

# Interim report, January-March 2024

## January-March 2024

- Net sales decreased by 2 percent to SEK 6,792m (6,927).
- Gross profit increased by 2 percent to SEK 2,312m (2,260).
- EBITDA rose by 11 percent to SEK 768m (692).
- Adjusted EBITDA<sup>1</sup> decreased by 5 percent to SEK 794m (834).
- The loss after tax for the quarter was SEK -90m (-78).
- Basic earnings per share were SEK -0.11 (-0.09) and diluted earnings per share were SEK -0.11 (-0.09).
- Cash flow from operating activities was SEK 553m (212).

**“Reigniting our growth with improved profitability is the key objective of the transformation work that we are now undertaking.” – Laurinda Pang, CEO**

## Significant events during the quarter

- The new operating model, organization and management team became operational on 1 January 2024. From this quarter, the financial reporting has been changed to reflect this change. The new operating segments consist of the three regions Americas, EMEA and APAC. In addition, a complementary view consisting of the three product categories Applications, API platform and Network Connectivity is reported. More info at [sinch.com](https://sinch.com).
- Credit facilities that amounted to SEK 6,500m and USD 110m at the end of the year were extended by one year. The new maturity date is February 2027.
- Juniper Research names Sinch as a CPaaS market leader in [Competitor Leaderboard 2024](#).
- Sinch was recognized as the 2024 Adobe Digital Experience ISV Resell Partner of the Year. Adobe’s Digital Experience partner awards honor companies that have made leading contributions to Adobe’s business and have had a significant impact on customer success.
- Julia Fraser, Executive Vice President Americas, Wendy Johnstone, Executive Vice President APAC, and Ilse van der Haar, Chief Legal Officer, became new members of Sinch’s Global Management Team in the quarter.

## Significant events after the end of the quarter

- Sinch published restated historical segment reporting after implementation of the new operating model. The restated historical segment reporting does not affect Sinch’s previously reported total Net sales or profit.
- Sinch published its [Annual Report for 2023](#).

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

## Comments from the CEO

### From planning to execution

Intense work with our transformation agenda has characterized the beginning of 2024 with the launch of our new organization and initiatives around go-to-market transformation, product integration and operational excellence.

We continue to deliver robust financial results with rising gross margins and strong cash flow. Net sales in the first quarter reached SEK 6.8 billion and our gross margin of 34 percent is 1.4 percentage points higher than in Q1 last year. Operating cash flow was strong at SEK 553 million. Cash conversion, which we measure on a rolling 12-month basis, is now back within our targeted range of 40-50 percent.

Gross profit increased 3 percent year-on-year in constant currencies. This development is in line with our near-term expectations but a level of growth that is well below our longer-term aspirations.

Reigniting our growth with improved profitability is the key objective of the transformation work that we are now undertaking. Two key ingredients that will let us achieve those goals are an increased focus on our customers and an improved ability to fully leverage our global scale. The new organization that went live on 1 January was designed to achieve this and we now have three regional go-to-market teams backed by global product, technology, and support functions.

These organizational changes are now reflected in our financial reporting. The Americas, our largest operating segment and region, illustrates the challenge and opportunity we are facing. We show healthy growth in both our API Platform and Applications offering, which contribute about two thirds of gross profit, but we report significant decline in Network Connectivity. Improving our overall growth rate hence requires us to maintain and accelerate growth in our faster-growing products, and to vigilantly address cost pressures and demand weakness in the more mature product sets.

In EMEA we are recording growth in both Applications and Network Connectivity, but we need to improve the financial performance of our API Platform to return the region to overall growth. APAC is performing well with healthy growth driven by India and Australia.

Our new organization is a key enabler for the go-to-market transformation we have initiated. We are now able to focus our salespeople on our customers, by offering our full breadth of services to help solve their business challenges and create uniform ways of working that improve customer experience.



Supporting our go-to-market transformation are investments in data and CRM which will continue throughout 2024 and into 2025.

Creating a single, global product organization has also allowed us to reassess our product portfolio and become more intentional in where we spend our resources. We see opportunities to further grow our API Platform, which enables developers to trigger multi-channel customer communications from their own systems and processes with just a few lines of code. Making it simpler for customers to leverage multiple communications channels and enabling SMS customers to build a more engaging customer experience using RCS, are two such opportunities.

We see potential to drive profitable growth also in our Applications offering. Here we are accelerating the pace of product integration and building a unified, AI-powered customer engagement platform that draws on the capabilities from multiple existing software products. We look forward to communicating how we progress with this work and anticipate multiple product releases throughout the year.

We have an ambitious transformation agenda which requires funding to deliver. Identifying opportunities to reduce duplication and increase our efficiency is a way to self-fund this transformation, and we committed last quarter to reach gross opex savings of SEK 300 million, on a run rate basis, by the end of 2024. I am pleased to conclude that our work in this area is progressing well, and according to plan, and that we can hence continue to execute on our transformation agenda.

Stockholm, 7 May 2024

Laurinda Pang  
CEO

## Sinch overview

For a list and definitions of financial and operational measurements, please refer to page 24.

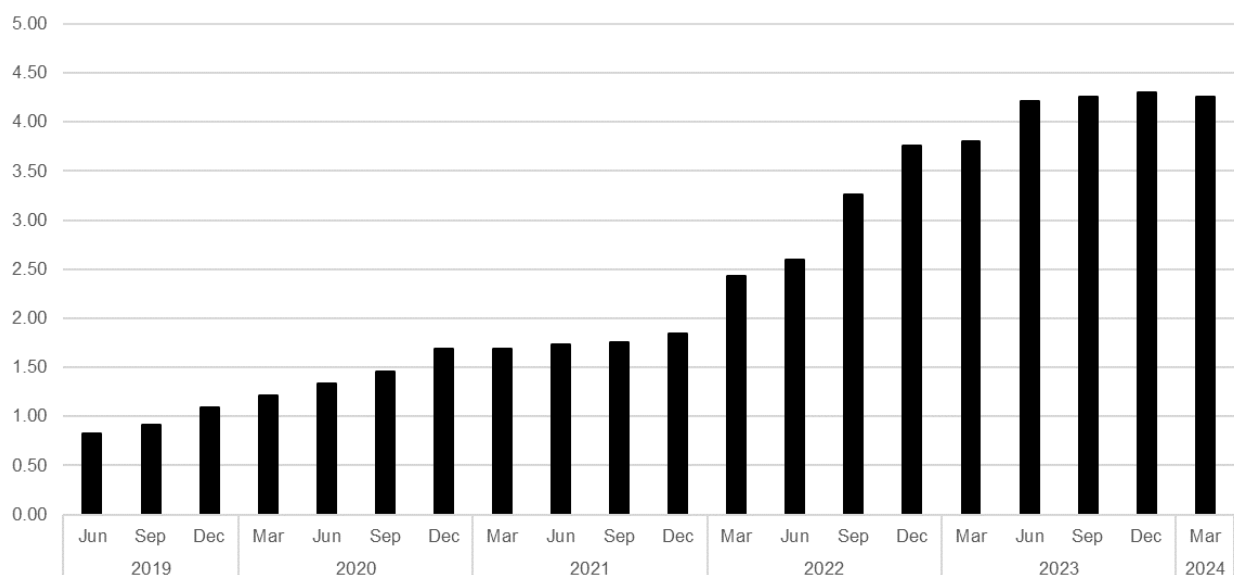
Sinch Group, SEKm	Q1	Q1	2023	R12M
	2024	2023		
Net sales	6,792	6,927	28,745	28,610
Gross profit	2,312	2,260	9,542	9,593
Gross margin	34%	33%	33%	34%
EBITDA	768	692	3,074	3,150
EBITDA margin	11%	10%	11%	11%
Adjusted EBITDA <sup>1</sup>	794	834	3,637	3,597
Adjusted EBITDA margin	12%	12%	13%	13%
Adjusted EBITDA/gross profit	34%	37%	38%	37%
EBIT	151	88	494	557
EBIT margin	2%	1%	2%	2%
Adjusted EBIT <sup>1</sup>	658	725	3,122	3,055
Adjusted EBIT margin	10%	10%	11%	11%
Profit or loss for the period	-90	-78	42	31
Cash flow from operating activities	553	212	1,788	2,129
Net debt (+) / Net cash (-)	7,848	9,206	7,987	7,848
Net debt/Adjusted EBITDA R12M, multiple <sup>2</sup>	2.0	2.7	2.0	2.0
Equity ratio	65%	61%	63%	65%
Adjusted EBITDA/share, SEK	0.94	0.98	4.30	4.26
Diluted earnings per share <sup>3</sup> for the period, SEK	-0.11	-0.09	0.05	0.04
Average number of employees	3,659	3,551	3,643	3,670
Average number of employees including consultants	4,197	4,204	4,241	4,239

