Q1

# Interim report, January–March 2023

## January–March 2023

- Net sales increased by 6 percent to SEK 6,927m (6,550).
- Gross profit increased by 8 percent to SEK 2,260m (2,096).
- EBITDA rose by 7 percent to SEK 692m (648).
- Adjusted EBITDA[1] increased by 10 percent to SEK 834m (760).
- The loss after tax for the quarter was SEK -78m (88).
- Basic earnings per share were SEK -0,09 (0.11) and diluted earnings per share were SEK -0,09 (0.11).
- Cash flow from operating activities amounted to SEK 212m (140).

**"Our company's overall priorities remain intact with continued focus on cost control, cash flow and growth."**
**– Laurinda Pang, CEO**

## Significant events during the quarter

- On 12 January 2023, credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2026.
- Sinch announced on 9 March that the company is implementing organizational changes to accelerate integration of the product set and the sales organization. Operations in the Messaging and Email segments will be consolidated into a new CPaaS product unit and two market units, North America and International.
- 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.

## Significant events after the end of the quarter

- On 12 April, Sinch informed the market of its strategic collaboration with Salesforce centered around communication services for customers with high demands for security, privacy and quality of delivery.
- Laurinda Pang joined the company as the new CEO of Sinch on 17 April.
- The Annual Report for 2022, including the company's Sustainability Report, was published on the company's website on 21 April.

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

# Comments from the CEO

## New market conditions

There is no doubt in my mind, after joining Sinch as CEO earlier this month, that we have tremendous potential. Potential to create more value for our customers, to innovate and excel in the solutions we develop, and to be a workplace where people can grow and prosper. Executing in these areas will create greater value for our shareholders.

Our company today draws on the strength of multiple businesses that have all been successful in their own right, and bringing these capabilities together makes us uniquely positioned and highly differentiated in the marketplace. The vision of our founders and commitment of our board to create this unique position is a key reason I joined Sinch.

It is also clear that we are now facing a new and challenging market environment. Businesses are reviewing their options and streamlining operations to safeguard and improve their financial position. Although our products are often used to gain efficiencies, the immediate impact of this downturn is nonetheless negative. This is particularly evident with larger customers and has an adverse impact on volumes in our installed base in Messaging.

The same trends affect our SMB segment, where we see lower volume growth in the Australian installed base, where we enjoy a large share of the market. Our US-focused SMB offering continues to perform well, with growth fueled by new customer acquisition. We have a competitive suite of turnkey applications that make it fast and easy for businesses to leverage messaging, and our product teams continue to strengthen the offering with new integrations to an expanding range of popular CRM systems, ERP platforms, e-commerce platforms, and more.

Profitability remains robust in Voice, which contributes the largest share of our overall EBITDA. We have strengthened our offering around Microsoft Teams and added tools that help third-party partners to set up and customize the offering to meet specific customer needs.

Commercial momentum in Email continues to be strong. We continue to benefit from the successful migration to a new cloud infrastructure vendor which improves our unit economics and increases our gross margin.

Our company's overall priorities remain intact with continued focus on cost control, cash flow and growth. Two focus areas in delivering on these objectives are integration and our go-to-market strategies.

Successful integration can both reduce costs and expand revenues. On the product side, we need to showcase customers the full breadth of our offering to grow our business and maximize our potential. We have several ongoing projects in this area and ensuring success is a key focus area for the year.

Go-to-market is a second key area where we can improve further and build on an already strong foundation. We serve customers both through online self-service offerings and active account management, and I'm pleased that we extended our partnerships with both Salesforce and Adobe during the quarter.

Businesses leverage our products across a broad range of use cases. We enable them to accelerate their digital transformation and assist them in their growth strategies. This makes us well-positioned when companies' near-term focus on cost control returns to more forward-looking commercial opportunities.

Success in business is ultimately about value creation, and value creation starts with our customers.

Stockholm, 27 April 2023

Laurinda Pang
CEO

# Sinch overview

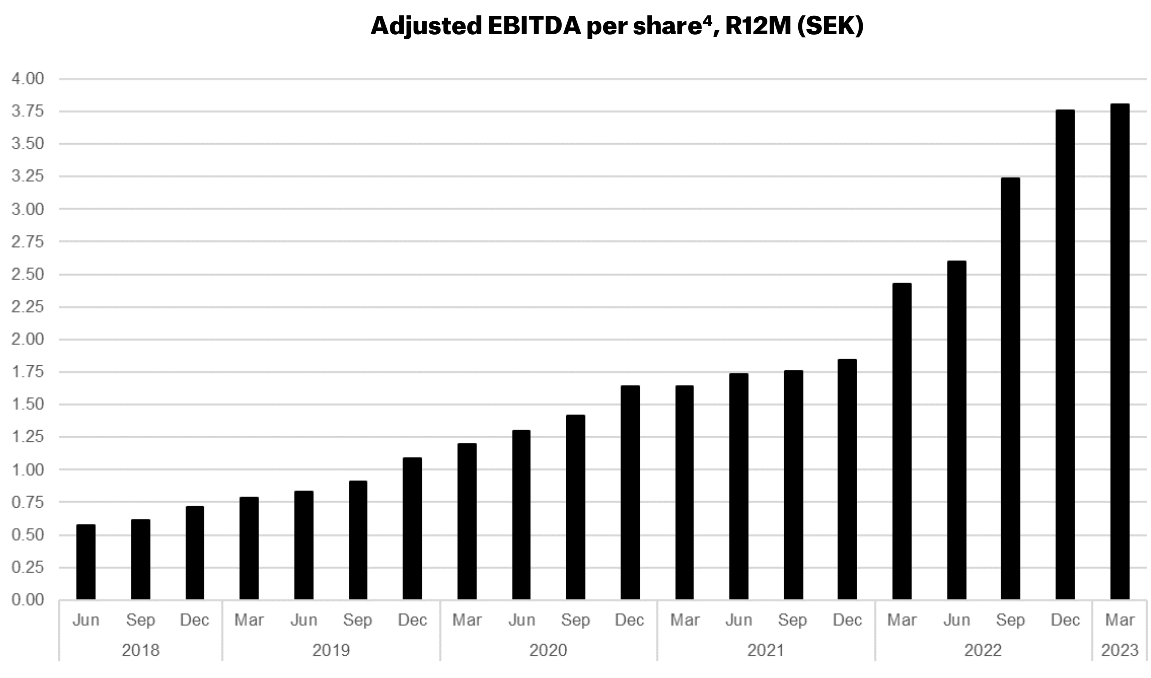
For a list and definitions of financial and operational measurements, please refer to page 28.

| Sinch Group, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | 6,927 | 6,550 | 27,722 | 28,099 |
| Gross profit | 2,260 | 2,096 | 8,810 | 8,947 |
| Gross margin | 33% | 32% | 32% | 32% |
| EBITDA | 692 | 648 | 2,774 | 2,818 |
| EBITDA margin | 10% | 10% | 10% | 10% |
| Adjusted EBITDA[1] | 834 | 760 | 3,124 | 3,197 |
| Adjusted EBITDA margin | 12% | 12% | 11% | 11% |
| Adjusted EBITDA/gross profit | 37% | 36% | 35% | 36% |
| EBIT | 88 | 95 | -4,703 | -4,710 |
| EBIT margin | 1% | 1% | -17% | -17% |
| Adjusted EBIT[1] | 725 | 647 | 2,731 | 2,808 |
| Adjusted EBIT margin | 10% | 10% | 10% | 10% |
| Profit or loss for the period | -78 | 88 | -4,943 | -5,109 |
| Cash flow from (-used in) operating activities | 212 | 140 | 2,508 | 2,580 |
| Net debt (+) / Net cash (-) | 9,206 | 10,856 | 9,162 | 9,206 |
| Net debt/pro forma Adjusted EBITDA R12M, multiple[2] | 2.7 | 3.1 | 2.7 | 2.7 |
| Equity ratio | 61% | 61% | 60% | 61% |
| Adjusted EBITDA/share, SEK | 0,98 | 0.96 | 3.76 | 3,80 |
| Diluted earnings per share[3] for the period, SEK | -0,09 | 0.11 | -6.03 | -6,13 |
| Average number of employees | 3,551 | 3,437 | 3,565 | 3,594 |
| Average number of employees including consultants | 4,204 | 4,210 | 4,287 | 4,285 |

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

2) Adjusted EBITDA R12M is measured on a pro forma basis, includes contributions from acquired entities during the past 12 months and both net debt and Adjusted EBITDA are measured excluding IFRS 16-related lease liabilities. See page 7 for comments.

