



# Pioneering the way the world communicates

Sinch develops cloud-based digital tools that help businesses engage with their customers and enhance the customer experience.



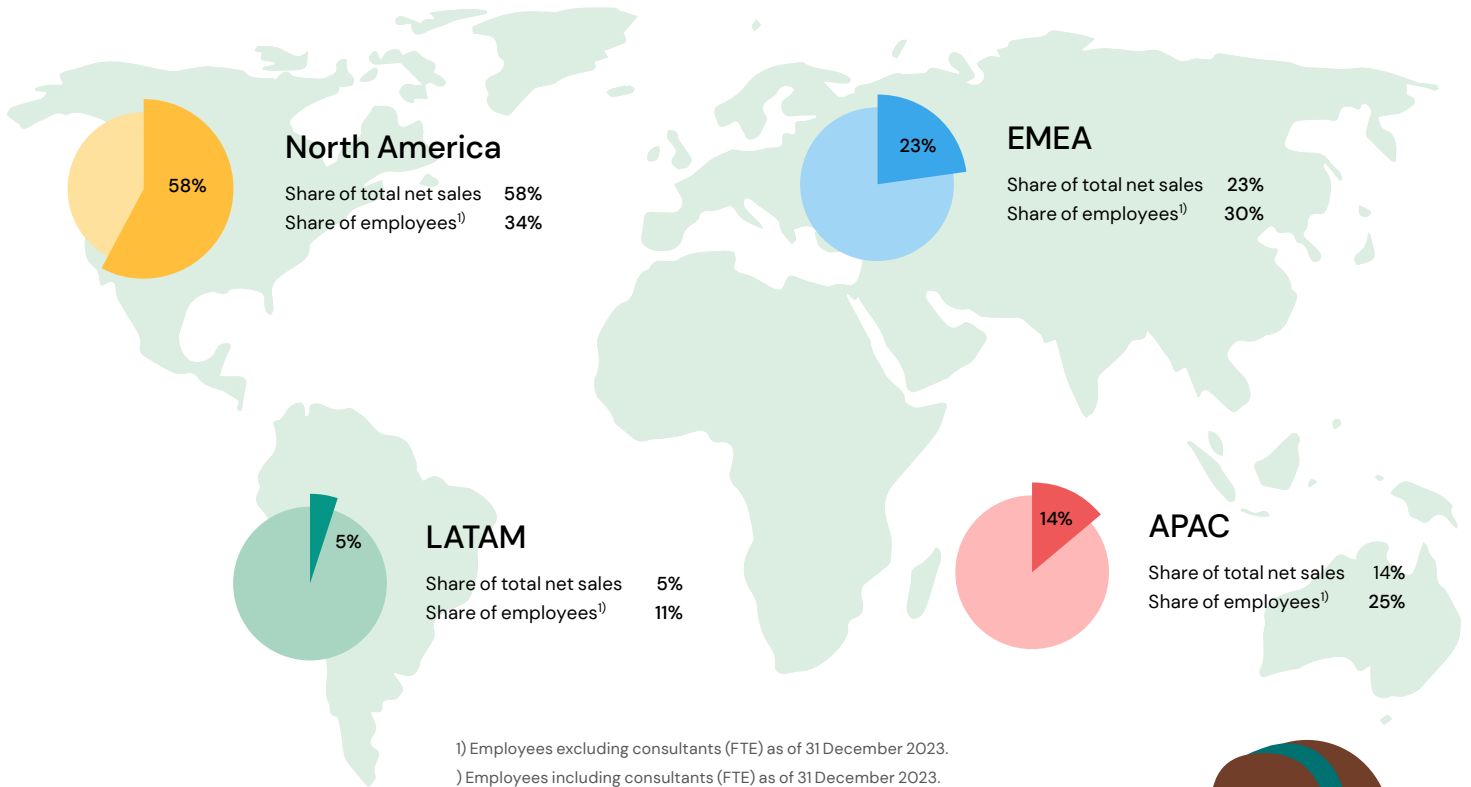
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While every care has been taken in the translation of this Annual Report, readers are reminded that the original Annual Report, signed by the Board of Directors or in European Single Electronic Format (ESEF), is in Swedish.

# About Sinch

Sinch is pioneering the way the world communicates. More than 150,000 businesses – including many of the world’s largest tech companies – rely on Sinch’s Customer Communications Cloud to improve customer experience through mobile 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. Learn more at [sinch.com](https://sinch.com).



**150,000+**  
customers

**60+**  
countries with local presence

**4,200+**  
employees at year-end 2023<sup>2)</sup>

**800+**  
billion customer interactions per year  
– messages, voice calls and emails

# Why invest

## Global market

Sinch is a leading provider in the vast and expansive global market for cloud communications services (CPaaS) which is fueled by digitalization and businesses' increasing focus on customer experiences. We enable businesses to interact with their customers in ways that are efficient, immediate, personalized and appreciated.

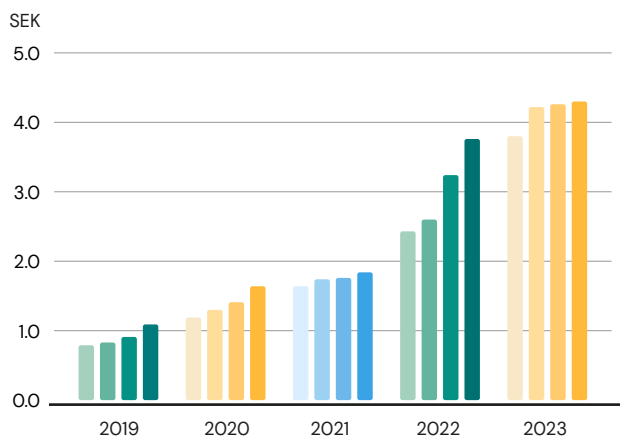
## Differentiated offer

More than 150,000 businesses leverage Sinch APIs and software applications to communicate with their customers. We service many of the world's largest and most demanding enterprises and deliver more than 800 billion mobile messages, voice calls and emails each year.

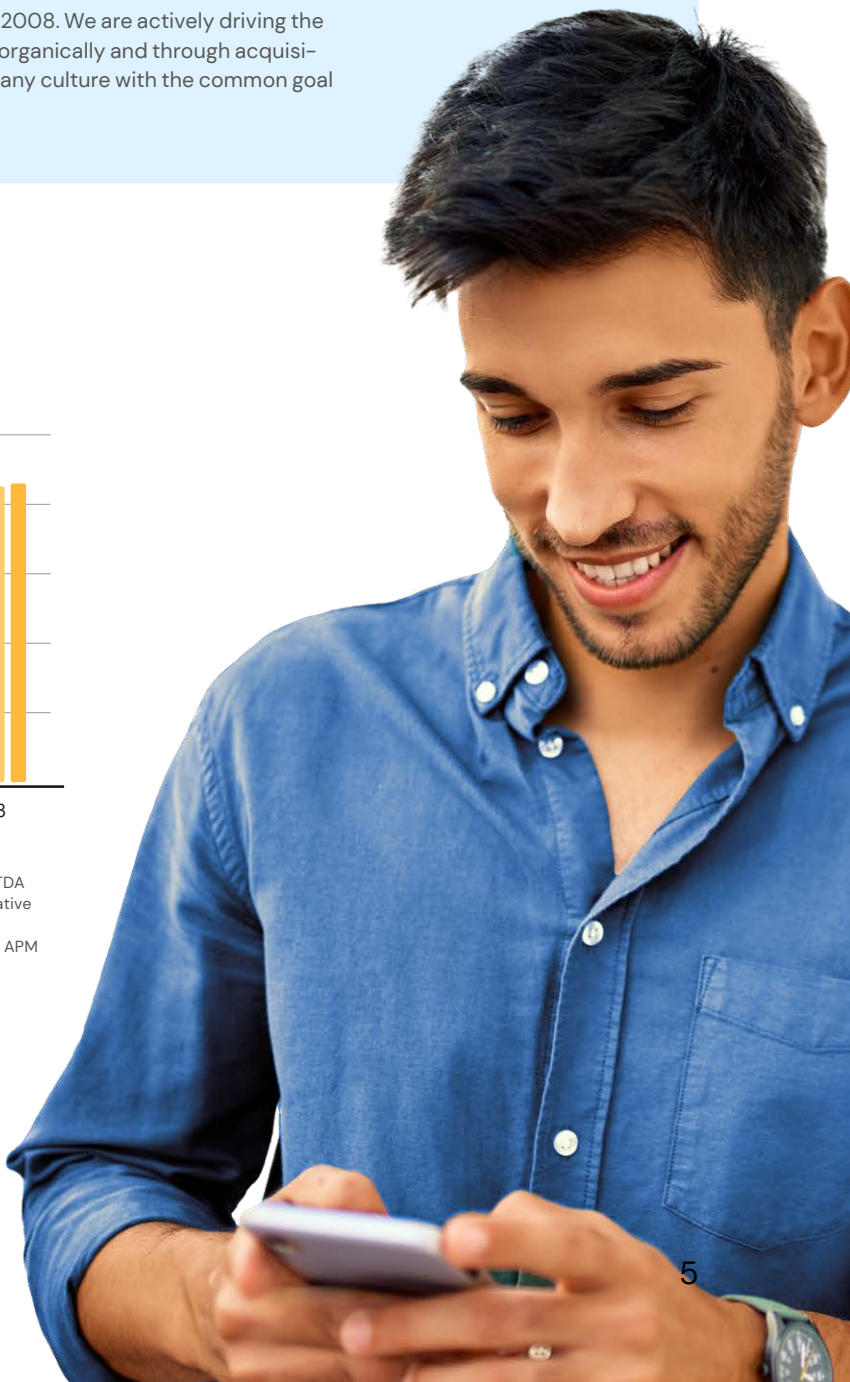
## Profitable growth

Sinch has been profitable since we were founded in 2008. We are actively driving the consolidation of our industry and look to grow both organically and through acquisitions. We have active owners and an inclusive company culture with the common goal of having a leading position in our industry.

Adjusted EBITDA per share<sup>1)</sup>, RTM



1) Sinch has a financial target decided by the board to grow Adjusted EBITDA per share by at least 20 percent per year. Adjusted EBITDA is an Alternative Performance Measure (APM) that is reported to clarify performance in underlying operations. The chart above shows the development of this APM over time. See also Definitions, pages 123-124.



# Introducing our Growth Acceleration Plan

## A year of solid financial results

We are proud of our strong financial performance in 2023. Sinch delivered close to SEK 29 billion in net sales, SEK 3.6 billion of adjusted EBITDA and SEK 1.8 billion in cash flow from operating activities. Operating leverage reduced further with year-end Net debt/Adjusted EBITDA at 2.0x compared to 2.7x one year prior.

Furthermore, we took an important step forward in our sustainability pursuits when we committed to emission reductions in line with the Science Based Targets initiative (SBTi). Joining SBTi ensures that our climate actions contribute to limit the global temperature rise to 1.5 °C.

2023 also marked the beginning of a new chapter for our company as we launched a comprehensive Growth Acceleration Plan and prepared for a new global organization that went live 1 January 2024.

## Unlocking potential from acquisitions

I joined Sinch in April 2023 to improve our operating performance and reaccelerate our growth after a period of focusing explicitly on cost control and cash flow.

The market had changed dramatically in early 2022 after a long period of exceptional organic and acquired growth, which had established Sinch as a global leader in the market for cloud communications services. By mid-2023, it was very clear that measures taken in 2022 were positively affecting profitability and cash flow, but it was also very evident that the business had not yet leveraged the strategic advantages secured through M&A in prior years. Unlocking this potential became our compass and triggered work to adapt our organization and prepare our teams for changes in 2024.

## Organizing around our customers

Four key design principles guided our work as we transitioned from business units into a more integrated operating model. We wanted to organize with our customers' needs in mind, to enable distributed decision making, to leverage the scale and efficiency of our global organization, and to allow distributed P&L ownership.

The new organization went live on 1 January 2024. Our customer-facing teams are now organized into three strong regions – the Americas, EMEA and APAC. We have tasked our regional sales teams to sell the entire Sinch portfolio and find the most attractive solution for each unique customer.

We have organized our product, technology and marketing teams into global functions to accelerate product integration and reallocate capital towards high growth areas. We have also created global support functions like Finance and HR, to ensure that we leverage our size and gain economies of scale.

Finally, we are making significant investments to better leverage internal data and harmonize our systems landscape for ERP, CRM and HRIS.

## Strong fundamentals

The business we are setting out to transform is built on core values and strong fundamentals.

We task ourselves to Dream Big, Win Together, Keep it Simple, and Make it Happen – core values that define how we interact and meet our customers' needs.

We serve some of the world's largest and most demanding customers. Many of the world's largest tech companies trust and depend on our Customer Communication Cloud for interaction with their customers through mobile messaging, voice calls and email. This is an enviable starting point, especially considering that most customers today only use one of our products. The products we offer are engineered for scale and handle hundreds of billions of unique customer interactions each year. We are uniquely well placed to serve the global and complex needs of multinational enterprise customers. Also, our online self-service offerings allow us to serve a long tail of software developers and business users – more than 150,000 in total – where we enable new businesses to get started and use our products within a few minutes.

Our long-time commitment to profitable growth makes us financially strong and resourced to adapt our business to evolving market needs.



*Dream Big, Win Together, Keep it Simple, and Make it Happen are core values that define how we interact and meet our customers' needs.*

I am also very pleased with the breadth of competence in our new global leadership team. Some members bring important perspectives and knowledge from Sinch and our former acquisitions while some are new to Sinch, and bring deep expertise from success in their respective remits.

### **Executing on strategy**

We initiated significant changes in 2023 and the work continues in 2024. We are creating a more integrated business where we can focus more on our customers, and we are identifying efficiencies to fund growth investments. Our plan will secure our market leadership position for the long term.

Finally, I want to take this opportunity to thank our customers for your trust, our employees for your hard work, and our shareholders for your continued support. Sinch is pioneering the way the world communicates. I am encouraged by the progress that we have made thus far, and I am excited about the future.

### **Laurinda Pang**

CEO

Stockholm, April 2024



# The year in brief

**+4%**

growth in net sales compared to 2022

**+8%**

growth in gross profit compared to 2022

**38%**

of gross profit translated into Adjusted EBITDA<sup>1)</sup>

**+11%**

growth in EBITDA compared to 2022

<sup>1)</sup> Adjusted EBITDA is an Alternative Performance Measure (APM) that is reported to clarify performance in underlying operations. See Definitions on pages 123–124 and Note 4 for more information.

## First quarter

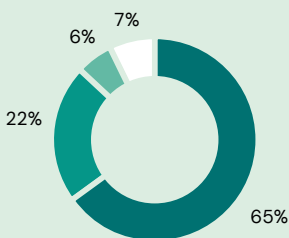
- Credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2026.
- Sinch launched “Operator Connect for Partners” which makes it possible for service providers and other partners to offer voice calling services via Microsoft Teams.

## Second quarter

- Laurinda Pang acceded as the new CEO of Sinch on 17 April.
- 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.
- The cost reduction program initiated in July 2022 achieved gross savings of approximately SEK 360m on an annual basis, exceeding the target of SEK 300m.

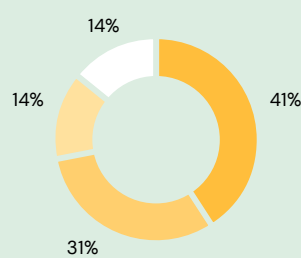
## Performance per operating segment 2023

Net sales



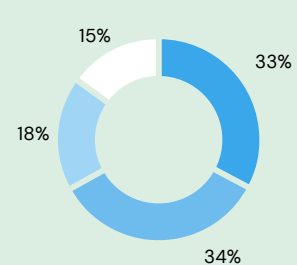
Messaging	65%
Voice	22%
Email	6%
SMB	7%

Gross profit



Messaging	41%
Voice	31%
Email	14%
SMB	14%

Adjusted EBITDA<sup>1)</sup>



Messaging	33%
Voice	34%
Email	18%
SMB	15%

<sup>1)</sup> Excluding a negative contribution of SEK -606m from “Other” segment. See Note 4.



### Third 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 launched a new product for Elastic SIP Trunking, which was made available in an open beta version. The product is a complement to existing voice services and allows business customers to easily buy flexible voice capacity via sinch.com.

### Fourth 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.
- Julia Fraser was recruited as new EVP Americas.
- Research firm Omdia named Sinch a Leader in the Omdia Universe: CPaaS Platform Providers.
- Sinch committed to short- and long-term emission reductions in line with science-based net zero and the Science Based Targets initiative (SBTi). By joining SBTi, Sinch will ensure that its climate action is aligned with the latest science aimed at limiting the global temperature rise to 1.5 °C.
- Credit facilities of SEK 1,500m were extended in December by one year. The new maturity date is February 2025.

## Financial targets and outcomes

#### Target

**20 percent** annual growth in Adjusted EBITDA per share

#### Outcome

Adjusted EBITDA per share grew by **14 percent** in 2023

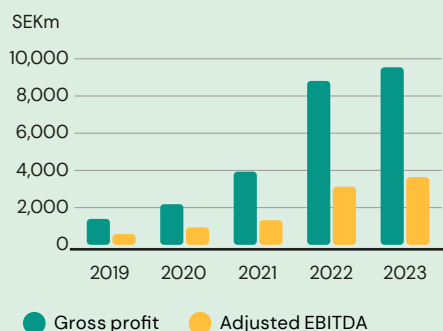
**+14%**

Net debt of **<3.5x** Adjusted EBITDA over time

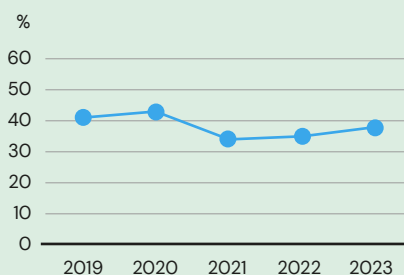
Net debt/adjusted EBITDA was **2.0x** at year-end

**2.0x**

Gross profit and Adjusted EBITDA

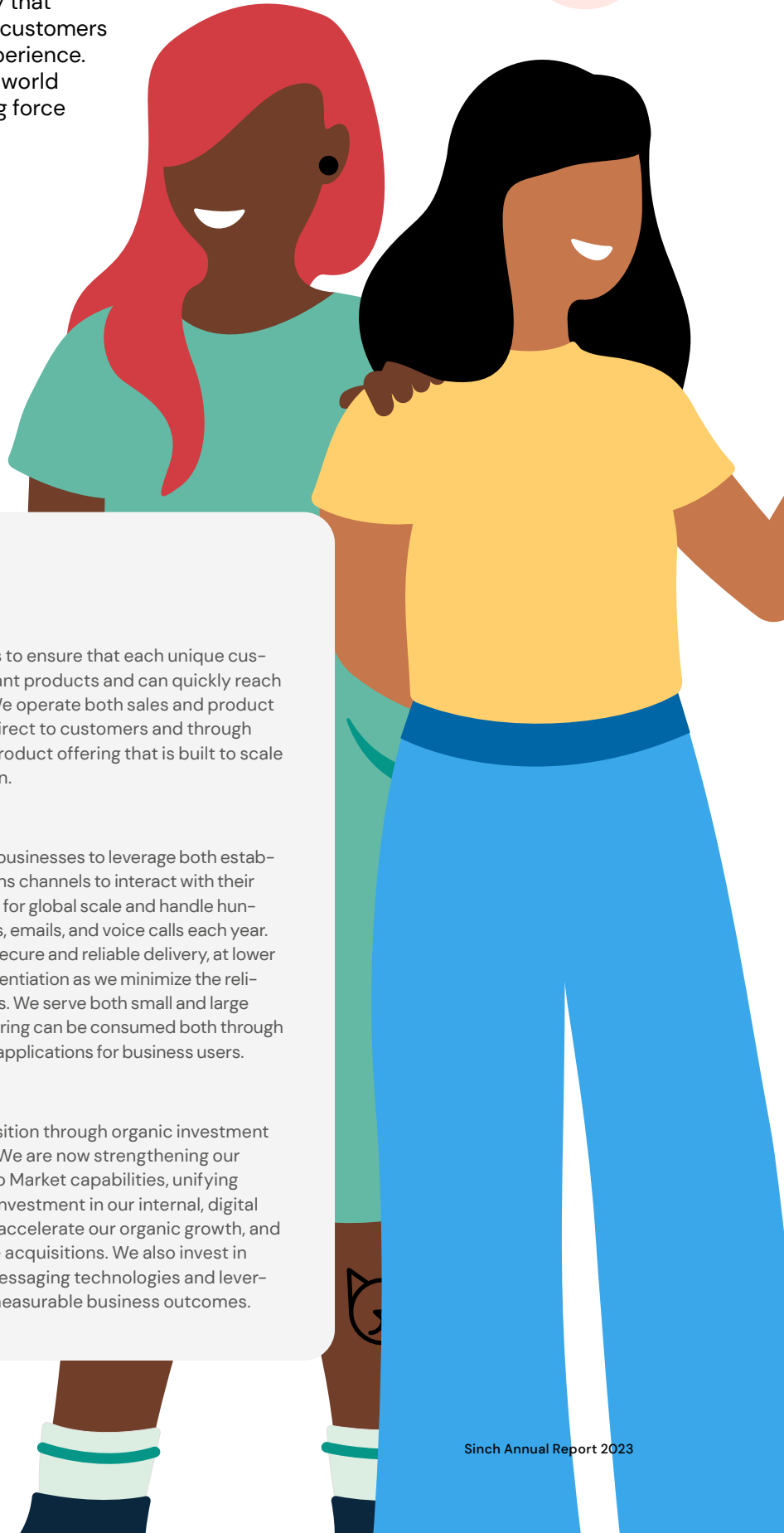


Adjusted EBITDA/gross profit



# Strategy for profitable growth

Sinch develops cloud-based technology that enables businesses to engage with their customers and create a better, digital customer experience. Our ambition is to pioneer the way the world communicates and to be a consolidating force in our industry.



## Our three strategic priorities

1

### Customer first

We organize around our customers to ensure that each unique customer is presented the most relevant products and can quickly reach measurable business outcomes. We operate both sales and product led growth motions and sell both direct to customers and through partnerships. We strive to have a product offering that is built to scale yet adaptable in its implementation.

2

### Differentiated product offering

We reduce complexity by enabling businesses to leverage both established and emerging communications channels to interact with their customers. We design our products for global scale and handle hundreds of billions of mobile messages, emails, and voice calls each year. Our global Super Network enables secure and reliable delivery, at lower latency, which is a key point of differentiation as we minimize the reliance on unnecessary intermediaries. We serve both small and large businesses and ensure that our offering can be consumed both through code, via APIs, and through turnkey applications for business users.

3

### Integration and transformation

Sinch has built a leading, global position through organic investment and complementary acquisitions. We are now strengthening our business by transforming our Go To Market capabilities, unifying our product offering, and through investment in our internal, digital backbone. These initiatives aim to accelerate our organic growth, and to ready our organization for future acquisitions. We also invest in next-generation, conversational messaging technologies and leverage Artificial Intelligence to drive measurable business outcomes.

# Acquisitions as part of our business model

Acquiring and integrating closely related businesses is an important component of Sinch's strategy. Our industry is fragmented and undergoing consolidation, and Sinch plays a driving role with 16 acquisitions since the IPO in 2015. Creating value through consolidation and widening our offering are the main reasons for acquiring other companies.

All companies acquired by Sinch meet a set of important criteria. First and foremost is a sound company culture, which is critical for successful integration. Financial performance must also be solid with products that have proven to create value for customers. There must also be clear cost and revenue synergies.

Completing an acquisition is a team effort and we have a dedicated team who review opportunities and complete transactions. We involve stakeholders from different parts of Sinch, including some of our founders, and the board of directors plays who all play an active role in the process.

## Consolidation in existing product segments

We do business in a global but fragmented industry defined by rapid technological advances and a changing regulatory landscape. Effective digital customer engagement is becoming increasingly business critical and a good digital customer experience is essential to business competitiveness. In response to more intense focus on regulations related to GDPR and data storage, companies are selecting suppliers more carefully, while the capacity to offer a broad range of communications channels and a stronger offering worldwide is becoming increasingly important.

Many local and regional enterprise messaging vendors have built successful businesses with strong customer relationships but lack the scale and financial strength required to develop a complete CPaaS offering. They are limited in terms of geography and product set and have less capacity to invest in new technology. By acquiring companies of this type, Sinch reaches customers in new geographies and expands its global presence.

We achieve significant cost synergies by migrating acquired customers and suppliers to our common, global technology platforms for messaging and voice calls. The same applies to our web-based software which is typically used by small and medium-sized businesses (SMB). For

this business, we can distribute fixed costs across higher transaction volumes and achieve higher levels of service with competitive pricing and improved profitability. If the acquisition is a company that offers voice or messaging services, we also benefit from the acquired entity's operator relationships. For the customers, this brings higher quality in deliverables and the opportunity to access Sinch's wider product portfolio and global network.

## Expansion of our offering

Acquisitions in this area are aimed at expanding Sinch's product portfolio and augmenting our organic product development work. This may involve both minor complementary product acquisitions and larger established businesses.

When we acquire small product companies, the main thrust is to accelerate the pace of innovation at Sinch and bypass the earliest phases of innovation to reduce the risk. A key factor in these contexts is that the acquired entity has successfully commercialized its idea and proven its commercial benefit through sales.

When Sinch acquires larger, established companies, this involves extensive operations that would have been difficult for Sinch to develop. These are businesses that offer leading products in their field and have experience managing customer segments that are new for Sinch. The synergies in these businesses are mainly on the revenue side and contribute to a differentiated and competitive product offering.



# The customer journey

Rapid digitalization has fundamentally reshaped how consumers interact with businesses. Sinch's technology lets businesses connect with their customers through the entire customer journey, using the communication channel best suited for each unique situation.



Competing in the digital age is increasingly about delivering a great customer experience. Researching alternatives has never been easier and businesses need to deliver a first-class experience to succeed in the marketplace.

A great digital customer experience centers around communication that is timely, personalized, and relevant. It leverages the communications methods best suited to each individual interaction and takes into consideration how preferences vary between people in different parts of the world.

## Marketing

The initial stages of the customer journey are about awareness and consideration. Customers are researching options before they complete the purchase of a product or service.

Sinch offers several products that complement digital advertising with targeted one-to-one communications based on user consent and opt-in. In an era of increased

focus on data protection and privacy, this is becoming increasingly relevant to businesses throughout the world.

The communications channels most used for marketing are email and SMS, and Sinch is one of the world's largest providers in both these product categories. Email is well suited for marketing due to its cost-efficient and unobtrusive nature and continues to deliver very high ROI for businesses. SMS is more expensive on per-message basis, but also has unrivaled reach and read rates. Every mobile phone in the world can receive SMS messages, and most consumers read incoming messages immediately.

Businesses across a wide range of industry verticals draw on Sinch's API platform to trigger communications at different stages of their customer journey. Many also leverage best-of-breed marketing platforms from leading vendors like Salesforce, Adobe and Oracle that have Sinch products pre-integrated, or leverage turnkey Sinch products like Mailjet or SimpleTexting for specific marketing uses.

## Service delivery

A completed purchase transitions a lead or prospect into a paying customer or subscriber. This initiates a service delivery phase in which a business delivers the goods or services that its customers are paying for.

Use cases range from simple notifications like “your package is ready for pickup!” to more complex scenarios with video messaging and two-way interactivity.

Flying abroad is a concrete example. Once a trip is booked and paid for, you can expect to receive a purchase receipt by email. It is the most efficient option for both the airline and its passengers: cost-efficient for the business and convenient for the end user. The email inbox offers abundant storage that is easily searchable and hence ideal for less time-critical notifications.

A day before departure, when it’s time to check in, an SMS or WhatsApp message is more appropriate. Mobile messaging breaks through the noise and does not require end users to download any new apps or change their phone settings to receive notifications. Newer messaging technologies like RCS, Telegram and WhatsApp also offer extended features and functionality that allow a more immersive and interactive customer experience.

The rise of e-commerce also triggers more digital communications as purchases happen online rather than in physical retail stores. Banks can send one-time passwords via SMS so that users can validate purchases or send notifications when credit cards are used in unusual ways. Consumers who shop using mobile apps that they download from Google Play or Apple’s App Store will often be asked to submit an email address or phone number, after which CPaaS companies like Sinch are tasked to verify that email address and phone numbers are correct and legitimate.

## Customer care

Successful customer care is imperative to retain high customer satisfaction in situations where things do not go according to plan. When a flight is canceled, a package delayed, or a newly bought sweater is the wrong size or color.

Voice calling is often the preferred way to interact with a business when things get complicated. Sinch’s voice products give businesses a high degree of flexibility with minimal investment: this is the benefit of a cloud-based communication platform that effortlessly scales to customer needs.

Businesses can either integrate Sinch’s voice APIs on their own or leverage Sinch calling via a contact center platform like RingCentral or a UCaaS platform like Microsoft Teams. Sinch also offers its own Contact Pro, a cloud-based contact center solution where Sinch’s voice, messaging and email capabilities are natively integrated.

The post-sale phase of the customer journey is also about ensuring customer retention and encouraging customers to speak positively about their experience. Businesses want to leave a positive impression that encourages customers to return and buy more, and proactive follow-up communications can help tie the customer care phase back into marketing. This is an area where mobile messaging is poised to become more relevant in the future. Whereas SMS is mainly used for one-way notifications, newer messaging platforms like WhatsApp, Telegram and RCS allow more options for two-way dialogue and interactivity.

Customer care is also a good example where new technologies such as Artificial Intelligence can make a big difference. AI-powered chatbots can be used to initiate the dialogue in the two-way conversation and answer the most common customer requests, which saves both time and money.



# Customer segments

**Sinch's Customer Communications Cloud serves more than 150,000 customers across the globe ranging from the world's largest and most demanding brands to individual developers and business owners.**

Sinch addresses a diverse customer base with variations in customer needs, use cases and levels of technical maturity. Common to all is the recognized need to place customer experience at the center of every company's strategy. In order to help our customers execute on this, Sinch provides a best-in-class communications network, APIs and appli-

cations across every communication channel including messaging, voice, email and new emerging channels. Today's reality is that consumers expect to be able to communicate on the channels they prefer and every brand, however large or small, needs to offer several different alternatives to ensure a positive customer experience.



Sinch's extensive global customer base can be segmented in three categories and we reach them through our own sales force and on-line sales based on self-serve.

## Business to Consumer (B2C)

This customer segment is focused on customers that use Sinch's products and services directly to serve their end customers or employees. This is Sinch's largest single customer segment and spans a wide variety of industries from financial services, IT & Software, retail, healthcare, logistics and many digital native companies where omnichannel digital communications drive their whole business model. This segment often deploys a wide variety of Sinch's offerings across marketing, operations and service use cases with the ultimate goal of delivering both increased growth and efficiency through a superior customer experience.

## Business to Business (B2B)

This customer segment primarily integrates Sinch's solutions into a larger package or platform offering to take advantage of world-class connectivity across all communication channels and combine this with their own proprietary technology that is tailored to a specific use case, industry or geography. Within this segment there are two categories where Sinch has unique offerings.

### Partners

Many of the world's leading cloud companies including Salesforce, Adobe and SAP/Emarsys rely on Sinch's global network of communications APIs to power their own applications. Relying on Sinch enables their R&D teams to

concentrate on core technology development while embedding best-of-class and consistent global communications in their offering. In addition to the larger cloud platforms there are a plethora of communications and applications service providers that Sinch serves across every geography, industry and use case that offer customized technology to meet a specific need. Sinch offers its technology to these partners through a variety of business models including sell-to, sell-through and sell-with motions.

### Wholesale

Our transactional or wholesale customers that buy bulk communications traffic are another important category in the B2B segment. These are often large organizations that take a multi-vendor approach to procurement and whose buying decisions are based on price and quality. Sinch is uniquely positioned to serve this customer base due to the scale of its unparalleled communications Super Network and many of the exclusive relationships Sinch has built with telecom operators across the globe.

## Operators

Sinch has a deep and extensive relationship with telecom operators worldwide and they also comprise a customer segment. Sinch provides this group with a wide variety of products and services across all forms of communication. Our voice network for instance offers the most extensive directly connected IP network in North America and serves Verizon and AT&T among others. We also provide 5G operators with SMS firewalls, IP-SMS gateways and data analytics engines. Sinch's product portfolio is a key component and Sinch is a partner in many mobile operator's business and customer experience strategy.

### SELECTION OF CUSTOMERS



## Self-Serve

An important customer segment consists of customers who chose to sign up for the services on-line without any interaction with Sinch's sales staff. The self-serve segment is made up of two distinct groups. The first group consists of individual developers and programmers who are often the final decision makers for more technically oriented business customers. They want to be able to test the products independently and they value a good user experience, self-service capa-

bilities and clear documentation, including sample code. The second consists of small business owners or product managers who have a simple job to do, often related to a single communications channel, and want an easy-to-use application with no need to talk to a sales or service representative. Sinch has a large and active worldwide community of developers and business users who are continuing to build and test Sinch's communications API and applications products.

# Product offering

**Sinch's API Platform, Applications, and Network Connectivity services together form the Customer Communications Cloud. In 2023, the platform powered more than 800 billion unique customer interactions on behalf of more than 150,000 customers.**

## API Platform

Cloud-based infrastructures let customers draw on the resources they need, exactly when they need them, without costly upfront investments in technology or delivery capabilities. This is a defining characteristic of Sinch's Customer Communications Cloud, which lets businesses trigger mobile messages, send email, and connect voice calls by calling on Sinch's APIs from their own tools and systems.

An API, or Application Programming Interface, is a defined interface that exposes a technical capability and makes it accessible via code. Beyond core APIs for messaging, email, and voice calling, Sinch's complementary management APIs also let customers buy phone numbers, enquire about pricing, and retrieve product analytics through code. This allows customers to integrate Sinch capabilities into their own platforms and processes, and allows Sinch's products to be seamlessly integrated with other cloud platforms like Salesforce, Oracle, Adobe, Zoom and Microsoft Teams.

Many of the world's largest companies rely on Sinch's API platform to communicate with their customers. They recognize Sinch's commitment to quality, track-record of reliability and long-established focus on regulatory compliance. These are areas of differentiation where Sinch has made considerable investments over multiple years.

Underpinning the API offering is Sinch's Super Network, or network-of-networks, which is a key point of differentiation versus the competition. A fundamental role for CPaaS companies is to bridge the gap between telecoms and the internet and make it easy for businesses to draw on telecom capabilities. Where others rely on layers of subcontractors and middlemen, Sinch connects directly to hundreds of telecom operators across the globe to provide the highest attainable quality at the lowest possible cost per unit. End-to-end control of the supply chain also guarantees compliance with increased regulations related to privacy and data sovereignty.

Sinch has also increased investment in self-service capabilities so that individual software developers can sign up online and get started using Sinch's API platform in just a few minutes. Single sign-on also lets customers who use the Mailgun email products use Sinch's messaging products, or vice versa, and prebuilt integrations to third-party cloud platforms offer additional options to leverage the Sinch platform.

## Applications

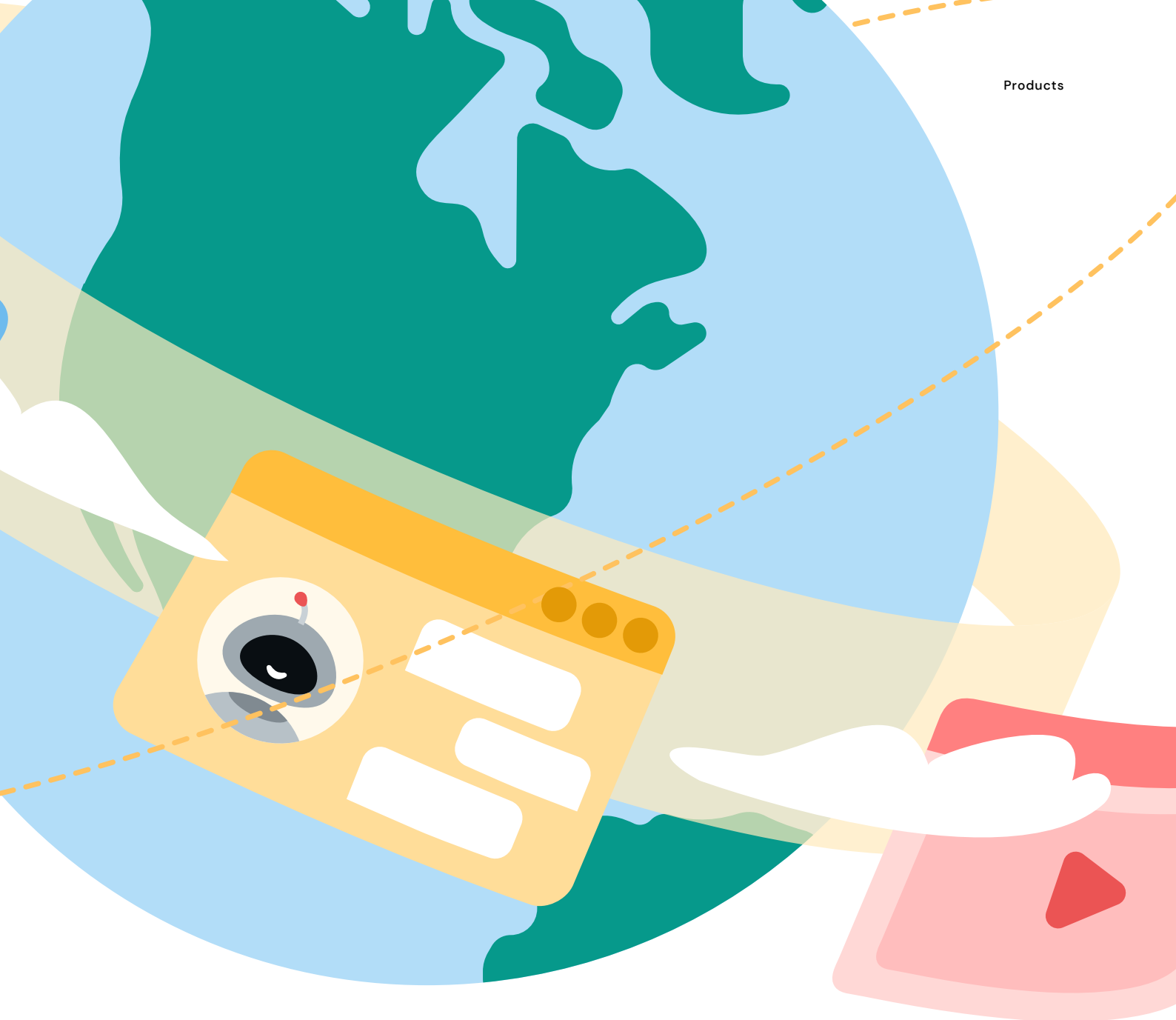
Where the API platform targets developers, Sinch's Applications offering targets business users. This broadens Sinch's addressable market and eliminates the need to engage in-house or third party software developers.

Sinch offers a set of specific applications that address use cases focused on marketing, service delivery and customer care. SimpleTexting offers an easy-to-use, turnkey online tool for SMS marketing and primarily targets small and mid-sized businesses in North America. Mailjet offers easy-to-use applications for email marketing and Sinch Engage enables businesses to interact with consumers through conversational messaging technologies like WhatsApp, Telegram, Line and RCS. Product development in 2023 and 2024 aims to further integrate these offerings to allow easier cross- and upsales.

Mid-sized and larger enterprises can also opt for Contact Pro, Sinch's own cloud-based, omnichannel contact center product with preconfigured integrations to SAP products for marketing and customer care.







To enable two-way conversations at scale, many businesses leverage Chatlayer, Sinch's multi-lingual conversational AI platform. The technology allows incoming customer questions to be handled automatically without human intervention, reducing cost and shortening response times in customer service. It also empowers businesses to turn discrete one-off interactions into continuous customer relationships with valuable interactivity across multiple communications channels.

### Network Connectivity

In addition to products for businesses, Sinch also offers a set of services and software for telecom operators and wholesale voice buyers.

Telecom operators have multiple ways to handle off-net voice calls and messaging traffic. Direct peering agreements make sense for the operators' largest counterparties, but

interconnections to hundreds of external networks is better handled through a third-party hub to which multiple networks are connected.

Sinch offers interconnect services for both voice calling and SMS messaging. In North America, Sinch operates the largest independent voice network and carries 300 billion voice minutes per year.

Beyond these services, Sinch offers software including products related to network security, 5G readiness and policy and charging.

# Market leadership

The digital communications market is large, global and growing. Businesses the world over now understand that competitiveness is born of a first-class digital customer experience. They are making customer engagement a priority and are seeking cloud solutions to enhance their marketing, delivery and customer service. They are meeting customer needs and basing their actions on the communications services people like and use.

## The market for cloud-based customer communications

Businesses turn to Sinch when they want to communicate digitally with their customers, on a one-to-one basis, through communication channels like mobile messaging, voice calling, or email. The products are cloud-based and offered as a service, which means that businesses can draw on Sinch's capabilities without high upfront investments in software or infrastructure.

Our market is often denoted CPaaS, for Communications-Platform-as-a-Service, and is defined by Gartner as "a cloud-based platform used by developers, the IT team and other nontechnical business roles to build an array of communications-related capabilities using APIs, SDKs, documentation and no-code/low-code visual builders." Although the main use of CPaaS is to enable customer communications, the technology can also be leveraged for other uses such as powering internal business communication tools (UCaaS), facilitating person-to-person communications, or as a technology enabler for IoT (Internet of Things).

The CPaaS business model is primarily transactional, in that revenues relate directly or indirectly to the volume of communications consumed by a business. However, there is

also an increasing share of subscription-based invoicing as the scope of CPaaS becomes relevant in adjacent software domains such as marketing automation (CRM), contact center, and digital security.

## Structural growth drivers

Demand in the cloud-based customer communications market is affected by structural trends and shifts in how businesses, their customers and people in general communicate and interact with each other. We have identified four trends that affect how our market is being shaped and developed.

- Digitalization
- Customer experience as competitive edge
- Increased usage of cloud services
- New communication channels

**Digitalization** makes it possible to process and transmit information more efficiently and to communicate in new ways. Businesses benefit from digitalization to cut their costs and satisfy greater demands for accessibility and ease of use.

A good **customer experience** is a clear competitive advantage and can be as important to the decision to buy as the price of the product or even the product itself. Businesses must deliver personalized and relevant communication at the right time while managing more, and more complex, communication channels.

To an increasing extent, businesses are relying on **cloud services** that offer several advantages over conventional local solutions. Some of the most important advantages are lower costs, greater scalability and improved access to data and information from anywhere in the world.

These days, businesses are expected to be accessible through the same **communication channels** that are used in personal contexts. Different channels have different strengths and characteristics and depending on the occasion, text, email, a voice call, video or communication via WhatsApp or RCS may be the most attractive solution.



## The market in 2023

The global Covid-19 pandemic changed how people throughout the world lived and worked and contributed to an acceleration of digital communication during 2020 and 2021.

The business environment changed considerably during 2022. Russia's invasion of Ukraine, increased inflation and rising interest rates led to an increased focus on profitability among businesses everywhere. At the end of 2022, Sinch saw the effects of the changing business environment as growth in traffic volumes came to a halt.

The effects were especially visible among larger international customers who began to review their costs and usage of communication services. The market in 2023 has therefore been slow, but stable, which showed especially in the operating segments of Messaging and Voice. At the same time, Sinch's offering towards smaller business customers has continued to grow even in this poorer macroeconomic environment.

