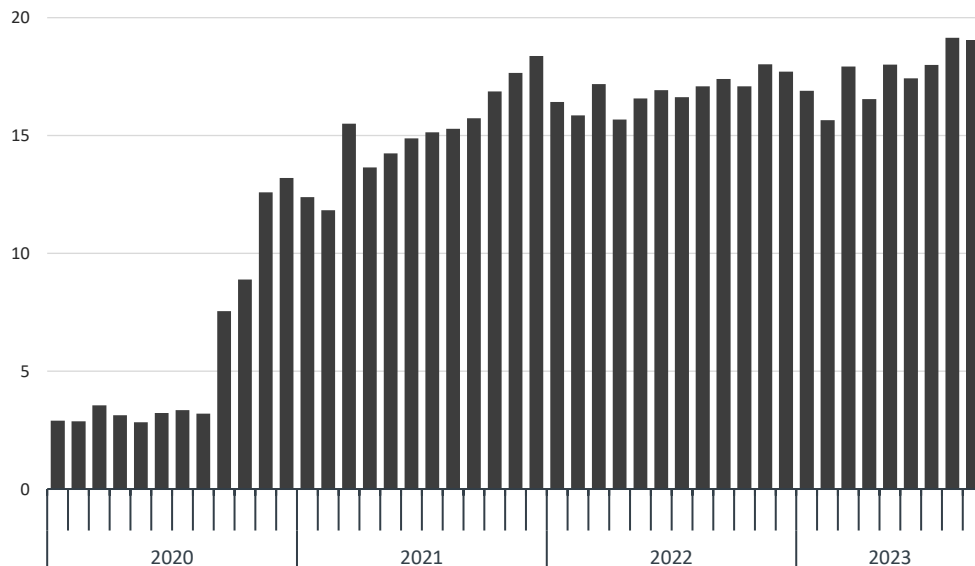
Significant events

- Agreements were closed during the quarter with 45 new large business customers in the segment.
- Sinch partnered with the [American Automobile Association](#) to develop a new service that makes it possible for AAA members in need of road assistance to use satellite connections for chat services when they are out of cellular range.

Transaction volume

Transaction volume in Q3 was 6 percent higher than in the corresponding quarter last year. Although volume increases in India made a positive contribution, the economic slowdown elsewhere in the world had adverse impact on transaction volumes. 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 4,796m (4,698). All business during the quarter is classified as organic.

Net sales increased by 2 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -5 percent. Growth was reduced primarily by lower traffic volumes and a changed traffic mix, as traffic in India generates lower revenue per message.

Gross profit

Gross profit for the quarter amounted to SEK 1,011m (1,004).

Gross profit increased by 1 percent compared to the same quarter last year. Organic gross profit decreased by 7 percent due to a weaker market, a strong comparison quarter and a changed traffic mix. Nevertheless, organic gross profit rose by 8 percent compared to Q2 2023.

The gross margin was 21 percent (21) for the quarter.

EBITDA

EBITDA for Q3 amounted to SEK 310m (306). The EBITDA margin was 6 percent (7) for the segment.

Adjusted EBITDA amounted to SEK 378m (326). The Adjusted EBITDA margin was 8 percent (7). The largest adjustment items in the quarter were operational foreign exchange gains/losses of SEK -20m (39) and integration costs of SEK -16m (-24). See Note 2 for more information. The organic increase in Adjusted EBITDA was 0 percent compared to the corresponding quarter last year.

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	1,591	1,624	4,750	4,509	6,134	6,375
Gross profit	743	767	2,240	2,133	2,915	3,022
Gross margin	47%	47%	47%	47%	48%	47%
EBITDA	338	378	1,083	1,024	1,399	1,458
EBITDA margin	21%	23%	23%	23%	23%	23%
Adjusted EBITDA	344	389	1,098	1,050	1,432	1,480
Adjusted EBITDA margin	22%	24%	23%	23%	23%	23%
Adjusted EBITDA/gross profit	46%	51%	49%	49%	49%	49%

Significant events

- The final step of the regulation of the American toll-free call market, the 8YY Reform, was implemented on 31 July.
- Sinch launched a new product for Elastic SIP Trunking that is now available in an open beta version. A complement to existing Sinch voice services, the product allows business customers to easily buy flexible voice capacity via sinch.com.
- After the end of the quarter, Sinch notified the market of a new partnership with Webex by Cisco regarding the "Sinch Calling with Webex" service, which delivers an integrated solution for virtual collaboration and support for voice, messaging and virtual meetings.

Net sales

Net sales for the quarter amounted to SEK 1,591m (1,624). All business during the quarter is classified as organic.