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




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

# Quarterly summary

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

| Net sales, SEKm | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Messaging | 3,302 | 3,640 | 3,884 | 4,540 | 4,392 | 4,318 | 4,698 | 4,817 | 4,518 |
| Voice | 48 | 42 | 53 | 339 | 1,400 | 1,485 | 1,624 | 1,625 | 1,603 |
| Email | - | - | - | 81 | 330 | 358 | 400 | 422 | 422 |
| SMB | - | - | - | 247 | 427 | 454 | 474 | 497 | 472 |
| Other and eliminations | - | - | - | - | - | - | - | - | -87 |
| **Total** | **3,350** | **3,682** | **3,938** | **5,207** | **6,550** | **6,615** | **7,196** | **7,361** | **6,927** |

| Gross profit, SEKm | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Messaging | 808 | 848 | 875 | 975 | 896 | 715 | 1,004 | 1,001 | 891 |
| Voice | 12 | 21 | 21 | 162 | 681 | 685 | 767 | 781 | 744 |
| Email | - | - | - | 64 | 246 | 260 | 292 | 320 | 327 |
| SMB | - | - | - | 147 | 273 | 277 | 299 | 314 | 298 |
| Other and eliminations | - | - | - | - | - | - | - | - | - |
| **Total** | **820** | **869** | **896** | **1,348** | **2,096** | **1,937** | **2,361** | **2,416** | **2,260** |

| Gross margin | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Messaging | 24% | 23% | 23% | 21% | 20% | 17% | 21% | 21% | 20% |
| Voice | 25% | 50% | 39% | 48% | 49% | 46% | 47% | 48% | 46% |
| Email | - | - | - | 79% | 74% | 73% | 73% | 76% | 78% |
| SMB | - | - | - | 59% | 64% | 61% | 63% | 63% | 63% |
| **Total** | **24%** | **24%** | **23%** | **26%** | **32%** | **29%** | **33%** | **33%** | **33%** |

| EBITDA, SEKm | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Messaging | 305 | 317 | 311 | 434 | 250 | 86 | 306 | 311 | 187 |
| Voice | -6 | -10 | -6 | 45 | 335 | 312 | 378 | 375 | 381 |
| Email | - | - | - | 36 | 116 | 122 | 141 | 168 | 174 |
| SMB | - | - | - | 70 | 126 | 112 | 122 | 130 | 107 |
| Other and eliminations | -106 | -155 | -148 | -255 | -178 | -103 | -140 | -194 | -158 |
| **EBITDA, total** | **192** | **152** | **157** | **330** | **648** | **528** | **808** | **791** | **692** |
| EBITDA margin | 6% | 4% | 4% | 6% | 10% | 8% | 11% | 11% | 10% |

| Adjusted EBITDA, SEKm | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Messaging | 348 | 382 | 388 | 448 | 267 | 55 | 326 | 366 | 260 |
| Voice | -6 | -10 | -6 | 52 | 343 | 318 | 389 | 382 | 384 |
| Email | - | - | - | 36 | 126 | 131 | 155 | 169 | 181 |
| SMB | - | - | - | 65 | 137 | 125 | 148 | 156 | 137 |
| Other and eliminations | -73 | -89 | -83 | -130 | -112 | -127 | -117 | -113 | -129 |
| **Adjusted EBITDA, total** | **269** | **284** | **298** | **471** | **760** | **503** | **901** | **960** | **834** |
| Adjusted EBITDA margin | 8% | 8% | 8% | 9% | 12% | 8% | 13% | 13% | 12% |
| Adjusted EBITDA/gross profit | 33% | 33% | 33% | 35% | 36% | 26% | 38% | 40% | 37% |
| Adjusted EBITDA/share, SEK | 0.41 | 0.41 | 0.39 | 0.61 | 0.96 | 0.61 | 1.07[1] | 1.13 | 0.98 |

1) **Adjusted EBITDA/share, SEK** for Q3 2022 has been changed to 1.07 based on the updated number of dilutive warrants/options.

| EBITDA adjustments, SEKm (Note 2) | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Acquisition costs | -17 | -24 | -24 | -101 | -42 | 1 | -5 | 1 | -3 |
| Restructuring costs | - | - | - | - | - | - | -18 | -44 | -6 |
| Earnout | - | - | - | - | - | - | - | - | -18 |
| Integration costs | -31 | -75 | -59 | -66 | -59 | -66 | -61 | -67 | -47 |
| Costs of share-based incentive programs | -29 | -18 | -45 | -15 | -17 | -27 | -42 | -38 | -23 |
| Operational foreign exchange gains/losses | 0 | -15 | -14 | 29 | 5 | 117 | 37 | -25 | -45 |
| Other adjustments | -1 | - | - | 11 | - | - | -3 | 2 | 0 |
| **Total EBITDA adjustments** | **-76** | **-132** | **-142** | **-141** | **-113** | **25** | **-93** | **-169** | **-141** |
| | | | | | | | | | |
| Amortization of acquisition-related assets | -70 | -75 | -103 | -264 | -440 | -464 | -497 | -587 | -496 |
| Impairment of goodwill[1] | - | - | - | - | - | - | -5,000 | -97 | - |
| **Total EBIT adjustments** | **-146** | **-207** | **-245** | **-405** | **-553** | **-439** | **-5,590** | **-853** | **-638** |

1) Impairment charges in USD/EUR recognized in Q3 2022 have been converted at the exchange rate prevailing on 31 December 2022, which affects the fourth quarter 2022.

## January-March 2023

### Net sales

Consolidated net sales grew in the quarter by 6 percent to SEK 6,927m (6,550), compared to the corresponding period in the preceding year.

The acquisitions last year were closed in Q4 2021 and all operations are therefore classified as organic in Q1 2023.

Organic net sales growth, in local currency and excluding acquisitions, was -3 percent. The adverse impact of the economic downturn persisted during the quarter and held back volumes and sales in several segments.

The Group has significant revenues in foreign currency and if exchange rates had been the same in the corresponding quarter in the preceding calendar year as in the current quarter, the revenue increase would have been about SEK 561m lower. The positive currency effect on consolidated net sales was thus 9 percent.

### Gross profit

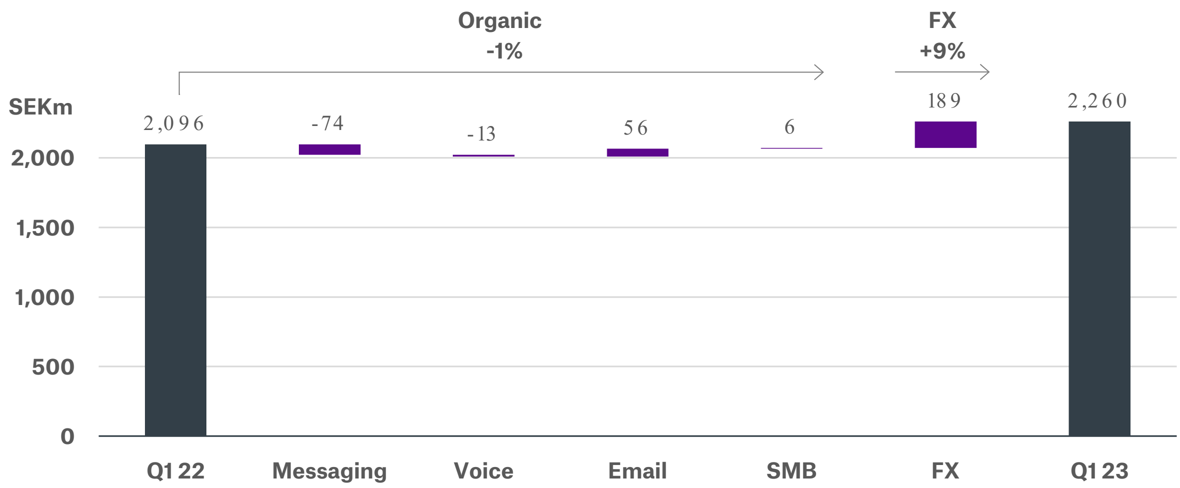
Consolidated gross profit rose during the quarter by 8 percent to SEK 2,260m (2,096).

Organic gross profit growth, in local currency and excluding acquisitions, was -1 percent. The organic gross profit growth rate was adversely affected primarily by the negative organic net sales growth and by the previously communicated price negotiation with one of Sinch's largest customers in Q2 2022.

The currency tailwind was 9 percent for the quarter, corresponding to SEK 189m.

The gross margin was 33 percent (32).

### Change in consolidated gross profit, Q1 2022 - Q1 2023




### EBITDA

Consolidated EBITDA increased by 7 percent to SEK 692m (648).