This overall trend is also mirrored in the financial performance of Sinch's competitors. Many local, regional and global competitors are not profitable or cash-generative, which drives a need to reduce headcount and contain costs. Sinch's long-time commitment to profitability is therefore a key point of differentiation versus the competition.

## Regional competition

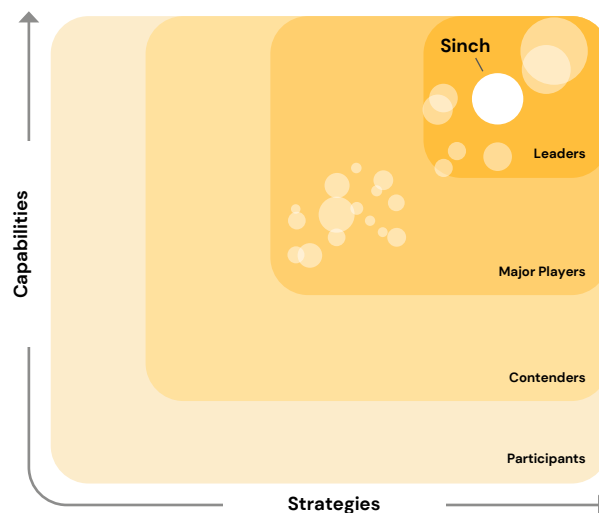
Sinch's product offering enables businesses to communicate with customers throughout the world. Many customers have global operations and Sinch is present in more than 60 countries. Helping businesses adapt to regulatory, technical and commercial differences is a key part of the offering. Whereas Sinch encounters many local and regional competitors whose products compete with parts of Sinch's offering, very few have the global reach or capabilities needed to service complex and global needs.

## Recognized leadership

Sinch was recognized as a leader in the sector by several independent research firms in 2023. In May, Sinch was recognized as a leader in the IDC MarketSpace Worldwide Communication Platform as a Service (CPaaS) 2023 Vendor Assessment. In their words:

"Consider Sinch when you are a globally operating company and are looking for a CPaaS provider with a deep, global coverage and a robust portfolio spanning basic communications APIs as well as low-no-code and SaaS solutions with profound marketing and customer engagement capabilities.

Gartner® Magic Quadrant™ CPaaS



When you are a smaller sized business, you will want to explore Sinch's customer engagement portfolio that is specifically designed for this market segment and ultra easy to deploy. In addition to the vendor's global coverage, local and regional companies will also benefit from Sinch's expertise around local regulatory environments, especially in Europe, the US, Brazil, and India."

In September, Sinch was positioned as a leader in the first 2023 Gartner® Magic Quadrant™ for Communications Platform as a Service (CPaaS). The evaluation was based on specific criteria that analyzed Sinch's overall Completeness of Vision and Ability to Execute.

In November, Sinch was also positioned as a Leader in the Omdia Universe: CPaaS Platform Providers 2023/24. In Omdia:

"Sinch is classified as a leader in the CPaaS Omdia Universe, with well above average category scores for APIs, value-added services and packaged solutions, innovation, go-to-market strategy, number of customers, non-functional requirements, and implementation services."

Excerpts are available at [sinch.com/insights](https://sinch.com/insights).

# Operating segments

In 2023, Sinch's business was structured in four segments; Messaging, Voice, Email and SMB<sup>1)</sup>.

## Messaging

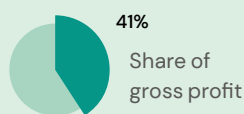
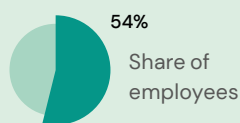
Enterprises typically use APIs to connect to Sinch's cloud communications platform and reach their customers' phones through different types of messages.

### Facts

**What:** Cloud communication platform and software for advanced interactive communication and related services and solutions.

**Main markets:** Large business customers worldwide.

18,942	3,876	1,079
Net sales, SEKm, 2023	Gross profit, SEKm, 2023	EBITDA, SEKm, 2023



Enterprises often have a need to send large volumes of messages and possess in-house IT-development capabilities. For these customers, it typically makes sense to use an API (Application Programmable Interface) to initiate an interaction with their customers through SMS and next-generation messaging technologies like WhatsApp and RCS. The adoption of new messaging technologies is growing rapidly but SMS is still a unique communication channel that cuts through the noise since anyone with a mobile phone can receive an SMS, and 98 percent of them are read.

Based on our expertise and our Super Network with more than 600 affiliated mobile network operators, we offer a reliable and secure solution that simplifies business communications. This has been recognized by thousands of large enterprises that combined use Sinch's Communications Cloud to send about 250 billion business messages every year. The customer base includes several of the largest tech companies in the world.

## Voice

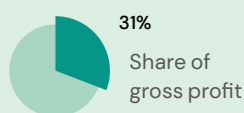
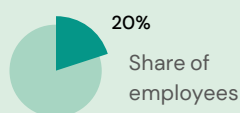
Sinch's Voice communications solutions enable business customers, service providers and telecom carriers to manage massive volumes of phone numbers and voice and emergency calls without costly investments in infrastructure.

### Facts

**What:** Voice communications enabling the handling of large volumes of calls and numbers.

**Main market:** Enterprises, carriers and communication service providers in the US.

6,339	2,985	1,425
Net sales, SEKm, 2023	Gross profit, SEKm, 2023	EBITDA, SEKm, 2023



Sinch helps businesses handle voice calls from any and all devices over the public switched telephone network. We help businesses scale their communications and acquire local phone numbers as they expand. The backbone of Voice solutions is the Super Network, which reaches 95 percent of the US population and completes more than 100 billion voice calls per year. The interconnect services we offer to American carriers and service providers are a major component of the business, but we also support a vast array of applications related to voice services.

As a partner to Microsoft Operator Connect, we make it possible for businesses to use Microsoft Teams as their primary phone system. We aggregate calls to public emergency services with our next-generation emergency response service (NG911). We offer number verification via voice call, by which we verify that the phone number a person has given genuinely belongs to them. Our customers are mainly telecom carriers, service providers and enterprises.

<sup>1)</sup> From January 1, 2024, Sinch reports based on a new business model introduced in October 2023. See press release for more information.

CUSTOMER CASE

# AAA

**Enabling access to roadside assistance**

For over a century, the American Automobile Association (AAA) has been synonymous with safety and reliable roadside assistance for motorists in North America, serving over 63 million members and responding to 30 million calls for roadside assistance annually. Helping drivers in cellular dead zones is however challenging, even for North America’s largest and most trusted automobile association.

**Offering chat capabilities via satellite on iPhones**

To allow AAA members to request roadside assistance in areas where cellular coverage is unavailable, AAA partnered with Sinch and Apple to offer drivers a new way to contact them.

With Sinch Engage, our all-in-one messaging platform, AAA agents can be in near-live contact with iPhone 14 and 15 users and localize them using satellite connection, all while enjoying the benefits of a customer support tool.

Incoming messages can be managed and shared from a single inbox, with easy access to all relevant user information and conversation history.

**AAA remains synonymous with safety and reliability – and meaningful innovation**

Beyond the enhanced user experience, this new contact option gives millions of drivers the peace of mind that comes with knowing that help is only a text message away, wherever they are.

“AAA’s top priority is taking care of our members when they need us most,” said Marshall Doney, president and CEO, AAA. “Sinch has been an excellent partner in furthering that mission and their innovation has allowed us to take our roadside assistance to the next level.”



CUSTOMER CASE

# HSBC

**Transforming the personal loan experience**

When HSBC set out to simplify personal loan application applications and enhance the customer experience for its massive customer base, they turned to Sinch and took a bold step into the realm of conversational banking.

**Building a conversational AI experience in WhatsApp**

Working closely with Sinch experts, HSBC’s CRM team built a personalized credit simulation experience in the form of a WhatsApp chatbot.

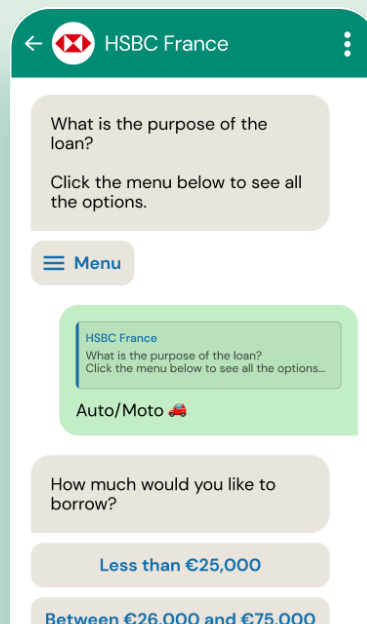
At the end of the simulation, customers received a personalized quote for their desired loan amount with all relevant information and legal notices.

“We’re delighted with this initiative. WhatsApp is more than a new channel for us. It’s a new way of interacting with our customers which allows us to understand their needs and provide ultra-personalized offers in the same discussion thread. The power of WhatsApp lies in the ability it gives us to cross-reference conversation data with customer data to personalize subscription processes,” said Sabrina Giry Fernandez, Head of CRM at HSBC.

**Improving customer engagement and conversion rates**

The solution was launched in just one month with more than 18 variations and was a resounding success. With 91 percent of targeted customers engaging with the campaign and a conversion rate of 1.4 percent, the simulation generated over 20 million euros.

“The Sinch team was great and very professional. Their expertise and advice allowed us to quickly collect opt-ins, find technical solutions to implement sophisticated scenarios, and offer a smooth experience to our customers. The results exceed the objectives we set for ourselves and we’re already thinking about next steps,” said Sabrina Giry Fernandez.



## Email

Within the Email segment, Sinch offers industry-leading email deliverability to more than 100,000 customers worldwide.

### Facts

**What:** Transactional and marketing email.

**Main market:** Developers and programmers in the US and Europe.

1,773

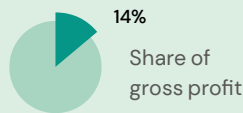
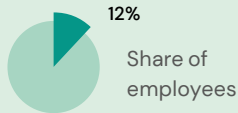
Net sales,  
SEKm, 2023

1,377

Gross profit,  
SEKm, 2023

709

EBITDA  
SEKm, 2023



Through powerful APIs for email and intuitive marketing solutions, Sinch delivers around 450 billion emails per year for companies including DHL, Wikipedia, Lyft and Microsoft. Sinch helps its customers manage the entire email life cycle and control the variables that impact deliverability. We assist marketers in delivering effective campaigns, and provide developers with the tools they need to send automated transactional emails and analyze user behavior. Our product sets are: Mailgun APIs for email, Mailjet email marketing products and Email on Acid test tools. Our infrastructure builds on Google Cloud Platform and can handle extreme capacity demands, for instance on Black Friday.

Since the Sinch system regularly sends large volumes to most of the world's email box providers, we can analyze traffic flows in real-time and generate an email delivery rate of 98 percent, well above the industry average of 83 percent. Sinch's traditional customer base within email is made up of more than 100,000 tech savvy developers and programmers. Large companies where our high delivery rate and cloud solutions offer advantages are a focus area for growth.

## SMB, small- and medium-sized businesses

The SMB segment includes web-based, turnkey products that make it easy for businesses to engage with their customers through mobile messaging.

### Facts

**What:** Easy-to-use turnkey applications that make it easy for businesses of any size to engage with their customers via messaging and two-way conversations.

**Main market:** Businesses in Australia, New Zealand and the US.

2,069

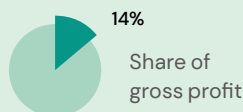
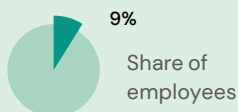
Net sales,  
SEKm, 2023

1,303

Gross profit,  
SEKm, 2023

526

EBITDA  
SEKm, 2023



Businesses of all sizes need to communicate with their customers and increasingly look to messaging as an efficient way to acquire, engage, and retain their customers. However, many lack dedicated IT development resources and look for easy-to-use products that work well with other software already used for CRM, eCommerce, ERP, or Marketing Automation.

Sinch's SMB products are easy to use, integrate well with existing technology platforms, offer flexible pricing models, and enable quick set-up online. This makes the offering especially attractive for small and medium-sized businesses. Products are offered under well established brands including MessageMedia, SimpleTexting and ClickSend. The Sinch SMB offering is particularly strong in Australia, New Zealand and the fast-growing US market. More than 70,000 active businesses use Sinch SMB products today with global demand creating clear opportunities for continued consolidation and growth.

## CUSTOMER CASE

## Harrods

**Unifying the customer experience and managing loyalty across touchpoints**

Harrods, the world's leading luxury department store, caters to a very diverse audience of shoppers, both at their brick-and-mortar store and online, which poses some challenges when it comes to customer experience and loyalty management.

To unify customer data and communications across touchpoints and create seamless experiences for its multi-faceted audience, Harrods partnered with Sinch and KPS, a leading consulting firm for digital transformation.

**Building 360° customer profiles with an agile CX ecosystem**

Working closely with KPS implementation experts, Harrods implemented an SAP customer experience solution to create a unified view of its customers and empower its business teams to make more data-driven CX decisions.

Next, the retail giant implemented special applications, including Sinch's SAP-endorsed contact center Contact

Pro and Sinch Campaigns to enable more personalized and innovative communication and let customers engage on their preferred channel. This also allowed Harrods' business teams to leverage conversational data across their entire CX ecosystem.

**A unified view of the customer — and next-level shopping experiences**

This new SaaS-based CX ecosystem offers Harrods' business teams a 360° view of customers, with access to all data and interaction history collected across touchpoints. The retail giant can now better anticipate and meet the expectations of its diverse audience and prioritize its most loyal customers.

The result is reduced complexity and IT costs, and premium, personalized experiences at every step for Harrods' customers, from in-store shopping to marketing communications or support.



## CUSTOMER CASE

## Picard

**Placing Picard at the heart of the holiday season**

For Picard, a French frozen food retailer, the holiday season is a perfect opportunity to win new consumers and turn them into loyal ones — and innovative communication is a major part of the equation. To strengthen its customer activation strategy during this period, Picard joined forces with Sinch to create an immersive holiday shopping campaign.

**Creating a rich conversational experience with RCS and Rich SMS**

The goal of the campaign was to facilitate holiday preparations for customers by letting them create and shop for holiday meals quickly and effortlessly.

RCS (Rich Communication Services) was an obvious choice for this project. Richer content, app-like experience, better branding, better security, better insights into delivery and open rates, higher engagement — it's easy to understand what makes RCS such a powerful channel.

Because RCS isn't supported on all mobile devices yet, Picard also used Rich SMS to deliver an enhanced experience for customers with non-compatible devices, directing them to a landing page with a conversational chatbot experience.

**Increased engagement over RCS**

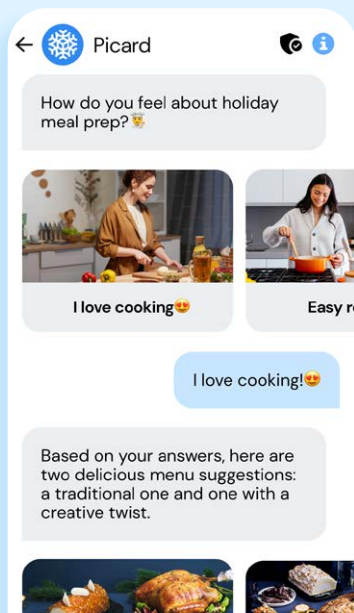
With RCS, Picard created an end-to-end, immersive experience directly within the messaging channel, encouraging users to engage and convert.

The RCS holiday campaign saw a click-through rate three times higher than that of Rich SMS, a 42 percent increase in customer engagement, and over 10 percent more website redirections.

"RCS is an innovative messaging channel that has allowed us to communicate with our customers in a very playful and

interactive way. The conversational nature of RCS allows us to bring more value to customers by using rich content directly within the messaging channel. It helps us understand our customers' preferences and the channel makes it easy for our customers to understand our value proposition and has great marketing activation potential for brands," said Charlotte Lebrun, CRM Manager at Picard.

"In terms of data analytics, RCS allows us to carry out more detailed assessments, particularly thanks to trackable open rates and conversion rates, which are not available on classic SMS campaigns."




# Share performance and ownership structure

The information provided by Sinch to shareholders and the rest of the capital market is aimed at providing a clear and fair picture of the company and its operational and financial progress.

## The share

Sinch stock was listed on Nasdaq Stockholm on 8 October 2015 at an opening price of SEK 5.90 (adjusted for the stock split in the summer of 2021). The share is traded under the stock symbol SINCH. Sinch has been traded on Nasdaq Stockholm Large Cap since January 2021.

## Share capital

Share capital in Sinch amounts to SEK 8,430,698 (8,386,022), divided among 843,069,811 outstanding shares (838,602,248). All shareholders have equal rights to a share in the company's assets and profit. The quotient value of the shares is 0.01 (0.01). Please refer to Note 22 for further information about the development of share capital.

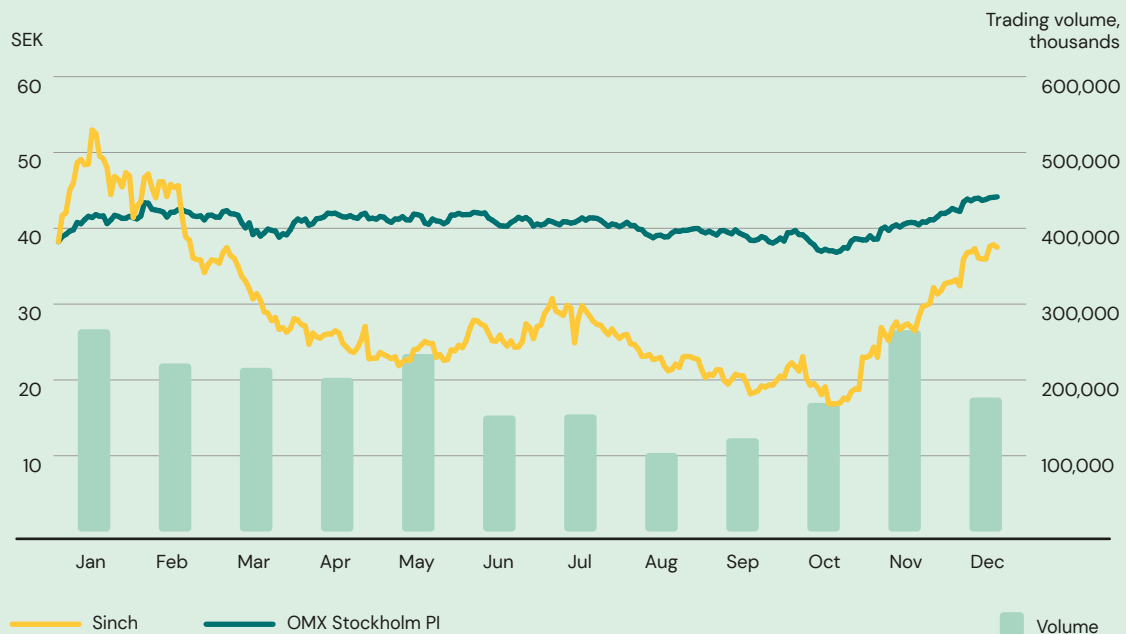
## Dividend

The board of directors has decided to propose to the annual general meeting that no dividend be paid for the 2023 financial year (-). It is the opinion of the board that the company is currently in a phase during which financial surpluses should be used to repay the company's debt and be reinvested in continued growth, both organically and through acquisitions.

## Shareholders

At year-end, Sinch had about 91,173 shareholders (103,000). The ten largest shareholders combined owned 56.72 percent of equity in Sinch (61.6). The company is not aware of any agreement between shareholders that limits their rights to transfer their shares.

The share, 2023



Source: Modular Finance



## Ten largest shareholders as of 31 December 2023:

#	Shareholder	Number of shares	% of equity
1	Neqst D2 AB	155,676,507	18.47%
2	Fourth National Swedish Pension Fund	75,121,141	8.91%
3	AMF Pension & Fonder	53,020,109	6.29%
4	Alecta Tjänstepension	38,718,283	4.59%
5	Swedbank Robur Fonder	35,010,247	4.15%
6	Handelsbanken Fonder	29,359,718	3.48%
7	First National Swedish Pension Fund	27,000,000	3.20%
8	Temasek	22,851,408	2.71%
9	Vanguard	22,810,480	2.71%
10	Kjell Arvidsson (P&CS Invest AB)	18,630,000	2.21%
<b>Total, 10 largest shareholders</b>		<b>478,197,893</b>	<b>56.72%</b>
	Other	364,871,918	43.28%
<b>Total</b>		<b>843,069,811</b>	<b>100.00%</b>

## Prices in 2023 (adjusted), Nasdaq Stockholm, SEK

Volume weighted average price	Highest paid	Highest paid date	Lowest paid	Lowest paid date
29.66	53.8	13 Jan 2023	16.04	30 Oct 2023

## Market cap last trading day in 2023, SEKm

Number of shares	Price, SEK	Market cap
843,069,811	37.51	31,624

## Turnover of instruments in 2023, Nasdaq Stockholm

Turnover, SEKm	Number of shares traded, Nasdaq	Number of transactions	Average daily turnover, SEKm	Average daily volume	Average daily transactions	Trading days
67,671	2,281,561,029	1,850,622	269	9,089,885	7,373	251

## Shareholder distribution by category

Shareholder category	Number of shares	Equity	Voting rights	Number of known shareholders	Share of known shareholders
Swedish institutional	342,467,611	40.62%	40.62%	135	0.15%
Foreign institutional	151,890,042	18.03%	18.03%	103	0.11%
Swedish retail	106,309,651	12.62%	12.62%	87,766	96.26%
Other	232,703,286	27.62%	27.62%	3,169	3.48%
Unknown	9,699,221	1.12%	1.12%	-	0.00%
<b>Total</b>	<b>843,069,811</b>	<b>100.00%</b>	<b>100.00%</b>	<b>91,173</b>	<b>100.00%</b>

Source: Modular Finance

## Analysts

Analysts that cover Sinch:

Company	Analysts	Contact
ABG	Daniel Thorsson	daniel.thorsson@abgsc.se
Bank of America	James Pavey	james.pavey@bofa.com
Carnegie	Predrag Savinovic	predrag.savinovic@carnegie.se
Danske Bank	Viktor Högberg	viktor.hogberg@danskebank.se
DNB	Stefan Gauffin	stefan.gauffin@dnb.se
Goldman Sachs	Mohammed Moawalla	mohammed.moawalla@gs.com
Handelsbanken	Daniel Djurberg	dadj03@handelsbanken.se
J.P. Morgan	Akhil Dattani	akhil.dattani@jpmorgan.com
Morgan Stanley	Laura Metayer	Laura.Metayer@morganstanley.com
SEB	Erik Lindholm-Röjstål	erik.lindholm-rojestal@seb.se

See investor.sinch.com for the most recent shareholder and analyst lists.

# Our sustainability work

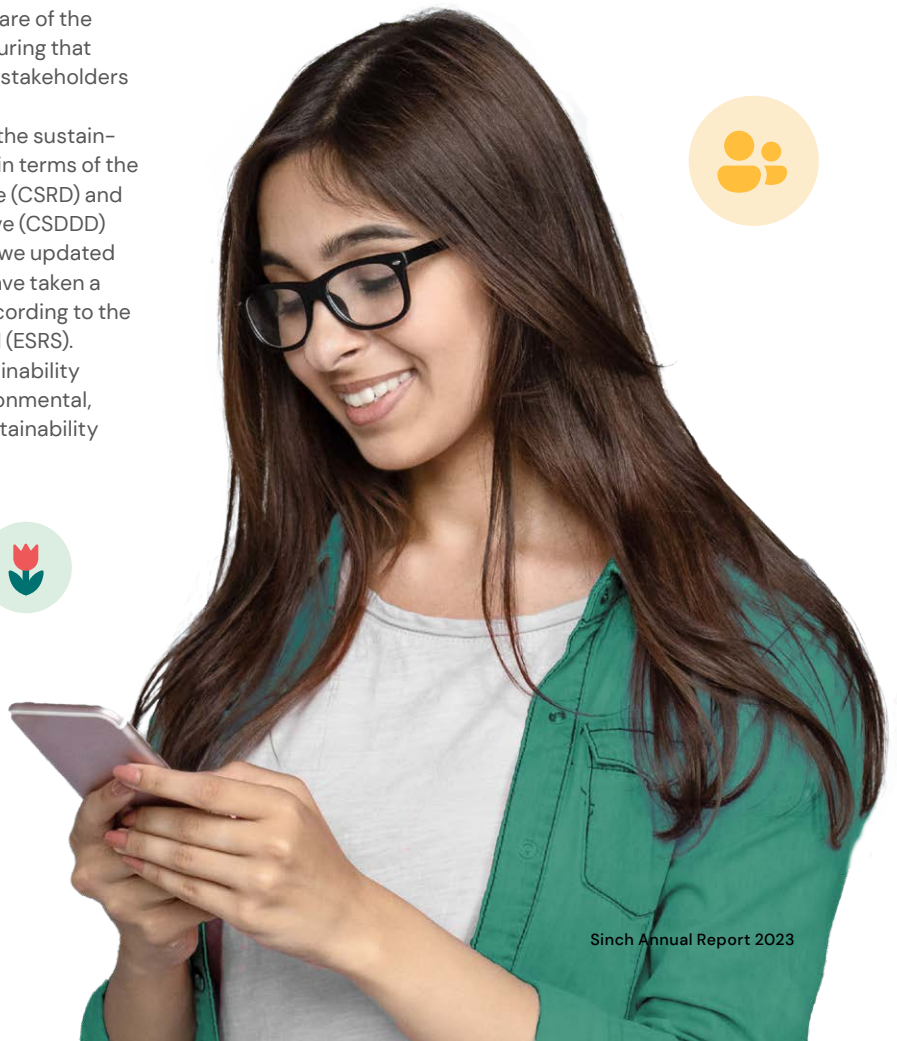
Responsible and secure business practices are at the core of everything we do at Sinch. We make things happen and make them matter – for our customers and the world. Through our business we empower companies to address their economic, social and environmental challenges and opportunities through innovative information and communication solutions, while minimizing potential negative impacts. Our workplace is characterized by diversity, equity, and inclusion, where all our employees can grow and win together. The foundation of our sustainability work is our focus areas which describe how we work to ensure our corporate responsibility across the value chain contributes to sustainable development.

Our business model makes it possible for businesses, organizations and individuals all over the world to communicate, swiftly and easily. Businesses can rely on our cloud communication solutions to help their customers get the right information in a simple and effective way, at the right time. Sinch creates value through the generation of long-term and profitable growth driven by quality, economies of scale and innovation. These factors collectively make it easier for individuals and companies to connect and collaborate. Our products add value in situations where communication is critical and privacy and information security are of the utmost importance. Sinch is committed to ensuring that our customers, partners, employees and other stakeholders perceive us as a responsible business.

As we grow, we become more mature within the sustainability field and with the upcoming regulations in terms of the EU Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) the legislative demands are getting stricter. As we updated our material topics during 2022, this year we have taken a step further to align our reporting structure according to the EU European Sustainability Reporting Standard (ESRS).

The focus areas that constitute Sinch’s sustainability framework are based on the three pillars: environmental, social and governance. Within these pillars, sustainability

topics are categorized and identified as our most material topics. The conducted materiality analysis is inspired by the principle of double materiality, identifying where Sinch has or expects to have the most material impact, risks and opportunities. Read more about the process on page 102 in this report.





## Environmental responsibility

### Material topics:

- Climate impact

### Description of focus area

Our focus is on reducing our greenhouse gas emissions within scope 1, 2 and 3. The climate program includes all of our acquisitions made in past years and when these are integrated the reporting can be more accurate and precise. Sinch reports according to the Greenhouse Gas Protocol, read more about the results on page 103–104.

### Events during the year

During 2023 Sinch has committed to Science Based Target initiative (SBTi) to set targets to limit global warming in line with the Paris Agreement.

### Long-term goal

Sinch shall set science-based climate targets in accordance with Science Based Targets initiative (SBTi) to limit global warming in line with the 1.5 degree target.

### The UN Sustainable Development Goals (SDGs)

Sinch takes responsibility for the organization's environmental impact, while our innovative and energy efficient solutions make it possible for businesses to communicate with their customers with less impact on the environment.



## Social responsibility

### Material topics:

- Diversity, equity and inclusion
- Health and wellbeing

### Description of focus area

Our employees are the very core of our business and we strive to foster a diversified, inclusive working environment where employees feel secure to take on challenges and dare to dream big.

The work-life balance at Sinch is prioritized to ensure that our employees' health is maintained and by hosting various global and local initiatives we aim to enhance the wellbeing of our employees.

### Events during the year

Development initiatives during 2023 had a focus on employee development. During the year recruitment processes were refined, focusing on making internal opportunities available to all employees, to foster career growth at Sinch. Furthermore, additional SinchBoost programs were launched, focusing on how to lead change.

Several global diversity initiatives were started to engage employees in maintaining a fair and inclusive workplace. Themes during the year were for example Women's International Day, Pride Month and Ethnicity.

### Long-term goal

Sinch will set diversity targets and associated action plans to ensure that we are working effectively with diversity, equity and inclusion throughout the organization. Our long-term ambition is to become an even stronger and more aware employer every year.

### The UN Sustainable Development Goals (SDGs)

Sinch's employees are the company's most important asset. Diversity, equity and inclusion are success factors for Sinch and the company is committed to ensuring that all employees have equal opportunities to develop to their full potential with us. Employee health and wellbeing are essential to our success.



## Business responsibility

### Material topics:

- Privacy and information security
- Business ethics and anti-corruption
- Supply chain management
- Product impact and innovation

### Description of focus area

Our business relies on innovative products that ensure secure information management and privacy for all our customers and consumers. We operate worldwide and are committed to being a trustworthy partner, promoting ethical business, regulatory compliance and fair competition. This includes how we operate within our supply chain, and making sure that our suppliers deliver on the same standard across the globe.

### Events during the year

We have continued to develop our programs for privacy compliance and information security, as well as continuously trained our employees in risk management.

Improvements have been made to ensure alignment with the Code of Conduct throughout our operations and the value chain. We also initiated a pilot to assess the climate impact of one of our products (SMS/MMS) by performing a life-cycle assessment (LCA).

### Long-term goal

Sinch will develop its risk-related processes to ensure responsible business practices across the value chain. We also intend to identify opportunities to take further steps towards promoting sustainable development through our products and services.

### The UN Sustainable Development Goals (SDGs)

As a global market actor, it is imperative that we act responsibly and ethically across the value chain. Our innovative solutions contribute to increasing access to information and communication technology, which enables businesses to manage economic, social and environmental challenges.



## Sinch's values



**Dream big**



**Win together**



**Keep it simple**



**Make it happen**

Sinch's values Dream big, Win together, Keep it simple and Make it happen are embedded throughout the organization and guide our actions and behaviors. They are the foundation of our vision, "Simplifying life by bringing all people and businesses together" and are integrated in our people processes. We believe a strong company culture is a key enabler for success in a business that is growing rapidly, both organically and through acquisitions. At Sinch, everyone shall have equal opportunities to thrive and develop. Working with us means meeting people who choose to dream big and to challenge each other to stay

curious and break new ground. We win together and our relationships are built on trust, inclusion and respect, which nurtures both personal and professional development. We work to create a simple, open and honest company culture where customers and employees trust each other. Through this approach, we make things happen and see potential challenges as opportunities to find new paths. At Sinch, ethical standards and accountability are highly valued, which is reflected in how we interact with our communities and stakeholders.

# In prime position with the jigsaw complete

Sinch continued to advance its positions in the past year as a leading global provider of cloud solutions for customer engagement. Looking back at the last three years, 2021 was an intense year of acquisitions that ended with the close of three transformative acquisitions that together created a new and wider platform for future growth. Geopolitical unrest, increased inflation and rising interest rates caused a massive change in macroeconomic conditions in early 2022. Demand for communication services ebbed as enterprises focused on cutting costs instead of innovation and revenue growth. For both us and our industry, that meant slower growth and keener focus on profitability and cash flow. As one of the few players in our industry standing on a solid foundation of a cash-generating and profitable business, we did not have to cut back nearly as drastically as the competition. At the same time we were able to use our robust cash flow to reduce our leverage.

We saw the results of our actions in 2023. The cost savings program exceeded its targets, our margins stabilized, and we steadily reduced leverage. We have also seen gradual improvement in the company's margins, driven by the high growth rate in some of our new segments. Following a carefully planned and executed recruitment process, we also had the great pleasure of presenting our new CEO, Laurinda Pang, who took over in April. At that point, we had fitted the jigsaw pieces we needed to take the next step and once again increase our focus on the future. Laurinda's main mission was to develop a long-term plan for the company and execute the changes necessary to realize it. As for the board, much of the year was thus devoted to coaching and supporting to create a well defined operating structure and a winning team. In concrete terms, this involved organizational development, recruitment to the management team and further developing overarching governance systems.

## New business model for higher growth

We have made steady progress and towards the end of the year we launched the new operating model and management team, made up of both tried-and-true Sinch leaders and leaders new to Sinch. The main objectives are to accelerate growth and streamline the organization by intensifying customer focus, taking advantage of scale and realizing additional acquisition-related synergies. Our ambitions also shine through in the targets that govern variable compensation to senior management. They are now common and concentrate on growth, profitability and sustainability. The introduction of sustainability among the main targets is a natural consequence of Sinch's growth and maturation. We now have the opportunity to play a more active part in shaping society in a positive direction.

Looking ahead, there is no reason to doubt that our market will return to solid growth, even though it has been more subdued in the last two years. Digitalization and the business benefit of engaging effectively with customers – on their terms – are strong underlying trends. Meanwhile, the market is fragmented with numerous local and regional competitors and three leading global providers, where we are one. We



are convinced that the market will continue to grow and consolidate over the long term. The winners will be those with a broad and leading product portfolio able to address both the large segments and the smaller, fast-growing segments. This is going to take global presence, expertise and structural capital, along with multiple sales channels that reach a wide variety of customer groups. Sinch has all of that, backed up by stable financial performance and a new business plan carried forward by a new management team.

## Future focus and growth opportunities

In 2024, the board of directors will therefore concentrate on coaching management through the implementation of the regional structure and monitoring performance. Sinch is now a company with more than 4,000 employees and it will doubtless take time before the change reaches everyone. With that said, I expect to see positive results by the end of 2024. There are also a couple of strategic areas that we will be keeping a closer eye on. It for example looks like the RCS messaging standard can be developed into a good growth opportunity the coming years, while the exciting developments within AI translate into opportunities for both growth and increased efficiency. As the new operating model stabilizes and our leverage decreases even more, our freedom to act will increase and further acquisitions will become a more attractive growth opportunity. As I see it, additional transformative acquisitions are not the first order of business, but rather acquisitions that increase our market shares in areas where we are already active.

When we evaluate the results in regards to our financial targets, the KPI of Net Debt/Adjusted EBITDA decreased during the year from 2.7x to 2.0x. Adjusted EBITDA per share grew by 14 percent, which can be compared to our target of 20 percent per year over time. Our long-term industrial view of Sinch has not changed and nor has the focus on growing profitably and staying a winner as the market consolidates. Sinch is advancing its position year after year and those of us who serve on the board are looking forward to monitoring and supporting the company's further evolution at close range in 2024.

Erik Fröberg, Chairman of the board

Stockholm, April 2024

# Corporate governance statement

## Introduction

Sinch AB (publ) ("Sinch") is the parent company of the Sinch Group ("the Group") and has been listed on Nasdaq Stockholm since 8 October 2015. The board of directors of Sinch presents herewith the corporate governance statement for the 2023 financial year. This corporate governance statement was adopted by the board of directors on 17 April 2024 and is a report of how corporate governance was pursued at Sinch during the 2023 financial year. The corporate governance statement is not part of the statutory management report.

## Principles of corporate governance

In addition to the corporate governance principles based upon law or other statute, Sinch complies with the Swedish Corporate Governance Code ("the Code"). Please refer to the Swedish Corporate Governance Board's website, [bolagsstyrning.se](https://bolagsstyrning.se). The internal regulations for governance of the company consist of the Articles of Association, the board charter (including instructions for board committees), the instruction to the CEO, instructions for financial reporting, and other policies and guidelines.

## Shareholders

The company had approximately 91,000 shareholders as of 31 December 2023. As of 31 December 2023, the following direct or indirect shareholdings represented at least one tenth of voting rights for all shares in the company: Neqst D2 AB, 18.47%

## Voting rights

The Articles of Association impose no limits in the matter of how many votes each shareholder may cast at a general meeting.

## Articles of association

The current Articles of Association (see the company's website, [investors.sinch.com](https://investors.sinch.com)) were adopted by the general meeting held 9 June 2022. The Articles of Association contain no specific provisions concerning the appointment and dismissal of directors or concerning amendments to the Articles of Association.



## Annual general meeting

The annual general meeting is the company's supreme governing body. The annual general meeting affords shareholders the opportunity to exert their influence. Under the Swedish Companies Act, several matters of business are under the purview of the annual general meeting, such as adoption of the income statement and balance sheet, allocations of profit or treatment of loss, discharge of liability, election of directors, and election of auditors. At its discretion, the board may also convene an extraordinary general meeting during the year. This occurs, for example, if decisions must be made concerning matters under the sole purview of the general meeting and it would not be appropriate to delay the decisions until the next annual general meeting. Shareholders who wish to participate in a general meeting must be recorded as shareholders in a printout or other presentation of the entire share register representing the state of affairs six banking days prior to the meeting. Nominee-registered shares must have been re-registered for voting at least four days before the meeting. Shareholders must also notify the company that they will be attending by the date specified in the notice to attend. This date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve, or New Year's Eve and may not fall any earlier than the fifth business day prior to the meeting.

## Annual general meeting

The 2023 annual general meeting of shareholders in Sinch was held 17 May 2023, which shareholders could attend in person or by postal vote. Two hundred and fifty-seven shareholders

representing 56.7 percent of votes and share capital attended the meeting. The annual general meeting resolved to adopt the financial statements for 2022, endorse the proposed allocation of profit, and discharge the CEO and board of directors from liability for the past financial year. The annual general meeting elected directors and decided directors' fees.

The annual general meeting also resolved to introduce an incentive program. The 2024 Annual General Meeting will be held on 16 May 2024 at 10:00 CET in Stockholm.

## Authorizations

The annual general meeting held 17 May 2023 resolved to authorize the board of directors to decide on one or more occasions prior to the next annual general meeting to increase the company's share capital through issue of new shares in the company. Under this authorization, the company's share capital may be increased by a maximum of ten percent of authorized share capital as of the date when the board of directors exercises the authorization for the first time. The board of directors is authorized to decide to issue shares with a waiver of shareholders' preemptive rights and/or provisions on non-cash consideration, offset or comparable. The issues shall be carried out at a market-based subscription price with a reservation for market-based issue discounts where applicable. The purpose of the authorization and the reason for a possible waiver of shareholders' preemptive rights is to enable issues to finance acquisitions of companies or parts of companies and the company's operations.

## Corporate governance model



The chart illustrates Sinch's corporate governance model and how central corporate functions are appointed and cooperate.

## Nominating committee

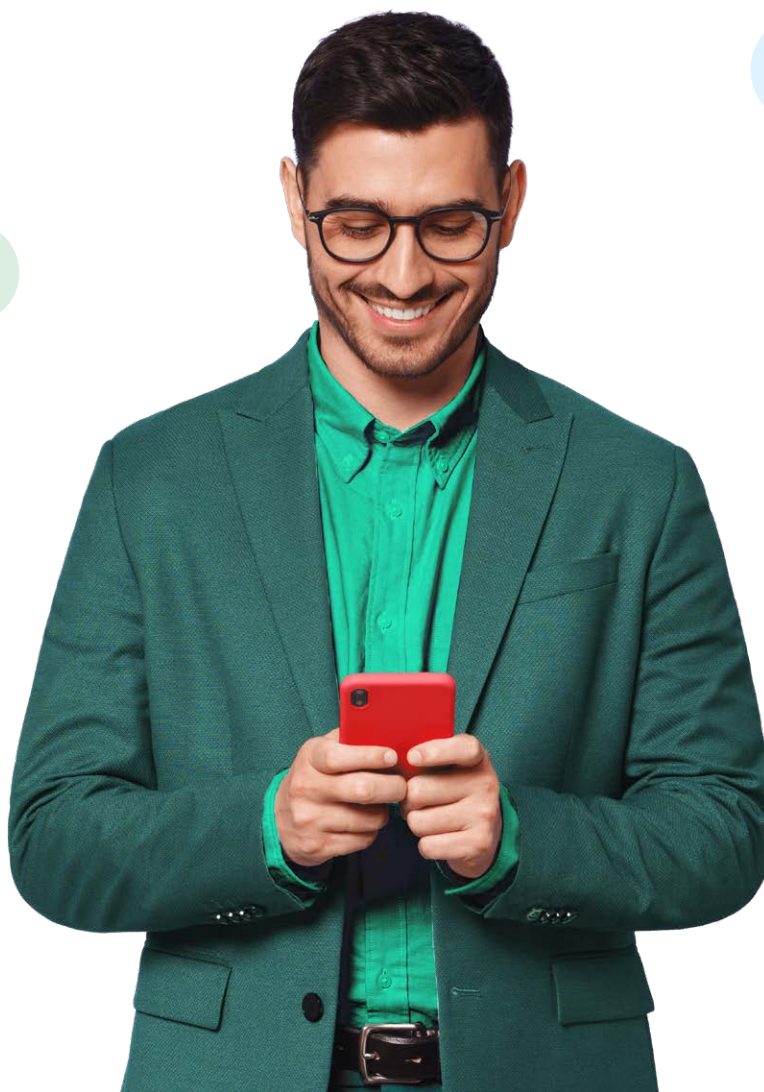
The annual general meeting determines the guidelines for appointment of the Nominating Committee and decides which tasks the committee must perform before the next annual general meeting. As resolved by the annual general meeting held 17 May 2023, the four largest shareholders or shareholder groups in terms of voting rights (thus referring to directly registered shareholders and nominee-registered shareholders) per the share register printed by Euroclear Sweden AB ("Euroclear") as of 30 September 2023 shall each appoint one representative to constitute the Nominating Committee, in addition to the board chair, for a term of office ending upon the appointment of a new Nominating Committee as mandated by the 2024 annual general meeting. The majority of the members of the Nominating Committee shall be independent in relation to Sinch and executive management. At least one member of the Nominating Committee shall be independent in relation to the largest, in terms of votes, shareholder or group of shareholders in Sinch who act in concert in relation to the management of Sinch. The CEO or any other member of executive management shall not be a member of the Nominating Committee. Directors may be members of the Nominating Committee, but shall not constitute a majority of its members. If more than one director is included in the Nominating Committee, no more than one of those directors may be dependent in relation to major shareholders in Sinch.

The Nominating Committee shall appoint the committee chair. The chair of the board or any other director shall not serve as chair of the Nominating Committee. The composi-

tion of the Nominating Committee shall be announced not later than six months before the annual general meeting. If one or more shareholders who appointed representatives to the Nominating Committee is/are no longer among the four largest shareholders in Sinch at a point in time more than two months prior to the annual general meeting, the shareholder representative/s shall step down and a new member or members shall be appointed to represent the new shareholders that are then among the four largest shareholders. If a member of the Nominating Committee resigns before the work of the Nominating Committee is completed, the same shareholder who appointed the resigning member shall, if it is considered necessary, have the right to appoint a new member, or, if that shareholder is no longer among the four largest shareholders, the next largest shareholder in line, as per the principles set out above, but based upon Euroclear's printout of the share register, as soon as possible after the member has stepped down. Changes in the composition of the Nominating Committee shall be immediately publicized.