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

2) In the calculation of this APM, Net debt and Adjusted EBITDA are both measured excluding IFRS 16-related lease liabilities. See page 6 for comments.

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

### Adjusted EBITDA per share<sup>4</sup>, R12M (SEK)



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

## Quarterly summary

Adjusted EBITDA and Adjusted EBIT are reported below to clarify performance in underlying operations. See Note 2 for more information. From Q1 2024, the segment division reflects the new organization which Sinch announced on 26 October 2023. Historical amounts according to the new segment division are presented from Q1 2023. Periods before 2023 do not report the segment division in this way, in accordance with IFRS 8 paragraph 36.

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022	2022	2022	2022	2023	2023	2023	2023	2024
<b>Net sales, SEKm</b>									
Americas	-	-	-	-	4,337	4,389	4,523	4,651	4,247
EMEA	-	-	-	-	1,691	1,726	1,751	1,786	1,551
APAC	-	-	-	-	900	906	991	1,095	995
<b>Total</b>	<b>6,550</b>	<b>6,615</b>	<b>7,196</b>	<b>7,361</b>	<b>6,927</b>	<b>7,021</b>	<b>7,265</b>	<b>7,532</b>	<b>6,792</b>
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022	2022	2022	2022	2023	2023	2023	2023	2024
<b>Gross profit, SEKm</b>									
Americas	-	-	-	-	1,392	1,469	1,514	1,633	1,443
EMEA	-	-	-	-	526	522	564	504	504
APAC	-	-	-	-	342	331	355	390	364
<b>Total</b>	<b>2,096</b>	<b>1,937</b>	<b>2,361</b>	<b>2,416</b>	<b>2,260</b>	<b>2,322</b>	<b>2,433</b>	<b>2,526</b>	<b>2,312</b>
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022	2022	2022	2022	2023	2023	2023	2023	2024
<b>Gross margin</b>									
Americas	-	-	-	-	32%	33%	33%	35%	34%
EMEA	-	-	-	-	31%	30%	32%	28%	33%
APAC	-	-	-	-	38%	37%	36%	36%	37%
<b>Total</b>	<b>32%</b>	<b>29%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>34%</b>	<b>34%</b>
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022	2022	2022	2022	2023	2023	2023	2023	2024
<b>EBITDA, SEKm</b>									
<b>EBITDA, total</b>	<b>648</b>	<b>528</b>	<b>808</b>	<b>791</b>	<b>692</b>	<b>715</b>	<b>848</b>	<b>818</b>	<b>768</b>
<b>EBITDA margin</b>	<b>10%</b>	<b>8%</b>	<b>11%</b>	<b>11%</b>	<b>10%</b>	<b>10%</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>
Adjusted EBITDA, total	760	503	901	960	834	865	943	996	794
Adjusted EBITDA margin	12%	8%	13%	13%	12%	12%	13%	13%	12%
Adjusted EBITDA/gross profit	36%	26%	38%	40%	37%	37%	39%	39%	34%
Adjusted EBITDA/share, SEK	0.96	0.61	1.07	1.13	0.98	1.03	1.12	1.18	0.94
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2022	2022	2022	2022	2023	2023	2023	2023	2024
<b>EBITDA adjustments, SEKm (Note 2)</b>									
Acquisition costs	-42	1	-5	1	-3	-2	-2	-2	-2
Restructuring costs	-	-	-18	-44	-6	-28	-14	0	-18
Earnouts	-	-	-	-	-18	-	-	-	-
Integration costs	-59	-66	-61	-67	-47	-47	-31	-23	-49
Costs of share-based incentive programs	-17	-27	-42	-38	-23	-33	-29	-52	0
Operational foreign exchange gains/losses	5	117	37	-25	-45	-41	-12	-63	43
Other adjustments	-	-	-3	2	0	1	-9	-37	-1
<b>Total EBITDA adjustments</b>	<b>-113</b>	<b>25</b>	<b>-93</b>	<b>-169</b>	<b>-141</b>	<b>-149</b>	<b>-95</b>	<b>-178</b>	<b>-26</b>
Amortization of acquisition-related assets	-440	-464	-497	-587	-496	-506	-526	-535	-481
Impairment of goodwill	-	-	-5,000	-97	-	-	-	-	-
<b>Total EBIT adjustments</b>	<b>-553</b>	<b>-439</b>	<b>-5,590</b>	<b>-853</b>	<b>-638</b>	<b>-655</b>	<b>-621</b>	<b>-713</b>	<b>-507</b>

## January -March 2024

The new operating model, organization and management team became operational on 1 January 2024. From this quarter, the financial reporting has been changed to reflect this change. The new operating segments consist of the three regions Americas, EMEA and APAC. In addition, a complementary view consisting of the three product categories Applications, API platform and Network Connectivity is reported. Also see Definitions and [sinch.com](https://www.sinch.com).

### Net sales

Consolidated net sales decreased in the quarter by 2 percent to SEK 6,792m (6,927), compared to the corresponding period in the preceding year. Net sales in the quarter increased in operating segment APAC but decreased in Americas and EMEA.

Product category Applications contributed positively to consolidated net sales while net sales declined for product categories API Platform and Network Connectivity. Also see note 10.

The currency effect was 0 percent for the quarter,

corresponding to SEK 7m. Organic net sales in local currency decreased by 2 percent compared to the same quarter in 2023. All business in Q1 2024 is classified as organic.