Net sales decreased by 2 percent compared to the same quarter last year. The corresponding organic decrease, in local currency and excluding acquisitions, was 4 percent. Growth was hampered by lower sales to operator customers, strong performance for number verification in the comparison quarter and the previously announced regulation of charges for American toll-free numbers (the 8YY Reform). However, demand remains strong for Sinch's voice-based number verification services, which offer a competitive choice for global verification of phone numbers.

Gross profit

Gross profit for the quarter amounted to SEK 743m (767).

Gross profit decreased by 3 percent compared to the same quarter last year. The corresponding organic decrease was 5 percent. Regulation of the American toll-free call market, the 8YY Reform, specifically reduced gross profit growth in Q3 by -4 percentage points. The gross margin was 47 percent (47) for the quarter and was negatively affected by the 8YY Reform and positively affected by a changed product mix. However, because the final step of the 8YY Reform was implemented during the quarter, there will be adverse impact on gross profit growth compared to the preceding year through Q2 2024.

EBITDA

EBITDA was SEK 338m (378) in Q3. The EBITDA margin was negatively affected by the decrease in gross profit and amounted to 21 percent (23). Adjusted EBITDA was SEK 344m (389) and the Adjusted EBITDA margin was 22 percent (24).

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	447	400	1,304	1,089	1,511	1,727
Gross profit	345	292	1,011	798	1,117	1,330
Gross margin	77%	73%	77%	73%	74%	77%
EBITDA	186	141	546	379	547	714
EBITDA margin	42%	35%	42%	35%	36%	41%
Adjusted EBITDA	190	155	560	412	581	729
Adjusted EBITDA margin	43%	39%	43%	38%	38%	42%
Adjusted EBITDA/gross profit	55%	53%	55%	52%	52%	55%

Significant events

- The launch of Mailgun Optimize, an integrated tool that maximizes email deliverability, and Mailgun Validate, the fastest and most accurate address verification solution, were significant milestones. The Mailgun product suite is now the most comprehensive enterprise email offering in the industry.
- Sinch's Email Camp, a virtual event for email marketing and development pros, was held during the quarter and attracted record-high attendance.
- A total of 116 billion emails were sent during the quarter, an increase of 18 percent compared to the same quarter in 2022.

Net sales

Net sales for the quarter amounted to SEK 447m (400). All business during the quarter is classified as organic.

Net sales increased by 12 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 7 percent. Several initiatives are ongoing to accelerate growth, which has been slowed by lower market growth and reduced new sales.

Gross profit

Gross profit for the quarter amounted to SEK 345m (292).

Gross profit increased by 18 percent compared to the same quarter last year. The corresponding organic growth was 14 percent. Gross profit was increased by higher net sales and the improved gross margin. The gross margin was 77 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 186m (141) in Q3. Adjusted EBITDA amounted to SEK 190m (155). The EBITDA margin was 42 percent (35) and the Adjusted EBITDA margin was 43 percent (39). The margin improvement is attributable to increasing gross profit combined with discipline around operating expenses.

SMB

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

SMB, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	532	474	1,499	1,355	1,852	1,997
Gross profit	335	299	945	849	1,162	1,259
Gross margin	63%	63%	63%	63%	63%	63%
EBITDA	158	122	378	360	490	509
EBITDA margin	30%	26%	25%	27%	26%	25%
Adjusted EBITDA	167	148	453	410	566	609
Adjusted EBITDA margin	31%	31%	30%	30%	31%	31%
Adjusted EBITDA/gross profit	50%	49%	48%	48%	49%	48%

Significant events

- Sinch MessageMedia announced that two-way SMS capabilities have been integrated with Zoho Desk and that two-way SMS and MMS capabilities have been integrated with the HubSpot Service Hub. See the [press releases](#) for more information.
- After the end of the quarter, TPG Telecom announced that it had partnered with Sinch to launch TPG Messaging Hub, a service that helps businesses quickly and easily broadcast communications to their customers through SMS and advanced messaging services.

Net sales

Net sales for the quarter amounted to SEK 532m (474). All business during the quarter is classified as organic.

Net sales increased by 12 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 13 percent. 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 335m (299).

Gross profit increased by 12 percent compared to the same quarter last year. The corresponding organic growth was 13 percent. The gross margin was 63 percent (63).

EBITDA

EBITDA was SEK 158m (122) in Q3. Adjusted EBITDA amounted to SEK 167m (148). The EBITDA margin was 30 percent (26) and the Adjusted EBITDA margin was 31 percent (31). The EBITDA margin was improved by higher gross profit and lower FX-related losses and integration costs.