Leading up to the 2024 annual general meeting, the composition of the Sinch Nominating Committee was therefore as follows:

- Jonas Fredriksson, representing Neqst D2 AB
- Thomas Wuolikainen, representing Fjärde AP-fonden
- Patricia Hedelius, representing AMF Pension & Fonder
- Mikael Wiberg, representing Alecta
- Erik Fröberg, Chairman of the Board, Sinch AB (publ)





### Diversity policy

The Nominating Committee applies rule 4.1 of the Swedish Corporate Governance Code concerning a Board Diversity Policy. The aim of the Diversity Policy is to ensure that the board has a composition appropriate to the company's operations, phase of development and other relevant circumstances, which should exhibit diversity and breadth of qualifications, experience and background, as well as gender balance. These principles are considered as an aspect of the Nominating Committee's work to draft its proposals to the AGM. In the opinion of the 2023 Nominating Committee, the board of directors has an acceptable level of diversity with regard to age, experience and gender. Of the directors elected in 2023, two are women and make up 33.3 percent of the board of directors.

### Directors' remuneration

The Nominating Committee presents a proposal concerning directors' fees to the annual general meeting for endorsement. The 2023 annual general meeting resolved in favor of the Nominating Committee's proposal. The Nominating Committee's proposal to the annual general meeting concerning directors' remuneration is set out in the notice to attend the meeting.

## Board of Directors

### Board composition

Since the 2023 annual general meeting, the board of directors has consisted of Erik Fröberg, Bridget Cosgrave, Renée Robinson Strömberg, Johan Stuart, Björn Zethraeus and Hudson Smith. Erik Fröberg served as Chairman of the Board. The chair presides over and allocates board duties, maintains continuous contact with the CEO and CFO, ensures that directors are thoroughly prepared and represents Sinch in acquisition discussions and the like.

### Board independence

The positions of dependency of directors in relation to the company, management, and shareholders is shown on the table on page 34. As shown in the table, Sinch complies with applicable rules concerning the independence of directors in relation to the company, management, and the company's major shareholders.

## Board duties

The duties of the board of directors are carried out in the manner required by the Swedish Companies Act, the Code and other rules and regulations applicable to the company. The board works according to a charter and yearly plan, which are adopted annually. The company's CEO, CSO and CFO attend board meetings. The company's General Counsel normally acts as the recording secretary. Other Global Leadership Team personnel and group officers participate at board meetings to present reports as required.

In addition to the statutory meeting held after election by the annual general meeting, the board of directors met 13 times in 2023. The primary focus of the board during the year was on strategy, the business plan and budget, reorganizations and integration of acquired entities. The board of directors met with the auditor on one occasion during the year without the presence of the CEO or any other management representative. The work of the CEO and the board of directors is externally evaluated annually. The evaluation was performed

in 2023 through a self-assessment of the work of the board by giving directors the opportunity to express their views on working methods, board materials, their own work and that of other directors and the scope of the board assignment. The board of directors also receives reports from the Audit Committee and the Remuneration Committee and evaluates their work. The evaluation has been presented to the Nominating Committee. The board of directors monitors the work of management by means of monthly reports covering financial performance, key figures, progress in prioritized activities, etc.

### Board meetings

The board holds ordinary meetings according to the plan below:

- January/February – Year-end report.
- March/April – Corporate governance meeting: agenda and notice to attend the annual general meeting, corporate governance statement, annual report, sustainability report, review of insurance policies and pensions, interim report for the first quarter.
- May/June – The first board meeting after election, decisions on the board charter, CEO instruction, and instructions for financial reporting, the board's yearly plan, authorized signatory, strategy meeting.
- July/August – Interim report for the second quarter.
- September – Budget, financial forecasts.
- October/November – Interim report for the third quarter, strategy meeting, risk report.
- November/December – Budget decision, senior management compensation, pay review, assessment of board of directors and CEO.

The CEO presents an operations report at the ordinary meeting. The board of directors engages in discussions in connection with review of auditor's reports.

### Board committee duties

The board of directors has two committees: the Audit Committee and the Remuneration Committee. The work of the committees is governed by the board charter. Board committees deal with the matters within their respective purview and issue reports and recommendations upon which board decisions are based. The committees have defined decision authority within the frameworks of board directives. The minutes of committee meetings are made available to the board of directors.

### Audit committee

The members of the Audit Committee are Erik Fröberg and Johan Stuart (chair). The CEO, CFO, General Counsel and Head of Group Accounting attend meetings of the Audit Committee. The Head of Internal Audit also attends at regular intervals. The company's auditor attended six out of six meetings of the Audit Committee during the year.

### Internal Audit

At Sinch, it is the employees' responsibility to ensure sound governance and internal control in the operations or processes for which they are responsible. Internal audit is a separate function with the task of evaluating and improving the efficiency of internal control, governance, and risk management. The function reports to the Audit Committee and

the Board in relation to internal audit matters. The function was established in 2020, includes 6 auditors that examines internal processes, information security and IT systems as well as compliance with policies and other governing document.

### Remuneration committee

The members of the Remuneration Committee are Erik Fröberg (chair) and Renée Robinson Strömberg. Directors' and committee members' attendance at board meetings during the year is shown on the table below.

## Auditors

The audit firm elected for term of one year by the annual general meeting held 17 May 2023 is Deloitte AB. Johan Telander, authorized public accountant, is the auditor in charge. The auditors' remit is to examine the company's annual report and accounting records and management of the company by the board of directors and the CEO, on behalf of the shareholders. The auditors report regularly to the Audit Committee and the board of directors. Auditor's fees are specified in Note 7 to the annual report.

## Global Leadership Team

The board of directors appoints the CEO. The CEO oversees Global Leadership Team and makes decisions in consultation with other members of Global Leadership Team. As of 31 December 2023, the Global Leadership Team was comprised of CEO Laurinda Pang, President Sinch Voice Brett Scorza, President Sinch CPaaS Josh Odom, President SMB Sean

O'Neal, Executive Vice President International Nicklas Molin, President North America Petter Bengtsson, Chief Financial Officer Roshan Saldanha, Chief Strategy Officer Thomas Heath, Chief Human Resources Officer Christina Raaschou, Chief Marketing Officer Jonathan Bean, Chief Data and Transformation Officer Sibito Morley and Chief Information Officer Cristina David.

Changes to Global Leadership Team were decided on 26 October 2023. Effective 1 January 2024, the Global Leadership Team was composed as follows: CEO Laurinda Pang, Chief Technology Officer Brett Scorza, Chief Human Resources Officer Christina Raaschou, Chief Information Officer Cristina David, Head of APAC (Interim) Damien Tabor, Chief Marketing Officer Jonathan Bean, Executive Vice President Americas Julia Fraser, Executive Vice President EMEA Nicklas Molin, Chief Financial Officer Roshan Saldanha, Chief Product Officer Sean O'Neal, Chief Data and Transformation Officer Sibito Morley and Chief Strategy Officer Thomas Heath.

Chief Legal Officer Ilse van der Haar and Executive Vice President APAC Wendy Johnstone joined the team in the first quarter of 2024.

### Work of Global Leadership Team

The CEO meets regularly with all members of the Global Leadership Team for business updates, to receive reports, set objectives, and for general business discussions. In addition, the CEO holds several personal meetings with each member of the leadership team every year for more in-depth discussions and planning. Governance and monitoring of the management team is based on the charter adopted by the board, the instruction for the CEO, and reporting instructions. Global Leadership Team and other managerial personnel

Name	Year elected	Independent of the company	Independent of the owners	Position	Committee	Attendance board meetings	Attendance Audit Committee	Attendance Remuneration Committee	Fee SEK 000s <sup>1)</sup>	Number of shares/warrants in Sinch, direct and indirect holdings <sup>2)</sup>
Erik Fröberg	2012	Yes	No	Chairman of the Board, Remuneration Committee Chair, Audit Committee Member	Remuneration, Audit	14/14	6/6	5/5	1,700	1,773,970 direct holding – indirect holding through Neqst D2 AB
Bridget Cosgrave	2018	Yes	Yes	Director	–	14/14	0/6	0/5	700	13,500
Renée Robinson Strömberg	2017	Yes	Yes	Director, Remuneration Committee member	Remuneration	14/14	0/6	5/5	750	340
Johan Stuart	2015	Yes	Yes	Director, chairman of the Audit Committee	Audit	14/14	6/6	0/5	950	90,000 direct holding
Björn Zethraeus	2017	No	No	Director	–	14/14	1/6	0/5	0 <sup>3)</sup>	0 direct holding – indirect holding through Neqst D2 AB
Hudson Smith	2022	Yes	Yes	Director	–	12/14	0/6	0/5	700	0

1) Disclosures concerning directors' fees refer to the board year beginning at the end of the 2023 AGM and ending at the close of the 2024 AGM.

2) Holdings as of 31 December 2023.

3) Fees are not paid to personnel employed by the company.

manage daily operations primarily through instruments such as budgets, performance management and reward systems, regular reporting and monitoring and employee meetings, and via a delegated decision structure with functional hierarchies (development, marketing, support, finance, etc.) from the parent company to subsidiary management teams. The main focus areas during the year were business planning, growth issues, integration of previous acquisitions and implementation of reorganizations to enable other strategies

## Internal control over financial reporting

The board of directors' responsibility for internal control is governed by the Companies Act and the Code. In accordance with the Annual Accounts Act, the corporate governance statement includes a description of the key elements of the company's internal control and risk management system. Internal control of financial reporting has two primary aims: to provide reasonable assurance of the reliability of external financial reporting and to ensure that external financial reports have been prepared in compliance with law, applicable accounting standards, and other requirements imposed upon listed companies.

### Control environment

The board has overall responsibility for internal control related to financial reporting. The control environment for financial reporting is based on an allocation of roles and responsibilities in the organization, adopted and communicated decision paths, instructions regarding authority and responsibility, and accounting and reporting instructions. Internal Audit reports directly to the Audit Committee. The board has adopted a charter, CEO instruction, instructions for financial reporting and instructions for the work of the Audit and Remuneration committees. In addition, there are operational policies and guidelines in several areas.

### Risk assessment

As an integrated component of the management process, the board and work of Global Leadership Team with risk assessment from a broad perspective, including but not limited to financial risks and important business risks. Regular risk reports are presented to the board of directors. During the year, the board regularly discussed various types of risks and the company's risk management process. The company has a risk map that is reviewed by the Audit Committee and is the basis for internal audit and continuous improvement of internal processes and controls.

During the year, an ERM process (Enterprise Risk Management) was created, this process, and the company's operational risks are described on pages 40–43 and financial risks on pages 95–97.

### Control activities

The Group's control activities relating to financial core processes are described in the risk map approved by the board as a basis for ongoing efforts to continuously improve internal processes and controls. Controls are performed at both the subsidiary level and the group level. The four business units have appointed chief accountants who are responsible for

ensuring that financial figures are verified and reported on a monthly basis. This includes reconciliation of financial figures against sales and cost data from the group's transaction system, reconciliation of intragroup transactions and reconciliation of bank accounts. These figures are then checked at the group level in conjunction with the monthly consolidation of group figures. Efforts are ongoing to continuously improve these processes through, for example, advanced training of relevant employees, greater automation of reconciliations and through the checking of important figures by several individuals in parallel.

### Information and communication

Information about internal financial reporting control documents is available to relevant employees on the Sinch intranet. Information and training related to the internal control documents is also provided through activities aimed directly at finance managers and controllers within the group.

### Monitoring

The effectiveness of internal control of financial reporting is monitored by the board, the Audit Committee, the CEO, the Global Leadership Team, and group companies. Follow-up includes continuous quality control by the board of directors of the company's monthly financial reports, ongoing monitoring of central financial processes, such as management of potential customer losses and review of internal and external audit reports. Members of the staff of Sinch's corporate functions, for instance Internal Audit, also regularly visit the operating business units to verify that Sinch's financial processes are being correctly implemented and continuously developed to ensure accurate financial reporting.

Stockholm, 17 April 2024

The board of directors of Sinch AB (publ)

## Board of directors



### 1. Erik Fröberg

**Born:** 1957

**Director of Sinch since:** 2012, Chairman of the Board since 2015

**Shareholding in Sinch (total, private & via companies):** 1,773,970 privately held and an indirect holding through Neqst D2 AB

**Warrants in Sinch:** 0

**Education:** MSc in Engineering Physics, KTH Stockholm

**Principal occupation:** Partner and founder of Neqst

**Experience:** Executive Vice President Cap Gemini Sweden; Executive Vice President LHS Group Inc, CEO Digiquant Inc, Special Advisor General Atlantic LP

**Other significant directorships (company and position):** Director of Digital Route AB and Varnish AB and Chair of Xlent AB and Netlight AB

**Dependency on the company and its major shareholders:** No/Yes



### 2. Björn Zethraeus

**Born:** 1963

**Director of Sinch since:** 2017

**Shareholding in Sinch (total, private & via companies):** indirect holding through Neqst D2 AB

**Warrants in Sinch:** 0

**Education:** MSc Engineering, Institute of Technology at Linköping University

**Principal occupation:** Corporate Development and co-founder of Sinch

**Experience:** Executive positions with Ericsson, co-founder of Ericsson IPX AB; Co-founder of Sinch; management consultant and acting head of various network operators and mobile marketing companies

**Other significant directorships (company and position):** None

**Dependency on the company and its major shareholders:** Yes/Yes



### 3. Bridget Cosgrave

**Born:** 1961

**Director of Sinch since:** 2018

**Shareholding in Sinch (total, private & via companies):** 13,500

**Warrants in Sinch:** 0

**Education:** MBA, London Business School, MSc, World Maritime University, BA Hons, Queen's University Canada

**Principal occupation:** Independent consultant, CEO of ADIMO sprl

**Experience:** Founding CEO & Chair of BICS sa; SVP Enterprise Proximus; Deputy Director General ETSI; Director General Digital Europe; former non-executive director of S.E.S., Essilor, Eutelsat, Steria S.A. and Euskaltel

**Other significant directorships (company and position):** None

**Dependency on the company and its major shareholders:** No/No



### 4. Hudson Smith

**Born:** 1977

**Director of Sinch since:** 2022

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 0

**Education:** MBA, Kellogg Graduate School of Management, Northwestern University, BSc, Business Administration, Washington and Lee University

**Principal occupation:** Partner, Thoma Bravo, Miami, Florida

**Experience:** Managing Director of HGGC; consultant with Bain & Company; analyst at Lincoln International

**Other significant directorships (company and position):** Director of Magnet Forensics, Apryse, Greenphire, Cority, Veriforce, Nintex and Riskconnect

**Dependency on the company and its major shareholders:** No/No



### 5. Johan Stuart

**Born:** 1957

**Director of Sinch since:** 2015

**Shareholding in Sinch (total, private & via companies):** 90,000

**Warrants in Sinch:** 0

**Education:** MSc Economics, Stockholm School of Economics

**Principal occupation:** Director

**Experience:** CFO of Affibody Medical AB, Tradimus AB, XCounter AB, Hi3G Access AB, Utfors AB and companies within the Axel Johnson Group

**Other significant directorships (company and position):** Director of Digital Route AB and Best Practice Scandinavia AB

**Dependency on the company and its major shareholders:** No/No



### 6. Renée Robinson Strömberg

**Born:** 1970

**Director of Sinch since:** 2017

**Shareholding in Sinch (total, private & via companies):** 340

**Warrants in Sinch:** 0

**Education:** Degree in Chinese Studies and Economics from Kalamazoo College, MBA Stephen M. Ross School of Business, University of Michigan

**Principal occupation:** Founder and CEO of Shiny Thing AB

**Experience:** More than 20 years of experience in the international high-tech industry at companies including Drutt (acquired by Ericsson) and Tail-f Systems (acquired by Cisco)

**Other significant directorships (company and position):** Director of Funnel AB

**Dependency on the company and its major shareholders:** No/No

# Global Leadership Team



## 1. Laurinda Pang

Chief Executive Officer

**Born:** 1970

**Employee since:** April 2023

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 1,500,000 stock options corresponding to 1,500,000 shares

**Education:** BA in Political Science, Pennsylvania State University

**Experience:** President, Global Customer Success, International and Wholesale Markets, Lumen Technologies 2020–2022. President, International and Global Accounts Management, Centurylink, 2017–2020. Numerous executive roles within Sales, Human Resources, Investor Relations and Product Management with Level 3 Communications and Global Crossing, 1997–2017



## 2. Brett Scorza

Chief Technology Officer

**Born:** 1968

**Employee since:** 2021

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 633,888 warrants corresponding to 675,000 shares

**Education:** BSc, Electrical Engineering, University of Illinois

**Experience:** Over 30 years of executive experience in software, technology and telecommunications; President Sinch Voice, Sinch Voice (previously Inteliquent) since 2004 where he has held several additional roles with responsibility for sales, product and development. Prior to Sinch Voice, he held positions at Focal Communications Inc., MFS Communications and Andersen Consulting



## 3. Christina Raaschou

Chief Human Resources Officer

**Born:** 1977

**Employee since:** January 2022

**Shareholding in Sinch (total, private & via companies):** 337

**Warrants in Sinch:** 35,349 warrants and 50,000 employee stock options corresponding to 106,490 shares

**Education:** MSc Business Administration, Karlstad University

**Experience:** Head of HR H&M Group Business Tech; senior human resources roles at Ericsson and Unilever



## 4. Cristina David

Chief Information Officer

**Born:** 1976

**Employee since:** 2022

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 130,000 employee stock options corresponding to 130,000 shares

**Education:** BSc Mathematics, University of Bucharest; MA Public Relations and Communication

**Experience:** Head of Enterprise Systems at Ericsson, senior operations, customer success and delivery roles at Ericsson, Oracle and Timken



## 5. Ilse van der Haar<sup>1)</sup>

Chief Legal Officer

**Born:** 1978

**Employee since:** September 2022

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 0

**Education:** LLM, Maastricht University, PhD, Law – Tilburg Institute of Law and Economics, Tilburg University

**Experience:** VP Privacy and Regulatory at Sinch since 2022, Head of Compliance and Privacy at PostNord Group 2019–2022, Director of Regulatory Affairs and Corporate Responsibility at Tele2 Group 2015–2019. Prior to that several enforcement official positions at the Netherlands Authority for Consumer and Markets

<sup>1)</sup> Ilse van der Haar became part of the Global Leadership Team in 2024.



## 6. Jonathan Bean

Chief Marketing Officer

**Born:** 1976

**Employee since:** April 2019

**Shareholding in Sinch (total, private & via companies):** 131,000

**Warrants in Sinch:** 3,333 employee stock options corresponding to 33,330 shares

**Education:** MBA Henley Business School; Degree in Communications, University of Leeds

**Experience:** Mynewsdesk since 2009; Sinch Chief Marketing Officer since 2015. Prior to Mynewsdesk, SaaS solutions sales at Cision



## 7. Julia Fraser<sup>1)</sup>

Executive Vice President Americas

**Born:** 1975

**Employee since:** 2023

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 300,000 employee stock options corresponding to 300,000 shares

**Education:** Bachelor of Laws, Staffordshire University, United Kingdom

**Experience:** SVP Customer Success & Specialist Sales, Lumen Technologies, VP Sales UK&I CenturyLink, VP Carrier Management Level 3. Various commercial and product roles at Aircom, Nokia and Symbian



## 8. Nicklas Molin

Executive Vice President EMEA

**Born:** 1978

**Employee since:** 2016

**Shareholding in Sinch (total, private & via companies):** 210,050

**Warrants in Sinch:** 143,799 warrants corresponding to 181,990 shares

**Education:** MSc, Computer Science, BSc Business Administration, Stockholm University

**Experience:** Executive Vice President International Sinch, Regional Vice President EMEA Sinch, VP Sales & Marketing (original Sinch), VP Sales & Marketing PayEx, Sales Director, Wallit



## 9. Roshan Saldanha

Chief Financial Officer

**Born:** 1977

**Employee since:** 2019

**Shareholding in Sinch (total, private & via companies):** 4,226

**Warrants in Sinch:** 374,999 warrants corresponding to 525,002 shares

**Education:** MSc, University of Mumbai, Chartered Accountant in India

**Experience:** Multiple assignments within Tele2 Group 2007 – 2018 including as CFO Tele2 Sweden. Prior to then, several international financial assignments for firms including Arthur Andersen, Citibank and the Kinnevik Group



## 10. Sean O'Neal

Chief Product Officer

**Born:** 1972

**Employee since:** 2021

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 825,000 employee stock options corresponding to 825,000 shares

**Education:** BA, Northeastern University, Boston, US

**Experience:** President Sinch SMB since 2021, Previously to Sinch, 30 years in senior positions in technology and cloud services with companies including Nielsen, Onclusive, DMGT and Sony

1) Julia Fraser became part of the Global Leadership Team in 2024.



## 11. Sibito Morley

Chief Data and Transformation Officer

**Born:** 1972

**Employee since:** 2023

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 250,000 employee stock options corresponding to 250,000 shares

**Education:** BA, Politics, Princeton University; Juris Doctorate, Brigham Young University; Active Member of Utah State Bar

**Experience:** Chief Data Officer at Lumen Technologies, Chief Information Officer MEMC Electronics; IT strategy and operations executive at DaVita Healthcare, IBM, Cummins, and NetJets



## 12. Thomas Heath

Chief Strategy Officer

**Born:** 1981

**Employee since:** 2018

**Shareholding in Sinch (total, private & via companies):** 400,000

**Warrants in Sinch:** 295,000 warrants corresponding to 295,000 shares

**Education:** BA, Politics, Philosophy and Economics, University of Oxford, MSc, Stockholm School of Economics with a concentration in finance

**Experience:** Equity analyst at Danske Bank, Handelsbanken Capital Markets and Öhman Fondkommission



## 13. Wendy Johnstone<sup>1)</sup>

Executive Vice President APAC

**Born:** 1970

**Employee since:** 2024

**Shareholding in Sinch (total, private & via companies):** 0

**Warrants in Sinch:** 0

**Education:** BA (Hons), Business from Glasgow Caledonian University, Postgraduate in Marketing from Chartered Institute of Marketing UK

**Experience:** 25 years of experience from technology and SaaS including SVP APAC & Japan at Zendesk, General Manager APAC at Microsoft, VP Marketing APAC at Salesforce

1) Wendy Johnstone became part of the Global Leadership Team in 2024.

Note that holdings of shares and warrants by directors and executive management are reported as of 1 Januari 2024. The number of warrants/stock options and shares may differ since a warrant/stock option relating to LTI programs that were issued before the 1:10 share split in June 2021 carries the right to 10 shares. In later programs, one warrant/stock option gives the right to one share. Also see investors.sinch.com.

# Auditor's Report on the corporate governance statement

To the general meeting of the shareholders in Sinch Ab (publ), corporate identity number 556882-8908.

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2023-01-01-2023-12-31 on pages 30-38 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 18, 2024

Deloitte AB

Johan Telander

Authorized Public Accountant

# Risks and risk management

## Introduction

Risk management is a crucial part of an effective management practice. Growth and rapid and continuous changes in the business environment have made it necessary for management to increase focus on risks and risk management.

Sinch has created the Enterprise Risk Management (ERM) process to identify and control risks, and to ensure that required controls and procedures are established to safeguard the assets and interest of Sinch.

The Board of Directors and the Audit Committee provide oversight with regard to the ERM process and review the adequacy and effectiveness of business risk management as undertaken by the organization.

In this section you will find the risks that have been identified as Sinch’s prioritized risks to mitigate in the short term. In addition to these prioritized risks, you will find information on risk assessment in the Corporate Governance Report on page 35 and a more detailed description of Sinch’s financial risks in Note 31.

## The Enterprise Risk Management framework



## Sinch has defined five types of risks



### Strategic

Risks related to the organization’s mission, strategic direction, and fulfilment of our strategic goals.



### Operational

Risks related to effectiveness and efficiency of the organization’s operations, including performance and profitability risks that are likely to arise from lack of or inadequate internal business processes and procedures, products, people, and systems, or from external events.



### Legal & Compliance

Risks related to non-compliance with applicable laws, stakeholder requirements, internal rules, procedures and internal control practices, local and global laws and regulations, standards, and best practices to which we have committed.



### Financial

Risks related to the organization’s ability to generate adequate cash flows to meet financial obligations and support business objectives. Examples are risks relating to fluctuations in the company’s earnings and cash flow because of inflation, changes in exchange rates and interest rates. It also includes risks related to liquidity, credits and refinancing.



### External

Risks related to the organization’s ability to mitigate external risks that could impact Sinch negatively, such as macroeconomic, geopolitical and environmental risks.



## Risk identification – prioritized risks

### Strategic

#### Risk

#### Risk mitigation

##### Integration

- The risk of not realizing the full value of acquired companies through, for example, insufficient integration of systems, personnel, business culture and ethics, and data transfer.

Sinch addresses these risks by applying a systematic approach to the entire acquisition and integration process.

##### Product strategy

- The risk of failing to meet customer needs and respond to changes that could affect the organization's products' value and relevance and ability to maintain competitive edge in the market.

Sinch is using a product feedback process to understand how we can better meet the needs of our customers. We analyze the financial performance of our products and we monitor the regulatory and competitive landscapes as well as market trends.

##### Technology

- The risk of lost opportunities due to the rapid speed of technology changes (e.g., artificial intelligence, automation, hyper-scalable platforms, blockchain, digital currencies and competing technologies) and the ability to manage these changes proactively.

To mitigate technology risks, Sinch is investing in technology that will optimize communication capabilities as well as enhance ease of use. We analyze market and technology trends and collaborate closely with industry-leading software developers.

### Operational

#### Risk

#### Risk mitigation

##### Enterprise security and resilience

- The risk that services and the infrastructure are exposed to cyberattacks such as malware, DDoS events, phishing, compromised identities, compromised credentials, and supply chain attacks. All of these can affect the performance of our systems, which could lead to downtime and increase the organization's exposure to reputational, litigation, and regulatory risks.
- The risk of service disruption to customers and data breaches leading to customer data loss resulting from attacks on product platforms due to inadequate product security.
- The risk of not being sufficiently resilient and/or agile to manage an unexpected crisis significantly impacting one or more of the physical structures, facilities, networks, systems and other assets which are essential to the organization's operations and reputation.

To mitigate the risk of impact, information and IT security is a prioritized area of investment in Sinch. This involves, among other things, certifying the business in accordance with ISO27001, investments in equipment, further development of security processes and tools as well as our Security Operations Center (SOC). We have also updated our security training for employees and added additional resources to manage the security of our physical assets.

Risk	Risk mitigation
<p><b>Fraud/scams</b></p> <ul style="list-style-type: none"> <li>The risk of gray market and black market traffic, which causes revenue leaks for the operators and other varieties of scams such as artificially inflated traffic or communications aimed at cheating individuals of their money.</li> </ul>	<p>Sinch offers services in which operators' networks are ringfenced, and gray- and black-market traffic is blocked using solutions including firewalls and spam filters. Sinch also sells these solutions to operators, tracks network traffic flows, and is working closely with industry organizations and regulators to reduce scams.</p>
<p><b>Supplier price increases</b></p> <ul style="list-style-type: none"> <li>The risk that mobile operators will raise their traffic tariffs resulting in lower volumes and/or lower margins if we are unable to pass along price increases to our customers.</li> </ul>	<p>To reduce the risk of being impacted by price increases on the supply side, Sinch ensures its capacity to offer communication across alternative channels, such as SMS and conversational messaging. As Sinch has widened and differentiated its offering through new acquisitions, it is less affected by price changes within individual channels.</p>
<p><b>Human capital and talent retention</b></p> <ul style="list-style-type: none"> <li>The risk of losing talent due to organizational changes or lack of opportunities for professional growth and development.</li> <li>The risk of disruption and adverse effects on the organization's operations due to absence of or sudden departure of key leaders and talent without sufficient business continuity plans.</li> <li>The risk of employees lacking the necessary skills and knowledge to meet evolving demands due to insufficient skills development.</li> <li>The risk of not finding qualified candidates for specific roles due to a lack of talent in the market or rapidly changing skills after requirements.</li> </ul>	<p>Sinch is working actively with the order of succession and skills development, and offers flexible workplaces to attract and retain key competencies. As the company grows, the business will also become less dependent on the skills and contributions of specific individuals.</p>

**Legal & compliance**

Risk	Risk mitigation
<p><b>Legal and regulatory compliance</b></p> <ul style="list-style-type: none"> <li>The risk of non-compliance with applicable regulations and contractual conditions in the territories where the organization operates could lead to customer losses and financial and reputational consequences.</li> <li>The risk of non-compliance with our ethical values as laid out in our Code of Conduct as well as other governing documents. These principles cover, for example, privacy, bribery and corruption, discrimination and human rights.</li> <li>The risk of non-compliance with tax regulations, resulting in possible fines, interest and penalties, with adverse effects on financial condition, operating results, and cash flows. Sinch operates globally, and is subject to many different types of taxes. Each jurisdiction has its own tax laws, rules, and regulations, which are subject to interpretation. Local tax authorities may interpret tax laws differently than Sinch in certain instances.</li> </ul>	<p>By collaborating with industry organizations, regulators, and experts, Sinch is facilitating capacity to comply with relevant contractual and legal obligations.</p> <p>Sinch is working to continuously improve our company culture and internal compliance programs to meet the expectations of our stakeholders.</p> <p>Sinch closely monitors the legal, regulatory and tax landscape together with external advisors in the applicable jurisdictions to enhance tax processes that comply with all tax obligations.</p>

## Financial

### Risk

#### Liquidity and financing

- The risk that refinancing of maturing loans becomes expensive, difficult, or even impossible due to worsening financial markets or investors perception of Sinch as a credit risk.
- The risk of not having liquidity to comply with payment obligations as they fall due.

### Risk mitigation

Sinch Board of Directors has established a Financial Policy providing guidelines for the management of financial risks.

Sinch Group Treasury manages financial risks in accordance with the Financial Policy. The financial risks are managed centrally whereby reduced refinancing, liquidity and currency risk is achieved. Strong cash flow and deleveraging capacity further reduces financing risk. Also see Note 31 for additional information.

## External

### Risk

#### Environmental impact

- The risk of negative impact due to increasing temperatures, rising sea levels and more frequent extreme weather events that can cause damage to important infrastructure in the value chain, which can lead to insufficient capacity to deliver our products and services.
- The risk that Sinch will be negatively impacted if customers and investors deem Sinch to have insufficient capabilities to address challenges relating to climate change.

### Risk mitigation

Sinch is stepping up efforts to manage climate-related risks and opportunities in the value chain. We plan to reduce our CO2 emissions as well as ensure resilience towards extreme weather events. In the end of 2023, Sinch committed to SBTi.



# Financial information

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# Management report

Sinch was founded with a cost-conscious ethos and scalability as a fundamental principle. Sinch has always had sharp focus on growing the organic business while delivering good profitability. In parallel, the company has successfully executed several strategic acquisitions to widen our offering, add new sales channels and generate economies of scale.

## Business and organization

Sinch is a leading vendor of cloud communications services and digital customer engagement. Powered by the Sinch cloud communications platform, enterprises can reach every person on the planet – within a second or two – via messaging, voice calls and email.

Sinch's operations were structured in 2023 in four operating segments: Messaging, Voice, Email and SMB.

In the **Messaging**, operating segment, Sinch provided a cloud communications platform that businesses use to reach their customers directly on their phones via SMS and next-generation messaging technologies like WhatsApp and RCS.

The **Voice** operating segment offered Sinch APIs for voice communications, making 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.

Within the **Email** operating segment, Sinch offered industry-leading deliverability of transactional and marketing emails to more than 100,000 customers worldwide.

The **SMB** operating segment offered a set of easy-to-use turnkey solutions that make it easy for small and medium-sized businesses to use messaging services.

The company announced in October 2023 that it would be implementing a new operating model to accelerate growth. The new model is intended to increase customer focus, unlock cross- and upselling, and leverage the company's global scale in Product and R&D. Implementation of the new model implies integration of multiple acquired entities into joint organizations so that efficiency gains and cost synergies can be reinvested in initiatives that drive growth.

The new operating model groups Sinch's customer-facing functions in three strong geographical regions: Americas, EMEA and APAC. This creates a more effective sales organization that can represent the company's entire product set to customers in key markets worldwide.

In conjunction, product management and R&D were centralized to leverage Sinch's scale advantage and facilitate innovation.

The new organization took effect on 1 January 2024 and Sinch's financial reports will be updated to reflect these changes in H1 2024.

## Corporate governance statement and sustainability report

In accordance with the Swedish Annual Accounts Act, ch 6, §8 and §11, Sinch has elected to prepare the statutory corporate governance statement and the sustainability report as separate reports. The corporate governance statement is presented on pages 30–35, the sustainability report on pages 26–28 and the sustainability notes on pages 100–116 of this document.

## Significant events during the financial year

Net sales grew by 4 percent in 2023 to SEK 28,745m, gross profit rose by 8 percent to SEK 9,542m and EBITDA increased by 11 percent to SEK 3,074m. Organic gross profit growth, in local currency and adjusted for acquisitions, was 3 percent. Sinch is reporting a profit of SEK 42m in 2023, as compared to the loss of SEK 4,943 in 2022, which included a goodwill impairment of SEK 5,000m. Cash flow from operating activities was SEK 1,788m, as compared to SEK 2,508m in 2022. Net debt amounted to SEK 7,987m (9,162) and the debt/equity ratio, measured as net debt in relation to Adjusted EBITDA R12M, was 2.0.

In addition, Sinch has communicated corporate events including the following:

In January 2023, credit facilities of SEK 6,500m and USD 110m were extended by one year and will mature in 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. Laurinda Pang took the helm as the new CEO on 17 April. Sinch was positioned as a leading CPaaS provider during the year in the IDC MarketScape report and in Gartner's first Magic Quadrant report for CPaaS. The cost reduction program announced in mid-2022 achieved the stated savings targets in Q2 2023 and was completed in Q3.

Sinch announced a new operating model to accelerate organic growth. Research firm Omdia named Sinch a Leader in the Omdia Universe: CPaaS Platform Providers. Sinch has committed to short-term and long-term emission reductions in line with science-based net zero and the Science Based Targets initiative (SBTi). By joining SBTi, Sinch will ensure that its climate action is aligned with the latest science aimed at limiting the global temperature rise to 1.5 °C.

Credit facilities of SEK 1,500m were extended in December by one year. The new maturity date is February 2025.

## Significant events after the end of the financial year

The new organization and Global Leadership Team went operational on 1 January 2024. On 1 January, Julia Fraser also became a new member of the Global Leadership Team.

In January, credit facilities that amounted to SEK 6,500m and USD 110m at year-end were extended by one year. The new maturity date is February 2027.

The company announced on 21 February that Wendy Johnstone has been appointed Executive Vice President for the APAC region and as a new member of the Global Leadership Team.

The company also announced on 27 March that Ilse van der Haar has been appointed Chief Legal Officer and as a new member of the Global Leadership Team.

## Sinch Group overview

SEKm	2023	2022	Change
Net sales	28,745	27,722	4%
Gross profit	9,542	8,810	8%
Gross margin	33%	32%	-
EBITDA	3,074	2,774	11%
EBITDA margin	11%	10%	-
Adjusted EBITDA	3,637	3,124	16%
Adjusted EBITDA margin	13%	11%	-
Adjusted EBITDA/gross profit	38%	35%	-
EBIT	494	-4,703	-
EBIT margin	2%	-17%	-
Adjusted EBIT	3,122	2,731	14%
Adjusted EBIT margin	11%	10%	-
Profit for the year	42	-4,943	-
Cash flow from operating activities	1,788	2,508	-29%
Cash and cash equivalents	1,012	2,173	-53%

For a list and definitions of financial measurements defined or not defined under IFRS and for operational measurements, please refer to pages 123-124.

### Net sales

Consolidated net sales grew during the financial year by 4 percent to SEK 28,745m (27,722). The positive currency effect on consolidated net sales was 6 percent. Organic growth, in local currency and excluding acquisitions, was -2 percent.

### Gross profit

Gross profit increased by 8 percent and amounted to SEK 9,542m (8,810). Organic growth, in local currency and adjusted for acquisitions and currency effects, was 3 percent. The positive effect of exchange rate changes was SEK 448m, corresponding to 5 percent.

The gross margin was 33 percent (32).

### EBITDA

Consolidated EBITDA increased by 11 percent to SEK 3,074m (2,774). Adjusted EBITDA amounted to SEK 3,637m (3,124). Consolidated EBIT increased to SEK 494m (-4,703). Adjusted EBIT was SEK 3,122m (2,731). Adjusted EBITDA and Adjusted EBIT are reported to clarify performance in underlying operations. See also Note 4.

EBITDA adjustments, SEKm	2023	2022
Acquisition costs	-8	-45
Restructuring costs	-47	-62
Adjusted earnout	-18	-
Integration costs	-148	-252
Costs of share-based incentive programs	-136	-124
Operational foreign exchange gains/losses	-161	135
Other adjustments	-45	-1
<b>Total EBITDA adjustments</b>	<b>-563</b>	<b>-350</b>
Amortization of acquisition-related assets	-2,063	-1,987
Impairment of goodwill	-	-5,097
<b>Total EBIT adjustment</b>	<b>-2,627</b>	<b>-7,434</b>

### Net finance income

Net financial expenses were SEK -646m (-72), with interest costs amounting to SEK -592m (-308) and foreign exchange differences to SEK -35m (269).

### Tax

Tax on profit for the year amounted to SEK 194m (-168) resulting in an effective tax rate of 128 percent (-4). Excluding acquisition-related amortization, related deferred tax and reversed provisions related to 2021 and 2022, the Group's effective tax rate for the period was 25 percent. The comparison period was affected by the impairment loss recognized in Q3 2022. See Note 12 for further information about items that affected tax on profit for the year.

### Profit for the year

Profit for the year increased to SEK 42m (-4,943) compared with the preceding financial year.

### Cash flow

Cash flow from operating activities amounted to SEK 1,788m (2,508).

Net investments in intangible assets and property, plant and equipment amounted to SEK -629m (-643). The investments refer mainly to capitalized development expenditure of SEK 383m (374), and investments in hardware and software. Investments in subsidiaries amounted to SEK -24m (-45). See Note 33. Share issues and warrants amounted to SEK 48m (91).

### Liquidity and financial position

At the end of the year, the Group had cash and cash equivalents of SEK 1,012m (2,173).

Net debt amounted to SEK 7,987m (9,162) and the debt/equity ratio, measured as net debt in relation to Adjusted EBITDA R12M excluding IFRS 16-related lease liabilities, was 2.0x.

As of 31 December, Sinch had total available credit facilities of SEK 12,610m and the company had utilized loans and credit facilities totaling SEK 7,363m (9,740), distributed as follows:

- Utilized loan of SEK 1,500m that matures in May 2024
- Utilized loan of SEK 1,500m that matures in February 2025
- Utilized loan of USD 110m that matures in February 2025
- Credit facilities of SEK 7,605m that mature in February 2026, of which SEK 3,258m had been utilized as of 31 December 2023.

In addition, senior unsecured bonds have been issued in the amount of SEK 750m (750) that will mature in November 2024. Available bank overdraft facilities amounted to SEK 901m (913m) as of 31 December 2023, of which SEK 0m (0) had been utilized.

Amortization of loans within the credit facilities amounted to SEK 2,250m in 2023.

Equity as of 31 December 2023 amounted to SEK 33,663m (34,432), corresponding to an equity ratio of 63 percent (60).

## 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 operating segment also includes advanced interactive communication software and solutions for mobile network operators. Operations are oriented primarily towards large businesses and channel partners.

SEKm	2023	2022
Net sales	18,942	18,255
Gross profit	3,876	3,615
Gross margin	20%	20%
EBITDA	1,079	954
Adjusted EBITDA	1,405	1,015

### Net sales

Net sales for the Messaging operating segment amounted to SEK 18,942m (18,255), an increase by 4 percent compared with the preceding year. Organic growth in local currency was -2 percent.

### Profit

Gross profit increased by 7 percent to SEK 3,876m (3,615). Organic growth in local currency was 1 percent. The gross margin was 20 percent (20).

EBITDA increased by 13 percent to SEK 1,079m (954) and the EBITDA margin was 6 percent (5). Adjusted EBITDA increased by 38 percent to SEK 1,405m (1,015) and the Adjusted EBITDA margin was 7 percent (6).

## 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 handled more than 250 billion voice minutes in 2023.

SEKm	2023	2022
Net sales	6,339	6,134
Gross profit	2,985	2,915
Gross margin	47%	48%
EBITDA	1,425	1,399
Adjusted EBITDA	1,449	1,432

### Net sales

Net sales for the Voice operating segment amounted to SEK 6,339m (6,134), an increase by 3 percent compared with the preceding year. Organic growth in local currency was -1 percent.

### Profit

Gross profit amounted to SEK 2,985 million (2,915) and the gross margin was 47 percent (48). EBITDA was SEK 1,425m (1,399) and the EBITDA margin was 22 percent (23). Adjusted EBITDA was SEK 1,449m (1,432) and the Adjusted EBITDA margin was 23 percent (23). Organic growth in local currency was -2 percent.

## Email

The operating 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.

SEKm	2023	2022
Net sales	1,773	1,511
Gross profit	1,377	1,117
Gross margin	78%	74%
EBITDA	709	547
Adjusted EBITDA	766	581

### Net sales

Net sales for the Email operating segment amounted to SEK 1,773m (1,511), an increase by 17 percent compared with the preceding year. Organic growth in local currency was 12 percent.

### Profit

Gross profit was SEK 1,377m (1,117) EBITDA was SEK 709m (547) and the EBITDA margin was 40 percent (36).

Adjusted EBITDA was SEK 766m (581) and the Adjusted EBITDA margin was 43 percent (38). Organic growth in local currency was 18 percent.

## SMB

The operating 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 brands including MessageMedia, SimpleTexting and ClickSend.

SEKm	2023	2022
Net sales	2,069	1,852
Gross profit	1,303	1,162
Gross margin	63%	63%
EBITDA	526	490
Adjusted EBITDA	623	566

### Net sales

Net sales for the SMB operating segment amounted to SEK 2,069m (1,852), an increase by 12 percent compared with the preceding year. Organic growth in local currency was 10 percent.

### Profit

Gross profit was SEK 1,303m (1,162) EBITDA was SEK 526m (490) and the EBITDA margin was 25 percent (26).

Adjusted EBITDA was SEK 623m (566) and the Adjusted EBITDA margin was 30 percent (31). Organic growth in local currency was 10 percent.

## 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 operating segments.

SEKm	2023	2022
Net sales	-378	-
EBITDA	-665	-615
Adjusted EBITDA	-606	-469

### Net sales

Net sales in the Other and eliminations operating segment amounted to SEK -378 million (-).

### Profit

EBITDA amounted to SEK -665m (-615) and consisted mainly of employee benefits expenses in Finance, HR and IT, R&D and rental costs. Adjusted EBITDA was SEK -606 million (-469).

## Research and development

Sinch has a large staff of software developers and other technical personnel and several parts of the company are involved in product development. The cloud platform was further developed in 2023 to enable even more efficient scaling and management of increased traffic volume. Investments have also been made in systems for regulatory compliance, such as spam filter systems.