The consolidated EBITDA margin was 10 percent (10).

If exchange rates had been the same during the quarter as during the corresponding quarter in the preceding calendar year, EBITDA would have been SEK 42m lower. Non-recurring effects related to voice services reduced operating costs by about SEK 35m in Q1.

EBITDA adjustments[1] are intended to clarify performance in underlying operations. In total, Adjusted EBITDA was SEK 142m (112) higher than EBITDA for the quarter. The adjustments include integration costs of SEK -47m (-50), operational foreign exchange gains/losses of SEK -45m (5), and costs of share-based incentive programs of SEK -23m (-17). See the quarterly summary and Note 2 for more information.

Consequently, Adjusted EBITDA amounted to SEK 834m (760), a 10 percent increase compared to the same period in the preceding year. If exchange rates had been the same during the quarter as during the corresponding quarter in the preceding calendar year, Adjusted EBITDA would have been about SEK 87m lower.

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

If exchange rates had been unchanged relative to Q4 2021, adjusted operating costs would have been SEK 36m lower in Q1 2023.

The Adjusted EBITDA margin was 12 percent (12).

The Group has a financial target to achieve growth of Adjusted EBITDA per share of 20 percent on an annual basis. Adjusted EBITDA per share was SEK 0.98 (0.96) for the quarter and SEK 3.80 (2.43) for the rolling twelve months, corresponding to an increase of 56 percent R12M. Adjusted EBITDA/gross profit was 37 percent (36) for the quarter.

## EBIT

EBIT amounted to SEK 88m (95).

Acquisition-related amortization, which does not affect cash flow, reduced EBIT by SEK -496m (-440). The amortization is attributable mainly to systematic amortization of acquired customer relationships and acquired software.

Adjusted EBIT (EBIT excluding EBITDA adjustments and amortization of acquisition-related assets[1]) amounted to SEK 725m (647).

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

## Cost reduction program

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

The objective of the program is to reduce operating costs in the Messaging segment and central functions by about 10 percent and achieve total gross savings of at least SEK 300m on an annual basis.

Gains from the program will be realized gradually. The initial effects have been achieved faster than originally expected and about half of the effect was achieved in Q4 2022. Full effect will be achieved from Q3 2023 and forward.

Savings are being achieved through a combination of reduced consultancy costs, lower non-personnel related expenses and workforce reductions. The workforce reductions are occurring through natural attrition and downsizing in several geographical locations. About 150 people will be affected by the RIF.

Total restructuring costs, related primarily to workforce reductions, are estimated at about SEK 80m. Restructuring costs through the end of Q1 2023 amounted to SEK 68m. The increase in personnel costs compared to last year is mostly driven by exchange rates

## Other income and expense items

Net financial expenses were SEK -162m (16), with interest costs amounting to SEK -133m (-49) and foreign exchange differences to SEK -24m (83). The Group's effective tax rate was 3 percent (20). The lower rate is due to recognized deferred tax asset on losses related to prior periods and remeasured deferred tax balances due to changed tax rates.

The net loss for the period was SEK -78m (88).

## Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK -154m (-129).
The investments include capitalized development expenditure of SEK 95m (84).

## Cash flow

Cash flow before the change in working capital amounted to SEK 410m (566). Cash flow was reduced by tax paid of SEK -199m (-99) and interest expenses paid of SEK -127m (-49).

Cash flow from operating activities amounted to SEK 212m (140) and was decreased by the total change in working capital of SEK -198m (-426). Working capital was adversely affected by a decrease in accounts payable.

Cash used in investing activities was SEK -184m (-173) and was affected by net investments of SEK -154m (-129), mainly network related investments in the Voice segment.

Cash used in financing activities was SEK -333m (-445) for the period, where the change in borrowings reduced net cash by SEK -307m (-448). Net cash for the period amounted to SEK -305m (-478).

## Liquidity and financial position

Consolidated cash and cash equivalents at 31 March 2023 amounted to SEK 1,902m (1,226).

Net debt amounted to SEK 9,206m (10,856). This includes IFRS 16-related lease liabilities of SEK 973m (899). Sinch's financial target is that net debt over time shall be below 3.5 times Adjusted EBITDA (measured on a rolling twelve month basis). Excluding IFRS 16-related lease liabilities, net debt in relation to Adjusted EBITDA R12M was 2.7x.

As of 31 March 2023, Sinch had utilized loan and credit facilities of SEK 9,413m (10,357) in total. Existing credit facilities that mature in February 2026 amount to SEK 7,639m and of that amount SEK 5,274m had been utilized as of 31 March 2023. Sinch also has SEK 3,000m in utilized loans that will mature in 2024 and USD 110m that will mature in 2025. In addition, issued senior unsecured bonds amounted to SEK 750m (750). Available bank overdraft facilities amounted to SEK 911m (878), of which SEK 0m (22) had been utilized as of 31 March 2023.

Equity at 31 December 2022 amounted to SEK 34,264m (35,482), corresponding to an equity ratio of 61 percent (61).

## Employees

At the end of the quarter, the Group employed 4,248 (4,294) people, including consultants. The average number of employees and consultants for the quarter was 4,204 (4,210). The average number of employees was 3,551 (3,437), of whom 32 (30) percent women.

# Messaging

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

| Messaging, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | 4,518 | 4,392 | 18,225 | 18,351 |
| Gross profit | 891 | 896 | 3,615 | 3,610 |
| Gross margin | 20% | 20% | 20% | 20% |
| EBITDA | 187 | 250 | 954 | 891 |
| EBITDA margin | 4% | 6% | 5% | 5% |
| Adjusted EBITDA | 260 | 267 | 1,015 | 1 008 |
| Adjusted EBITDA margin | 6% | 6% | 6% | 6% |
| Adjusted EBITDA/gross profit | 29% | 30% | 28% | 28% |

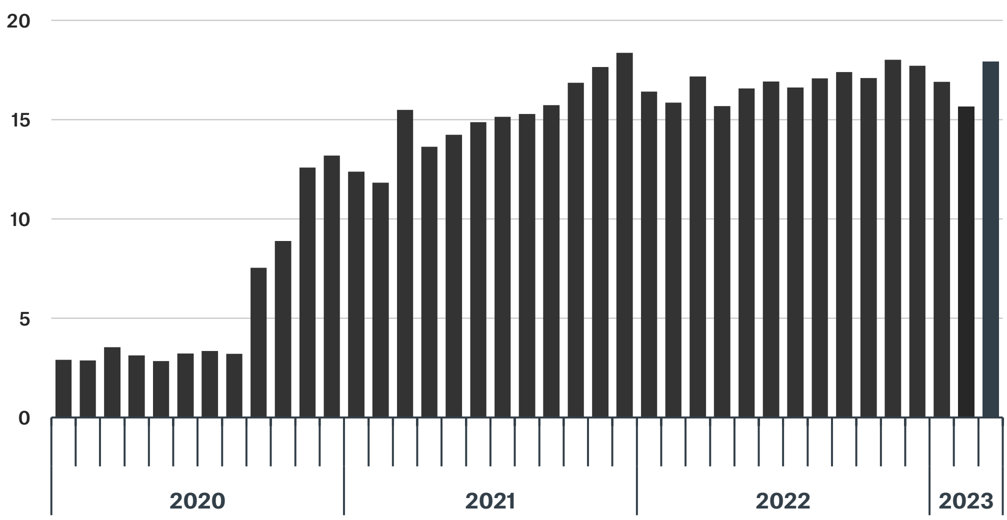
## Significant events

- Sinch received the Adobe Digital Experience Technology Partner of the Year Award and announced a strengthened partnership where Adobe will begin to resell Sinch products and services.
- Agreements were closed during the quarter with 37 new large business customers in the segment.
- Sinch Engage was launched during the quarter, an intuitive software solution that makes it easy for business customers to engage with their customers via popular messaging such as services WhatsApp, Telegram and Apple Business Chat. The offering combines functionality from MessengerPeople and Chatlayer and leverages Sinch's Conversation API.
- After the end of the quarter, Sinch informed the market of its strategic collaboration with Salesforce centered around communication services for customers with high demands for security, privacy and quality of delivery.

## Transaction volume

Transaction volume in Q1 was 2 percent higher than in the corresponding quarter in the preceding year. Traffic volumes have been negatively affected by the economic downturn, lower volumes of wholesale traffic at low margins, traffic linked to one major customer, and reduced local traffic in Brazil. Volume increases in India made a positive contribution to transaction volumes. The chart below does not include volumes from customers in the SMB segment.