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	-100	-	-276	-	-	-276
Gross profit	-	-	-	-	-	-
EBITDA	-143	-140	-457	-421	-615	-651
Adjusted EBITDA	-135	-117	-407	-356	-469	-521

Net sales

Net sales were SEK -100m (-) for the quarter and were comprised entirely of eliminations.

EBITDA

EBITDA for the quarter was SEK -143m (-140) and consisted mainly of employee benefits expenses in Finance, HR, IT and R&D, and rental costs.

Adjusted EBITDA amounted to SEK -135m (-117). See Note 2 for information about adjustments.

Income statement

Sinch Group, SEKm	Note	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales		7,265	7,196	21,213	20,361	27,722	28,574
Operating income		127	226	337	505	611	444
Work performed by the entity and capitalized		100	99	287	270	374	392
Cost of services sold		-4,832	-4,835	-14,198	-13,966	-18,912	-19,143
Other external expenses		-583	-591	-1,681	-1,779	-2,400	-2,302
Employee benefits expenses		-1,083	-1,144	-3,270	-3,085	-4,157	-4,342
Other operating expenses		-146	-143	-433	-321	-464	-576
EBITDA		848	808	2,256	1,984	2,774	3,047
Depreciation and amortization	5	-665	-5,623	-1,893	-6,753	-7,478	-2,617
EBIT		184	-4,815	363	-4,769	-4,703	429
Finance income		854	922	2,066	2,836	3,702	2,932
Finance expenses		-1,064	-780	-2,555	-2,676	-3,774	-3,653
Profit or loss before tax		-26	-4,673	-125	-4,609	-4,775	-291
Current tax		-114	-236	-460	-633	-583	-410
Deferred tax		186	144	483	525	414	373
Profit or loss for the period		46	-4,765	-102	-4,717	-4,943	-328
Attributable to:							
Owners of the parent		46	-4,765	-103	-4,717	-4,943	-328
Non-controlling interests		0	0	0	0	0	0

Earnings per share

Sinch Group, SEK	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Basic	0.05	-5.69	-0.12	-5.81	-6.03	-0.39
- Diluted ¹	0.05	-5.69	-0.12	-5.81	-6.03	-0.39

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Profit or loss for the period	46	-4,765	-102	-4,717	-4,943	-328
Other comprehensive income						
Items that may subsequently be reclassified to profit or loss for the period						
Translation differences	-434	2,076	1,148	6,361	4,593	-620
FX changes on increased net investments	-11	286	222	753	604	74
Tax effect items in other comprehensive income	0	-40	-18	-91	-107	-34
Other comprehensive income or loss for the period	-445	2,321	1,352	7,022	5,090	-580
Comprehensive income or loss for the period	-399	-2,444	1,250	2,305	147	-908
Attributable to:						
Owners of the parent	-399	-2,444	1,249	2,305	147	-908
Non-controlling interests	0	0	0	0	0	0

Balance sheet

Sinch Group, SEKm	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill		26,735	27,130	25,838
Customer relationships		14,263	15,832	14,719
Operator relationships		200	297	246
Proprietary software		5,193	5,653	5,315
Other intangible assets		428	1,283	488
Property, plant and equipment		981	897	874
Right-of-use assets		923	943	859
Financial assets		83	81	74
Deferred tax assets		1,150	1,090	962
Total non-current assets		49,956	53,205	49,375
Current assets				
Accounts receivable	7	4,611	4,311	4,247
Tax assets		297	257	317
Other current receivables		308	349	340
Prepaid expenses and accrued income	8	855	902	833
Cash and cash equivalents		1,620	2,012	2,173
Total current assets		7,692	7831	7,909
TOTAL ASSETS		57,649	61,036	57,284
EQUITY AND LIABILITIES				
Equity				
Share capital		8	8	8
Other capital contributions		32,351	32,186	32,219
Reserves		6,620	7,200	5,268
Retained earnings including profit for the year		-3,167	-2,838	-3,064
Equity attributable to owners of the parent	4	35,813	36,557	34,431
Non-controlling interests		1	1	1
Total equity		35,813	36,558	34,432
Non-current liabilities				
Deferred tax liability		5,252	6,249	5,403
Non-current liabilities, interest-bearing		7,340	12,126	11,236
Non-current liabilities, non-interest-bearing		32	39	34
Total non-current liabilities		12,623	18,414	16,673
Current liabilities				
Contract liabilities/Advance payments from customers		281	274	260
Provisions		43	27	49
Accounts payable		1,621	1,218	1,561
Tax liability		333	624	466
Other current liabilities, interest-bearing		3,113	143	99
Other non interest bearing current liabilities		236	314	344
Accrued expenses and prepaid income		3,586	3,464	3,401
Total current liabilities		9,213	6,064	6,180
TOTAL EQUITY AND LIABILITIES		57,649	61,036	57,284
Financial instruments measured at fair value				
Derivative instruments with positive value		25	-	-
Derivative instruments with negative value		-	15	15

