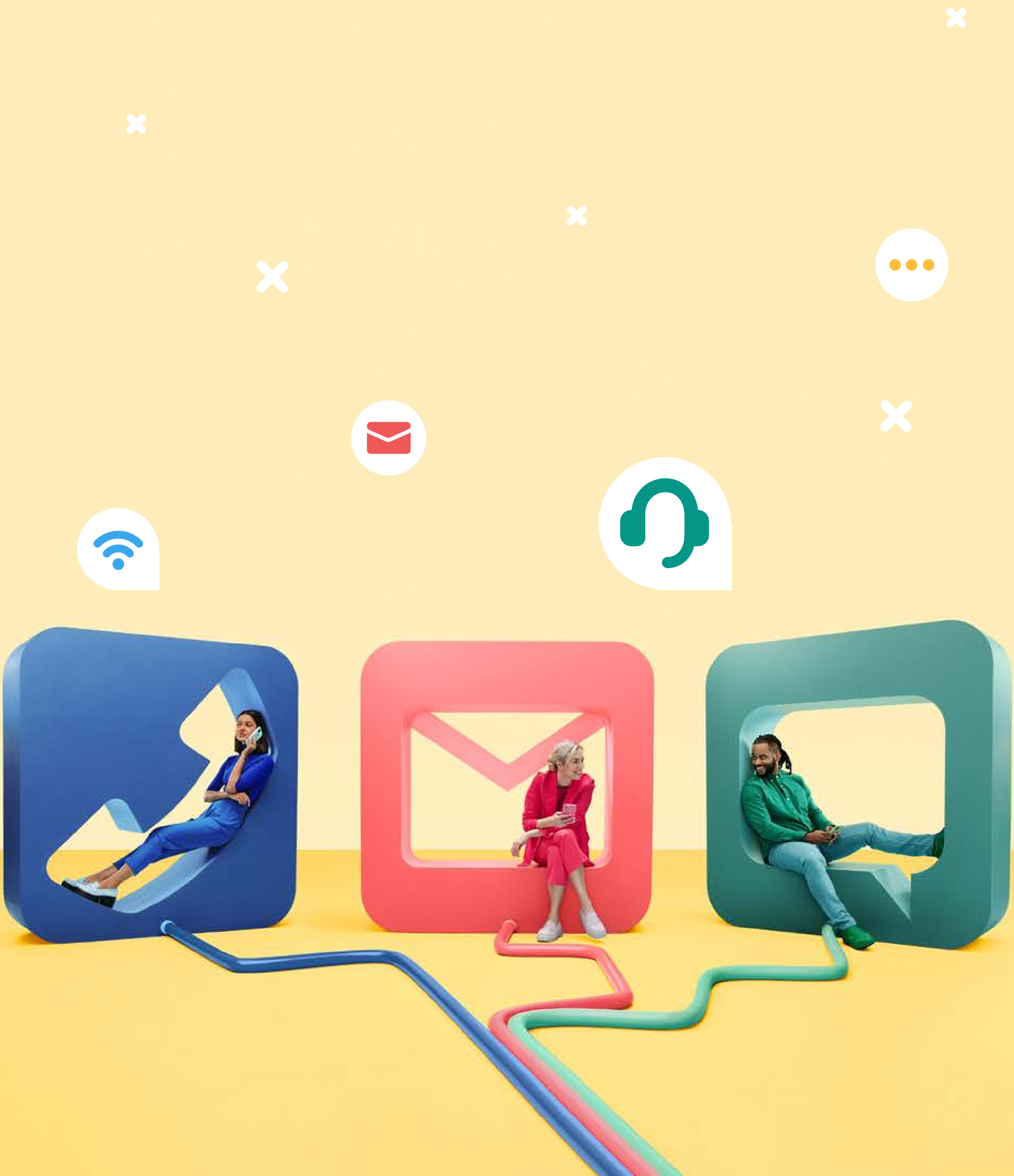
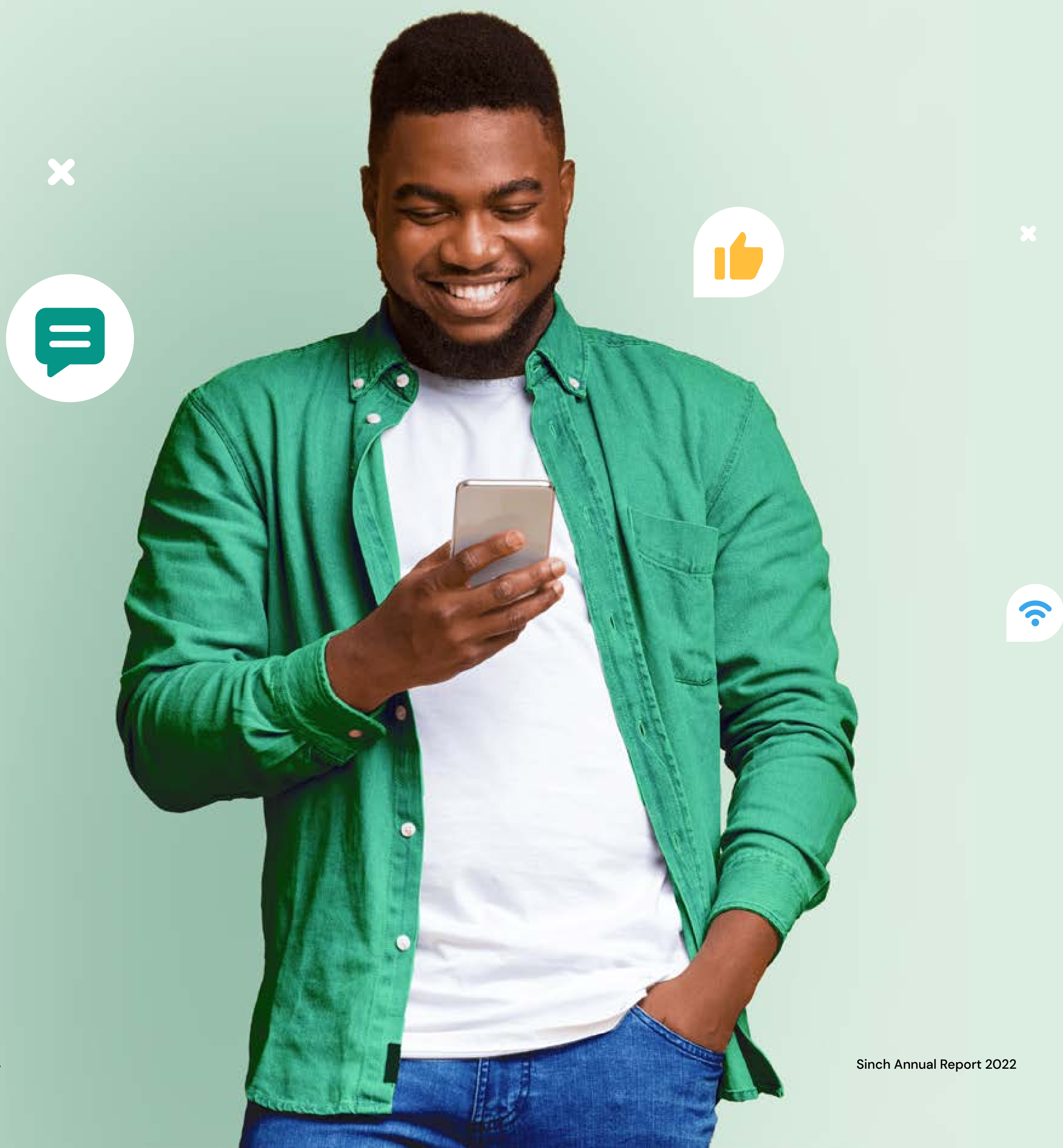
sinch



Annual Report 2022

Simplifying life by bringing all people and businesses together.



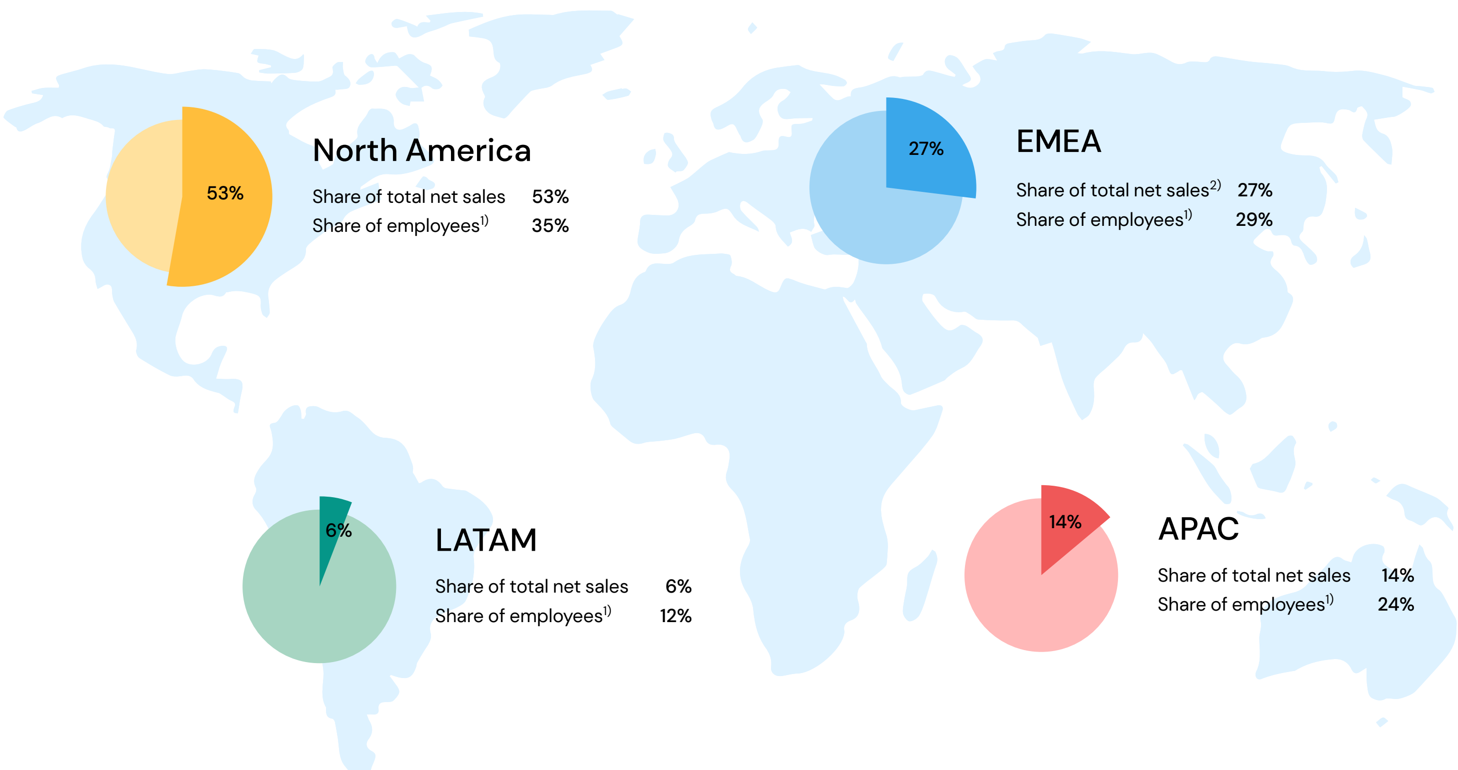
Sinch develops digital tools that help businesses engage with their customers and enhance the customer experience.

Contents

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

About Sinch

Sinch 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 Super Network 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. Read more on sinch.com.



1) Employees excluding consultants (FTE) as of 31 December 2022.
2) EMEA includes net sales from Europe and Rest of the World.
3) Employees including consultants (FTE) as of 31 December 2022.

150,000+
customers

60+
countries with local presence

4,000+
employees[3] at year-end 2022

700+
billion customer interactions per year – messages, voice calls and emails

Sinch as an investment

Strong position in a global and growing market

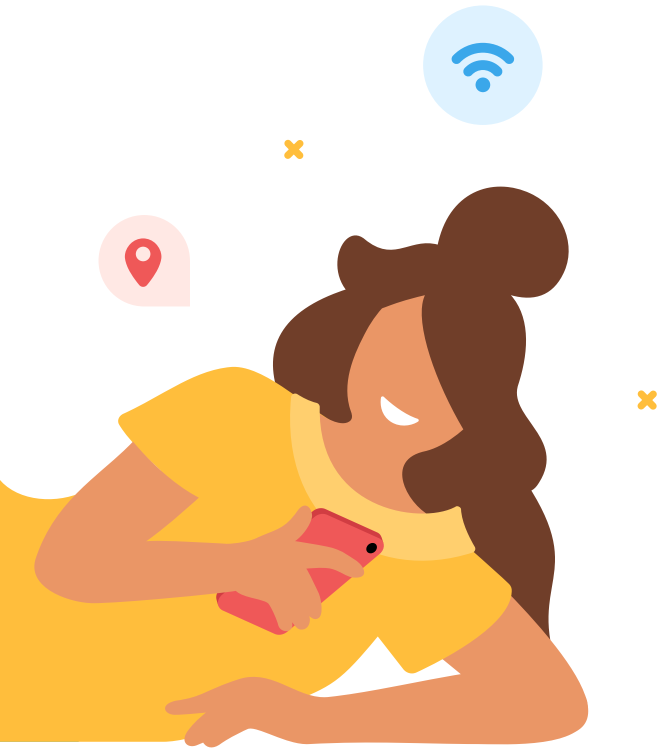
Sinch is a leading provider in the growing, global market for cloud communications services (CPaaS). We have more than 150,000 business customers and our products are used by small local businesses as well as the biggest tech companies in the world.

Industry-leading products for customer communications

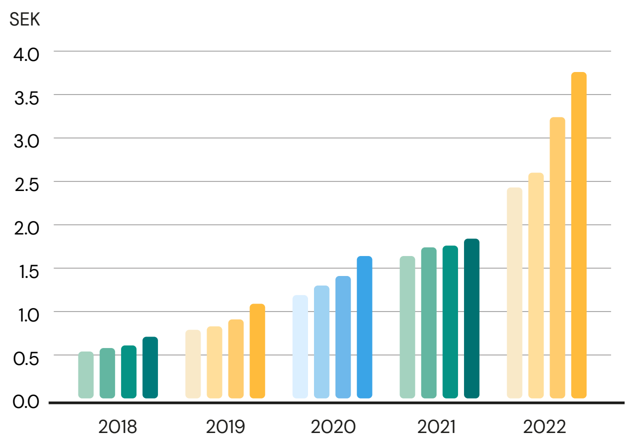
Businesses use Sinch cloud communication services to interact with their customers through texts, voice calls and email. We control our Super Network. That means we avoid unnecessary intermediaries and can deliver higher quality than our competitors, even for very large transaction volumes. Our size also means that we have economies of scale and the power to invest and strengthen our competitive advantage in an industry characterized by rapid technical advancements.

Organic and acquired growth

Sinch has always had eagle-eyed focus on growing the organic business while delivering good profitability. In parallel, we have successfully executed several strategic acquisitions to widen our offering, add new sales channels and generate economies of scale. We have active owners and an inclusive company culture with the common goal of taking a leading position in our industry.



Adjusted EBITDA per share[1], RTM



1) Sinch has a financial target decided by the board to grow Adjusted EBITDA per share by at least 20 percent per year. Adjusted EBITDA is an Alternative Performance Measure (APM) that is reported to clarify performance in underlying operations. The chart above shows the development of this APM over time. See also Definitions, pages 133–134.

Strong position in a growing market

I have really enjoyed coming back to lead Sinch in such an eventful year. We are in prime position in a large and global market, where we see strong potential for profitable growth for many years ahead.

The digitalization of business and society continues apace and digital communication is the linchpin that enables the transformation. Through organic and acquired growth, we have established Sinch as a leading global market force with a powerful offering in messaging, voice and email.

We know that a good digital customer experience takes advantage of every communication channel where it has the greatest impact. An email is often the most suitable way to confirm an order, package delivery notices are best sent by text and customer service issues are ideally handled with a voice call or via WhatsApp. Our cloud communication services make it easier for businesses to use the right communication channel at the right time.

Cost control, cash flow and growth

As our costs kept rising in spite of lower sales and gross profit growth, early 2022 was a challenge. The acquisitions of Inteliquent, MessageMedia and Pathwire made positive contributions, but organic growth declined and EBITDA performance was weaker than expected.

In July the board of directors announced that they had initiated the recruitment of a new CEO for Sinch. In conjunction, I stepped in as Interim CEO to ensure good financial performance and lead the company during the recruitment process. For myself and the management team, focus since then has been on improving cost control and cash flow as well as accelerating the growth rate.

We executed on a cost savings program in Messaging and central functions in the second half of the year. The savings target was SEK 300 million annually, corresponding to about 10 percent of costs in the affected areas and about 5 percent of the Group's total cost base. The effects were realized faster than expected and half of the savings had been achieved by the fourth quarter. As a result, we ended the year with improved margins, stronger cash flow and significantly lower leverage.

Well-positioned in a time of uncertainty

Looking ahead, Sinch is thoroughly equipped and in a good position to perform well despite the challenging economic environment. We have an expansive, industry leading product set for customer communications and an offering in messaging, voice and email that is hard to beat. We are profitable, we are global, and we have built our company with focus on scalability and economies of scale.

Commitment to sustainabilty

If we broaden the perspective and look at Sinch from a sustainability perspective, I am proud that we continue to promote responsible business and support the Ten Principles of the UN Global Compact. During 2022, we updated our focus areas within sustainability and an important action in 2023 is to set clear and measurable targets for all focus areas.

Focus on synergies

Today we have more than 150,000 paying customers – most of them still using only one of our products. Therefore, we have an amazing opportunity to further develop our business by bundling our offerings, selling more products together and displaying our full offering in our digital sales channels. In addition, businesses are becoming increasingly interested in new and advanced messaging services that enable higher customer satisfaction and more efficient processes.

Our business focus for 2023 is very much about realizing the revenue synergies made possible after the acquisitions we closed in late 2021. At the same time, we must continue to safeguard our earnings capacity and ensure good cost discipline in the tougher climate that is shaping our market. If we play our cards right, we have every opportunity to advance our position and take market share.

As of 17 April, Laurinda Pang took over as CEO of Sinch. With her wide-ranging experience and outstanding leadership capabilities, Laurinda is ideally suited to guide the company into the future and solidify Sinch's position as the leading company in our industry.

Finally, I would like to take the opportunity to thank all the fantastic employees who have developed Sinch into the company we are today. You are the foundation of our success.

Johan Hedberg
Co-founder and Interim CEO

"We have an amazing opportunity to further develop our business by bundling our offerings, selling more products together and displaying our full offering in our digital sales channels."

The year in brief

+71%

growth in net sales compared to 2021

+124%

growth in gross profit compared to 2021

35%

of gross profit translated into Adjusted EBITDA[1)]

+234%

growth in EBITDA compared to 2021

1) Adjusted EBITDA is an Alternative Performance Measure (APM) that is reported to clarify performance in underlying operations. See Definitions on pages 133–134 and Note 2 for more information.

First quarter

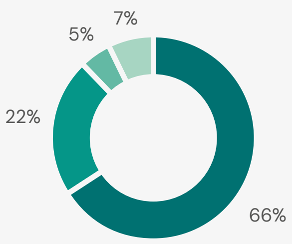
- Sinch announced on 3 February that the company will be organized into five business units: Enterprise & Messaging, Voice, Developer & Email, Applications and SMB. Sinch's management team was expanded at the same time.
- The board of directors decided on 10 February to execute a non-cash issue of 25,500,000 shares to the sellers of Pathwire.
- Sinch announced on 17 February that the company had entered into a 3+1+1-year credit agreement for approximately SEK 7,500m with a syndicate of nine banks and that it had made a three-year loan agreement with the Swedish Export Credit Corporation in the amount of USD 110m.

Second quarter

- The board decided to go ahead with the previously communicated set-off issue of 10,803,010 shares to the sellers of MessageMedia and the second non-cash issue of 25,500,000 shares to the sellers of Pathwire.
- On 9 June, Sinch became a Microsoft Teams Operator Connect Partner, which means that the company's solutions can be used to connect outbound calls from Microsoft Teams.

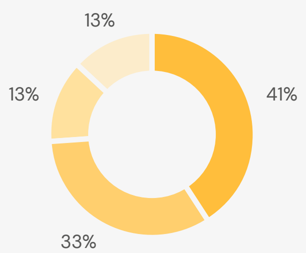
Performance per segment 2022

Net sales



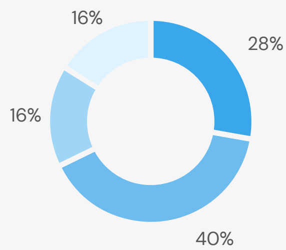
Messaging	66%
Voice	22%
Email	5%
SMB	7%

Gross profit



Messaging	41%
Voice	33%
Email	13%
SMB	13%

Adjusted EBITDA[1)]



Messaging	28%
Voice	40%
Email	16%
SMB	16%

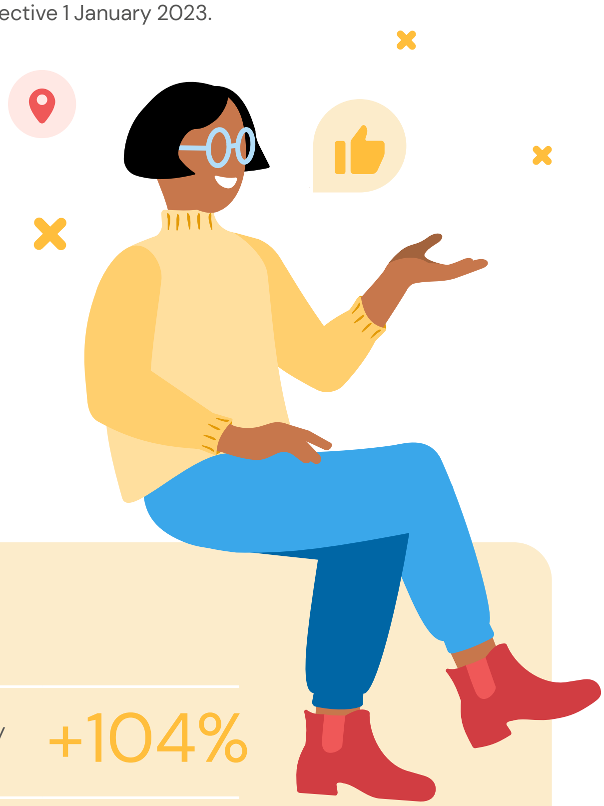
1) Excluding a negative contribution of SEK -469m from segment "Other", se Note 2.

Third quarter

- Sinch announced on 11 July that the reassessment of reserves for accrued traffic costs would reduce profit in Q2 by SEK 162m.
- Oscar Werner stepped down from his role as CEO on 20 July. The board of directors began the search process to recruit a new CEO and appointed Johan Hedberg Interim CEO.
- In conjunction with release of the Q2 report on 21 July, Sinch launched a cost reduction program aimed at achieving gross savings of SEK 300m on an annual basis.
- Sinch published a fact sheet on 21 July in response to questions and allegations regarding the company's accounts.
- Sinch announced on 31 August that a new President of Business Unit SMB would be appointed after Paul Perrett decided to leave his role. SMB CFO Damien Tabor was appointed Interim President of Business Unit SMB.
- On 29 September, Sinch informed the market that Neqst D2 and Interim CEO Johan Hedberg had together acquired SoftBank's stake of about 5 percent of equity in Sinch.
- The maturities of loans totaling SEK 3,000m were extended during the quarter to 2024.

Fourth quarter

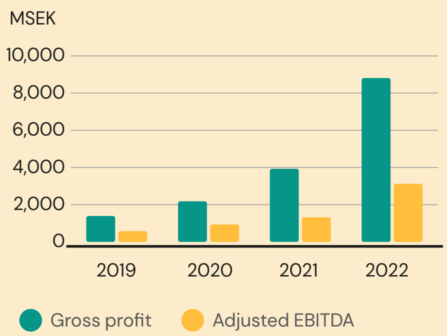
- On 14 October, Sinch announced that Sean O'Neal had been appointed the new President of Business Unit SMB and that Brett Scorza had been appointed the new President of Business Unit Voice. The reorganization of Business Unit Applications to focus the company's investments on Conversational Messaging was also announced at that time.
- Sinch published further information on 14 October regarding the scope of the cost reduction program.
- Sinch released preliminary financials for Q3 on 20 October. The company also informed the market that an impairment test of goodwill had resulted in a total impairment charge of SEK 5,000m in the Email segment.
- Sinch announced on 18 November that Josh Odom had been appointed the new President of Developer & Email effective 1 January 2023.



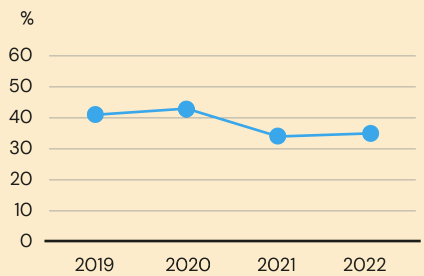
Financial targets and outcomes

Target	Outcome	
20 percent annual growth in Adjusted EBITDA per share	Adjusted EBITDA per share grew by **104 percent** in 2022	+104%
Net debt of **<3.5x** Adjusted EBITDA over time	Net debt/pro forma adjusted EBITDA was **2.7x** at year-end	2.7x

Gross profit and Adjusted EBITDA

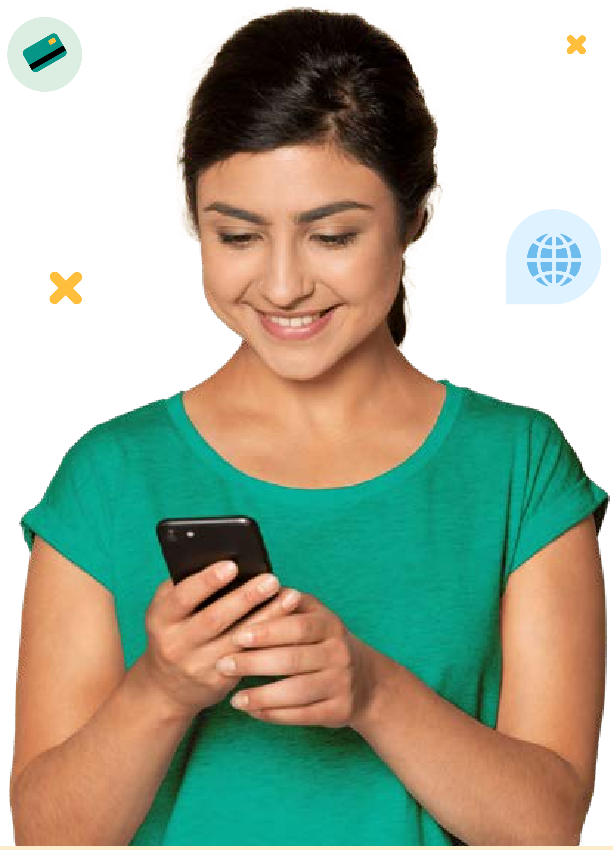


Adjusted EBITDA/gross profit



Strategy for profitable growth

Sinch develops digital tools that help businesses engage with their customers and enhance the customer experience. Our technology is cloud-based and our goal is to be the preferred supplier in our industry. That means we will be one of the largest companies in the market, benefit from our economies of scale, we will be innovators, and we will demonstrate profitable growth. It also means we must have satisfied customers and be a responsible and attractive employer. We are a driving force in the consolidation of our industry by means of value-add acquisitions.



The three mainstays of Sinch's strategy

1

Industry-leading offering for customer communications
Sinch offers leading customer communications products that support current and future communications channels. We intend to be the leader in messaging, voice and email and to develop software that enables a better customer experience. We give our customers the opportunity to use packaged solutions and easy-to-use apps, and to develop their own communication solutions using our APIs and development tools. We meet the standards of the most demanding customers and our global Super Network makes it possible to guarantee secure and reliable delivery.