**Number of messages per month (billions)**



## Net sales

Net sales for Q1 amounted to SEK 4,518m (4,392). All operations during the quarter are classified as organic.

Net sales increased by 3 percent in Q1 compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -5 percent. In the quarter, Sinch adjusted prices towards small and medium sized customers to adjust for inflation. Organic growth was adversely impacted primarily by lower volume growth and the previously communicated price changes applied to one of Sinch's largest customers.

## Gross profit

Gross profit was SEK 891m (896).

Gross profit growth was -1 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -8 percent. During the quarter, Sinch adjusted prices towards small and medium sized customers to adjust for inflation. Organic gross profit growth, compared to the corresponding period last year, was adversely impacted primarily by lower volume growth and the previously communicated price changes applied to one of Sinch's largest customers. Excluding this customer, organic gross profit growth would have been positive.

The gross margin was 20 percent (20) for the quarter. Compared to the same period in the preceding year, the gross margin was adversely affected by the previously communicated price adjustment applied to one of Sinch's largest customers and decreased sales to low-margin customers.

## EBITDA

EBITDA for Q1 amounted to SEK 187m (250). The EBITDA margin was 4 percent (6) for the segment. The gross profit trend had a negative impact on EBITDA and the EBITDA margin.

Adjusted EBITDA amounted to SEK 260m (267). The Adjusted EBITDA margin was 6 percent (6). The largest adjustment items in Q1 were operational foreign exchange gains/losses at SEK -42m (-2) and integration costs at SEK -34m (-21). See Note 2 for more information.

# 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 Supernet for voice calls, which reaches 95 percent of the US population and handles more than 300 billion voice minutes per year.*

| Voice, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | 1,603 | 1,400 | 6,134 | 6,336 |
| Gross profit | 744 | 681 | 2,915 | 2,978 |
| Gross margin | 46% | 49% | 33% | 33% |
| EBITDA | 381 | 335 | 1,399 | 1,446 |
| EBITDA margin | 24% | 24% | 23% | 23% |
| Adjusted EBITDA | 384 | 343 | 1,432 | 1,473 |
| Adjusted EBITDA margin | 24% | 24% | 23% | 23% |
| Adjusted EBITDA/gross profit | 52% | 50% | 49% | 49% |

## Significant events

- Sinch launched "Operator Connect for Partners," which makes it possible for service providers and other partners to provide Microsoft Teams voice calling.
- After the end of the quarter, Sinch announced a collaboration with Synoptek to offer professional and managed services for Microsoft Teams phone system and integration with Operator Connect.

## Net sales

Net sales in Q1 was SEK 1,603m (1,400). All operations during the quarter are classified as organic.

Net sales increased by 14 percent in Q1 compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 3 percent. Good demand for the Sinch offering in number verification, where voice calls are one of several products in a coordinated product set, had positive impact on growth, while the previously communicated regulation of charges for American toll-free numbers (the 8YY Access Charge Reform) had negative impact on growth.

## Gross profit

Gross profit for the quarter amounted to SEK 744m (681).

Gross profit increased by 9 percent in Q1 compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was -2 percent. Regulation of the American toll-free call market, the 8YY Access Charge Reform, reduced gross profit growth by -4 percent. in Q1. The gross margin amounted to 46 percent (49) in Q1 and was adversely affected by the same reform.

## EBITDA

EBITDA was SEK 381m (335) in Q1 and the EBITDA margin was 24 percent (24). Adjusted EBITDA was SEK 384m (343) and the Adjusted EBITDA margin was 24 percent (24).

# Email

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

| Email, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | 422 | 330 | 1,511 | 1,603 |
| Gross profit | 327 | 246 | 1,117 | 1,199 |
| Gross margin | 78% | 74% | 74% | 75% |
| EBITDA | 174 | 116 | 547 | 606 |
| EBITDA margin | 41% | 35% | 36% | 38% |
| Adjusted EBITDA | 181 | 126 | 581 | 636 |
| Adjusted EBITDA margin | 43% | 38% | 38% | 40% |
| Adjusted EBITDA/gross profit | 55% | 51% | 52% | 53% |

## Significant events

- The new Mailjet's Form builder was released in the quarter. Form builder expands on Mailjet's drag and drop builder and makes it easier to capture contact data on the platform.
- Customer contracts were signed with Omnisend, Substack and RightsideData, among others.
- A total of 108 billion emails were sent during the quarter, an increase of 18 percent compared to the same quarter in the preceding year.

## Net sales

Net sales for Q1 amounted to SEK 422m (330). All operations during the quarter are classified as organic.

Net sales increased by 28 percent in Q1 compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 18 percent. New customer acquisition is the main driver of growth.

## Gross profit

Gross profit was SEK 327m (246) in Q1.

Gross profit increased by 33 percent compared to the same quarter last year. The corresponding organic growth, in local currency and excluding acquisitions, was 23 percent. Gross profit was increased by higher net sales and the improved gross margin. The gross margin was 78 percent (74) for the quarter. The gross margin improvement is due mainly to the migration to the new cloud infrastructure in 2022.

## EBITDA

EBITDA was SEK 174m (116) in Q1. Adjusted EBITDA amounted to SEK 181m (126). The EBITDA margin was 43 percent (38) and the Adjusted EBITDA margin was 55 percent (26). The margin improvement is attributable to gross profit growth combined with operating cost discipline.

# SMB

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

| SMB, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | 472 | 427 | 1,852 | 1,887 |
| Gross profit | 298 | 273 | 1,162 | 1,188 |
| Gross margin | 63% | 64% | 63% | 63% |
| EBITDA | 107 | 126 | 490 | 472 |
| EBITDA margin | 23% | 29% | 26% | 25% |
| Adjusted EBITDA | 137 | 137 | 566 | 566 |
| Adjusted EBITDA margin | 29% | 32% | 31% | 30% |
| Adjusted EBITDA/gross profit | 46% | 50% | 49% | 48% |

## Significant events

- MessageMedia was named the Innovation Partner of the Year at the annual Aircall Partner Awards in Australia.
- MessageMedia supported several New Zealand companies during Cyclone Gabrielle in February 2023.

A comprehensive project is ongoing to integrate SimpleTexting in MessageMedia's shared SMB platform.

## Net sales

Net sales were SEK 472m (427) for Q1. All operations during the quarter are classified as organic.

Net sales increased by 10 percent in Q1 compared to the same quarter last year and organic growth, in local currency and excluding acquisitions, was 4 percent. The American market, and SimpleTexting in particular demonstrated strong growth during the quarter, while growth was held back by softer performance in Australia and lower traffic volumes from Covid-related use cases.

## Gross profit

Gross profit for the quarter amounted to SEK 298m (273).

Gross profit increased by 9 percent in Q1 compared to the same quarter last year and organic growth, in local currency and excluding acquisitions, was 2 percent. The gross margin was 63 percent (64).

## EBITDA

EBITDA was SEK 107m (126) in Q1. Adjusted EBITDA amounted to SEK 137m (137). The EBITDA margin was 29 percent (32) and the Adjusted EBITDA margin was 29 percent (32). The lower margin is an effect of lower gross profit growth combined with increased operating costs.

# Other and eliminations

*Eliminations, the costs of central functions and group-wide costs are reported within "Other and eliminations".*

| Other and eliminations, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Net sales | -87 | - | - | -87 |
| Gross profit | - | - | - | - |
| EBITDA | -158 | -178 | -615 | -595 |
| Adjusted EBITDA | -129 | -112 | -469 | -486 |

## Net sales

Net sales arise from eliminations of internal sales between segments.

## EBITDA

EBITDA amounted to SEK -158m (-178) and consisted mainly of employee benefits expenses in Finance, HR and IT, R&D and rental costs.

The largest adjustment item related to an earnout of SEK 18m (0). See Note 2 and 6 for more information.

Adjusted EBITDA amounted to SEK -129m (-112).