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				-4,717	-4,717	0	-4,717
Other comprehensive income			7,022		7,022	0	7,022
Share-based payments		117			117		117
Shares issued for warrants	0	91			91		91
Rights issue	1	-2			-1		-1
Issue expenses, net of tax		-7			-7		-7
Closing balance 30 September 2022	8	32,186	7,200	-2,838	36,557	1	36,558
Opening balance 1 January 2023	8	32,219	5,268	-3,064	34,431	1	34,432
Profit or loss for the period				-103	-103	0	-102
Other comprehensive income			1,352		1,352	0	1,352
Warrants issue		4			4		4
Share-based payments		87			87		87
Shares issued for warrants	0	44			44		44
Rights issue					-		-
Issue expenses, net of tax		-3			-3		-3
Closing balance 30 September 2023	8	32,351	6,620	-3,166	35,813	1	35,813

Condensed statement of cash flows

Sinch Group, SEKm	Note	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Profit or loss before tax		-26	-4,673	-125	-4,609	-4,775	-291
Adjustment for non-cash items ¹		640	5,301	1,956	6,178	7,167	2,945
Income tax paid		-127	-112	-552	-398	-560	-714
Cash flow before changes in working capital		487	516	1,279	1,171	1,832	1,940
Change in working capital		375	211	-218	364	676	94
Cash flow from operating activities		862	727	1,061	1,535	2,508	2,034
Net investments in property, plant and equipment and intangible assets		-184	-168	-476	-460	-643	-659
Change in financial receivables		2	0	-2	-6	-3	1
Acquisition of Group companies	6	0	-7	-24	-45	-45	-24
Cash flow from (-used in) investing activities		-182	-175	-502	-511	-691	-682
Change in borrowings		-540	-55 ²	-1,148	-855 ²	-1,455	-1,748
Amortization lease liability		-42	-43	-104	-126	-144	-122
New issue/warrants	4	1	13	45	83	91	53
Cash flow from (-used in) financing activities		-581	-85	-1,207	-898	-1,508	-1,817
Cash flow for the period		99	467	-648	126	309	-465
Opening balance cash and cash equivalents for the period		1,545	1,470	2,173	1,871	1,871	2,012
Exchange rate differences in cash and cash equivalents		-24	75 ²	95	15 ²	-7	73
Closing balance cash and cash equivalents for the period		1,620	2,012	1,620	2,012	2,173	1,620

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Share information						
Basic earnings per share, SEK	0.05	-5.69	-0.12	-5.81	-6.03	-0.39
Diluted earnings per share, SEK ¹	0.05	-5.69	-0.12	-5.81	-6.03	-0.39
Basic weighted average number of shares	842,924,180	838,146,468	840,486,750	812,552,149	819,116,557	840,010,108
Diluted weighted average number of shares ²	846,101,399	869,004,120	840,486,750	866,789,646	819,116,557	840,010,108
Total number of shares at the end of the period	842,934,488	838,452,248	842,934,488	838,452,248	838,602,248	842,934,488
Financial position						
Equity attributable to owners of the parent	35,813	36,557	35,813	36,557	34,431	35,813
Equity ratio	62%	60%	62%	60%	60%	62%
Net investments in property, plant and equipment and intangible assets	-184	-168	-476	-460	-643	-659
Cash and cash equivalents	1,620	2,012	1,620	2,012	2,173	1,620
Net debt (+) / Net cash (-)	8,832	10,258	8,832	10,258	9,162	8,832
Net debt/pro forma Adjusted EBITDA R12M, multiple	2.2	3.2	2.2	3.2	2.7	2.2
EBIT margin	3%	-67%	2%	-23%	-17%	2%
EBITDA margin	12%	12%	11%	10%	10%	11%
Employee information						
Average FTEs	3,691	3,635	3,622	3,576	3,565	3,599
Average FTEs, women	1,148	1,085	1,136	1,068	1,079	1,130
Percentage female	31%	30%	31%	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 4,907,793 for the first nine months of 2023 and 11,773,922 for 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.