2

Cloud services for all customer groups
Every company in the world can benefit from modern technology to communicate more effectively with customers. Our cloud services must be accessible to all types of customers, regardless of their size or tech savviness. We are doing this by adapting Sinch products to various target groups, through innovation and sales development, partnerships with other tech companies and acquisitions of complementary businesses.

3

Profitable growth – organically and through acquisitions
The digital communications market is large and global, but still fragmented. This makes acquisitions an important route to reaching new customer segments, expanding our product set and creating economies of scale. Accordingly, Sinch has an expressed strategy to combine organic and acquired growth and has grown profitably since the company was founded in 2008.

Acquisition is part and parcel of the business model

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

Acquisition is a team effort and several founders with profound understanding of the business are members of the Sinch acquisition team. The board of directors plays a key role and is deeply committed, particularly in terms of finding the right financing solutions.

All companies acquired by Sinch meet certain fundamental criteria. Most importantly, they must have a sound company culture that is a good fit with the rest of Sinch. We also want to see a solid business with a customer base and product proven to create value. Finally, there must also be clear cost and revenue synergies.

Consolidation in existing product segments

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

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

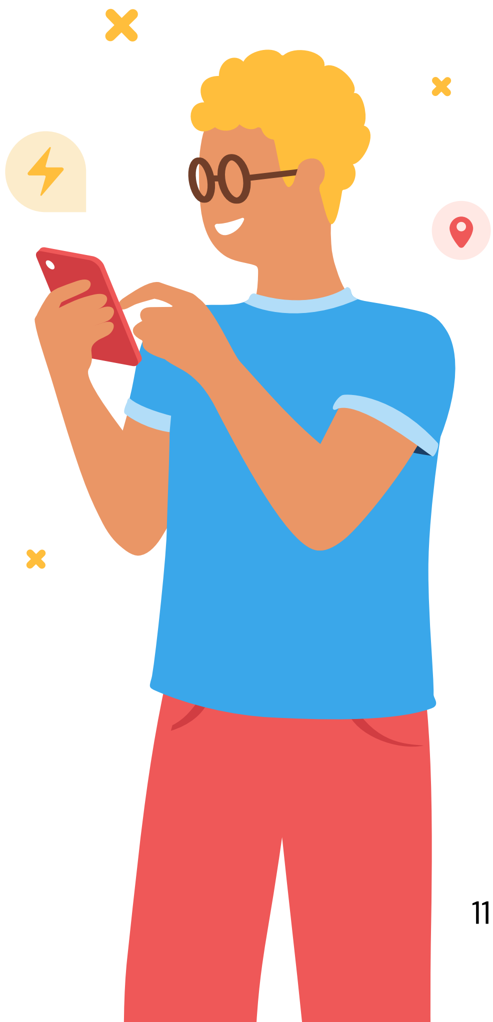
We achieve significant cost synergies by migrating acquired customers and suppliers to our common, global technology platforms for messaging and voice calls. The same applies to our web-based software for small and medium-sized businesses (SMB), where we can distribute fixed costs across higher transaction volumes and achieve higher levels of service with competitive pricing and improved profitability. If the acquisition is a company that offers voice or messaging services, we also benefit from the acquired entity's operator relationships. For the customers, the change brings higher quality in deliverables and the opportunity to access Sinch's wider product portfolio and global network.

Expansion of our offering

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

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

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



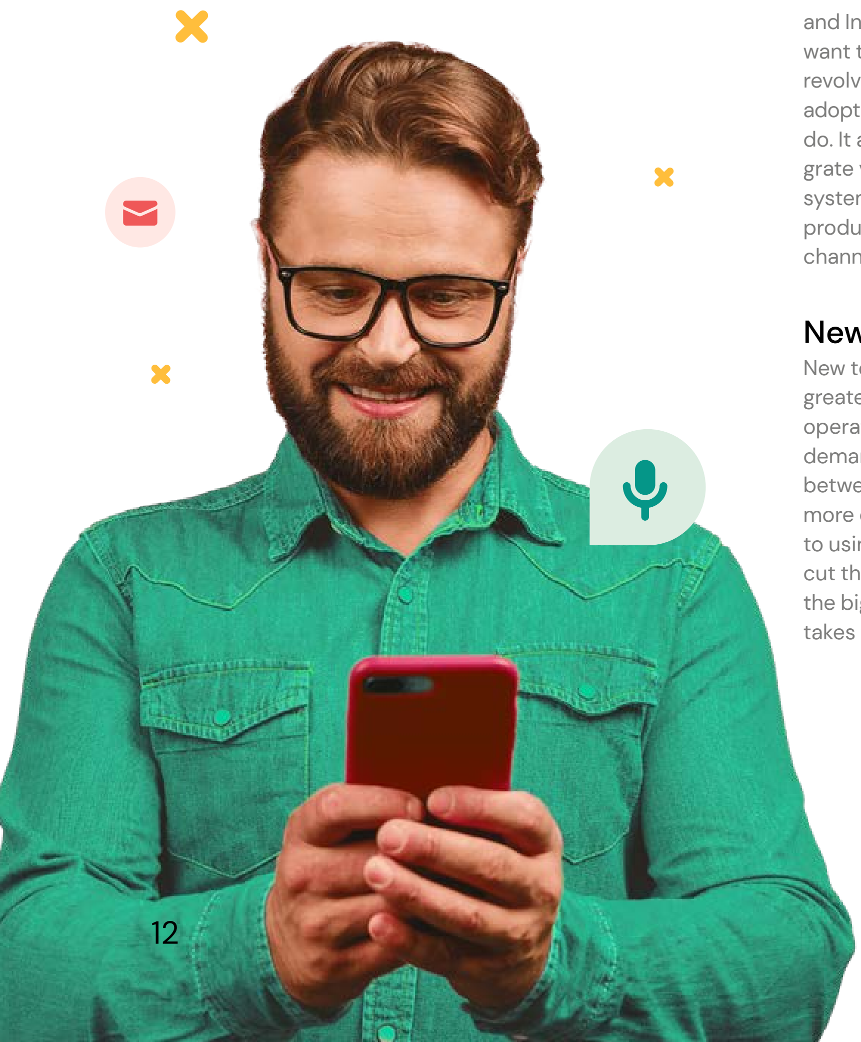
The customer journey with Sinch

Sinch's cloud services for customer communications enable companies to engage with their customers at every point of the customer journey, from marketing to delivery and customer service. The communications channels that Sinch offers have a variety of characteristics that can be used to create meaningful and cost-effective engagement.

In today's digital world, communication is the be-all and end-all for a good customer experience. Good communication is personalized, relevant, and reaches the recipient at the right time.

Communications channels each have their own advantages

Email is a cost-effective and useful way to communicate written information that the recipient is going to want to find easily and reuse later, such as receipts and tickets. For that reason, email is often used in marketing and early sales phases. SMS is superior when it comes to reaching users with time-sensitive information. That is why it is a frequently used channel for things like single use codes for logging into a bank, or when a company needs to reach someone who is traveling and needs to know when their plane has switched gates. Texts are also often used when a product or service is to be delivered. Two-way communication is required if there is a problem with the delivery or the situation gets more complicated. That makes a chat service like WhatsApp or a conventional voice call suitable channels when the time has come to contact customer service.



Adapting to the customer

Customer preferences vary from country to country and are constantly changing. Sinch addresses customers all over the world, so the company must be responsive to local variations and changes in behavior. Users prefer getting information from businesses in the channels that they personally use and like. Use of Whatsapp is much more widespread in Brazil and India than it is in the US, for example, and if businesses want to reach consumers in Korea, they need a strategy that revolves around KakaoTalk. Generally speaking, consumers adopt new communications technology faster than businesses do. It also takes time to implement new processes and integrate various communication channels with preexisting IT systems. This is a problem that Sinch's Conversation API product addresses by offering a range of communications channels over the same API.

New technology automates usage

New technology can both create challenges in the form of greater complexity and opportunities in the form of reduced operating costs. Interactive communication entails higher demands for data accessibility and synchronization of data between different systems at the company, which leads to more complex integration. That said, chat apps open the door to using AI to automate some communications, which can cut the costs of conventional customer service. As one of the biggest players in the business, Sinch has the resources it takes to stay on the forefront of technological progress.

The right channel at the right time

Marketing

Targeted campaigns
"Back in stock – add a new speaker to your system..."

Reservation confirmations
"Thanks for traveling with us – confirming your trip to..."

Text reminder
"Reservation confirmation, table for two, Saturday..."

Delivery

Personalized video
"This is how we're repairing your car..."

Voice calls
"Your meeting starts in three minutes..."

SMS notifications
"Your package has been delivered..."

Customer Service

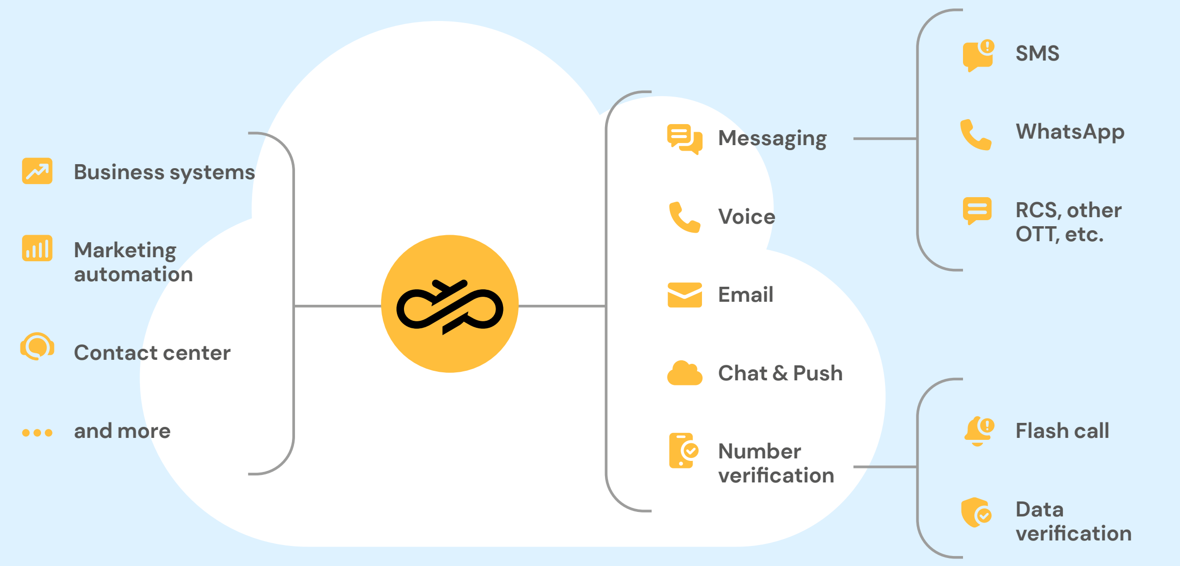
One-time password
"Your PIN is 870 986..."

Customer service
"This is Lisa, how can I help you..."

Feedback & reviews
"Help us improve! Rate your..."

Conversational messaging
"Hi, thanks for getting in touch via WhatsApp."

Customer Communications Cloud



The Sinch Customer Communications Cloud enables businesses to use a wide set of digital communications channels and offers several different ways to benefit from the services. SMS messages, voice calls and email generate the largest volumes, but use of new communication channels like WhatsApp, RCS and Telegram is steadily increasing. Companies can opt to use a single product or weave multiple communication channels together into an integrated customer experience. We are committed to ensuring that the offering related to every communication channel is competitive on its own merits, but also encourage our business customers to leverage the technology and benefit from the advantages that an integrated digital customer experience offers.

The strength of APIs

The bulk of Sinch's revenues is derived from our open APIs (Application Programming Interfaces) for messaging, voice calls and email. Sinch's services can be activated and interact with one or more recipients simply by using an API and a few lines of code. While APIs require programming skills, software applications have a graphical user interface and can be used by entirely different target groups. By offering applications for groups including marketers and customer service workers, we make it easier for businesses to benefit from the communication services we otherwise offer via APIs.

Advantages of the Super Network

Sinch's cloud services are scalable, secure, reliable and reachable by customers worldwide. The volumes are huge and 19,000 transactions per second are processed in Sinch's system. That adds up to more than 700 billion interactions per year. We have the most demanding customers and it goes without saying that they insist on security and reliability. That means messages have to be delivered, it has to happen instantly and unauthorized access has to be impossible. There are also laws that have to be obeyed, such as that user information has to be stored within the borders of a specific country. Sinch can offer all of this, thanks to our understanding of local conditions and our own Super Network that provides direct access to more than 600 mobile network operators all over the world. In the US, we also offer direct connections to most local operators and 95 percent of the population. The Super Network also connects the world's most important email box providers and can thus offer unsurpassed deliverability. With our affiliated regional data centers, we can offer fast access and redundant and secure data storage that complies with local law.

Our customers

21%

percentage of Sinch's total revenues generated by the 10 largest customers

Selection of customers

Messaging	Voice	Email	SMB
Google	zoom	Hilton	Los Angeles Times
UBER	amazon	Microsoft	THE WORLD BANK

The spectrum of customer needs

Many businesses use our platform to reach their end consumers directly (B2C), while others integrate our products into a wider software set that they offer to other companies (B2B2C). As the technical capacity of businesses to consume CPaaS services differs, our offering is adapted for various target groups.

Large businesses typically have more abundant IT resources, but must also handle a more complex internal IT environment in which relevant customer and system data is often distributed over different technical systems and platforms. Global enterprises are confronted with additional complications, IT security and regulatory compliance not least among them. We reach large business customers mainly through our global sales force and partnerships with other global IT vendors like Adobe and Salesforce, where our communication services are integrated with their solutions. Small businesses are often agile – but many lack internal IT resources. They often seek bundled and easy-to-use web tools or prepared integrations where the CPaaS provider's resources can be used from other IT systems that they already use. Sinch has several products specifically adapted to this target group, some of which are sold under their own brands, such as SimpleTexting and MessageMedia.

IT developers and programmers are especially important target groups and are often the final decision makers for more technically oriented business customers. They want to be able to test the products independently and they value a good user experience, self-service capabilities and clear documentation including sample code.

Growing global market

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

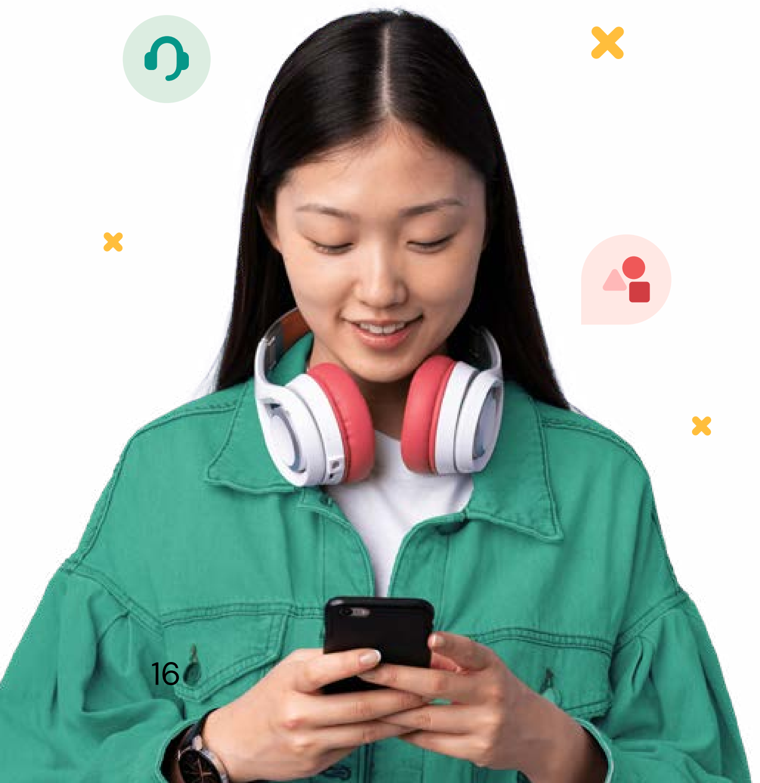
Communication and trends

Our global market is affected by macroeconomic trends, but is also driven over time by shifts in how businesses, their customers and people in general communicate and interact with each other. We have identified four trends that affect how our market is being shaped and developed.

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

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

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



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

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

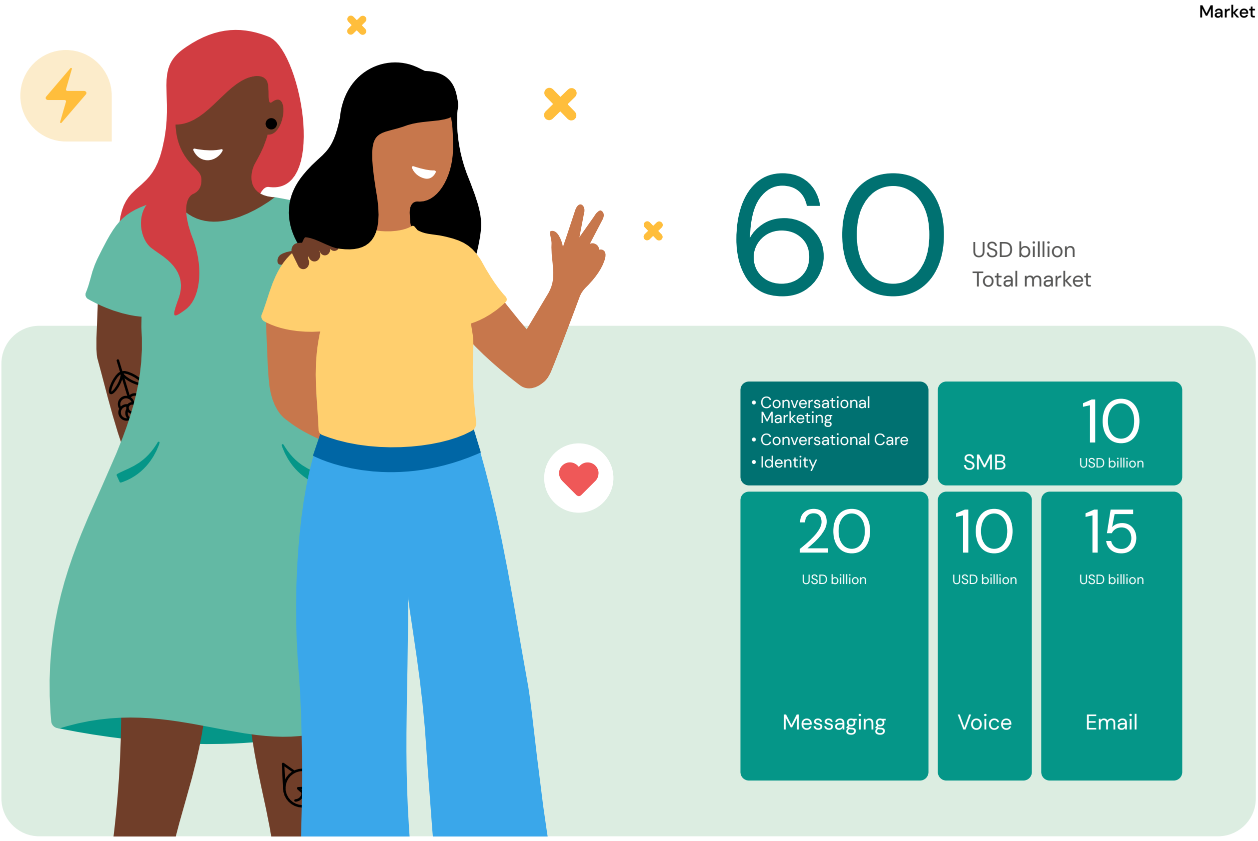
The market for cloud customer communications services

The market for cloud communication services is changeable and fast-moving. Industry analysts' estimates of market size vary widely, partially due to differences in boundaries and market definitions. This applies particularly to the related term CPaaS (Communications-Platform-as-a-Service), which is sometimes used to describe our market.

Sinch's overall assessment - based on estimates from multiple sources such as MobileSquared, Gartner, IDC and Radicati Group - is that the total market for cloud customer communications services is worth about USD 60 billion. The largest segments comprise the messaging market (USD 20 billion), voice services (USD 10 billion), email (USD 15 billion) and turnkey software for small and medium-sized businesses (USD 10 billion). In addition, we have new and rapidly growing market segments like Conversational Marketing and Conversational Care, where businesses are looking for advanced interactive communication software through next-generation messaging. As cloud customer communication services are often used for two-factor authentication and one-time passwords, there is also an overlap to the market for digital ID management and user authentication.

Messaging

Businesses are increasingly discovering how texts gets there when other communication methods fall by the wayside. The open rate for SMS messages is 4.5 times higher than for email, and most people read their texts within a minute or two. This is what makes SMS a very attractive channel for businesses,



and it is the reason that business messaging (application-to-person, A2P) via SMS has grown into a global market worth an estimated USD 19 billion (MobileSquared).

In addition to B2C messaging via SMS, the use of new messaging services focused on interactivity is also rising. Rich and conversational messaging provides an app-like experience – without necessarily having to download and install an app. The market is fragmented across several different communications platforms, for which penetration varies in different parts of the world. Penetration is increasing for chat apps like WhatsApp, Viber, Wechat, KakaoTalk and Facebook Messenger. In addition to consumers using them to keep in touch with friends and family, these platforms also allow companies to engage with their customers.

A rising number of mobile devices and operators support Rich Communications Services (RCS), an upgrade of current SMS technology. RCS supports new features like read receipts and group chat. The RCS standard is carrier-led and is being further developed by Google.

Apple has launched Apple Business Chat inside iMessage. The service offers a rich feature set but is limited to customer-initiated use cases like customer service.

Taken as a whole, Sinch estimates the value of the market for mobile messaging services, including SMS and new messaging channels, at USD 20 billion.

Voice

Programmable voice services refer to voice calls initiated by software or where the software is used to process or manage voice calls. They differ from ordinary phone calls between individuals, which are made from one phone to another without the conversation having been initiated or affected by software. Sinch estimates the size of the cloud voice services market at about USD 10 billion, but external estimates vary widely. Sinch also addresses the adjacent voice interconnect market, where telecom carriers select an aggregating third party to facilitate call termination to off-net numbers with other carriers.

Email

Sinch estimates the size of the email services market at about USD 15 billion. About 60 percent refers to "transactional email," which includes emails that the end user has requested by, for example, registering a user account or resetting a password.

The remaining 40 percent refers to marketing by email, where businesses send special offers and carry out campaigns. Cloud solutions are growing powerfully at the expense of conventional local solutions in which businesses manage their own email software.

Turnkey software for SMBs

Small and medium-sized businesses often have particular needs for easy-to-use software that does not require programming skills or costly integration with other IT systems. These needs have created a market segment for easy-to-use, web-based software for customer engagement via SMS and other messaging platforms. Sinch estimates the market size for this product category at USD 10 billion.

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 segment also includes advanced interactive communication software and solutions for mobile operators. Based on our expertise and our Super Network with its more than 600 affiliated mobile network operators, we can offer a reliable and secure solution that simplifies business communications.

Anyone with a mobile phone can receive text messages by SMS and 98 percent of all texts are read by the recipient. That makes SMS a unique communication channel and a tool that successfully cuts through the noise.

With direct connections to more than 600 mobile network operators, Sinch offers messaging services with no unnecessary intermediaries. Messages are delivered swiftly and securely with guaranteed regulatory compliance worldwide. This makes us the preferred choice, especially for the largest and most demanding companies with global operations.

We offer Conversation API to clients that want to engage their customers in a richer two-way communication. Equipped with Conversation API, businesses can communicate through multiple communication channels in a common API, including WhatsApp, RCS, Apple Messages for Business and Telegram.

At Sinch, we are messaging experts and thoroughly understand mobile operators as well as local regulations and technical conditions in various countries. Our customer base is made up of thousands of large companies that together send about 200 billion business messages by SMS every year. The customer base includes several of the largest tech companies in the world.

2022 highlights

First quarter

- Integration of SAP Digital Interconnect and Wavy.
- Partnership with Oracle in which Sinch has made it possible for users of Oracle Responsys to send personalized MMS messages.
- 8,600 new customers began using MessageMedia's web-based software. The initial focus of the integration of MessageMedia was on migrating SMS traffic to the Sinch global infrastructure and integration with Sinch's Conversation API.

Second quarter

- New segment reporting was introduced and activities towards small and medium sized business was excluded from Messaging and formed a new segment, "SMB".
- The MessengerPeople product for chat-based customer service was launched in Brazil.

Third quarter

- Agreements were closed with 47 new large business customers in the segment.
- Functionality in Sinch's Conversation API was expanded with support for KakaoTalk, the leading messaging app in South Korea with more than 53 million users.

Fourth quarter

- Agreements were closed with 50 new large business customers in the segment.
- Much of the cost reduction program was implemented in the segment and about half of the estimated total savings was realized during the quarter.
- The majority of customers acquired from SAP Digital Interconnect were migrated to the Sinch global messaging platform. Migration of remaining customers is expected to be completed in the second quarter of 2023. This will be followed by the migration of TWW and Wavy.

Facts

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

Main markets: Large business customers worldwide.

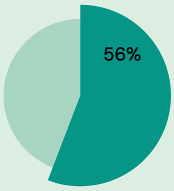
Focus during the year: Platform integration, lower operating costs and cross selling.

Messaging

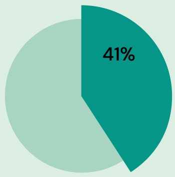
18,225
Net sales,
SEKm, 2022

3,615
Gross profit,
SEKm, 2022

954
EBITDA
SEKm, 2022



Share of
employees



Share of
gross profit

CUSTOMER CASE

Deliver a seamless patient experience using WhatsApp Business API

Challenge
Salud Digna is an NGO whose mission is to provide affordable healthcare services to needy people in Mexico. Salud Digna was short-staffed during the pandemic and needed to handle a huge volume of requests for lab tests and millions of patient queries.

Solution
In partnership with Sinch, the NGO used an AI-driven virtual assistant via WhatsApp to automate patient support and provide fast, secure information about lab visits, tests and results.

Result
Fast and efficient management of millions of patient queries facilitated responsive, high-quality healthcare and better working conditions for staff. Interactions totaled 35 million, of which 89 percent no longer needed a live agent after the first interaction. The time required for customer service interactions decreased by 50 percent, which made it possible for staff to handle 30 percent more calls.

"The virtual assistant in WhatsApp made it possible for us to quickly deal with common questions that might have resulted in a patient visit before. Providing this kind of responsive communication via WhatsApp is much more efficient than seeing patients in traditional visits," says Pedro Josue Vidal Moreno, Digital Laboratory Manager at Salud Digna.

Voice

Sinch Voice communication solutions make it possible for business customers, service providers and telecom carriers to manage massive volumes of phone numbers and voice and emergency calls without costly investments in infrastructure. The backbone of Voice solutions is the Sinch Super Network, which reaches 95 percent of the US population and handles more than 300 billion voice minutes per year.

Businesses use voice services for calls between phones, apps and customer service and rely on our extensive network infrastructure and expertise. Sinch handles voice calls from any and all devices over the public switched telephone network. We help businesses scale their communications and acquire local phone numbers as they expand.

Sinch also supports a vast array of applications related to voice services. The interconnect services we offer to American carriers and service providers are a major component of the business. As a new Operator Connect partner, we also make it possible for businesses to use Microsoft Teams as their primary phone system. We aggregate calls to public emergency services with our next-generation emergency response service (NG911). We offer number verification via voice call, by which we verify the phone number a person has given genuinely belongs to them. We can also offer number anonymizations for safer communication where an individual's private number is not revealed, which is useful in the context of doctor/patient conversations, for example.

Through our Super Network, with direct connections to hundreds of operators in the US, we eliminate intermediaries and subcontractors to control the entire value chain by linking calls directly between end users. By owning our network, we assure higher quality, reliability, scalability and affordable pricing, which is particularly important to large-volume customers.

Our customers are mainly telecom carriers, service providers and enterprises.