### Gross profit

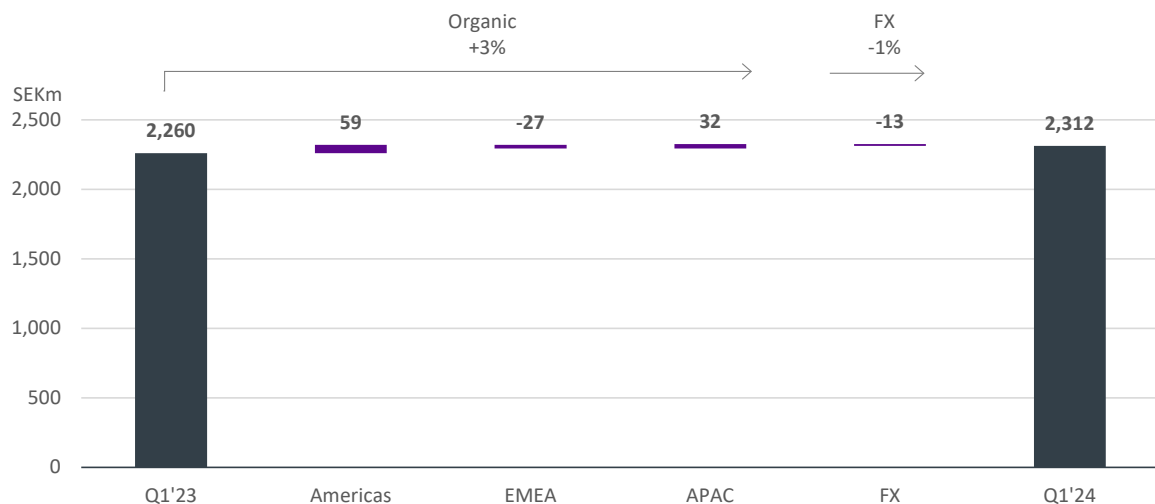
The gross margin was 34 percent (33).

Consolidated gross profit rose during the quarter by 2 percent to SEK 2,312m (2,260). The increase is primarily explained by improved gross margins due to a changed product mix. Gross profit increased in operating segments Americas and APAC and decreased in EMEA.

Product categories Applications and API Platform contributed positively to consolidated gross profit growth while gross profit declined for product category Network Connectivity

The currency headwind was 1 percent for the quarter, corresponding to SEK 13m. Organic gross profit increased by 3 percent compared to the same quarter last year.

### Change in consolidated gross profit, Q1 2023 - Q1 2024



### Operating expenses

Operating expenses, defined as the difference between gross profit and EBITDA decreased by 2 percent to SEK 1,544m (1,568) compared to the same period in 2023. The majority of the cost base is attributable to direct and indirect employee benefits expenses. Compared to the same period last year, the cost base increased due to inflation and pay adjustments, which were partly offset by workforce reductions and other cost savings.

Adjusted operating expenses, defined as the difference between gross profit and Adjusted EBITDA, grew by 6

percent to SEK 1,518m (1,427) compared to the same period in 2023. Changes in exchange rates contributed with 0 percent growth in the quarter. A non-recurring item had a positive effect of SEK 35m on operating expenses in the comparison quarter. In 2024, integration efforts have shifted from platform integrations in previous years to creation of a common IT infrastructure enabling the execution of our growth acceleration plan. As a consequence of this shift, internal time previously classified as integration work is no longer reported as integration. This means that reported integration costs is now primarily related to external consultants. See Note 2 for more information.

Sinch reports Group costs by nature but as of this quarter, the company also discloses costs by function. See Note 11 and definitions on page 24 for more information.

## EBITDA

EBITDA increased by 11 percent to SEK 768m (692). Changes in exchange rates contributed with 2 percent, or SEK 10m, to the decrease.

The consolidated EBITDA margin was 11 percent (10).

In total, Adjusted EBITDA <sup>1</sup> was SEK 26m (142) higher than EBITDA for the quarter. The adjustments include integration costs of SEK -49m (-47), operational foreign exchange gains/losses of SEK 43m (-45), and costs of share-based incentive programs of SEK 0m (-23). See the quarterly summary and Note 2 for more information.

Consequently, Adjusted EBITDA amounted to SEK 794m (834), a 5 percent decrease compared to the same period in the preceding year. Changes in exchange rates contributed with 1 percent, or SEK 9m, to the decrease.

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 0.94 (0.98) for the quarter and SEK 4.26 (3.80) for the rolling twelve months, corresponding to an increase of 12 percent R12M. Adjusted EBITDA/gross profit was 34 percent (37) for the quarter.

## EBIT

EBIT amounted to SEK 151m (88).

Acquisition-related amortization, which does not affect cash flow, reduced EBIT by SEK -481m (-496). The amortization is attributable mainly to straight-lined amortization of acquired customer relationships and acquired software.

Adjusted EBIT (EBIT excluding EBITDA adjustments and amortization of acquisition-related assets) amounted to SEK 658m (725). See the quarterly summary and Note 2 for specifications.

## Growth acceleration plan

An important milestone was reached on 1 January 2024 when the new operational model, organization and management team were implemented.

Harmonizing the company's IT environment to achieve efficiency is a key component of realizing the opportunities created by the new operating model. Sinch estimates the cost of IT initiatives over the next three years at about SEK 350m. Sinch also estimates the company's total integration and restructuring costs at about SEK 300m in 2024. In the first quarter, these costs were SEK 67m out of which SEK 18m were restructuring costs.

These measures are expected to produce gross savings of about SEK 300m on a run-rate basis by the end of the year.

Execution in the first quarter has progressed according to plan. Sinch intends to reinvest the majority of these savings in new initiatives to drive organic growth.

## Other income and expense items

Net financial expenses were SEK -111m (-162), including net interest expense of SEK -131m (-133) and foreign exchange differences of SEK 25m (-24). The Group's effective tax rate was 326 percent (3). Excluding acquisition-related amortization and deferred tax asset not recognized, the Group's effective tax rate was 30 percent (29) for the period.

The net loss for the period was SEK -90m (-78).

## Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK -129m (-154).

The investments include capitalized development expenditure of SEK 99m (95).

## Cash flow

Cash flow before the change in working capital amounted to SEK 557m (410). Cash flow was reduced by tax paid of SEK -57m (-199) and interest expenses paid of SEK -131m (-127).

Cash flow from operating activities amounted to SEK 553m (212) and was decreased by the total change in working capital of SEK -4m (-198).

Cash used in investing activities was SEK -131m (-184) and was affected by net investments of SEK -129m (-154), primarily capitalized development expenditure.

Cash used in financing activities was SEK -645m (-333) for the period, where the change in borrowings reduced net cash by SEK -615m (-307). Net cash flow for the period amounted to SEK -223m (-305).

## Liquidity and financial position

Consolidated cash and cash equivalents at 31 March 2024 amounted to SEK 756m (1,902).

Net debt amounted to SEK 7,848 million (9,206) and includes IFRS 16-related lease liabilities of SEK 923m (973). One of Sinch's financial targets 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 2.0x.

As of 31 March, Sinch had total available credit facilities of SEK 12,765m and the company had used loans and credit facilities totaling SEK 7,078m (9,413). These consists of:

- 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 7,673m that mature in February 2027, of which SEK 2,759m had been used as of 31 March 2024.

<sup>1</sup>Adjusted EBITDA is reported to clarify performance in underlying operations. See Note 2.

In addition, senior unsecured bonds have been issued in the amount of SEK 750m (750). These will mature in November 2024. Available bank overdraft facilities amounted to SEK 920m (911m) as of 31 March 2024, of which SEK 146m (0) had been used.

Amortization of loans within the credit facilities amounted to SEK 611m in the first quarter of 2024.

In total, Sinch had cash and cash equivalents of SEK 756m and unused loans, credit facilities and overdraft facilities of SEK 5,687m as of 31 March 2024.