Q3 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	4,796	1,591	447	532	-100	7,265
Gross profit	1,011	743	345	335	-	2,433
EBITDA	310	338	186	158	-143	848
EBITDA adjustments ¹	-68	-6	-4	-9	-8	-95
Adjusted EBITDA	378	344	190	167	-135	943
Depreciation and amortization						-665
EBIT						184
Net finance income						-210
Profit or loss before tax						-26

Q3 2022, SEK million	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	4,698	1,624	400	474	-	7,196
Gross profit	1,004	767	292	299	-	2,361
EBITDA	306	378	141	122	-140	808
EBITDA adjustments ¹	-20	-11	-14	-25	-23	-93
Adjusted EBITDA	326	389	155	148	-117	901
Depreciation and amortization						-5,623
EBIT						-4,815
Net finance income						142
Profit or loss before tax						-4,673

Jan-Sep 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	13,935	4,750	1,304	1,499	-276	21,213
Gross profit	2,819	2,240	1,011	945	-	7,015
EBITDA	706	1,083	546	378	-457	2,256
EBITDA adjustments ¹	-231	-15	-15	-75	-50	-385
Adjusted EBITDA	937	1,098	560	453	-407	2,642
Depreciation and amortization						-1,893
EBIT						363
Net finance income						-468
Profit or loss before tax						-125

1) See specifications in Note 2.

Jan-Sep 2022, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	13,409	4,509	1,089	1,355	-	20,361
Gross profit	2,615	2,133	798	849	-	6,394
EBITDA	642	1,024	379	360	-421	1,984
EBITDA adjustments ¹	-7	-26	-33	-50	-65	-181
Adjusted EBITDA	649	1,050	412	410	-356	2,165
Depreciation and amortization						-6,753
EBIT						-4,769
Net finance income						160
Profit or loss before tax						-4,609

1) See specifications in Note 2.

R12M, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales	18,752	6,375	1,727	1,997	-276	28,574
Gross profit	3,820	3,022	1,330	1,259	-	9,431
EBITDA	1,019	1,458	714	509	-653	3,431
EBITDA adjustments ¹	-285	-22	-15	-100	-131	-555
Adjusted EBITDA	1,304	1,480	729	609	-521	3,601
Depreciation and amortization						-2,617
EBIT						429
Net finance income						-720
Profit or loss before tax						-291

1) See specifications in Note 2.

Distribution of net sales

Q3 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales by customer region						
North America	2,262	1,549	217	207	-23	4,212
EMEA ¹	1,608	30	170	47	-5	1,850
Asia-Pacific	612	11	42	277	-73	870
Latin America	314	1	17	0	-	333
Total	4,796	1,591	447	532	-100	7,265

Net sales by product/service						
Communication services	4,729	1,591	447	506	-100	7,172
Initial software licenses and upgrades	30	-	-	-	-	30
Support	19	-	-	-	-	19
Other	18	-	-	26	-	44
Total	4,796	1,591	447	532	-100	7,265

Net sales allocation per point in time						
Over time	721	1,397	374	48	-	2,540
At one point in time	4,075	194	73	484	-100	4,726
Total	4,796	1,591	447	532	-100	7,265

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 ROTW.

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.

Q3 2022, SEKm	Messaging	Voice	Email	SMB	Consolidated
Net sales by customer region					
North America	1,902	1,558	191	150	3,801
Europe ¹	1,490	36	146	47	1,719
Asia-Pacific	572	27	43	274	916
Latin America	342	1	11	1	354
Rest of the world	393	2	9	1	406
Total	4,698	1,624	400	474	7,196

Net sales by product/service					
Communication services	4,601	1,624	400	449	7,074
Initial software licenses and upgrades	26	-	-	-	26
Support	31	-	-	-	31
Other	40	-	-	24	65
Total	4,698	1,624	400	474	7,196

Net sales allocation per point in time					
Over time	669	1,490	325	33	2,518
At one point in time	4,029	134	75	440	4,678
Total	4,698	1,624	400	474	7,196

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 ROTW combined cannot be reliably determined as having only been part of EMEA.

Jan-Sep 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales by customer region						
North America	6,549	4,616	634	559	-86	12,270
EMEA ¹	4,266	86	497	129	-24	4,954
Asia-Pacific	2,192	46	124	810	-166	3,007
Latin America	929	2	49	1	-	981
Total	13,935	4,750	1,304	1,499	-276	21,213

Net sales by product/service						
Communication services	13,736	4,750	1,304	1,473	-276	20,988
Initial software licenses and upgrades	110	-	-	-	-	110
Support	53	-	-	-	-	53
Other	37	-	-	26	-	63
Total	13,935	4,750	1,304	1,499	-276	21,213

Net sales allocation per point in time						
Over time	2,103	4,331	1,085	115	-	7,634
At one point in time	11,832	419	219	1,384	-276	13,579
Total	13,935	4,750	1,304	1,499	-276	21,213

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 ROTW combined cannot be reliably determined as having only been part of EMEA.