2022 highlights

First quarter

- Coordinating sales to enterprises in the US was an initial focus area for post-acquisition integration.
- The voice offering was expanded to Europe. Infrastructure was established in Amsterdam and Frankfurt enabling new services, enhances quality and ensuring regulatory compliance for products in key European markets. Three new customer contracts were signed based on the enhanced offering.

Second quarter

- Sinch became a Microsoft Teams Operator Connect Partner.
- Sinch achieved third-party validation regarding compliance with US HIPAA regulations (Health Insurance Portability and Accountability Act) for secure voice, fax and UCaaS services.

Third quarter

- Sinch made it possible to offer direct numbers in France and obtained allocated numbers in another three European countries.
- Sinch achieved a Net Promoter Score (NPS) of 73, an increase of 14%, for its most important customers in the customer satisfaction survey.

Fourth quarter

- As an aspect of its support for industry efforts to prevent illegal robocalls, Sinch implemented support for advanced call analysis in its voice network. These analyses are now being used to further enhance the quality of voice services provided to Sinch customers.
- Direct numbers can now be offered in three new European countries added as part of the global expansion of the Sinch Super Network. Sinch offers voice services for two-way calls in the UK, France, Germany, Ireland and Netherlands with no need to rely on third-party intermediaries.

Facts

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

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

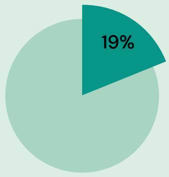
Focus during the year: Push towards the enterprise segment, further developing the offering and on-network capabilities in Europe.

Voice

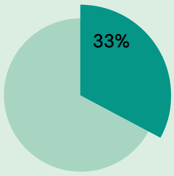
6,134
Net sales,
SEKm, 2022

2,915
Gross profit,
SEKm, 2022

1,399
EBITDA
SEKm, 2022



Share of employees

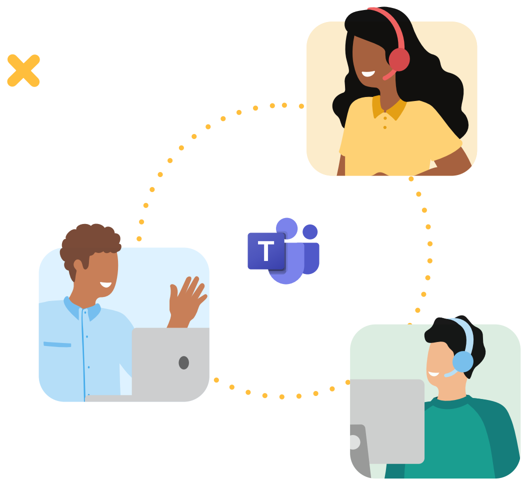


Share of gross profit

CUSTOMER CASE

Tailored solution for Microsoft Teams

Challenge
Almost a million businesses in North America use Microsoft Office 365, and half of them use Teams. That[1] equates to more than 270 million monthly active users.[2] In 2021, Microsoft approved a small group of providers, including Sinch, as Microsoft Teams Operator Connect Partners to provide voice calls to anyone, anywhere. Operator Connect transforms Teams into a fully cloud-based business telephony system including reporting, enhanced security and improved reliability.



Solution
Our intuitive portal where customers can order and obtain numbers within minutes, our high-quality and reliable nationwide network with accessibility above 99.99 percent, and our ability to provide call redirection for emergency services directly through Teams, are all features unique to services from Sinch.

Result
A medium-sized US-based fintech and early adopter of Sinch Operator Connect previously relied on a contact center solution where they experienced serious interruptions in service. Our tailored solution for managing disruptions, call quality, portal and pricing – and the customer's ability to rely on a single provider for both SIP trunks and Operator Connect – made for a successful partnership with Sinch. The dynamic, automated solution generates seven million voice minutes per month.

1) Office 365 user numbers per country 2022 | Statista, 23 February 2022
2) Cloud trends and growth of Microsoft 365 (teamshub.io)

Email

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

Through powerful APIs for email and intuitive marketing solutions, Sinch delivers almost 400 billion emails per year for companies including DHL, Substack, Wikipedia, Toast, Lyft and Microsoft.

Sinch helps its customers manage the entire email life cycle and control the variables that impact deliverability. We also assist marketers with creating appealing email templates and delivering effective campaigns, and give developers the tools they need to send automated transactional emails, review event history and analyze user behavior. Our infrastructure builds on the Google Cloud Platform and was made to scale and manage extreme capacity requirements like Black Friday.

We have four product sets: Mailgun APIs for email, Mailjet email marketing products, Email on Acid test tools, and InboxReady products and services for enhanced deliverability.

Because the Sinch system regularly sends large volumes to most of the world's email box providers and email addresses, we can analyze traffic flows in real-time and generate very high deliverability outcomes. Our email delivery rate is 98 percent, well above the industry average of 83 percent.

Sinch's traditional customer base is made up of more than 100,000 developers and programmers at companies that are far advanced in the use of new technology. Large companies where our high delivery rate and cloud solutions offer advantages compared to conventional local installations are a focus area for growth.

2022 highlights

First quarter

- The integration of the business focused initially on coordinating sales by Pathwire and Sinch to large business customers and preparing for cross-sales of Sinch's messaging products to Pathwire's wide customer base of software developers.
- Two customer contracts were closed in which existing Sinch business customers chose to use the email products offered through the acquisition of Pathwire.

Second quarter

- Mailgun stepped up its marketing activities in new geographies after the launch of websites with content in English, French, German and Spanish.
- The largest contract to date was closed in the form of a multi-year agreement with a new customer in the public sector.

Third quarter

- Several product upgrades were launched, including new drag-and-drop functionality in Mailgun and email preview in Mailjet.
- "Email Camp", an annual virtual user conference attended by 3,600 people, was held.
- The Email business switched to Google Cloud Platform to reduce costs and improve the gross margin. The migration was successfully completed in the US.

Fourth quarter

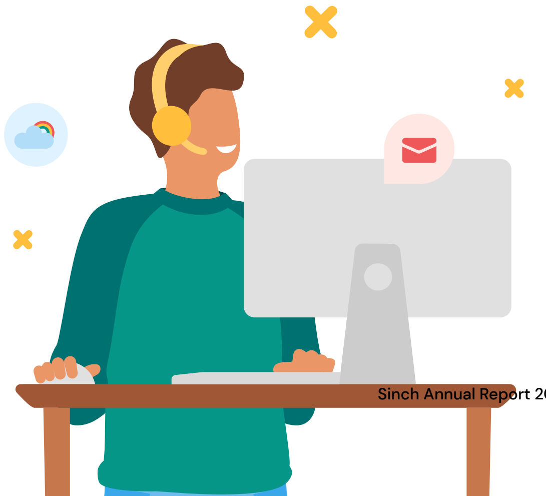
- Portal, a new user interface (UI) in the Mailgun application, was launched. This change made Mailgun and InboxReady available in the same application, which facilitates cross-sales.
- The migration to Google Cloud Platform was completed in Europe.
- There was a steep increase in Sinch's email volumes on Black Friday, when traffic was up by 14 percent, and on Cyber Monday, when volume rose by 10 percent compared to the preceding year.
- A total of 105 billion emails were sent during the quarter, an increase of 11 percent compared to the same quarter in 2021.

Facts

What: Transactional and marketing email

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

Focus during the year: Expansion towards larger business customers, widening the offering and switch of cloud infrastructure suppliers.

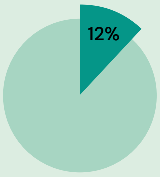


Email

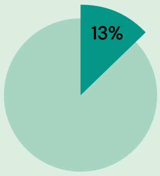
1,511
Net sales, SEKm, 2022

1,117
Gross profit, SEKm, 2022

547
EBITDA SEKm, 2022



Share of employees



Share of gross profit

CUSTOMER CASE

Mailgun enhances deliverability and ease of use

Challenge
Battle Royale games like PlayerUnknown's Battlegrounds (PUBG) have been dominating the online video gaming market with their everyone-against-everyone games. PUBG has sold more than 70 million units worldwide since it was released, with various themes, artifacts and characters. With its large and growing player base and a need to grow its capacity in account handling and improve the domain verification process, PUBG was looking for a new partner that could keep up with their growth rate.

Solution
After comparing several email providers, Mailgun was chosen for its ease of use and developer-focused user experience – and the domain verification problems vanished. Mailgun was selected to improve deliverability and was later also selected for marketing. In this way, PUBG was able to improve deliverability from 90 percent to 98 percent.

Result
"Working with Mailgun and having a sounding board throughout the journey was amazing," says Scott Glasser, Head of NA Publishing Technology for PUBG. "With Mailgun and Mailjet, the team's goal is to see how email can further promote communication with players, regardless of whether that is through transaction-based notifications or player surveys."

SMB – small and medium-sized businesses

The SMB segment includes web-based, turnkey products that make it easy for businesses to engage with their customers through mobile messaging. Products are offered under well-established brands including MessageMedia, SimpleTexting and ClickSend.

Businesses of all sizes need to communicate with their customers and they increasingly look to messaging as an efficient way to acquire, engage, and retain their customers. However, many lack dedicated IT development resources and look for easy-to-use products that work well with other software they use already for CRM, eCommerce, ERP, or Marketing Automation. Sinch's SMB products are easy to use, integrate well with existing technology platforms, offer flexible pricing models, and enable quick set-up online. This makes the offering especially attractive for small and medium-sized businesses.

MessageMedia is a robust messaging and communications platform with deep integrations to more than 75 leading platforms including Hubspot, Oracle NetSuite, Salesforce, Shopify, and Zoho. **ClickSend** meets the needs of tech-savvy small businesses that are looking for low-code/no-code solutions to build messaging functionalities into their operations. **SimpleTexting** is a messaging platform designed for small businesses known for its ease of use, simplicity, and competitive, flexible pricing plans.

The Sinch SMB offering is particularly strong in Australia, New Zealand and the US, where growth is particularly high. We have more than 70,000 active businesses using Sinch SMB products today with global demand creating clear opportunities for continued consolidation and growth.

2022 highlights

First quarter

- The acquisition of MessageMedia closed in Q4 2021 and was included within the Messaging segment during Q1 2022.

Second quarter

- SMB was reported as a separate segment.
- The development teams for SimpleTexting and MessageMedia were combined and platform integration commenced.
- Migration of SMS traffic to the Sinch global infrastructure began.

Third quarter

- Approximately 7,500 new customers began using Sinch's services, including about 4,300 in the US.
- A program that gave business customers early access to the recently launched multi-channel inbox in the MessageMedia platform was launched. The functionality is based on the Sinch Conversation API and gives businesses capability to engage with their customers across various channels including SMS, Facebook, Instagram, WhatsApp and Google My Business through an easy-to-use shared inbox.

Fourth quarter

- MessageMedia continued to integrate its product into leading CRM, ERP, Ecommerce and Marketing Automation solutions, and announced the addition of BigCommerce.
- Sean O'Neal was appointed as new President, SMB.
- At the end of the quarter, more than 70,000 paying, small and medium-sized businesses used Sinch's SMB products.

Facts

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

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

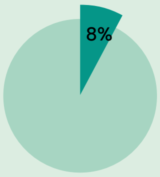
Focus during the year: Platform integration, further development of the offering, and US expansion.

SMB

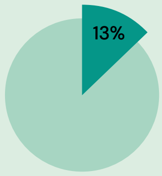
1,852
Net sales, SEKm, 2022

1,162
Gross profit, SEKm, 2022

490
EBITDA SEKm, 2022



Share of employees



Share of gross profit

CUSTOMER CASE

MessageMedia boosts customer satisfaction

Challenge
Roth Living, an American luxury kitchen retailer, lacked an efficient way to get in touch with customers to let them know when service was scheduled. Employees were devoting increasing amounts of time and resources to paperwork, phone calls and emails to handle service and installation schedules for the company's customers and technicians.

Solution
Thanks to MessageMedia's embedded integration with Oracle NetSuite, Roth was able to create a solution that generated a text every time a new appointment request form was completed. Technicians and employees were notified immediately by text when installations were scheduled and completed, and customers received texts when the installation was planned and when service was on the way. The solution also generated an automatic text to customers asking them to complete a survey and provide feedback on the technician's visit.

Result
Now that all schedules and meetings are saved and automatic messages are generated based on actions completed in NetSuite, Roth's employees can see installation information in real-time, which eliminates time-consuming paperwork. The technicians work more efficiently, are happier, and are able to complete more jobs each week. Customer surveys show a customer satisfaction rate of 100 percent, which provides a clear and indisputable return on investment (ROI).

"The platform integrated in NetSuite worked and has made us more efficient when it comes to gathering information and communicating with our customers. Our survey results definitely show improved customer engagement," says John McClelland, Manager of Information Systems at Roth Living.

roth living

Share performance and ownership structure

The information provided by Sinch to shareholders and the rest of the capital market is aimed at giving a fair picture of the company's progress, minimizing the risk of spreading rumors and speculation and increasing interest in the company's stock. The ambition is to always provide clear and current financial information.

The share

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

Share capital

Share capital in Sinch amounts to SEK 8,386,022 (7,685,687), divided among 838,602,248 outstanding shares (768,568,748). All shareholders have equal rights to a share in the company's assets and profit. The quotient value of the shares is 0.01 (0.01). Please refer to Note 20 for further information about the development of share capital.

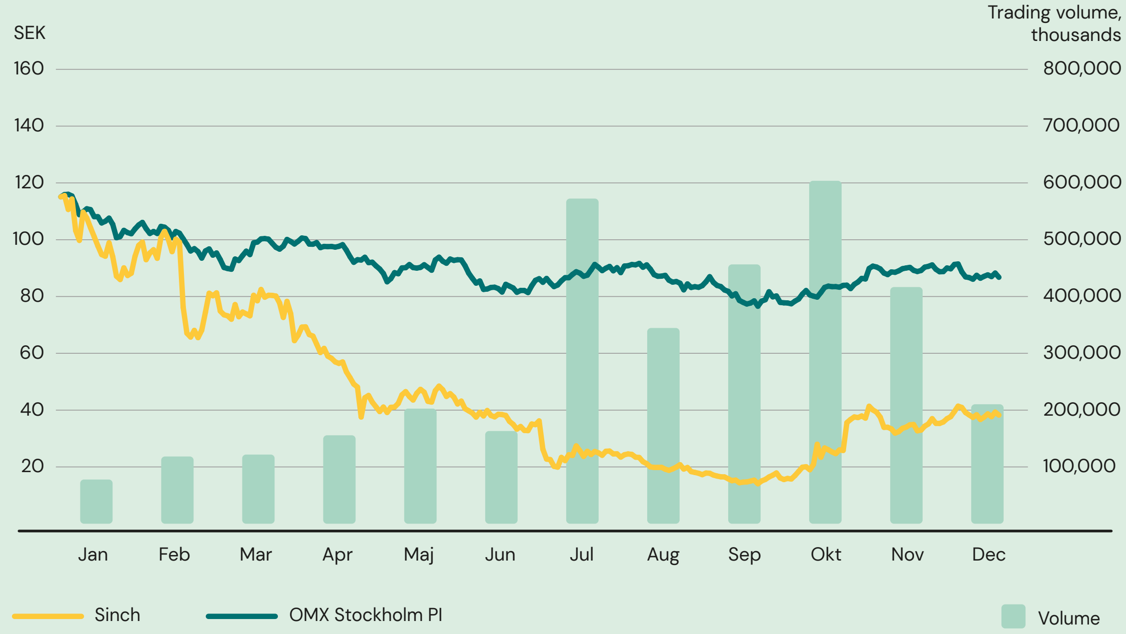
Dividend

The board of directors has decided to propose to the annual general meeting that no dividend be paid for the 2022 financial year (-). It is the opinion of the board that the company is currently in a phase during which financial surpluses should be used to repay the company's debt and be reinvested in continued growth, both organically and through acquisitions.

Shareholders

At year-end, Sinch had about 103,000 shareholders (76,000). The ten largest shareholders combined owned 61.6 percent of equity in Sinch (62.6). The company is not aware of any agreement between shareholders that limits their rights to transfer their shares.

The share



Source: Modular Finance

Ten largest shareholders as of 31 December 2022:

#	Shareholder	Number of shares	% of equity
1	Neqst D2 AB	155,676,507	18.56%
2	Fourth National Swedish Pension Fund	65,090,781	7.76%
3	Swedbank Robur Fonder	60,041,257	7.16%
4	AMF Pension & Fonder	51,696,918	6.16%
5	Capital Group	43,881,521	5.23%
6	Alecta Tjänstepension	37,718,283	4.50%
7	Handelsbanken Fonder	31,332,662	3.74%
8	First National Swedish Pension Fund	26,347,838	3.14%
9	Temasek	22,851,408	2.72%
10	Vanguard	21,478,265	2.56%
	Total, 10 largest shareholders	**516,115,440**	**61.55%**
	Other	322,486,808	38.45%
	Total	**838,602,248**	**100.00%**

Prices in 2022 (adjusted), Nasdaq Stockholm, SEK

Volume weighted average price	Highest paid	Highest paid date	Lowest paid	Lowest paid date
33.3	116.8	4 Jan 2022	13.48	29 Sep 2022

Market cap last trading day in 2022, SEKm

Number of shares	Price, SEK	Market cap
838,602,248	38.23	32,060

Turnover of instruments in 2022, Nasdaq Stockholm

Turnover, SEKm	Number of shares traded, Nasdaq	Number of transactions	Average daily turnover, SEKm	Average daily volume	Average daily transactions	Trading days
114,550	3,442,194,649	3,487,288	453	13,605,512	13,784	253

Shareholder distribution by category

Shareholder category	Number of shares	Equity	Voting rights	Number of known shareholders	Share of known shareholders
Swedish Institutional	359,994,264	42.93%	42.93%	137	0.13%
Foreign Institutional	149,286,269	17.88%	17.88%	112	0.11%
Swedish Retail	106,552,122	12.72%	12.72%	99,324	96.69%
Other	220,564,576	26.30%	26.30%	3,149	3.07%
Unknown	2,205,017	0.17%	0.17%	–	0.00%
Total	**838,602,248**	**100.00%**	**100.00%**	**102,722**	**100.00%**

Source: Modular Finance

Analysts

Analysts that cover Sinch:

Company	Analysts	Contact
ABG	Daniel Thorsson	daniel.thorsson@abgsc.se
Bank of America	James Pavey	james.pavey@bofa.com
Carnegie	Predrag Savinovic	predrag.savinovic@carnegie.se
Danske Bank	Andreas Joelsson	andreas.joelsson@danskebank.se
DNB	Stefan Gauffin	Stefan.gauffin@dnb.se
Goldman Sachs	Mohammed Moawalla	mohammed.moawalla@gs.com
Handelsbanken	Daniel Djurberg	dadj03@handelsbanken.se
J.P. Morgan	Akhil Dattani	akhil.dattani@jpmorgan.com
Morgan Stanley	Laura Metayer	Laura.Metayer@morganstanley.com
Nordea	Klas Danielsson	klas.danielsson@nordea.se
SEB	Erik Lindholm-Röjestål	erik.lindholm-rojestal@seb.se

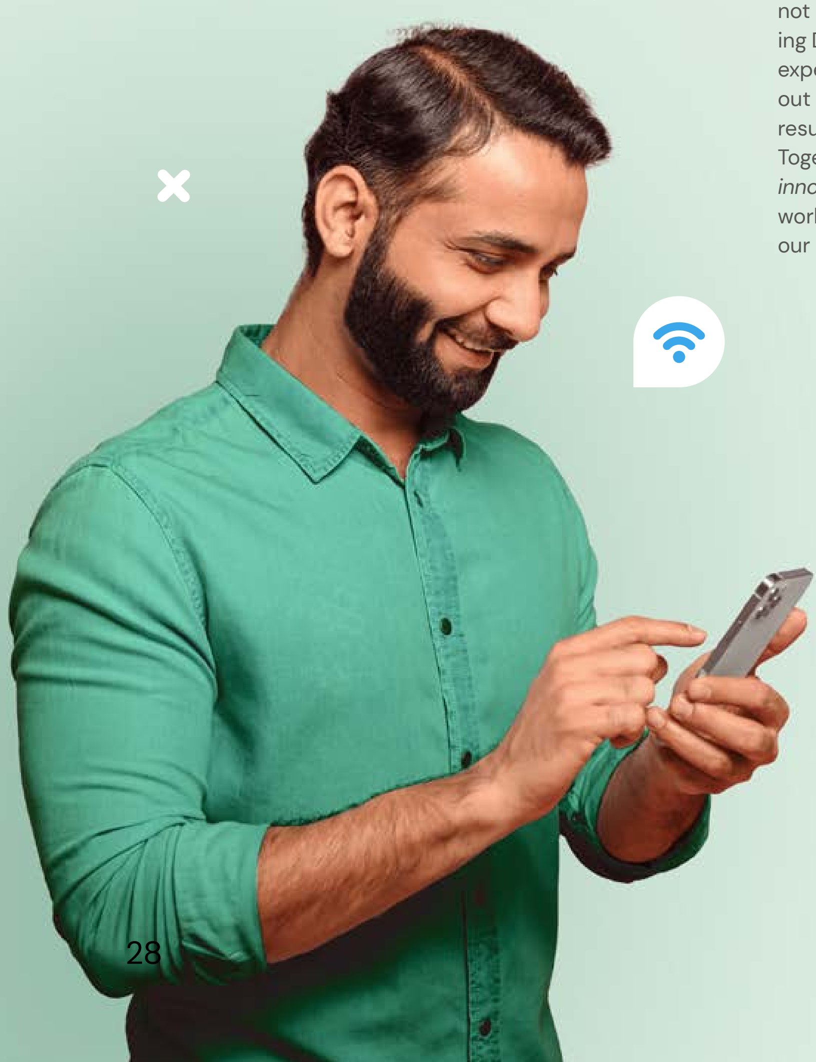
See investor.sinch.com for the most recent shareholder and analyst lists.

Our sustainability work

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

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

The expectations on us continue to increase, both from our stakeholders as well as the rapid development of regulations, not least the forthcoming EU Corporate Sustainability Reporting Directive (CSRD). Following our growth and the increasing expectations, we reviewed our focus areas in 2022 and carried out an updated materiality analysis. The materiality analysis resulted in a new focus area: *product impact and innovation*. Together with our previous focus areas, *product impact and innovation* enables us to take the next step in our sustainability work and to contribute to sustainable development through our products and services.



Our sustainability governance

Board of Directors

The Board of Directors has overall responsibility for the management of Sinch, which includes sustainability topics. The Board of Directors is responsible for the corporate governing documents, as well as the sustainability report. At the end of each financial year, the Board of Directors performs a self-assessment of its work during the year.

CEO and executive management

The CEO is responsible for executing board decisions and strategies, supported by Group management. The management team ensures that responsible individuals in the organization prepare input for decision-making as well as analysis and monitoring of business performance. Sinch's General Counsel has operational responsibility for the sustainability work and reports to the CEO and executive management concerning ongoing activities, initiatives, tracking and progress. Sinch's Sustainability Manager is responsible for the Group's sustainability strategy and reporting, in cooperation with the functions that are responsible for each focus area.

Code of Conduct and governing documents

Governing documents, including our Code of Conduct, are applicable to the entire Group and are available to all employees on our intranet. Our Code of Conduct applies to all employees, consultants and the Board of Directors. The Code of Conduct is appended to all new employment contracts and all employees are required to sign it. Our Code of Conduct is based on the Ten Principles of the UN Global Compact and clarifies Sinch's stance on the importance of sound business relationships. Corresponding Codes of Conduct for suppliers and partners are appended to significant contracts. All Codes of Conduct are available on our external website. The Board of Directors approved an updated structure for governing documents during the year, which will be implemented during 2023.

Policy Documents

- Code of Conduct
- Code of Conduct for Suppliers and Partners
- Anti-corruption Policy
- Privacy Policy
- Information Security Policy
- Procurement Policy
- Employee handbooks covering matters including work environment, discrimination and health and wellbeing
- Modern Slavery Statements

Memberships and certifications

Sinch is a member of the UN Global Compact and supports the Ten Principles for responsible business with regard to human rights, labor, environment and anti-corruption. As a member of the UN Global Compact, we publish an annual Communication on Progress (CoP) that describes our work to implement the Ten Principles and how we are working to contribute to the UN Sustainable Development Goals (SDGs).

Sinch evaluates progress within its sustainability work annually via EcoVadis, which assesses the quality of corporate policies, actions and outcomes in the areas of the environment, labor and human rights, ethics and sustainable procurement. As in the preceding year, we attained the Silver level in 2022.

During 2022, Sinch continued to certify the business in accordance with the ISO 27001 information security management standard. Parts of Sinch's operations were certified in 2019 and there is continuous work to include acquired operations.

Our material sustainability topics

Our materiality analysis is the basis for our focus areas, which describe the environmental, social and governance topics ("sustainability topics") that are material to our business. During 2022, Sinch updated the materiality analysis following our growth, increasing expectations from stakeholders and sustainability-related regulations.

The materiality analysis is based on the principle of "double materiality" and the guidelines published for the forthcoming EU Corporate Sustainability Reporting Directive (CSRD). This means that sustainability topics have been assessed based on our impact on environmental, social and governance-related topics ("impact materiality") and sustainability-related risks and opportunities and their impact on our financial performance and value creation ("financial materiality"). Those sustainability topics that have been assessed in the materiality analysis with limited materiality or higher are disclosed. Sustainability topics with low materiality are therefore not disclosed in the sustainability report.

In addition to continuous engagement with our stakeholders, an integral part of updating the materiality analysis has been formalized stakeholder dialogues with customers, investors and employees to capture their expectations concerning prioritized sustainability topics.

The materiality analysis has been approved by Group management. Our focus areas remain consistent with last year, with some adjustments and grouping of the focus areas.

New for this year is the focus area *product impact and innovation*, in which we see potential to create positive impact for our customers and the society through our cloud communication services. For each focus area, we have identified relevant Sustainable Development Goals (SDGs) that we have the greatest opportunity to contribute to in order to promote sustainable development.

The materiality analysis is also the basis for preparing our reporting for the forthcoming EU CSRD and the mandatory disclosures aligned with the European Sustainability Reporting Standard (ESRS). As a preparatory step, we have identified relevant disclosures for our focus areas and have begun reporting with reference to the Global Reporting Initiative 2021 (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). Relevant indices for these disclosures are provided on our Investor Relations website under the "Sustainability" section.

During 2023, we plan to further develop our sustainability work, for example by setting measurable targets and activities to further integrate sustainability into our strategy.