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

Equity at 31 March 2024 amounted to SEK 35,389m (34,264), corresponding to an equity ratio of 65 percent (61).

### **Employees**

At the end of the quarter, the Group employed 4,166 (4,248) people, including consultants. The average number of employees and consultants for the quarter was 4,197 (4,204). The average number of employees was 3,659 (3,551), of whom 32 percent (32) women.

## Americas

The Americas is Sinch's largest operating segment and contributes more than 60 percent of group net sales and gross profit. The region includes both North and Latin America with the US and Brazil being the largest contributing countries. Business customers in the region leverage Sinch's API Platform and Applications to engage with customers through mobile messaging, voice and email. Network Connectivity products are primarily used by telecom operators who leverage Sinch's network for voice and messaging interconnect.

Americas, SEKm	Q1 2024	Q1 2023	2023	R12M
Net sales	4,247	4,337	17,900	17,810
Gross profit	1,443	1,392	6,008	6,059
Gross margin	34%	32%	34%	34%
<b>Net sales by product category</b>				
Applications	267	223	1,078	1,123
API Platform	2,819	2,896	12,067	11,990
Network Connectivity	1,160	1,218	4,755	4,697
<b>Total</b>	<b>4,247</b>	<b>4,337</b>	<b>17,900</b>	<b>17,810</b>
<b>Gross profit by product category</b>				
Applications	192	171	796	817
API Platform	855	734	3,337	3,458
Network Connectivity	396	487	1,875	1,784
<b>Total</b>	<b>1,443</b>	<b>1,392</b>	<b>6,008</b>	<b>6,059</b>

### Significant events

- Julia Fraser became a new member of the Global Management team as Executive Vice President Americas.
- Juniper Research named Sinch as a CPaaS market leader in [Competitor Leaderboard 2024](#).
- Sinch was named the 2024 Adobe Digital Experience ISV Resell Partner of the Year.

### Net sales

Net sales for the quarter amounted to SEK 4,247m (4,337). All business during the quarter is classified as organic.

Net sales declined by 2 percent compared to the same quarter last year. The corresponding organic decline in local currency was also 2 percent. Applications as well as the verification products within API Platform were the strongest contributors to growth. Growth was hampered by lower messaging sales within API Platform, lower sales to operator customers and the previously communicated regulation of charges for American toll-free numbers, the 8YY reform.

### Gross profit

Gross margin was 34 percent (32). API Platform was the main contributor to year-on-year gross margin growth.

Gross profit for the quarter amounted to SEK 1,443m (1,392).

Gross profit increased by 4 percent compared to the same quarter last year. The corresponding organic increase was also 4 percent. Growth was driven by increased Applications and verification products sales as well as improved year-on-year gross margins for the API-platform. Lower sales to operator customers combined with increased network costs and the 8YY reform, had a negative impact on gross profit growth within Network Connectivity. The reform specifically reduced gross profit growth in the quarter by SEK 34 m, corresponding to -2 percentage points for the region.



## EMEA

The operating segment EMEA serves Sinch customers across Europe, the Middle East and Africa with the largest contributing countries being the UK and France. Business customers rely on Sinch's API Platform and Applications to engage with customers through mobile messaging, voice and email. Network Connectivity includes messaging-related software and services for telecom operators.

EMEA, SEKm	Q1 2024	Q1 2023	2023	R12M
Net sales	1,551	1,691	6,953	6,813
Gross profit	504	526	2,116	2,094
Gross margin	33%	31%	30%	31%

Net sales by product category, SEKm				
Applications	220	200	884	905
API Platform	1,179	1,334	5,435	5,279
Network Connectivity	152	157	635	629
<b>Total</b>	<b>1,551</b>	<b>1,691</b>	<b>6,953</b>	<b>6,813</b>

Gross profit by product category, SEKm				
Applications	151	137	605	619
API Platform	288	339	1,267	1,217
Network Connectivity	65	51	244	258
<b>Total</b>	<b>504</b>	<b>526</b>	<b>2,116</b>	<b>2,094</b>

### Significant events

- Customer cases published in the quarter include Micromania, Club Med, Orange and Currys. [Read more on sinch.com](#)
- In the quarter Sinch met customers at CCW in Berlin and Mobile World Congress (MWC) in Barcelona. Prior to MWC, the [Mobile Ecosystem Forum announced](#) that the new MEF Board has elected Robert Gerstmann, Sinch Chief Evangelist & Co-Founder, as the new Chair.

### Net sales

Net sales for the quarter amounted to SEK 1,551m (1,691). All business during the quarter is classified as organic.

Net sales decreased by 8 percent compared to the same quarter last year. The corresponding organic decline, in local currency was 9 percent. The decrease was primarily due to a decline in net sales of API Platform while Applications made a positive contribution to growth.

### Gross profit

The gross margin was 33 percent (31) for the quarter. The improved gross margin was primarily driven by a change in product mix.

Gross profit for the quarter amounted to SEK 504m (526).

Gross profit decreased by 4 percent compared to the same quarter last year. Organic gross profit decreased by 5 percent due to decreased API platform sales while Network Connectivity and Applications made a positive contribution in the quarter.

## APAC

The operating segment APAC serves Sinch customers throughout the Asia-Pacific, with India and Australia as the largest contributing countries. Applications is a strong contributor to gross profit in the region.

APAC, SEKm	Q1 2024	Q1 2023	2023	R12M
Net sales	995	900	3,892	3,987
Gross profit	364	342	1,418	1,440
Gross margin	37%	38%	36%	36%
<b>Net sales by product category</b>				
Applications	291	278	1,188	1,201
API Platform	679	590	2,589	2,679
Network Connectivity	24	32	114	106
<b>Total</b>	<b>995</b>	<b>900</b>	<b>3,892</b>	<b>3,987</b>
<b>Gross profit by product category</b>				
Applications	178	167	723	734
API Platform	177	160	650	667
Network Connectivity	9	14	44	39
<b>Total</b>	<b>364</b>	<b>342</b>	<b>1,418</b>	<b>1,440</b>

### Significant events

- Sinch appointed Wendy Johnstone as Executive Vice President APAC.
- A regional partnership with Aircall was launched in the quarter, resulting in multiple new customers.
- In April, Sinch MessageMedia was awarded *Solution Provider of the Year* at the Vendors in Partnership Awards at [Retail Fest](#).

### Net sales

Net sales for the quarter amounted to SEK 995m (900). All business during the quarter is classified as organic.

Net sales increased by 11 percent compared to the same quarter last year. The corresponding organic growth, in local currency was 13 percent. Growth was primarily driven by the sustained positive trend within API Platform in India.

### Gross profit

The gross margin was 37 percent (38) for the quarter. The decrease in gross margin was due to the change in product mix.

Gross profit for the quarter amounted to SEK 364m (342).

Gross profit increased by 7 percent compared to the same quarter last year. Organic gross profit increased by 9 percent. Gross profit growth was primarily driven by the sales increases within API Platform in India and by Applications in Australia and New Zealand.