Jan-Sep 2022, SEKm	Messaging	Voice	Email	SMB	Consolidated
Net sales by customer region					
North America	5,584	4,355	522	401	10,862
Europe ¹	4,228	80	387	123	4,818
Asia-Pacific	1,807	50	113	825	2,795
Latin America	964	2	40	2	1,007
Rest of the world	825	23	28	4	879
Total	13,409	4,509	1,089	1,355	20,361
Net sales by product/service					
Communication services	13,159	4,509	1,089	1,330	20,087
Initial software licenses and upgrades	84	-	-	-	84
Support	83	-	-	-	83
Other	83	-	-	24	107
Total	13,409	4,509	1,089	1,355	20,361
Net sales allocation per point in time					
Over time	1,929	4,237	885	91	7,143
At one point in time	11,479	272	204	1,263	13,218
Total	13,409	4,509	1,089	1,355	20,361

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 ROTW combined cannot be reliably determined as having only been part of EMEA.

Changed reporting of previously presented points in time for revenue recognition.

Adjustment for previous quarters in the table showing the points in time for revenue recognition. Adjusted tables for Jan-Mar 2023 and Jan-Jun 2022 according to the new allocation are shown below.

Jan-Mar 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales allocation per point in time						
Over time	589	1,514	349	36	-	2,489
At one point in time	3,929	88	72	435	-87	4,438
Total	4,518	1,603	422	472	-87	6,927

Jan-Jun 2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Consolidated
Net sales allocation per point in time						
Over time	1,382	2,934	711	67	-	5,094
At one point in time	7,757	225	147	900	-176	8,853
Total	9,139	3,159	858	967	-176	13,948

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 5 (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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Net sales	163	121	435	199	356	592
Operating income	0	4	6	5	6	8
Operating expenses						
Other external expenses	-90	-32	-298	-179	-345	-464
Employee benefits expenses	-4	-5	-14	-15	-21	-20
EBIT before other operating expenses, depreciation/amortization and impairment losses	70	88	129	10	-4	116
Other operating expenses	-10	-2	-13	-4	-8	-17
Depreciation and amortization	-1	-1	-2	-4	-5	-3
EBITDA	59	85	114	2	-16	96
Impairment of shares in subsidiaries	-	-4,250	-	-4,250	-4,340	-90
Interest income and similar profit items	870	1,133	2,334	3,227	3,923	3,030
Interest expenses and similar loss items	-915	-913	-2,225	-2,561	-3,435	-3,098
Profit after financial items	14	-3,945	233	-3,582	-3,868	-63
Appropriations	-	-	-	-	-252	-252
Profit or loss before tax	14	-3,945	223	-3,582	-4,120	-314
Tax on profit for the period	7	5	-41	-70	-25	4
Profit or loss for the period	21	-3,940	182	-3,652	-4,145	-310

Parent company balance sheet

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	4	5	5
Property, plant and equipment	1	3	3
Financial assets			
Investments in Group companies	16,173	15,764	15,764
Non-current receivables, Group companies ¹	1,959	2,416	2,278
Total financial assets	18,132	18,180	18,041
Deferred tax assets	5	7	-
Total non-current assets	18,142	18,195	18,049
Current assets			
Receivables from Group companies ¹	26,695	27,153	22,276
Tax assets	5	-	33
Other current receivables	36	5	-
Prepaid expenses and accrued income	106	342	82
Cash and cash equivalents	405	267	765
Total current assets	27,247	27,767	23,155
TOTAL ASSETS	45,388	45,963	41,204
EQUITY AND LIABILITIES			
Share capital	8	8	8
Total restricted equity	8	8	8
Share premium reserve	34,172	34,118	34,126
Retained earnings	-4,018	128	130
Profit or loss for the year	182	-3,652	-4,145
Total non-restricted equity	30,338	30,594	30,111
Total equity	30,347	30,602	30,119
Untaxed reserves	95	43	95
Deferred tax liability	-	-	-
Total untaxed reserves and provisions	95	43	95
Non-current liabilities			
Liabilities to credit institutions	6,441	11,309	10,449
Total non-current liabilities	6,441	11,309	10,449
Current liabilities			
Accounts payable	4	7	3
Tax liability	-	26	-
Liabilities to Group companies ¹	5,426	3,920	469
Liabilities to credit institutions	2,997	-	-
Other current liabilities	2	15	17
Accrued expenses and prepaid income	78	41	52
Total current liabilities	8,506	4,008	541
TOTAL EQUITY AND LIABILITIES	45,388	45,963	41,204

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

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 end of the reporting period.