# Income statement

| Sinch Group, SEKm | Note | Q1 2023 | Q1 2022 | Jan-Dec 2022 | R12M |
|---|---|---|---|---|---|
| **Net sales** | | **6,927** | **6,550** | **27,722** | **28,099** |
| Operating income | | 98 | 135 | 611 | 574 |
| Work performed by the entity and capitalized | | 95 | 84 | 374 | 385 |
| Cost of services sold | | -4,667 | -4,454 | -18,912 | -19,125 |
| Other external services | | -548 | -590 | -2,400 | -2,359 |
| Employee benefits expenses | | -1,070 | -940 | -4,157 | -4,286 |
| Other operating costs | | -143 | -137 | -464 | -470 |
| **EBITDA** | | **692** | **648** | **2,774** | 2,818 |
| Depreciation and amortization | 5 | -605 | -554 | -7,478 | -7,529 |
| **EBIT** | | **88** | **95** | **-4,703** | -4,710 |
| Finance income | | 437 | 1,323 | 3,702 | 2,816 |
| Finance expenses | | -599 | -1,307 | -3,774 | -3,067 |
| **Profit or loss before tax** | | **-75** | **111** | **-4,775** | **-4,961** |
| Current tax | | -145 | -258 | -583 | -469 |
| Deferred tax | | 141 | 235 | 414 | 320 |
| **Profit or loss for the period** | | **-78** | **88** | **-4,943** | -5,109 |
| | | | | | |
| **Attributable to:** | | | | | |
| Owners of the parent | | -78 | 88 | -4,943 | -5,109 |
| Non-controlling interests | | 0 | 0 | 0 | 0 |

# Earnings per share

| Sinch Group, SEK | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Basic | -0.09 | 0.11 | -6.03 | -6.13 |
| Diluted[1] | -0.09 | 0.11 | -6.03 | -6.13 |

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

# Statement of comprehensive income

| Sinch Group, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| **Profit or loss for the period** | **-78** | **88** | **-4,943** | **-5,109** |
| **Other comprehensive income**<br>**Items that may subsequently be reclassified to profit or loss for the period** | | | | |
| Translation differences | -109 | 1,382 | 4,593 | 3,101 |
| FX changes on increased net investments | -8 | -8 | 604 | 604 |
| Tax effect of items in other comprehensive income | 4 | -103 | -107 | 0 |
| **Other comprehensive income or loss for the period** | **-113** | **1,271** | **5,090** | **3,705** |
| **Comprehensive income or loss for the period** | **-191** | **1,359** | **147** | **-1,405** |
| | | | | |
| **Attributable to:** | | | | |
| Owners of the parent | -191 | 1,359 | 147 | -1,405 |
| Non-controlling interests | 0 | 0 | 0 | 0 |

# Balance sheet

| Sinch Group, SEKm | Note | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|---|
| ASSETS | | | | |
| **Non-current assets** | | | | |
| Goodwill | | 25,775 | 28,012 | 25,838 |
| Customer relationships | | 14,306 | 14,226 | 14,719 |
| Operator relationships | | 229 | 304 | 246 |
| Proprietary software | | 5,194 | 5,138 | 5,315 |
| Other intangible assets | | 460 | 1,028 | 488 |
| Property, plant and equipment | | 920 | 719 | 874 |
| Right-of-use assets | | 912 | 894 | 859 |
| Financial assets | | 79 | 70 | 74 |
| Deferred tax assets | | 1,019 | 920 | 962 |
| **Total non-current assets** | | **48,895** | **51,311** | **49,375** |
| **Current assets** | | | | |
| Accounts receivable | 7 | 4,102 | 4,197 | 4,247 |
| Tax assets | | 263 | 182 | 317 |
| Other current receivables | | 306 | 315 | 340 |
| Prepaid expenses and accrued income | 8 | 971 | 978 | 833 |
| Cash and cash equivalents | | 1,902 | 1,226 | 2,173 |
| **Total current assets** | | **7,544** | **6,898** | **7,909** |
| TOTAL ASSETS | | **56,439** | **58,209** | **57,284** |
| EQUITY AND LIABILITIES | | | | |
| **Equity** | | | | |
| Share capital | | 8 | 8 | 8 |
| Other capital contributions | | 32,242 | 32,194 | 32,219 |
| Reserves | | 5,154 | 1,457 | 5,268 |
| Retained earnings including profit for the year | | -3,142 | 1,822 | -3,064 |
| **Equity attributable to owners of the parent** | 4 | **34,263** | **35,481** | **34,431** |
| Non-controlling interests | | 1 | 1 | 1 |
| **Total equity** | | **34,264** | **35,482** | **34,432** |
| **Non-current liabilities** | | | | |
| Deferred tax liability | | 5,276 | 5,624 | 5,403 |
| Non-current liabilities, interest-bearing[1] | | 9,509 | 6,470 | 11,236 |
| Non-current liabilities, non-interest-bearing | | 23 | 14 | 34 |
| **Total non-current liabilities** | | **14,808** | **12,107** | **16,673** |
| **Current liabilities** | | | | |
| Contract liabilities/Advance payments from customers | | 273 | 237 | 260 |
| Provisions | | 40 | 27 | 49 |
| Accounts payable | | 1,484 | 989 | 1,561 |
| Tax liability | | 374 | 457 | 466 |
| Other current liabilities, interest-bearing[1] | | 1,599 | 5,611 | 99 |
| Other current liabilities, non-interest-bearing | | 241 | 223 | 344 |
| Accrued expenses and prepaid income | | 3,356 | 3,075 | 3,401 |
| **Total current liabilities** | | **7,367** | **10,620** | **6,180** |
| TOTAL EQUITY AND LIABILITIES | | **56,439** | **58,209** | **57,284** |
| **Financial instruments measured at fair value** | | | | |
| Derivative instruments with positive value | | - | 0 | - |
| Derivative instruments with negative value | | 21 | 1 | 15 |

1) Reclassification between other long-term liabilities, interest-bearing and other current liabilities, interest-bearing has been made for 31 Mar 2022.

# Condensed statement of changes in equity

| Sinch Group, SEKm | Attributable to owners of the parent: Share capital | Other capital contributions | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 1 January 2022** | **8** | **31,988** | **178** | **1,879** | **34,053** | **1** | **34,053** |
| Profit or loss for the period | | | | 88 | 88 | 0 | 88 |
| Other comprehensive income | | | 1,276 | | 1,276 | 0 | 1,276 |
| Share-based payments | | 37 | | | 37 | | 37 |
| Shares issued for warrants | 0 | 34 | | | 34 | | 34 |
| Rights issue | 0 | -1 | | | -1 | | -1 |
| Issue expenses, net of tax | | -5 | | | -5 | | -5 |
| **Closing equity per 31 March 2022** | **8** | **32,052** | **1,454** | **1,968** | **35,481** | **1** | **35,482** |
| | | | | | | | |
| **Opening balance 1 January 2023** | **8** | **32,219** | **5,268** | **-3,064** | **34,431** | **1** | **34,432** |
| Profit or loss for the period | | | | -78 | -78 | -0 | -78 |
| Other comprehensive income | | | -113 | | -113 | -0 | -113 |
| Share-based payments | | 26 | | | 26 | | 26 |
| Shares issued for warrants | | | | | - | | - |
| Rights issue | | | | | - | | - |
| Issue expenses, net of tax | | -2 | | | -2 | | -2 |
| **Closing equity per 31 March 2023** | **8** | **32,242** | **5,154** | **-3,142** | **34,263** | **1** | **34,264** |

# Condensed statement of cash flows

| Sinch Group, SEKm | Note | Q1 2023 | Q1 2022 | Jan-Dec 2022 | R12M |
|---|---|---|---|---|---|
| Profit or loss before tax | | -75 | 111 | -4,775 | -4,961 |
| Adjustment for non-cash items[1] | | 684 | 554 | 7,167 | 7,297 |
| Income tax paid | | -199 | -99 | -560 | -660 |
| **Cash flow before changes in working capital** | | **410** | **566** | **1,832** | **1,676** |
| Change in working capital | | -198 | -426 | 676 | 904 |
| **Cash flow from (-used in) operating activities** | | **212** | **140** | **2,508** | **2,580** |
| | | | | | |
| Net investments in property, plant and equipment and intangible assets | | -154 | -129 | -643 | -668 |
| Change in financial receivables | | -5 | -6 | -3 | -2 |
| Acquisition of Group companies | 6 | -24 | -38 | -45 | -31 |
| **Cash flow from (-used in) investing activities** | | **-184** | **-173** | **-691** | **-702** |
| | | | | | |
| Change in borrowings | | -307 | -448[2)] | -1,455 | -1,314 |
| Amortization lease liability | | -25 | -26 | -144 | -143 |
| New issue/warrants | 4 | -2 | 29 | 91 | 60 |
| **Cash flow from (-used in) financing activities** | | **-333** | **-445** | **-1,508** | **-1,396** |
| **Cash flow for the period** | | **-305** | **-478** | **309** | **482** |
| | | | | | |
| Opening balance cash and cash equivalents for the period | | 2,173 | 1,871 | 1,871 | 1,226 |
| Exchange rate differences in cash and cash equivalents | | 34 | -167[2)] | -7 | 194 |
| **Closing balance cash and cash equivalents for the period** | | **1,902** | **1,226** | **2,173** | **1,902** |

1) Comprised mainly of depreciation, amortization and impairments and unrealized foreign exchange gains and losses.
2) In Q3 2022 a re-statement was made between Change in borrowings and Exchange rate difference in cash and cash equivalents for Q1 and Q2 2022.