## Income statement

Sinch Group, SEKm	Note	Q1 2024	Q1 2023	2023	R12M
<b>Net sales</b>		<b>6,792</b>	<b>6,927</b>	<b>28,745</b>	<b>28,610</b>
Other operating income		122	98	479	503
Work performed by the entity and capitalized		99	95	383	387
Cost of services sold		-4,480	-4,667	-19,204	-19,017
Other external expenses <sup>1</sup>		-566	-550	-2,336	-2,310
Employee benefits expenses		-1,120	-1,070	-4,371	-4,464
Other operating expenses <sup>1</sup>		-79	-142	-623	-560
<b>EBITDA</b>		<b>768</b>	<b>692</b>	<b>3,074</b>	<b>3,150</b>
Depreciation and amortization	5	-617	-605	-2,580	-2,592
<b>EBIT</b>		<b>151</b>	<b>88</b>	<b>494</b>	<b>557</b>
Finance income		353	437	3,280	3,196
Finance expenses		-464	-599	-3,926	-3,791
<b>Profit or loss before tax</b>		<b>40</b>	<b>-75</b>	<b>-152</b>	<b>-37</b>
Current tax		-136	-145	-319	-311
Deferred tax		7	141	513	379
<b>Profit or loss for the period</b>		<b>-90</b>	<b>-78</b>	<b>42</b>	<b>31</b>
<b>Attributable to:</b>					
Owners of the parent		-89	-78	42	31
Non-controlling interests		0	0	0	0

1) Costs for expected credit losses and actual credit losses have been reclassified from Other operating expenses to Other external expenses.

## Earnings per share

Sinch Group, SEK	Q1 2024	Q1 2023	2023	R12M
Basic	-0.11	-0.09	0.05	0.04
- Diluted <sup>2</sup>	-0.11	-0.09	0.05	0.04

2) 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 2024	Q1 2023	2023	R12M
<b>Profit or loss for the period</b>	<b>-90</b>	<b>-78</b>	<b>42</b>	<b>31</b>
<b>Other comprehensive income</b>				
<b>Items that may subsequently be reclassified to profit or loss for the period</b>				
Translation differences	1,572	-109	-863	817
FX changes on increased net investments	290	-8	-138	160
Tax effect items in other comprehensive income	-63	4	-28	-39
<b>Other comprehensive income or loss for the period</b>	<b>1,799</b>	<b>-113</b>	<b>-973</b>	<b>938</b>
<b>Comprehensive income or loss for the period</b>	<b>1,709</b>	<b>-191</b>	<b>-931</b>	<b>968</b>
<b>Attributable to:</b>				
Owners of the parent	1,709	-191	-931	968
Non-controlling interests	0	0	0	0

## Balance sheet

Sinch Group, SEKm	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		26,399	25,775	25,160
Customer relationships		13,431	14,306	13,058
Operator relationships		176	229	177
Proprietary software		4,851	5,194	4,706
Other intangible assets		392	460	394
Property, plant and equipment		960	920	928
Right-of-use assets		834	912	818
Financial assets		78	79	72
Deferred tax assets		1,180	1,019	957
<b>Total non-current assets</b>		<b>48,301</b>	<b>48,895</b>	<b>46,269</b>
<b>Current assets</b>				
Accounts receivable	7	4,537	4,102	4,669
Tax assets		150	263	238
Other current receivables		273	306	265
Prepaid expenses and accrued income	8	521	971	681
Cash and cash equivalents		756	1,902	1,012
<b>Total current assets</b>		<b>6,237</b>	<b>7,544</b>	<b>6,866</b>
<b>TOTAL ASSETS</b>		<b>54,538</b>	<b>56,439</b>	<b>53,134</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		8	8	8
Other capital contributions		32,398	32,242	32,382
Reserves		6,093	5,154	4,294
Retained earnings including profit for the year		-3,111	-3,142	-3,022
<b>Equity attributable to owners of the parent</b>	4	<b>35,389</b>	<b>34,263</b>	<b>33,663</b>
Non-controlling interests		1	1	1
<b>Total equity</b>		<b>35,389</b>	<b>34,264</b>	<b>33,663</b>
<b>Non-current liabilities</b>				
Deferred tax liability		5,167	5,276	4,750
Provisions		54	40	55
Non-current liabilities, interest-bearing		3,570	9,509	6,637
Non-current liabilities, non-interest-bearing		22	23	25
<b>Total non-current liabilities</b>		<b>8,813</b>	<b>14,848</b>	<b>11,467</b>
<b>Current liabilities</b>				
Contract liabilities/Advance payments from customers		302	273	262
Accounts payable		1,262	1,484	1,849
Tax liability		95	374	64
Other current liabilities, interest-bearing		5,034	1,599	2,362
Other non interest bearing current liabilities		239	241	231
Accrued expenses and prepaid income		3,405	3,356	3,235
<b>Total current liabilities</b>		<b>10,336</b>	<b>7,327</b>	<b>8,004</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>54,538</b>	<b>56,439</b>	<b>53,134</b>
<b>Financial instruments measured at fair value</b>				
Derivative instruments with positive value		-	-	13
Derivative instruments with negative value		15	21	-

## Condensed statement of changes in equity

Sinch Group, SEKm	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other contributions	Reserves	Retained earnings	Total		
<b>Opening balance 1 January 2023</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 or loss for the period				-78	-78	-0	-78
Other comprehensive income			-113		-113	-0	-113
Share-based payments		26			26		26
Issue expenses, net of tax		-2			-2		-2
<b>Closing balance 31 March 2023</b>	<b>8</b>	<b>32,242</b>	<b>5,154</b>	<b>-3,142</b>	<b>34,263</b>	<b>1</b>	<b>34,264</b>
<b>Opening balance 1 January 2024</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>
Profit or loss for the period				-89	-89	0	-90
Other comprehensive income			1,799		1,799	0	1,799
Share-based payments		12			12		12
Shares issued for warrants	0	4			4		4
<b>Closing balance 31 March 2024</b>	<b>8</b>	<b>32,398</b>	<b>6,093</b>	<b>-3,111</b>	<b>35,389</b>	<b>1</b>	<b>35,389</b>

## Condensed statement of cash flows

<b>Sinch Group, SEKm</b>	<b>Note</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>	<b>R12M</b>
Profit or loss before tax		40	-75	-152	-37
Adjustment for non-cash items <sup>1</sup>		574	684	2,859	2,749
Income tax paid		-57	-199	-600	-458
<b>Cash flow before changes in working capital</b>		<b>557</b>	<b>410</b>	<b>2,107</b>	<b>2,254</b>
Change in working capital		-4	-198	-319	-125
<b>Cash flow from operating activities</b>		<b>553</b>	<b>212</b>	<b>1,788</b>	<b>2,129</b>
Net investments in property, plant and equipment and intangible assets		-129	-154	-629	-604
Change in financial receivables		-2	-5	4	7
Acquisition of Group companies	6	-	-24	-24	-
<b>Cash flow from (-used in) investing activities</b>		<b>-131</b>	<b>-184</b>	<b>-649</b>	<b>-596</b>
Change in borrowings		-615	-307	-2,254	-2,562
Amortization lease liability		-34	-25	-136	-145
New issue/warrants	4	5	-2	48	55
<b>Cash flow from (-used in) financing activities</b>		<b>-645</b>	<b>-333</b>	<b>-2,342</b>	<b>-2,654</b>
<b>Cash flow for the period</b>		<b>-223</b>	<b>-305</b>	<b>-1,203</b>	<b>-1,121</b>
Opening balance cash and cash equivalents for the period		1,012	2,173	2,173	1,902
Exchange rate differences in cash and cash equivalents		-33	34	42	-25
<b>Closing balance cash and cash equivalents for the period</b>		<b>756</b>	<b>1,902</b>	<b>1,012</b>	<b>756</b>