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	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Acquisition costs	-2	-5	-6	-46	-45	-5
Restructuring costs	-14	-18	-47	-18	-62	-91
Earnouts	-	-	-18	-	-	-18
Integration costs	-31	-61	-124	-186	-252	-191
Costs of share-based incentive programs	-29	-42	-84	-87	-124	-121
Operational foreign exchange gains/losses	-12	37	-98	159	135	-122
Other adjustments	-9	-3	-8	-3	-1	-5
Total EBITDA adjustments	-95	-93	-385	-181	-350	-555
Amortization of acquisition-related assets	-526	-497	-1,528	-1,401	-1,987	-2,114
Impairment of goodwill	-	-5,000	-	-5,000	-5,097	-97
Total EBIT adjustments	-621	-5,590	-1,914	-6,582	-7,434	-2,766

Acquisition costs, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Messaging	0	-	0	-	-	0
Voice	-	-	-	3	3	0
Email	-	-	-	-	-	-
SMB	0	-	0	-	-	0
Other and eliminations	-2	-5	-6	-49	-48	-5
Total acquisition costs per segment¹	-2	-5	-6	-46	-45	-5

1) Reported as other external expenses.

Restructuring costs, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Messaging	-11	-15	-32	-15	-61	-77
Voice	-	-	-	-	-	-
Email	-	-	-	-	-	-
SMB	-0	-	-9	-	-	-9
Other and eliminations	-3	-3	-7	-3	-2	-5
Total restructuring costs per segment²	-14	-18	-47	-18	-62	-91

2) Reported as other external expenses.

Earnout, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Messaging	-	-	-	-	-	-
Voice	-	-	-	-	-	-
Email	-	-	-	-	-	-
SMB	-	-	-	-	-	-
Other and eliminations	-	-	-18	-	-	-18
Total earnout per segment³	-	-	-18	-	-	-18

3) Reported as other external expenses.

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Integration costs						
Messaging	-16	-24	-54	-78	-111	-87
Voice	-1	-3	-4	-11	-12	-5
Email	-	-5	-	-16	-13	3
SMB	-11	-18	-53	-33	-54	-74
Other and eliminations	-2	-11	-14	-49	-62	-28
Total integration costs per segment⁴	-31	-61	-124	-186	-252	-191
Of which:						
Employee benefits expenses	-28	-47	-117	-130	-180	-167
External consultants	-1	-11	-5	-49	-59	-15
Other	-2	-3	-2	-7	-13	-8
Total integration costs per category⁴	-31	-61	-124	-186	-252	-191

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

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Costs of share-based incentive programs, SEKm						
Messaging	-12	-20	-34	-36	-52	-50
Voice	-5	-7	-12	-16	-22	-18
Email	-6	-7	-17	-19	-25	-22
SMB	-6	-6	-18	-13	-21	-26
Other and eliminations	-1	-2	-4	-3	-4	-5
Total costs for share-based incentive programs per segment⁵	-29	-42	-84	-87	-124	-121
Of which:						
Cost of vested warrants per IFRS 2	-30	-44	-88	-117	-140	-111
Social insurance costs	2	2	4	30	16	-11
Total costs for share-based incentive programs per category⁵	-29	-42	-84	-87	-124	-121

5) Reported as employee benefits expenses.

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Operational foreign exchange gains/losses, SEKm						
Messaging	-20	40	-102	123	161	-64
Voice	0	-	0	-	-	0
Email	0	-	-1	3	5	1
SMB	8	-1	5	-4	-1	9
Other and eliminations	0	-2	0	38	-30	-68
Total operational foreign exchange gains/losses⁶	-12	37	-98	159	135	-122
Of which:						
Realized foreign exchange gains/losses	-52	58	-34	171	128	-77
Unrealized foreign exchange gains/losses	40	-21	-64	-12	7	-46
Total operational foreign exchange gains/losses per category⁶	-12	37	-98	159	135	-122

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

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Other adjustments						
Messaging	-9	0	-9	-1	1	-8
Voice	0	-1	0	-1	-	0
Email	2	-2	3	-2	-2	3
SMB	-	-	-	-	-	-
Other and eliminations	-1	-	-1	-	-	-1
Total other adjustments per segment⁷	-9	-3	-8	-3	-1	-5

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

Note 3 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities amounted to SEK 229m (217).

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 third quarter, 7,972 warrants from LTIP 2018 and 7,833 warrants from LTIP 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 2m in equity through the exercise of warrants.