# Other disclosures

| Sinch Group, SEKm | Q1<br>2023 | Q1<br>2022 | Jan-Dec<br>2022 | R12M |
|---|---|---|---|---|
| **Share information** | | | | |
| Basic earnings per share, SEK | -0.09 | 0.11 | -6.03 | -6.13 |
| Diluted earnings per share, SEK[1)] | -0.09 | 0.11 | -6.03 | -6.13 |
| Basic weighted average number of shares | 838,602,248 | 783,378,348 | 819,116,557 | 832,810,550 |
| Diluted weighted average number of shares[2)] | 838,602,248 | 793,128,128 | 819,116,557 | 832,810,550 |
| Total number of shares at the end of the period | 838,602,248 | 796,725,358 | 838,602,248 | 838,602,248 |
| | | | | |
| **Financial position** | | | | |
| Equity attributable to owners of the parent | 34,263 | 35,481 | 34,431 | 34,263 |
| Equity ratio | 61% | 61% | 60% | 61% |
| Net investments in property, plant and equipment and intangible assets | -154 | -129 | -643 | -668 |
| Cash and cash equivalents | 1,902 | 1,226 | 2,173 | 1,902 |
| Net debt (+) / Net cash (-) | 9,206 | 10,856 | 9,162 | 9,206 |
| Net debt/pro forma Adjusted EBITDA R12M, multiple | 2.7 | 3.1 | 2.7 | 2.7 |
| EBIT margin | 1% | 1% | -17% | -17% |
| EBITDA margin | 10% | 10% | 10% | 10% |
| | | | | |
| **Employee information** | | | | |
| Average FTEs | 3,551 | 3,437 | 3,565 | 3,594 |
| Average FTEs, women | 1,120 | 1,037 | 1,079 | 1,100 |
| Percentage female | 32% | 30% | 30% | 31% |

1) The dilutive effect is not taken into account when financial performance is negative and outstanding warrants/stock options are not considered when the company's average share price is below the exercise price.
2) If financial performance had been positive, the weighted number of dilutive warrants/stock options for would have been 9,098,108 in Q1 2023 and 11,773,922 in 2022.

# Segment reporting

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

| Q1 2023, SEKm | Messaging | Voice | Email | SMB | Other and eliminations | Consolidated |
|---|---|---|---|---|---|---|
| **Net sales** | 4,518 | 1,603 | 422 | 472 | -87 | 6,927 |
| **Gross profit** | 891 | 744 | 327 | 298 | - | 2,260 |
| **EBITDA** | 187 | 381 | 174 | 107 | -158 | 692 |
| EBITDA adjustments[1] | -73 | -3 | -7 | -30 | -29 | -141 |
| **Adjusted EBITDA** | 260 | 384 | 181 | 137 | -129 | 834 |
| Depreciation and amortization | | | | | | -605 |
| **EBIT** | | | | | | 88 |
| Net finance income | | | | | | -162 |
| **Profit or loss before tax** | | | | | | -75 |

| Q1 2022, SEKm | Messaging | Voice | Email | SMB | Other and eliminations | Consolidated |
|---|---|---|---|---|---|---|
| **Net sales** | 4,392 | 1,400 | 330 | 427 | - | 6,550 |
| **Gross profit** | 896 | 681 | 246 | 273 | - | 2,096 |
| **EBITDA** | 250 | 335 | 116 | 126 | -178 | 648 |
| EBITDA adjustments[1] | -18 | -8 | -10 | -11 | -65 | -112 |
| **Adjusted EBITDA** | 267 | 343 | 126 | 137 | -112 | 760 |
| Depreciation and amortization | | | | | | -554 |
| **EBIT** | | | | | | 95 |
| Net finance income | | | | | | 16 |
| **Profit or loss before tax** | | | | | | 111 |

| Jan-Dec 2022, SEKm | Messaging | Voice | Email | SMB | Other and eliminations | Consolidated |
|---|---|---|---|---|---|---|
| **Net sales** | 18,225 | 6,134 | 1,511 | 1,852 | - | 27,722 |
| **Gross profit** | 3,615 | 2,915 | 1,117 | 1,162 | - | 8,810 |
| **EBITDA** | 954 | 1,399 | 547 | 490 | -615 | 2,774 |
| EBITDA adjustments[1] | -61 | -32 | -34 | -76 | -146 | -350 |
| **Adjusted EBITDA** | 1,015 | 1,432 | 581 | 566 | -469 | 3,124 |
| Depreciation and amortization | | | | | | -7,478 |
| **EBIT** | | | | | | -4,703 |
| Net finance income | | | | | | -72 |
| **Profit or loss before tax** | | | | | | -4,775 |

1) See specifications in Note 2.

| R12M, SEKm | Messaging | Voice | Email | SMB | Other and eliminations | Consolidated |
|---|---|---|---|---|---|---|
| **Net sales** | 18,351 | 6,336 | 1,603 | 1,897 | -87 | 28,099 |
| **Gross profit** | 3,610 | 2,978 | 1,199 | 1,188 | - | 8,974 |
| **EBITDA** | 898 | 1,446 | 606 | 472 | -603 | 2,818 |
| EBITDA adjustments[1] | -115 | -28 | -31 | -94 | -111 | -379 |
| **Adjusted EBITDA** | 1,014 | 1,473 | 636 | 566 | -492 | 3,197 |
| Depreciation and amortization | | | | | | -7,529 |
| **EBIT** | | | | | | -4,710 |
| Net finance income | | | | | | -250 |
| **Profit or loss before tax** | | | | | | -4,961 |

1) See specifications in Note 2.

## Distribution of net sales

| Q1 2023, SEKm | Messaging | Voice | Email | SMB | Other and eliminations | Consolidated |
|---|---|---|---|---|---|---|
| **Net sales by customer region** | | | | | | |
| North America | 1,517 | 1,555 | 207 | 171 | -35 | 3,415 |
| EMEA[1] | 2,004 | 29 | 160 | 39 | -9 | 2,223 |
| Asia-Pacific | 694 | 18 | 39 | 262 | -43 | 970 |
| Latin America | 303 | 0 | 16 | - | - | 320 |
| **Total** | **4,518** | **1,603** | **422** | **472** | **-87** | **6,927** |
| | | | | | | |
| **Net sales by product/service** | | | | | | |
| Communication services | 4,456 | 1,603 | 422 | 463 | -87 | 6,856 |
| Initial software licenses and upgrades | 30 | - | - | - | - | 30 |
| Support | 21 | - | - | - | - | 21 |
| Other | 11 | - | - | 9 | - | 20 |
| **Total** | **4,518** | **1,603** | **422** | **472** | **-87** | **6,927** |
| | | | | | | |
| **Net sales allocation per point in time** | | | | | | |
| Over time | 1,837 | 1,514 | 349 | 36 | -87 | 3,650 |
| At one point in time | 2,768 | 88 | 72 | 435 | - | 3,277 |
| **Total** | **4,518** | **1,603** | **422** | **472** | **-87** | **6,927** |

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

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

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

| Q1 2022, SEKm | Messaging | Voice | Email | SMB | Consolidated |
|---|---|---|---|---|---|
| **Net sales by customer region** | | | | | |
| North America | 1,841 | 1,374 | 157 | 111 | 3,483 |
| Europe[1] | 1,429 | 10 | 118 | 39 | 1,596 |
| Asia-Pacific | 569 | 11 | 33 | 275 | 889 |
| Latin America | 304 | 0 | 13 | 0 | 318 |
| Rest of the world | 248 | 4 | 10 | 2 | 264 |
| **Total** | **4,392** | **1,400** | **330** | **427** | **6,550** |
| | | | | | |
| **Net sales by product/service** | | | | | |
| Communication services | 4,284 | 1,400 | 330 | 427 | 6,441 |
| Initial software licenses and upgrades | 29 | 0 | 0 | 0 | 29 |
| Support | 22 | 0 | 0 | 0 | 22 |
| Other | 58 | 0 | 0 | 0 | 58 |
| **Total** | **4,392** | **1,400** | **330** | **427** | **6,550** |
| | | | | | |
| **Net sales allocation per point in time** | | | | | |
| Over time | 278 | 1,343 | 224 | 26 | 1,871 |
| At one point in time | 4,114 | 57 | 107 | 401 | 4,679 |
| **Total** | **4,392** | **1,400** | **330** | **427** | **6,550** |