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

## Other disclosures

Sinch Group, SEKm	Q1 2024	Q1 2023	2023	R12M
<b>Share information</b>				
Basic earnings per share, SEK	-0.11	-0.09	0.05	0.04
Diluted earnings per share, SEK <sup>1</sup>	-0.11	-0.09	0.05	0.04
Basic weighted average number of shares	843,356,408	838,602,248	841,130,408	842,305,546
Diluted weighted average number of shares <sup>2</sup>	843,356,408	838,602,248	845,416,837	845,323,006
Total number of shares at the end of the period	843,362,848	838,602,248	843,069,811	843,362,848
<b>Financial position</b>				
Equity attributable to owners of the parent	35,389	34,263	33,663	35,389
Equity ratio	65%	61%	63%	65%
Net investments in property, plant and equipment and intangible assets	-129	-154	-629	-604
Cash and cash equivalents	756	1,902	1,012	756
Net debt (+) / Net cash (-)	7,848	9,206	7,987	7,848
Net debt/Adjusted EBITDA R12M, multiple	2.0	2.7	2.0	2.0
EBIT margin	2%	1%	2%	2%
EBITDA margin	11%	10%	11%	11%
<b>Employee information</b>				
Average number of employees	3,659	3,551	3,643	3,670
Average number of employees, women	1,161	1,120	1,146	1,156
Percentage female	32%	32%	31%	32%

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

2) If financial performance had been positive, the weighted number of dilutive warrants/stock options would have been 3,706,955 (9,098,108) for the first quarter.

## 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 Americas, EMEA and APAC. These three regions represent the domicile of our customers, also see Definitions. Note that items below Gross profit are not allocated to the segments.

Q1 2024, SEKm	Americas	EMEA	APAC	Other	Consolidated
<b>Net sales</b>	<b>4,247</b>	<b>1,551</b>	<b>995</b>	-	<b>6,792</b>
<b>Gross profit</b>	<b>1,443</b>	<b>504</b>	<b>364</b>	-	<b>2,312</b>
<b>Opex</b>				<b>-1,544</b>	<b>-1,544</b>
<b>EBITDA</b>				<b>768</b>	<b>768</b>
EBITDA adjustments <sup>1</sup>				-26	-26
<b>Adjusted EBITDA</b>				<b>794</b>	<b>794</b>
Depreciation and amortization					-617
<b>EBIT</b>					<b>151</b>
Net finance income or expense					-111
<b>Profit or loss before tax</b>					<b>40</b>

1) See specifications in Note 2.

Q1 2023, SEKm	Americas	EMEA	APAC	Other	Consolidated
<b>Net sales</b>	<b>4,337</b>	<b>1,691</b>	<b>900</b>	-	<b>6,927</b>
<b>Gross profit</b>	<b>1,392</b>	<b>526</b>	<b>342</b>	-	<b>2,260</b>
<b>Opex</b>				<b>-1,568</b>	<b>-1,568</b>
<b>EBITDA</b>				<b>692</b>	<b>692</b>
EBITDA adjustments <sup>1</sup>				-141	-141
<b>Adjusted EBITDA</b>				<b>834</b>	<b>834</b>
Depreciation and amortization					-605
<b>EBIT</b>					<b>88</b>
Net finance income or expense					-162
<b>Profit or loss before tax</b>					<b>-75</b>

1) See specifications in Note 2.

2023, SEKm	Americas	EMEA	APAC	Other	Consolidated
<b>Net sales</b>	<b>17,900</b>	<b>6,953</b>	<b>3,892</b>	-	<b>28,745</b>
<b>Gross profit</b>	<b>6,008</b>	<b>2,116</b>	<b>1,418</b>	-	<b>9,542</b>
<b>Opex</b>				<b>-6,468</b>	<b>-6,468</b>
<b>EBITDA</b>				<b>3,074</b>	<b>3,074</b>
EBITDA adjustments <sup>1</sup>				-563	-563
<b>Adjusted EBITDA</b>				<b>3,637</b>	<b>3,637</b>
Depreciation and amortization					-2,580
<b>EBIT</b>					<b>494</b>
Net finance income or expense					-646
<b>Profit or loss before tax</b>					<b>-152</b>

1) See specifications in Note 2.



R12M, SEKm	Americas	EMEA	APAC	Other	Consolidated
<b>Net sales</b>	<b>17,810</b>	<b>6,813</b>	<b>3,987</b>	-	<b>28,610</b>
<b>Gross profit</b>	<b>6,059</b>	<b>2,094</b>	<b>1,440</b>	-	<b>9,593</b>
<b>Opex</b>				<b>-6,444</b>	<b>-6,444</b>
<b>EBITDA</b>				<b>3,149</b>	<b>3,149</b>
EBITDA adjustments <sup>1</sup>				-447	-447
<b>Adjusted EBITDA</b>				<b>3,597</b>	<b>3,597</b>
Depreciation and amortization					-2,592
<b>EBIT</b>					<b>557</b>
Net finance income or expense					-595
<b>Profit or loss before tax</b>					<b>-38</b>

1) See specifications in Note 2.

## Distribution of net sales

### Q1 2024, SEKm

Net sales by product category	Americas	EMEA	APAC	Consolidated
Applications	267	220	291	779
API Platform	2,819	1,179	679	4,677
Network Connectivity	1,160	152	24	1,336
<b>Total</b>	<b>4,247</b>	<b>1,551</b>	<b>995</b>	<b>6,792</b>

### Net sales allocation per point in time

Over time	2,150	234	70	2,454
At one point in time	2,097	1,317	925	4,339
<b>Total</b>	<b>4,247</b>	<b>1,551</b>	<b>995</b>	<b>6,792</b>

### Q1 2023, SEKm

Net sales by product category	Americas	EMEA	APAC	Consolidated
Applications	223	200	278	701
API Platform	2,896	1,334	590	4,819
Network Connectivity	1,218	157	32	1,407
<b>Total</b>	<b>4,337</b>	<b>1,691</b>	<b>900</b>	<b>6,927</b>

### Net sales allocation per point in time

Over time	2,020	389	80	2,489
At one point in time	2,317	1,302	819	4,438
<b>Total</b>	<b>4,337</b>	<b>1,691</b>	<b>900</b>	<b>6,927</b>

### 2023, SEKm

Net sales by product category	Americas	EMEA	APAC	Consolidated
Applications	1,078	884	1,188	3,151
API Platform	12,067	5,435	2,589	20,091
Network Connectivity	4,755	635	114	5,504
<b>Total</b>	<b>17,900</b>	<b>6,953</b>	<b>3,892</b>	<b>28,745</b>

### Net sales allocation per point in time

Over time	8,598	1,441	326	10,365
At one point in time	9,302	5,512	3,565	18,380
<b>Total</b>	<b>17,900</b>	<b>6,953</b>	<b>3,892</b>	<b>28,745</b>

## Parent company

Sinch AB (publ) owns and manages the shares attributable to the Sinch Group. The Group's operational and strategic management functions have been centralized to the parent company. At the end of the period, the parent company had 5 (4) employees. The parent company has no external business activities and the risks are mainly related to the operations of the subsidiaries.