Further development of next-generation conversational messaging systems enabled the addition of new channels in the Messaging operating segment, such as Instagram and Apple Messages for Business. The technology projects to migrate customers of the acquired businesses Wavy, TWW and SDI to global shared platforms have continued during the year and are expected to be completed in 2024. Continued integration of products related to earlier acquisitions, including ClickSend, is also ongoing in the SMB operating segment.

Development expenses are capitalized as specified in Note 3. Total expenditures for research and development were SEK 1,289m (1,230) before capitalization of internal hours spent, which amounted to SEK 383m (374).

## The environment

Sinch's core business is software development and management of digital transactions and has limited environmental impact. Sinch has impact on the environment primarily through travel, hardware operation and disassembly and emissions in the value chain related to data centers, cloud and messaging services. Sinch is working to minimize these impacts by measuring and reducing our emissions. This includes replacing travel with online communications and travel by modes such as train that have less impact on the environment. Sinch also aspires to send outmoded hardware for recycling. The Sinch Group's environmental work is described in more detail in the *Climate impact* section of the Sustainability notes on pages 100-116.

## Employees

At the end of the year, the Group employed 4,231 (4,205) people, including consultants. The average number of employees during the year was 3,643 (3,565), 31 percent (30) of whom were women. The average age of the workforce was 39 (39). Employee turnover in 2023 was 14 percent (23).

We are continually refining and improving our recruitment process to ensure that we take a structured, data-driven approach and apply unbiased evaluation processes. We are proud that some of the best and most experienced people in the business have chosen to work with us. Aimed at attracting and retaining skills in the company, Sinch offers internal career development opportunities that help our employees grow and win together.



For Sinch to remain an industry leader, a culture of diversity, equity and inclusion is a success factor. Sinch has employees in more than 60 countries with diverse backgrounds. Having a diversified organization that celebrates their unique backgrounds, skills, experience, talents, qualifications, and personalities helps us understand the needs of the market.

The company will continue to grow and recruit within our growth areas and expand support functions as needed.

#### **Proposed resolution on executive compensation policy**

The board of directors of Sinch AB (publ) proposes the following executive compensation policy. Policy guidelines do not apply to compensation decided by the general meeting. The 2023 policy guidelines are presented in Note 9.

For the purposes of these policy guidelines, "executives" comprise the company's inside directors, the CEO, the Deputy CEO (if applicable) and senior management personnel who report to the CEO. As of April 1 2024, the company has thirteen executives, including the CEO.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain skilled and qualified employees. Compensation to the CEO and other executives should therefore reflect Sinch's need to recruit and motivate qualified employees by means of a compensation package that is perceived as fair and competitive. The board of directors is empowered to depart from the guidelines for cause in individual cases when the departure is necessary to serve the company's long-term interests, including sustainability, or assure the company's financial viability.

In the preparation of the board of directors' proposal for these guidelines, salary and employment conditions for employees of the company have been considered by including information about employees' total compensation, the components of compensation and its increase and growth rate over time in the decision input provided to the board. Compensation consists of the following components:

- Fixed base pay
- Short- and long-term variable pay
- Special compensation
- Pension benefits
- Other benefits
- Pay during period of notice of termination/resignation

#### **Market-based compensation**

The company has acquired high quality benchmark data from third-party sources to ensure that compensation to the CEO and other executives reflects what generally applies to executives in comparable positions in other companies. Compensation based on market conditions is also ensured through recruitment processes when executives are recruited externally.

#### **Fixed base pay**

Fixed pay must be market-based and reflect the employee's position, qualifications, experience, and individual performance.

#### **Short-term variable pay**

Short-term variable pay must be measured against pre-defined financial performance targets. Non-financial targets may also be used to sharpen focus on achieving the Group's strategic plans. Targets must be specific, clear, measurable, subject to deadlines, and adopted by the board of directors. They should also be designed to promote the company's business strategy, long-term interests and sustainability. The extent to which the criteria have been met shall be assessed/determined at the end of the relevant measurement period.

The board of directors has delegated the responsibility for assessment regarding variable pay to the CEO and other executives to the Remuneration Committee.

Levels and targets for variable pay are proposed each year by the CEO with regard to other executives and are subject to Board approval. Levels and targets for the CEO are defined by the board of directors. Short-term variable pay shall not exceed 50 percent of fixed base pay, as executive compensation should be primarily based on long-term incentives.

#### **Long-term variable pay**

Long-term variable pay may encompass share-related incentive programs. These policy guidelines do not cover compensation decided by the annual general meeting and thus do not apply to existing or proposed share-related incentive programs.

Each year, the board of directors will evaluate whether a long-term share-related incentive program should be proposed to the annual general meeting. The purpose of offering a share-related incentive program is to ensure that the interests of executives coincide with those of the company's shareholders. Individual, long-term ownership among key individuals can be expected to stimulate keener interest in the business and its profitability, increase motivation, and enhance the sense of belonging with the company, thereby promoting the company's business strategy, long-term interests and sustainability. Long-term share-related incentive programs also enhance the company's potential to retain current executives and attract and recruit new candidates.

#### **Special compensation**

Additional variable cash compensation can be offered to key individuals who remain employees of Sinch in connection with business combinations, disposals of operations or other measures of an occasional nature, or who deliver other extraordinary performance. Such special compensation shall not exceed 50 percent of the employee's contracted annual fixed base pay. Special compensation shall be paid only in special cases and shall not be included in any ordinary compensation system. Decisions to distribute special compensation are under the purview of the board of directors.

#### **Pensions**

Pension benefits for the CEO and other executives must reflect customary market terms, compared with that which generally applies to executives in comparable positions with other companies, and should normally be based upon defined contribution pension plans. Executives retire at the relevant/appropriate age of retirement. Pension benefits shall

not exceed 35 percent of fixed base pay to the extent higher contributions are not required under an applicable collectively agreed pension plan.

#### **Other benefits**

Other benefits of employment may include health insurance and fitness/wellness benefits. The costs of such benefits shall not exceed 10 percent of fixed base pay.

#### **Period of notice and severance pay**

As a main rule, all employment contracts made between the company and senior management personnel must be indefinite term contracts. If the company terminates the CEO's employment, the period of notice shall be a maximum of six months. If the CEO resigns, the period of notice shall be six months. A period of notice applies between the company and other executives of up to six months, whether the employee resigns or is terminated. In addition to compensation paid during the applicable period of notice, any severance pay after the applicable period of notice shall not exceed an amount equal to fixed base pay for twelve months for the CEO and six months for other senior management personnel. The foregoing constitutes a framework within which individual terms shall be decided by the board of directors.

#### **Compensation to company founders**

Compensation to the founders of Sinch is subject to approval by the board of directors. Founders are exempt from the requirement of market-based pay, i.e. their fixed base pay and other compensation may be lower than the market rate, as they are compensated through their shareholdings in the company.

Compensation to founders consists of the following components:

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

If a founder is temporarily covering another management position, the founder will be compensated during this period with fixed base pay equal to that of the individual on the executive management team with the lowest salary at the time, excluding other founders.

#### **Approval**

Changes in terms, conditions and compensation to the CEO are subject to approval by the chairman of the board. Daily costs such as travel expenses for the CEO are subject to approval by the CFO, and quarterly summaries shall be sent to the chairman of the board. New recruitments, changes in pay and other significant changes regarding executives other than the CEO are subject to approval by the chairman of the board. Minor adjustments and daily costs are, however, subject to approval by the CEO. Payment of fixed base pay is managed by local payroll departments and is subject to prior approval by the local HR representative. Payment of short-term variable pay is subject to approval by the CEO (as regards other executives) and by the chairman of the board (as regards the CEO). Eligibility for share-related incentive programs is determined by the board of directors and is based on the proposal approved by the general meeting.

#### **Controls and decision process**

The company has a Remuneration Committee which consists of two directors. The chairman of the board is also chair of the Remuneration Committee.

The Remuneration Committee shall, in relation to the board of directors, have a preparatory function in respect of compensation policies and executive compensation and other terms of employment.

The Remuneration Committee shall thus draft a proposed executive compensation policy, which shall be presented to the board of directors. The proposal must thereafter be presented to the annual general meeting for approval. The Remuneration Committee shall also evaluate adherence to the policy guidelines approved by the annual general meeting.

The board of directors shall present a policy proposal to the annual general meeting for resolution at least every fourth year or whenever a need for material changes to the policy arises.

Policy guidelines shall be applied in relation to every commitment pertaining to executive compensation and every change of such a commitment that is decided subsequent to the annual general meeting at which the policy guidelines were adopted. Thus, the policy guidelines have no impact on preexisting contractual obligations. The adopted policy guidelines may also be amended by means of a resolution by any other general meeting.

The Remuneration Committee shall also prepare proposals regarding compensation to the CEO and other executives

within the scope of the policy guidelines endorsed by the annual general meeting. The board of directors shall annually evaluate the CEO's performance.

The Remuneration Committee shall also monitor and evaluate ongoing and ended programs for variable pay to senior management personnel as well as the current structure and levels of compensation in the company.

Furthermore, the Remuneration Committee shall annually prepare a report detailing executive compensation paid during the financial year. The Remuneration Report shall be made available to the shareholders on the Company's website no later than three weeks before the annual general meeting. Within the scope of and based on the policy guidelines, the board of directors shall annually decide on the specific revised terms of compensation for each executive and make any other necessary decisions concerning executive compensation. The CEO or any other senior executive shall not be present when the Remuneration Committee discusses and decides on matters related to compensation insofar as the individuals are affected by such matters.

The following measures are taken annually to verify and assure compliance with the guidelines

- Collection of documented annual targets for short-term variable pay
- Checking of a random sample of approved salary payments
- Review of sample reports generated by payroll systems to identify any unusual payments

The result of the checks are summarized and reported to the Remuneration Committee.

## Outlook

The impacts of geopolitical uncertainty and a changed macroeconomic environment, including increasing inflation, rising interest rates and subdued demand, are expected to persist in 2024. Sinch has nevertheless remained an industry leader with good underlying profitability and robust cash flows. Aimed at accelerating growth, Sinch launched a growth program in 2023. In the first stage, the program resulted in the regional operating model that went live on 1 January 2024. By putting the customer at the heart of the business, creating a common product organization and investing in the company's IT infrastructure, Sinch expects to realize further growth and cost synergies. As regards Ukraine and Russia, exposure is limited to less than 1 percent of annualized gross profit. Although Sinch does not publish forecasts, the company recognizes that the effects of the prevailing macroeconomic situation will persist.

## Parent company

The parent company's operations consist only of certain global leadership functions. At the end of the period, the parent company had 5 (5) employees. The average number of employees during the period was 5 (7).

- Net sales were SEK 588m (356).
- Operating profit (-loss) was SEK 221m (-16)
- The profit (-loss) for the year was SEK 54m (-4,145).
- Equity amounted to SEK 30,221m (30,119)

Please refer to the Group Management Report for further information concerning the parent company's operations, financial position, and performance.

## Proposed allocation of profit or loss

The board of directors will propose to the annual general meeting that no dividend is distributed for the 2023 financial year.

### The following non-restricted equity in the parent company is at the disposal of the annual general meeting, SEK:

Share premium reserve	34,176,049,885
Retained earnings	-4,017,583,633
Profit for the year	54,448,728
<b>Total</b>	<b>30,212,914,980</b>

### The Board of Directors proposes that profit or loss be allocated as follows, SEK:

Carried forward to retained earnings	30,212,914,980
<b>Total</b>	<b>30,212,914,980</b>

# Multi-year review

## Consolidated

### Income statement data

	2023	2022	2021	2020	2019	2018
Net sales	28,745	27,722	16,177	8,023	5,036	3,987
Gross profit	9,542	8,810	3,933	2,183	1,394	1,008
EBITDA	3,074	2,774	831	715	556	373
Adjusted EBITDA	3,637	3,124	1,322	989	582	381
Profit or loss for the year	42	-4,943	908	446	275	180

### Balance sheet data

	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Non-current assets	46,269	49,375	49,912	5,827	3,147	2,371
Current assets	6,866	7,909	7,169	5,807	1,844	1,255
<b>Total assets</b>	<b>53,134</b>	<b>57,284</b>	<b>57,081</b>	<b>11,634</b>	<b>4,991</b>	<b>3,626</b>
Equity	33,663	34,432	34,053	7,513	1,999	1,664
Non-current liabilities	11,467	16,722	7,318	1,587	1,777	842
Current liabilities	8,004	6,130	15,709	2,535	1,215	1,121
<b>Total equity and liabilities</b>	<b>53,134</b>	<b>57,284</b>	<b>57,081</b>	<b>11,634</b>	<b>4,991</b>	<b>3,626</b>

### Cash flow statement

	2023	2022	2021	2020	2019	2018
Cash flow from operating activities	1,788	2,508	329	454	327	305
Cash flow from (-used in) investing activities	-649	-691	-29,059	-2,973	-712	-370
Cash flow from (-used in) financing activities	-2,342	-1,508	26,454	5,231	673	76
<b>Cash flow for the year</b>	<b>-1,203</b>	<b>309</b>	<b>-2,276</b>	<b>2,713</b>	<b>288</b>	<b>10</b>
Cash and cash equivalents at the beginning of the financial year	2,173	1,871	3,123	466	181	165
Exchange rate differences in cash and cash equivalents	42	-7	1,024	-56	-2	6
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,012</b>	<b>2,173</b>	<b>1,871</b>	<b>3,123</b>	<b>466</b>	<b>181</b>

## Key data

	2023	2022	2021	2020	2019	2018
Return on equity, %	0.1	-14.4	4.4	9.4	15.0	11.4
Gross margin, %	33.2	31.8	24.3	27.2	27.7	25.3
EBITDA margin, %	10.7	10.0	5.1	8.9	11.0	9.4
EBIT margin, %	1.7	-17.0	1.0	5.6	7.4	5.5
Net margin, %	0.1	-17.8	5.6	5.6	5.4	4.5
Equity/assets ratio, %	63.4	60.1	59.7	64.6	40.0	45.9
EBITDA, SEKm	3,074	2,774	831	715	556	373
EBITDA adjustments, SEKm	-563	-350	-491	-274	-27	-8
Adjusted EBITDA, SEKm	3,637	3,124	1,322	989	582	381
Adjusted EBITDA/gross profit, %	38.1	35.5	33.6	45.3	41.8	37.8
Net debt, SEKm	7,987	9,162	10,640	-1,989	959	406
Net debt/pro forma Adjusted EBITDA, multiple <sup>1)</sup>	2.0	2.7	2.9	-2.2	1.7	1.1
Interest coverage ratio, multiple	0.9	-13.2	3.2	12.9	14.0	9.9

1) In the calculation of this APM, Net debt and Adjusted EBITDA are both measured excluding IFRS 16-related lease liabilities. For further information, see the reconciliation of alternative performance measures on [investors.sinch.com](https://investors.sinch.com).

## Share data

	2023	2022	2021	2020	2019	2018
Total shares outstanding at the end of the year	843,069,811	838,602,248	768,568,748	631,736,700	536,020,890	536,020,890
Weighted average number of shares before dilution <sup>1)</sup>	841,130,408	819,116,557	700,923,800	584,945,860	536,020,890	536,020,890
Weighted average number of shares after dilution <sup>2)</sup>	845,416,837	819,116,557	716,527,452	604,135,000	542,342,750	536,020,890
Basic earnings per share, SEK	0.05	-6.03	1.29	0.76	0.51	0.33
Diluted earnings per share <sup>2)</sup> , SEK	0.05	-6.03	1.26	0.74	0.51	0.33
Dividend per share, SEK	-	-	-	-	-	-

1) Historical average number of shares restated after split and new issues for comparison.

2) The negative results in 2022 do not give rise to any dilutive effect. If results had been positive, the weighted number of dilutive warrants would have been 11,773,922.

## Income statement

### Consolidated

SEKm	Note	2023	2022
<b>Net sales</b>	5	<b>28,745</b>	<b>27,722</b>
Other operating income	6	479	611
Work performed by the entity and capitalized	15	383	374
Cost of services sold		-19,204	-18,912
Other external expenses	7, 8	-2,310	-2,400
Employee benefits expenses	9	-4,371	-4,157
Other operating expenses	6	-648	-464
<b>Operating profit, EBITDA</b>		<b>3,074</b>	<b>2,774</b>
Depreciation, amortization and impairments	14, 15, 16, 17	-2,580	-7,478
<b>Operating profit, EBIT</b>		<b>494</b>	<b>-4,703</b>
Financial income	10	3,280	3,702
Financial expenses	10	-3,926	-3,774
<b>Profit or loss before tax</b>		<b>-152</b>	<b>-4,775</b>
Current tax	12	-319	-583
Deferred tax	12	513	414
<b>Profit or loss for the year</b>		<b>42</b>	<b>-4,943</b>
<b>Attributable to:</b>			
Owners of the parent		42	-4,943
Non-controlling interests		0	0
<b>Earnings per share, SEK</b>			
Basic	13	0.05	-6.03
Diluted	13	0.05	-6.03

## Statement of comprehensive income

### Consolidated

SEKm	Note	2023	2022
Profit or loss for the year		42	-4,943
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to profit or loss for the period</b>			
Translation differences		-863	4,593
Exchange rate changes on increased net investments		-138	604
Tax effect of items in other comprehensive income		28	-107
<b>Other comprehensive income for the year</b>		<b>-973</b>	<b>5,090</b>
<b>Comprehensive income for the year</b>		<b>-931</b>	<b>147</b>
<b>Attributable to:</b>			
Owners of the parent		-931	147
Non-controlling interests		0	0

# Statement of financial position

## Consolidated

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	14	25,160	25,838
Customer relationships	15	13,058	14,719
Operator relationships	15	177	246
Proprietary software	15	4,706	5,315
Other intangible assets	15	394	488
Property, plant and equipment	16	928	874
Right-of-use assets	17	818	859
Financial assets	18	72	74
Deferred tax assets	12	957	962
<b>Total non-current assets</b>		<b>46,269</b>	<b>49,375</b>
<b>Current assets</b>			
Accounts receivable	19	4,669	4,247
Tax assets		238	317
Other current receivables	20	265	340
Prepaid expenses and accrued income	21	681	833
Cash and cash equivalents	32	1,012	2,173
<b>Total current assets</b>		<b>6,866</b>	<b>7,909</b>
<b>Total assets</b>		<b>53,134</b>	<b>57,284</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	22		
Share capital		8	8
Other capital contributions		32,382	32,219
Reserves		4,294	5,268
Retained earnings or accumulated losses including profit for the year		-3,022	-3,064
<b>Equity attributable to owners of the parent</b>		<b>33,663</b>	<b>34,431</b>
Non-controlling interests		1	1
<b>Total equity</b>		<b>33,663</b>	<b>34,432</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	4,750	5,403
Provisions	25	55	49
Interest bearing non-current liabilities	23	6,637	11,236
Non interest bearing non-current liabilities	24	25	34
<b>Total non-current liabilities</b>		<b>11,467</b>	<b>16,722</b>
<b>Current liabilities</b>			
Contract liabilities/Advance payments from customers	19	262	260
Accounts payable		1,849	1,561
Tax liability		64	466
Other interest bearing current liabilities	23	2,362	99
Other non interest bearing current liabilities	24	231	344
Accrued expenses and prepaid income	26	3,235	3,401
<b>Total current liabilities</b>		<b>8,004</b>	<b>6,130</b>
<b>Total equity and liabilities</b>		<b>53,134</b>	<b>57,284</b>

# Statement of changes in equity

## Consolidated

SEKm	Share capital	Other capital contributions	Reserves	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>Opening balance at 1 January 2022</b>	<b>8</b>	<b>31,988</b>	<b>178</b>	<b>1,879</b>	<b>34,053</b>	<b>1</b>	<b>34,053</b>
Profit or loss for the year				-4,943	-4,943	0	-4,943
Other comprehensive income			5,090		5,090	0	5,090
Issued warrants		6			6		6
Share-based payments		140			140		140
Issued shares for warrants	0	93			93		93
Non-cash issue	1	-2 <sup>1)</sup>			-1		-1
Set-off issue	0				0		0
Issue expenses, net of tax		-6			-6		-6
<b>Closing balance at 31 December 2022</b>	<b>8</b>	<b>32,219</b>	<b>5,268</b>	<b>-3,064</b>	<b>34,431</b>	<b>1</b>	<b>34,432</b>
Profit for the year				42	42	0	42
Other comprehensive income			-973		-973	0	-973
Warrants issue		4			4		4
Share-based payments		115			115		115
Shares issued for warrants	0	46			46		46
Issue expenses, net of tax		-2			-2		-2
<b>Closing balance at 31 December 2023</b>	<b>8</b>	<b>32,382</b>	<b>4,294</b>	<b>-3,022</b>	<b>33,663</b>	<b>1</b>	<b>33,663</b>

1) Refers to adjustments related to acquisitions in 2021.



# Statement of cash flows

## Consolidated

SEKm	Note	2023	2022
<b>Cash flow from (–used in) operating activities</b>			
Profit or loss before tax		-152	-4,775
Adjustment for non-cash items	32	2,859	7,167
Income tax paid		-600	-560
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,107</b>	<b>1,832</b>
Change in inventories		0	-
Change in accounts receivable		-544	99
Change in other current receivables		229	-123
Change in accounts payable		228	54
Change in other current liabilities		-234	646
<b>Cash flow from operating activities</b>		<b>1,788</b>	<b>2,508</b>
<b>Investing activities</b>			
Acquisition of intangible assets	14, 15	-418	-399
Acquisition of property, plant and equipment	16	-211	-244
Decrease in financial receivables		8	7
Increase in financial receivables		-4	-10
Acquisition of Group companies, net effect on cash and cash equivalents	33	-24	-45
<b>Cash flow from (–used in) investing activities</b>		<b>-649</b>	<b>-691</b>
<b>Financing activities</b>			
New borrowing		13,661	9,492
Amortization of bank loan		-15,915	-10,947
Amortization of lease liability		-136	-144
New share issue/warrants		48	91
<b>Cash flow from (–used in) financing activities</b>		<b>-2,342</b>	<b>-1,508</b>
<b>Cash flow for the year</b>		<b>-1,203</b>	<b>309</b>
Cash and cash equivalents at the beginning of the financial year		2,173	1,871
Exchange rate differences in cash and cash equivalents		42	-7
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,012</b>	<b>2,173</b>

# Income statement

## Parent company

SEKm	Note	2023	2022
<b>Net sales</b>		<b>588</b>	<b>356</b>
Other operating income	6	7	6
<b>Operating expenses</b>			
Other external expenses	7, 8	-336	-345
Employee benefits expenses	9	-22	-21
<b>Operating profit before other operating expenses, depreciation, amortization and impairments</b>		<b>237</b>	<b>-4</b>
Other operating expenses	6	-14	-8
Depreciation and amortization	15, 16	-3	-5
<b>Operating profit or loss</b>		<b>221</b>	<b>-16</b>
Impairment of shares in subsidiaries		-	-4,340
Interest income and similar profit items	10	3,445	3,923
Interest expenses and similar loss items	10	-3,477	-3,435
<b>Profit after net financial income/expenses</b>		<b>189</b>	<b>-3,868</b>
Appropriations	11	-120	-252
<b>Profit or loss before tax</b>		<b>69</b>	<b>-4,120</b>
Tax on profit for the year	12	-15	-25
<b>Profit or loss for the year<sup>1)</sup></b>		<b>54</b>	<b>-4,145</b>

1) Profit or loss for the year coincides with comprehensive income for the year.

# Balance sheet

## Parent company

SEKm	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	15	3	5
Property, plant and equipment	16	1	3
<b>Financial assets</b>			
Investments in Group companies	18	16,173	15,764
Non-current receivables, Group companies	18	5,348	2,278
<b>Total financial assets</b>		<b>21,521</b>	<b>18,041</b>
<b>Total non-current assets</b>		<b>21,525</b>	<b>18,049</b>
<b>Current assets</b>			
Receivables from Group companies		21,767	22,276
Tax assets		31	33
Other current receivables	20	13	-
Prepaid expenses and accrued income	21	86	82
Cash and bank balances	32	20	765
<b>Total current assets</b>		<b>21,917</b>	<b>23,155</b>
<b>TOTAL ASSETS</b>		<b>43,442</b>	<b>41,204</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	8	8
<b>Total restricted equity</b>		<b>8</b>	<b>8</b>
Share premium reserve		34,176	34,126
Retained earnings		-4,018	130
Profit or loss for the year		54	-4,145
<b>Total non-restricted equity</b>		<b>30,213</b>	<b>30,111</b>
<b>Total equity</b>		<b>30,221</b>	<b>30,119</b>
Untaxed reserves	27	94	95
Deferred tax liability		3	-
<b>Total untaxed reserves</b>		<b>97</b>	<b>95</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	23	5,841	10,449
<b>Total non-current liabilities</b>		<b>5,841</b>	<b>10,449</b>
<b>Current liabilities</b>			
Accounts payable		9	3
Liabilities to Group companies		4,973	469
Liabilities to credit institutions	23	2,248	-
Other current liabilities	24	2	17
Accrued expenses and prepaid income	26	51	52
<b>Total current liabilities</b>		<b>7,283</b>	<b>541</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,442</b>	<b>41,204</b>

# Statement of changes in equity

## Parent company

SEKm	Share capital	Share premium reserve	Retained earnings	Total equity
<b>Opening balance at 1 January 2022</b>	<b>8</b>	<b>34,029</b>	<b>136</b>	<b>34,172</b>
Profit or loss for the year			-4,145	-4,145
Issued warrants		6		6
Shares issued for warrants	0	93		93
Rights issue	1	-2 <sup>1)</sup>		-1
Issue expenses, net of tax			-6	-6
<b>Closing balance at 31 December 2022</b>	<b>8</b>	<b>34,126</b>	<b>-4,015</b>	<b>30,119</b>
Profit or loss for the year			54	54
Warrants issue		4		4
Issued shares for warrants	0	46		46
Rights issue				-
Issue expenses, net of tax			-2	-2
<b>Closing balance at 31 December 2023</b>	<b>8</b>	<b>34,176</b>	<b>-3,963</b>	<b>30,221</b>

1) Refers to adjustments related to acquisitions in 2021.

# Cash flow statement

## Parent company

SEKm	Note	2023	2022
<b>Cash flow from operating activities</b>			
Profit after net financial income/expenses		189	-3,868
Adjustment for non-cash items	32	28	3,604
Income tax paid		-2	-15
<b>Cash flow from operating activities before changes in working capital</b>		<b>215</b>	<b>-279</b>
Change in other current receivables		1,063	-27
Change in accounts payable		5	-100
Change in other current liabilities		-88	14
<b>Cash flow from (-used in) operating activities</b>		<b>1,195</b>	<b>-392</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-	0
Decrease in financial receivables		-	491
Increase in financial receivables		-	-123
Change in financial receivables, Group companies		479	1,984
Group contribution received/provided		-200	-435
<b>Cash flow from investing activities<sup>1)</sup></b>		<b>279</b>	<b>1,917</b>
<b>Financing activities</b>			
Borrowings, bank and bond loans		13,664	9,492
Amortization of bank loan		-15,915	-10,947
New issue/warrants		48	86
Derivatives		-15	-
<b>Cash flow from (-used in) financing activities</b>		<b>-2,218</b>	<b>-1,369</b>
<b>Cash flow for the year</b>		<b>-745</b>	<b>155</b>
Cash and cash equivalents at the beginning of the financial year		765	610
<b>Cash and cash equivalents at the end of the financial year</b>		<b>20</b>	<b>765</b>

1) Acquisitions of shares in subsidiaries in 2022 took place through an issue in kind and capital contribution, which reduced intragroup transactions.

# Notes

## Note 1 General information

Sinch AB (publ), corporate registration number 556882-8908, is a public limited liability company incorporated in Sweden and domiciled in Stockholm. The address of the company's headquarters is Lindhagensgatan 112, 112 51 Stockholm, Sweden. The company and its subsidiaries ("Sinch" or "the Group") provide cloud communications services and digital customer engagement channels to the enterprise sector, including email, messaging and voice.

### Compliance with standards and law

The annual report and consolidated financial statements were approved for issuance by the Board of Directors on Wednesday, 17 April 2024. The parent company income statement and balance sheet and the consolidated statement of comprehensive income and statement of financial position will be subject to adoption by the annual general meeting on 16 May 2024.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR1 Supplementary Accounting Rules for Groups have also been applied. The parent company and the Group apply the same accounting policies, except where specified below under "Parent company accounting policies."

### Functional currency and presentation currency

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent and the Group. Accordingly, the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded to the nearest million.

### Impact of external factors on consolidated accounting policies

The risks and uncertainties faced by the Group are analyzed regarding sector- and business-related conditions and based on the current macroeconomic situation. Macroeconomic trends including the weaker SEK, rising inflation, increased interest rates and slower economic growth have affected the company's performance 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, for which the discount rate is a material component, is one example (see Note 14). In addition to impairment testing of intangible assets, the effects include the impact of risks and uncertainty factors on expected credit losses, which is presented in greater detail in Note 19, as well as associated deferred taxes. See also Note 31.

Increased climate-related impacts due to climbing temperatures, rising sea levels and more frequent extreme weather events could damage important infrastructure in the value chain, which could lead to insufficient capacity to deliver our products and services. Consequently, transition risks related to technological advances, altered geopolitical conditions and higher energy prices could affect operational and capital expenditures and the company's financial performance. The Group has determined that there has been no material impact on the financial statements for 2023 and believes there will be no significant effects in the future as a consequence of these impacts. The Sinch Sustainability Report 2023 describes the Group's sustainability program in greater detail.

## Note 2 Judgments and estimations in the financial statements

### Key accounting judgments and estimations

Preparation of the financial statements and application of accounting policies are often based on management's judgments and estimations as well as assumptions deemed reasonable and carefully considered when the judgment is made. However, if other judgments, assumptions or estimations were used, the outcome might differ and events might occur that could require significant adjustment of the carrying amount of the relevant asset or liability. This could occur, for example, in connection with a change of strategy or a restructuring. This could affect judgments based on the choice of accounting policies and estimations.

The most material accounting policies whose application is based on key judgments are specified below, along with the sources of estimation uncertainty that the Group has determined could have the most material impact on the Group's reported financial performance and position.

The information provided in this note is categorized as follows:

- Key sources of estimation uncertainty
- Management's judgments related to application of consolidated accounting policies.

### Revenue recognition

#### Key sources of estimation uncertainty

The Group uses estimates and judgments to determine the amounts and dates of revenue recognition, particularly in order to determine the transaction price and its allocation among identified contractual performance obligations. The transaction price, including variable consideration, e.g., income derived from volume discounts, is estimated at contract inception and periodically thereafter. Judgments are used in the estimation process based on past experiences with the type of business or the customer class. This includes possible price adjustments based on the most recent available information on contract negotiations, which could have retrospective effect on the prices of previously ordered or delivered services. Expected credit losses for accounts receivable and contract assets are regularly analyzed. Total confirmed/realized customer losses as of 31 December 2023 amounted to SEK 42m (47) or 1 percent (1%) of the gross value of accounts receivable and contract assets.

#### Judgments related to application of consolidated accounting policies

Revenue for services is recognized when control of the service has been transferred to the customer. This evaluation should be made from a customer perspective, taking into account indicators such as the transfer of the significant risks and rewards of ownership, the customer's acceptance of the asset, access and the right to invoice. Judgments may be required to evaluate whether risks and rights have been transferred to the customer and whether the customer has accepted the services. All indicators of control transfer are often considered as a whole to determine whether the transfer of control has occurred in a customer contract. Management regularly eval-

uates the customer's ability and intention to pay according to contract. The evaluation is based on the customer's latest credit report and payment history. The evaluation may change during fulfillment of the contract, and if there is evidence that the customer's ability or intention to pay has deteriorated, there should be no further recognition of revenue until the payment criteria have been satisfied.

### Valuation of cost of services sold

#### Key sources of estimation uncertainty

Accrual of the costs of services sold requires estimations to minimize the risk of future differences. The cost of services sold in Sinch's Messaging operating segment is incurred when mobile network operators charge a fee per message. The subsequent billing from MNOs often occurs many months after the traffic was generated. As a result, costs are accumulated as accrued costs until billing has occurred.

Key judgments and estimates of reserves related to accrued traffic costs are part of the monthly process to account for traffic costs in a manner that provides a fair picture. These estimations are based on past experience and several other assumptions deemed reasonable under the circumstances. Conclusions drawn by this means constitute the basis for the carrying amounts of traffic costs.

### Business combinations, intangible assets including goodwill

#### Key sources of estimation uncertainty

Future cash flows are estimated at initial recognition to ensure that carrying amounts do not exceed the estimated discounted cash flows for this type of asset. Subsequent to initial recognition, impairment tests are performed when there is an indication that the asset has decreased in value. Goodwill is also tested for impairment annually in connection with updated business plans. One indication of impairment may be significant differences in actual cash flows compared to the business plan, as well as new estimations that indicate lower future cash flows. Estimations related to acquired intangible assets are based on similar assumptions and risks as for goodwill. Allocation in connection with an acquisition analysis requires management's judgment, for example in connection with determination of the fair value of acquired intangible assets. See Note 14 for more information.

#### Judgments related to application of consolidated accounting policies

Upon initial recognition and subsequent remeasurements, management assesses both fundamental assumptions and indications of impairment. Judgment is also required to define cash-generating units for impairment testing.

### Leases

#### Key sources of estimation uncertainty

There is estimation uncertainty related to potential future changes in the organization, which may affect the actual lease term for a contract if for example, a restructuring program is

**Note 2** cont.

initiated that could entail the termination of existing leases. The determination of interest rates by which lease liabilities are discounted is another uncertainty that affects the amounts of the lease liability and interest expense. An incremental borrowing rate is used to discount lease liabilities and requires judgment to reflect the interest rate that Sinch would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment. As of 31 December 2023, lease liabilities amounted to SEK 898m (872). See Note 17 for more information.

**Judgments related to application of consolidated accounting policies**

Management makes judgments regarding the lease term upon initial recognition and subsequent remeasurement of leases. The outcome of these judgments may differ from the actual outcome for the lease and may have adverse impact on rights-of-use.

**Deferred tax****Key sources of estimation uncertainty**

Valuation of deferred tax assets entails judgment concerning the tax deductibility of costs that are not yet taxable and estimations regarding sufficient future taxable income to allow the use of loss carryforwards (LCFW) and/or unused tax credits in various jurisdictions. All deferred tax assets are subject to annual review of probable use. Valuation of temporary differences, LCFW and tax credits are based on management's estimations of future taxable income in various jurisdictions against which temporary differences and LCFW can be used. These judgments are based primarily on business plans for the Group's assessed outcomes regarding future taxable profit. More detailed information is provided in Note 12.

**Accounting for income tax, value added tax and other taxes****Key sources of estimation uncertainty**

Accounting for income tax is based on evaluation of income tax in all jurisdictions where profits are generated. According to the rules set down in IFRIC 23, uncertainty over income tax treatment is considered only if and in connection with accounting for and valuation of income tax items in the financial statements. Assets related to value added tax and other taxes are considered separately for use in each jurisdiction in accordance with local regulations. The total complexity of the rules that concern taxes and accounting for taxes require management's involvement in judgments of the classification of transactions and in estimations of the probable outcomes of claimed deductions and/or disputes.

**New standards and interpretations in 2023**

The following new or revised standards and interpretations are effective for reporting periods beginning on or after 1 January 2023 and have been applied to the consolidated financial statements for 2023. The amendments have had no material impact on the consolidated or parent company financial statements.

- Amendment to IAS 1 Presentation of Financial Statements (Disclosures and Accounting Policies)
- Amendment to IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
- Amendment to IAS 12 Income Taxes (International Tax Reform – Pillar Two Model Rules)
- Amendments to IAS 8 Accounting Policies (Changes in Accounting Estimates and Errors: Definition of Disclosures)
- IFRS 17 Insurance Contracts

Application of the amendments to IAS 1 has reduced standardized and immaterial disclosures concerning accounting policies and has provided additional company-specific disclosures. Application of amendments to IAS 12 has resulted in gross reporting of deferred tax attributable to right-of-use assets and lease liabilities in Note 12. The amounts have been offset in the statement of financial position, whereupon the amendment has had no material effect on the financial statements.

The Group applies the exception implemented in IAS 12, which means Sinch does not recognize or provide disclosures concerning deferred tax assets and liabilities related to Pillar Two income taxes.

**New and amended IFRS and interpretations not yet effective**

IASB has published the following new or revised standards:

- IAS 1 Presentation of Financial Statements, regarding classification of liabilities as current or non-current, particularly when the liabilities are subject to covenants.
- IFRS 16 Leases, on accounting for lease liability in a sale and leaseback transaction.
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures regarding disclosure requirements concerning supplier finance arrangements.

The amendments have thus been determined to have no material impact on the consolidated financial statements in the period of initial application. None of the new or revised standards have been early applied by the Group.



## Note 3 Accounting Policies

### Consolidation policies and business combinations

#### Subsidiaries

Subsidiaries are entities that the parent company, Sinch AB (publ), controls. Potential voting rights and whether contractual control exists are taken into account when assessing whether control exists.

Subsidiaries are reported using the acquisition method of accounting. Transaction costs that arise, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognized immediately as other external expenses.

Contingent consideration is recognized at acquisition-date fair value. If the contingent consideration is classified as an equity instrument, the original amount is not remeasured and is settled in equity. For other contingent consideration, the items are remeasured at every reporting date and the change is recognized in profit or loss for the year as other income or expense.

### Foreign currency

#### Transactions in foreign currency

Items included in the financial statements of subsidiaries of the Group are measured in each subsidiary's functional currency. In general, the local currency of the country in which the company operates is the functional currency, other than in isolated cases where EUR or USD is used as the functional currency instead of the local currency. Exchange rate differences arising upon translation of operating receivables and operating liabilities are recognized as other operating income or other operating expense. Exchange rate differences related to financial assets and liabilities are recognized as financial income or financial expense.

Translation differences arising in foreign operations are recognized in other comprehensive income and are accumulated in the translation reserve in equity. Upon disposal of part or all of a foreign operation, the accumulated translation differences attributable to the operation are realized in profit or loss and recognized as financial income or financial expense.

### Revenue

#### Introduction

The Group's sales of services are made up mainly of transaction fees for sending messages, connecting calls and subscription services for sending emails. Revenues are generated from the sale of services that are sold separately and from the sale of services in package deals. Revenue is recognized based on the contract with the customer and is measured based on the consideration Sinch expects to be entitled to in exchange for transferring the promised services. Revenues are allocated across performance obligations and are recognized at a point in time, or over time, as the performance obligation is satisfied, which is determined based on how control is passed to the customer. The promised consideration in a contract with a customer may include fixed and/or variable amounts and is recognized only to the extent that it is highly probable that a reversal of recognized revenue will not occur. The Group's revenue streams are described below under each operating segment.

Consolidated accounts receivable comprise billed and unbilled receivables that carry an unconditional right to payment, while contract assets that refer to accrued income have a conditional right to payment. A conditional right to payment means that a final obligation in the contract must be performed before an unconditional right to payment exists. Revenues based on an unconditional right to payment must be presented 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, which are presented in Note 19.

#### Messaging

Messaging comprises services delivered to users through various software platforms. These platforms can both process messages sent as SMS or MMS as well as messages sent to various apps such as WhatsApp. The service provided consists of Sinch ensuring that the message is sent to the relevant mobile operator, which in turn ensures that the message is delivered to its subscriber in a quality-assured and cost-effective manner. Revenue from sales of services on open charge accounts is recognized in the accounting period when the service is rendered; that is, both revenues and costs are recognized in the period when they are earned and incurred, respectively. Each delivered transaction is considered a distinct service because the customer benefits from each individual message. The service of directing traffic according to a contract consists of an obligation for Sinch to deliver a series of substantially similar distinct services, which have similar transfer patterns. These are accounted for as a single performance obligation. Performance obligations referring to delivering a message are recognized at the point in time when the message has been delivered, while services transferred over a specific period of time are recognized straight-line across the period in which the service is performed.

Services are billed monthly, normally after services are rendered, based on traffic volumes, the channel used, and the mobile network.

#### Email

Sinch's email business offers delivery of transactional and marketing emails. By means of APIs and applications, emails are delivered to recipients mainly via Transactional Email, which is email ordered by the recipient, including confirmations of reservations. The Email Services revenue stream includes SaaS subscriptions that provide access to various software-managed email services, validation services and comparable, as well as email that end users access by registering a user account or managing passwords. The remainder of the market refers to marketing by email, where businesses send special offers and carry out promotional campaigns. Subscription services constitute a separate performance obligation. The subscription charge is either a monthly, quarterly or annual charge. Revenues are recognized on a current basis across the subscription period. Subscription services are billed in advance and excess consumption is billed in arrears.

**Note 3** cont.**Voice**

Programmable voice services refer to voice calls initiated by software or where the software is used to process or manage voice calls and these revenues are recognized over the period in which the service is delivered to the customer. Services consist of inbound voice, outbound voice, local and long-distance calls, toll-free, neutral tandem, messaging and E911 services. Customers can bundle the above services according to their needs, and these may represent standalone or compound performance obligations that are substantially similar and have the same patterns of transfer to the customer. Traffic that is billed monthly is based on usage, which means that there is a fixed tariff per destination at which calls are terminated/received, which is subsequently billed to the customers. The amount billed is normally based on the number of minutes used according to the price list in effect. The charges for each component of the services are priced separately in the contract with the customer. Billing for variable charges is based on actual volumes and billing is in arrears.

**Revenue from separate upgrades of software licenses**

Separate contracts with customers for upgrading software licenses: a contract with a customer that includes a defined license means that the license is provided either as a "right to access" or a "right to use" intellectual property owned by Sinch. When the promise to provide a license is categorized as a "right to access," the revenue is recognized over time. When the promise to provide a license is categorized as a "right to use," the revenue is recognized when control is passed to the customer. Revenue from separate upgrades of software licenses is recognized when the software is delivered. When modifications to the software are to be performed, revenue is recognized as sales of services at fixed prices. Successive revenue recognition is applied to sales of services based on the percentage of completion. The percentage of completion is determined by calculating the ratio to contract costs incurred for work performed at the reporting date and the estimated total contract costs. An anticipated loss on a service contract is immediately recognized as an expense. When the outcome of a service contract cannot be reliably estimated, revenue is recognized only in the amount that corresponds to contract costs incurred that are likely to be recovered from the customer. Contract costs are recognized as an expense in the period in which they are incurred.

**Revenue from separate support contracts**

Revenue from separate support contracts is recognized on a straight-line basis over the term of the contract.

**Leases**

At the date the lease begins or upon remeasurement of a lease that contains several components, lease or non-lease components, the Group allocates the consideration payable under the contract based on the relative standalone price of each component. When the components cannot be separated, they are accounted for as a single lease component.

**Leases in which the Group is the lessee**

The Group recognizes a right-of-use (ROU) asset and a lease liability when the lease commences. The ROU asset is initially recognized at cost, which consists of the initial value of the

lease liability plus payments at or prior to commencement plus any initial direct costs. The ROU asset is depreciated straight-line over the useful life of the asset, which for the Group normally coincides with the lease term. When the cost of the ROU asset reflects the fact that the Group will exercise the option to purchase the underlying asset, the asset is depreciated to the end of the period of use.