Materiality analysis

Business responsibility

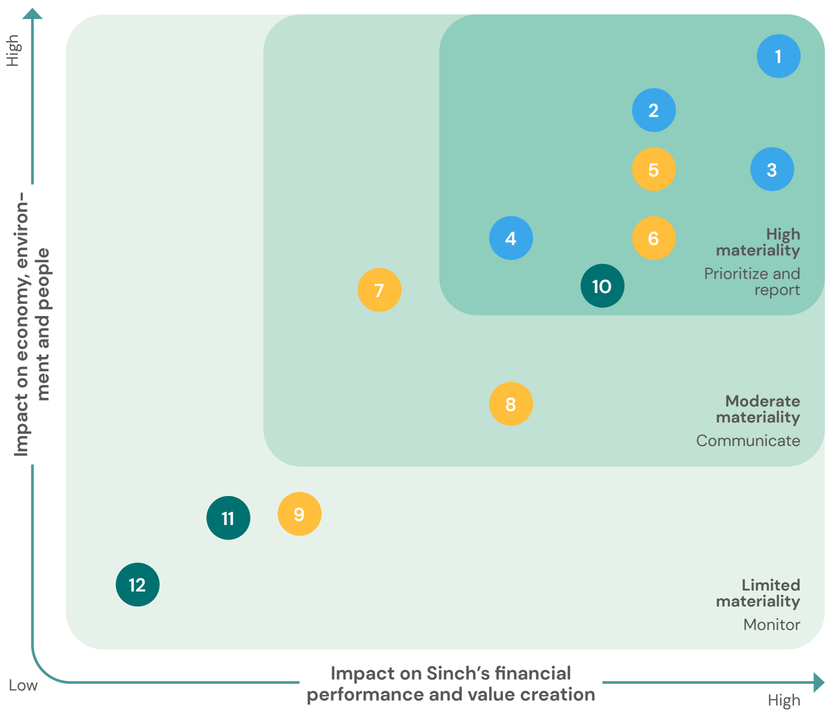
1 Privacy and information security
2 Business ethics and anti-corruption
3 Product impact and innovation
4 Supply chain management

Social responsibility

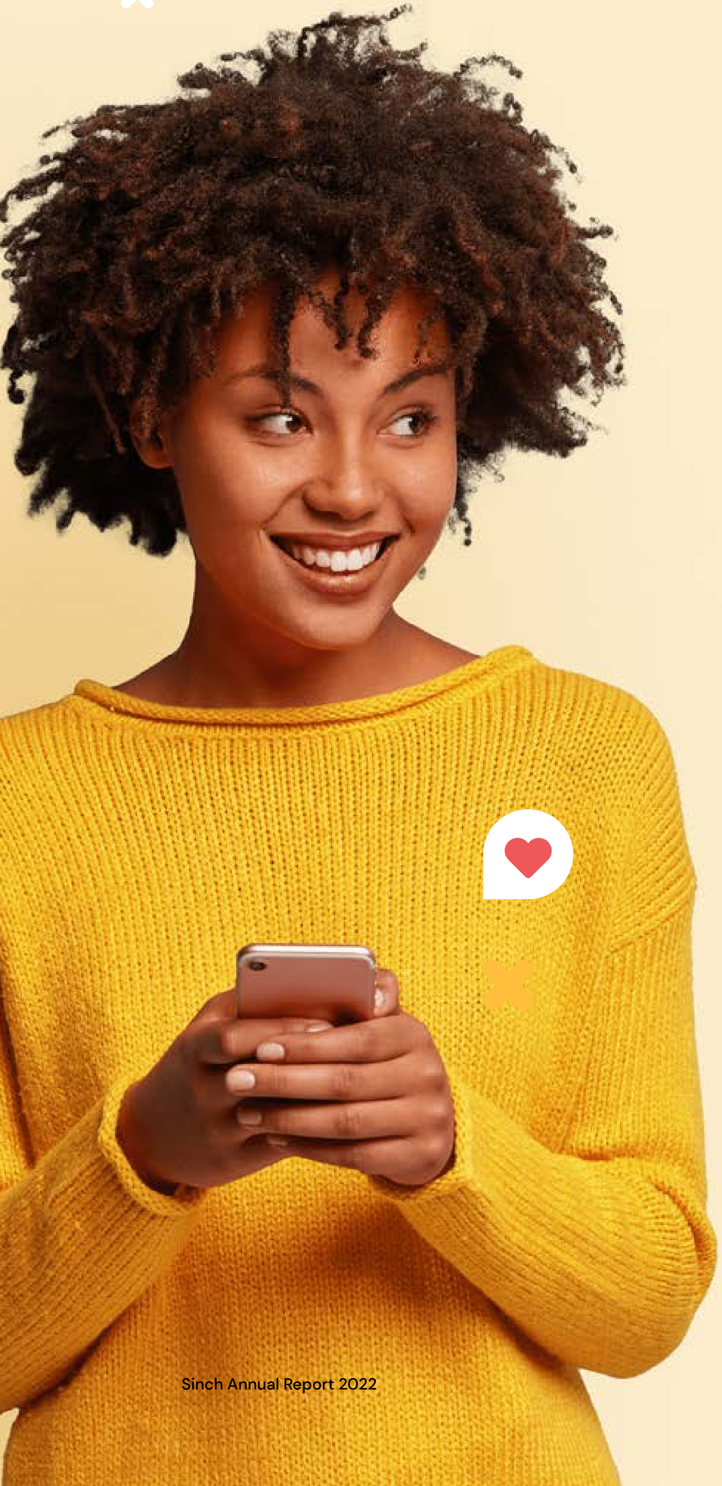
5 Diversity, equity and inclusion
6 Health and wellbeing
7 Learning and development
8 Human and labor rights
9 Community engagement

Environmental responsibility

10 Climate impact
11 Resource circularity
12 Water management



Our focus areas



Business responsibility

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

Social responsibility

- Diversity, equity and inclusion
- Health and wellbeing

Environmental responsibility

- Climate impact

Business responsibility

Privacy and information security

Privacy

Data privacy is integrated in everything Sinch does as we connect businesses with their end-customers across the world. Respecting data privacy therefore means more to Sinch than complying with a legal requirement. It also means understanding and catering to our customers' demands and respecting the privacy of data subjects.

During 2022, Sinch has established a new Privacy and Regulatory function, in which the Data Protection Officer (DPO) is based. The Privacy and Regulatory function is responsible for the global Privacy Compliance Program. Our Privacy Policy outlines roles and responsibilities within Sinch to ensure that privacy laws are being respected and followed. The policy is supplemented with supporting procedures and guidelines, for example related to analyzing suspected personal data breaches and responding to authority requests. Sinch only provides data to authorities based on strict requirements to verify that the request is proportionate and justified on a legal basis.

On a product level, Sinch has processes to ensure that privacy principles are respected in developing and improving our products. We screen suppliers and partners to ensure that they strive for the same level of data protection as Sinch in our Privacy Compliance Program. Targeted employees in Sinch are trained on these privacy processes.

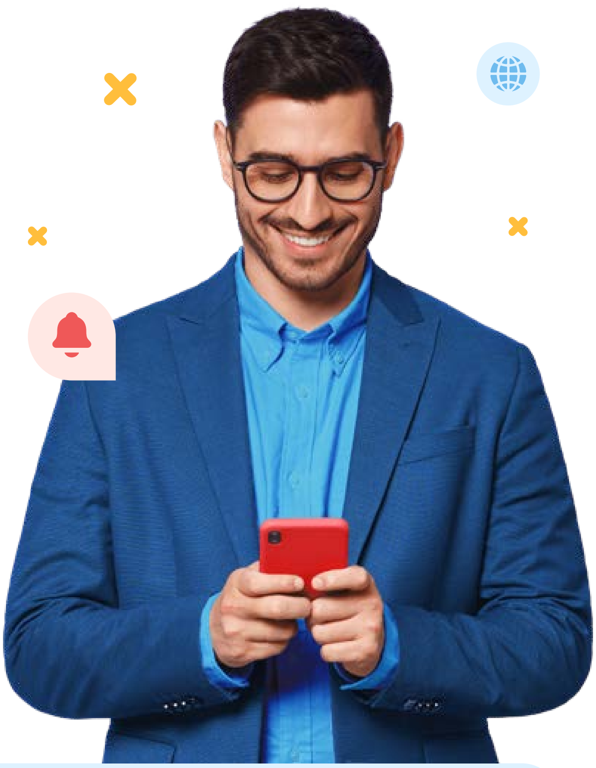
Due to our rapid growth and integration of recent acquisitions, we have identified a need to review our existing Privacy Compliance Program. The review has started during 2022 and will continue throughout 2023 to ensure scalability, adaptation to our updated operating model, and clear direction across all Sinch entities. We will revisit the Privacy Policy, corresponding processes, and training efforts to further strengthen the Privacy Compliance Program.

Information security

Information and IT security are crucial to sustaining the long-term success of our business by protecting the confidentiality, integrity, and availability of our information and systems. This is critical in maintaining trust with our customers, suppliers, employees, and the public.

Sinch is certified within the ISO 27001 information security standard, which is the origin of the Information Security Policy and the Information Security Management System (ISMS) on group level. Sinch operates to industry best practice in terms of compliance with standards such as NIST 800-53 and CIS Benchmarks. Sinch also applies other management systems and certifications for products and services on product line level to meet business specific needs, for example according to ISO 9001, HIPAA, PCI-DSS and SOC Type 2.

The Information Security function is responsible for implementing our Information Security Policy and Information Security Program. Sinch has an Information Security Board that meets monthly to discuss and progress information and IT security matters. All business units report on key performance indicators to the group function on a quarterly basis to ensure commonality and adequate prioritization across the group.



The UN Sustainable Development Goals (SDGs)

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

Events during the year

Sinch worked actively during the year to further develop processes and governance to promote responsible and ethical business. Efforts included implementation of the external system "SpeakUp" for reporting whistleblower concerns and the introduction of an online Code of Conduct training.

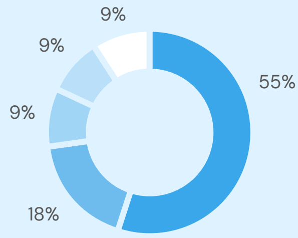
Long-term goal

Sinch will develop its risk-related processes to ensure responsible business by means including system support for third-party due diligence. Through our new focus area *product impact and innovation*, we also intend to take further steps towards promoting sustainable development through our products and services.

11

Reported whistleblower concerns

– Including four sub-stantiated concerns that were actioned



●	Harassment	55%
●	Conflicts of interest	18%
●	Fraud	9%
●	Bribery and corruption	9%
○	Insider information	9%

Our Security Operations Center (SOC) is a centralized unit that together with our business units is responsible for monitoring and defending Sinch's computer systems and network systems from cyber threats on a continuous basis. Sinch SOC is staffed by information security professionals who use a combination of specialized software, tools, and processes to monitor and protect our systems and data from unauthorized access, attacks, or other security breaches. Sinch incident management process ensures quick, effective, consistent, and orderly response to information security incidents. Incidents are identified through monitoring, automated detection tools and reporting channels available on our website and intranet. All incidents are followed by a root cause analysis to reduce the likelihood or consequences of future incidents.

Sinch performs weekly vulnerability assessments of internal and external assets. The results of the assessments reveal deficiencies in the system, which are evaluated internally to take effective action and minimize risks. Sinch uses Cloud Security Posture Management to scan and configure our environments and assets for compliance against NIST 800-53 & CIS Benchmarks.

Business continuity is an integral part of our Information Security Program. Many of our employees are working from home and we have ensured full coverage of our Information Security Program, regardless of where our employees are physically located. Our systems have redundancy between multiple data centers to ensure resilience and continuous operations upon potential system failures.

Sinch employees undergo information security training, both when starting at Sinch and recurring annual training. Some of the areas included in the training are malware, phishing, social media conduct, and the importance of secure passwords and data processing. We also run regular campaigns related to social engineering to ensure that our employees are aware of methods and tactics that potential hackers might use.

Sinch works continuously to improve the maturity level concerning information security through increased focus and group-wide projects to strengthen awareness and sophistication when it comes to protection against cyber threats.

Business ethics and anti-corruption

Sinch operates worldwide and is committed to being a trusted business that promotes ethical business, regulatory compliance and fair competition. Our Code of Conduct establishes principles of business ethics that apply to all employees and everyone acting on behalf of Sinch. Equivalent Codes of Conduct have been established for our suppliers and partners. The Code of Conduct must be signed by all employees, of which 98 (94) percent have signed it. We regularly communicate about business ethics and compliance in corporate communications to employees. We also launched an online course on our Code of Conduct during the year.

Complying with laws and regulations in the countries where we operate is a fundamental prerequisite for our business. This is managed by our internal legal department that works with legal risk assessments and regulatory compliance supported by external legal advisors in the countries where we operate. Sinch is partially growing through acquisitions. A so-called integrity due diligence is performed prior to acquisitions and partnerships of high risk. The purpose of this is to evaluate the reputation of the potential acquisition or partnership and any integrity risks that are not identified in legal and financial due diligence.

Sinch took special measures in 2022 to ensure regulatory compliance linked to the sanctions imposed on Russia and Belarus. We decided early on to not engage in new business in Russia and to ban software deliveries to Russia. Further measures have been decided during the first quarter of 2023, where Sinch has chosen to suspend all customer relationships in Russia and Belarus. For the time being, Sinch has chosen to continue delivering services that are used for communication to and between individuals. We believe that our business can have an impact on the individual's ability to communicate and we take the consequences of shutting down our services very seriously.

As a global business that operates in certain countries with a higher risk of corruption, it is important that we work actively to prevent corruption. Sinch has zero tolerance for all forms of corruption, as expressed in our Code of Conduct and Anti-corruption Policy. During the year, we continued to establish due diligence processes for businesses identified with higher corruption risk, for example linked to referral partners in high-risk countries. We will intensify these efforts in the coming years, where we for example are planning to implement system support for third-party due diligence. We have also carried out internal anti-corruption trainings for the parts of the organization deemed to have the most exposure to such risks. No cases of corruption were confirmed in 2022.

We further developed the whistleblower function in 2022 by implementing the external system "SpeakUp" for reporting of whistleblower concerns. SpeakUp is managed by our Head of Compliance and will be deployed as our global whistleblowing tool during 2023. SpeakUp enables anonymous reporting and handling of incoming issues, communication with whistleblowers and classification and filing of issues. Sinch works actively to raise awareness about whistleblowing and plans to conduct an employee survey during 2023 year to collect information on future improvement measures. Sinch has zero tolerance for retaliation against individuals who report in good faith and works to ensure that everyone feels comfortable speaking up and reporting non-compliance with our Code of Conduct and other internal governing documents. We ensure confidentiality in the process through established procedures for protecting the identity of the reporter and other involved individuals. Whistleblower concerns are reported to the Audit Committee on a quarterly basis. Eleven issues were reported in 2022, of which four were substantiated concerns that were actioned. See the table on page 33.

SpeakUp process

Reporting
A concern is reported and the reporter receives a confirmation

Assessment
The concern is assessed for further investigation

Investigation
The concern is investigated and recommended actions are compiled

Remediation
Recommend actions are reviewed, decided and implemented

Monitoring
Decided actions are followed up

Closing
The report is closed and the reporter receives a confirmation of closure

Human rights in the value chain

Sinch has a responsibility to respect internationally recognized human rights and shall under no circumstances be part of any human rights violations. Our Code of Conduct, our membership in the UN Global Compact and adherence to the Ten Principles are fundamental to our efforts to protect human rights across the value chain. Through our products and services, we are also contributing to promoting the right to communicate, which is one of the fundamental rights expressed in the UN Universal Declaration of Human Rights.

As a global business within the field of cloud communication services, Sinch may face potential risks that are linked to human rights. Given the vast amount of business-critical data and personal data that Sinch handles, privacy and information security are examples of key issues in our business. Other potential risks might include working conditions, equality, and health and safety, both in our own operations and linked to our suppliers and partnerships in countries where the risk for human rights violations is higher. Potential risks are managed according to established methods, which are further described under each focus area and in the *Risks* section.

Sinch works to prevent all forms of modern slavery and trafficking in our business transactions and in the value chain. We have issued Modern Slavery Statements in accordance with the UK Modern Slavery Act and the Australian Modern Slavery Act, which are published on Sinch's and the Australian subsidiary MessageMedia's websites. The risk of human rights violations and modern slavery is currently assessed as low and we are working to minimize the potential risks that could arise. We are continuously improving our competencies and processes to strengthen the conditions for working systematically with human rights. We initiated a project during the year to align our human rights risk assessment according to the UN Guiding Principles on Business and Human Rights (UNGP). The project will continue over the next few years. There were no confirmed violations of human rights in 2022.

Product impact and innovation

Product impact and innovation was included as one of our focus areas during the year. The Sinch cloud communication platform increases access to information and communications technology and makes it possible for businesses and people to manage economic, social and environmental challenges and opportunities. We recognize that digitalization and new innovative technology are contributing to making safe, secure and effective information and communication accessible.

We see great potential in actively contributing to a more sustainable society and are striving to take the next step in developing our business in a responsible manner. Over the next few years, we intend to establish roles and responsibilities to run the new focus area. This responsibility will include ensuring that we can measure product impact and innovation from a sustainability perspective in order to continue promoting sustainable development within Sinch, among our customers and in our value chain.

Supply chain management

Sinch's procurement function has overall responsibility for the company's supply chain management and for maintaining ongoing dialogue with our suppliers. Our supply chain is global and our largest suppliers are operators and other suppliers of services such as Infrastructure as a Service (IaaS) and Software as a Service (SaaS).

We continuously develop our processes for evaluating and selecting the suppliers with which we do business. Our Procurement Policy was updated during the year to align with our operating model and describes how we should manage supplier relationships depending on the type and value of procurement. When new suppliers are contracted, they are reviewed regarding aspects including IT and information security, privacy and financial stability. New suppliers that are expected to supply products or services exceeding a specified value must accept our Suppliers Code of Conduct or have an equivalent Code of Conduct that complies with our requirements.

Sinch intends to further develop and reinforce supply chain management in forthcoming years. We are currently evaluating which criteria we should measure and assess for new and current suppliers, for example regarding climate impact to take action and reduce our supply chain emissions. We have also identified a need to develop appropriate criteria related to human rights in response to regulatory changes that are occurring in certain countries in which we operate.

COMMUNITY ENGAGEMENT

Sinch technology helps refugees connect

In response to the war in Ukraine, Sinch has provided free services to government and non-profit organizations that are managing an increasing interaction with Ukrainian citizens who have fled to the Nordics.

Automated chat services powered by Chatlayer by Sinch have made it possible for organizations to provide information to Ukrainian refugees on housing, job applications and important events. This has made it possible for the organizations to focus on coordinating and distributing humanitarian aid.

Phone hotlines and switchboard services have been set up in multiple languages through Sinch Voice to allow organizations to handle incoming calls from Ukrainian refugees.

Sinch is committed to using technology for good and continues to help organizations address societal challenges.

Social responsibility

Diversity, equity and inclusion

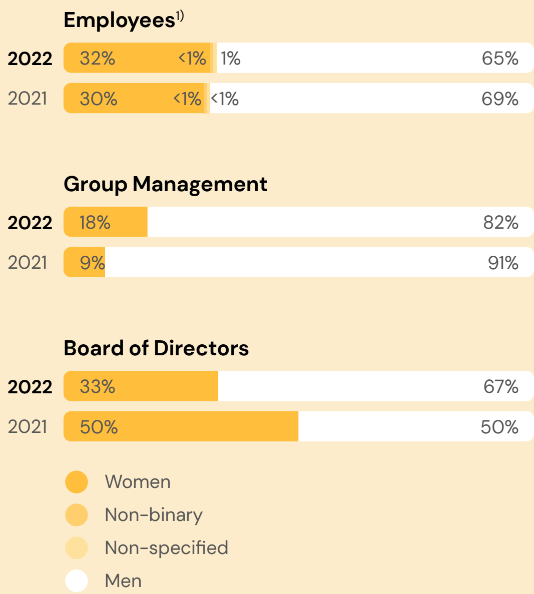
Having diversity and equity as a basis to create an inclusive culture are success factors for Sinch as we continue to grow and win together, both as individuals and as a company. We strive to attract the right talents to Sinch and always keep in mind the importance of diverse backgrounds, experiences and skills. Sinch is a workplace where everyone has equal opportunity to grow regardless of gender, sexual orientation, ethnicity or disabilities.

We are working to attract and engage talents all over the world, which enable us to continue being a leader in our industry. Sinch makes it possible for employees to work flexibly at the office and from home. We operate in almost 70 countries and together we speak more than 80 different languages. This means that we can often talk to our customers in their native language, which is an advantage in our work and adds value to our customer relationships. At the end of the year, we had a workforce of 4,205 (4,090). About 32 (30) percent of our employees[1] were women. There were 11 (11) members of Group management, including 2 (1) women. The board was composed of 6 (6) directors, including 2 (3) women.

We are continuously refining our recruitment processes to ensure that we are working in a structured, data-driven manner and applying unbiased evaluation processes. This contributes to improved quality and a recruitment process that is inclusive and professionally executed. Women made up 37 (34) percent of new hires in 2022. Career development opportunities and encouragement of internal mobility are key aspects of retaining competence within the company. We therefore advertise vacant positions internally. About 11 (17) percent of vacant positions were filled through internal recruitment in 2022.

Sinch went through organizational changes during the year, which affected our employees across the world. We launched a cost reduction program that resulted in workforce reductions in parts of the business. We managed the reductions in accordance with local laws and regulations. Employee turnover was 23 percent in 2022 compared to 20 percent the year before. The increase was driven partly by workforce reductions and partly by our globalization as some regions generally have a higher employee turnover rate, as well as higher mobility and competition for talents in the industry.

Gender distribution



1) Gender distribution is reported based on 3,510 employees excluding consultants (FTE) as of 31 December 2022. Please refer to Note 7 regarding the average number of employees.

The UN Sustainable Development Goals (SDGs)

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

Events during the year

Sinch continued working with development initiatives, both group-wide initiatives and within each business unit. We have also revised our performance development processes to contribute to promoting equal opportunities for all employees at Sinch.

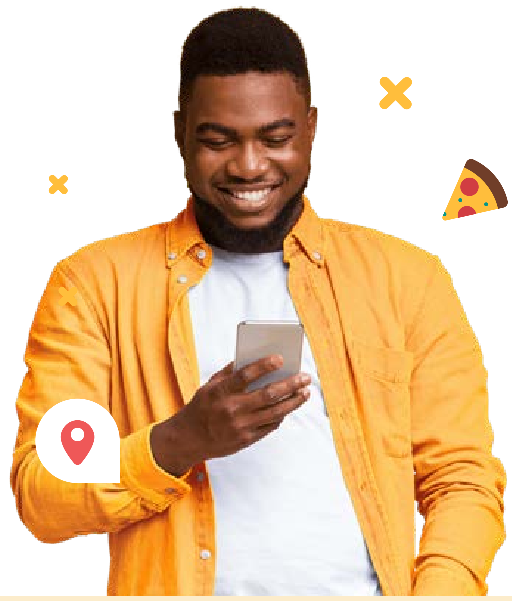
Long-term goal

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

Learning and development

We are committed to giving our employees good conditions to develop their full potential with us. Sinch promotes personal and career development through learning in the performance of our roles and from each other, as well as various training initiatives. We further developed leadership initiatives during the year, which are intended to strengthen leadership skills of our managers, to create effective teams. Themes during the year included employee engagement and leading employees in times of change. Specific development initiatives are also executed in the business units. For example, the business unit Developer & Email carries out quarterly "Leader Labs," which are interactive sessions aimed at expanding knowledge and increasing collaboration, networking and communication among managers. Managers in the business unit SMB have received training related to the psychology of inclusion, the leader's role and deeper understanding of how exclusive behaviors can impact the group and the individual alike. We rolled out the "Sales Academy" in the business unit Enterprise & Messaging aimed at selected sales roles to which Sinch-specific sales training and industry-leading digital training modules are offered.

We also strengthened our performance development process in 2022, which is based on continuous and meaningful conversations between employees and managers. Sinch strives to create a talent journey characterized by clear expectations, continuous feedback and opportunities for professional growth. Employees have individual objectives and development plans that they pursue with support from their managers. Employees and managers annually evaluate the outcome of objectives and behaviors in accordance with our values, which is also the basis for salary reviews and opportunities for advancement. Sinch has established guidelines to ensure fair and equitable compensation. Salary reviews are performed regularly. The fundamental precepts are equal pay for equal work and zero tolerance for all forms of discrimination.

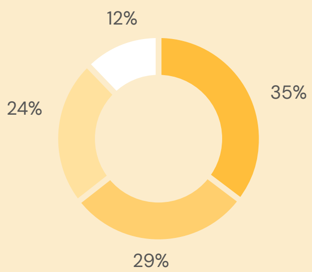


4,205
Number of employees[1]
(4,090)

69
Number of countries
(63)

80+
Languages spoken
(80+)

Employees by region[2]



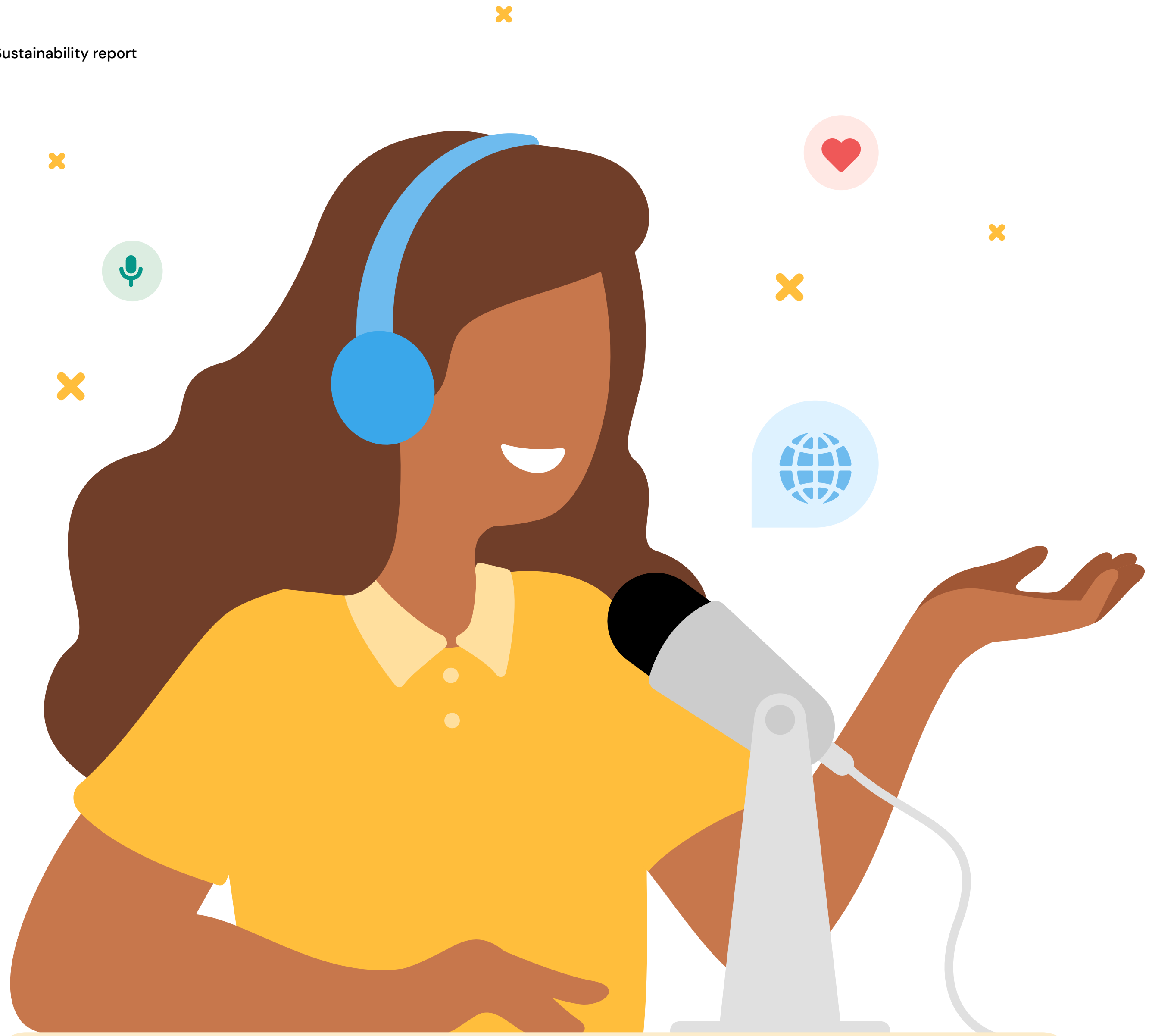
●	North America	35%
●	EMEA	29%
●	APAC	24%
○	LATAM	12%

Employees by employment type[2]

Employment type	Number of employees
Permanent employees	3,492
Temporary employees	18
Non-guaranteed hours employees	0
Total	**3,510**
Of which:	
Full-time employees	3,471
Part-time employees	39

1) Number of employees including consultants (FTE) as of 31 December 2022

2) Employees by region and employment type are reported based on 3,510 employees excluding consultants (FTE) as of 31 December 2022. Please refer to Note 7 regarding the average number of employees.