Total costs for the incentive programs recognized on the income statement amount to SEK 84m (87) for the period of January to September. Payroll costs for vested warrants are included in profit or loss in the amount of SEK 88m (117) with a corresponding increase in equity and social insurance costs, and improved profit by SEK 4m (30), with a corresponding reduction of provisions in the balance sheet. Payroll costs reduced profit in Q3 by SEK 30m (44) and social insurance costs improved profit by SEK 2m (2).

Of all outstanding warrants, 9 percent is considered dilutive during the quarter because the exercise price was lower than the average share price. The potential dilutive effect, as measured at the inception of the programs, is 0.6 percent (2.1) 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

Sinch determined in Q3 2023 that no indications of impairment of goodwill exist for all cash-generating units.

Depreciation, amortization and impairments, SEKm	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	2022	R12M
Amortization acquired customer relationships	-322	-313	-937	-880	-1,200	-1,256
Amortization acquired operator relationships	-19	-19	-57	-53	-72	-76
Amortization acquired trademarks	-23	-14	-68	-42	-121	-147
Amortization acquired software	-162	-151	-467	-425	-594	-637
Impairment of goodwill	-	-5,000	-	-5,000	-5,097	-97
Total acquisition-related amortization	-526	-5,497	-1,528	-6,400	-7,084	-2,213
Amortization proprietary software	-39	-38	-101	-103	-60	-58
Amortization licenses	-7	-2	-10	-5	-6	-11
Amortization other intangible assets	0	-1	-1	-2	-2	-2
Total amortization intangible assets	-572	-5,537	-1,640	-6,509	-7,153	-2,284
Depreciation tangible fixed assets	-44	-48	-131	-136	-181	-176
Depreciation right-of-use assets	-39	-38	-111	-108	-143	-147
Impairments	-10	-	-10	-	-0	-10
Total amortization/depreciation of intangible assets and property, plant and equipment	-665	-5,623	-1,893	-6,753	-7,478	-2,617

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 Sep 2023	30 Sep 2022	31 Dec 2022
Unbilled receivables	1,969	2,042	1,958
Receivables, billed	2,815	2,436	2,465
Expected credit loss allowance	-173	-167	-176
Total accounts receivable	4,611	4,311	4,247

Note 8 - Prepaid expenses and accrued income

Sinch Group, SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Accrued revenue from contracts with customers	68	71	112
Other accrued income and prepaid expenses	787	831	721
Total accrued income and prepaid expenses	855	902	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 expenses.

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 expenses 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 goods 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 in local currency and excluding acquisitions.

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 helps businesses engage with their customers through cloud services for customer communications. More than 150,000 customers, including many of the biggest tech companies in the world, use the Sinch Customer Communications Cloud and the secure and reliable Sinch Supernet for messaging, voice calls and email. Sinch has delivered profitable growth since the company was founded in 2008. The company is headquartered in Stockholm, Sweden and its stock is traded on Nasdaq Stockholm: XSTO:SINCH.

Forthcoming reporting dates

Year-end report, Jan–Dec 2023	15 February
Interim report Q1, Jan–Mar 2024	7 May
Interim report Q2, Jan–Jun 2024	19 July
Interim report Q3, Jan–Sep 2024	5 November

Annual General Meeting

The Annual General Meeting will be held 10.00 CEST, May 16, 2024, at Sinch, Lindhagensgatan 112, Stockholm.

Nominating Committee

The members of the Sinch AB nominating committee are:

Jonas Fredriksson – representing Neqst D2 AB
Thomas Wuolikainen – representing Fourth Swedish National Pension Fund
Patricia Hedelius – representing AMF Pension and Funds
Mikael Wiberg – representing Alecta
Erik Fröberg - Board Chair, Sinch AB

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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Lindhagensgatan 112
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Corporate ID 556882-8908
[sinch.com](https://www.sinch.com)

Invitation to webcast and phone conference

Sinch will present the interim report in a webcast and phone conference on Tuesday, 7 November 2023 at 14:00 CET. Watch the presentation at investors.sinch.com/webcast.

To participate via phone conference, register using the following link:

<https://conference.financialhearings.com/teleconference/?id=2001051>.

After you register, you will be given a phone number and conference ID to log into the conference.

For additional information, please contact:

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Stockholm, 7 November 2023

Erik Fröberg
Board Chair

Bridget Cosgrave
Director

Renée Robinson Strömberg
Director

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. The information was released for publication by the contact person above on 7 November 2023 at 07:30 CET.

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.

Auditor's review report

Introduction

We have reviewed the condensed interim financial information (the interim report) for Sinch AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the group in accordance with IAS 34 and the Annual Accounts Act, and for the parent company in accordance with the Annual Accounts Act.

Stockholm, 7 November 2023

Deloitte AB

Johan Telander

Authorized Public Accountant