### Parent company income statement

SEKm	Q1 2024	Q1 2023	2023	R12M
<b>Net sales</b>	<b>150</b>	<b>124</b>	<b>558</b>	<b>503</b>
Operating income	3	2	7	9
<b>Operating expenses</b>				
Other external expenses	-60	-42	-336	-243
Employee benefits expenses	-10	-5	-22	-27
<b>EBIT before other operating expenses, depreciation/amortization and impairment losses</b>	<b>84</b>	<b>78</b>	<b>237</b>	<b>243</b>
Other operating expenses	1	-1	-14	-12
Depreciation and amortization	-1	-1	-3	-3
<b>EBITDA</b>	<b>84</b>	<b>77</b>	<b>221</b>	<b>228</b>
Impairment of shares in subsidiaries	-	-	-	-
Interest income and similar profit items	708	554	3,445	3,599
Interest expenses and similar loss items	-611	-562	-3,477	-3,526
<b>Profit after financial items</b>	<b>180</b>	<b>68</b>	<b>189</b>	<b>301</b>
Appropriations	-	-	-120	-120
<b>Profit or loss before tax</b>	<b>180</b>	<b>68</b>	<b>69</b>	<b>181</b>
Tax on profit for the period	-37	-18	-15	-33
<b>Profit or loss for the period</b>	<b>143</b>	<b>50</b>	<b>54</b>	<b>148</b>

## Parent company balance sheet

SEKm	31 March 2024	31 March 2023	31 Dec 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3	4	3
Property, plant and equipment	1	2	1
Financial assets			
Investments in Group companies	16,173	15,764	16,173
Non-current receivables, Group companies	5,661	2,278	5,348
<b>Total financial assets</b>	<b>21,834</b>	<b>18,042</b>	<b>21,521</b>
Deferred tax assets	3	-	-
<b>Total non-current assets</b>	<b>21,841</b>	<b>18,049</b>	<b>21,525</b>
<b>Current assets</b>			
Receivables from Group companies	21,255	22,344	21,767
Tax assets	15	24	31
Other current receivables	0	12	13
Prepaid expenses and accrued income	82	81	86
Cash and cash equivalents	0	369	20
<b>Total current assets</b>	<b>21,352</b>	<b>22,830</b>	<b>21,917</b>
<b>TOTAL ASSETS</b>	<b>43,193</b>	<b>40,879</b>	<b>43,442</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	8	8	8
<b>Total restricted equity</b>	<b>8</b>	<b>8</b>	<b>8</b>
Share premium reserve	34,180	34,126	34,176
Retained earnings	-3,963	-4,018	-4,018
Profit or loss for the year	143	50	54
<b>Total non-restricted equity</b>	<b>30,360</b>	<b>30,158</b>	<b>30,213</b>
<b>Total equity</b>	<b>30,369</b>	<b>30,167</b>	<b>30,221</b>
Untaxed reserves	94	95	94
Deferred tax liability	-	4	3
<b>Total untaxed reserves and provisions</b>	<b>94</b>	<b>99</b>	<b>97</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	2,735	8,621	5,841
<b>Total non-current liabilities</b>	<b>2,735</b>	<b>8,621</b>	<b>5,841</b>
<b>Current liabilities</b>			
Accounts payable	4	4	9
Tax liability	-	-	-
Liabilities to Group companies	4,917	408	4,973
Liabilities to credit institutions	5,011	1,500	2,248
Other current liabilities	14	23	2
Accrued expenses and prepaid income	48	56	51
<b>Total current liabilities</b>	<b>9,995</b>	<b>1,992</b>	<b>7,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,193</b>	<b>40,879</b>	<b>43,442</b>

## 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 2023 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.

The new or amended IFRS standards applicable for 2024 have not had a material impact on Sinch financial statements. Risks and uncertainties relevant to Sinch are described in the 2023 Annual Report.

Pillar 2, income taxes legislation, is effective from 1 January 2024. Sinch 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.

### Receivables and accrued revenues

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

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

### Related-party transactions

There have been no significant changes in the relationship and transactions with related parties compared to what is disclosed in the Annual Report 2023.

## 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 2024	Q1 2023	2023	R12M
Acquisition costs	-2	-3	-8	-7
Restructuring costs	-18	-6	-47	-59
Earnouts	-	-18	-18	-
Integration costs	-49	-47	-148	-150
Costs of share-based incentive programs	0	-23	-136	-113
Operational foreign exchange gains/losses	43	-45	-161	-73
Other adjustments	-1	0	-45	-45
<b>Total EBITDA adjustments</b>	<b>-26</b>	<b>-141</b>	<b>-563</b>	<b>-447</b>
Amortization of acquisition-related assets	-481	-496	-2,063	-2,048
<b>Total EBIT adjustments</b>	<b>-507</b>	<b>-638</b>	<b>-2,627</b>	<b>-2,496</b>

<b>Integration costs</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>	<b>R12M</b>
Employee benefits expenses	-1	-45	-139	-95
External consultants	-48	-1	-6	-53
Other	-	-	-2	-2
<b>Total integration costs per category<sup>1</sup></b>	<b>-49</b>	<b>-47</b>	<b>-148</b>	<b>-150</b>

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

<b>Costs of share-based incentive programs, SEKm</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>	<b>R12M</b>
Cost of vested employee stock option per IFRS 2	-12	-26	-115	-101
Social insurance costs	13	3	-21	-11
<b>Total costs for share-based incentive programs per category<sup>2</sup></b>	<b>0</b>	<b>-23</b>	<b>-136</b>	<b>-113</b>

2) Reported as employee benefits expenses.

<b>Operational foreign exchange gains/losses, SEKm</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>	<b>R12M</b>
Realized foreign exchange gains/losses	13	-11	-70	-46
Unrealized foreign exchange gains/losses	30	-34	-91	-27
<b>Total operational foreign exchange gains/losses per category<sup>3</sup></b>	<b>43</b>	<b>-45</b>	<b>-161</b>	<b>-73</b>

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

### Note 3 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities amounted to SEK 236m (177).

### Note 4 - Incentive programs

Under the incentive program, LTI 2023, adopted by the AGM on 17 May 2023, 55,000 employee stock options have been subscribed for by senior executives and key employees within Sinch. The maximum number of instruments in LTI 2023 is 8,385,000.

Total costs for the incentive programs recognized on the income statement amount to SEK 0m (-23) for the period of January to March. Payroll costs for vested employee stock options are included in profit or loss in the amount of SEK -12m (-26) with a corresponding increase in equity and social insurance costs improved profit by SEK 13m (3), with a corresponding reduction of provisions in the balance sheet.

The loss in Q1 2024 does not give rise to any dilutive effect. If results had been positive, the weighted number of dilutive employee stock options/warrants would have been 3,706,955, as the exercise price was below the average share price. The potential dilutive effect, as measured at the inception of the programs, is 0.4 percent (1.6) upon exercise of all employee stock options/warrants in all programs. See Note 9 of the 2023 annual report for further disclosures regarding the Group's incentive programs LTI 2019, LTI 2020, LTI II 2020, LTI 2021, LTI II 2021, LTI 2022 and LTI 2023.

## Note 5 - Depreciation, amortization and impairments

Sinch determined in Q1 2024 that no indications of impairment of goodwill exist for any cash-generating units.