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

| Jan-Dec 2022, SEKm | Messaging | Voice | Email | SMB | Consolidated |
|---|---|---|---|---|---|
| **Net sales by customer region** | | | | | |
| North America | 7,646 | 5,919 | 730 | 575 | 14,869 |
| Europe[1] | 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 |
| **Total** | **18,225** | **6,134** | **1,511** | **1,852** | **27,722** |
| | | | | | |
| **Net sales by product/service** | | | | | |
| Communication services | 17,886 | 6,134 | 1,511 | 1,852 | 27,383 |
| Initial software licenses and upgrades | 97 | 0 | - | - | 97 |
| Support | 105 | 0 | - | - | 105 |
| Other | 136 | - | - | - | 136 |
| **Total** | **18,225** | **6,134** | **1,511** | **1,852** | **27,722** |
| | | | | | |
| **Net sales allocation per point in time** | | | | | |
| Over time | 2,631 | 5,707 | 1,228 | 126 | 9,691 |
| At one point in time | 15,595 | 427 | 283 | 1,726 | 18,031 |
| **Total** | **18,225** | **6,134** | **1,511** | **1,852** | **27,722** |

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

# Parent company

Sinch AB (publ) owns and manages the shares attributable to the Sinch Group. The group's operational and strategic management functions have been centralized to the parent company. At the end of the period, the parent company had 4 (19) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries.

## Parent company income statement

| SEKm | Q1 2023 | Q1 2022 | Jan-Dec 2022 |
|---|---|---|---|
| **Net sales** | **124** | **19** | **356** |
| Operating income | 2 | 1 | 6 |
| **Operating costs** | | | |
| Other external expenses | -42 | -37 | -345 |
| Employee benefits expenses | -5 | -5 | -21 |
| **EBIT before other operating costs, depreciation/amortization and impairment losses** | **78** | **-22** | **-4** |
| Other operating costs | -1 | -1 | -8 |
| Depreciation and amortization | -1 | -1 | -5 |
| **EBITDA** | **77** | **-25** | **-16** |
| Impairment of shares in subsidiaries | | - | -4,340 |
| Interest income and similar profit items | 554 | 1,701 | 3,923 |
| Interest expenses and similar loss items | -562 | -1,170 | -3,435 |
| **Profit after financial items** | **68** | **506** | **-3,868** |
| Appropriations | - | - | -252 |
| **Profit or loss before tax** | **68** | **506** | **-4,120** |
| Tax on profit for the period | -18 | -104 | -25 |
| **Profit or loss for the period** | **50** | **402** | **-4,145** |

## Parent company balance sheet

| SEKm | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Intangible assets | 4 | 6 | 5 |
| Property, plant and equipment | 2 | 4 | 3 |
| **Financial assets** | | | |
| Investments in Group companies | 15,764 | 2,973 | 15,764 |
| Non-current receivables, Group companies | 2,278 | 3,556 | 2,278 |
| **Total financial assets** | **18,049** | **6,529** | **18,041** |
| Deferred tax assets | - | 7 | - |
| **Total non-current assets** | **18,049** | **6,546** | **18,049** |
| **Current assets** | | | |
| Receivables from Group companies | 22,344 | 39,537 | 22,276 |
| Tax assets | 24 | 0 | 33 |
| Other current receivables | 12 | 6 | - |
| Prepaid expenses and accrued income | 81 | 258 | 82 |
| Cash and cash equivalents[1] | 369 | 0 | 765 |
| **Total current assets** | **22,830** | **39,801** | **23,155** |
| TOTAL ASSETS | 40,879 | 46,347 | 41,204 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 8 | 8 | 8 |
| **Total restricted equity** | **8** | **8** | **8** |
| Share premium reserve | 34,126 | 34,062 | 34,126 |
| Retained earnings | -4,018 | 130 | 130 |
| Profit or loss for the year | 50 | 402 | -4,145 |
| **Total non-restricted equity** | **30,158** | **34,594** | **30,111** |
| **Total equity** | **30,167** | **34,602** | **30,119** |
| Untaxed reserves | 95 | 43 | 95 |
| Deferred tax liability | 4 | - | - |
| **Total untaxed reserves and provisions** | **99** | **43** | **95** |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 8,621 | 5,686 | 10,449 |
| **Total non-current liabilities** | **8,621** | **5,686** | **10,449** |
| **Current liabilities** | | | |
| Accounts payable | 4 | 9 | 3 |
| Tax liability | - | 21 | - |
| Liabilities to Group companies | 408 | 482 | 469 |
| Liabilities to credit institutions[1] | 1,500 | 5,478 | - |
| Other current liabilities | 23 | 4 | 17 |
| Accrued expenses and prepaid income | 57 | 21 | 52 |
| **Total current liabilities** | **1,992** | **6,017** | **541** |
| TOTAL EQUITY AND LIABILITIES | 40,879 | 46,347 | 41,204 |

1) The overdraft facility has been reclassified to liabilities to credit institutions as of 31 Mar 2022.

## Note 1 – Accounting policies

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

There is no plan to early apply new standards or amendments adopted by the EU that become effective for annual periods subsequent to 2023. Sinch will be affected by the amendments to IAS 8 regarding accounting policies, but the change will only affect information concerning accounting policies. The Group will also be affected as regards accounting for deferred tax on leases, where the gross accounts will be presented in a note to the financial statements. Sinch has not yet determined how the Group will be affected by the amendment to IAS 1 regarding classification of liabilities. It has been determined that other forthcoming amendments will have no material impact. Risks and uncertainties relevant to Sinch are described in the 2022 Annual Report, with further comments provided below.

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

During Q1 2023 Sinch has assessed there are no indications of goodwill impairment losses, for all cash-generating units.

### Receivables and accrued revenues

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

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

### Impact of external factors on consolidated accounting policies

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

## Note 2 – Operating profit

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

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

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

## Reconciliation items related to operating profit

| EBITDA adjustments, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Acquisition costs | -3 | -42 | -45 | -6 |
| Restructuring costs | -6 | - | -62 | -68 |
| Earnouts | -18 | - | - | -18 |
| Integration costs | -47 | -59 | -252 | -241 |
| Costs of share-based incentive programs | -23 | -17 | -124 | -129 |
| Operational foreign exchange gains/losses | -45 | 5 | 135 | 84 |
| Other adjustments | 0 | 0 | -1 | -1 |
| **Total EBITDA adjustments** | **-141** | **-112** | **-350** | **-379** |
| | | | | |
| Amortization of acquisition-related assets | -496 | -440 | -1,987 | -2,044 |
| Impairment of goodwill | - | - | -5,097 | -5,097 |
| **Total EBIT adjustments** | **-638** | **-552** | **-7,434** | **-7,520** |

| Acquisition costs, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | 0 | 0 | - | 0 |
| Voice | - | - | 3 | 3 |
| Email | - | - | - | - |
| SMB | 0 | - | - | 0 |
| Other and eliminations | -2 | -41 | -48 | -9 |
| **Total acquisition costs per segment[1]** | **-3** | **-42** | **-45** | **-6** |

1) Reported as other external expenses.

| Restructuring costs, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | -5 | - | -62 | -67 |
| Voice | - | - | - | - |
| Email | - | - | - | - |
| SMB | - | - | - | - |
| Other and eliminations | 0 | - | - | 0 |
| **Total Restructuring costs per segment[2]** | **-6** | **-** | **-62** | **-68** |

2) Reported as other external expenses.

| Adjusted earnout, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | - | - | - | - |
| Voice | - | - | - | - |
| Email | - | - | - | - |
| SMB | - | - | - | - |
| Other and eliminations | -18 | - | - | -18 |
| **Total adjusted earnout per segment[3]** | **-18** | **-** | **-** | **-18** |

3) Reported as other external expenses.

| Integration costs, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | -18 | -25 | -111 | -104 |
| Voice | -2 | -3 | -12 | -11 |
| Email | - | -5 | -13 | -8 |
| SMB | -21 | -6 | -54 | -68 |
| Other and eliminations | -7 | -19 | -62 | -50 |
| **Total integration costs per segment[4]** | **-47** | **-59** | **-252** | **-241** |
| **Of which:** | | | | |
| Employee benefits expenses | -45 | -40 | -180 | -185 |
| External consultants | -1 | -18 | -59 | -43 |
| Other | - | -1 | -13 | -13 |
| **Total integration costs per category[4]** | **-47** | **-59** | **-252** | **-241** |