Estimated useful lives:

- Premises 3–10 years
- Rented connection capacity 2–15 years
- Other 1–3 years

The lease liability, which is divided into current and non-current components, is initially measured at the present value of remaining lease payments during the estimated lease term. The lease term is the non-cancellable period plus extension periods in the contract if it is considered reasonably certain at the commencement date that these periods will be used. The majority of the extension options related to leasing of offices and other leases have not been included in the lease liability because the Group cannot reliably determine that they will be extended. Extension options are assessed initially when the new lease is arranged, but may be updated regularly during the lease term.

Lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the Group's incremental borrowing rate must be used, which reflects the Group's credit risk.

The Group determines the incremental borrowing rate as follows:

- When possible, financing recently obtained from an external party is used as the starting point, which is then adjusted to reflect changes in financing conditions since the financing was obtained.
- Adjustments are made for the specific terms and conditions of the lease, e.g., duration of the lease term, country, currency and security.
- The incremental borrowing rate is allocated to various terms depending on the duration of the leases.

The exception provided in IFRS 16 is applied to short-term leases and leases in which the underlying asset is of low value. Accordingly, no ROU assets or lease liabilities are recognized for these leases. Payments for these leases are recognized as an expense on a straight-line basis over the lease term. This also applies to variable lease payments.

**Financial income and expenses**

Financial income consists of interest income on invested funds, dividend income, exchange gains and gains upon changes in value of financial assets or liabilities measured at fair value through profit or loss, and such gains on hedging instruments recognized in profit or loss for the year. Financial expenses consist of interest expenses, exchange losses and losses upon change in value of financial assets and liabilities at fair value through profit or loss, and such losses on hedge instruments recognized in profit or loss for the year.

Note 3 cont.

## Intangible assets

### Goodwill

Goodwill is measured at cost less accumulated impairments. Goodwill is tested for impairment at least annually or when there are indications that the carrying amount of the asset has decreased. Goodwill is allocated to the smallest cash generating unit, which has been determined as of 31 December 2023 to the Group's operating segment for the impairment test.

### Proprietary software

Expenditures for developing new and existing services and processes are capitalized on an ongoing basis if they satisfy the criteria. Expenditures that do not satisfy the criteria, such as maintenance and training costs, are immediately expensed. Capitalized expenditures refer to both direct external costs and internal costs, e.g., materials and services and compensation to employees. Amortization begins when the service is available for use. Development costs recognized in the statement of financial position are carried at cost less accumulated amortization and impairment losses.

Costs incurred subsequently for proprietary software are recognized in the statement of financial position as an asset only if they increase the future economic benefits of the specific asset to which they relate. All other costs are recognized as an expense when they are incurred.

### Other intangible assets

Other intangible assets comprise licenses, customer relationships, operator relationships, trademarks and proprietary software and are carried at cost less accumulated amortization and impairments.

### Amortization of intangible assets

Amortization of intangible assets is based on the estimated useful life of the asset. Amortization is taken straight-line over the estimated useful life of the asset, unless the asset has an indefinite useful life. Intangible assets with finite useful lives are amortized as of the date they are ready to be used. Estimated useful lives are reassessed annually.

Estimated useful lives:

- Licenses, 3–5 years
- Customer relationships, 5–15 years
- Operator relationships, 5–10 years
- Trademarks 1–10 years
- Proprietary software 3–10 years

### Measurement of intangible assets

The Group tests intangible assets for impairment at each reporting date to determine whether there is indication of impairment. If there is indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount of goodwill is also estimated at least annually, in Q3. A detailed description of impairment testing is provided in Note 14. Impairment losses are charged to depreciation, amortization and impairments in profit or loss.

## Property, plant and equipment

### Owned assets

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairments. The gain or loss on disposal or withdrawal from use of an asset is the difference between the selling price and the carrying amount of the asset less direct costs to sell and is recognized as other operating income or other operating expense.

Assets are depreciated on a straight-line basis across the estimated useful life of the asset.

Estimated useful lives:

- Fixed facilities – fiber networks, 10 years
- Computers, 3 years
- Equipment, 5 years

The useful lives for leasehold improvements are based on the remaining term of the underlying lease. Depreciation methods applied and the estimated useful lives of assets are reviewed at the end of each year.

### Impairment of property, plant and equipment

The Group tests items of property, plant and equipment for impairment at each reporting date to determine whether there is any indication of impairment. If there is indication of impairment, the recoverable amount of the asset is estimated. Impairment losses are charged to depreciation, amortization and impairments in profit or loss.

## Financial instruments

### Classification and measurement

The Group's financial instruments are recognized at amortized cost except for liabilities for conditional consideration and derivative instruments, which are measured at fair value. Changes in fair value are recognized in operating profit or loss as other operating income or other operating expenses for conditional consideration (earnouts) and as financial income or financial expense for derivative instruments. See Note 30 considering financial liabilities identified as hedging instruments.

### ECL impairments

Sinch recognizes an allowance for expected credit losses (ECL) on financial assets measured at amortized cost. Simplified rules apply to accounts receivable and contract assets, according to which the Group must report ECL for the asset's remaining time to maturity, which is expected to be less than one year for all receivables. For all other financial assets, the Group must measure the ECL allowance at an amount equal to 12 months' ECL. For financial instruments for which there has been a significant increase in credit risk, an allowance is recognized based on ECL over the lifetime of the asset.

The simplified approach is used to estimate credit losses on accounts receivable and contract assets using a provision matrix based on historical events, current conditions and forecasts of future economic conditions.

**Note 3** cont.

The Group's exposure to credit risk is primarily attributable to accounts receivable and cash and cash equivalents.

Impairments of accounts receivable and contract assets are recognized in operating profit or loss as other operating expenses. Cash and cash equivalents are covered by the general model. ECL allowances on cash and cash equivalents are based on the institution's credit rating. Large individual receivables for which there is indication of increased credit risk are individually assessed for ECL allowances. Other items are assessed collectively. Impairments of cash and cash equivalents and non-current receivables are recognized in profit or loss as financial expenses.

**Financial derivative instruments and hedge accounting**

Currency forward contracts are used to hedge receivables or liabilities against foreign currency risk. Hedge accounting is not applied against foreign currency risk because financial hedges are reflected in the financial statements in that both the underlying receivable or liability and the hedging instrument are recognized at the closing rate, and exchange rate changes are recognized in profit or loss for the year. Exchange rate changes relating to operating receivables and liabilities are recognized in operating profit or loss while exchange rate changes relating to financial receivables and liabilities are recognized in net financial income and expense. Derivatives with positive fair value are recognized as current receivables and derivatives with negative fair value are recognized as current liabilities. Currency swaps and forward contracts are classified as non interest bearing. Changes in the fair value of economic hedges are recognized as exchange differences in profit or loss for the year and correspond to exchange differences on monetary assets and liabilities. The Sinch Group holds derivative contracts that are covered by master netting agreements. Under these agreements, Sinch has a conditional right to set off assets and liabilities against the same counterparty, which is not reflected in the financial statements when gross accounting is applied.

**Currency risk in foreign net investments**

Net investments in foreign subsidiaries comprise long-term loans for which settlement is not planned within the foreseeable future, and such monetary items are translated at the closing rate. Exchange rate differences that arise are recognized in other comprehensive income and accumulated in the translation reserve. Upon disposal of the net investment, the item is reclassified from equity to profit or loss.

**Employee benefits****Defined contribution pension plans**

All pension solutions in the Group consist of defined contribution pension plans. The company's obligations regarding payments to defined contribution plans are charged to profit or loss under employee benefits expenses, as the employees render services.

**Share-based payments**

Sinch has share-related incentive programs consisting of warrants and employee stock options (ESO) that have been offered to senior management personnel and key individuals. See Note 9 for detailed information. The cost of share-based payments is based on the fair value of the subscription rights the employee is granted. The fair value of granted warrants/ESO is estimated using the Black & Scholes model and takes the terms, conditions and circumstances in effect at grant date into account. The amount recognized as an expense over the vesting period is adjusted to reflect the actual number of warrants/ESO vested. In subsequent periods, this expense is adjusted to reflect the actual number of warrants/ESO vested. Social insurance fees attributable to the employee benefits expense that arises upon vesting are expensed over the vesting period. The provision for social insurance fees is based on the fair value of the warrants/ESO at the reporting date. Fair value is measured using the same model that was used when the warrants/ESO were issued. Upon exercise within the framework of equity-settled programs, treasury shares are delivered to the employee. Upon exercise, the payment of the exercise price received from the employee is recognized as an increase in share capital (quotient value) and other capital contributions.

**Parent company accounting policies**

The parent company's financial statements were prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council. Opinions issued by the Swedish FASC applicable to listed companies were also applied. RFR 2 requires the parent to apply all IFRS and interpretations endorsed by the EU to its annual accounts for the legal entity to the extent possible within the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act, while observing the relationship between accounting and taxation. RFR2 specifies the exceptions and additions to IFRS that must be made. Differences between consolidated and parent company accounting policies are disclosed below.

**Changed accounting policies**

If not otherwise stated below, the parent company's accounting policies have changed in accordance with that stated concerning the Group.

**Classification and presentation**

An income statement and a statement of comprehensive income is presented for the parent company. For the Group, these two reports together constitute the statement of comprehensive income and other comprehensive income. The parent company uses the designations "balance sheet" and "statement of cash flows" for the reports that the Group refers to as the "consolidated statement of financial position" and the "consolidated statement of cash flows."

**Note 3** cont.

The parent company income statement and balance sheet are presented as required by the Swedish Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. The differences against the consolidated financial statements found in the parent company income statement and balance sheet comprise mainly equity reporting and the use of provisions as a separate line item in the balance sheet.

**Subsidiaries**

The parent company accounts for investments in subsidiaries using the cost method and include transaction costs directly attributable to the acquisition. Contingent consideration is recognized when a probable and reliable amount can be estimated and any remeasurements of the value are adjusted against acquisition cost. The consolidated financial statements recognize contingent consideration at fair value with changes in value through profit or loss.

**Financial instruments**

By reason of the relationship between accounting and taxation, the rules in IFRS 9 are not applied to the parent company as a legal entity. Non-current financial assets are measured at cost less any impairment losses and current financial assets are measured at the lower of cost and net realizable value.

**Financial guarantees**

The parent company's financial guarantee contracts consist primarily of guarantee commitments to the benefit of subsidiaries. Under financial guarantees, the company has an obligation to compensate the holder of a debt instrument for losses the holder incurs because a specified debtor does not remit payment as due under contractual terms. In relation to reporting of financial guarantees, the parent company applies a relief rule permitted by the Swedish Financial Reporting Board compared with the rules in IFRS 9. The relief rule refers to financial guarantees issued to the benefit of subsidiaries. In these cases, the rules in IAS 37.14 and 37.36 are applied instead, according to which financial guarantees are recognized as a provision in the balance sheet when the parent company has a legal or constructive obligation that has arisen as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation. It must also be possible to reliably estimate the amount. If it is not probable that the financial guarantees will lead to outflows, they are recognized as contingent liabilities. See Note 28.

**Anticipated dividends**

Anticipated dividends from subsidiaries are recognized when the parent company has the unilateral right to determine the amount of the dividend and the parent company has decided the amount of the dividend before publishing its financial statements.

**Revenue**

Parent company revenues consist primarily of internal Group services, which are recognized when the counterparty obtains the service.

**Leases**

The Group applies the exemption permitted under RFR 2 and all leases are accounted for as operating leases and thus on a straight line basis over the lease term.

**Taxes**

Untaxed reserves are reported in the parent company with no division between equity and deferred tax liabilities. Correspondingly, there is no allocation of a portion of appropriations to deferred tax expense in the parent company income statement.

**Group contributions and shareholder contributions**

The parent company reports received and issued Group contributions according to the alternative rule as appropriations. Shareholder contributions are recognized by the recipient directly in equity and are capitalized in shares and participating interests by the issuer to the extent that impairment is not required.

**Receivables from Group companies**

The parent company applies corresponding impairment losses as the Group for expected credit losses on current and non-current receivables due from Group companies. No significant increase of credit risk had been determined to exist for any claim against a Group company as of the reporting date. It has been assessed that expected credit losses are insignificant and therefore no ECL allowance has been recognized.

## Note 4 Operating segment reporting

2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Group
<b>Net sales</b>	<b>18,942</b>	<b>6,339</b>	<b>1,773</b>	<b>2,069</b>	<b>-378</b>	<b>28,745</b>
<b>Gross profit</b>	<b>3,876</b>	<b>2,985</b>	<b>1,377</b>	<b>1,303</b>	<b>-</b>	<b>9,542</b>
<b>EBITDA</b>	<b>1,079</b>	<b>1,425</b>	<b>709</b>	<b>526</b>	<b>-665</b>	<b>3,074</b>
EBITDA adjustments	-326	-25	-57	-97	-59	-563
Adjusted EBITDA	1,405	1,449	766	623	-606	3,637
Depreciation, amortization and impairments						-2,580
<b>EBIT</b>						<b>494</b>
Financial income and expenses						-646
<b>Profit or loss before tax</b>						<b>-152</b>
<b>Non-current assets<sup>1)</sup></b>						<b>45,240</b>

1) Non-current assets excluding financial assets and deferred tax assets, of which Australia SEK 6,642m; Belgium SEK 66m; Brazil SEK 2,381m; Denmark SEK 174m; Finland SEK 991m; France SEK 2,387m; Germany SEK 555m; India SEK 576m; Mexico SEK 152m; Netherlands SEK 824m; Sweden SEK 356m; United Kingdom SEK 803m; United States SEK 29,219m; and rest of the world SEK 114m.

2022, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Group
<b>Net sales</b>	<b>18,225</b>	<b>6,134</b>	<b>1,511</b>	<b>1,852</b>	<b>-</b>	<b>27,722</b>
<b>Gross profit</b>	<b>3,615</b>	<b>2,915</b>	<b>1,117</b>	<b>1,162</b>	<b>-</b>	<b>8,810</b>
<b>EBITDA</b>	<b>954</b>	<b>1,399</b>	<b>547</b>	<b>490</b>	<b>-615</b>	<b>2,774</b>
EBITDA adjustments	-61	-32	-34	-76	-146	-350
Adjusted EBITDA	1,015	1,432	581	566	-469	3,124
Depreciation, amortization and impairments						-7,478
<b>EBIT</b>						<b>-4,703</b>
Financial income and expenses						-72
<b>Profit or loss before tax</b>						<b>-4,775</b>
<b>Non-current assets<sup>1)</sup></b>						<b>48,339</b>

1) Non-current assets excluding financial assets and deferred tax assets, of which Australia SEK 7,123m; Belgium SEK 79m; Brazil SEK 2,336m; Denmark SEK 181m; Finland SEK 1,010m; France SEK 2,495m; Germany SEK 576m; India SEK 614m; Mexico SEK 145m; Netherlands SEK 856m; Sweden SEK 307m; United Kingdom SEK 844m; United States SEK 31,677m; and rest of the world SEK 96m.

## Note 4 cont.

2023, EBITDA adjustments, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Group
<b>EBITDA</b>	<b>1,079</b>	<b>1,425</b>	<b>709</b>	<b>526</b>	<b>-665</b>	<b>3,074</b>
Acquisition costs	0	-	-	0	-8	-8
Restructuring costs	-32	-	-	-9	-7	-47
Adjusted earnout	-	-	-	-	-18	-18
Integration costs	-64	-5	0	-64	-15	-148
Costs of share-based incentive programs	-58	-19	-24	-25	-10	-136
Operational foreign exchange gains/losses	-163	0	0	1	0	-161
Other adjustments	-9	-1	-34	0	-1	-45
<b>EBITDA adjustments</b>	<b>-326</b>	<b>-25</b>	<b>-57</b>	<b>-97</b>	<b>-59</b>	<b>-563</b>
<b>Adjusted EBITDA</b>	<b>1,405</b>	<b>1,449</b>	<b>766</b>	<b>623</b>	<b>-606</b>	<b>3,637</b>

2022, EBITDA adjustments, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Group
<b>EBITDA</b>	<b>954</b>	<b>1,399</b>	<b>547</b>	<b>490</b>	<b>-615</b>	<b>2,774</b>
Acquisition costs	-	3	-	0	-48	-45
Restructuring costs	-61	-	-	-	-2	-62
Adjusted earnout	0	-	-	-	-	0
Integration costs	-110	-12	-13	-54	-63	-252
Costs of share-based incentive programs	-52	-22	-25	-21	-4	-124
Operational foreign exchange gains/losses	161	0	5	-1	-30	135
Other adjustments	1	0	-2	-	0	-1
<b>EBITDA adjustments</b>	<b>-61</b>	<b>-32</b>	<b>-34</b>	<b>-76</b>	<b>-146</b>	<b>-350</b>
<b>Adjusted EBITDA</b>	<b>1,015</b>	<b>1,432</b>	<b>581</b>	<b>566</b>	<b>-469</b>	<b>3,124</b>

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which financial information is available. An operating segment's results are subsequently reviewed by the entity's chief operating decision maker (CODM) in order to assess the performance of and allocate resources to the operating segment. The CEO has been identified as the CODM. Sinch's CODM monitors EBITDA, Adjusted EBITDA, and gross profit generated by the operating segment. Each operating segment has a president who is responsible for day-to-day operations and who regularly reports the outcomes of the operating segment's performance to the CODM.

Directly attributable items and EBITDA adjustments have been included in operating profit for each operating segment to clarify performance in underlying operations. Adjusted EBITDA is EBITDA excluding acquisition costs, integration costs, restructuring costs, operational foreign exchange gains/losses, costs of share-based incentive programs and non-recurring adjustments. Assets and liabilities are not monitored by the CODM broken down by operating segment. Non-current assets include intangible assets, property, plant and equipment and right-of-use assets.

## Note 5 Net sales

Net sales, particularly in the Messaging operating segment, originate from customers with regional or global traffic patterns. The business has thus reached the size where it is more relevant to regard it as aggregated, including from a geographical perspective, and the company has therefore chosen to switch to net sales distributed by region.

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

below within North America may generate net sales related to traffic sent from a European subsidiary to end customers in other parts of the world. Of total net sales, SEK 3,351m (3,272) refers to a single customer, which is attributable to the Messaging operating segment.

Sinch uses the exception (under IFRS 15.121) relating to unsatisfied performance obligations referring to contracts that will be realized within 12 months. See Notes 18, 19 and 21 for disclosures of contract balances.

## Note 5 cont.

2023, SEKm	Messaging	Voice	Email	SMB	Other and eliminations	Group
<b>Net sales by customer region</b>						
North America	8,890	6,163	854	773	-127	16,554
Europe	5,779	113	681	182	-28	6,727
Asia Pacific	3,011	59	170	1,112	-222	4,131
Latin America	1,261	3	68	2	-	1,333
<b>Total</b>	<b>18,942</b>	<b>6,339</b>	<b>1,773</b>	<b>2,069</b>	<b>-378</b>	<b>28,745</b>
<b>Net sales by product/service</b>						
Communication services	18,660	6,339	1,773	2,035	-378	28,429
Initial software licenses and upgrades	129	-	-	-	-	129
Support	106	-	-	-	-	106
Other	47	-	-	34	-	81
<b>Total</b>	<b>18,942</b>	<b>6,339</b>	<b>1,773</b>	<b>2,069</b>	<b>-378</b>	<b>28,745</b>
<b>Net sales allocation per point in time<sup>1)</sup></b>						
Over time	2,976	5,773	1,470	146	-1	10,365
At one point in time	15,966	566	302	1,923	-377	18,380
<b>Total</b>	<b>18,942</b>	<b>6,339</b>	<b>1,773</b>	<b>2,069</b>	<b>-378</b>	<b>28,745</b>

1) In the one point in time category, the customer has the option on each occasion to use/buy our service or not. In the over time category, the customer pays for a subscription or buys messages in advance.

2022, SEKm	Messaging	Voice	Email	SMB	Group
<b>Net sales by customer region</b>					
North America	7,646	5,919	730	575	14,869
Europe	5,679	126	536	155	6,496
Asia Pacific	2,550	77	151	1,115	3,892
Latin America	1,519	2	56	2	1,580
Rest of the world	831	9	38	6	885
<b>Total</b>	<b>18,225</b>	<b>6,134</b>	<b>1,511</b>	<b>1,852</b>	<b>27,722</b>
<b>Net sales by product/service</b>					
Communication services	17,886	6,134	1,511	1,852	27,383
Initial software licenses and upgrades	97	-	-	-	97
Support	105	-	-	-	105
Other	136	-	-	-	136
<b>Total</b>	<b>18,225</b>	<b>6,134</b>	<b>1,511</b>	<b>1,852</b>	<b>27,722</b>
<b>Net sales allocation per point in time<sup>1)</sup></b>					
Over time	2,631	5,707	1,228	126	9,691
At one point in time	15,595	427	283	1,726	18,031
<b>Total</b>	<b>18,225</b>	<b>6,134</b>	<b>1,511</b>	<b>1,852</b>	<b>27,722</b>

1) In the one point in time category, the customer has the option on each occasion to use/buy our service or not. In the over time category, the customer pays for a subscription or buys messages in advance.



## Note 5 cont.

Significant countries' net sales, SEKm	Region	2023	2022
USA	North America	16,352	14,692
United Kingdom	Europe	2,006	2,187
India	Asia Pacific	1,598	1,234
Australia	Asia Pacific	1,170	1,150
France	Europe	932	841
Brazil	Latin America	767	866
Sweden	Europe	518	573
Germany	Europe	479	459
Netherlands	Europe	445	450
Singapore	Asia Pacific	416	562
Mexico	Latin America	401	387

## Note 6 Other operating income and other operating expenses

Other operating income, SEKm	Group		Parent company	
	2023	2022	2023	2022
Exchange rate gains	461	491	7	6
Adjustment of earnout liability	-	0	-	-
Other	18	119	-	0
<b>Total</b>	<b>479</b>	<b>611</b>	<b>7</b>	<b>6</b>

Other operating expenses	Group		Parent company	
	2023	2022	2023	2022
Exchange rate losses	-622	-357	-14	-8
Confirmed/realized customer losses	-42	-47	-	-
Change in expected credit losses	17	-57	-	-
Other	-1	-4	0	-
<b>Total</b>	<b>-648</b>	<b>-464</b>	<b>-14</b>	<b>-8</b>

## Note 7 Auditor's fees

SEKm	Group		Parent company	
	2023	2022	2023	2022
<b>Deloitte</b>				
Statutory audit services	26	20	7	3
Audit-related services	0	4	-	4
Other services	-	4	-	4
<b>Total Deloitte</b>	<b>26</b>	<b>28</b>	<b>7</b>	<b>11</b>
<b>Other audit firms</b>				
Statutory audit services	3	3	-	-
Audit-related services	0	0	-	-
Tax services	0	0	-	-
Other services	0	0	-	-
<b>Total other audit firms</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>

## Note 8 Other external expenses

Other external expenses, SEKm	Group		Parent company	
	2023	2022	2023	2022
Acquisition costs	-8	-45	0	0
Restructuring costs	-47	-62	-1	-1
Integration costs	-148	-252	-	-12
Consultancy costs	-539	-573	-2	-14
Advice	-248	-319	-12	-14
Telecommunications	-268	-307	-2	-6
Supplies and licensing costs	-388	-297	-38	-38
Marketing costs	-199	-48	0	-1
Other external expenses	-466	-497	-281	-258
<b>Total</b>	<b>-2,310</b>	<b>-2,400</b>	<b>-336</b>	<b>-345</b>

## Note 9 Employees, employee benefits expense and compensation to senior management personnel

Salaries and other compensation – Group, SEKm	2023			2022		
	Senior management personnel	Other employees	Total	Senior management personnel	Other employees	Total
Salaries and other compensation	60	3,440	3,500	45	3,279	3,324
(Of which variable pay)	10	393	403	6	451	457
Other benefits	1	236	237	0	215	215
Share-based payments	19	96	115	38	102	140
Pension expenses	4	153	157	4	131	135
Other social security expenses	10	453	463	9	380	389
<b>Total<sup>1)</sup></b>	<b>95</b>	<b>4,377</b>	<b>4,472</b>	<b>96</b>	<b>4,107</b>	<b>4,203</b>

1) Employee benefits expenses of SEK 126m (110) are classified on the consolidated income statement as cost of services sold. Other personnel expenses of SEK 25m (64), not related to compensation, is not included in above table.

Salaries and other compensation – Parent company, SEKm	2023			2022		
	Senior management personnel	Other employees	Total	Senior management personnel	Other employees	Total
Salaries and other compensation	13	4	17	7	6	13
(Of which variable pay)	1	-	1	1	1	2
Other benefits	0	0	0	0	0	0
Pension expenses	1	1	2	1	0	2
Other social security expenses	4	-	4	3	2	5
<b>Total</b>	<b>18</b>	<b>5</b>	<b>23</b>	<b>11</b>	<b>9</b>	<b>20</b>

## Note 9 cont.

2023							
Compensation to senior management personnel – Group, SEKk	Base pay, fee	Variable pay	Other benefits	Share-based payments	Pension expenses	Other social security expenses	Total
Erik Fröberg, Chairman of the Board <sup>1)</sup>	1,700	–	–	–	–	534	2,234
Bridget Cosgrave, director <sup>1)</sup>	700	–	–	–	–	220	920
Renée Robinson Strömberg, director <sup>1)</sup>	750	–	–	–	–	236	986
Johan Stuart, director <sup>1)</sup>	950	–	–	–	–	298	1,248
Björn Zethraeus, director <sup>1)</sup>	803	–	4	–	82	272	1,161
Hudson Smith, director <sup>1)</sup>	700	–	–	–	–	220	920
CEO Laurinda Pang <sup>1)</sup> (Apr–Dec)	7,711	4,050	179	4,518	102	445	17,005
Interim CEO Johan Hedberg (Jan–Apr)	1,148	–	13	–	–	66	1,226
Other senior management personnel (3) <sup>1)</sup>	6,337	651	23	–	1,293	2,516	10,819
Other senior management personnel (10 individuals, of whom 6 for part of the year)	28,695	5,546	1,017	14,380	2,832	4,393	56,862
<b>Total senior management personnel</b>	<b>49,493</b>	<b>10,247</b>	<b>1,236</b>	<b>18,898</b>	<b>4,309</b>	<b>9,201</b>	<b>93,383</b>

1) Parent company

2022							
Compensation to senior management personnel – Group, SEKk	Base pay, fee	Variable pay	Other benefits	Share-based payments	Pension expenses	Other social security expenses	Total
Erik Fröberg, Chairman of the Board <sup>1)</sup>	1,700	–	–	–	–	534	2,234
Luciana Carvalho, director (Jan–May) <sup>1)</sup>	292	–	–	–	–	92	383
Bridget Cosgrave, director <sup>1)</sup>	700	–	–	–	–	220	920
Renée Robinson Strömberg, director <sup>1)</sup>	750	–	–	–	–	236	986
Johan Stuart, director <sup>1)</sup>	950	–	–	–	–	298	1,248
Björn Zethraeus, director <sup>1)</sup>	913	–	7	–	84	307	1,311
Hudson Smith, director (Jun–Dec) <sup>1)</sup>	408	–	–	–	–	128	537
Interim CEO Johan Hedberg (Aug–Dec)	1,325	–	14	–	–	69	1,408
CEO Oscar Werner (Jan–Jul)	3,043	–	81	–	–	92	3,217
Other senior management personnel (3) <sup>1)</sup>	6,184	927	21	–	1,366	2,566	11,063
Other senior management personnel (13 individuals, of whom 9 for part of the year)	22,936	5,009	358	37,654	2,133	4,280	72,370
<b>Total senior management personnel</b>	<b>39,200</b>	<b>5,937</b>	<b>481</b>	<b>37,654</b>	<b>3,582</b>	<b>8,821</b>	<b>95,676</b>

1) Parent company

### Compensation to senior management personnel – Group Board of Directors

As resolved by the 2023 annual general meeting, directors' fees are paid as follows: SEK 700k to external directors; SEK 1,500k to the Chairman of the Board; SEK 100k to members of the Audit Committee and SEK 250k to the Chair of the Audit Committee; SEK 50k to members of the Remuneration Committee and SEK 100k to the Chair of the Audit Committee. Inside (executive) directors receive base pay in their capacity as senior management personnel.

#### Chief Executive Officer

In accordance with the policy guidelines adopted for 2023, the CEO is entitled to fixed pay, variable pay, special compensation, and other compensation. Under the adopted guidelines, variable pay and special compensation are each limited to a maximum of 50 percent of fixed pay. A six-months' period of notice of termination or resignation applies between the

company and the CEO. Upon resignation by the employee or in the event of a breach of contract no severance is paid. Other benefits consist of health insurance and benefits linked to temporary placement in Sweden, such as a housing allowance and general moving costs.

#### Other senior management personnel

In addition to CEO Laurinda Pang (from April 2023) and Interim CEO Johan Hedberg (through April 2023) executive management in 2023 included Anders Olin (through March 2023), Brett Scorza, Christina Raaschou, Cristina David (from March 2023), Jonathan Bean, Josh Odom (through Dec 2023), Julie Rassat (through June 2023), Nicklas Molin (from March 2023), Petter Bengtsson (March–December 2023), Roshan Saldanha, Sean O'Neal, Sibito Morley (from June 2023) and Thomas Heath.

In addition to Interim CEO Johan Hedberg (from August 2022) and CEO Oscar Werner (through July 2022), executive

**Note 9** cont.

management in 2022 included Anders Olin, Christina Raaschou, Jonas Lindeborg, Jonathan Bean, Julie Rassat, Roshan Saldanha, Thomas Heath, Will Conway (February–December 2022), Brett Scorza (from December 2022), Ed O'Hara (February–November 2022), Paul Perrett (February–November 2022), Sean O'Neal (from December 2022), Eduardo Henrique (February–October 2022), Robert Gerstmann (through January 2022), Russ Green (through January 2022), and Sanjay Goyal (through January 2022).

Other senior management personnel are entitled to fixed pay, variable pay and other benefits. Variable pay is based on business targets and, in accordance with adopted policy guidelines, is limited to a maximum of 50 percent of fixed pay. Other benefits consist of health insurance, housing allowance and fitness/wellness benefits.

**Pensions**

The age of retirement for the CEO and other senior management personnel is ordinarily 65, but may vary due to regulatory requirements. Pension premiums for the CEO and other senior management personnel reflect customary conditions generally applicable to executives in comparable positions with other companies and are based on defined contribution pension plans. Pension benefits are calculated upon base pay only. There are no commitments to pension benefits for external directors.

**Long-term share-related incentive programs**

All programs except LTIP 2023, LTIP 2022 and LTIP II 2021 were adopted before the ten-for-one stock split executed on 18 June 2021. In all of these programs, one warrant/employee stock option thus carries a right to ten shares. As LTIP 2023, LTIP 2022 and LTIP II 2021 were adopted after the stock split, one warrant/ESO carries a right to one share in these programs.

**Outstanding share-related incentive programs**

The annual general meetings of shareholders in the company in 2018–2023 resolved to endorse the Board of Directors' proposals regarding incentive programs directed at senior

management personnel and key employees, issues of warrants as shown on the table below, and approval of the transfer of warrants. The incentive programs are comprised of warrants and employee stock options (ESO). Participants purchase warrants at market price while ESO are granted against no monetary consideration. When warrants and ESO are exercised, participants pay a premium (the exercise price) to obtain shares.

There are no vesting conditions attached to warrants, but there are for ESO, whereby the participant must still be employed by the company and the financial performance conditions, which vary among the programs, must be satisfied. For the performance condition to be considered satisfied, the following applies to ESO in:

- LTIP 2018 and 2019: The company's earnings growth per share during a measurement period of three (3) years, calculated during the three (3) final years of the term of each ESO series, must have been at least ten (10) percent per year on average.
- LTIP 2020 series 4–6: The company's Adjusted EBITDA per share during a measurement period of three (3) years, calculated during the three (3) final years of the term of each ESO series, must have been at least ten (10) percent per year on average.
- LTIP 2020 series 7 and LTIP II 2020: The company's Adjusted EBITDA per share during a measurement period of the three (3) most recently ended calendar years immediately before the applicable vesting date must increase by at least ten (10) percent per year on average.
- LTIP 2021, LTIP II 2021, LTIP 2022 and LTIP 2023: The company's Adjusted EBITDA per share during a measurement period of between four (4) and twelve (12) calendar quarters, as below, must have increased by at least ten (10) percent on average, where the change is measured as the relative change in Adjusted EBITDA per share compared with the corresponding quarter in the preceding year.

No warrants were repurchased in 2023.

## Note 9 cont.

## Overview of share-related incentive programs

Program	Type of instrument	No. of instruments approved by AGM	No. of instruments granted	Maximum no. of shares issued in the company if all granted instruments are exercised	Exercise price in SEK (adjusted for stock split in affected programs) <sup>8)</sup>	Total no. of instruments exercised as of 31 December 2023	Remaining unexercised instruments	Grant date (if more than one date is shown, grants have taken place on more than one occasion)
<b>LTI 2023</b>		<b>8,385,000</b>	<b>6,848,099</b>	<b>6,848,099</b>		<b>-</b>	<b>6,718,249</b>	
- Series 1-3 <sup>1)</sup>	Warrants	1,400,000	493,300		29.7; 31.9; 34.2			June 2023 <sup>5)</sup>
- Series 4 <sup>2)</sup>	ESO	5,985,000	5,551,299		27.13; 29,815			June & Dec 2023 <sup>6)</sup>
- Series 5 <sup>3)</sup>	ESO	1,000,000	803,500		27.13			June 2023 <sup>6)</sup>
<b>LTI 2022</b>		<b>25,000,000</b>	<b>21,488,206</b>	<b>21,488,206</b>		<b>428,360</b>	<b>18,313,012</b>	
- Series 1-3 <sup>1)</sup>	Warrants	1,500,000	843,832		58.3; 62.8; 67.3			June 2022 <sup>5)</sup>
- Series 4 <sup>2)</sup>	ESO	21,600,000	18,747,274		37,525; 14,654; 39.15; 25.33; 22.66			June, Sep & Dec 2022; April & May 2023 <sup>6)</sup>
- Series 5 <sup>3)</sup>	ESO	1,900,000	1,897,100		37,525; 14,654			June & Sep 2022 <sup>6)</sup>
<b>LTI II 2021</b>		<b>3,210,000</b>	<b>3,049,919</b>	<b>3,049,919</b>		<b>-</b>	<b>2,045,573</b>	
- Series 1 <sup>4)</sup>	ESO	3,210,000	3,049,919		102.15; 94.10			Dec 2021; Feb 2022 <sup>7)</sup>
<b>LTI 2021</b>		<b>323,000</b>	<b>311,855</b>	<b>3,118,550</b>		<b>-</b>	<b>2,258,500</b>	
- Series 1-3 <sup>1)</sup>	Warrants	33,000	22,857		140.07; 152.80; 165.53			June & Dec 2021 <sup>5)</sup>
- Series 4 <sup>4)</sup>	ESO	290,000	288,998		153.85; 158.65; 102.15			June & Dec 2021 <sup>7)</sup>
<b>LTI II 2020</b>		<b>470,260</b>	<b>422,889</b>	<b>4,228,890</b>		<b>-</b>	<b>3,639,420</b>	
- Series 1-3 <sup>1)</sup>	Warrants	55,260	20,900		136.10			Dec 2020 <sup>5)</sup>
- Series 4 <sup>4)</sup>	ESO	415,000	401,989		104.00; 142.20; 120.60			Nov 2020; Feb 2021 <sup>7)</sup>
<b>LTI 2020</b>		<b>580,000</b>	<b>328,100</b>	<b>3,281,000</b>		<b>179,400</b>	<b>1,480,330</b>	
- Series 1-3 <sup>1)</sup>	Warrants	255,000	21,950		60.20			June 2020 <sup>5)</sup>
- Series 4-6 <sup>1)</sup>	ESO	7,000	2,800		60.20			June 2020 <sup>5)</sup>
- Series 7 <sup>4)</sup>	ESO	318,000	303,350		142.20; 62.40; 104.00			June & Nov 2020, Feb 2021 <sup>7)</sup>
<b>LTI 2019</b>		<b>510,000</b>	<b>326,000</b>	<b>3,260,000</b>		<b>1,243,290</b>	<b>710,060</b>	
- Series 1-3 <sup>1)</sup>	Warrants	360,000	176,000		17.41			June & Nov 2019 <sup>5)</sup>
- Series 4-6 <sup>1)</sup>	ESO	150,000	150,000		17.41			Oct 2019 <sup>5)</sup>
<b>LTI 2018</b>		<b>1,500,000</b>	<b>1,380,920</b>	<b>13,809,200</b>		<b>12,438,620</b>	<b>-</b>	
- Series 1-3 <sup>1)</sup>	Warrants	1,200,000	1,170,920		9.13			July 2018 <sup>5)</sup>
- Series 4-6 <sup>1)</sup>	ESO	300,000	210,000		9.13			July 2018 <sup>5)</sup>
				<b>59,083,864</b>			<b>35,165,144</b>	

1) Participants will be granted one third in each series.

2) ESO vest at 25 percent of the total number of granted ESO on the first anniversary of the grant date and at an additional 6.25 percent on the last day of each of the subsequent 12 calendar quarters. The total vesting period after which all granted ESO have vested is approximately four years after the grant date.

3) ESO vest at 50 percent of the total number of granted ESO on the third anniversary of the grant date and at an additional 50 percent on fourth anniversary of the grant date. The total vesting period after which all granted ESO have vested is approximately four years after the grant date.

4) ESO vest at 20 percent of the total number of granted ESO on the first anniversary of the grant date and at an additional 5 percent on the last day of each of the subsequent 16 calendar quarters. The total vesting period after which all granted ESO have vested is five years after the grant date.

5) The exercise periods for each series are shown on a separate table below.

6) Vested ESO are callable during a period of five years after the grant date.

7) Vested ESO are callable during a period of six years after the grant date.

8) The exercise price for warrants has been determined in accordance with the Board proposal to the AGM. When more than one exercise price is stated for a series of warrants, the price for each series is specified. The exercise price for ESO must correspond to the reasonable market value of the share calculated based on the closing price for the company's stock on Nasdaq Stockholm on the last trading day immediately before the grant date for each ESO.

## Note 9 cont.

**Exercise periods**

Warrants and ESO with defined exercise periods are shown on the table below. For ESO in LTI 2020–2023, which are callable after the options have vested, information about the vesting period and exercise period is provided in the table above.

Program	Exercise period, date for each series		
<b>LTI 2023</b>			
- Series 1–3	30 June–30 Sep 2026	30 March–30 June 2027	30 March–30 June 2028
<b>LTI 2022</b>			
- Series 1–3	30 June–20 Sep 2025	30 March–30 June 2026	30 March–30 June 2027
<b>LTI 2021</b>			
- Series 1–3	17 June–17 Sep 2024	17 March–18 June 2025	16 March–16 June 2026
<b>LTI II 2020</b>			
- Series 1–3	15 Dec 2023–15 March 2024	15 Sep–15 Dec 2024	15 Sep–15 Dec 2025
<b>LTI 2020</b>			
- Series 1–3	15 June–15 Sep 2023	15 March–17 June 2024	17 March–18 June 2025
- Series 4–6	15 June–15 Sep 2023	15 March–17 June 2024	17 March–18 June 2025
<b>LTI 2019</b>			
- Series 1–3	-	22 March–22 June 2023	21 March–21 June 2024
- Series 4–6	-	22 March – 22 June 2023	21 March – 21 June 2024
<b>LTI 2018</b>			
- Series 1–3	-	-	22 March–22 June 2023
- Series 4–6	-	-	22 March–22 June 2023

**Grants to senior management personnel***The following grants were made in 2023*

During the year, Laurinda Pang was granted 700,000 ESO from the LTI 2023 incentive program and 800,000 ESO from the LTI 2022 incentive program. Other senior management personnel have been granted/subscribed for 1,185,000 ESO/warrants from LTI 2023 and 346,640 ESO from LTI 2022. The ESO/warrants were granted/subscribed for in April, June and December 2023.

**Historic grants of ongoing programs in 2023**

	LTI 2018	LTI 2019	LTI 2020	LTI II 2020	LTI 2021	LTI II 2021	LTI 2022	LTI 2023
Total instruments received by senior management personnel (warrants and ESO)	8,123,200	1,735,000	2,565,000	1,208,000	330,920	350,000	4,422,292	1,885,000
Total number of warrants/ESO granted	13,809,200	3,260,000	3,281,000	4,228,890	3,118,550	3,049,919	21,488,206	6,848,099
% granted to senior management personnel	59%	53%	78%	29%	11%	11%	21%	28%

**Calculation of fair value per IFRS 2 at grant date is based on the following conditions:**

	2023 <sup>2)</sup>		2022 <sup>3)</sup>	
	ESO	Warrants	ESO	Warrants
Number (instrument)	8,469,895	493,300	19,386,919	843,832
Number (shares)	8,469,895	493,300	19,386,919	843,832
Expected term (years) <sup>1)</sup>	4.45	3.58	5.05	4.12
Volatility <sup>1)</sup>	40%	40%	38%	38%
Risk-free rate <sup>1)</sup>	2.61%	2.83%	2.08%	1.70%
Share price <sup>1)</sup>	26.65	27.13	30.37	39.75
Exercise price <sup>1)</sup>	26.65	31.93	30.37	62.80
Fair value per instrument <sup>1)</sup>	8.89	6.68	9.36	7.07

1) Weighted average.

2) New grants from LTI 2023 and LTI 2022.

3) New grants from LTI 2022 and LTI II 2021.

## Note 9 cont.

Payroll costs for vested ESO in all programs were included in profit or loss in 2023 in the amount of SEK -115m (-140) with a corresponding increase in equity. Social insurance expenses are included in the amount of SEK -21m (16) recognized as a provision in the statement of financial position. The potential dilutive effect upon exercise of all warrants/ESO in all programs is 4.2 percent (4.1).

	31 Dec 2023		31 Dec 2022	
	Right to number of future shares	Average exercise price per share, SEK	Right to number of future shares	Average exercise price per share, SEK
<b>At the beginning of the year</b>	<b>35,552,683</b>	<b>50.59</b>	<b>25,994,248</b>	<b>56.06</b>
Granted	8,961,695	26.94	20,251,551	31.70
Forfeit	-4,520,604	51.50	-2,518,986	81.79
Exercised <sup>2)</sup>	-4,713,880	10.59	-7,963,180	11.24
Expired	-114,750	47.77	-210,950	23.96
<b>Outstanding as of 31 December<sup>1)</sup></b>	<b>35,165,144</b>	<b>49.82</b>	<b>35,552,683</b>	<b>50.59</b>

1) Including 8,916,374 (3,329,423) exercisable warrants/ESO.

2) Weighted average share price at exercise date SEK 26.07 (50.4).