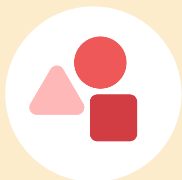


Sinch’s values

Sinch’s values Dream big, Win together, Keep it simple and Make it happen are embedded throughout the organization and guide our actions and behaviors. They are the foundation of our vision, “Simplifying life by bringing all people and businesses together” and are integrated in our people processes. We believe a strong company culture is a key enabler for success in a business that is growing rapidly, both organically and through acquisitions. At Sinch, everyone shall have equal opportunities to thrive and develop. Working with us means meeting people who choose to dream big and to challenge each other to stay curious and break new ground. We win together and our relationships are built on trust, inclusion and respect, which nurtures both personal and professional development. We work to create a simple, open and honest company culture where customers and employees trust each other. Through this approach, we make things happen and see potential challenges as opportunities to find new paths. At Sinch, ethical standards and accountability are highly valued, which is reflected in how we interact with our communities and stakeholders.

Dream big

Win together



Keep it simple

Make it happen

Health and wellbeing

Sinch promotes work-life balance as the wellbeing of employees benefits both the individual as well as the company and its development. We regularly review our work environment and aim to design modern offices and methods based on future needs. We have chosen to continue offering flexibility in ways of working, where employees and their managers jointly determine where and when the work is best performed. We still believe in the importance of coming together to build community, an inclusive culture and to promote creativity.

We are working to prevent absenteeism by identifying signs at an early stage if an employee is feeling unwell. We have established processes for providing support and offer counseling as needed. We offer various benefits in our business units and regions to meet employee needs, including fitness and wellness benefits, medical insurance, flu shots and other health-promoting activities. The absenteeism rate corresponds to about 0.33 (0.76) percent of annual working hours. Certain regions offer paid time off and are not included in reported absenteeism.

In 2022, we launched the global initiative "BeeFit" to encourage all employees to get daily exercise. The initiative lasted for two months, during which employees collected points by logging physical activities to compete in teams all over the world. The employees who chose to participate got active for a total of 18,000 hours and moved 72,000 kilometers.

Employee survey

Twice a year, we conduct employee surveys in which the employees' perceived engagement is measured on a scale of one to ten. Through these surveys, we identify what our employees need and expect from us as an employer. We included measurements related to diversity and inclusion as well as health and wellbeing in this year's employee survey. The employee engagement score of this year's employee surveys resulted in a score of 7.9[1] (8.4), which is based on the average results of the two surveys carried out during the year. This year's employee engagement score is slightly lower than last year's, which we assess is due to the challenges entailed in organizational changes during the year including the integration of acquired entities and the cost reduction program introduced in the third quarter. Action plans aimed at ensuring a good work environment for everyone are set up at the corporate, business unit and team levels.

1) The average employee engagement score is based on the results of employee surveys for Group functions and the business unit Enterprise & Messaging. The entire company will be integrated in a common employee survey in 2023.

COMMUNITY ENGAGEMENT

Navgurukul

We continued our partnership with Navgurukul, a non-profit organization in India, in 2022. Founded in 2016, the charitable organization runs a fully funded coding and school of management program through a one-year residential course for young women from underprivileged families. After completing the course, students are offered skilled jobs with established IT/tech, financial and other sector companies. In the last two years, Sinch has sponsored 100 young women at the two campuses in Delhi and Tripura, of whom 16 have now received job offers or internships through their participation in Navgurukul. In total, more than 600 students have graduated from the program and more than 90 percent of them received job offers thereafter, which in many cases doubled the incomes of the students' families. The work carried out within Navgurukul also has positive impact on the students' health and wellbeing. Many of them feel they have become more hopeful about the future and more self-confident and more optimistic about their personal lives and development.

Environmental responsibility

Climate impact

Sinch is striving to measure and reduce greenhouse gas emissions to limit global warming in line with the 1.5 degree target under the Paris Agreement. We aim to contribute to the transition necessary to counteracting the impacts of climate change by means of energy efficient and innovative solutions. Our Code of Conduct describes the principles for reducing our environmental impact, for example by improving energy efficiency and promoting digital meetings. As a complement to the Code of Conduct, our Travel Policy encourages the use of transport modes with less environmental impact when business travel is necessary.

Our stakeholders' rapidly increasing expectations and accelerating regulatory changes have contributed to the development of our climate program in the last two years. As a result of this and our commitment to contributing to sustainable development, climate impact was included as one of our prioritized focus areas in 2021.

During 2022, we further developed our climate program. We have integrated all acquisitions in the corporate reporting, which together with improved access to data contributed to the increase in total emissions. We have implemented a reporting tool that makes it possible for us to measure and report the Group's greenhouse gas emissions and significant supply chain emissions. Instructions have been prepared to ensure internal control and reporting in accordance with the Greenhouse Gas (GHG) Protocol. Sinch has also participated in the Climate Ambition Accelerator, a UN Global Compact program, to increase our understanding of science-based targets and measures to mitigate our climate impact.

Scope 1: Direct emissions

Direct emissions amounted to 284 (1,207) tCO_2 in 2022, corresponding to 0.2 percent of our total emissions. Direct emissions have decreased by 76 percent, primarily due to the lower quantity of purchased refrigerants in 2022.

Company cars: At year-end, Sinch had about 43 leased and owned cars, of which approximately 30 (9) percent were electric or hybrid vehicles. Vehicle emissions amounted to approximately 175 (152) tCO_2e, including the vehicle leases that ended during the year. Emissions are based on the quantity of fuel consumed and mileage driven.

Refrigerants: Purchased and acquired refrigerants in owned and leased data centers amounted to 108 (1,054) tCO_2e at year end.

Scope 2: Indirect emissions from energy consumption

Emissions from energy consumed in our own premises amounted to 7,388 (7,005) tCO_2e at year-end, corresponding to 4.5 percent of total emissions. Emissions have increased by 5 percent, partially due to increased use of own premises after the pandemic.

Own premises: Energy consumption in our own offices and data centers amounted to 20,841 (20,605) MWh in 2022, of which approximately 5 percent verified renewable energy. Data centers account for almost 87 percent of the total energy consumption. Energy consumption in own premises is measured based on metered consumption of relevant sources of energy for each location, and default values for kilowatt hours consumed per square meter for locations where metered consumption is unavailable.

Scope 3: Indirect value chain emissions

As a supplier of cloud services that enable communication through messaging services, voice calls and email, indirect emissions in Scope 3 make up our largest footprint, nearly 155,310 tCO_2e, corresponding to 95.3 percent of total emissions.

Purchased goods and services: Material emissions from cloud-related services correspond to about 144,555 (118,924) tCO_2e. Emissions are based on data centers, cloud and messaging services according to the spend-based approach, as well as supplier-specific data where available.

Capital goods: Emissions from material purchases and acquisitions of IT infrastructure amounted to approximately 4,192 (3,267) tCO_2e at year-end.

Business travel: Emissions from business travel increased from 1,195 tCO_2e in 2021 to 5,763 tCO_2e in 2022. The increase is primarily driven by eased restrictions after the pandemic, as well as our growth. The emissions are based on data obtained from travel agencies and costs for air, train and ground transport and hotel accommodation where supplier-specific data is unavailable.

Commuting: Commuting including work from home is estimated based on official commuting data and the distribution of the average number of employees who commute to offices or work from home. The emissions amounted to 799 (256) tCO_2e.

13 CLIMATE ACTION

The UN Sustainable Development Goals (SDGs)

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

Events during the year

Sinch participated in the Climate Ambition Accelerator, a UN Global Compact program, to increase our understanding of science-based targets and measures to mitigate our climate impact.

Long-term goal

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

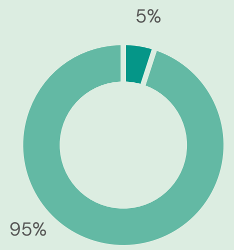
Energy consumption

20,841

MWh energy consumption 2022

Energy sources	2022	2021	2020	2019
Total energy consumption	**20,841**	**20,605**	**21,680**	**20,560**
Electricity, MWh[1]	20,524	20,249	21,418	20,218
Heating, MWh	245	269	201	303
Cooling, MWh	73	86	61	39
Energy intensity, MWh / SEKm net sales	0.8	–	–	–

Renewable energy



GHG emissions

7,672

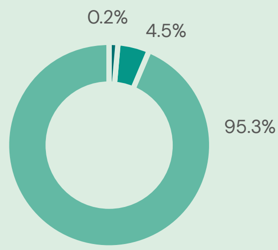
tCO_2e Scope 1 and 2[2]
GHG emissions 2022

155,310

tCO_2e Scope 3
GHG emissions 2022

GHG emissions[3]	2022	2021	2020	2019
Total Scope 1 and 2 GHG emissions[2]	**7,672**	**8,211**	**7,812**	**7,329**
Scope 1 emissions, tCO_2e	284	1,207	427	340
Scope 2 emissions (market based), tCO_2e	7,388	7,005	7,385	6,989
Scope 2 emissions (location based), tCO_2e	7,580	7,155	7,537	7,138
Total Scope 3 emissions, tCO_2e	**155,310**	**123,642**	**63,242**	**42,541**
Category 1: Purchased goods and services, tCO_2e[4]	144,555	118,924	57,355	34,794
Category 2: Capital goods, tCO_2e	4,192	3,267	4,078	1,353
Category 6: Business travel, tCO_2e	5,763	1,195	1,711	6,203
Category 7: Commuting, tCO_2e	799	256	98	191
GHG emission intensity Scope 1, tCO_2e / MSEK net sales	0.01	–	–	–
GHG emission intensity Scope 2 (market based), tCO_2e / MSEK net sales	0.27	–	–	–

GHG emissions split in scope 1–3 2022



1) Approximately 100% of the electricity consumption is grid electricity
2) Total Scope 1 and 2 GHG emissions are based on Scope 2 emissons (market based)
3) Limited assurance of GHG emissions according to Greenhouse Gas Protocol has been conducted for the years 2019 and 2022
4) GHG emissions from cloud and data center services are not included for 2019 and 2020 due to incomplete data.

Accounting policies

- Reporting standard: GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard
- Organizational boundaries: Sinch and its subsidiaries ("the Group")
- Consolidation approach: Operational control
- Operational boundaries: Scope 1: Owned or controlled cars and refrigerants. Scope 2: Energy used for relevant energy sources in own premises and data centers. Scope 3: Purchased goods and services, capital goods, business travel and commuting (including teleworking).
- Emissions factors: Scope 1: DEFRA, Swedish Environmental Protection Agency, Swedish Energy Agency. Scope 2: Supplier-specific data, DEFRA, IEA, AIB, Swedenergy. Scope 3: Supplier-specific data, EPA, NTM, Quantis. Emissions factors include the gases CO2, CH4 and N2O.
- Reporting period: 1 Jan 2022 – 31 Dec 2022
- Changes since preceding period: Historical data for 2019 – 2021 includes acquisitions and improved access to data, contributing to the increase in total emissions.

Reporting according to the Taxonomy

Sinch reports the Group's eligibility and alignment with the Taxonomy Regulation's ("Taxonomy") economic activities that are described in the delegated act on Climate change mitigation and Climate change adaptation.

Assessment of Taxonomy-alignment

Sinch has assessed the eligibility and alignment of each economic activity in the Taxonomy Delegated Act. The assessment was based on the applicability of the economic activity and its technical screening criteria for our business that generate external turnover. The following economic activities within the Information and communication sector have been identified and assessed for eligibility and alignment with the Taxonomy:

- Data processing, hosting and related activities
- Data-driven solutions for GHG emissions reductions
- Computer programming, consultancy and related activities

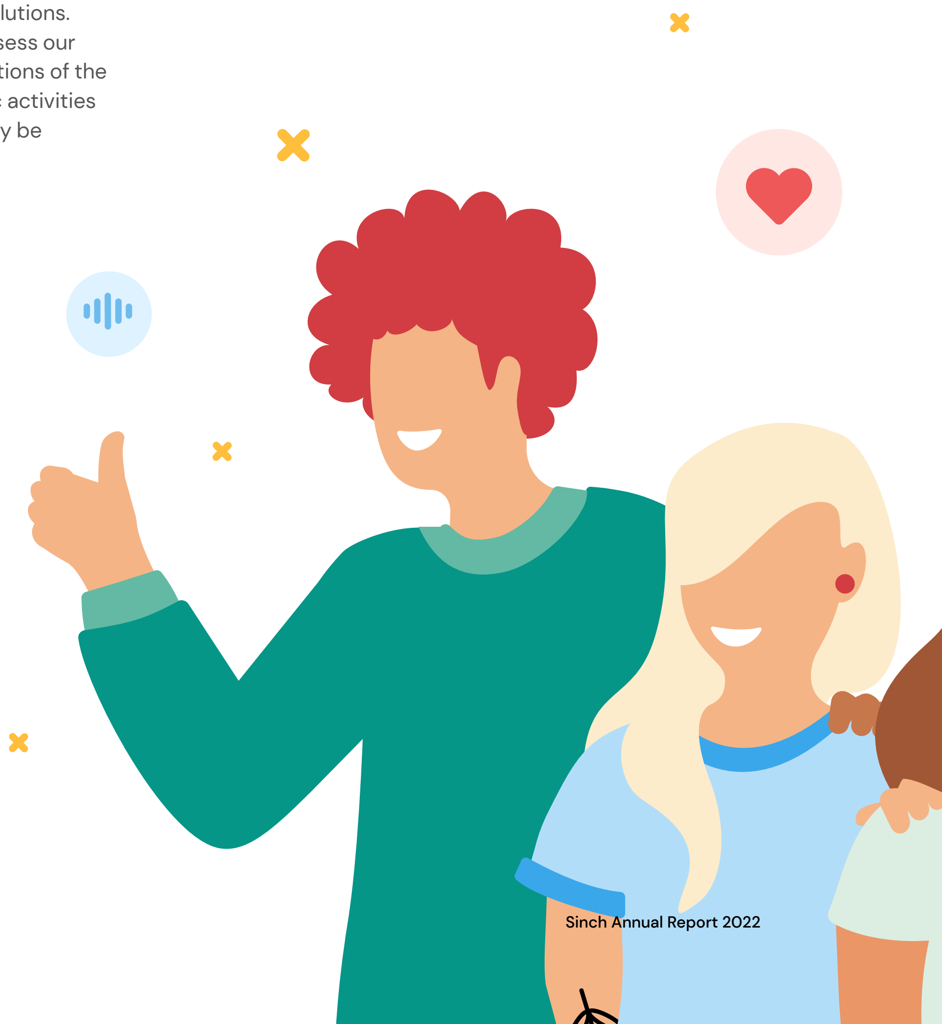
Currently, the economic activities and their technical screening criteria have been assessed as not applicable to our business that generate external turnover. Zero percent of the Group's turnover, operational expenditures and capital expenditures linked to our business that generate external turnover is thus assessed as eligible and aligned with the Taxonomy delegated act for Climate change mitigation and Climate change adaptation. Sinch has identified capital expenditures related to purchases of Taxonomy-eligible products and services. These refer to renegotiated agreements of own premises and colocation agreements of own IT equipment. No assessment has been carried regarding the economic activities' Taxonomy-alignment.

Sinch recognizes the opportunities in contributing to sustainable development by promoting the transition of other sectors through innovative and energy-efficient solutions. We monitor regulatory developments and will reassess our alignment with the Taxonomy when new interpretations of the regulation emerges, and when additional economic activities and environmental objectives are adopted that may be relevant to our business.

Accounting policies

For the purposes of disclosures in compliance with Article 8 of the Taxonomy, turnover, capital expenditures (CapEx) and operational expenditures (OpEx) are defined as below. Note that the definitions differ from how CapEx and OpEx are defined in Sinch's financial reports.

- Turnover: Total turnover corresponds to net turnover ("net sales") in the consolidated income statement provided in the annual report. See Note 3.
- CapEx: CapEx refers to costs recognized as intangible assets and property, plant and equipment during the year, including assets arising from business combinations, but excluding goodwill. See Notes 13, 14 and 15.
- OpEx: OpEx refers to direct costs arising from expenditures associated with maintenance of assets for their ongoing function related to costs for research and development, short-term leases, maintenance and repair, and other costs related to the day-to-day servicing of property, plant and equipment.

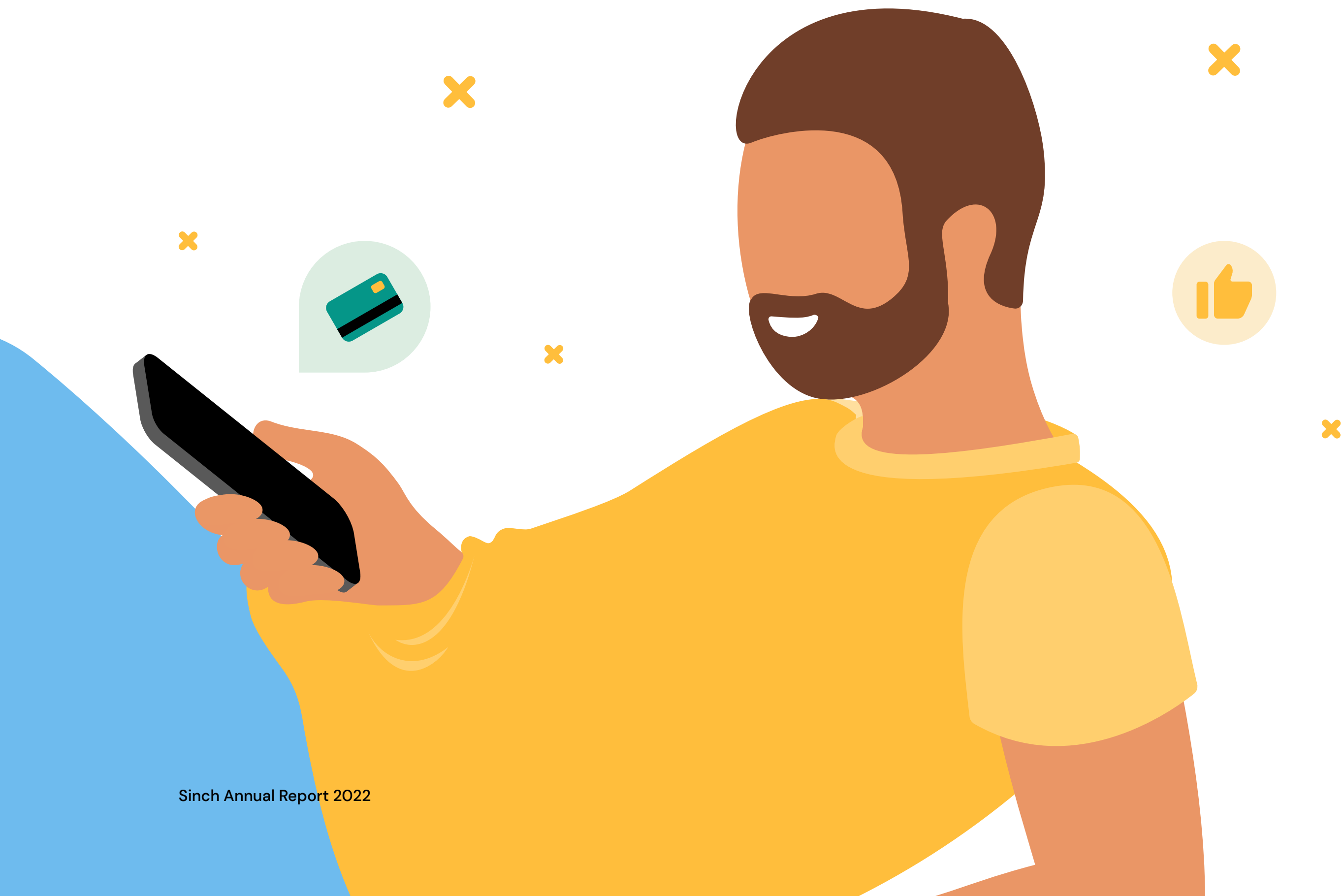


Share of Taxonomy-aligned Turnover, CapEx and OpEx

Economic activities	Code(s)	Absolute turnover (SEKm)	Share of turnover (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Do No Significant Harm (DNSH) criteria: Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned share of turnover, 2022 (%)	Category (enabling activities	Category (tran-sitional activities)
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Turnover of Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		–	–																
Total (A.1 + A.2)		–	–																
A. NON-ELIGIBLE ACTIVITIES																			
Turnover of non-eligible activities (B)		27,722	100																
Total (A + B)		**27,722**	**100**																

Economic activities	Code(s)	Absolute CapEx (SEKm)	Share of CapEx (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Do No Significant Harm (DNSH) criteria: Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned share of CapEx, 2022 (%)	Category (enabling activities	Category (transitional activities)
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx for environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition and ownership of buildings	7.7	8.5	1.3																
Data processing, hosting and related activities	8.1	4.7	0.7																
CapEx for Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		13.3	2																
Total (A.1 + A.2)		**13.3**	**2**																
A. NON-ELIGIBLE ACTIVITIES																			
CapEx for non-eligible activities (B)		646.7	98																
Total (A + B)		**660**	**100**																

Economic activities	Code(s)	Absolute OpEx (SEKm)	Share of OpEx (%)	Substantial contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Do No Significant Harm (DNSH) criteria: Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned share of OpEx, 2022 (%)	Category (enabling activities	Category (transitional activities)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx for environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
OpEx for Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		–	–																
Total (A.1 + A.2)		**–**	**–**																
B. NON-ELIGIBLE ACTIVITIES																			
OpEx for non-eligible activities (B)		1 277	100																
Total (A + B)		**1 277**	**100**																



Climate-related risks and opportunities

Sinch initiated a project during the year to improve management of climate-related risks and opportunities based on recommendations from the Taskforce on Climate-related Financial Disclosure (TCFD). The TCFD recommendations facilitate the disclosure of information to our investors and will prepare us for forthcoming disclosure requirements, including those based on the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The recommendations also give us an established framework for further developing our work towards structured management of climate-related risks and opportunities.

Governance

Sinch's governance related to climate-related risks and opportunities

Read more about the board's and management team's governance in the section Our sustainability governance.

Strategy

Actual and potential impact of climate-related risks and opportunities on Sinch's business, strategy and financial planning

Climate-related risks
Physical risks
Acute climate risks: Increased frequency and intensity of extreme weather events could lead to damage to important infrastructure and energy supply in the value chain. A potential impact of this could entail lost revenues due to insufficient capacity to deliver our products and services to our customers.

Chronic climate risks: Long-term effects of rising temperatures could, for example, have impact on energy use and cooling of infrastructure in our data centers and offices. Rising sea levels could result in impact on data centers located in high-risk areas near bodies of water. The potential impact of these risks could entail increased operational and capital expenditures for maintenance of infrastructure, data centers and offices.

Transition risks
Policy and legal risks: Regulatory changes are occurring rapidly, not least in the EU, where the already applicable EU Taxonomy and the forthcoming CSRD and CSDDD impose stricter requirements for disclosures and active measures to mitigate climate impact in the value chain. This could for example affect the availability of green financing. The pricing of emissions from products and services could also lead to potentially higher costs.

Technology risks: Technological improvements combined with circular business models are driving the transition to solutions that involve lower GHG emissions, which could have impact on investments in underlying infrastructure and data centers.

Market risks: Increased energy costs and geopolitical events that affect the energy supply could have potential impact on costs related to company-owned assets. Indirect impacts on our suppliers could have potential impact on their prices, for example suppliers of data centers that are affected by higher energy costs.

Reputation risk: Changed customer preferences and higher expectations from partners and employees are indications of increased demands to contribute to the transition to a more sustainable society. Inadequate response to these expectations could result in losses of customers and partners as well as challenges related to attracting and retaining employees.

Climate-related opportunities
Products and services: The need for energy-efficient solutions is fundamental to the transition to a more sustainable society. Ensuring energy-efficient and innovative products and services that make it possible to reach every phone on the planet provides an opportunity to reduce our own and our customers' GHG emissions in various sectors.

Energy sources: Renewable and fossil-free energy sources are an opportunity for us to operate an energy-efficient business to reduce exposure to fossil-based sources. There may be opportunities to switch to climate-neutral alternatives through engagement with suppliers, stricter requirements and partnerships.

Sinch has not yet performed a climate-related scenario analysis.

Read more about assessment of climate-related impacts on financial reporting in Note 1.

Risk management

Identifying, assessing and managing climate-related risks

We updated our materiality analysis in 2022 based on our impact on environmental, social and governance factors, as well as sustainability risks and opportunities from a financial perspective. TCFD is based on assessing the actual and potential impact of climate-related risks and opportunities. In connection with the updated materiality analysis, an overall qualitative assessment of the financial impact of all sustainability topics was performed, including climate-related risks and opportunities.

Sinch plans to continue improving its processes to identify, assess and manage climate-related risks and opportunities based on the TCFD recommendations and to integrate this work with general risk management within the organization.

Read more about how we are managing climate-related risks in the section Risks.

Metrics and targets

Metrics and targets to assess and manage climate-related risks and opportunities

Sinch reports on group-wide emissions for Scope 1, Scope 2 and material categories in Scope 3. We plan to set science-based climate targets and are assessed annually by CDP, which facilitates disclosures of climate-related information to our stakeholders, as well was an external assessment of our climate program. Potential metrics regarding physical and transition risks will be evaluated.

Read more about metrics and targets in the section Climate impact.

Risks

Material sustainability risks and risk management

Business responsibility

Privacy and Information security

Processing of personal data
We have a responsibility to process personal data in accordance with applicable regulations and contractual conditions. Potential non-compliance or occurrences of data breaches can affect how Sinch is perceived. This can lead to customer losses and financial consequences due to fines, liability claims and criminal law sanctions against the company or responsible persons within the company.

Description of risk management
- Sinch assesses, identifies, and continuously mitigates risks within the privacy program and risk management, which is embedded in the daily operations.
- Risk management is divided into preventive and reactive protective measures. Preventive measures include personal data management prior to entering into supplier contracts and monitoring of the same, as well as access management of various roles. Reactive measures in cases of suspected data breaches follow documented guidelines and processes, where we take additional action as needed.
- Sinch has a process for handling requests from authorities for disclosure of data, so that legal assessment can be made of the legality of the request and obligations in accordance with applicable law.

Management of cyber attacks
The incidence and sophistication of cyber attacks are increasing worldwide. Consequently, risks related to inadequate information security are more numerous and more serious for most businesses. Sinch is a company whose business is to transmit information digitally. Accordingly, it is vitally important that we effectively identify and manage information security risks.

Description of risk management
- Sinch is certifying operations in accordance with the ISO 27001 information security standard, which is the basis for our Information Security Policy and information security program. We are also working in accordance with other management systems and certifications to meet business-specific needs.
- The Sinch Security Operations Center is jointly responsible with our business units for continually monitoring and defending the business against potential information security incidents and cyber attacks.
- Sinch has a clear-cut plan for increasing our technical and organizational control to prevent, detect and neutralize cyber attacks. The plan is based in part on recommendations from NIST800-53 and CIS. Several technical capabilities were implemented according to this plan in 2022.
- Our employees are trained in information security and we make our employees aware of the methods used by potential hackers, for example through social engineering campaigns.

Business ethics and anti-corruption

Corruption and bribery

Sinch conducts business on a global market, which carries some risk of involvement in corrupt business practices. Parts of the organization have been assessed as posing a higher risk of corruption and bribery, such as:

- Countries identified as high-risk
- Partnerships identified as high-risk
- Gifts and customer events
- Sponsorships and donations

Description of risk management

- Our Code of Conduct and Anti-corruption Policy clarify that we have zero tolerance for all forms of bribery and corruption.
- We continued to implement our Anti-corruption Policy by establishing due diligence processes pertaining to business for which a higher risk of corruption has been identified.
- Prior to the acquisition of a new company or entering into particular risk contracts and partnerships, a so-called integrity due diligence is performed, which is aimed at detecting concerns including the incidence of corrupt conduct.
- We carried out anti-corruption training during the year for parts of the organization deemed to have the biggest risk exposure.