Depreciation, amortization and impairments, SEKm	Q1 2024	Q1 2023	2023	R12M
Amortization acquired customer relationships	-306	-304	-1,254	-1,256
Amortization acquired operator relationships	-8	-18	-70	-61
Amortization acquired trademarks	-23	-22	-68	-69
Amortization acquired software	-144	-151	-671	-664
<b>Total acquisition-related amortization</b>	<b>-481</b>	<b>-496</b>	<b>-2,063</b>	<b>-2,048</b>
Amortization proprietary software	-45	-28	-167	-184
Amortization licenses	-3	-1	-12	-13
Amortization other intangible assets	0	-1	-1	-2
<b>Total amortization intangible assets</b>	<b>-529</b>	<b>-525</b>	<b>-2,244</b>	<b>-2,248</b>
Depreciation property, plant and equipment	-44	-44	-174	-173
Depreciation right-of-use assets	-35	-35	-149	-149
Impairments	-10	-	-13	-23
<b>Total amortization/depreciation of intangible assets and property, plant and equipment</b>	<b>-617</b>	<b>-605</b>	<b>-2,580</b>	<b>-2,592</b>

## Note 6 - Acquisition of Group companies

There have been no acquisitions in 2023 or 2024, but a contingent earnout of SEK 24m was paid in Q1 2023 in relation to the acquisition of TWW.

## Note 7 - Accounts receivable

Sinch Group, SEKm	31 March 2024	31 March 2023	31 Dec 2023
Unbilled receivables	1,977	1,956	1,921
Receivables, billed	2,720	2,315	2,897
Expected credit loss allowance	-159	-169	-149
<b>Total accounts receivable</b>	<b>4,537</b>	<b>4,102</b>	<b>4,669</b>

## Note 8 - Prepaid expenses and accrued income

Sinch Group, SEKm	31 March 2024	31 March 2023	31 Dec 2023
Accrued revenue from contracts with customers	52	51	36
Other accrued income and prepaid expenses	469	920	645
<b>Total accrued income and prepaid expenses</b>	<b>521</b>	<b>971</b>	<b>681</b>

## Note 9 - Net sales by product category

Net sales by product category, SEKm	Q1 2024	Q1 2023	2023
Applications	779	701	3,151
API Platform	4,677	4,819	20,091
Network Connectivity	1,336	1,407	5,504
<b>Total Net sales</b>	<b>6,792</b>	<b>6,927</b>	<b>28,745</b>

### Note 10 - Gross profit by product category

<b>Gross profit by product category, SEKm</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>
Applications	521	476	2,125
API Platform	1,321	1,233	5,254
Network Connectivity	470	552	2,163
<b>Total Gross profit</b>	<b>2,312</b>	<b>2,260</b>	<b>9,542</b>

### Note 11 - Adjusted Opex by function

<b>Adjusted Opex by function, SEKm</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>
Sales & marketing expenses	-459	-421	-1,699
Research & development expenses	-720	-708	-2,896
General & administrative expenses	-339	-298	-1,310
<b>Total Adjusted Opex</b>	<b>-1,518</b>	<b>-1,427</b>	<b>-5,905</b>
EBITDA adjustments	-26	-141	-563
<b>Total Opex</b>	<b>-1,544</b>	<b>-1,568</b>	<b>-6,468</b>

Sinch reports group costs by nature, see Income statement on page 11. Note 11 adds a complementary disclosure where adjusted operating expenses are mapped by function. The R&D expenses disclosed above includes costs for technical operations. For additional details of Sinch's function definitions, see page 24.

## Definitions

### Regions

Effective 1 January 2024 Sinch's new operating model and operating segments are based on three geographical regions Americas, EMEA and APAC. The regions represent the domicile of our customers.

### Product categories

Sinch discloses supplementary financial information across three product categories.

#### Applications

This product category targets business users and consists of software applications for customer engagement supporting use cases across marketing, operations and customer care.

#### API Platform

Products within this category target developers and product managers. APIs allow businesses to trigger mobile messaging, voice calling, and emails from their own internal or third-party IT systems.

#### Network Connectivity

Network Connectivity products target telecom operators and wholesale voice buyers. The portfolio primarily includes voice and messaging interconnect services, operator software and services.

### 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](https://investors.sinch.com) for a reconciliation of these financial measurements and organic growth.

#### Gross margin

Gross profit in relation to net sales.

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

#### Gross profit

Net sales less the cost of services sold.

*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 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/Adjusted EBITDA R12M

Net debt divided by adjusted EBITDA, past 12 months. Net debt and Adjusted EBITDA are both measured excluding IFRS 16-related lease liabilities.

*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.*

#### Operating expenses (Opex)

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 expenses, Employee benefits expenses and Other operating expenses.

#### Adjusted operating expenses (Adjusted Opex)

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 expenses, Employee benefits expenses, Other operating expenses and EBITDA adjustments.

#### Sales & marketing expenses

Expenditures associated with promoting and selling our products, including acquiring new customers, managing existing customer relationships.

#### Research & development expenses

Expenditures associated with the development, improvement and technical operations of our products, net of capitalized software development.

#### General & administrative expenses

Expenditures for support functions such as finance, human resources, facilities, information technology and other administrative functions.

#### 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 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**

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. In addition to net sales, the cost of services is included in gross profit.

**Adjusted EBIT**

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

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

**EBIT margin/Adjusted EBIT margin**

EBIT/Adjusted EBIT in relation to net sales.

**EBITDA margin /Adjusted EBITDA margin**

EBITDA/Adjusted EBITDA in relation to net sales.

**Amortization of acquisition-related assets**

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

**Operational measurements****Percentage female**

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

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

Number of ordinary shares at the end of the period.

**Average number of employees and consultants**

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

**Organic growth**

Growth in local currency and excluding acquisitions.

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

**Total shares outstanding**

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

**Terms and acronyms**

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

## 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.

## Forthcoming reporting dates

Interim report Q2, Jan–Jun 2024	19 July
Interim report Q3, Jan–Sep 2024	6 November

## Annual General Meeting

The [Annual General Meeting](#) will be held 10.00 CEST, 16 May, 2024, at Sinch, Lindhagensgatan 112, Stockholm.

## Risk assessment

Sinch is, like all businesses, exposed to various types of risks in its operations. Growth in combination with 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 an 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 interests of the company. Sinch has defined five types of risks under this framework: Strategic, Operational, Legal & Compliance, Financial and External. More information about risks and risk management are described in the 2023 Annual Report.

## Outlook

The impacts of geopolitical uncertainty and changes in the macroeconomic environment, specifically inflation, interest rates and demand, are expected to persist in 2024. In spite of significant macroeconomic change during the past couple of years, Sinch has 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.

## Forward-looking statements

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

## Assurance

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

## Headquarters

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Lindhagensgatan 112  
112 51 Stockholm, Sweden  
Corporate ID 556882-8908  
[sinch.com](http://sinch.com)

### Invitation to webcast and phone conference

Sinch will present the interim report in a webcast and phone conference on Tuesday, 7 May 2024 at 14:00 CET. Watch the presentation at [investors.sinch.com/webcast](https://investors.sinch.com/webcast).

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

<https://conference.financialhearings.com/teleconference/?id=50048791>.

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

### For additional information, please contact:

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Stockholm, 7 May 2024

Erik Fröberg  
Board Chair

Bridget Cosgrave  
Director

Renée Robinson Strömberg  
Director

Johan Stuart  
Director

Björn Zethraeus  
Director

Hudson Smith  
Director

Laurinda Pang  
President and CEO

*Note: Sinch AB (publ) is required to publish the information in this interim report pursuant to the EU Market Abuse Regulation. The information was released for publication by the contact person above on 7 May 2024 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.*