Average FTEs, excluding consultants	2023	Of whom men	2022	Of whom men	Senior management personnel	31 Dec 2023		31 Dec 2022	
						Number on reporting date	Of whom, men	Number on reporting date	Of whom, men
SE Sweden	501	356	478	340	<b>Group</b>				
AU Australia	207	130	182	116	Directors	6	4	6	4
BE Belgium	34	20	35	22	Other senior management personnel	12	9	11	9
BG Bulgaria	34	8	27	5	<b>Parent company</b>				
BR Brazil	353	206	367	208	Directors	6	4	6	4
CA Canada	14	7	13	6	Other senior management personnel	4	3	3	3
CO Colombia	10	4	14	5					
CZ Czech Republic	27	14	21	13					
DE Germany	68	36	68	34					
DK Denmark	17	13	18	14					
ES Spain	49	31	37	24					
FI Finland	66	55	75	64					
FR France	76	39	99	47					
GB United Kingdom	117	77	123	83					
IN India	572	440	515	404					
IT Italy	12	9	10	7					
MX Mexico	43	25	43	25					
MY Malaysia	14	6	12	6					
NZ New Zealand	29	21	27	21					
PL Polen	10	5	20	18					
SG Singapore	47	20	53	28					
UA Ukraine	17	4	13	3					
UAE United Arab Emirates	21	18	26	22					
US United States	1,240	785	1,223	771					
Rest of the world	66	42	67	41					
<b>Total</b>	<b>3,643</b>	<b>2,370</b>	<b>3,565</b>	<b>2,327</b>					
Of which, parent company (Sweden)	5	4	7	6					

## Note 10 Financial income and expenses

Group 2023, SEKm	2023	2022
Interest income	82	84
Exchange rate gains	3,188	3,611
Other financial income	10	7
<b>Financial income</b>	<b>3,280</b>	<b>3,702</b>
Interest expenses, leases	-46	-41
Other interest expenses	-627	-351
Exchange rate losses	-3,223	-3,341
Other financial expenses	-29	-41
<b>Financial expenses</b>	<b>-3,926</b>	<b>-3,774</b>
<b>Net financial income and expense</b>	<b>-646</b>	<b>-72</b>

Parent company, SEKm	2023	2022
Interest income	5	44
Interest income, group companies	705	401
Exchange rate gains	2,735	3,478
Other financial income	0	1
<b>Interest income and similar profit items</b>	<b>3,445</b>	<b>3,923</b>
Interest expenses, Group companies	-93	-17
Other interest expenses	-563	-329
Exchange rate losses	-2,796	-3,046
Other financial expenses	-26	-44
<b>Interest expenses and similar loss items</b>	<b>-3,477</b>	<b>-3,435</b>
<b>Net financial income and expense</b>	<b>-32</b>	<b>488</b>

## Note 11 Appropriations

Parent company, SEKm	2023	2022
Provision to tax allocation reserve	-	-55
Accelerated depreciation/amortization	0	3
Group contribution provided	-120	-200
<b>Total</b>	<b>-120</b>	<b>-252</b>

## Note 12 Taxes

On 13 December 2023, the government of Sweden, where the parent company is incorporated, enacted the pillar 2 income taxes legislation effective from 1 January 2024. Under the legislation, the parent company will be required to pay, in Sweden, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent unless this is due and payable locally. The Group does not believe that there will be any material impact on the results of the Group's operations for the year ending 31 December 2024 in any of the jurisdictions in which Sinch currently operates. The Group

is continuing to assess the impact of pillar 2 income taxes legislation on its future financial performance, however, based on the analysis performed management does not expect the legislation effective in 2024 will have a material impact on the results of operations or cash flows for the year ending 31 December 2024 or the financial position as at that date.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognizes nor discloses information about any deferred tax assets or liabilities related to pillar 2 income taxes.

Tax in profit or loss, SEKm	Group		Parent company	
	2023	2022	2023	2022
Current tax	-319	-583	-12	-18
Deferred tax	513	414	-3	-7
<b>Total</b>	<b>194</b>	<b>-168</b>	<b>-15</b>	<b>-25</b>

Current tax recognized directly against equity amounts to SEK 28m (0) and refers to tax on net investments. Current tax reported directly against equity amounts to SEK 0m (2) and refers to tax on issue costs.

Reconciliation of tax expense for the year, SEKm	Group		Parent company	
	2023	2022	2023	2022
Profit or loss before tax	-152	-4,775	69	-4,120
Tax calculated according to the Swedish tax rate, 20.6%	31	984	-14	849
Current tax regarding previous years	158	16	-	17
Revaluation deferred tax	33	-	-	-
Effect of changed tax rates	-	-3	-	-
Tax effect of non-deductible expenses	-40	-1,052	-	-891
Tax effect of non-taxable revenue	8	37	-	-
Increase/decrease of non-capitalized LCFW	20	-61	-	-
Tax effect of income/expenses not included in reported profit or loss	-4	-	0	-
Effect of foreign withholding taxes	-14	-4	-	-
Difference in foreign subsidiaries' tax rates	-1	-84	-	-
Other	1	-	-	-
<b>Tax on profit for the year according to income statement</b>	<b>194</b>	<b>-168</b>	<b>-15</b>	<b>-25</b>

### Tax rate

The parent company's current tax rate is 20.6 percent (20.6). The Group's effective tax rate was 127.6 percent (-3.5). Excluding acquisition-related amortization, related deferred tax and reversed provisions related to 2021 and 2022, the Group's effective tax rate for the period was 25 percent. The comparison period was affected by the impairment loss recognized in Q3 2022.



## Note 12 cont.

## Tax effects of temporary differences and LCFW

2023, SEKm	Deferred tax assets	Deferred tax liabilities	Net balance
Intangible assets	63	-4,419	
Right-of-use assets/liabilities	160	-156	
Property, plant and equipment	30	-222	
Accounts receivable	38	-	
Provisions	116	-1	
Untaxed reserves	-	-109	
Interest deduction	264	-	
Share-related incentive programs	31	-	
Other	110	-9	
LCFW	309	-	
<b>Deferred tax assets/liabilities</b>	<b>1,120</b>	<b>-4,914</b>	<b>-3,794</b>
Netting	-163	163	
<b>Deferred tax assets/liabilities after netting</b>	<b>957</b>	<b>-4,750</b>	<b>-3,794</b>

2022, SEKm	Deferred tax assets	Deferred tax liabilities	Net balance
Intangible assets	-	-4,995	
Right-of-use assets/liabilities	176	-171	
Property, plant and equipment	29	-	
Accounts receivable	68	-	
Provisions	197	-	
Untaxed reserves	-	-101	
Share-related incentive programs	58	-	
Other	115	-136	
LCFW	319	-	
<b>Deferred tax assets/liabilities</b>	<b>962</b>	<b>-5,403</b>	<b>-4,441</b>

Change in deferred tax, SEKm	2023	2022
Balance at opening date	-4,441	-4,749
Recognized in profit or loss	513	414
Recognized in other comprehensive income	0	-107
Translation difference	135	-
<b>Balance on the closing date</b>	<b>-3,794</b>	<b>-4,441</b>

## LCFW

Expiration year, LCFW, Group, SEKm	31 Dec 2023		31 Dec 2022	
	LCFW	Tax effect	LCFW	Tax effect
2023	-	-	0	0
2024	-	-	-	-
2025	0	0	0	0
2026	1	0	1	0
2027	1	0	5	1
2028	16	4	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	4	1
2032	-	-	-	-
2033	-	-	-	-
Expires after 2033	1	0	1	0
Unlimited utilization period	1,200	368	1,185	316
<b>Total</b>	<b>1,219</b>	<b>372</b>	<b>1,196</b>	<b>319</b>

LCFW by country, SEKm	31 Dec 2023		31 Dec 2022	
	LCFW	Tax effect	LCFW	Tax effect
Belgium	98	24	80	20
Brazil	594	202	464	158
France	-	-	78	19
United Kingdom	290	72	358	68
Sweden	-	-	86	18
Germany	172	58	85	27
USA	13	3	1	0
Rest of the world	52	12	44	8
<b>Total</b>	<b>1,219</b>	<b>372</b>	<b>1,196</b>	<b>319</b>

Non-capitalized LCFW, Group, SEKm	31 Dec 2023		31 Dec 2022	
	LCFW	Tax effect	LCFW	Tax effect
Belgium	98	24	80	20
Finland	-	-	4	1
France	-	-	29	7
Spain	-	-	7	2
United Kingdom	-	-	12	2
Germany	115	39	73	23
<b>Total</b>	<b>213</b>	<b>64</b>	<b>204</b>	<b>55</b>

The LCFW above with an unlimited useful life have not been capitalized because uncertainty prevails as to whether sufficient future taxable profits will be generated.

## Note 13 Earnings per share

<b>Basic earnings per share</b>	<b>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the parent, SEKm	42	-4,943
Weighted average number of ordinary shares outstanding, before dilution	841,130,408	819,116,557
<b>Basic earnings per share, SEK</b>	<b>0.05</b>	<b>-6.03</b>
<b>Diluted earnings per share</b>	<b>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the parent, SEKm	42	-4,943
Weighted average number of ordinary shares outstanding, before dilution	841,130,408	819,116,557
Weighted average warrants outstanding	4,286,429	-
Weighted average shares outstanding, after dilution	845,416,837	819,116,557
<b>Diluted earnings per share<sup>1)</sup>, SEK</b>	<b>0.05</b>	<b>-6.03</b>

1) The negative results in 2022 do not give rise to any dilutive effect. If results had been positive, the weighted number of dilutive warrants would have been 11,773,922.

## Note 14 Goodwill

<b>Group, SEKm</b>	<b>2023</b>	<b>2022</b>
Cost on the opening date	31,114	27,155
Reclassifications	0	246
Translation differences	-859	3,713
<b>Accumulated cost on the closing date</b>	<b>30,255</b>	<b>31,114</b>
Impairments on the opening date	-5,276	-13
Impairments for the year	-	-5,097
Translation differences	181	-166
<b>Accumulated impairments on the closing date</b>	<b>-5,095</b>	<b>-5,276</b>
<b>Carrying amount</b>	<b>25,160</b>	<b>25,838</b>
<b>Goodwill per cash-generating unit, SEKm</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Messaging	6,541	6,525
Voice	6,498	6,755
Email	4,635	4,778
SMB	7,486	7,780
<b>Total</b>	<b>25,160</b>	<b>25,838</b>

### Impairment testing of goodwill

Goodwill is tested for impairment annually or when there are indications that an impairment loss has occurred. The recoverable amount for a cash-generating unit is determined based on estimated value in use. These estimates are based

on cash flow projections, which are based on financial budgets approved by the management covering a five-year period. In the assessment of future cash flows assumptions are made, primarily concerning sales growth, gross profit or loss and the operating margin, based on the current year and discount rate (WACC). Climate-related risks have been indirectly observed in the assumptions but these impacts have been assessed as limited for Sinch over the short and medium terms. The estimated growth rate and the forecast operating margin are based on the company's budgets and forecasts for each unit.

The growth rate after the forecast period coincides with the Group's long-term assumptions about inflation and long-term market growth. The discount rate reflects the risk-free rate in the cash-generating units' functional currencies, the country-specific market risk premiums, the business risk represented by an estimated beta, and the cost of borrowing. The company has determined that all cash-generating units can mainly be categorized as companies in a growth phase but with strong and stable cash flows based on existing business relationships. All cash-generating units are characterized by their continuous development of new services that complement the current business.

<b>Cash-generating unit</b>	<b>Discount rate before tax</b>		<b>Long-term growth rate</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Messaging	12.4%	12.1%	2.0%	2.0%
Voice	10.0%	10.1%	2.0%	2.0%
Email	11.7%	11.8%	2.0%	2.0%
SMB	12.3%	11.5%	2.0%	2.0%

<b>Cash-generating unit</b>	<b>Annual gross profit growth over the five-year forecast period</b>	
	<b>2023</b>	<b>2022</b>
Messaging	1 - 7%	11 - 17%
Voice	0 - 10%	0 - 10%
Email	18 - 19%	17 - 23%
SMB	12 - 17%	19 - 21%

### Sensitivity analysis

As of 31 December 2023, the recoverable amount exceeded the carrying amount for all cash generating units (CGU). Impairment testing for the CGUs Messaging, Voice, and Email has shown that there is a healthy margin before changes in the discount rate and long-term growth rate would result in an indication of impairment. The margin before an impairment test would be required has increased in the Email operating segment and is mainly attributable to an improved forecast on future cash flows compared to the impairment test performed in the preceding year. If the discount rate were to increase by one percentage point and the long-term growth rate simultaneously decrease by one percentage point, an impairment of AUD 230m would, ceteris paribus, be required in the SMB operating segment. For the recoverable amount to equal the carrying amount, the discount rate would have to increase by 50 points, ceteris paribus.

## Note 15 Other intangible assets

Group 2023, SEKm	Proprietary software	Licenses	Customer relationships	Operator relationships	Trademarks	Total other non-current intangible assets
<b>Cost on the opening date</b>	<b>6,355</b>	<b>30</b>	<b>16,804</b>	<b>439</b>	<b>610</b>	<b>24,238</b>
Capitalized expenditure for the year	383	15	20	-	-	418
Reclassifications	3	20	-	-	-	23
Disposals/retirements	-14	19	-	-	-	5
Translation differences	-208	-3	-545	-4	-21	-781
<b>Accumulated cost on the closing date</b>	<b>6,520</b>	<b>81</b>	<b>16,279</b>	<b>435</b>	<b>589</b>	<b>23,903</b>
<b>Amortization on the opening date</b>	<b>-1,040</b>	<b>4</b>	<b>-2,084</b>	<b>-194</b>	<b>-156</b>	<b>-3,470</b>
Amortization for the year	-844	-20	-1,255	-70	-68	-2,257
Reclassifications	-2	-30	-	-	-	-32
Disposals/retirements	14	-19	-	-	-	-6
Translation differences	58	2	120	6	10	196
<b>Accumulated amortization on the closing date</b>	<b>-1,814</b>	<b>-62</b>	<b>-3,220</b>	<b>-258</b>	<b>-214</b>	<b>-5,569</b>
<b>Carrying amount</b>	<b>4,706</b>	<b>19</b>	<b>13,058</b>	<b>177</b>	<b>375</b>	<b>18,335</b>

Group 2022 SEKm	Proprietary software	Licenses	Customer relationships	Operator relationships	Trademarks	Total other non-current intangible assets
<b>Cost on the opening date</b>	<b>5,577</b>	<b>80</b>	<b>14,744</b>	<b>392</b>	<b>947</b>	<b>21,740</b>
Capitalized expenditure for the year	374	20	-	-	-	395
Through acquisitions of group companies	-276	5	71	-	-414	-614
Reclassifications	67	-56	-25	3	0	-11
Disposals/retirements	-55	-26	-	-	-8	-89
Translation differences	668	7	2,014	44	85	2,818
<b>Accumulated cost on the closing date</b>	<b>6,355</b>	<b>30</b>	<b>16,804</b>	<b>439</b>	<b>610</b>	<b>24,238</b>
<b>Amortization on the opening date</b>	<b>-498</b>	<b>-55</b>	<b>-778</b>	<b>-107</b>	<b>-28</b>	<b>-1,466</b>
Amortization for the year	-655	-9	-1,200	-72	-121	-2,056
Reclassifications	132	47	27	-3	-6	197
Disposals/retirements	10	25	-	-	7	42
Translation differences	-30	-4	-134	-12	-8	-187
<b>Accumulated amortization on the closing date</b>	<b>-1,040</b>	<b>4</b>	<b>-2,084</b>	<b>-194</b>	<b>-156</b>	<b>-3,470</b>
<b>Carrying amount</b>	<b>5,315</b>	<b>34</b>	<b>14,719</b>	<b>246</b>	<b>454</b>	<b>20,768</b>

Licenses, SEKm	Parent company	
	2023	2022
<b>Cost on the opening date</b>	<b>9</b>	<b>9</b>
<b>Accumulated cost on the closing date</b>	<b>9</b>	<b>9</b>
<b>Amortization on the opening date</b>	<b>-5</b>	<b>-3</b>
Amortization for the year	-2	-2
<b>Accumulated amortization on the closing date</b>	<b>-6</b>	<b>-5</b>
<b>Carrying amount</b>	<b>3</b>	<b>5</b>

## Note 16 Property, plant and equipment

	Group		Parent company	
	2023	2022	2023	2022
<b>Computers and equipment, SEKm</b>				
<b>Cost on the opening date</b>	<b>1,619</b>	<b>2,005</b>	<b>14</b>	<b>14</b>
Purchases for the year	211	244	-	0
Reclassifications	16	-904	-	-
Disposals/retirements	-32	-19	-1	-
Translation differences	-62	294	-	-
<b>Accumulated cost on the closing date</b>	<b>1,752</b>	<b>1,619</b>	<b>13</b>	<b>14</b>
<b>Depreciation on the opening date</b>	<b>-745</b>	<b>-1,297</b>	<b>-12</b>	<b>-9</b>
Depreciation for the year	-174	-181	-1	-3
Reclassifications	0	909	-	-
Disposals/retirements	30	18	1	-
Translation differences	65	-193	-	-
<b>Accumulated depreciation on the closing date</b>	<b>-824</b>	<b>-745</b>	<b>-12</b>	<b>-12</b>
<b>Carrying amount</b>	<b>928</b>	<b>874</b>	<b>1</b>	<b>3</b>

## Note 17 Leases

Agreements where the Group is a lessee mainly relate to the lease of office space. The leases do not contain any special terms or restrictions. The majority of the extension options related to leasing of offices and other leases have not been

included in the lease liability because the Group cannot reliably determine that they will be extended. Extension options are assessed initially when the new lease is arranged, but may be updated regularly during the lease term.

2023, SEKm	Group			Total right-of-use assets
	Premises	Rented connection capacity	Other	
<b>Cost on the opening date</b>	<b>908</b>	<b>148</b>	<b>38</b>	<b>1,094</b>
Additional ROU	192	14	0	205
Reclassifications	-3	-7	9	0
Terminated contracts	-164	0	-29	-194
Translation differences	-29	-6	0	-35
<b>Accumulated cost on the closing date</b>	<b>904</b>	<b>149</b>	<b>17</b>	<b>1,069</b>
<b>Depreciation on the opening date</b>	<b>-205</b>	<b>-15</b>	<b>-14</b>	<b>-234</b>
Depreciation for the year	-126	-17	-6	-149
Reclassifications	-6	13	-7	0
Disposals/retirements	117	-13	19	123
Translation differences	7	2	0	8
<b>Accumulated depreciation on the closing date</b>	<b>-214</b>	<b>-30</b>	<b>-8</b>	<b>-252</b>
<b>Carrying amount</b>	<b>690</b>	<b>119</b>	<b>9</b>	<b>818</b>

## Note 17 cont.

2022, SEKm	Group			Total right-of-use assets
	Premises	Rented connection capacity	Other	
<b>Cost on the opening date</b>	<b>819</b>	<b>151</b>	<b>20</b>	<b>991</b>
Additional ROU	2	2	17	21
Reclassifications	1	-	-	1
Terminated contracts	-50	-5	0	-55
Translation differences	136	0	0	136
<b>Accumulated cost on the closing date</b>	<b>908</b>	<b>148</b>	<b>38</b>	<b>1,094</b>
<b>Depreciation on the opening date</b>	<b>-78</b>	<b>-1</b>	<b>-10</b>	<b>-90</b>
Depreciation for the year	-126	-14	-3	-143
Disposals/retirements	9	-	0	9
Translation differences	-10	0	0	-10
<b>Accumulated depreciation on the closing date</b>	<b>-205</b>	<b>-15</b>	<b>-14</b>	<b>-234</b>
<b>Carrying amount</b>	<b>703</b>	<b>133</b>	<b>24</b>	<b>859</b>

**Lease liabilities**

Lease liabilities at year-end amounted to SEK 898m (872).

**Aging report, lease payments**

Group, SEKm	31 Dec 2023	31 Dec 2022
Less than 1 year	114	98
1-2 years	83	87
2-3 years	82	77
3-4 years	75	76
4-5 years	70	72
5+ years	474	461
<b>Total</b>	<b>898</b>	<b>872</b>

**Leasing expenses**

Group, SEKm	2023	2022
Depreciation on ROU assets	-149	-143
Interest expenses, lease liabilities	-46	-41
Cost of short-term and low-value leases	-24	-24
<b>Total</b>	<b>-219</b>	<b>-208</b>

**Cash outflow**

The total cash flow attributable to leases in 2023 was SEK 136m (144).

## Note 18 Financial assets

Non-current receivables, SEKm	Group		Parent company		Investments in Group companies, SEKm	Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022		31 Dec 2023	31 Dec 2022
Deposits	23	25	-	-	Cost on the opening date	15,764	2,973
Non-current receivables, Group companies	-	-	5,348	2,278	Capital contributions	409	17,041
Deferred contract costs	36	31	-	-	Subsequent costs	-	90
Other non-current receivables	12	19	-	-	Impairment of shares in Group companies	-	-4,340
<b>Total</b>	<b>72</b>	<b>74</b>	<b>5,348</b>	<b>2,278</b>	<b>Accumulated cost on the closing date</b>	<b>16,173</b>	<b>15,764</b>

## Note 18 cont.

Sinch Group	Corporate ID	Registered office	% of equity and votes		Carrying amount	
			31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Sinch Sweden AB</b>	<b>556747-5495</b>	<b>Stockholm</b>	<b>100</b>	<b>100</b>	<b>250</b>	<b>250</b>
CLX Networks South Africa	2013/128948/07	South Africa	100	100	-	-
PT Sinch Technology Indonesia	1265000552082	Indonesia	0.4	0.4	-	-
Sinch Communications Canada Inc.	9294-4933	Canada	100	100	-	-
Sinch Turkey Ltd	866349	Turkey	51	51	-	-
Sinch Italy S.R.L.	4491540961	Italy	100	100	-	-
Sinch France S.A.R.L. <sup>2)</sup>	448324285	France	-	100	-	-
<b>Sinch Operator Software AB</b>	<b>556353-1333</b>	<b>Stockholm</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Sinch Poland Sp z.o.o.	643951	Poland	100	100	-	-
<b>Sinch Holding AB</b>	<b>559061-2791</b>	<b>Stockholm</b>	<b>100</b>	<b>100</b>	<b>3,718</b>	<b>3,718</b>
Sinch Australia Pty Ltd	ACN 108 364 854	Australia	100	100	-	-
Sinch Germany GmbH	HRB 202010	Germany	100	100	-	-
Sinch Communications Pty Ltd	ACN 112 676 132	Australia	100	100	-	-
Sinch Australia Holding Pty Ltd	ACN 650 744 479	Australia	100	100	-	-
Message4U Pty Ltd	ACN 095 453 062	Australia	100	100	-	-
MessageMedia Australia Pty Ltd	ACN 125 542 403	Australia	100	100	-	-
WholesaleSMS Pty Ltd	ACN 169 517 202	Australia	100	100	-	-
SMS Broadcast Pty Ltd	ACN 127 334 785	Australia	100	100	-	-
SMS Central Australia Pty Ltd	ACN 141 611 645	Australia	100	100	-	-
Streetdata Pty Ltd	ACN 092 709 030	Australia	100	100	-	-
Streetdata Unit Trust	ABN 14 314 375 905	Australia	100	100	-	-
Text Messaging Technologies (Holdings) Pty Ltd	ACN 140 425 332	Australia	100	100	-	-
Text Messaging Technologies Pty Ltd	ACN 140 426 204	Australia	100	100	-	-
Mobipost Pty Ltd	ACN 087 914 930	Australia	100	100	-	-
DirectSMS Pty Ltd	ACN 114 992 880	Australia	100	100	-	-
MessageMedia ESOP Pty Ltd <sup>2)</sup>	ACN 603 146 336	Australia	-	100	-	-
MessageNet Pty Ltd	ACN 082 712 589	Australia	100	100	-	-
ClickSend Pty Ltd	ACN 165 918 525	Australia	100	100	-	-
Bulletin.net Pty Ltd	ACN 119 955 805	Australia	100	100	-	-
MessageMedia Europe Limited	3771735	United Kingdom	100	100	-	-
Bulletin.net (NZ) Pty Ltd	847056	New Zealand	100	100	-	-
Sinch Philippines Inc	2023030090540-II	Philippines	100	-	-	-
MessageMedia U.S.A. Inc	27-2034769	USA	100	100	-	-
SimpleTexting LLC	85-3394518	USA	100	100	-	-
Sinch Belgium B.V	0691.917.430	Belgium	100	100	-	-
Sinch Communications Spain SL	B82966078	Spain	100	100	-	-
Sinch Finland OY	1549817-1	Finland	100	100	-	-
Sinch Finland Systems OY <sup>2)</sup>	0736045-5	Finland	-	100	-	-
myElefant SAS	524,353,299	France	100	100	-	-
Mblox Sdn Bhd <sup>1)</sup>	870260-U	Malaysia	-	100	-	-
Sinch UK Ltd	3049312	United Kingdom	100	100	-	-
Sinch South Africa (PTY) Ltd	2012/217923/07	South Africa	100	100	-	-
Sinch U.S. Holding Inc.	82-5136971	USA	100	100	-	-
Sinch America, Inc.	77-0505044	USA	100	100	-	-
Sinch Engage LLC	46-0553309	USA	100	100	-	-
Sinch Interconnect LLC	3166804	USA	100	100	-	-
Onvoy Holdings, Inc.	32-0482384	USA	100	100	-	-

## Note 18 cont.

Sinch Group	Corporate ID	Registered office	% of equity and votes		Carrying amount	
			31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Onvoy Intermediate Holdings Inc.	38-3987416	USA	100	100	-	-
Onvoy, LLC	41-1624131	USA	100	100	-	-
Onvoy Ltd	84-1797016	USA	100	100	-	-
RadiantIQ LLC	47-1806351	USA	100	100	-	-
Onvoy International Holdings, Inc.	11386989	United Kingdom	100	100	-	-
Onvoy Netherlands, B.V.	RSIN 860260367	Netherlands	100	100	-	-
Acrobats, S.R.O.	CZ28487923	Czech Republic	100	100	-	-
Alien Licensing, GmbH	CHE-116.371.684	Switzerland	100	100	-	-
Onvoy Communications Limited	3771951OH	Ireland	100	100	-	-
ANZ Communications LLC	27-4606513	USA	100	100	-	-
ANPI Business, LLC	04-3520968	USA	100	100	-	-
ANPI India Research & Development Pvt. Ltd.	U73100D-L2014FTC266307	India	99	99	-	-
ANPI, LLC	37-1348433	USA	100	100	-	-
ANPI India Research & Development Pvt. Ltd.	U73100D-L2014FTC266307	India	1	1	-	-
Broadvox, LLC	31-1795439	USA	100	100	-	-
Onvoy Spectrum, LLC	47-3389357	USA	100	100	-	-
Inteliquent, Inc.	31-1786871	USA	100	100	-	-
Neutral Tandem - Alabama, LLC	20-8056239	USA	100	100	-	-
Neutral Tandem - Arizona, LLC	20-8042937	USA	100	100	-	-
Neutral Tandem - Arkansas, LLC	20-2254616	USA	100	100	-	-
Neutral Tandem - California, LLC	20-0724701	USA	100	100	-	-
Neutral Tandem - Colorado, LLC	20-1673913	USA	100	100	-	-
Neutral Tandem - Delaware, LLC	4335804	USA	100	100	-	-
Neutral Tandem - Florida, LLC	20-1355255	USA	100	100	-	-
Neutral Tandem - Georgia, LLC	20-2658360	USA	100	100	-	-
Neutral Tandem - GVT, LLC	81-1407859	USA	100	100	-	-
Neutral Tandem - Hawaii, LLC	46-3601056	USA	100	100	-	-
Neutral Tandem - Idaho, LLC	27-1280206	USA	100	100	-	-
Neutral Tandem - Illinois, LLC	31-1034591	USA	100	100	-	-
Neutral Tandem - Indiana, LLC	20-1357955	USA	100	100	-	-
Neutral Tandem - Iowa, LLC	26-2913116	USA	100	100	-	-
Neutral Tandem - Kansas, LLC	26-1767344	USA	100	100	-	-
Neutral Tandem - Kentucky, LLC	20-8998152	USA	100	100	-	-
Neutral Tandem - Louisiana, LLC	26-1856140	USA	100	100	-	-
Neutral Tandem - Maine, LLC	45-3187343	USA	100	100	-	-
Neutral Tandem - Maryland, LLC	20-2658279	USA	100	100	-	-
Neutral Tandem - Massachusetts, LLC	20-0722634	USA	100	100	-	-
Neutral Tandem - Michigan, LLC	20-0724852	USA	100	100	-	-
Neutral Tandem - Minnesota, LLC	20-1358018	USA	100	100	-	-
Neutral Tandem - Mississippi, LLC	26-0580716	USA	100	100	-	-
Neutral Tandem - Missouri, LLC	26-2483205	USA	100	100	-	-
Neutral Tandem - Montana, LLC	87-1034193	USA	100	100	-	-
Neutral Tandem - Nebraska, LLC	20-8433872	USA	100	100	-	-
Neutral Tandem - Nevada, LLC	20-2305022	USA	100	100	-	-
Neutral Tandem - New Hampshire, LLC	20-8519365	USA	100	100	-	-
Neutral Tandem - New Jersey, LLC	20-0724799	USA	100	100	-	-
Neutral Tandem - New Mexico, LLC	20-8632267	USA	100	100	-	-

## Note 18 cont.

Sinch Group	Corporate ID	Registered office	% of equity and votes		Carrying amount	
			31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Neutral Tandem – New York, LLC	20-0724764	USA	100	100	-	-
Neutral Tandem – North Carolina, LLC	20-8519951	USA	100	100	-	-
Neutral Tandem – North Dakota, LLC	26-3528771	USA	100	100	-	-
Neutral Tandem – Oklahoma, LLC	26-2484331	USA	100	100	-	-
Neutral Tandem – Oregon, LLC	21-1265348	USA	100	100	-	-
Neutral Tandem – Pennsylvania, LLC	20-5873056	USA	100	100	-	-
Neutral Tandem – Puerto Rico, LLC	26-4280147	Puerto Rico	100	100	-	-
Neutral Tandem – Rhode Island, LLC	20-2305087	USA	100	100	-	-
Neutral Tandem – South Carolina, LLC	20-8754082	USA	100	100	-	-
Neutral Tandem – South Dakota, LLC	26-3916483	USA	100	100	-	-
Neutral Tandem – Tennessee, LLC	20-8433955	USA	100	100	-	-
Neutral Tandem – Texas, LLC	20-1357927	USA	100	100	-	-
Neutral Tandem – Utah, LLC	26-1496620	USA	100	100	-	-
Neutral Tandem – Vermont, LLC	45-3187243	USA	100	100	-	-
Neutral Tandem – Virginia, LLC	20-4889208	USA	100	100	-	-
Neutral Tandem – Washington DC, LLC	20-4428003	USA	100	100	-	-
Neutral Tandem – Washington, LLC	20-1674163	USA	100	100	-	-
Neutral Tandem – West Virginia, LLC	46-5559757	USA	100	100	-	-
Neutral Tandem – Wyoming, LLC	45-0886699	USA	100	100	-	-
JJRR, LLC	20-2378763	USA	100	100	-	-
Broadvox-CELEC, LLC	38-3792612	USA	100	100	-	-
Minnesota Independent Equal Access Corporation	41-1653110	USA	100	100	-	-
VOIP360, Inc.	20-3088335	USA	100	100	-	-
Voyant Communications, LLC	26-1360206	USA	100	100	-	-
Bettervoice, Inc.	81-2626122	USA	100	100	-	-
Phaxio Blocker, Inc.	83-4283961	USA	100	100	-	-
Layered Communications, LLC	45-0705161	USA	100	100	-	-
MessengerPeople Inc.	5124591	USA	100	100	-	-
MessengerPeople GmbH	HRB 238421	Germany	100	100	-	-
Dialogue Group Ltd	06766972	United Kingdom	100	100	-	-
Dialogue Communications Ltd	3042634	United Kingdom	100	100	-	-
Dialogue Malta Ltd	C66149	Malta	100	100	-	-
Sinch Singapore Pte Ltd	2013-14618-E	Singapore	100	100	-	-
Sinch Technology (Beijing) Co. Ltd	91110108MA01UQP87U	China	100	100	-	-
Beijing Zhang Zohng Hu Dong Information Technology Co. Ltd	91110108802106771E	China	100	100	-	-
Sinch Hong Kong Ltd	72211247	Hong Kong	100	100	-	-
Sinch Denmark ApS	26361710	Denmark	100	100	-	-
Sinch Denmark AB	556484-7918	Stockholm	100	100	-	-
PT Sinch Technology Indonesia	1265000552082	Indonesia	99.6	99.6	-	-
Sinch Korea Co., Ltd	110111-7692878	Korea	100	100	-	-
Sinch Communications LLC <sup>3)</sup>	1207700431410	Russia	100	100	-	-



## Note 18 cont.

Sinch Group	Corporate ID	Registered office	% of equity and votes		Carrying amount	
			31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Taiwan Sinch Limited	90771936	Taiwan	100	100	-	-
<b>Sinch Latin America Holding AB</b>	<b>559212-5487</b>	<b>Stockholm</b>	<b>100</b>	<b>100</b>	<b>446</b>	<b>446</b>
Sinch BR S.A.	01.126.946/0001-61	Brazil	100	100	-	-
	CNPJ:					
Cyclelogic do Brasil Mobile Solutions Ltda	02.554.300/0001-48	Brazil	100	100	-	-
BR Tech Des. De Websites e. Softwares S.A	CNPJ n.º 13.735.132/0001-03	Brazil	16.3	16.3	-	-
Sinch Netherlands BV	RSIN: 859656937	Netherlands	100	100	-	-
Cyclelogic Argentina S.R.L.	CUIT: 33-69561065-9	Argentina	100	100	-	-
Cyclelogic Chile Telecomunicaciones SPA.	RUT: 76.115.115-0	Chile	100	100	-	-
Sinch Colombia S.A.S.	NIT: 8300484255	Colombia	100	100	-	-
Cyclelogic Ecuador S.A.	RUC: 0992456809001	Ecuador	100	100	-	-
Cyclelogic de México, S. de R.L.de CV.	RFC: CME030325CPA	Mexico	100	100	-	-
Compertime S.A. de C.V.	RFC: COM080812831	Mexico	100	100	-	-
	RUC: 2618804-1-836421					
Sinch Panamá S.A.		Panama	100	100	-	-
Sinch de Peru S.A.C	RUC: 20516964414	Peru	100	100	-	-
Nedimix S.A.	RUT: 215095650017	Uruguay	100	100	-	-
<b>Sinch Mobile AB</b>	<b>556969-5397</b>	<b>Stockholm</b>	<b>100</b>	<b>100</b>	<b>152</b>	<b>152</b>
Sinch Cloud Communication Services India Pvt. Ltd.	U74999MH-2017FTC29470	India	100	100	-	-
	U00000D-L2000PLC105516					
ACL Mobile Private Limited		India	100	100	-	-
		United Arab Emirates				
Sinch DMCC	JLT 5040	United Arab Emirates	100	100	-	-
	U72900D-L2000PTC105180					
ACL Technologies Pte Ltd Sdn		India	100	100	-	-
Sinch Malaysia Sdn Bhd	832473-T	Malaysia	100	100	-	-
<b>Pegasus Corp Two</b>	<b>88-0711777</b>	<b>USA</b>	<b>100</b>	<b>100</b>	<b>11,507</b>	<b>11,097</b>
Deliver Intermediate Holdco Inc.	83-4016249	USA	100	100	-	-
Mailgun Technologies, Inc.	81-5151296	USA	100	100	-	-
Email on Acid, LLC	27-1659446	USA	100	100	-	-
Mailgun Technologies SAS	877523639	France	100	100	-	-
Mailjet SAS	524536992	France	100	100	-	-
Mailjet Bulgaria <sup>1)</sup>	UIC 204787523	Bulgaria	-	100	-	-
Mailjet GmbH	HRB 156505	Germany	100	100	-	-
Mailjet Emailing SL	NIF OB87790879	Spain	100	100	-	-
Mailjet SAAS Ltd	9801918	United Kingdom	100	100	-	-
Mailjet, Inc.	46-5566257	USA	100	100	-	-
<b>Carrying amount in the parent company</b>					<b>16,173</b>	<b>15,764</b>

1) The company was liquidated in 2023.

2) The company was merged in 2023.

3) The company was liquidated in 2024.

## Note 19 Accounts receivable

	Group	
	31 Dec 2023	31 Dec 2022
<b>Accounts receivable, SEKm</b>		
Unbilled receivables	1,921	1,958
Accounts receivable	2,897	2,465
<b>Total accounts receivable</b>	<b>4,818</b>	<b>4,423</b>
<b>Expected credit loss allowance</b>		
Balance at opening date	-176	-136
Reversals of previous provisions	71	73
Confirmed customer losses	48	56
Provisions for the year	-94	-154
Translation differences	1	-16
<b>Balance on the closing date</b>	<b>-149</b>	<b>-176</b>
<b>Net trade receivables</b>	<b>4,669</b>	<b>4,247</b>

The carrying amount for accounts receivable, net after ECL allowance has been assessed as equal to fair value. The ECL allowance has decreased compared with the preceding year.

	Group	
	31 Dec 2023	31 Dec 2022
<b>Aging report</b>		
<b>Trade receivables, SEKm</b>		
Not due	3,854	3,379
Past due 1-30 days	454	544
Past due 31-60 days	122	140
Past due 61-90 days	100	68
Past due >90 days	289	292
<b>Total</b>	<b>4,818</b>	<b>4,423</b>

	Group	
	31 Dec 2023	31 Dec 2022
<b>Aging report, expected credit loss allowance, SEKm</b>		
Not due	-5	-16
Past due 1-30 days	-4	-11
Past due 31-60 days	-6	-10
Past due 61-90 days	-6	-9
Past due >90 days	-129	-130
<b>Total</b>	<b>-149</b>	<b>-176</b>

Accounts receivable past due for more than 90 days are considered to be in default.

	Group	
	31 Dec 2023	31 Dec 2022
<b>Contract liabilities/Advance payments from customers, SEKm</b>		
Balance at opening date	260	208
Revenue reported as derived from contract liabilities that existed at the beginning of the year	-218	-203
Payment from customers for performance obligations not satisfied at the end of the year	223	236
Translation differences	-2	19
<b>Closing balance<sup>1)</sup></b>	<b>262</b>	<b>260</b>

1) A majority is expected to be recognized in revenue during the next financial year.

## Note 20 Other current receivables

	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Other current receivables, SEKm</b>				
VAT receivable	166	240	0	-
Derivatives	13	-	13	-
Other current receivables	87	100	-	-
<b>Total</b>	<b>265</b>	<b>340</b>	<b>13</b>	<b>-</b>

## Note 21 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Prepaid expenses and accrued income, SEKm</b>				
Prepaid insurance premiums	39	45	0	0
Prepaid traffic costs	374	447	-	-
Accrued revenue from contracts with customers	36	112	-	-
Other	232	229	86	81
<b>Total</b>	<b>681</b>	<b>833</b>	<b>86</b>	<b>82</b>

	Group	
	31 Dec 2023	31 Dec 2022
<b>Revenue-related contract assets, SEKm</b>		
Accrued revenues	36	112
Impairment reserve	-	0
<b>Net contract assets</b>	<b>36</b>	<b>112</b>

## Note 22 Equity

Shares and share capital, SEK	Ordinary shares	Share capital
<b>Opening balance at 1 January 2022</b>	<b>768,568,748</b>	<b>7,685,687</b>
Warrants	8,230,490	82,305
Non-cash issue	51,000,000	510,000
Set-off issue	10,803,010	108,030
<b>Closing balance at 31 December 2022</b>	<b>838,602,248</b>	<b>8,386,022</b>
Warrants	4,467,563	44,676
<b>Closing balance at 31 December 2023</b>	<b>843,069,811</b>	<b>8,430,698</b>

At 31 December 2023, authorized share capital comprised 843,069,811 shares. The quotient value of the shares is SEK 0.01 (0.01). All shares are fully paid.

Reserves, SEKm	Translation reserve
<b>Opening balance at 1 January 2022</b>	<b>178</b>
Translation differences	4,593
Exchange rate changes on increased net investments	604
Deferred tax	-107
<b>Closing balance at 31 December 2022</b>	<b>5,268</b>
Translation differences	-863
Exchange rate changes on increased net investments	-138
Deferred tax	28
<b>Closing balance at 31 December 2023</b>	<b>4,294</b>

The translation reserve includes all exchange rate differences that arise upon translation of financial statements in a currency other than SEK, which is the Group's presentation currency. The translation reserve also includes exchange rate differences that arise upon revaluation of liabilities accounted for as hedging instruments for a net investment in a foreign operation.

## Note 23 Other interest bearing current and non-current liabilities

IB non-current liabilities, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Bank loan	5,841	9,701	5,841	9,701
Senior unsecured bond	-	748	-	748
Lease liability	784	774	-	-
Other non-current liabilities	13	13	-	-
<b>Total</b>	<b>6,637</b>	<b>11,236</b>	<b>5,841</b>	<b>10,449</b>

Other IB current liabilities, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Bank loan	1,499	1	1,499	-
Senior unsecured bond	749	-	749	-
Lease liability	114	98	-	-
<b>Total</b>	<b>2,362</b>	<b>99</b>	<b>2,248</b>	<b>-</b>

As of 31 December, Sinch had total available credit facilities of SEK 12,610m and the company had used loans and credit facilities totaling SEK 7,363m (9,740). Breakdown of used loans and facilities:

- Loan of SEK 1,500m that matures in May 2024
- Loan of SEK 1,500m that matures in February 2025
- Loan of USD 110m that matures in February 2025
- Credit facilities of SEK 7,605m, of which SEK 3,258m had been used as of 31 December 2023. On the reporting date, the facilities had a maturity date of February 2026, which was extended after the reporting date by one year to 2027. The facilities can be used in most currencies and the interest base is the relevant IBOR or overnight rate in each currency. The Group's loan agreements contain adequate contingency procedures to manage a potential termination of a used reference rate that could arise as an effect of the reference rate reform. See Note 31 for more information about unused loan frameworks of SEK 4,347m as of the reporting date.

In addition, senior unsecured bonds have been issued in the amount of SEK 750m (750), which were issued in 2019 and will mature in November 2024. The bond loan accrues interest at a variable rate based on 3m STIBOR plus 250 bps.

Available bank overdraft facilities amounted to SEK 901m (913m) as of 31 December 2023, of which SEK 0m (0) had been used.

Amortization of loans within the credit facilities amounted to SEK 2,250m in 2023.

## Note 24 Other non interest bearing current and non-current liabilities

Other NIB non-current liabilities, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Earnout, TWVW	-	6	-	-
Other non-current liabilities	25	28	-	-
<b>Total</b>	<b>25</b>	<b>34</b>	<b>-</b>	<b>-</b>

See Note 33 for further disclosures concerning liabilities related to acquisitions.

Other NIB current liabilities, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
VAT, tax withheld at source	208	289	2	2
Derivatives	-	15	-	15
Funds belonging to a third party	3	4	-	-
Other current liabilities	19	36	0	0
<b>Total</b>	<b>231</b>	<b>344</b>	<b>2</b>	<b>17</b>

## Note 25 Provisions

	Group	
	31 Dec 2023	31 Dec 2022
<b>Other provisions, SEKm</b>		
Provision for social security expenses, ESOP	37	16
Provision for restructuring costs <sup>2</sup>	3	16
Other provisions	16	18
<b>Total</b>	<b>55</b>	<b>49</b>

1) The increase in the provision for social security expenses related to employee share ownership plans is due to the increase in the stock value during the year.

2) The restructuring program announced in Q2 2022 was completed in 2023.