Compliance with the Code of Conduct, governing documents, laws and regulations

Sinch conducts business on a global market, which carries a risk of non-compliance with our ethical values, governing documents and applicable laws and regulations, for example due to:

- Inadequate knowledge about and understanding of Sinch's governing documents and applicable laws and regulation.
- High growth brings many new customers, suppliers and employees, which can be a challenge when it comes to implementing corporate processes and control mechanisms.
- Extensive changes of laws and regulations may entail a risk of insufficient compliance.

Description of risk management

- All employees must sign and comply with our Code of Conduct, which is available on our intranet. Sinch has also launched an online course about our Code of Conduct.
- We regularly communicate concerning business ethics and compliance in corporate communications to employees.
- Sinch has taken measures to ensure that our business in Russia and Belarus is in compliance with sanctions, our Code of Conduct and applicable governing documents.
- We improved our management of whistleblower concerns during the year, for example by implementing an external system (SpeakUp) and instructions for reporting whistleblower concerns.
- Sinch's internal legal department works with legal risk assessments and regulatory compliance supported by external legal advisors in the countries where we operate.

Respect for human rights

Sinch has employees, customers, suppliers and business partners in certain countries identified as high-risk countries in respect of human rights violations, which can constitute a risk for our business. There is also potential risk that our products and services could be used for purposes that are incompatible with our values and which have adverse impact on fundamental human rights. New laws and regulations related to human rights are developing rapidly, which could bring risks of insufficient compliance in countries where we do business.

Description of risk management

- All employees are required to comply with the Code of Conduct, which is based on the Ten Principles of the UN Global Compact, including human rights. Equivalent Codes of Conduct have been established for our partners and suppliers.
- Prior to acquiring new businesses and in connection with certain high-risk contracts and partnerships, we carry out a so-called integrity due diligence that is aimed at detecting actions and conduct by our counterparties and stakeholders that can be considered violations of human rights.
- We initiated a project during the year to further develop our human rights risk assessment according to the UN Guiding Principles on Business and Human Rights (UNGP), which will continue in upcoming years.

Supply chain management

Non-compliance in the supply chain

Sinch has suppliers all over the world and keeping all parts of the supply chain under control involves challenges. Potential risks related to our suppliers might include questionable business ethics, financial difficulties and breach of contract by suppliers.

Description of risk management

- New suppliers that are expected to supply products or services exceeding a specified value must accept our Supplier Code of Conduct or have an equivalent Code of Conduct that complies with our requirements.
- New suppliers are reviewed regarding aspects including IT and information security, privacy and financial stability.
- Sinch's procurement function maintains frequent dialogue with internal stakeholders and with our suppliers to ensure proper management of any identified risk areas.

Social responsibility

Diversity, equity and inclusion

Loss or lack of key competence
To maintain our position as a leader in a global and growing market, it is critically important that Sinch can attract, develop and retain key competence within the company. Lack of ability to attract and retain key competence within the company can present a risk to the company's future development.

Description of risk management
- Sinch applies a recruitment model that ensures that the collective competencies of our employees maintain a high standard.
- We encourage internal mobility and advertise vacant positions internally.
- Flexible workplaces with the option to work in the office or from home make it possible to attract talents all over the world.
- We train managers and employees to engage in continuous and meaningful conversations, where clarity around expectations, feedback and coaching is included to drive employee engagement.
- We measure employee engagement by means of our employee surveys and take necessary actions to retain our employees.

Discrimination against employees
Sinch has employees in almost 70 countries and there is potential risk that historical structures and behaviors in the industry could affect how our employees are treated. Discriminating against people on the basis of gender, age, national origin, religion, sexual orientation, etc., is illegal and unethical. Shortcomings in that regard can result in a poorer work environment, difficulty recruiting and retaining employees, liability claims and reputational damage.

Description of risk management
- Our Code of Conduct clearly establishes that we have zero tolerance for discrimination on any grounds and Sinch strives for a culture characterized by diversity and equality.
- Preventing and eliminating discrimination and increasing inclusion is an important aspect of managerial roles and responsibilities. In our HR processes, we work to attract, employ and retain employees based on the principle that no one should be excluded on the basis of personal characteristics including gender, sexual orientation or ethnicity.
- Sinch carries out annual pay reviews and performance assessments in which we identify and address any unfair gender-based differences.
- Through our employee surveys, we also follow up and take action on feedback related to matters including diversity, inclusion and belonging.

Health and wellbeing

Inadequate working conditions
Our employees are our greatest and most important asset. We do business in an industry that is constantly changing. Given our rapid growth, organically and through acquisitions, there is a risk to our employees' health and wellbeing if we fail to maintain a sound work environment.

Description of risk management
- Sinch is working actively to create work-life balance. We have processes for identifying when our employees are feeling unwell, including working with external parties that offer counseling. The goal is to identify signs of, for example, burnout at an early stage and, in doing so, prevent long-term absenteeism.
- By means of employee surveys and regular performance reviews, we try to identify their needs and expectations in order to further improve the work environment and the wellbeing of our employees.

Environmental responsibility

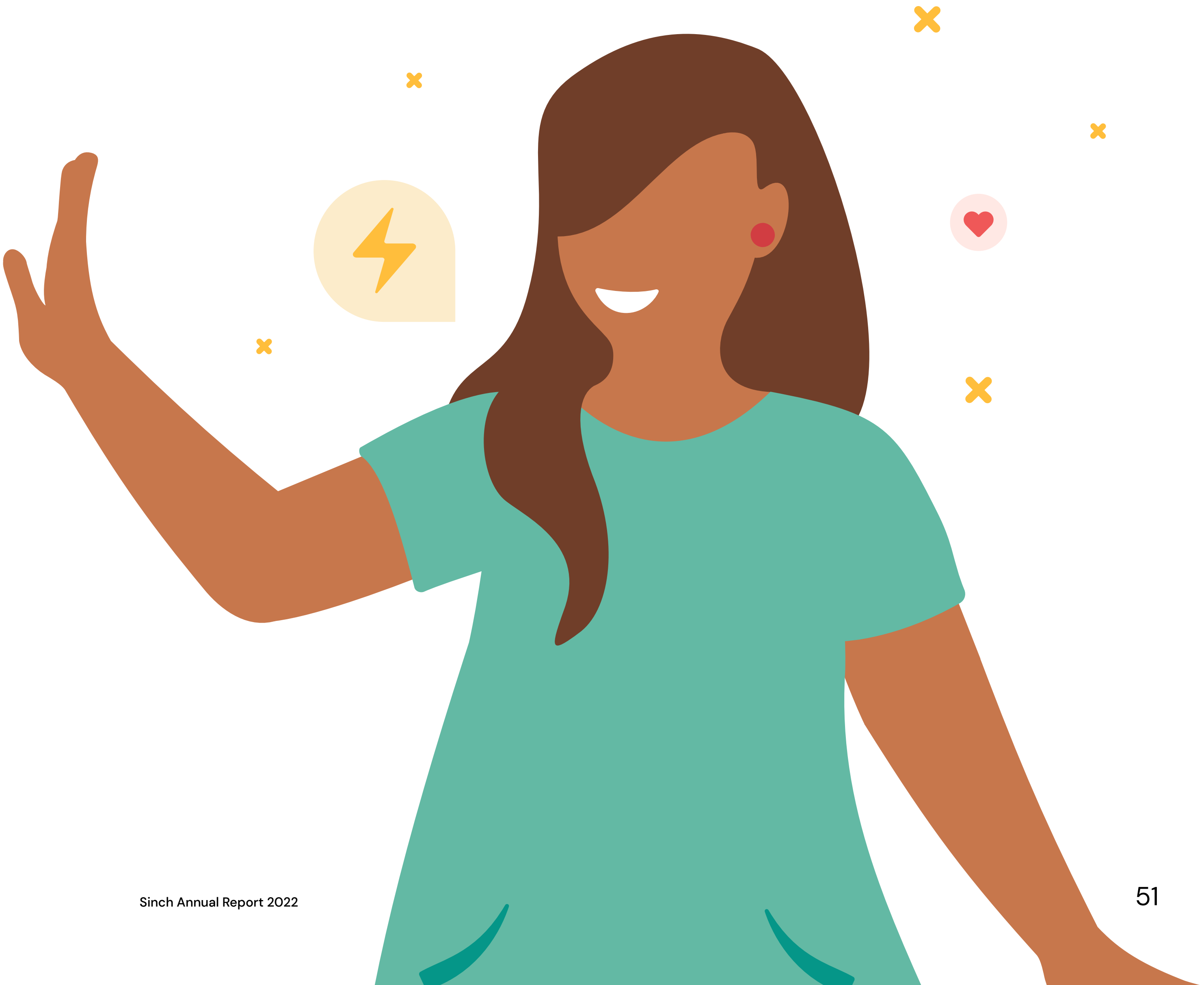
Climate impact

Climate-related risks

Global greenhouse gas emissions must be drastically reduced. Physical climate risks due to increasing temperatures, rising sea levels and more frequent extreme weather events can cause damage to important infrastructure in the value chain, which can lead to insufficient capacity to deliver our products and services. Transition risks related to technological improvements, changed geopolitical conditions and higher energy prices could affect operational and capital expenditures. Rapid regulatory changes, changed customer preferences and higher expectations from investors and employees are imposing higher demands to transition to a more sustainable society.

Description of risk management

- Our Code of Conduct establishes principles for reducing our environmental impact.
- Sinch monitors the development of regulations and standards in the countries in which we operate. We also engage continually with customers and investors to ensure that we meet their demands and expectations.
- We have policies and processes related to business continuity planning, which also covers potential extreme weather events. Sinch's employees can do their jobs regardless of geographical location. Our data centers are geographically redundant to ensure that our products and services are not impacted if there would be an outage at a specific data center.
- A project has been initiated to improve processes for identifying and managing climate-related risks and opportunities in the value chain based on recommendations from the Taskforce on Climate-related Financial Disclosure (TCFD). Read more in the section *Climate-related risks and opportunities.*



Auditor´s Report on the statutory sustainability report

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

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the financial year 2022-01-01 - 2022-12-31 on pages 28–51 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm April 21, 2023
Deloitte AB

Johan Telander
Authorized Public Accountant

Auditor's Limited Assurance Report on Sinch's reporting of Greenhouse Gas emissions

To Sinch AB (publ), corporate identity number 556882-8908

Introduction
We have been engaged by the Executive Management of Sinch AB (publ) to undertake a limited assurance engagement of Sinch's reporting of Greenhouse Gas emissions in Scope 1, 2, and Scope 3 categories purchased goods and services, capital goods, business travel, and commuting for the years 2022 and 2019 ("Reporting") which are presented on page 41 in the Annual Report.

Responsibilities of the Executive Management
The Executive Management are responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained on page 41 in the Annual Report, and are the parts of the Greenhouse Gas Protocol which are applicable to the Reporting, Scope 1, Scope 2 and Scope 3 categories 1 purchased goods and services, 2 capital goods, 6 business travel, 7 commuting, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of the Reporting that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Reporting, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Sinch AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Reporting, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, April 21, 2023
Deloitte AB

Johan Telander
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail

An industrial view on the business

We have always looked at Sinch from a long-term industrial perspective. Focus on good profitability and positive cash flow was part of that from day one, and we have since strengthened the company's market position systematically and step-by-step.

We began 2022 with several major acquisitions behind us. In so doing, we had bolstered our already strong position in Messaging with an outstanding offering in Email and Voice while strengthening our position towards small and medium sized business and in the important American market. We also invested early in India and Brazil, two key WhatsApp markets. Following these acquisitions, we can now offer the communication services that businesses use the most to reach their customers. This sets us apart from the competition and puts us in prime position to benefit from market growth and win market shares as the industry consolidates.

Focus on cost control, cash flow and profitability

Making such major changes in short order also creates numerous challenges. Sinch suffered from growing pains and costs rose faster than sales and gross profit. Poorer cost control and reduced profitability coincided with a tougher market climate driven by the war in Ukraine, climbing interest rates, energy prices and inflation.

Sinch took action by executing a program to improve cost control, cash flow and profitability under the leadership of the new Interim CEO, co-founder Johan Hedberg. The program has proceeded as planned and resulted in decreased operating costs, stronger cash flow and lower leverage. Our dedicated employees, management and founders deserve a standing ovation for how they took on this challenge. Our capacity to correct course so quickly also illustrates the advantages of our fundamental stance on profitability. We needed to reduce our operating costs by about 5 percent, while several of our competitors must cut their costs by 25-30 percent

The board of directors devoted a great deal of time to integration, products and organizational development, strategic hires and business intelligence in 2022. We have gotten to know the new businesses and the people behind them to form a clear picture of the next stage of our growth journey. Making successive, rather than transformative, organizational changes has been a fundamental premise. Nurturing what is going well and having the guts to say no to the unnecessary while also investing in future growth areas is a delicate balancing act.

Market consolidation is a major growth opportunity

Sinch's key growth opportunities arise from our market and the clear needs of businesses for free-flowing digital customer engagement. Just as Cloud Computing has revolutionized how businesses store and process data, we are now seeing how Cloud Communications services are creating new and more efficient ways to communicate. The comparison is interesting because Cloud Computing is at an earlier point in its cycle and is now being used by virtually all businesses, large and small, even as the industry has consolidated in recent years to a few large global service providers including Amazon, Google and Microsoft. Our market – Cloud Communications, also known as CPaaS – is also large and growing, although it is still highly fragmented and distributed among numerous players.

Sinch is an industry leader able to combine an expansive and powerful product offering with complementary sales channels and economies of scale. We are also profitable and have good cash flows. Ergo, we have everything it takes to be a winner in this market.

Growth and value creation are high on the agenda

The organizational change we announced in March 2023 is a good example of the successive changes I mentioned earlier. It is clearly proactive and shows that growth is still high on the agenda. We will soon have a new CEO who will set a new stamp on the company, and giving her a thorough introduction to Sinch and good coaching will be a key task for the board in 2023.

A lot is also happening in the market right now and we will be allocating the time necessary to understand the opportunities and threats that arise. I expect, for example, that matters related to acquisitions will once again move up the agenda. We aim to be a consolidating force in our sector and our strategy is based on profitable growth through both organic development and acquisitions.

Sinch's main financial target is to grow Adjusted EBITDA per share by 20 percent a year or better. Measuring our earnings per share is critical to securing shareholder value, and the fact is that we have grown this key figure by more than 58 percent a year on average since 2016 through a combination of organic and acquired growth. By maintaining an industrial perspective on the business with staged development and focus on long-term profitable growth, we can ensure persistent value creation and that Sinch will remain a winner as the Cloud Communications market consolidates.

Erik Fröberg, Board Chair

Corporate governance statement

Introduction

Sinch AB (publ) ("Sinch") is the parent company of the Sinch Group ("the Group") and has been listed on Nasdaq Stockholm since 8 October 2015. The board of directors of Sinch presents herewith the corporate governance statement for the 2022 financial year.

This corporate governance statement was adopted by the board of directors on 17 April 2023 and is a report of how corporate governance was pursued at Sinch during the 2022 financial year. The corporate governance statement is not part of the statutory management report.

Principles of corporate governance

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

Shareholders

The company had approximately 103,000 shareholders as of 31 December 2022. As of 31 December 2022, the following direct or indirect shareholdings represented at least one tenth of voting rights for all shares in the company:

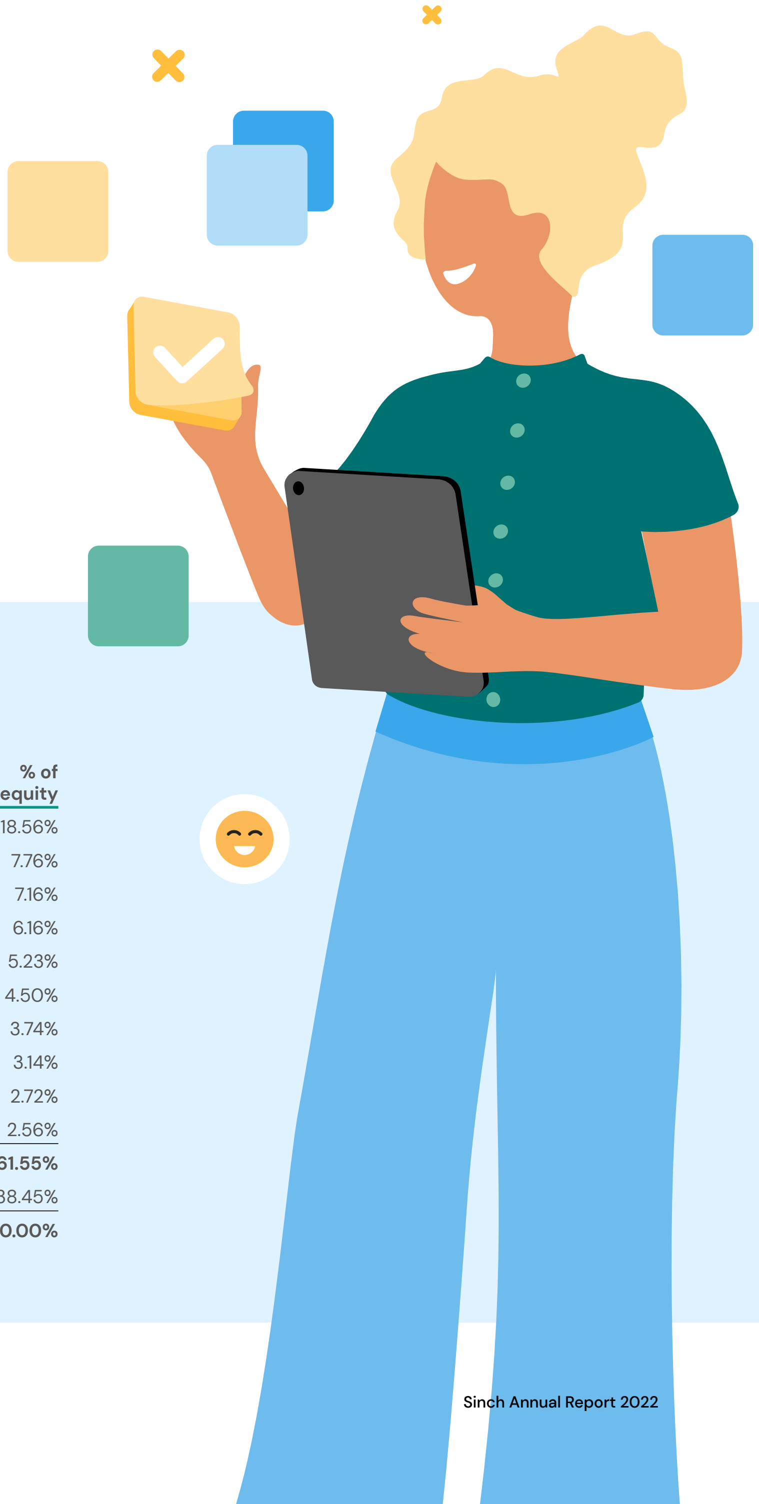
Neqst D2 AB, 18.56%

Voting rights

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

Articles of association

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



Significant shareholders

#	Shareholder	Number of shares	% of equity
1	Neqst D2 AB	155,676,507	18.56%
2	Fjärde AP-fonden	65,090,781	7.76%
3	Swedbank Robur Fonder	60,041,257	7.16%
4	AMF Pension & Fonder	51,696,918	6.16%
5	Capital Group	43,881,521	5.23%
6	Alecta Tjänstepension	37,718,283	4.50%
7	Handelsbanken Fonder	31,332,662	3.74%
8	Första AP-fonden	26,347,838	3.14%
9	Temasek	22,851,408	2.72%
10	Vanguard	21,478,265	2.56%
	Total, 10 largest shareholders	**516,115,440**	**61.55%**
	Other shareholders	322,486,808	38.45%
	Total	**838,602,248**	**100.00%**

Annual general meeting

The annual general meeting is the company's supreme governing body. The annual general meeting affords shareholders the opportunity to exert their influence. Under the Swedish Companies Act, several matters of business are under the purview of the annual general meeting, such as adoption of the income statement and balance sheet, allocations of profit or treatment of loss, discharge of liability, election of directors, and election of auditors.

At its discretion, the board may also convene an extraordinary general meeting during the year. This occurs, for example, if decisions must be made concerning matters under the sole purview of the general meeting and it would not be appropriate to delay the decisions until the next annual general meeting.

Shareholders who wish to participate in a general meeting must be recorded as shareholders in a printout or other presentation of the entire share register representing the state of affairs six banking days prior to the meeting. Nominee-registered shares must have been re-registered for voting at least four days before the meeting. Shareholders must also notify the company that they will be attending by the date specified in the notice to attend. This date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve, or New Year's Eve and may not fall any earlier than the fifth business day prior to the meeting.

Annual general meeting

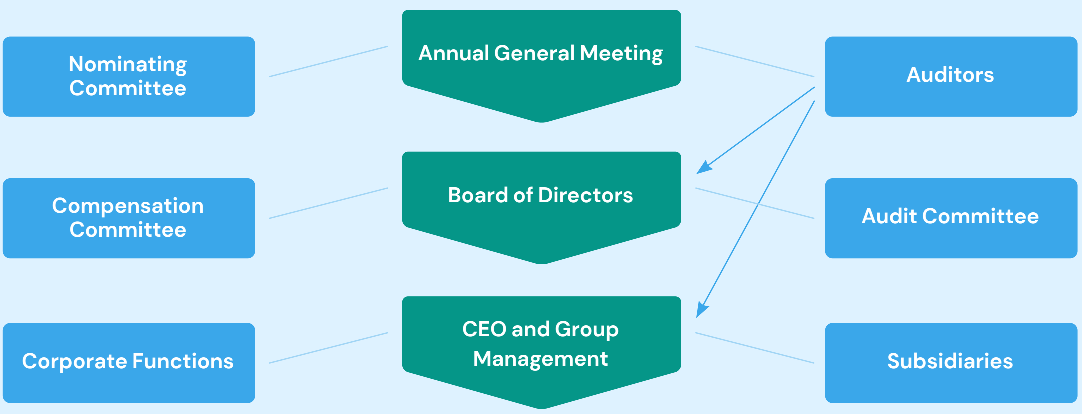
The 2022 annual general meeting of shareholders in Sinch was held 9 June 2022, which shareholders could attend in person or by postal vote. Six hundred and fifty-one shareholders representing 59.4 percent of votes and share capital attended the meeting. The annual general meeting resolved to adopt the financial statements for 2021, endorse the proposed allocation of profit, and discharge the CEO and board of directors from liability for the past financial year. The annual general meeting elected directors and decided directors' fees. The annual general meeting also resolved to introduce an incentive program, to amend §4 of the Articles of Association to require minimum share capital of SEK 7,000,000 and maximum share capital of SEK 28,000,000 and to amend §5 of the Articles of Association so that the number of shares shall be a minimum of 700,000,000 and a maximum of 2,800,000,000. In addition, a new §8 was inserted in the Articles of Association which permits the board of directors to collect proxies before general meetings are held and permits the board of directors to decide before a general meeting to allow shareholders to exercise their voting rights by post. Finally, a new §9 was inserted in the Articles of Association that permits the board of directors to decide that non-shareholders shall have the right to attend or otherwise observe proceedings at general meetings under the conditions determined by the board. Following the insertion of the new sections 8 and 9 to the Articles of Association, the subsequent sections were renumbered.

The 2023 annual general meeting will be held on 17 May 2023 at 10.00 CET in Stockholm.

Authorizations

The annual general meeting held 9 June 2022 resolved to authorize the board of directors to decide on one or more occasions prior to the next annual general meeting to

Corporate governance model



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

increase the company's share capital through issue of new shares in the company. Under this authorization, the company's share capital may be increased by a maximum of ten percent of authorized share capital as of the date the board of directors exercises the authorization for the first time.

The board of directors is authorized to decide to issue shares with a waiver of shareholders' preemptive rights and/or provisions on non-cash consideration, offset or comparable. The issues shall be carried out at a market-based subscription price with a reservation for market-based issue discounts where applicable.

The purpose of the authorization and the reason for a possible waiver of shareholders' preemptive rights is to enable issues to finance acquisitions of companies or parts of companies and the company's operations.

Nominating committee

The annual general meeting determines the guidelines for appointment of the Nominating Committee and decides which tasks the committee must perform before the next annual general meeting. As resolved by the annual general meeting held 9 June 2022, the four largest shareholders or shareholder groups (thus referring to directly registered shareholders and nominee-registered shareholders) per the share register printed by Euroclear Sweden AB ("Euroclear") as of 30 September 2022 shall each appoint one representative to constitute the Nominating Committee, in addition to the board chair, for a term of office ending upon the appointment of a new Nominating Committee as mandated by the 2023 annual general meeting.

The majority of the members of the Nominating Committee shall be independent in relation to Sinch and executive management. At least one member of the Nominating Committee shall be independent in relation to the largest shareholder or group of shareholders in Sinch, in terms of votes, who act in concert in relation to the management of Sinch. The chief executive officer or any other member of executive management shall not be a member of the Nominating Committee. Directors may be members of the Nominating Committee, but shall not constitute a majority of its members. If more than one director is included in the Nominating Committee, no more than one of them may be dependent in relation to major shareholders in Sinch.

The Nominating Committee shall appoint the committee chair. The board chair or any other director shall not serve as chair of the Nominating Committee. The composition of the Nominating Committee shall be announced not later than six months before the annual general meeting. The composition of the Nominating Committee ahead of the 2023 AGM was not announced, however, until 1 December 2022, the date on which the committee held its first meeting following appointment, which was a departure from the Code. If one or more shareholders who appointed representatives to the Nominating Committee is/are no longer among the four largest shareholders in Sinch at a point in time more than two months prior to the annual general meeting, the shareholder representative/s shall step down and a new member or members shall be appointed to represent the new shareholders that are then among the four largest shareholders. If a member of the Nominating Committee resigns before the work of the Nominating Committee is completed, the same shareholder who appointed the resigning member shall, if it is considered necessary, have the right to appoint a new member, or, if that shareholder is no longer among the four largest shareholders, the next largest shareholder in line, as per the principles set out above, but based upon Euroclear's printout of the share register, as soon as possible after the member has stepped down. Changes in the composition of the Nominating Committee shall be immediately publicized.

Leading up to the 2023 annual general meeting, the composition of the Sinch Nominating Committee was therefore as follows:

Jonas Fredriksson, representing Neqst D2 AB

Thomas Wuolikainen, representing Fjärde AP-fonden

Oscar Bergman, representing Swedbank Robur Fonder

Tomas Risbecker, representing AMF Pension & Fonder

Erik Fröberg, Board Chair, Sinch AB (publ)

Diversity policy

The Nominating Committee applies rule 4.1 of the Swedish Corporate Governance Code concerning a Board Diversity Policy. The aim of the Diversity Policy is to ensure that the board has a composition appropriate to the company's operations, phase of development and other relevant circumstances, which should exhibit diversity and breadth of qualifications, experience and background, as well as gender balance. These principles are considered as an aspect of the Nominating Committee's work to draft its proposals to the annual general meeting. In the opinion of the 2022 Nominating Committee, the board of directors has an acceptable level of diversity with regard to age, experience and gender. Of the directors elected in 2022, two are women and make up 33.3 percent of the board of directors.

Directors' Remuneration

The Nominating Committee presents a proposal concerning directors' fees to the annual general meeting for endorsement. The 2022 annual general meeting resolved in favor of the Nominating Committee's proposal.

The Nominating Committee's proposal to the annual general meeting concerning directors' remuneration is set out in the notice to attend the meeting.

Board of Directors

Board composition

Since the 2022 annual general meeting, the board of directors has consisted of Erik Fröberg, Bridget Cosgrave, Renée Robinson Strömberg, Johan Stuart, Björn Zethraeus and Hudson Smith. Erik Fröberg served as board chair. The chair presides over and allocates board duties, maintains continuous contact with the CEO and CFO, ensures that directors are thoroughly prepared and represents Sinch in acquisition discussions and the like.