4) Reported as other external expenses and employee benefits expenses

| Costs of share-based incentive programs, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | -7 | -5 | -52 | -54 |
| Voice | -2 | -4 | -22 | -20 |
| Email | -6 | -6 | -25 | -25 |
| SMB | -7 | -3 | -21 | -25 |
| Other and eliminations | -1 | 1 | -4 | -5 |
| **Total costs of share-based incentive programs per segment[5]** | **-23** | **-17** | **-124** | **-129** |
| **Of which:** | | | | |
| Cost of vested warrants per IFRS 2 | -26 | -37 | -140 | -129 |
| Social insurance costs | 3 | 20 | 16 | 0 |
| **Total costs of share-based incentive programs per category[5]** | **-23** | **-17** | **-124** | **-129** |

5) Reported as employee benefits expenses.

| Operational foreign exchange gains/losses, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | **-42** | 13 | 161 | **106** |
| Voice | 0 | 0 | - | - |
| Email | -1 | 0 | 5 | 4 |
| SMB | -2 | -2 | -1 | -1 |
| Other and eliminations | -1 | -5 | -30 | -25 |
| **Total operational foreign exchange gains/losses per segment[6]** | -45 | **5** | **135** | 84 |
| **Of which:** | | | | |
| Realized foreign exchange gains/losses | -11 | 15 | 128 | 102 |
| Unrealized foreign exchange gains/losses | -34 | -9 | 7 | -18 |
| **Total operational foreign exchange gains/losses per category[6]** | -45 | **5** | **135** | 84 |

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

| Other adjustments, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Messaging | 0 | - | 1 | 1 |
| Voice | 0 | - | - | 0 |
| Email | 0 | - | -2 | -2 |
| SMB | - | - | - | - |
| Other and eliminations | 0 | - | - | 0 |
| **Total other adjustments per segment[7]** | **0** | **-** | **-1** | **-1** |

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

## Note 3 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities amounted to SEK 177m (187).

## Note 4 – Incentive programs

Total costs for the incentive programs recognized in profit or loss amount to SEK 23m (17) for the period of January-March. Payroll costs for vested warrants are included in profit or loss in the amount of SEK 26m (37) with a corresponding increase in equity and social insurance costs, and improved profit by SEK 3m (20), with a corresponding reduction of provisions in the balance sheet.

The loss in Q1 2023 does not give rise to any dilutive effect. If results had been positive, the weighted number of dilutive warrants/stock options would have been 9,098,108 and 27% would have been considered dilutive during the quarter, as the exercise price was below the average share price. The potential dilutive effect, as measured at the inception of the programs, is 1.1 percent (1.6) upon exercise of all warrants/options in all programs. See Note 7 of the 2022 annual report for further disclosures regarding the Group's incentive programs LTI 2016, LTI 2018, LTI 2019, LTI 2020, LTI II 2020, LTI 2021, LTI II 2021 and LTI 2022.

## Note 5 – Depreciation, amortization and impairments

| Depreciation, amortization and impairments, SEKm | Q1 2023 | Q1 2022 | 2022 | R12M |
|---|---|---|---|---|
| Amortization acquired customer relationships | -304 | -276 | -1,200 | -1,228 |
| Amortization acquired operator relationships | -18 | -17 | -72 | -74 |
| Amortization acquired trademarks | -22 | -14 | -121 | -129 |
| Amortization acquired software | -151 | -133 | -594 | -612 |
| Impairment of goodwill | - | - | -5,097 | -5,097 |
| **Total acquisition-related amortization** | **-496** | **-440** | **-7,084** | **-7,140** |
| Amortization proprietary software | -28 | -32 | -60 | -56 |
| Amortization licenses | -1 | -3 | -6 | -5 |
| Amortization other intangible assets | -1 | -1 | -2 | -2 |
| **Total amortization intangible assets** | **-525** | **-475** | **-7,153** | **-7,203** |
| Depreciation property, plant and equipment | -44 | -45 | -181 | -181 |
| Depreciation Right-of-use assets | -35 | -33 | -143 | -145 |
| Impairments | - | - | -0 | -0 |
| **Total amortization/depreciation of intangible assets and property, plant and equipment** | **-605** | **-554** | **-7,478** | **-7,529** |

## Note 6 – Acquisition of Group companies

**Acquisitions in 2023**

There were no acquisitions in Q1 however a contingent earnout of 24 MSEK was paid in relation to the acquisition of TWW.

**Acquisitions in 2022**

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

## Note 7 – Accounts receivable

| Sinch Group, SEKm | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Receivables, unbilled | 1,956 | 1,493 | 1,958 |
| Receivables, billed | 2,315 | 2,845 | 2,465 |
| Expected credit loss allowance | -169 | -142 | -176 |
| **Total accounts receivable** | **4,102** | **4,197** | **4,247** |

## Note 8 - Prepaid expenses and accrued income

| Sinch Group, SEKm | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Accrued revenue from contracts with customers | 51 | 382 | 112 |
| Other accrued income and prepaid expenses | 920 | 596 | 721 |
| **Total accrued income and prepaid expenses** | **971** | 978 | **833** |

# Definitions

## Financial measurements defined under IFRS:

**Earnings per share, basic and diluted**
Net profit for the period attributable to owners of the parent divided by the volume-weighted average number of shares outstanding in the period before/after dilution.

## Financial measurements not defined under IFRS:

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

**Gross margin**
Gross profit in relation to net sales.

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

**Gross profit**
Net sales less the cost of services sold.

*Illustrates the company's internal value creation excluding costs paid to suppliers (mobile operators).*

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

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

**Interest-bearing liabilities**
Bond loans, bank loans, overdraft facilities and lease liabilities.

*Used to calculate net debt.*

**Net debt**
Interest-bearing liabilities less cash and cash equivalents.

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

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

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

**OPEX**
Other external expenses and employee benefits expenses

**Equity ratio**
Equity as a percentage of total assets.

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

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

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

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

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

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

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

*Enables comparison of profitability over time in underlying operations.*

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

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

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

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

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

**EBIT margin/Adjusted EBIT margin**
EBIT/Adjusted EBIT in relation to net sales.

**EBITDA margin /Adjusted EBITDA margin**
EBITDA/Adjusted EBITDA in relation to net sales,

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

## Operational measurements

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

**Number of ordinary shares at the end of the period**
Number of ordinary shares at the end of the period.

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

**Organic growth**
Growth adjusted for acquisition and currency effects.

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

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

## Terms and acronyms

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

## About Sinch

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

## Forthcoming reporting dates

| | |
|---|---|
| Interim report Q2, Jan–Jun 2023 | 21 July |
| Interim report Q3, Jan–Sep 2023 | 7 November |

## Annual report

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

## Annual General Meeting

The ordinary Annual General Meeting will be held 17 May 2023 at 10:00 CEST at the meeting venue Kungsholmen 2, Hotell Courtyard by Marriott Stockholm, Rålambshovsleden 50, Stockholm. Entrance and registration will begin at 09:30. Please visit investors.sinch.com for registration information.

## Nominating Committee

The members of the Sinch AB nominating committee are:

- Jonas Fredriksson – Neqst
- Thomas Wuolikainen – Fourth Swedish National Pension Fund
- Tomas Risbecker – AMF
- Oscar Bergman – Swedbank Robur
- Erik Fröberg – Board Chair, Sinch

## Risk assessment

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

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

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

Sinch's business is well-diversified, with revenues related to a large number of geographical markets, sectors and customer groups. The company is also a leading global supplier and as such enjoys large economies of scale in its operations. In addition, Sinch's offering helps companies improve the efficiency of their businesses using digital communications, which has contributed to keeping demand up even when the economy has been weak.

## Outlook

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

## Forward-looking statements

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

## Assurance

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

## Headquarters

Sinch AB (publ)
Lindhagensgatan 74
112 18 Stockholm, Sweden

Corporate ID 556882-8908

sinch.com

## Invitation to webcast and phone conference

Sinch will present the interim report in a webcast and phone conference on Thursday, 27 April 2023 at 14:00 CEST. Watch the presentation at investors.sinch.com/webcast or call and register a couple of minutes in advance.

| | |
|---|---|
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Stockholm, 27 April 2023

Erik Fröberg
Board Chair

Bridget Cosgrave
Director

Renée Robinson Strömberg
Director

Johan Stuart
Director

Björn Zethraeus
Director

Hudson Smith
Director

Laurinda Pang
President and CEO

*Note: Sinch AB (publ) is required to publish the information in this interim report pursuant to the EU Market Abuse Regulation. The information was released for publication by the contact person above on 27 April 2023 at 07:30 CEST.*

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