## Note 26 Accrued expenses and prepaid income

Accrued expenses and prepaid income, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accrued salaries	209	204	1	3
Accrued annual leave pay	175	149	2	2
Accrued social security contributions, including pension	63	62	1	1
Accrued interest expenses	42	38	43	39
Accrued external services	349	413	4	8
Accrued traffic costs	2,397	2,535	-	-
Other items	1	1	0	0
<b>Total</b>	<b>3,235</b>	<b>3,401</b>	<b>51</b>	<b>52</b>

## Note 27 Untaxed reserves

Untaxed reserves, SEKm	Parent company	
	31 Dec 2023	31 Dec 2022
Tax allocation reserves	90	90
Accelerated depreciation/amortization	4	4
<b>Total</b>	<b>94</b>	<b>95</b>

## Note 28 Pledged assets and contingent liabilities

As pledged assets for own debt and provisions, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Guarantees	109	128	-	-
Contingent liabilities <sup>1)</sup>	112	119	-	-
<b>Total</b>	<b>221</b>	<b>247</b>	<b>-</b>	<b>0</b>

1) Contingent liabilities refer primarily to obligations to perform ordered and contracted services that cannot be canceled without financial impact.

## Note 29 Related-party transactions

### Group

Intragroup transactions between the parent company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and disclosures concerning the Group are therefore not provided.

### Parent company

Sales to Group companies comprise 100 percent of net sales in the parent company. Receivables and liabilities to other Group companies are presented in the parent company balance sheet.

Disclosures concerning compensation to senior management personnel are provided in Note 9.

## Note 30 Financial assets and liabilities

The table below presents the Group's financial assets and liabilities, recognized at carrying amount and fair value, classified in the categories in accordance with IFRS 9. No financial instruments have been set off in the accounts.

Group 31 Dec 2023, SEKm	Financial assets and liabilities measured at amortized cost	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Carrying amount	Fair value
<b>Financial assets at fair value</b>					
Derivatives, Level 2, Note 20	-	-	13	13	13
<b>Financial assets not recognized at fair value</b>					
Deposits paid, Note 18	23	-	-	23	23
Accounts receivable, Note 19	4,669	-	-	4,669	4,669
Accrued revenue from contracts with customers, Note 21	36	-	-	36	36
Cash and cash equivalents	1,012	-	-	1,012	1,012
<b>Total financial assets</b>	<b>5,740</b>	<b>-</b>	<b>13</b>	<b>5,753</b>	<b>5,753</b>
<b>Financial liabilities at fair value</b>					
Derivatives, Level 2, Note 24	-	-	-	-	-
Earnout, Level 3, Note 24	-	-	-	-	-
<b>Financial liabilities not recognized at fair value</b>					
Long-term loans payable, Note 23	5,841	-	-	5,841	5,841
Short-term loans payable, Note 23	2,248	-	-	2,248	2,248
Lease liabilities, Note 17	898	-	-	898	898
Funds belonging to a third party, Note 24	3	-	-	3	3
Accrued interest expense, Note 26	42	-	-	42	42
Accounts payable	1,849	-	-	1,849	1,849
<b>Total financial liabilities</b>	<b>10,881</b>	<b>-</b>	<b>-</b>	<b>10,881</b>	<b>10,881</b>

The Group's maximum credit risk consists of the amounts in the table above. As in the preceding year, the "cash and cash equivalents" item on the statement of financial position consists entirely of bank deposits.

Group 31 Dec 2022, SEKm	Financial assets and liabilities measured at amortized cost	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Carrying amount	Fair value
<b>Financial assets at fair value</b>					
Derivatives, Level 2, Note 20	-	-	-	-	-
<b>Financial assets not recognized at fair value</b>					
Deposits paid, Note 18	25	-	-	25	25
Accounts receivable, Note 19	4,247	-	-	4,247	4,247
Accrued revenue from contracts with customers, Note 21	112	-	-	112	112
Cash and cash equivalents	2,173	-	-	2,173	2,173
<b>Total financial assets</b>	<b>6,556</b>	<b>-</b>	<b>-</b>	<b>6,556</b>	<b>6,556</b>
<b>Financial liabilities at fair value</b>					
Derivatives, Level 2, Note 24	-	-	15	15	15
Earnout, Level 3, Note 24	-	6	-	6	6
<b>Financial liabilities not recognized at fair value</b>					
Long-term loans payable, Note 23	10,449	-	-	10,449	10,449
Short-term loans payable, Note 23	1	-	-	1	1
Lease liabilities, Note 17	872	-	-	872	872
Funds belonging to a third party, Note 24	4	-	-	4	4
Accrued interest expense, Note 26	38	-	-	38	38
Accounts payable	1,561	-	-	1,561	1,561
<b>Total financial liabilities</b>	<b>12,925</b>	<b>6</b>	<b>15</b>	<b>12,946</b>	<b>12,946</b>

## Note 30 cont.

**Determination of fair value**

Financial assets and liabilities measured at fair value in the balance sheet, or where the fair value is disclosed, are classified in one of three levels based on the information used to measure fair value.

Sinch uses the following methods and assumptions to determine the fair value of financial instruments recognized.

**Derivatives** – Foreign currency forward contracts are measured according to Level 2, i.e., fair value is determined using measurement models based on observable market data, such as quoted prices for similar assets and liabilities, market interest rates and yield curves, for the asset or liability other than quoted prices included in Level 1, either directly (i.e., such as quoted prices) or indirectly (i.e., derived from quoted prices).

The measurement is performed by discounting future cash flows based on the difference between the contractual forward rate and spot rate on the reporting date.

**Earnout** – Earnouts (conditional consideration) related to the acquisition of shares in subsidiaries are measured according to Level 3, i.e., financial instruments for which fair value is

determined based on measurement models where significant inputs are based on unobservable market data, at the present value of future cash flows that are based on forecasts of the companies' future performance. Material assumptions in this estimate are future growth rate and earnings capacity, and are based on forecasts of the companies' future performance. A percentage increase in cash flow leads to the corresponding percentage increase in earnout at the unchanged discount rate. Nominal amounts paid are shown in Note 33.

The carrying amounts of other financial assets and liabilities are considered a good approximation of the fair values due to short maturity or short fixed-interest periods and because the credit margin has not changed.

**Profit or loss from financial assets and liabilities**

The effects of financial assets and liabilities on profit or loss are accounted for in net financial income or expenses, except for foreign exchange differences attributable to operating items accounted for in operating profit or loss. The effects on profit or loss are specified in the table below, distributed by measurement category.

**Profit or loss from financial assets and liabilities by measurement category**

Group 2023, SEKm	Financial assets and liabilities are measured at amortized cost.	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Total
Exchange rate differences in operating profit	-161	-	-	-161
Interest income/interest expenses	-546	-	-	-546
Exchange rate differences in net financial income/expenses	-63	-	28	-35
<b>Total</b>	<b>-768</b>	<b>-</b>	<b>28</b>	<b>-740</b>

Group 2022, SEKm	Financial assets and liabilities are measured at amortized cost.	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Total
Exchange rate differences in operating profit	66	-	69	135
Interest income/interest expenses	-267	-	-	-267
Exchange rate differences in net financial income/expenses	305	-	-36	269
<b>Total</b>	<b>105</b>	<b>-</b>	<b>33</b>	<b>137</b>

## Note 31 Financial risk management

In the course of its operations, Sinch is exposed to various types of financial risk. Financial risk refers to fluctuations in the company's earnings and cash flow consequent upon changes in exchange rates, interest rates, refinancing risks and credit risks. The frameworks for exposure, management and monitoring of financial risks are set by the board of directors in the finance policy which is revised annually. Within the Group, the Treasury Department has operational responsibility for securing the Group's financing and managing cash liquidity, financial assets and financial liabilities. The Group takes advantage of economies of scale and synergies by means of a centralized Treasury Department. Group Treasury reviews compliance with policies and exposure on a monthly basis and report regularly to the Board of Directors. The Group does not engage in speculative trading in financial instruments.

### Liquidity risk and financing risk

Liquidity risk is the risk that the Group might have difficulty performing its obligations associated with financial liabilities. Liquidity planning is used to manage liquidity risk and minimize the cost of financing the Group. The Group policy is to minimize the borrowing requirement by centralizing surplus liquidity in the Group through cash pools and intra-group transactions. Liquidity risks for the Group are managed centrally within the parent company. Sinch has a granted bank overdraft facility of SEK 901 million (913) to manage fluctuations in cash flow, none of which had been drawn as of 31 December 2023 (-). The Group's loan financing is subject to covenants, i.e., certain performance indicators must be met.

The performance indicators are calculated based on Sinch's EBITDA, interest expenses and net debt. The Group regularly analyzes the performance indicators, which had been met as of 31 December 2023. The change should thus have no impact on the consolidated financial statements in the period of initial application. The Group will regularly consider and evaluate the changes in connection with any new credit agreements.

The Group's liquidity reserve, which comprises unused loan limits and available bank balances as of the reporting date, is specified below.

Group, SEKm	31 Dec 2023	31 Dec 2022
<b>Granted loan limits</b>		
Revolving line of credit	5,500	5,500
<b>Total granted loan limits</b>	<b>5,500</b>	<b>5,500</b>
Used loan limits	1,154	3,444
<b>Unused loan limits</b>	<b>4,346</b>	<b>2,056</b>
Available bank balances	1,012	2,173
Bank overdraft facility	901	913
<b>Liquidity reserve</b>	<b>6,259</b>	<b>5,142</b>

At year-end, Sinch's financial liabilities amounted to SEK 10,881m (12,946), see Note 30, and the maturity structure is shown on the table below. See also Note 23 for more information concerning bank and bond loans.

### Maturity structure, financial liabilities

SEKm	31 Dec 2023				31 Dec 2022			
	< 1 year	> 1 < 2 years	> 2 < 3 years	> 3 years	< 1 year	> 1 < 2 years	> 2 < 3 years	> 3 years
Bank loans <sup>1) 2)</sup>	1,500	2,605	3,258		3,000	6,740		
Bond loan <sup>2)</sup>	750				750			
Derivatives (liability)					15			
Lease liabilities	114	83	82	619	98	87	77	609
Accounts payable	1,849				1,561			
Funds belonging to a third party	3				4			
Earnouts					6			

1) On 17 January 2024, credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2027.

2) The comparative figures for 31 December 2022 have been remeasured at undiscounted amounts.

SEKm	Original currency	31 Dec 2023	31 Dec 2022
Bank loan	SEK	4,300	6,400
Bank loan	USD	3,063	3,340
Bank loan	EUR	-	0
Bank loan	INR	1	1
Senior unsecured bond	SEK	750	750

## Note 31 cont.

**Market risk**

Market risk is the risk that the fair value of cash flows or future cash flows from a financial instrument will vary due to changes in the market price. Market risk are categorized by IFRS into three types: interest rate risk, currency risk and other price risks. The market risks that primarily affect the Group are interest rate risk and currency risk.

**Interest rate risk**

The Group's primary interest rate risk arises through long-term borrowing at variable rates, which exposes the Group to interest rate risk relating to cash flows. Interest rate risk is the risk that the fair value of cash flows or future cash flows from a financial instrument will vary due to changes in market rates. The fixed interest term is a significant factor affecting the interest rate risk. The majority of Sinch's loan financing is carried at a three-month rate. An interest rate change of 100 points based on credit facilities and bond loans at the reporting date would affect the Group's future profit before tax by +/- SEK 81m (+/- 105). The sensitivity analysis assumes that all other factors, such as exchange rates, remain constant. As of 31 December 2023, the average remaining term to maturity for the Group's external loan financing was 1.7 years and the average interest rate on external loan financing was 5.86 percent. See also Note 23 for more information concerning bank and bond loans.

**Currency risk**

Transaction exposure is the risk that currency movements in connection with sales and purchases in foreign currency could affect consolidated cash flows and profit or loss. The Group's sales are transacted mainly in foreign currencies, primarily EUR, USD and GBP. The Group's costs are incurred in foreign currencies, primarily EUR, USD and GBP, as well as SEK. Exchange rate changes have greater impact on revenues than on costs. The Group has significant net currency exposure. See the table below. Hedging instruments were not used to currency-hedge the Group's commercial transaction exposure in 2023.

Currency risk also arises in the translation of the assets and liabilities of foreign subsidiaries to the parent company's functional currency, i.e., translation exposure.

**Translation exposure**

Foreign net assets in the Group are distributed among the following currencies:

Currency, SEKm	31 Dec 2023			31 Dec 2022		
	Net investment	Extended net investment	Net exposure	Net investment	Extended net investment	Net exposure
AUD	6,959	-	6,959	7,549	-	7,549
BRL	3,540	528	4,067	3,679	504	4,182
DKK	137	-	137	286	-	286
EUR	4,409	-	4,409	6,176	-	6,176
GBP	1,240	-	1,240	1,219	-	1,219
INR	440	292	732	481	329	810
MXN	259	-	259	206	-	206
USD	22,581	3,002	25,582	23,899	3,320	27,219
Other currencies	139	-	139	87	-	87
<b>Total</b>	<b>39,705</b>	<b>3,822</b>	<b>43,527</b>	<b>43,581</b>	<b>4,153</b>	<b>47,734</b>

Exchange rate differences are included in the consolidated income statement at SEK -161m (135) in operating profit or loss and at SEK -35m (269) in financial income/expense, see also Note 30 Financial assets and liabilities for more information. As of the reporting date, the Group had financial liabilities of SEK 0m (15) arising from currency derivatives. Currency derivatives are used as a financial hedge for financial liabilities and assets, which may be intragroup, in foreign currency with a reverse profit effect upon exchange rate movements. As the underlying hedged asset or liability has the opposite effect on profit or loss as the derivative, the total effect on consolidated net profit or loss in connection with a change in the value of currency derivatives is limited. Hedge accounting is not applied to these derivatives.

**Transaction exposure**

Sinch's transaction exposure is mainly distributed among the following currencies, amounts in SEKm translated to the closing day rate. The table shows the Group's net exposure of monetary items in each currency.

Currency, SEKm	2023	2022
AUD	203	19
BRL	358	-1
CAD	117	-1
EUR	381	-190
GBP	834	-272
SGD	125	-37
USD	1,761	802
Other currencies	292	-288
<b>Total foreign currency</b>	<b>4,070</b>	<b>32</b>

**Sensitivity to transaction exposure**

Based on transaction exposure as of 31 December 2023 above, Sinch's profit before tax would have been affected by +/- SEK 407m (3) if exchange rates against the Swedish krona were to change by 10 percent. The largest exposures are against AUD, BRL, EUR, GBP and USD.



## Note 31 cont.

**Sensitivity to translation exposure**

Consolidated equity would be affected by SEK +/- 4,353m (4,773) if the Swedish krona were to change by 10 percent against all the currencies against which Sinch has translation exposure, based on the exposure as of 31 December 2023 as above. See Note 3 Accounting policies with regard to hedge accounting.

**Credit risk**

Credit risk describes the Group's risks in financial assets and arises if a counterparty fails to perform its contractual payment obligation towards Sinch. Credit risk is divided between financial credit risk, which refers to the risk in interest-bearing assets and derivatives, and customer credit risk, which refers to the risk in accounts payable and contract assets. At year-end 2023, total financial credit exposure including accounts receivable and contract assets was SEK 5,753m (6,556) including cash and cash equivalents of SEK 1,012m (2,173).

**Financial credit risk**

Financial credit risk is the risk the Group runs in relation to financial counterparties in connection with placements of surplus funds, balances in bank accounts and investments in financial assets. The Group's policy is to minimize the potential credit risk for surplus liquidity by using cash flows from subsidiaries to amortize the Group's external loans. Credit risk in the form of counterparty risk also arises upon use of derivatives and consists of the risk that a potential profit will not be realized if the counterparty fails to perform its part of the contract. The Group's maximum financial credit risk corresponds to the fair values of financial assets. See Note 30.

Sinch will limit its exposure to financial counterparties by using banks and financial institutions with high credit ratings. The Group's financial interest-bearing assets consist mainly of bank deposits. There is some concentration of credit risk in cash and cash equivalents where deposits are placed with banks with high credit ratings. Financial counterparty risk has been assessed as limited and is evaluated on an ongoing basis.

At year-end, surplus funds were placed mainly in larger banks with global presence, primarily in the Nordics, the US, Australia and Brazil.

Loss allowances for cash and cash equivalents are covered by the general model and based on the credit institution's rating.

As of year-end, there was no significant exposure related to the assets covered by the ECL allowance.

**Customer credit risk**

The risk that Sinch's customers will not meet their obligations, i.e., that payment is not obtained from customers, is a customer credit risk. The Group's exposure to credit risk is primarily attributable to accounts receivable and to a lesser extent to contract assets. Credit exposure in accounts receivable amounted to SEK 4,669m (4,247) at year-end. Sinch has historically had low credit losses. Sinch's credit risk related to accounts receivable has a high degree of risk diversification through a wide variety of customer categories in numerous geographical markets and that many of the Group's customers are highly reputable companies with high credit ratings. Sinch has concentration of credit risk among certain large customers. The five largest customers account for about 23 percent of accounts receivable. The largest customers operate pri-

marily in the telecom and financial sectors and generally have public investment grade ratings from credit rating institutions.

Sinch also applies a policy of credit checking its customers, whereupon information about customers' financial position is obtained from credit rating firms. Credit classifications are done to a certain extent; for example, the customer may be required to pay in advance. For those customers who pay in arrears, individual credit limits are set in the transaction system. The simplified approach is used to estimate expected credit losses on accounts receivable and contract assets where a loss allowance has been made for the lifetime of the receivables. The loss allowance is based on information from previous events, current circumstances and forecasts of future economic circumstances. Management's expectations for changes in external risks and future customer payment behavior are taken into account. Loss allowances are made according to individual assessments for most of the Group's accounts receivable and for major customers. In addition, individual loss allowances are made for accounts receivable assessed as problematic. A provision matrix is also applied to accounts receivable that are not individually assessed. Provision matrices state increased loss allowance percentages based on the number of days the receivables are past due. Regional distribution and customer groupings are taken into account when individual allowances and group allowances according to the provision matrix are determined.

See Note 19 and 21 for disclosures on ECL allowances for accounts receivable and contract assets and the aging structure of accounts receivable.

**Capital management**

Sinch defines its managed capital as consolidated equity. Sinch must have a robust financial position and good liquidity. This provides the financial scope for action and independence required to run the business and manage variations in the need for capital employed and to benefit from business opportunities. The board of directors of Sinch decides the company's capital structure, leverage and dividend policy.

The capital structure is intended to create balance among equity, loan financing and liquidity so that Sinch assures the financing of the business at a reasonable cost of capital. Sinch endeavors to finance growth, normal investments and dividends to shareholders by generating sufficient positive cash flow for operating activities.

**Debt policy**

Sinch's capital structure should enable a high degree of financial flexibility and enable acquisitions. Sinch's target is for net debt over time, excluding IFRS 16-related lease liabilities, to be lower than 3.5 times Adjusted EBITDA measured on a rolling twelve months' basis. "Over time" means that the company's debt is permitted to temporarily exceed the set target during a period immediately after a business combination. As of 31 December 2023, net debt/Adjusted EBITDA was 2.0 (2.7).

**Dividend policy**

As the board of directors believes there will be good opportunities for growth through acquisitions in the next few years, the board is therefore proposing that the company's profits should primarily be reinvested.

## Note 32 Cash flow

Cash and cash equivalents, SEKm	Group		Parent company		Adjustment for non-cash items in cash flow from operating activities, SEKm	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022		2023	2022	2023	2022
Cash and bank balances	1,012	2,173	20	765	Depreciation and amortization	2,580	7,478	3	4,345
					Profit or loss from sale of equipment	14	10	0	-
					Change in provision for doubtful receivables	26	103	-	-
					Unrealized exchange rate differences	108	-575	39	-735
					Fair value derivatives	-13	15	-13	15
					Not paid/received interest	4	29	-1	-22
					Warrants vesting	136	124	-	-
					Other	4	-17	-	-
					<b>Total</b>	<b>2,859</b>	<b>7,167</b>	<b>28</b>	<b>3,604</b>

Interest, SEKm	Group		Parent company	
	2023	2022	2023	2022
Interest received	82	84	705	394
Interest paid	-669	-363	-652	-316
<b>Net interest</b>	<b>-588</b>	<b>-279</b>	<b>53</b>	<b>78</b>

Reconciliation of liabilities attributable to financing activities – Group, SEKm	Opening balance		Transaction costs	Non-cash items			Exchange rate changes	Closing balance 31 Dec 2023
	1 Jan 2023	Cash flow		New and amended leases	Change in fair value	Exchange rate changes		
Bank loan	9,701	-2,251	16	-	-	-127	7,339	
Senior unsecured bond	748	0	1	-	-	-	749	
Lease liability	872	-136	-	189	-	-27	898	
Other non-current liabilities	40	-3	-	-	-	0	37	
<b>Total</b>	<b>11,362</b>	<b>-2,390</b>	<b>17</b>	<b>189</b>	<b>-</b>	<b>-153</b>	<b>9,024</b>	

Reconciliation of liabilities attributable to financing activities – Group, SEKm	Opening balance		Transaction costs	Non-cash items			Exchange rate changes	Closing balance 31 Dec 2022
	1 Jan 2022	Cash flow		New and amended leases	Change in fair value	Exchange rate changes		
Bank loan	10,852	-1,455	-39	-	0	343	9,701	
Senior unsecured bond	750	0	-2	-	0	-	748	
Lease liability	902	-144	-	-39	-	153	872	
Other non-current liabilities	40	0	-	0	-	0	40	
<b>Total</b>	<b>12,544</b>	<b>-1,599</b>	<b>-41</b>	<b>-39</b>	<b>0</b>	<b>495</b>	<b>11,362</b>	

Reconciliation of liabilities attributable to financing activities – Parent, SEKm	Opening balance		Non-cash items			Exchange rate changes	Closing balance 31 Dec 2023
	1 Jan 2023	Cash flow	Transaction costs	Change in fair value	Exchange rate changes		
Bank loan	9,701	-2,251	16	-	-127	7,339	
Senior unsecured bond	748	0	1	-	0	749	
<b>Total</b>	<b>10,449</b>	<b>-2,251</b>	<b>17</b>	<b>-</b>	<b>-127</b>	<b>8,088</b>	

Reconciliation of liabilities attributable to financing activities – Parent, SEKm	Opening balance		Non-cash items			Exchange rate changes	Closing balance 31 Dec 2022
	1 Jan 2022	Cash flow	Transaction costs	Change in fair value	Exchange rate changes		
Bank loans <sup>1)</sup>	10,839	-1,455	-39	-	356	9,701	
Bond loan <sup>1)</sup>	750	0	-2	0	-	748	
<b>Total</b>	<b>11,589</b>	<b>-1,455</b>	<b>-41</b>	<b>0</b>	<b>356</b>	<b>10,449</b>	

1) Closing balances have been adjusted in accordance with the statement of financial position dated 31 December 2022 and information on transaction costs has been specified.

## Note 33 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. An additional SEK 33m is related to adjustments of consideration for the acquisitions from 2021, MessageMedia, MessengerPeople, and Inteliquent.

## Note 34 Events after the end of the financial year

### Sinch organization and management team

The new organization and Global Leadership Team went operational on 1 January 2024. On 1 January, Julia Fraser also became a new member of the Global Leadership Team.

The company announced on 21 February that Wendy Johnstone has been appointed Executive Vice President for the APAC region and as a new member of the Global Leadership Team.

The company also announced on 27 March that Ilse van der Haar has been appointed Chief Legal Officer and as a new member of the Global Leadership Team.

### New credit agreement

On 17 January 2024, credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2027.

### Year-end report

Sinch published the year-end report for 2023 on 15 February 2024.

## Note 35 Allocation of profit

The board of directors will propose to the annual general meeting that no dividend is distributed for the 2023 financial year.

The following non-restricted equity in the parent company is at the disposal of the annual general meeting, SEK:

Share premium reserve	34,176,049,885
Retained earnings	-4,017,583,633
Profit for the year	54,448,728
<b>Total</b>	<b>30,212,914,980</b>

The board of directors proposes that profit be allocated as follows, SEK:

Retained	30,212,914,980
<b>Total</b>	<b>30,212,914,980</b>

# Sustainability notes

The sustainability report covers the topics that have been determined as material for Sinch in the materiality analysis conducted in 2022. The materiality analysis is also the basis for preparing our reporting for the forthcoming EU Corporate Sustainability Reporting Directive and the mandatory disclosures according to the European Sustainability Reporting Standard (ESRS). The sustainability report continue to be prepared with reference to the Global Reporting Initiative 2021 (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). Relevant indices for these disclosures are provided on our Investor Relations website under the "Sustainability" section.



# Sustainability governance

## Board of Directors

The Board of Directors is responsible for the management of Sinch, corporate governance and sustainability topics, including the sustainability report. At the end of each financial year, the Board of Directors performs a self-assessment of its work during the year.

## CEO and executive management

Supported by Global Leadership Team, the CEO is responsible for executing board decisions and strategies. The leadership team plays a crucial role in overseeing that designated individuals within the organization provide input for decision-making, conduct analyses, and monitor business performance. Sinch's General Counsel holds operational responsibility for sustainability efforts and regularly updates the CEO and executive management on ongoing activities, initiatives, tracking, and progress. Sinch's Sustainability Manager is responsible for the Group's sustainability strategy and reporting, in cooperation with the functions that are responsible for each focus area.

## Code of Conduct and governing documents

All governing documents, including our Code of Conduct, are applicable to the entire Group and are available to all employees on our intranet. Our Code of Conduct applies to all employees, consultants and the Board of Directors. The Code of Conduct is appended to all new employment contracts and all employees are required to sign it when joining Sinch. Our Code of Conduct is based on the Ten Principles of the UN Global Compact and clarifies Sinch's stance on the importance of sound business relationships. Corresponding Codes of Conduct for suppliers and partners are appended to significant contracts. All Codes of Conduct are available on our external website.

## Memberships and certifications

As a member of the UN Global Compact Sinch supports the Ten Principles for responsible business with regard to human rights, labor, environment and anti-corruption. As a member of the UN Global Compact, we publish an annual Communication on Progress (CoP) that describes our work to implement the Ten Principles and how we are working to contribute to the UN Sustainable Development Goals (SDGs).

Sinch's sustainability work is annually evaluated via EcoVadis, which assesses the quality of corporate policies, actions and outcomes in the areas of the environment, labor and human rights, ethics and sustainable procurement. In 2023, we received a "commitment" badge.

During 2023, Sinch continued to certify the business in accordance with the ISO 27001 information security management standard. Parts of Sinch's operations were certified in 2019 and efforts are ongoing to include acquired operations.

## Policy Documents

- Code of Conduct
- Code of Conduct for Suppliers and Partners
- Anti-corruption Policy
- Privacy Policy
- Information Security Policy
- Procurement Policy
- Employee handbooks covering matters including work environment, discrimination and health and wellbeing
- Modern Slavery Statements

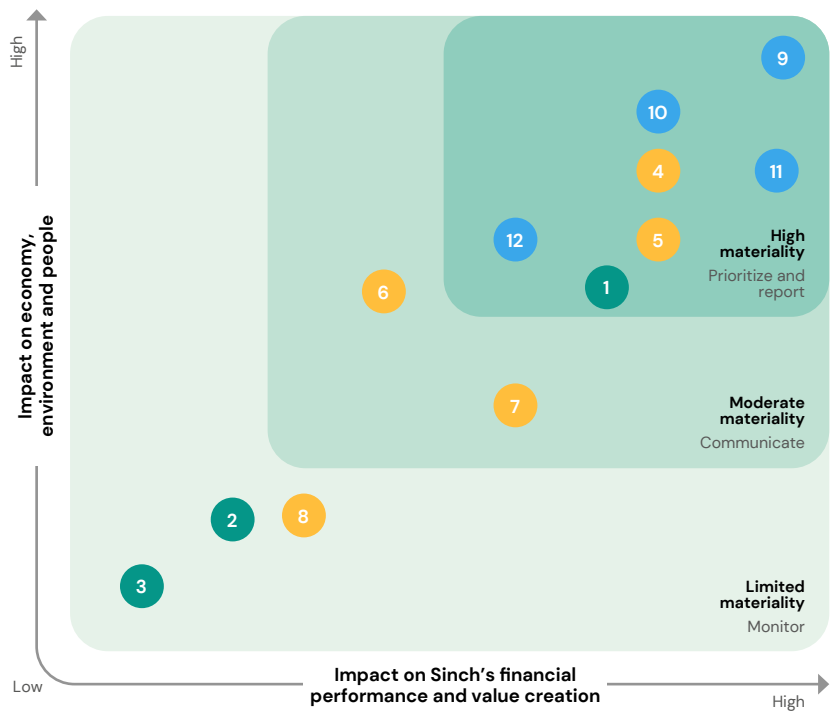
# Material sustainability topics

Our materiality analysis is the basis for our focus areas, which describe the environmental, social and governance topics (“sustainability topics”) that are material to our business. The analysis was updated during 2022. The updated areas were further developed and integrated into our sustainability work in 2023. The materiality analysis is inspired by the principle of “double materiality” and the guidelines published for the forthcoming EU Corporate Sustainability Reporting Directive (CSRD). This means that sustainability topics have been assessed based on our impact on environmental, social and governance related topics (“impact materiality”) and sustainability-related risks and opportunities and their impact on our

financial performance and value creation (“financial materiality”). The sustainability topics that have been assessed in the materiality analysis with limited materiality or higher are disclosed. Sustainability topics with low materiality are therefore not disclosed in the sustainability report. In addition to continuous engagement with our stakeholders, an integral part of updating the materiality analysis has been formalized stakeholder dialogues with customers, investors and employees to capture their expectations concerning prioritized sustainability topics. The materiality analysis has been approved by Global Leadership Team.

## Materiality analysis

- Environmental responsibility**
  - 1 Climate impact
  - 2 Resource circularity
  - 3 Water management
- Social responsibility**
  - 4 Diversity, equity and inclusion
  - 5 Health and wellbeing
  - 6 Learning and development
  - 7 Human and labor rights
  - 8 Community engagement
- Business responsibility**
  - 9 Privacy and information security
  - 10 Business ethics and anti-corruption
  - 11 Product impact and innovation
  - 12 Supply chain management



# Environmental responsibility

## Policy documents:

- Code of Conduct
- Travel Policy

## Material topics:

- Climate impact

## Climate impact

Sinch is dedicated to measuring and mitigating greenhouse gas emissions in line with the 1.5 degree target under the Paris Agreement. We aim to contribute to the transition necessary to counteracting the impacts of climate change by means of energy efficient and innovative solutions. Our Code of Conduct outlines principles that guide us in minimizing our environmental footprint, emphasizing improvements in energy efficiency. As a complement to the Code of Conduct, our Travel Policy encourages the use of transport modes with less environmental impact when business travel is necessary.

The growing expectations of our stakeholders and the rapidly evolving regulatory landscape have contributed to the evolution of our climate program in recent years. This evolution, coupled with our commitment to sustainable development, resulted in the inclusion of climate impact as a prioritized focus area in 2021.

### Actions 2023

During 2023, we have committed to Science Based Targets Initiative (SBTi) and we aim to reach net-zero GHG emissions across the value chain.

### Scope 1: Direct emissions

Direct emissions amounted to 540 (284) tCO<sub>2</sub>e in 2023, corresponding to 0.4 (0.2) percent of our total emissions. Direct emissions have increased in comparison to 2022, primarily due to higher quantity of purchased refrigerants in 2023.

Company cars: At year-end, emissions from company cars amounted to approximately 145 (175) tCO<sub>2</sub>e, including the vehicle leases that ended during the year. Emissions are based on the quantity of fuel consumed and mileage driven.

Refrigerants: Purchased and acquired refrigerants in owned and leased data centers amounted to 394 (108) tCO<sub>2</sub>e at year-end.

### Scope 2: Indirect emissions from energy consumption

Emissions from energy consumed in our own premises amounted to 7,462 (7,397) tCO<sub>2</sub>e at year-end, corresponding to 5.2 (4.5) percent of total emissions. Emissions have increased by 0.9 percent, partially due to increased use of own premises after the pandemic.

Own premises: Energy consumption in our own offices and data centers amounted to 20,974 (20,853) MWh in 2023, of which approximately 6 percent verified renewable energy. Data centers account for almost 87 (87) percent of the total energy consumption. Energy consumption in own premises is measured based on metered consumption of relevant sources of energy for each location, and default values for kilowatt hours consumed per square meter for locations where metered consumption is unavailable.

### Scope 3: Indirect value chain emissions

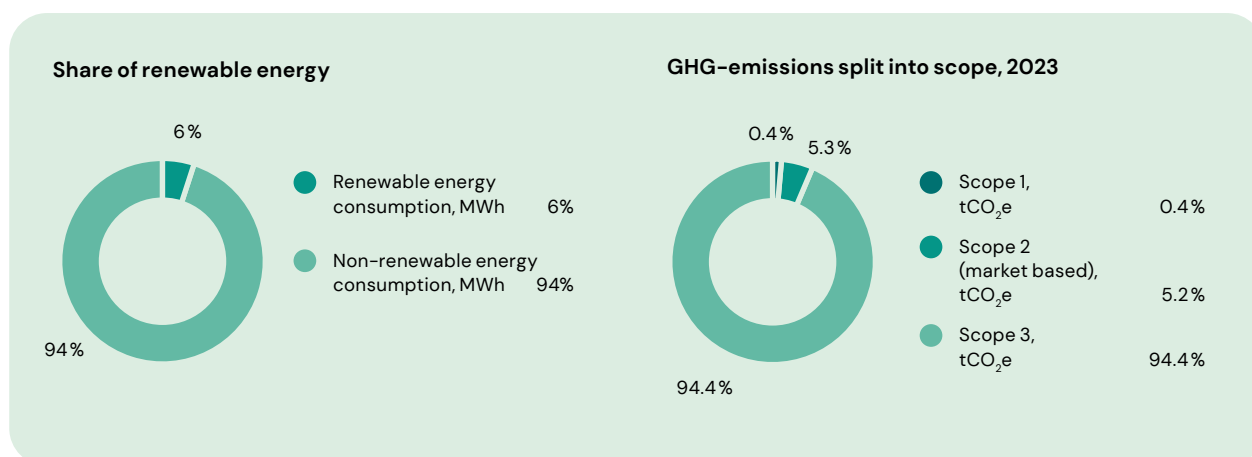
As a supplier of cloud services that enable communication through messaging services, voice calls and email, indirect emissions in Scope 3 make up our largest footprint, nearly 134,124 (155,310) tCO<sub>2</sub>e, corresponding to 94.4 (95.3) percent of total emissions.

Purchased goods and services: Material emissions from cloud-related services correspond to about 125,343 (144,555) tCO<sub>2</sub>e. Emissions are based on data centers, cloud and messaging services according to the spend-based approach, as well as supplier-specific data where available.

Capital goods: Emissions from material purchases and acquisitions of IT infrastructure amounted to approximately 2,150 (4,192) tCO<sub>2</sub>e at year-end.

Business travel: Emissions from business travel have increased slightly from 5,763 tCO<sub>2</sub>e in 2022 to 5,893 tCO<sub>2</sub>e in 2023. The emissions are based on data obtained from travel agencies and costs for air, train and ground transport and hotel accommodation where supplier-specific data is unavailable.

Commuting: Commuting including work from home is estimated based on official commuting data and the distribution of the average number of employees who commute to offices or work from home. The emissions amounted to 739 (799) tCO<sub>2</sub>e.



Energy consumption	Metric	2023	2022	2021	2020	2019
<b>Total energy consumption</b>	<b>MWh</b>	<b>20,974</b>	<b>20,853</b>	<b>20,605</b>	<b>21,680</b>	<b>20,560</b>
Non-renewable energy consumption	MWh	19,787	19,640	19,567	20,641	19,459
Renewable energy consumption	MWh	1,186	1,213	1,038	1,039	1,100
Electricity consumption	MWh	20,696	20,536	20,249	21,418	20,218
Heating consumption	MWh	249	245	269	201	303
Cooling consumption	MWh	29	73	86	61	39
Grid electricity	%	≈ 100	≈ 100	≈ 100	≈ 100	≈ 100
Energy intensity	MWh/SEKm net sales	0.7	0.8	1.3	2.7	4.1

GHG emissions <sup>1</sup>	Metric	2023	2022	2021	2020	2019
<b>Total Scope 1 and 2 GHG emissions<sup>2</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>8,001</b>	<b>7,680</b>	<b>8,211</b>	<b>7,812</b>	<b>7,329</b>
Scope 1 emissions	tCO <sub>2</sub> e	540	284	1,207	427	340
Scope 2 emissions (market based)	tCO <sub>2</sub> e	7,462	7,397	7,005	7,385	6,989
Scope 2 emissions (location based)	tCO <sub>2</sub> e	7,688	7,588	7,155	7,537	7,138
<b>Scope 3 emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>134,124</b>	<b>155,310</b>	<b>123,642</b>	<b>63,242</b>	<b>42,541</b>
Category 1: Purchased goods and services <sup>3</sup>	tCO <sub>2</sub> e	125,343	144,555	118,924	57,355	34,794
Category 2: Capital goods	tCO <sub>2</sub> e	2,150	4,192	3,267	4,078	1,353
Category 6: Business travel	tCO <sub>2</sub> e	5,893	5,763	1,195	1,711	6,203
Category 7: Commuting	tCO <sub>2</sub> e	739	799	256	98	191
Emissions intensity Scope 1	tCO <sub>2</sub> e/SEKm net sales	0.02	0.01	-	-	-
Emissions intensity Scope 2 (market based)	tCO <sub>2</sub> e/SEKm net sales	0.26	0.27	-	-	-

1) Limited assurance of GHG emissions according to Greenhouse Gas Protocol has been conducted for the years 2019, 2022 and 2023.

2) Total Scope 1 and 2 GHG emissions are based on Scope 2 emissions (market based).

3) GHG emissions from cloud and data center services are not included for 2019 and 2020 due to incomplete data.

## Accounting policies

**Reporting standard:** GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard.

**Organizational boundaries:** Sinch and its subsidiaries ("the Group").

**Consolidation approach:** Operational control.

**Operational boundaries:** Scope 1: Owned or leased cars and refrigerants. Scope 2: Energy used for relevant energy sources in own premises and data centers. Scope 3: Purchased goods and services, capital goods, business travel and commuting (including teleworking).

**Emissions factors:** Scope 1: DEFRA, Swedish Environmental Protection Agency, Swedish Energy Agency. Scope 2: Supplier-specific data, DEFRA, IEA, AIB, Swedenergy. Scope 3: Supplier-specific data, EPA, NTM, Quantis. Emissions factors include the gases CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

**Reporting period:** 1 Jan 2023 – 31 Dec 2023.

**Changes since preceding period:** The total energy consumption, electricity consumption and Scope 2 emissions for 2022 has been restated due to a correction of identified calculation errors.



## Climate-related risks and opportunities

To further understand and manage the climate-related risks and opportunities of the company, Sinch has since 2022 reported according to the recommendations from the Taskforce on Climate-related Financial Disclosure (TCFD). The TCFD recommendations facilitate the disclosure of information to our investors and prepares us for forthcoming disclosure requirements, including those based on the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The recommendations also give us an established framework for further developing our work towards structured management of climate-related risks and opportunities.

## Governance

### Sinch's governance related to climate-related risks and opportunities

*Read more about the board's and the Global Leadership Team's governance in the section Our sustainability governance.*

## Strategy

### Actual and potential impact of climate-related risks and opportunities on Sinch's business, strategy and financial planning

#### Climate-related risks

##### Physical risks

Acute climate risks: Increased frequency and intensity of extreme weather events could lead to damage to important infrastructure and energy supply in the value chain. A potential impact of this could entail lost revenues due to insufficient capacity to deliver our products and services to our customers.

Chronic climate risks: Long-term effects of rising temperatures could, for example, have impact on energy use and cooling of infrastructure in our data centers and offices. Rising sea levels could result in impact on data centers located in high-risk areas near bodies of water. The potential impact of these risks could entail increased operational and capital expenditures for maintenance of infrastructure, data centers and offices.

##### Transition risks

Policy and legal risks: Regulatory changes are occurring rapidly, not least in the EU, where the already applicable EU Taxonomy and the forthcoming CSRD and CSDDD impose stricter requirements for disclosures and active measures to mitigate climate impact in the value chain. This could for example affect the availability of green financing. The pricing of emissions from products and services could also lead to potentially higher costs.

Technology risks: Technological improvements combined with circular business models are driving the transition to solutions that involve lower GHG emissions, which could have impact on investments in underlying infrastructure and data centers.

Market risks: Increased energy costs and geopolitical events that affect the energy supply could have potential

impact on costs related to company-owned assets. Indirect impacts on our suppliers could have potential impact on their prices, for example suppliers of data centers that are affected by higher energy costs.

Reputation risk: Changed customer preferences and higher expectations from partners and employees are indications of increased demands to contribute to the transition to a more sustainable society. Inadequate response to these expectations could result in losses of customers and partners as well as challenges related to attracting and retaining employees.

#### Climate-related opportunities

Products and services: The need for energy-efficient solutions is fundamental to the transition to a more sustainable society. Ensuring energy-efficient and innovative products and services that make it possible to reach every phone on the planet provides an opportunity to reduce our own and our customers' GHG emissions in various sectors.

Energy sources: Renewable and fossil-free energy sources are an opportunity for us to operate an energy-efficient business to reduce exposure to fossil-based sources. There may be opportunities to switch to climate-neutral alternatives through engagement with suppliers, stricter requirements and partnerships.

Sinch has not yet performed a climate-related scenario analysis.

*Read more about assessment of climate-related impacts on financial reporting in Note 1.*

## Risk management

### Identifying, assessing and managing climate-related risks

We updated our materiality analysis in 2022 based on our impact on environmental, social and governance factors, as well as sustainability risks and opportunities from a financial perspective. TCFD is based on assessing the actual and potential impact of climate-related risks and opportunities. In connection with the updated materiality analysis, an overall qualitative assessment of the financial impact of all sustainability topics was performed, including climate-related risks and opportunities.

Sinch plans to continue improving its processes to identify, assess and manage climate-related risks and opportunities based on the TCFD recommendations and to integrate this work with general risk management within the organization.

*Read more about how we are managing climate-related risks in the section Risks.*

## Metrics and targets

### Metrics and targets to assess and manage climate-related risks and opportunities

Sinch reports on group-wide emissions for Scope 1, Scope 2 and material categories in Scope 3. We have committed to Science Based Target initiative (SBTi) and targets will be set for validation. Annually, our climate program is externally assessed by CDP, which facilitates disclosures of climate-related information to our stakeholders. Potential metrics regarding physical and transition risks will be evaluated.

*Read more about metrics and targets in the section Climate impact.*

## Reporting according to the Taxonomy

Sinch reports the Group's eligibility and alignment with the Taxonomy Regulation's ("Taxonomy") economic activities that are described in the delegated act on the six environmental objectives: Climate change mitigation, Climate change adaptation, Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and restoration of biodiversity and ecosystems.

### Assessment of Taxonomy-alignment

Sinch has assessed the eligibility and alignment of each economic activity in the Taxonomy Delegated Act. The assessment was based on the applicability of the economic activity and its technical screening criteria for our business that generates external turnover. The following economic activities relating to climate change mitigation within the Information and communication sector have been identified and assessed for eligibility and alignment with the Taxonomy.