Board independence

The positions of dependency of directors in relation to the company, management, and shareholders is shown on the table on page 58. As shown in the table, Sinch complies with applicable rules concerning the independence of directors in relation to the company, management, and the company's major shareholders.

Board duties

The duties of the board of directors are carried out in the manner required by the Swedish Companies Act, the Code and other rules and regulations applicable to the company. The board works according to a charter and a yearly plan, which are adopted annually.

The company's CEO, Chief Strategy Officer and CFO attend board meetings. The company's general counsel normally acts as the recording secretary. Other group management personnel and group officers participate at board meetings to present reports as required.

In addition to the statutory meeting held after election by the annual general meeting, the board of directors met 16 times in 2022. The primary focus of the board during the year was on strategy, the business plan and budget, acquisitions and integration of acquired entities.

The board of directors met with the auditor on one occasion during the year without the presence of the CEO or any other management representative.

The work of the CEO and the board of directors is externally evaluated annually. The evaluation was performed in 2022 through a self-assessment of the work of the board by giving directors the opportunity to express their views on working methods, board materials, their own work and that of other directors and the scope of the board assignment. The board of directors also receives reports from the Audit Committee and the Compensation Committee and evaluates their work. The evaluation has been presented to the Nominating Committee.

The board of directors monitors the work of management by means of monthly reports covering financial performance, key figures, progress in prioritized activities, etc.

Board meetings

The board holds ordinary meetings according to the plan below:

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

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

Board committee duties
The board of directors has two committees: the Audit Committee and the Compensation Committee. The work of the committees is governed by the board charter.

Board committees deal with the matters within their respective purview and issue reports and recommendations upon which board decisions are based. The committees have defined decision authority within the frameworks of board directives. The minutes of committee meetings are provided to the board of directors.

Audit committee
The members of the Audit Committee are Erik Fröberg and Johan Stuart (chair). The CFO, General Counsel and Head of Group Accounting attend meetings of the Audit Committee. The Head of Internal Audit also attends at regular intervals. The company's auditor attended 11 out of 11 meetings of the Audit Committee during the year.

Compensation committee
The members of the Compensation Committee are Erik Fröberg (chair) and Renée Robinson Strömberg.

Directors' and committee members' attendance at board meetings during the year is shown on the table below.

Auditors

The audit firm elected for term of one year by the annual general meeting held 9 June 2022 is Deloitte AB. Johan Tellander, authorized public accountant, is the auditor in charge.

The auditors' remit is to examine the company's annual report and accounting records and management of the company by the board of directors and the CEO on behalf of the shareholders. The auditors report regularly to the Audit Committee and the board of directors. Auditor's fees are specified in Note 5 to the annual report.

Group management

The board of directors appoints the CEO. The CEO oversees Group management and makes decisions in consultation with other members of group management. As of 31 December 2022, the management team was comprised of interim CEO Johan Hedberg, President Enterprise & Messaging Anders Olin, President Voice Brett Scorza, President Developer & Email Will Conway (it was decided on 18 November 2022 that Josh Odom would take over from Will Conway effective 1 January 2023), President SMB Sean O'Neal, CFO Roshan Saldanha, Chief Strategy Officer and Head of IR Thomas Heath, CHRO Christina Raaschou, Chief Marketing Officer Jonathan Bean, CTO Jonas Lindeborg and VP Integration Julie Rassat.

Work of executive management
The CEO meets regularly with all members of the executive management team for business updates, to receive reports, set objectives, and for general business discussions. In addition, the CEO holds several personal meetings with each member of the management team every year for more in-depth discussions and planning.

Governance and monitoring of the management team is based on the charter adopted by the board, the instruction for the CEO, and reporting instructions. Executive management and other managerial personnel manage day-to-day operations primarily through mechanisms such as budgets, performance management and reward systems, regular reporting and monitoring and employee meetings, and via a delegated decision structure with functional hierarchies (development, marketing, support, finance, etc.) from the parent company to subsidiary management teams. The main focus areas during the year were business planning, growth issues, financing, integration of previous acquisitions and implementation of a cost reduction program.

Name	Year elected	Independent of the company	Independent of the owners	Position	Committee	Attendance board meetings	Attendance Audit Committee	Attendance Compensation Committee	Fee SEK 000s[1]	Number of shares/ warrants in Sinch, direct and indirect holdings[2]
Erik Fröberg	2012	Yes	No	Board Chair, Compensation Committee Chair, Audit Committee Director	Compensation, Audit	16/16	11/11	7/7	1,750	1,773,970 direct holding – indirect holding through Neqst D2 AB
Bridget Cosgrave	2018	Yes	Yes	Director	–	16/16	0/11	0/7	700	13,500
Renée Robinson Strömberg	2017	Yes	Yes	Director	Compensation	16/16	0/11	7/7	750	340
Johan Stuart	2015	Yes	Yes	Director, Audit Committee Chair	Audit	15/16	11/11	0/7	1,050	90,000 direct holding
Björn Zethraeus	2017	No	No	Director	–	16/16	2/11	0/7	0	0 direct holding – indirect holding through Neqst D2 AB
Hudson Smith[3]	2022	Yes	Yes	Director	–	9/16	0/11	0/7	700	Indirect holding via Thoma Bravo Discover companies

1) Disclosures on directors' fees refer to the board year beginning at the end of the 2022 AGM and ending at the close of the 2023 AGM.

2) Holdings as per 31 December 2022.

3) Hudson Smith was elected as a new director by the annual general meeting held 9 June 2022 (and has therefore attended fewer board meetings than other directors).

Internal control of financial reporting

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

Control environment

The board has overall responsibility for internal control related to financial reporting. The control environment for financial reporting is based on an allocation of roles and responsibilities in the organization, adopted and communicated decision paths, instructions regarding authority and responsibility, and accounting and reporting instructions.

As an aspect of improving internal control, the company has modified the reporting path for internal audits to the Audit Committee.

The board has adopted a charter, CEO instruction, instructions for financial reporting and instructions for the work of the Audit and Compensation committees. In addition, there are operational polices and guidelines in several areas.

Risk assessment

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

Sinch is subject to the provisions of the EU Market Abuse Regulation 596/2015 (MAR), which imposes strict requirements on the company's management of insider information. The matters regulated by MAR include how insider information must be communicated to the market, the conditions under which publication may be postponed and how the company is obligated to keep a logbook of people who work for Sinch and who have been given access to inside information about the company.

Sinch uses a digital tool to ensure that the management discussed above meets the requirements of MAR and the Sinch insider policy: from the decision to postpone publication of insider information all the way to the notice that must be provided to Finansinspektionen when the insider event has ended and the information has been published. Only authorized individuals within Sinch have access to InsiderLog. Further information is available at www.insiderlog.com.

Control activities

The group's control activities relating to financial core processes are described in the risk map approved by the board as a basis for ongoing efforts to continuously improve internal processes and controls. Controls are performed at both the subsidiary level and the group level. The four business units have appointed chief accountants who are responsible for ensuring that financial figures are verified and reported on a monthly basis. This includes reconciliation of financial figures against sales and cost data from the group's transaction system, reconciliation of intragroup transactions and reconciliation of bank accounts. These figures are then checked at the group level in conjunction with the monthly consolidation of group figures. Efforts are ongoing to continuously improve these processes through, for example, advanced training of relevant employees, greater automation of reconciliations and through the checking of important figures by several individuals in parallel.

Information

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

Monitoring

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

Stockholm, 17 April 2023

The board of directors of Sinch AB (publ)

Board of directors






1. Erik Fröberg

Born: 1957

Director of Sinch since: 2012, Board Chair since 2015

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

Warrants in Sinch: 0

Education: MSc in Engineering Physics, KTH Stockholm

Principal occupation: Partner and founder of Neqst

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

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

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

2. Björn Zethraeus

Born: 1963

Director of Sinch since: 2017

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

Warrants in Sinch: 0

Education: MSc Engineering, Institute of Technology at Linköping University

Principal occupation: Corporate Development and co-founder of Sinch

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

Other significant directorships (company and position): None

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

3. Bridget Cosgrave

Born: 1961

Director of Sinch since: 2018

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

Warrants in Sinch: 0

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

Principal occupation: Independent consultant, CEO of ADIMO sprl

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

Other significant directorships (company and position): None

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

4. Hudson Smith

Born: 1977

Director of Sinch since: 2022

Shareholding in Sinch (total, private & via companies): indirect holding through Thoma Bravo Discover

Warrants in Sinch: 0

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

Principal occupation: Partner, Thoma Bravo, Miami, Florida

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

Other significant directorships (company and position): Director of Grayshift, Apryse, Greenphire, Zipari, Cority, Veriforce, Nintex and Riskonnect

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

5. Johan Stuart

Born: 1957

Director of Sinch since: 2015

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

Warrants in Sinch: 0

Education: MSc Economics, Stockholm School of Economics

Principal occupation: Director

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

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

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

6. Renée Robinson Strömberg

Born: 1970

Director of Sinch since: 2017

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

Warrants in Sinch: 0

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

Principal occupation: Founder and CEO of Shiny Thing AB

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

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

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

Hudson Smith was elected as a new director by the general meeting held 9 June 2022, at which time Luciana de Carvalho stepped down from the board.

Group management






1. Johan Hedberg

Interim Chief Executive Officer

Born: 1973

Employee since: 2008

Shareholding in Sinch (total, private & via companies): 15,772,714

Warrants in Sinch: 0

Education: MSc Engineering, KTH Stockholm

Experience: Sinch: Co-founder 2008, CEO 2010 – 2018, Corporate Development 2018–2022, US-based 2016-2019. Prior to Sinch: Management consultant, Cambridge Technology Partners, Paris and Geneva; Global Product Manager Messaging, Ericsson

2. Laurinda Pang[1)]

Chief Executive Officer

Born: 1970

Employee since: April 2023

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

Warrants in Sinch: 0

Education: B.A. in Political Science, Pennsylvania State University

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

12. Brett Scorza

President, Voice

Born: 1968

Employee since: 2021

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

Warrants in Sinch: 458,888 warrants corre-sponding to 500,000 shares[2)]

Education: BSc, Electrical Engineering, University of Illinois.

Experience: Over 30 years of executive experience in software, technology and telecommunications; Sinch Voice (previously Inteliquent) since 2004 where he has held several roles with responsibility for sales, product and development, most recently in the CIO role, 2010-2021; prior to Sinch Voice, he held positions at Focal Communications Inc., MFS Communications and Andersen Consulting

9. Christina Raaschou

Chief Human Resources Officer

Born: 1977

Employee since: January 2022

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

Warrants in Sinch: 33,349 warrants correspond-ing to 56,490 shares[2)]

Education: MSc Business Administration, Karlstad University

Experience: CHRO H&M Group Business Tech; senior human resources roles at Ericsson and Unilever

4. Cristina David[3)]

Chief Information Officer

Born: 1976

Employee since: 2022

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

Warrants in Sinch: 80,000 employee stock options corresponding to 80,000 shares

Education: BSc Mathematics, University of Bucharest; MA Public Relations and Communi-cation

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

2. Jonathan Bean

Chief Marketing Officer

Born: 1976

Employee since: April 2019

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

Warrants in Sinch: 16,670 employee stock options corresponding to 166,700 shares[2)]

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

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

1) Laurinda Pang assumed her position as CEO 17 April 2023.

2) The number of warrants and shares may differ because one warrant in LTI programs initiated before the ten-for-one stock split in June 2021 carries the right to 10 shares. In later programs, one warrant carries the right to one share.

3) Cristina David, Josh Odom, Petter Bengtsson and Nicklas Molin assumed their positions 9 March 2023.





7. Josh Odom[2]

President, CPaaS

Born: 1985

Employee since: 2013

Shareholding in Sinch (total, private & via companies): 2,707,856

Warrants in Sinch: 750,000 warrants corresponding to 750,000 shares[1]

Education: BSc Business Administration and Information Systems, University of Texas at San Antonio.

Experience: CTO, Mailgun, Director, Product Development and CTO, Rackspace

10. Julie Rassat

Chief Integration & Transformation Officer

Born: 1979

Employee since: 2020

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

Warrants in Sinch: 135,410 warrants corresponding to 229,100 shares[1]

Education: BA International Relations, University of Leeds; MSc Finance, ESCP-EAP; MBA, London Business School.

Experience: Extensive transaction experience, including at ThomsonReuters where she was Senior Director, Acquisition Integration EMEA & APAC; previous roles in strategy and business planning and a position as a financial analyst at BDPME

6. Nicklas Molin[2]

Executive Vice President International

Born: 1978

Employee since: 2016

Shareholding in Sinch (total, private & via companies): 163,370

Warrants in Sinch: 110,867 warrants corresponding to 208,670 shares[1]

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

Experience: Regional Vice President EMEA Sinch, VP Sales & Marketing (legacy Sinch), VP Sales & Marketing PayEx, Sales Director, Wallit

3. Petter Bengtsson[2]

Executive Vice President North America

Born: 1977

Employee since: 2010

Shareholding in Sinch (total, private & via companies): 453,340

Warrants in Sinch: 160,979 warrants corresponding to 259,790 shares[1]

Education: MSc Communications, Linköping University, BSc Economics, Kalmar University

Experience: Sinch Head of Sales EMEA and North America, Sales Manager at Ericsson

11. Roshan Saldanha

Chief Financial Officer

Born: 1977

Employee since: 2019

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

Warrants in Sinch: 183,333 warrants corresponding to 633,342 shares[1]

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

Experience: Tele2 since 2007, CFO Tele2 Sweden from 2016. Prior to then, several international financial assignments for firms including Arthur Andersen, Citibank and the Kinnevik Group

1) The number of warrants/employee stock options and shares may differ because one warrant/ESO in LTI programs initiated before the ten-for-one stock split in June 2021 carries the right to 10 shares. In later programs, one warrant/ESO carries the right to one share.

2) Cristina David, Josh Odom, Petter Bengtsson and Nicklas Molin assumed their positions 9 March 2023.

8. Sean O'Neal

President, SMB (Small and Medium-sized Business)
Born: 1972
Employee since: 2021
Shareholding in Sinch (total, private & via companies): –
Warrants in Sinch: 650,000 warrants corresponding to 650,000 shares[1)]
Education: BA, Northeastern University, Boston, US.
Experience: Nearly 30 years in senior positions in technology and cloud services with companies including Nielsen, Onclusive, Daily Mail and Sony

5. Thomas Heath

Chief Strategy Officer
Born: 1981
Employee since: 2018
Shareholding in Sinch (total, private & via companies): 200,000
Warrants in Sinch: 183,334 warrants corresponding to 483,340 shares[1)]
Education: BA Politics, Philosophy and Economics, University of Oxford, MSc, Stockholm School of Economics with a concentration in finance
Experience: Equity analyst at Danske Bank, Handelsbanken Capital Markets and Öhman Fondkommission

The individuals listed above comprised the executive management team at the date this publication was released. In addition, the following individuals were members of the executive management team during various periods in 2022: Ed O'Hara, Eduardo Henrique, Jonas Lindeborg, Paul Perrett, Will Conway, Anders Olin. Johan Hedberg has also acted as Interim CEO since Oscar Werner stepped down in July 2022.

Note that holdings of shares and warrants by directors and executive management are reported as of 31 December 2022 other than for Cristina David, Petter Bengtsson and Nicklas Molin, whose holdings are reported as of 10 March 2023. See also investors.sinch.com.

1) The number of warrants/employee stock options and shares may differ because one warrant/ESO in LTI programs initiated before the ten-for-one stock split in June 2021 carries the right to 10 shares. In later programs, one warrant/ESO carries the right to one share.

Auditor´s Report on the corporate governance statement

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

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the financial year 2022-01-01 – 2022-12-31 on pages 54-63 and that it has been prepared in accordance with the Annual Accounts Act.

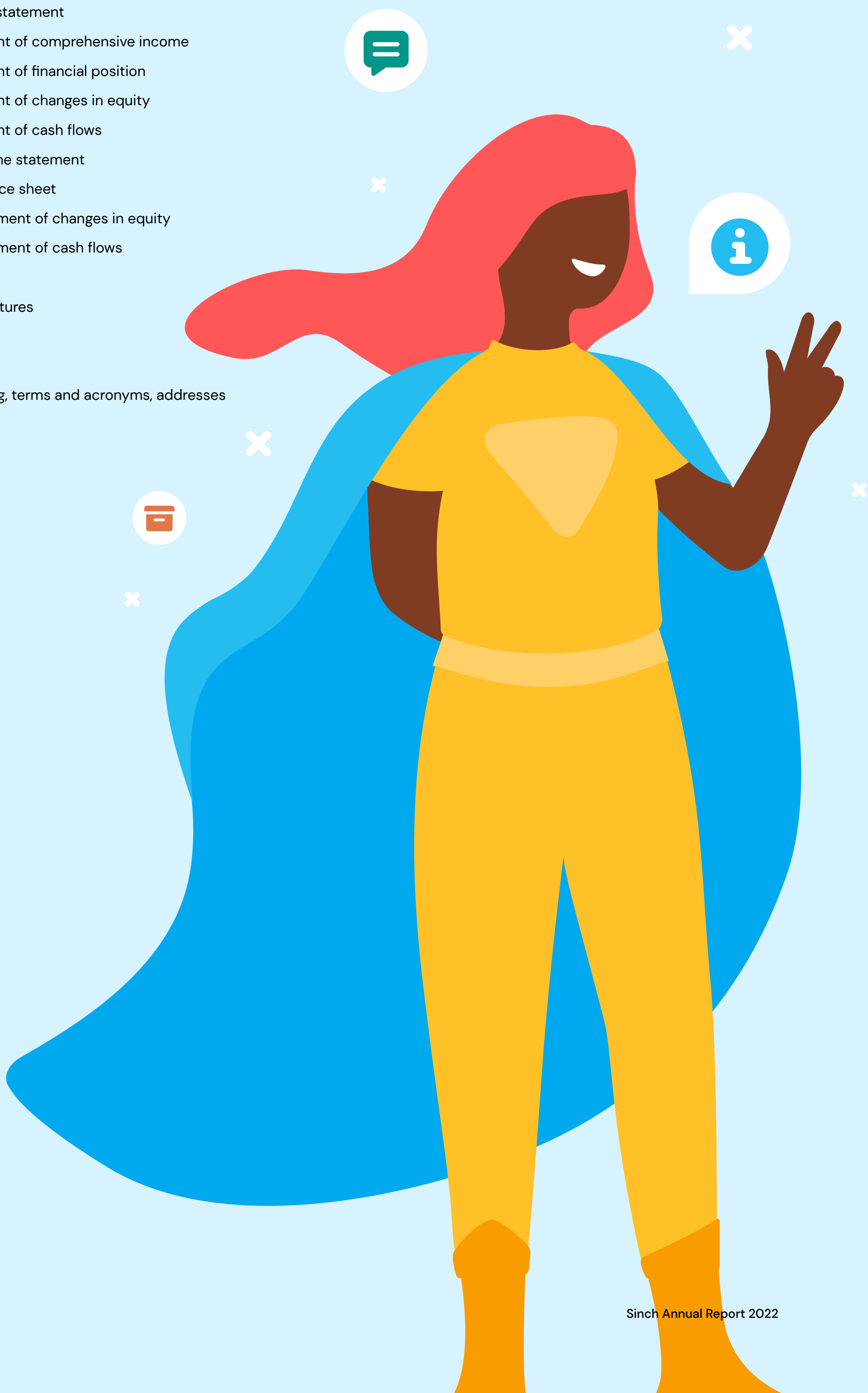
The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit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

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

Stockholm April 21, 2023
Deloitte AB

Johan Telander
Authorized Public Accountant

Financial information



Management report

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

Business and organization

Sinch is a leading vendor of cloud communications services and digital customer engagement. Powered by the Sinch cloud communications platform, enterprises can reach every person on the planet - within a second or two - via messaging, email, voice calls and video. The organization continued the work of operational alignment and incorporation of the major acquisitions closed in late 2021, as well as adaptations to the previously launched five-unit business model.

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

Voice provides Sinch APIs for voice communications, making it possible for business customers, service providers and telecom carriers to handle large volumes of voice calls, phone numbers and emergency calls with no need for costly investments in infrastructure. 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.

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

The **SMB** unit covers 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.

Corporate governance and sustainability report

In accordance with the Swedish Annual Accounts Act, ch 6, §8 and §11, Sinch has elected to prepare the corporate governance statements and the statutory sustainability report as separate reports, which are presented on pages 54-63 and pages 28-51 of this document, respectively.

Significant events during the financial year

2022 was an eventful year characterized by changes in the external macroeconomic environment, which are detailed in the Outlook section. During the year, net sales increased by 71 percent to SEK 27,722m and gross profit by 124 percent to SEK 8,810m and EBITDA by 234 percent to SEK 2,774m. These increases were driven by acquisitions completed in late 2021. Organic gross profit growth, adjusted for acquisitions and currency effects, was -3 percent. Excluding the changed assessment of reserves for accrued traffic costs within Messaging Services in the second quarter, which amounted to SEK 162m, the organic growth was 5 percent. The result for 2022 amounted to SEK -4,943m, which can be compared with SEK 908m for 2021 and includes a write-down of goodwill of SEK 5,000m. Cash flow from current operations amounted to SEK 2,508m, which can be compared with SEK 329m for 2021. Net debt amounted to SEK 9,162m (10,658) and the net debt ratio, measured as net debt in relation to adjusted EBITDA R12M, amounted to 2.7. Sinch has communicated corporate events including the following:

Sinch implemented a reorganization into five business units, Enterprise & Messaging, Voice, Developer & Email, Applications and SMB, during the first half. The major acquisitions in late 2021 have resulted in a wider, more stable business where consolidated gross profit and the Group workforce doubled during the year.

A cost reduction program was launched in the second half. Half of the expected annual gross savings of SEK 300m had been realized by Q4.

Oscar Werner stepped down from his role as CEO on 20 July and Sinch co-founder Johan Hedberg was appointed Interim CEO.

Sean O'Neal was appointed the new President of Business Unit SMB and Brett Scorza was appointed the new President of Business Unit Voice on 14 October.

Sinch regularly assesses goodwill and tested goodwill for impairment in connection with the end of the third-quarter reporting period. The test resulted in an impairment of goodwill of SEK 5,000m, which affected the Email segment.

New share issues

Share issues were executed during the year through issuance of shares at a total quotient (par) value of SEK 618k, related to the 2021 acquisition of Pathwire and MessageMedia and a non-cash issue of 51,000,000 shares in 2022 related to the acquisition of Pathwire. In total, 10,803,010 shares were issued as part of consideration paid for the 2021 acquisition of MessageMedia. Shares were also issued in relation to warrants under the Group's incentive programs. See Note 7.

Important events after the end of the financial year

On 12 January 2023, credit facilities of SEK 6,500m and USD 110m were extended by one year. The new maturity date is February 2026.

Sinch published the year-end report for 2022 on 16 February 2023.

On 9 March 2023, Sinch announced organizational changes intended to benefit product integration and market synergies, by which Sinch's messaging and email operations will be consolidated into a CPaaS product unit, with sales organized into two market units, North America and International.

On 29 March 2023, Sinch announced that Laurinda Pang will be the new CEO of the company

Sinch Group overview

SEKm	2022	2021	Change
Net sales	27,722	16,177	71%
Gross profit	8,810	3,933	124%
Gross margin	32%	24%	–
EBITDA	2,774	831	234%
EBITDA margin	10%	5%	–
Adjusted EBITDA	3,124	1,322	136%
Adjusted EBITDA margin	11%	8%	–
Adjusted EBITDA/gross profit	35%	34%	–
EBIT	-4,703	158	–
EBIT margin	-17%	1%	–
Adjusted EBIT	2,731	1,161	135%
Adjusted EBIT margin	10%	7%	–
Profit for the year	-4,943	908	–
Cash flow from operating activities	2,508	329	–
Cash and cash equivalents	2,173	1,871	16%

For a list and definitions of financial measurements defined or not defined under IFRS and for operational measurements, please refer to pages 133-134.

Net sales

Consolidated net sales grew during the 2022 financial year by 71 percent to SEK 27,722m (16,177). The positive currency effect on consolidated net sales was 10 percent. Organic growth, in local currency and excluding acquisitions, was 9 percent.

Gross profit

Gross profit increased by 124 percent and amounted to SEK 8,810m (3,933). Organic growth, in local currency and excluding acquisitions, was -3 percent. The positive effect of exchange rate changes was SEK 402m, corresponding to 10 percent. Gross profit was also reduced by a non-recurring item of SEK 162m related to the cost of services sold. The gross margin was 32 percent (24).

EBITDA

Consolidated EBITDA increased by 234 percent to SEK 2,774m (831). Adjusted EBITDA amounted to SEK 3,124m (1,322).

EBIT decreased to SEK -4,703m (158). Adjusted EBIT was SEK 2,731m (1,161).

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

EBITDA adjustments, SEKm	2022	2021
Acquisition costs	-45	-169
Restructuring costs	-62	-
Adjusted earnout	–	–
Integration costs	-252	-230
Costs of share-based incentive programs	-124	-106
Operational foreign exchange gains/losses	135	–
Other adjustments	-1	13
Total EBITDA adjustments	**-350**	**-492**
Amortization of acquisition-related assets	-1,987	-511
Impairment of goodwill	-5,097	-
Total EBIT adjustment	**-7,434**	**-1,003**

Net finance income

Net financial expenses were SEK -72m (1,039), with interest costs amounting to SEK -392m (-60) and foreign exchange differences to SEK 269m (1,098).

Tax

Tax on profit for the year amounted to SEK -168m (-289) resulting in an effective tax rate of 4 percent (24). Excluding goodwill impairment recognized in Q3 2022, the Group's effective tax rate is 52 percent. The adjusted effective tax rate is higher than the tax rate in the preceding year due primarily to expired tax loss carryforwards, non-capitalized deferred tax assets and tax related to earlier years.

See Note 10 for further information that affected tax on profit for the year.

Profit or loss for the year

Gross profit decreased to a loss of SEK -4,943m (908) compared with the preceding financial year.

Cash flow

Cash flow from operating activities amounted to SEK 2,508m (334).

Net investments in intangible assets and property, plant and equipment amounted to SEK 643m (179). The investments refer mainly to capitalized development expenditure of SEK 374m (98), and investments in hardware and software. Investments in subsidiaries amounted to SEK 45m (28,877). See Note 31. Share issues and warrants amounted to SEK 91m (15,976).

Liquidity and financial position
At the end of the year, the Group had cash and cash equivalents of SEK 2,173m (1,871).

Net debt amounted to SEK 9,162 million (-10,658). Excluding IFRS 16-related lease liabilities, net debt in relation to Adjusted EBITDA R12M was 2.7x.

As of 31 December Sinch had utilized loan and credit facilities of SEK 9.740m (10,839) in total. Existing credit facilities that mature in February 2025 (also see events after the end of the financeial year on page 66) amounted to SEK 8,796m and of that amount SEK 6,740m had been utilized. Sinch also had SEK 3,000m in utilized loans that will mature in 2024. In addition, issued senior unsecured bonds amounted to SEK 750m (750). Available bank overdraft facilities amounted to SEK 913m (471), of which SEK 0m (-) had been utilized.

Equity at 31 December 2022 amounted to SEK 34,432m (34,053), corresponding to an equity ratio of 60 percent (60).

Messaging

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

SEKm	2022	2021
Net sales[1]	18,255	15,366
Gross profit	3,615	3,506
Gross margin	20%	23%
EBITDA	954	1,367
Adjusted EBITDA	1,015	1,567

1) The acquisitions of MessengerPeople and SMB closed in Q4 2021.

Net sales
Net sales for the Messaging unit amounted to SEK 18,225m (15,366) for the year, an increase by 19 percent compared to the preceding year. Acquired companies contributed 55 percent of growth. Organic growth in local currency was 39 percent.

Increased transaction volumes from key strategic customers and higher rates in several geographies had positive impact on organic growth in net sales. Commercial partnerships with large multinational cloud platform providers that use products from Sinch for automated mobile marketing were an important source of growth.