#### Climate change mitigation:

- Data processing, hosting and related activities
- Data-driven solutions for GHG emissions reductions
- Computer programming, consultancy and related activities

Currently, the economic activities and their technical screening criteria have been assessed as not applicable to our business that generates external turnover. Zero percent of the Group's turnover, operational expenditures and capital expenditures linked to our business that generate external turnover is thus assessed as eligible and aligned with the Taxonomy delegated Act related to the six environmental objectives. Sinch has identified operational and capital

expenditures related to purchases of Taxonomy-eligible products and services. These refer to renegotiated agreements of own premises and colocation agreements of own IT equipment. No assessment has been carried regarding the Taxonomy-alignment of the economic activities.

Sinch recognizes the opportunities in contributing to sustainable development by promoting the transition of other sectors through innovative and energy-efficient solutions. We monitor regulatory developments and will reassess our alignment with the Taxonomy when new interpretations of the regulation emerge.

### Accounting policies

For the purposes of disclosures in compliance with Article 8 of the Taxonomy, turnover, capital expenditures (Capex) and operational expenditures (Opex) are defined as below. Note that the definitions differ from how Capex and Opex are defined in Sinch's financial reports.

Turnover: Total turnover corresponds to net turnover ("net sales") in the consolidated income statement provided in the annual report. See Note 5.

Capex: Capex refers to costs recognized as intangible assets and property, plant and equipment during the year, including assets arising from business combinations, but excluding goodwill. See Notes 15, 16 and 17.

Opex: Opex refers to direct costs arising from expenditures associated with maintenance of assets for their ongoing function related to costs for research and development, short-term leases, maintenance and repair, and other costs related to the day-to-day servicing of property, plant and equipment.

## Nuclear and fossil gas related activities

### Nuclear energy related activities

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

### Fossil gas related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

## Key Performance Indicators

Turnover	2023		Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Proportion of Taxonomy-aligned (A.1) or eligible (A.2.) turnover 2022	Category enabling activity	Category transitional activity	
	Code	Turnover	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				Minimum safeguards
Economic activities	Text	SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Of which enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
	Of which transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T
<b>A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
	-	-	-	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	-		
	Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	<b>A. Turnover of Taxonomy-eligible activities (A.1+A.2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)</b>																		
	Turnover of Taxonomy-non-eligible activities (B)	28,745	100															
	<b>Total (A+B)</b>	<b>28,745</b>	<b>100</b>															

## Proportion of turnover/Total turnover

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	0	0
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

CCM: Climate Change Mitigation – CCA: Climate Change Adaptation – WTR: Water and Marine Resource – CE: Circular Economy – PPC: Pollution Prevention and Control – BIO: Biodiversity and ecosystems

Capex

Economic activities	Code	2023		Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx 2022	Category enabling activity	Category transitional activity
		Capex	Proportion of Capex, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity			
Text	SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Of which enabling</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-
<i>Of which transitional</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T
<b>A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Acquisition and ownership of buildings	CCM7.7	192	23	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.3	-	-
Data processing, hosting and related activities	CCM 8.1	0	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.7	-	-
<b>Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)</b>	-	192	23	23	-	-	-	-	-	-	-	-	-	-	-	2	-	-
<b>A. Capex of Taxonomy-eligible activities (A.1+A.2)</b>	-	192	23	23	-	-	-	-	-	-	-	-	-	-	-	2	-	-
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)</b>																		
<b>Capex of Taxonomy-non-eligible activities (B)</b>	-	643	77	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	-	835	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Proportion of Capex/Total Capex

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	0	23
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

CCM: Climate Change Mitigation - CCA: Climate Change Adaptation - WTR:Water and Marine Resource - CE: Circular Economy - PPC: Pollution Prevention and Control - BIO: Biodiversity and ecosystems

## Opex

Economic activities	Code	2023		Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
		Opex	Proportion of Opex, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity			
Text	SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Of which enabling</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-
<i>Of which transitional</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T
<b>A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Data processing, hosting and related activities	CCM 8.1	11	1	EL	EL	EL	EL	EL	EL	EL	EL	EL	EL	EL	EL	0	-	-
<b>Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)</b>	11	1	1	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
<b>A. Opex of Taxonomy-eligible activities (A.1+A.2)</b>	11	1	1	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)</b>																		
<b>Opex of Taxonomy-non-eligible activities (B)</b>	1,319	99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	1,330	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Proportion of Opex/Total Opex

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	0	1
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

CCM: Climate Change Mitigation – CCA: Climate Change Adaptation – WTR: Water and Marine Resource – CE: Circular Economy – PPC: Pollution Prevention and Control – BIO: Biodiversity and ecosystems

# Social responsibility

## Policy documents:

- Employee handbooks covering matters including work environment, discrimination and health and wellbeing
- Code of Conduct

## Material topics:

- Diversity, equity and inclusion
- Health and wellbeing

## Diversity, equity and inclusion

At Sinch, we embrace diversity. We aim to create an inclusive workplace where all employees feel that they can bring their authentic selves to work and where they can thrive. Building an inclusive culture where everyone feels like they belong is a key element in our Sinch culture, and thus an enabler of our strategy and success. That is why we focus on offering equal opportunities and building diverse teams. No matter who you are, we believe that having diversity of talent is key for us to win together.

### Action 2023

As change is a constant at Sinch we look for people who are agile, customer-focused, results-oriented, comfortable with the unknown and those who are willing to help make Sinch the best it can be. To that end, we aim to attract and engage talents at a global level. Our company facilitates flexible work arrangements, allowing employees to contribute both from the office and remotely. We are present in more than 60 countries, speak more than 89 different languages, and we believe that this makes us stronger. From an employee perspective establish meaningful relationships with colleagues from across the globe. From a customer perspective, we can support their needs by having regional experts that not only speak their language but also have in-depth knowledge of the market.

At the end of the year, we had a workforce of 4,231 (4,205). 32 percent of our employees were women. There were 12 members of our Global Leadership Team, including 3 (2) women. The board was composed of 6 (6) directors, including 2 (2) women.

Offering a good candidate experience is key for our success. We consistently enhance our recruitment process, striving for a structured, data-driven approach and implementing impartial evaluation. This commitment leads to higher quality and an inclusive, professionally executed recruitment process. 33.8 (33.5) percent of our new hires in 2023 were women. Fostering career growth and enabling

internal mobility are pivotal elements in retaining talent within the organization. As part of this strategy, we actively promote internal job opportunities to encourage our employees' professional development. About 16 percent of vacant positions were filled through internal recruitment in 2023. Employee turnover was 14.2 percent in 2023 compared to 23 percent in 2022.

### Sinch Diversity Talks

In 2023 we started global diversity initiatives with the aim of raising awareness and engaging our people on the topics of Diversity, Equity and Inclusion. With this in mind, we chose 3 significant dates to highlight during the year, which were: International Women's Day, LGBTQIAPN+ Pride Month and a special date in November to celebrate Ethnic Diversity at Sinch. We invited employees from all around the globe to share their stories and experiences as a way of learning from each other. We also highlighted the importance of being an ally and how we all, as one Sinch, can be more inclusive. Furthermore, with the events we took the opportunity to raise awareness about the importance of ethnic diversity at Sinch and how we can use this diversity to our advantage. All of the events were powerful agents for bringing people together.

### Sinch ERG

The implementation of Employee Resource Groups (ERGs) at Sinch is an initiative that promotes the idea of bringing your authentic self into the workplace, stimulating creativity to achieve greater things and strengthening the power of winning together as a team. We encourage our employees to come together to discuss topics that represent them and which they are passionate about. These groups play an essential role in cultivating a sense of belonging, where employees feel that their ideas matter and that they have the real power to make things happen. During the year we have launched the Women's Empowerment ERG.

### Learning and development

We are committed to giving our employees good conditions to develop their full potential with us. Sinch promotes personal and career development through learning in the performance of our roles and from each other, as well as various training initiatives. We have scaled out leadership program "In the Lead" in four cohorts with a diverse group of participants from all functions, departments and geographies. Thanks to the 360° feedback tool that we use to measure development, both at the start of the program and at the end of the program, we can see successful change in leadership behaviors. We have also launched additional SinchBoost development initiatives. SinchBoost is a virtual learning sessions where employees connect in order to learn and share experiences with each other. The theme this year was related to leadership in times of change.

To better share our strategy, increase cross-collaboration and build a senior leader community, we have launched a leadership forum for our approximately 100 most senior leaders. This is a monthly forum where there is a combination of two-way information sharing, discussion and feedback, offering our Global Leadership Team direct input, diversity of thought and perspective from the forum.

Sinch strives to create a talent journey characterized by clear expectations, continuous feedback and opportunities

for both personal and professional growth. Employees have individual objectives and development plans that they pursue with support from their managers. Employees and managers annually evaluate the outcome of objectives and behaviors in accordance with our values, which is also the basis for our merit process. Sinch has established guidelines to ensure fair and equitable compensation. The fundamental precepts are equal pay for equal work and zero tolerance for all forms of discrimination.

Employees	Metric	2023	2022
Total number of employees, including consultants (FTE)	#	4,231	4,205
Total number of employees, excluding consultants (FTE) <sup>1</sup>	#	3,703	3,510
Average number of employees, excluding consultants (FTE)	#	3,643	3,565
Number of countries with local presence <sup>2</sup>	#	67	69
Languages spoken	#	89	83

1) Employee diversity by employment type, region and gender is based on Total number of employees, excluding consultants (FTE)

2) Number of countries with local presence is based on total number of employees, including consultants (FTE)

Employee hires and employee turnover	Metric	2023	2022
Total number of new employee hires	#	620	830
New employee hires rate	%	16.6	23.5
Total number of employee turnover	#	519	808
Employee turnover rate	%	14	23
Vacant position filled through internal recruitment	%	16	11

Employee diversity, by employment type	Metric	2023	2022
Permanent employees	#	3,671	3,492
Temporary employees	#	32	18
Non-guaranteed hours employees	#	0	0
Full-time employees	#	3,656	3,471
Part-time employees	#	47	39

Employee diversity, by region	Metric	2023	2022
Asia-Pacific (APAC)	%	25	24
Europe, Middle East, and Africa (EMEA)	%	30	29
North America	%	34	35
Latin America (LATAM)	%	11	12

Employee diversity, by gender	Metric	2023	2022
Women	%	32	32
Men	%	66	65
Non-binary	%	< 1	< 1
Not specified	%	> 1	> 1

Management diversity, by gender	Metric	2023	2022
Total number in management	#	12	11
Women	%	25	18
Men	%	75	82

Board diversity, by gender	Metric	2023	2022
Total number in the board	#	6	6
Women	%	33	33
Men	%	67	67

## Health and wellbeing

Sinch promotes work-life balance, as the wellbeing of employees benefits both the individual and our company performance. Our employees are our key asset and therefore crucial for the company's performance and success. We regularly review our work environment and aim to design modern offices and working methods based on current and future needs. We have chosen to continue offering flexibility in our ways of working, where employees and their managers jointly determine where and when the work is best performed. We also believe in the importance of coming together to build a community, an inclusive culture and promote creativity, for which reason we encourage our employees to meet in our physical workspaces.

We are working to prevent absenteeism by identifying signs at an early stage if an employee is feeling unwell. We have established processes for providing support and offer counseling as needed. We offer various benefits across Sinch to meet employee needs, including fitness and wellness benefits, medical insurance, flu shots and other health-promoting activities.

## Employee survey

We are committed to transparency and to continuously evolving our employee experience. Therefore, structured feedback is a great way for us to get insight and have every employee feel responsible for making Sinch the best it can be.

We conducted our first global engagement survey in June 2023 and measured 10 factors including: engagement, company confidence, leadership, learning and development, diversity and inclusion. Through the engagement survey, we gained insights into the needs and expectations of our employees, helping us to better understand their perspectives.

The employee engagement score resulting from this year's employee survey was 72 percent, based on the participation of 83 percent of our workforce. These results are in line with external benchmarks for our industry. We are unable to compare this year's engagement score with previous years as this was the first time we conducted a survey with all business units in a single engagement survey process with the same platform, timeline and methodology. Action plans are in place from the company-wide, business unit and team level perspectives, in order to foster a positive work environment for all.



# Business responsibility

## Policy documents:

- Code of Conduct
- Code of Conduct for Suppliers and Partners
- Anti-corruption Policy
- Privacy Policy
- Information Security Policy
- Procurement Policy
- Modern Slavery Statement

## Material topics:

- Privacy and information security
- Business ethics and anti-corruption
- Product impact and innovation
- Supply chain management

## Privacy and information security

### Privacy

As we connect businesses with their end-customers across the world, data privacy is a vital part of everything we do. Therefore, respecting data privacy means more to Sinch than complying with a legal requirement. It also means understanding and catering to our customers' demands and respecting the privacy of data subjects. On a product level, Sinch has processes to ensure that privacy principles are respected in the development and improvement of our products. Suppliers and partners are screened in our Privacy Compliance Program to ensure that they deliver on the same level of data protection as Sinch does. On a detailed level, these processes ensure that privacy principles are respected when we develop and improve our products. To ensure employees are acquainted with their responsibilities on privacy matters, they receive regular training on data privacy through an internal data privacy knowledge center.

### Actions 2023

During 2023, Sinch continued the work to renew the Privacy Compliance Program, an initiative that serves to ensure our privacy governance is scalable and adapted to our updated operating model, with clear direction across all Sinch entities.

As part of the renewal of our Privacy Compliance Program, Sinch has updated the Group Privacy Policy, which outlines the roles and responsibilities that ensure that privacy laws

are respected and followed. Sinch has also updated our dedicated processes for product development and vendor onboarding, and reviewed and improved its privacy trainings. The renewed Privacy Compliance Program ensures that governance structures and processes are in place to manage privacy and ensure regular risk assessments on Sinch technologies and practices related to the processing of personal data. It also allows, in close coordination with Sinch Group Data Protection Officer (DPO), for timely response to requests from data protection authorities and data subjects, and to adequately respond in case of suspected data breaches.

The Group Privacy Function conducted a maturity assessment to evaluate the overall level of maturity of the Sinch privacy program. It also developed standardized metrics for regular reporting to the Global Leadership Team about data protection performance.

### Information security

Information and IT security are crucial to sustaining the long-term success of our business by protecting the confidentiality, integrity, and availability of our information and systems. This is critical in maintaining trust with our customers, suppliers, employees, and the public. Sinch is certified within the ISO/IEC 27001:2022 information security standard, which is the origin of the Information Security Policy and the Information Security Management System (ISMS) on Group level. The Group also holds labels from TISAX<sup>1)</sup>, Cyber Essentials<sup>2)</sup> and Cyber Vadis<sup>3)</sup>.

Sinch operates to industry best practice in terms of compliance with standards such as NIST 800-53 and CIS Benchmarks. Sinch also applies other management systems and certifications for products and services on the product line level to meet business-specific needs, for example according to ISO/IEC 9001, HIPAA, PCI-DSS and SOC Type 2.

The Information Security function is responsible for implementing our Information Security Policy and Information Security Program. Sinch has an Information Security Board that meets monthly to discuss and progress information and IT security matters. All business units report on key performance indicators to the Group function on a quarterly basis to ensure commonality and adequate prioritization across the group.

Our Security Operations Center (SOC) is a centralized unit that, together with our business units, is responsible for monitoring and defending Sinch's computer systems and network systems from cyber threats on a continuous basis. The Sinch SOC is staffed by information security professionals who use a combination of specialized software, tools, and processes to monitor and protect our systems and data from unauthorized access, attacks, or other security breaches. Sinch's incident management process ensures quick, effective, consistent,

1) TISAX: Trusted Information Security Assessment Exchange (TISAX) is an assessment and exchange mechanism for information security in the automotive industry. The TISAX label confirms that a company's information security management system complies with defined security levels and allows sharing of assessment results across a designated platform.

2) Cyber Essentials: Cyber Essentials helps you to guard against the most common cyber threats and demonstrate your commitment to cyber security.

3) Cyber Vadis: The CyberVadis platform is based on a methodology that maps to all major international compliance standards.

and orderly response to information security incidents. Incidents are identified through monitoring, automated detection tools and reporting channels available on our website and intranet. All incidents are followed by a root cause analysis to reduce the likelihood or consequences of future incidents.

Sinch performs weekly vulnerability assessments of internal and external assets. The results of the assessments reveal deficiencies in the system, which are evaluated internally to take effective action and minimize risks. Sinch uses Cloud Security Posture Management to scan and configure our environments and assets for compliance against NIST 800-53 & CIS Benchmarks.

Business continuity is an integral part of our Information Security Program. Many of our employees are working from home and we have ensured full coverage of our Information Security Program, regardless of where our employees are physically located. Our systems have redundancy between multiple data centers to ensure resilience and continuous operations upon potential system failures.

Sinch employees undergo information security training, both when starting at Sinch and recurring annual training. Some of the areas included in the training are malware, phishing, social media conduct, and the importance of secure passwords and data processing. We also run regular campaigns related to social engineering to ensure that our employees are aware of methods and tactics that potential hackers might use.

Sinch works continuously to improve the maturity level concerning information security through increased focus and Group-wide projects to strengthen awareness and sophistication when it comes to protection against cyber threats.

#### **Actions 2023**

As a result of improvements made in the Cyber Security Maturity process, we reduced our cyber insurance costs by around 30 percent. Furthermore, during 2023 we improved our cyber resilience with more advanced incident response & testing. We are externally audited on an annual basis and in 2023 we achieved a 0.5 point increase in the maturity level of our systems.

## **Business ethics and anti-corruption**

Sinch operates worldwide and is committed to being a trusted business partner that promotes ethical business, regulatory compliance and fair competition. Our Code of Conduct establishes principles of business ethics that apply to all employees and everyone acting on behalf of Sinch. Our Supplier and Partner Codes of Conduct ensure we put the same high standards on our business partners. The Code of Conduct must be signed by all employees, of which 98 (98) percent signed in 2023. We regularly communicate about business ethics and compliance in corporate communications to employees.

Complying with laws and regulations in the countries where we operate is a fundamental prerequisite for our business. This is managed by our internal legal department that works with legal risk assessments and regulatory compliance supported by external legal advisors in the countries where we operate.

#### **Actions 2023**

We conducted a compliance survey during the year with generally very good results. Almost 40 percent of all employees responded, and 92 percent agree that ethics and integrity are

embedded in our business practices, 98 percent agree that their manager always act with integrity and 98 percent are comfortable reporting corruption or other unethical matter.

As a global business that operates in certain countries with a higher risk of corruption, it is important that we work actively to prevent corruption. Sinch has zero tolerance for all forms of corruption, as expressed in our Code of Conduct and Anti-corruption Policy. During the year, we have focused on training of key personnel and the implementation of a robust third-party risk assessment process. We had by the end of 2023 trained around 20 percent of our workforce in anti-corruption, focusing on the parts of the organization deemed to have the most exposure to such risks. These efforts will be intensified in the coming years, for example by launching online anti-corruption trainings for all employees. We are also implementing a robust process with system support for third-party due diligence. This is an important project that will run until the entire organization is covered. No cases of corruption were confirmed in 2023.

#### **SpeakUp**

We introduced "SpeakUp" in 2022 for reporting of whistleblower concerns and have during 2023 made it our global reporting tool for all employees. We have worked actively to raise awareness about whistleblowing, how the process works and how employees can use SpeakUp, something that has resulted in an increase of reported issues. SpeakUp enables anonymous reporting and handling of incoming issues, communication with whistleblowers and classification and filing of issues. Sinch has zero tolerance for retaliation against individuals who report in good faith and works to ensure that everyone feels comfortable speaking up and reporting non-compliance with our Code of Conduct and other internal governing documents. Confidentiality is ensured in the process through established procedures for protecting the identity of the reporter and other involved individuals. Whistleblower concerns are reported to the Audit Committee on a quarterly basis. 26 (11) issues were reported in 2023, of which 8 (4) were substantiated concerns that were actioned. See the table on page 115.

#### **Human rights in the value chain**

Sinch is committed to upholding internationally recognized human rights and shall not, under any circumstances, be involved in any activities that violate such rights. Our Code of Conduct, our membership in the UN Global Compact and adherence to the Ten Principles are integral to our commitment to safeguard human rights throughout our value chain. Additionally, our products and services play a role in advancing the right to communicate, a fundamental human right outlined in the UN Universal Declaration of Human Rights.

As a global player within the field of cloud communication services, Sinch acknowledges the potential risks that are associated with human rights in our industry. Given the vast amount of business critical data and personal data that Sinch handles, privacy and information security are examples of key issues in our business. Other potential risks, including working conditions, equality, and health and safety, are also considered, both within our own operations and in collaboration with our suppliers and partners, particularly in regions where the risk of human rights violations is heightened. These potential risks are systematically addressed through established methods.

**Actions 2023**

Sinch is committed to preventing modern slavery and trafficking throughout our business operations and value chain. In compliance with the UK Modern Slavery Act and the Australian Modern Slavery Act, we have released Modern Slavery Statements, accessible on both Sinch's and our Australian subsidiary Message Media's websites. Currently, the risk of human rights violations and modern slavery within our operations are evaluated as low, and we are dedicated to

minimizing any potential risks that may arise. We are continuously improving our skills and processes to strengthen the conditions for working systematically with human rights. During the year we have continued to align our human rights risk assessment according to the UN Guiding Principles on Business and Human Rights (UNGP). The project will continue over the next few years. There were no confirmed violations of human rights in 2023.

<b>Code of Conduct</b>	<b>Metric</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employees that have signed the Code of Conduct	%	98	98	94

<b>Critical concerns, by number and nature</b>	<b>Metric</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total number of concerns raised through grievance mechanisms	#	26	11	-
Of which related to Insider Information	%	0	9	-
Of which related to Fraud	%	31	9	-
Of which related to Bribery and Corruption	%	4	9	-
Of which related to Conflicts of Interest	%	0	18	-
Of which related to Harassment	%	46	55	-
Of which related to Retaliation	%	4	-	-
Of which related to Discrimination	%	4	-	-
Of which related to Other	%	12	-	-
Total number of substantiated concerns raised through grievance mechanisms	#	8	4	0

<b>Incidents of corruption, by number and actions taken</b>	<b>Metric</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total number and nature of confirmed incidents of corruption	#	0	0	0
of which employees were dismissed or disciplined for corruption	#	0	0	0
of which contracts with business partners were terminated or not renewed due to violations related to corruption	#	0	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	#	0	0	0

**Product impact and innovation**

Last year product impact and innovation was included as one of our focus areas, based on the updated materiality analysis. The Sinch cloud communication platform increases access to information and communications technology and makes it possible for businesses and people to manage economic, social and environmental challenges and opportunities. We recognize that digitalization and new innovative technology are contributing to making safe, secure and effective information and communication accessible.

**Actions 2023**

We see great potential in actively contributing to a more sustainable society and are striving to take the next step in developing our business in a responsible manner. During the year Sinch performed a pilot based on a Life Cycle Assessment (LCA) to calculate the carbon footprint of a message (SMS/

MMS) sent through Sinch's cloud communications platform. The LCA guides us to better understand our product-related emissions, and set actions necessary to reduce the carbon footprint from our products and services, and to support our customers in reaching their climate ambitions. In the coming years, Sinch aims to take a broader approach and calculate the carbon footprint of other Sinch products and services.

During the year, the organization has undergone structural changes where focus has been on establishing the correct responsibilities for each focus area. As this was finalized during the year, we now have the right conditions to further develop our work and enhance the positive impact that our products have on both consumers and society. The responsibility of the role includes ensuring that we can measure product impact and innovation from a sustainability perspective in order to continue promoting sustainable development within Sinch, among our customers and in our value chain.

## Supply chain management

Sinch’s procurement function has overall responsibility for the company’s supply chain management and for maintaining ongoing dialogue with our suppliers. Our supply chain is global and our largest suppliers are operators and other suppliers of services such as Infrastructure as a Service (IaaS) and Software as a Service (SaaS).

We continuously develop our processes for evaluating and selecting the suppliers with which we do business. Our Procurement Policy was updated during the year to align with our operating model and describes how we should manage supplier relationships depending on the type and value of procurement. When new suppliers are contracted, they are reviewed regarding aspects including IT and information security, privacy and financial stability. New suppliers that

are expected to supply products or services exceeding a specified value must accept our Suppliers Code of Conduct or have an equivalent Code of Conduct that complies with our requirements.

### Actions 2023

Sinch intends to further develop and reinforce supply chain management in forthcoming years. We are currently evaluating which criteria we should measure and assess for new and current suppliers, for example regarding climate impact, to take action and reduce our supply chain emissions. We have also identified a need to develop appropriate criteria related to human rights in response to regulatory changes that are occurring in certain countries in which we operate.

### PRODUCT IMPACT AND INNOVATION CASE

## Sinch transforms 911 communications for safer communities

**Sinch’s 911 public safety grade solutions, currently services over 40 percent of the U.S. population in Next Generation 911 (NG911) markets, solidifying our commitment to implementing NG911 and transforming emergency communications nationwide.**

### Challenge

During an emergency, seamless communication between those needing assistance and first responders is crucial. Despite the necessity, the ease of connecting these parties is often flawed due to accessibility barriers for those with hearing or speech impairments.

### Solution

With an estimated 240 million annual 911 calls in the United States, where over 80 percent originate from wireless devices, the inclusion of real-time text (RTT), a feature that transmits text as it is being typed on a character-by-character basis, becomes pivotal for the nation’s 48 million individuals with hearing or speech impairments. It enables emergency call centers (ECCs) to make informed dispatch decisions swiftly. When using Sinch’s NG911 national digital infrastructure, a new standard for modernizing traditional 911

services is created.

Our platform enables integration of multimedia and RTT capabilities, improves location accuracy, establishes interconnected communications systems, enhances reliability, improves accessibility, embraces emerging technologies and prioritizes robust data security.

### Result

Recognizing the escalating demands of public safety, Sinch has achieved significant milestones in expanding NG911, including enhanced i3 location delivery capabilities through the country’s first statewide deployment, covering seven wireless ECCs in Massachusetts and one each in West Virginia and Louisiana. Collaborating with a leading mobile network operator (MNO), Sinch extended NextGen RTT technology to seven ECCs in Illinois, Florida, West Virginia, Texas and Louisiana. This advancement allows the MNO’s customers to engage with 911 through instantaneous, bi-directional text and voice.



## Auditor's opinion on the statutory sustainability report

To the general meeting of the shareholders in Sinch AB (publ), corporate identity number 556882-8908.

### Engagement and Responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2023-01-01-2023-12-31 on pages 26-28 and 100-116 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and

generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm April 18, 2024

Deloitte AB

Johan Telander

Authorized Public Accountant

## Auditor's Limited Assurance Report on Sinch's reporting of Greenhouse Gas emissions

To Sinch AB (publ), corporate identity number 556882-8908

### Introduction

We have been engaged by the Executive Management of Sinch AB (publ) to undertake a limited assurance engagement of Sinch's reporting of Greenhouse Gas emissions in Scope 1, 2, and Scope 3 categories purchased goods and services, capital goods, business travel, and commuting for the years 2023 ("Reporting") which are presented on page 104 in the Annual Report.

### Responsibilities of the Executive Management

The Executive Management are responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained on page 104 in the Annual Report, and are the parts of the Greenhouse Gas Protocol which are applicable to the Reporting, Scope 1, Scope 2 and Scope 3 categories 1 purchased goods and services, 2 capital goods, 6 business travel, 7 commuting, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of the Reporting that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Reporting, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International

Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Sinch AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Reporting, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, April 18, 2024

Deloitte AB

Johan Telander

Authorized Public Accountant

Adrian Fintling

Specialist Member of FAR

# Certification and signatures

The board of directors and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, and that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden. The annual report and the consolidated financial statements present fairly, in all material respects, the financial position and financial performance of the parent company and the Group.

The management report for the parent company and the Group presents a fair overview of the development of the parent company's and the Group's operations, financial position and financial performance and describes significant risks and uncertainties faced by the parent company and the companies included in the Group. The consolidated financial statements and the parent company financial statements will be presented to the annual general meeting for adoption on 16 May 2024.

Stockholm, 17 April 2024

**Erik Fröberg**

Chairman of the Board

**Bridget Cosgrave**

Director

**Renée Robinson Strömberg**

Director

**Johan Stuart**

Director

**Björn Zethraeus**

Director

**Hudson Smith**

Director

**Laurinda Pang**

Chief Executive Officer

Our audit report was submitted  
18 April 2024  
Deloitte AB

**Johan Telander**

Authorized Public Accountant

# Auditor's Report

To the general meeting of the shareholders of Sinch AB (publ) corporate identity number 556882-8908

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Sinch AB (publ) for the financial year 2023-01-01 – 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 44-101 and 120 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual

accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of intangible assets

Sinch reports intangible assets of MSEK 43 495 as of 31 December 2023. For cash generating units ("CGUs") which contain intangible assets, the determination of recoverable amount, being the higher of fair value less costs to sell and value in use, requires judgement on behalf of management in both identifying and valuing the CGUs. Management prepares impairment assessments by CGUs, as required under accounting standards. Such assessments are based on management's estimates of variables such as sales growth, EBITDA margin, terminal growth rate of free cash flow, and discount rate. Changes in judgements and estimates made by management may have a material effect on the financial statements and consequently Valuation of intangible assets is considered a key audit matter.

Disclosures regarding intangible assets are included in note 1 Accounting principles, note 14 Goodwill and note 15 Other non-current intangible assets.

### Audit procedures

Our audit procedures included, but were not limited to:

- evaluate the design of relevant internal controls over the impairment assessment process;
- evaluate and challenge key assumptions in management's valuation model, including assumptions of sales growth, EBITDA margin, terminal growth rate, and discount rate;
- assess the appropriateness of the discount rates applied with the involvement of our internal valuations specialists;
- test the arithmetic accuracy of the valuation model used by management, and
- evaluate the appropriateness of disclosures in the financial statements.

### Cost of services sold recognition

The group's cost of services sold arises mainly from messaging and voice services and amounts to MSEK 19 204 for the period 2023-01-01 – 2023-12-31. The cost of services sold contains of many transactions individually priced based on supplier specific agreements. Accurate cost of services sold recognition requires adequate accounting principles, systems and internal controls. There is a risk that the cost of services sold is not complete, that transactions are not accurately recorded and that the cost of services sold is not estimated and reported in the correct period since the supplier invoices are often obtained several months after the transactions are recorded. A change in estimates made by management may have a material effect on the financial statements and consequently Cost of services sold recognition is considered a key audit matter.

### Audit procedures

Our audit procedures included, but were not limited to:

- evaluate the design of relevant internal controls over the cost of services sold process;
- obtain external supplier confirmations of cost of services sold transactions;
- test recorded cost of services sold accruals as of December 31, 2023, and
- test the completeness and accuracy of cost of services sold transactions

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–38, 40–43, 102–118 and 125–129. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.



We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

**Opinions** In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sinch AB (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment

of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Sinch AB (publ) for the financial year 2023-01-01 – 2023-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sinch AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of Sinch AB by the general meeting of the shareholders on the 2023-05-17 and has been the company's auditor since 2012-02-01.

Stockholm, April 18 2024  
Deloitte AB

Johan Telander  
Authorized Public Accountant

# Definitions

## Financial measurements defined under IFRS:

### Earnings per share, basic and diluted

*Definition:* 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](http://sinch.com) for a reconciliation of these financial measurements and organic growth.

### Return on equity

*Definition:* Profit or loss for the year divided by average equity.

*Purpose:* Return on equity is a measurement of profitability in relation to the carrying amount of equity. Return on equity is a measurement of how investments are used to generate higher earnings and return on shareholders' capital.

### Gross margin

*Definition:* Gross profit in relation to net sales.

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

### Gross profit

*Definition:* Net sales less the cost of services sold.

*Purpose:* A large share of Sinch's cost of services sold consists of traffic fees paid to mobile operators. Operator traffic fees differ significantly from one country to the next. Consequently, changes in traffic patterns and the volume mix can have high impact on net sales and the gross margin even though there is no effect on gross profit in absolute numbers.

### Net margin

*Definition:* Net profit for the year in relation to net sales.

*Purpose:* The net margin is a performance indicator that indicates the size of the company's profit in relation to its turnover, which is useful to assess the efficiency of the company's operations.

### Net investments in property, plant and equipment and intangible assets

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

### Net debt

*Definition:* Interest-bearing liabilities less cash and cash equivalents

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

### Gross profit growth

*Definition:* Gross profit for the year divided by gross profit in the preceding year.

*Purpose:* Gross profit growth is more relevant than net sales growth because the cost of services sold varies widely among geographical markets.

### Interest-bearing liabilities

*Definition:* Bond loans, bank loans, overdraft facilities and lease liabilities.

*Purpose:* Used to calculate net debt.

### Interest coverage ratio

*Definition:* EBIT plus interest income divided by interest expenses excluding IFRS 16-related lease liabilities.

*Purpose:* Indicates the company's ability to cover its interest expenses.

### Net debt/Adjusted EBITDA RTM

*Definition:* Net debt divided by adjusted EBITDA, past 12 months. Net debt and Adjusted EBITDA are both measured excluding IFRS 16-related lease liabilities.

*Purpose:* 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

*Definition:* Other external expenses and employee benefits expenses

### Equity ratio

*Definition:* Equity as a percentage of total assets.

*Purpose:* 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

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

## Definitions

### EBITDA

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

*Purpose:* 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

*Definition:* 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

*Definition:* 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

*Definition:* Integration costs arise mainly in connection with business combinations. The nature of the costs consists of alignment of processes, brands and technical systems. The costs are of a non-recurring nature but, unlike restructuring costs, they are connected to the entity's current and future operations.

### Restructuring costs

*Definition:* 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

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

*Purpose:* Enables comparison of profitability over time in underlying operations.

### Adjusted EBITDA per share

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

*Purpose:* 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

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

### Adjusted EBIT

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

*Purpose:* 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

*Definition:* EBIT/Adjusted EBIT in relation to net sales.

### EBITDA margin /Adjusted EBITDA margin

*Definition:* EBITDA/Adjusted EBITDA in relation to net sales,

### Amortization of acquisition-related assets

*Definition:* 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

*Definition:* 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

*Definition:* Number of ordinary shares at the end of the period.

### Average number of employees and consultants

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

### Organic growth

*Definition:* Growth in local currency and excluding acquisitions.

*Purpose:* 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

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

# Annual general meeting, terms and acronyms, addresses

## Annual General Meeting

The annual general meeting of shareholders in Sinch AB (publ) will be held on Wednesday, 16 May 2024. In accordance with the provisions set down in chapter 7, §4(a) of the Swedish Companies Act and the company's Articles of Association, the board of directors has decided that shareholders shall have the option to vote by post prior to the meeting. Shareholders thus may choose whether to attend the meeting in person, by proxy, or by postal vote.

## Right to attend the annual general meeting

Shareholders who wish to attend the annual general meeting must:

- be registered in the share register kept by Euroclear Sweden AB on Tuesday, 7 May 2024 or, if the shares are nominee-registered, request the nominee to register the shares in the shareholder's own name ("voting rights registration") by Friday, 10 May 2024, and
- provide notice of intent to attend as instructed under "Attendance in person or by proxy" below no later than Friday, 10 May 2024 or cast a postal vote as instructed under "Voting by post" below. Postal votes must be received by Computershare AB no later than Friday, 10 May 2024.

Shareholders with nominee-registered shares held via a bank or other nominee must request the nominee to register the shares in the shareholder's own name in the share register kept by Euroclear Sweden AB in order to participate at the annual general meeting (voting rights registration). As set out above, the nominee must have performed such registration with Euroclear Sweden AB by Friday 10 May 2024. Shareholders must therefore contact the nominee well in advance of this date and re-register the shares as instructed by the nominee.

### Attendance in person or by proxy

Shareholders who wish to attend the annual general meeting in person or by proxy must notify the company thereto by Friday, 10 May 2024. The notice may be submitted:

- Electronically on the company's website (<https://investors.sinch.com>)
- By postal letter to Computer Share AB, "Sinch AB (publ) Annual General Meeting", Box 5267, 102 46 Stockholm, Sweden
- By phone at +46 771 24 6400, or
- By email to [proxy@computershare.se](mailto:proxy@computershare.se).

The notice shall specify the shareholder's full name, personal identity/social security number or company registration number, address, phone number and, where applicable, the number of assistants (limited to two) who will be accompanying the shareholder to the general meeting.

Shareholders who do not wish to attend in person or exercise their voting rights through postal voting may exercise their voting rights at the annual general meeting by proxy, who must present a written, signed and dated proxy form. If the proxy form was issued by a legal person, a copy of the company registration document or equivalent authorization document for the legal person must be appended to the proxy form.

## Voting by post

Shareholders who wish to exercise their voting rights through voting by post must use the postal voting form and follow the instructions posted on the company's website (<https://investors.sinch.com>), which are also available at company headquarters (Lindhagensgatan 112, 112 51 Stockholm, Sweden). The completed and signed postal voting form must be sent by postal letter to Computer Share AB, Attn: Sinch AB (publ) Annual General Meeting, Box 5267, 102 46 Stockholm, Sweden. Completed postal voting forms must be received by Computershare AB by Friday, 10 May 2024. The completed and signed postal voting form may alternatively be submitted electronically and sent by email to [info@computershare.se](mailto:info@computershare.se). Shareholders may also submit their postal votes electronically using BankID through the Company's website (<https://investors.sinch.com>). If the shareholder cast their postal votes by proxy, a written and dated proxy form shall be enclosed with the voting form. Proxy forms are available upon request and on the Company's website (<https://investors.sinch.com>). If the shareholder is a legal entity, a certificate of incorporation or other authorization document shall be enclosed with the voting form.

Shareholders are not allowed to include special instructions or conditions in the postal vote. If special instructions or conditions are included, the postal vote will be invalid. Further information and conditions are provided on the voting form.

## Forthcoming reporting dates

Interim report, January–March 2024	<b>7 May 2024</b>
Half-yearly report, January–June 2024	<b>19 July 2024</b>
Interim report, January–September 2024	<b>6 November 2024</b>

## Sinch explains the terms and acronyms

<b>A2P</b>	Acronym for Application-to-Person, which describes communication from an enterprise application (or system) to a person's mobile phone. This is as opposed to Person-to-Person (P2P) communication.	<b>PSTN — Public Switched Telephone Network</b>	Provides an interconnected center for communications providers to switch calls from one device to another.
<b>API</b>	Application Programming Interface, refers to a defined interface that exposes a capability and makes it accessible through software. As an example, the Sinch SMS API lets a developer reach any mobile phone in the world using a few lines of code that call upon the API, submit the phone number, and specify the message to send.	<b>P2A</b>	Application-to-Person messaging refers to messages sent from a person to a software application, i.e., inbound messages from an end user to a business.
<b>Burst Capability</b>	With reference to our SLAs for deliverability, which guarantee that messages will be accepted within a specified timeframe or attempted delivery of these messages to the inbox provider.	<b>P2P</b>	Person-to-Person messaging refers to messages sent between people to one another. These days, P2P messaging is typically bundled into a mobile subscription without any marginal cost per message.
<b>Chatbot</b>	Software that responds to user input in a chat conversation.	<b>RespOrg</b>	Short for "responsible organization," a RespOrg is a carrier that owns and manages toll-free numbers.
<b>CNAM (Caller NAME)</b>	The name displayed on the caller ID for an incoming call.	<b>REST (RESTful) APIs</b>	A RESTful API is an Application Programming Interface (API) that follows the Representational State Transfer (REST) digital architecture philosophy that allows developers to choose the coding language they wish to use when they implement APIs in their applications.
<b>CPaaS</b>	Acronym for Communications Platform-as-a-Service, a type of cloud service that provides programs and applications over the internet.	<b>RCS</b>	Acronym for Rich Communication Services, a further development of SMS and MMS that enables the sending of more advanced communications, such as text, pictures and video, between individuals or groups.
<b>Direct Routing</b>	A way to provide a public switched telephone network connection so that users can make and receive outside calls on any device.	<b>Routing APIs</b>	Also called inbound routing and email receiving. Routing APIs allow an email sender to point inbound emails to different inboxes, applications and recipient addresses while the message is simultaneously analyzed within JSON and UTF-8.
<b>Email Deliverability</b>	The ability to deliver emails to inboxes, which is affected by the sender's sending behavior, infrastructure and authentication protocol.	<b>SaaS</b>	Acronym for Software-as-a-Service, a type of cloud service that provides programs and applications over the internet.
<b>Email Delivery Rate</b>	The share of the total number of sent emails, expressed as a percentage, that are delivered to the mailbox	<b>SDK</b>	Acronym for Software Development Kits, SDK are a set of development tools that make it possible for software developers to build applications for a specific program bundle, hardware platform, game console, operating system or comparable.
<b>Email verifications</b>	An API that verifies the existence, syntax and risk factors for a specific recipient's email address.	<b>Session</b>	A time-based billing window for messaging, such as 24 hours, that is priced as a unit. Session pricing complements per-message pricing and is more suitable for conversational use cases.
<b>E911 (Enhanced 911)</b>	Calls to emergency services that automatically provide the phone number and location of the 911 call.	<b>Sinch</b>	The word Sinch is an informal American synonym for easy. We build cloud-based technology that is easy to deploy, easy to scale and easy for end users to like.
<b>Grey Traffic</b>	Routing a message to a mobile subscriber in a fraudulent or unapproved way by which the sender avoids paying fees to the subscriber's mobile operator.	<b>SIP Trunking</b>	SIP (Session Initiation Protocol) allows voice communications to be carried over an internet connection.
<b>Landing Page</b>	A personalized web page that is reached by clicking a link in an SMS or in an email.	<b>SMS</b>	Acronym for Short Message Service, a service for short text messages sent to and from mobile phones.
<b>MMS</b>	Acronym for Multimedia Messaging Service, a further development of SMS that enables sending of multimedia, such as pictures and video clips between mobile phones.	<b>STIR/SHAKEN</b>	A suite of protocols and procedures intended to combat illegal caller ID spoofing.
<b>Cloud Services</b>	ITC services provided over the internet on an external resource instead of the user's own computers; i.e., the option to manage programs, data storage, capacity and processing power via the internet.		
<b>MVNO</b>	Acronym for Mobile Virtual Network Operator.		
<b>OTP</b>	An abbreviation for One-Time-Password, and is one of the most common use cases for businesses to send Application-to-Person SMS.		

**Super Network**

The Sinch Super Network consists of more than 600 direct commercial relationships and technical connections with the largest mobile operators in the world, local American carriers and email nodes. The network creates direct access to a very large share of all people who own a mobile device or have access to a computer and gives Sinch a competitive advantage.

**2FA**

Two-factor authentication is a security method that requires two distinct forms of identification to access information.

**White Traffic**

Traffic that primarily goes directly through mobile operators and is fully compliant with applicable regulations.

## Largest Sinch offices

	Country	Address	Telephone
<b>Stockholm – Headquarters</b>	Sweden	Lindhagensgatan 112 112 51 Stockholm, Sweden.	+46 (0) 8 566 166 00
<b>Atlanta</b>	USA	One Alliance Center 3500 Lenox Road Ne Ste 1875, Atlanta, GA, 30326	
<b>Chicago</b>	USA	One North Wacker Drive, Chicago, IL 60606	
<b>Noida</b>	India	Tower 4 Express Trade Tower 2. 7th Floor Noida 201301	
<b>Melbourne</b>	Australia	Level 24 367 Collins Street, Melbourne – VIC 3000	
<b>San Antonio</b>	USA	112 E. Pecan St #1135, San Antonio, TX 78205	
<b>São Paulo</b>	Brazil	Avenida Brigadeiro Faira Lima, 1663, 10º e 13º andares – Jd. Paulistano, São Paulo – S.P., CEP 01452-001	