Profit
Gross profit increased by 3 percent to SEK 3,615m (3,506). Acquired companies contributed 48 percent of growth and organic growth in local currency was 19 percent. The gross margin was 20 percent (23). The lower gross margin is explained mainly by the reassessment of reserves for accrued traffic costs in the second quarter and growth in products, regions and customer groups where the margin is lower.

EBITDA decreased by 30 percent to SEK 954m (1,367) and the EBITDA margin was 5 percent (9).

Adjusted EBITDA fell by 35 percent to SEK 1,015m (1,567) and the Adjusted EBITDA margin was 6 percent (10).

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.

SEKm	2022	2021
Net sales[1]	6,134	483
Gross profit	2,915	217
Gross margin	48%	33%
EBITDA	1,399	22
Adjusted EBITDA	1,432	29

1) The acquisition of Inteliquent was completed in Q4 2021.

Net sales
Net sales increased by SEK 5,651m to SEK 6,134m (483). The acquired entity, Inteliquent, accounted for 110 percent of growth and organic growth in local currency was 40 percent.

Profit
Gross profit amounted to SEK 2,915m (217) and the gross margin was 48 percent (33).

EBITDA was SEK 1,399m (22) and the EBITDA margin was 23 percent (5).

Adjusted EBITDA was SEK 1,432m (29) and the Adjusted EBITDA margin was 23 percent (6).

Email

The unit 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 such as Mailgun, Mailjet and Email on Acid.

SEKm	2022	2021
Net sales[1]	1,511	81
Gross profit	1,117	64
Gross margin	74%	79%
EBITDA	547	36
Adjusted EBITDA	581	36

1) The acquisition of Pathwire closed in Q4 2021.

Net sales

Net sales amounted to SEK 1,511m (81). The acquired entity, Pathwire, accounted for the majority of growth and organic growth in local currency was 15 percent.

Profit

Gross profit was SEK 1,117m (64)

EBITDA was SEK 547m (36) and the EBITDA margin was 36 percent (44).

Adjusted EBITDA was SEK 581m (36) and the Adjusted EBITDA margin was 38 percent (45).

SMB

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

SEKm	2022	2021
Net sales[1]	1,852	247
Gross profit	1,162	147
Gross margin	63%	59%
EBITDA	490	70
Adjusted EBITDA	566	65

1) The acquisition of MessageMedia closed in Q4 2021.

Net sales

Net sales increased to SEK 1,852m (247),an increase of SEK 1,605m compared to the preceding year. The sales were generated through the acquisition of MessageMedia that closed on 5 November 2021 and were accounted for as organic as of that date. Acquired growth amounted to SEK 1,520m.

Profit

Gross profit was SEK 1,162m (147)

EBITDA was SEK 490m (70) and the EBITDA margin was 26 percent (28).

Adjusted EBITDA was SEK 566m (65) and the Adjusted EBITDA margin was 31 percent (26).

Other

The costs of central functions and group-wide costs are reported within Other.

SEKm	2022	2021
EBITDA	-615	-664
Adjusted EBITDA	-469	-375

EBITDA

EBITDA amounted to SEK -615m (-664) and consisted mainly of employee related expenses in Finance, HR, IT, R&D, and rental costs. The adjustments include operational foreign exchange gains/losses. Adjusted EBITDA amounted to SEK -469m (-375). See Note 2 for more information.

Research and development

Sinch has a large staff of software developers and other technical personnel and several parts of the company are involved in product development. The cloud platform was further developed in 2022 to enable even more efficient scaling and management of increased traffic volume. Investments have also been made in systems for regulatory compliance, such as spam filter systems.

Further development of next-generation conversational messaging systems enabled the addition of new channels in the Messaging unit, such as Instagram and Apple Messages for Business. In parallel, the integration of acquired businesses resulted in technical projects to migrate customers of Wavy, TWW and SDI to global shared platforms. Integration of products related to earlier acquisitions, including ClickSend, is also ongoing in the SMB segment. The switch of cloud service providers was a high-priority project in Email that reduced costs and improved the gross margin. The Voice offering was further developed and the results include new products for emergency response services.

Development expenses are capitalized as specified in Note 1. Total expenditures for research and development were SEK 1,230m (525) before capitalization of internal hours spent, which amounted to SEK 374m (98).

The environment

Sinch's core business is software development and management of digital transactions and has limited environmental impact. Sinch has impact on the environment primarily through travel, hardware operation and disassembly and value chain emissions related to data centers, cloud and messaging services. Sinch is working to minimize these impacts by measuring and reducing our emissions. This includes replacing travel with online communications and travel by modes such as train that have less impact on the environment. Sinch also aspires to send outmoded hardware for recycling. The group's environmental work is described in more detail in the section Climate impact in the sustainability report 2022 on pages 28-51.

Employees

At the end of the year, the Group employed 4,205 (4,090) people, including consultants. The average number of employees during the year was 3,565 (1,937), 30 percent (28) of whom were women. The average age of the workforce was 39 (38). Staff turnover in 2022 was 23 percent (20).

We are continuously developing our recruitment process to ensure that we are working in a structured, data-driven manner and applies unbiased evaluating processes. We are proud to have some of the best and most experienced people in the business have chosen to work with us. We offer career developing opportunities for all employees in order to attract and retain employees within the organization as well as to create opportunities for our employees to grow and win together.

Having diversity and equity as a basis to create an inclusive culture are success factors for Sinch to continue to be leading within the industry. Sinch has employees in 70 countries with various backgrounds. A diversified organization with different backgrounds, skills, experience, talents, qualifications, and personalities in an inclusive organization helps us understand the needs of the entire market.

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

Proposed resolution on executive compensation policy

The board of directors of Sinch AB (publ) has proposed the following executive compensation policy. Policy guidelines do not apply to compensation decided by the general meeting. The 2022 policy guidelines are presented in Note 7.

For the purposes of these guidelines, "executives" comprise "inside directors," i.e., directors who have entered into an employment contract with the company or a Group company, the CEO, deputy CEO (if applicable) and other members of the senior executive team who report to the aforementioned persons. At the end of the financial year, the company's senior executive team consisted of eleven senior executives including the CEO.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain skilled and qualified employees. Compensation to the CEO and other senior executives should therefore reflect Sinch's need to recruit and motivate qualified employees by means of a compensation package that is perceived to be fair and competitive.

The board of directors is empowered to depart from the guidelines for cause in individual cases and the departure is necessary to serve the company's long-term interests, including sustainability, or assure the company's financial viability.

In the preparation of the board of directors' proposal for these guidelines for compensation to the CEO and other senior executives, salary and employment conditions for employees of the company have been considered by including information about the employees' total compensation, the components of the compensation and increase and growth rate over time, in the decision input for the board of directors.

Compensation consists of the following components:

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

Fixed base pay

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

Short-term variable pay

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

The Compensation Committee is responsible for the assessment regarding variable pay to the CEO and other senior executives. The CEO is responsible for the assessment regarding variable pay to other senior executives.

Levels and targets for variable pay to the CEO are defined by the board of directors. Short-term variable pay shall not exceed 30 percent of fixed base pay, as compensation to senior management should be primarily based on long-term incentives.

Long-term variable pay

Long-term variable pay may encompass share-related incentive programs. These guidelines do not apply to compensation decided or approved by the general meeting and thus do not apply to the company's share-related incentive programs LTI 2016, LTI 2018, LTI 2019, LTI 2020, LTI II 2020, LTI 2021, LTI II 2021 and LTI 2022.

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

Market-based compensation

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

Pensions

Pension benefits for the CEO and other senior executives must reflect customary market terms, compared with that which generally applies to executives in comparable positions with other companies, and should normally be based upon defined contribution pension plans. Senior executives retire at the relevant/appropriate age of retirement. Pension benefits may not exceed 35 percent of fixed base pay to the extent higher contributions are not required under an applicable collectively agreed pension plan.

Other benefits
Other benefits of employment may include health insurance and fitness/wellness programs. The costs of such benefits shall not exceed 6 percent of fixed base pay.

Pay during period of notice
As a general rule, employment contracts between the Company and senior executives shall be on an indefinite basis. If the company terminates the CEO's employment, the period of notice shall be a maximum of six months. If the CEO resigns, the period of notice shall be six months.

A period of notice applies between the company and other senior executives of three to six months, whether the employee resigns or is terminated.

Fixed base pay and, if applicable, severance pay during a period of notice shall not exceed an amount equivalent to fixed base pay for two years.

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

Compensation consists of the following components:

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

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

Approval
Changes in terms, conditions and compensation to the CEO are subject to approval by the chairman of the board. Ongoing costs such as travel expenses for the CEO are subject to approval by the CFO, and quarterly summaries shall be sent to the chairman of the board.

New recruitments, changes in pay and other significant changes regarding senior executives other than the CEO are subject to approval by the chairman of the board. Minor adjustments, and ongoing costs are subject to approval by the CEO.

Payment of fixed base pay is managed by local payroll departments and is subject to prior approval by the local HR representative. Payment of short-term variable pay is subject to approval by the CEO as regards other senior executives and by the chairman of the board as regards the CEO.

Eligibility for share-related incentive programs must be approved by the board of directors based on the proposal approved at the annual general meeting.

Controls and decision process
The company has a Compensation Committee which consists of two directors. The chairman of the board is also chair of the Compensation Committee.

The Compensation Committee shall, in relation to the board of directors, have a preparatory function in respect compensation policies, compensation and other terms of employment for senior executives.

Consequently, the Compensation Committee shall prepare a proposed executive compensation policy, which the board of directors shall present to the annual general meeting for decision. The Committee shall also evaluate the application of the policy resolved by the annual general meeting

The board of directors shall at least every fourth year or upon material changes to the guidelines, present a proposal on compensation policy to the annual general meeting for resolution.

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

The Compensation Committee shall also prepare proposals regarding compensation to the CEO and other senior executives, within the scope of the policy adopted by the annual general meeting. The Compensation Committee shall annually evaluate the CEO's performance.

The Compensation Committee shall also monitor and evaluate ongoing and ended programs for variable pay to senior executives as well as the current structure and levels of compensation in the company. Furthermore, the Compensation Committee shall annually prepare a report detailing compensation to senior executives paid during the financial year. The compensation report shall be made available to the shareholders on the company's website no later than three weeks before the annual general meeting. Within the scope of and based on policy guidelines, the board of directors shall annually decide on the specific revised terms of compensation for each senior executive and make any other necessary decisions concerning executive compensation. The CEO or other senior executives shall not be present when the Compensation Committee discusses and decides on matters related to compensation insofar as they are affected by such matters.

The following measures are taken annually to check and assure compliance with the policy:

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

The results of the checks are summarized and reported to the Compensation Committee.

Risks specific to the company, its operations and the industry

Risks and risk management

Sinch is exposed to a number of risks that could impact the Group's business, earnings and financial position. Sinch continuously evaluates, identifies, and manages the risks to which the company is exposed and refines business plans on an ongoing basis.

Commercial risks

The general risks assessed as most material to the company are described below under "Operational risks".

Financial risks

Macroeconomic trends and the impact of external factors on consolidated accounting policies related to revenues, costs and valuation are further described in Note 1. The Group's financial risks related to fluctuations in the company's earnings and cash flow consequent upon changes in exchange rates, interest rates, refinancing risks and credit risks and how they are managed are presented in Note 29.

Sustainability risks and uncertainties are addressed in the sustainability report on pages 48-51.

Operational risks

Technology

Sinch provides communication services based on several technologies with various advantages and drawbacks. Messaging and Voice extensively use operator-based standards, such as SMS. The main advantage here is that they work on every mobile phone on the planet and all users know how they work. There are, however, alternative technologies and services that can also be used to send texts and connect voice calls. The standards that large parts of our business are based upon could be replaced by one or more solutions launched by leading global software and mobile developers, which constitutes a risk.

Description of risk management: To mitigate technology risks, Sinch offers all significant communication channels along with applications that make it easy to mix them and optimize communication. Sinch also collaborates closely with industry-leading software developers.

Competition

Sinch is one of the largest CPaaS providers, but the market is fragmented and there are numerous local, regional and global competitors that have various product sets and approaches to addressing the market. New, niched competitors could also use other technology that offers lower costs to certain customers and applications. In addition, large customers often use multiple suppliers of the same service to provide flexibility. All of these are various facets of competition that lead to risks related to sales volumes and price and margin pressure.

Description of risk management: Sinch initiates more than 600 billion customer interactions - texts, emails, voice calls and chats - every year. This creates massive economies of scale and ways to achieve lower operating costs than the competition and mitigates the effects of price and margin pressure.

Supplier price increases

Mobile operators have a monopoly on sending texts to their own customers. Sinch therefore pays a fee to the mobile operator for every text sent. These traffic tariffs vary widely from one country to the next and have substantial impact on the usage of SMS services in individual markets. When mobile operators raise their traffic tariffs, prices rise for Sinch's end customers and the number of messages falls over time. Likewise, other channel partners like WhatsApp and Facebook can change their pricing models and affect the price and volume of communication services. A similar situation exists in Voice, where the operators control rates for voice calls. This represents a risk of lower revenues and gross profit for Sinch.

Description of risk management: To reduce the risk of being impacted by these price changes, Sinch ensures its capacity to offer communication across several alternative channels, such as SMS and conversational messaging. As Sinch has widened and differentiated its offering through new acquisitions, it is less affected by price changes within individual channels.

Scams

Sinch has contracts with more than 600 operators all over the world and always complies with established regulations for communication services. For example, Sinch always pays the traffic tariff. Less scrupulous competitors act unethically and exploit technical solutions to avoid paying these fees to the operators. This gives rise to "gray market" and "black market" traffic, which causes revenue leaks for the operators. Other varieties of scams that occur involve artificially inflating traffic or communications aimed at cheating individuals of their money.

Description of risk management: Sinch offers services in which operators' networks are encapsulated, and gray- and black-market traffic is blocked using solutions including firewalls and spam filters. Sinch also sells these solutions to operators, tracks network traffic flows, and is working closely with industry organizations and regulators to reduce scams.

Key competence

Like many other successful tech companies, Sinch is dependent on certain key compentecies. These may include senior management personnel as well as individuals who possess critical knowledge about products, the business or the industry.

Description of risk management: Sinch is working actively with the order of succession, skills development and offers flexible work places to attract and retain key competencies. As the company grows, the business will also become less dependent on the skills and contributions of specific individuals.

Regulation

The telecom market is subject to extensive regulation on the national and international levels. Regulation can affect costs when taxes and tariffs are applied to new communication services for example, resulting in price adjustments for national and international communication services.

Description of risk management: By collaborating with industry organizations and regulators, Sinch is facilitating planning and the capacity to prepare for forthcoming changes.

Cyber attacks
Sinch offers cloud services. The services and the infrastructure are both exposed to cyber attacks. This might for example involve overload attacks, attacks through software aimed at extortion or computer viruses that affect the performance of our systems in various ways and can, in the worst case, lead to downtime. The company's own IT environment can also be the victim of attacks, which can result in lower productivity.

Description of risk management: To mitigate the risk of impact due to attacks, Sinch is investing in information and IT security. This involves, among other things, certifying the business in accordance with ISO27001, investments in equipment, further devlopment of Sinch's Security Operations Center (SOC) and training of employees.

Integration
Sinch acquires businesses that represent substantial intrinsic value and additional value after synergies are realized. One risk is that a less successful integration would prevent this value from being realized. The challenges lie in integrating human resources, company culture, processes, data and the various support systems that are needed to manage products, customers and administration, for example, in the right way and at the right time. The risk is affected by factors including the size of the acquisition, the number of acquisitions being integrated, the geographical distribution of the acquisitions and the work required to carry out the integration.

Description of risk management: Sinch addresses these risks by applying a systematic approach to the entire acquisition process. Once acquisitions have been completed, the integration process is managed in project form by the Sinch Integration and Transformation Department.

Outlook

The macro economy will remain uncertain in 2023. Sinch continues to strengthen its position by realizing synergies from significant acquisitions in 2021. Focus is on offering a cohesive product set to the market for cloud-based business communications. Sinch is an industry leader able to combine an expansive and powerful product offering with complementary sales channels and economies of scale. Regarding the group's exposure to Ukraine and Russia, it is limited to an exposure of less than 1 percent of gross profit on an annual basis, which corresponds to approximately USD 3m.

Sinch does not publish forecasts.

Parent company

The parent company's operations consist only of certain group management functions. At the end of the period, the parent company had 5 (17) employees. The average number of employees during the period was 7 (9).

- Net sales were SEK 356m (175).
- Operating profit (-loss) was SEK -16m (-86)
- The loss for the year was SEK -4,145m (243).
- Equity amounted to SEK 30,119m (34,172)

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

Proposed allocation of profit or loss

The board of directors will propose to the annual general meeting that no dividend is distributed for the 2022 financial year.

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

Share premium reserve	34,126,066,926
Retained earnings	129,716,345
Loss for the year	-4,145,079,239
Total	**30,110,704,032**

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

Carried forward to retained earnings	30,110,704,032
Total	**30,110,704,032**

Multi-year review

Consolidated

Income statement data

	2022	2021	2020	2019	2018	2017
Net sales	27,722	16,177	8,023	5,036	3,987	3,058
Gross profit	8,810	3,933	2,183	1,394	1,008	780
EBITDA	2,774	831	715	556	373	263
Adjusted EBITDA	3,124	1,322	989	582	381	299
Profit for the year	-4,943	908	446	275	180	134

Balance sheet data

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Non-current assets	49,375	49,912	5,827	3,147	2,371	2,007
Current assets	7,909	7,169	5,807	1,844	1,255	1,023
Total assets	**57,284**	**57,081**	**11,634**	**4,991**	**3,626**	**3,031**
Equity	34,432	34,053	7,513	1,999	1,664	1,495
Non-current liabilities	16,673	7,318	1,587	1,777	842	638
Current liabilities	6,180	15,709	2,535	1,215	1,121	898
Total equity and liabilities	**57,284**	**57,081**	**11,634**	**4,991**	**3,626**	**3,031**

Cash flow data

	2022	2021	2020	2019	2018	2017
Cash flow from operating activities	2,508	329	454	327	305	51
Cash flow from (-used in) investing activities	-691	-29,059	-2,973	-712	-370	-563
Cash flow from (-used in) financing activities	-1,508	26,454	5,231	673	76	564
Cash flow for the year	**309**	**-2,276**	**2,713**	**288**	**10**	**53**
Cash and cash equivalents at the beginning of the financial year	1,871	3,123	466	181	165	115
Exchange rate differences in cash and cash equivalents	-7	1,024	-56	-2	6	-4
Cash and cash equivalents at the end of the financial year	**2,173**	**1,871**	**3,123**	**466**	**181**	**165**

Key data

	2022	2021	2020	2019	2018	2017
Return on equity, %	–14.4	4.2	9.4	15.0	11.4	11.4
Gross margin, %	31.8	24.3	27.2	27.7	25.3	25.5
EBITDA margin, %	10.0	5.1	8.9	11.0	9.4	8.6
EBIT margin, %	–17.0	1.0	5.6	7.4	5.5	4.1
Net margin, %	–17.8	5.6	5.6	5.4	4.5	4.4
Equity/assets ratio[1)], %	60.1	59.7	64.6	40.0	45.9	49.3
EBITDA, SEKm	2,774	831	715	556	373	263
EBITDA adjustments, SEKm	–350	–491	–274	–27	–8	–36
Adjusted EBITDA, SEKm	3,124	1,322	989	582	381	299
Adjusted EBITDA/gross profit, %	35.5	33.6	45.3	41.8	37.8	38.3
Net debt, SEKm	9,162	10,640	–1,989	959	406	349
Net debt/Pro forma Adjusted EBITDA, multiple	2.7	2.9	–2.2	1.7	1.1	1.2
Interest coverage ratio, multiple[2)]	–13.2	3.2	12.9	14.0	9.9	7.1

1) The definition of equity/assets ratio has changed and historical data have been adjusted for the periods 2021–2017.

2) The definition of interest coverage ratio, multiple has changed and historical data have been adjusted for 2021.

Share data

	2022	2021	2020	2019	2018	2017
Total shares outstanding at the end of the year	838,602,248	768,568,748	631,736,700	536,020,890	536,020,890	536,020,890
Weighted average number of shares, before dilution[1)]	819,116,557	700,923,800	584,945,860	536,020,890	536,020,890	520,026,930
Weighted average number of shares, after dilution[2)]	819,116,557	716,527,452	604,135,000	542,342,750	536,020,890	520,026,930
Basic earnings per share, SEK	–6.03	1.29	0.76	0.51	0.33	0.26
Diluted earnings per share, SEK	–6.03	1.26	0.74	0.51	0.33	0.26
Dividend per share, SEK	0	0	0	0	0	0

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

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

Income statement
Consolidated

	Note	2022	2021
Net sales	3	**27,722**	**16,177**
Other operating income	4	611	192
Work performed by the entity and capitalized	13	374	98
Cost of services sold		–18,912	–12,244
Other external expenses	5, 6	–2,400	–1,306
Employee benefits expenses	7	–4,157	–1,837
Other operating expenses	4	–464	–249
Operating profit, EBITDA		**2,774**	**831**
Depreciation, amortization and impairments	12, 13, 14, 15	–7,478	–673
Operating profit, EBIT		**–4,703**	**158**
Financial income	8	3,702	2,393
Financial expenses	8	–3,774	–1,354
Profit or loss before tax		**–4,775**	**1,197**
Current tax	10	–583	–378
Deferred tax	10	414	89
Profit or loss for the year		**–4,943**	**908**
Attributable to:			
Owners of the parent		–4,943	907
Non-controlling interests		0	0
Earnings per share, SEK			
Basic	11	-6.03	1.29
Diluted	11	-6.03	1.26

Statement of comprehensive income
Consolidated

	Note	2022	2021
Profit or loss for the year		–4,943	908
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss for the period			
Translation differences		4 593	553
Exchange rate changes on increased net investments		604	44
Tax effect of items in other comprehensive income		–107	–19
Other comprehensive income for the year		**5,090**	**578**
Comprehensive income for the year		**147**	**1,485**
Attributable to:			
Owners of the parent		147	1,486
Non-controlling interests		0	0

Statement of financial position
Consolidated

	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	12	25,838	27,143
Customer relationships	13	14,719	13,966
Operator relationships	13	246	285
Proprietary software	13	5,315	5,079
Other intangible assets	13	488	944
Property, plant and equipment	14	874	707
Right-of-use assets	15	859	900
Financial assets	16	74	62
Deferred tax assets	10	962	825
Total non-current assets		**49,375**	**49,912**
Current assets			
Accounts receivable	17	4,247	3,870
Tax assets		317	198
Other current receivables	18	340	298
Prepaid expenses and accrued income	17, 19	833	933
Cash and cash equivalents	30	2,173	1,871
Total current assets		**7,909**	**7,169**
Total assets		**57,284**	**57,081**
EQUITY AND LIABILITIES			
Equity	20		
Share capital		8	8
Other capital contributions		32,219	31,988
Reserves		5,268	178
Retained earnings or accumulated losses including profit for the year		-3,064	1,879
Equity attributable to owners of the parent		**34,431**	**34,053**
Non-controlling interests		1	1
Total equity		**34,432**	**34,053**
Non-current liabilities			
Deferred tax liabilities	10	5,403	5,573
Interest bearing non-current liabilities[1)]	21	11,236	1,689
Non interest bearing non-current liabilities[1)]	22	34	55
Total non-current liabilities		**16,673**	**7,318**
Current liabilities			
Contract liabilities/Advance payments from customers	17	260	208
Provisions	23	49	49
Accounts payable		1,561	1,424
Tax liability		466	325
Other interest bearing current liabilities	21	99	10,817
Other non interest bearing current liabilities	22	344	217
Accrued expenses and prepaid income	24	3,401	2,669
Total current liabilities		**6,180**	**15,709**
Total equity and liabilities		**57,284**	**57,081**

1) Reclassification between other long-term liabilities, interest-bearing and other long-term liabilities, non-interest-bearing has been made for 2021. See note 21 and note 22.

Statement of changes in equity
Consolidated

	Share capital	Other capital contributions	Reserves	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Opening balance at 1 January 2021	**6**	**6,934**	**-400**	**972**	**7,512**	**1**	**7,513**
Profit for the year				907	907	0	908
Other comprehensive income			578		578	0	578
Share-based payments		114			114		114
Issued shares for warrants	0	100			100		100
Rights issue	1	24,937			24,939		24,939
Issue expenses, net of tax		-97			-97		-97
Closing balance at 31 December 2021	**8**	**31,988**	**178**	**1,879**	**34,053**	**1**	**34,053**
Profit for the year				-4,943	-4,943	0	-4,943
Other comprehensive income			5,090		5,090	0	5,090
Share-based payments		146			146		146
Issued shares for warrants	0	93			93		93
New share issue	1	-2[1)]			-1		-1
Issue expenses, net of tax		-6			-6		-6
Closing balance at 31 December 2022	**8**	**32,219**	**5,268**	**-3,064**	**34,431**	**1**	**34,432**

1) Refers to adjustments related to acquisitions in 2021.

Statement of cash flows
Consolidated

	Note	2022	2021
Cash flow from (-used in) operating activities			
Profit or loss before tax		-4,775	1,197
Adjustment for non-cash items	30	7,167	245
Income tax paid		-560	-254
Cash flow from operating activities before changes in working capital		**1,832**	**1,188**
Change in inventories		–	-1
Change in accounts receivable		99	464
Change in other current receivables		-123	-1,675
Change in accounts payable		54	206
Change in other current liabilities		646	147
Cash flow from operating activities		**2,508**	**329**
Investing activities			
Acquisition of intangible assets	12.13	-399	-113
Acquisition of property, plant and equipment	14	-244	-66
Decrease in financial receivables		7	5
Increase in financial receivables		-10	-9
Acquisition of Group companies, net effect on cash and cash equivalents	31	-45	-28,877
Cash flow from (-used in) investing activities		**-691**	**-29,059**
Financing activities			
New borrowing	21	9,492	10,846
Amortization of bank loan	21	-10,947	-313
Amortization lease liability		-144	-55
New share issue/warrants	20	91	15,976
Cash flow from (-used in) financing activities	30	**-1,508**	**26,454**
Cash flow for the year		**309**	**-2,276**
Cash and cash equivalents at the beginning of the financial year		1,871	3,123
Exchange rate differences in cash and cash equivalents		-7	1,024
Cash and cash equivalents at the end of the financial year	30	**2,173**	**1,871**

Income statement
Parent company

	Note	2022	2021
Net sales		**356**	**175**
Other operating income	4	6	4
Operating expenses			
Other external expenses	5, 6	–345	–205
Employee benefits expenses	7	–21	–37
Operating profit before other operating expenses, depreciation, amortization and impairments		**–4**	**–64**
Other operating expenses	4	–8	–17
Depreciation, amortization and impairments	13, 14	–5	–5
Operating loss		**–16**	**–86**
Impairment of shares in subsidiaries		–4,340	–
Interest income and similar profit items	8	3,923	1,979
Interest expenses and similar loss items	8	–3,435	–1,137
Profit after net financial income/expenses		**–3,868**	**756**
Appropriations	9	–252	–447
Profit or loss before tax		**–4,120**	**309**
Tax on profit or loss for the year	10	–25	–65
Profit or loss for the year [1]		**–4,145**	**243**

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

Balance sheet
Parent company

	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	13	5	7
Property, plant and equipment	14	3	5
Financial assets			
Investments in Group companies	16	15,764	2,973
Non-current receivables, Group companies[1]	16	2,278	3,101
Total financial assets		**18,041**	**6,074**
Deferred tax assets		–	7
Total non-current assets		**18,049**	**6,093**
Current assets			
Receivables from Group companies[1]		22,276	39,482
Tax assets		33	31
Other current receivables	18	–	33
Pepaid expenses and accrued income	19	82	198
Cash and bank balances[1]	30	765	610
Total current assets		**23,155**	**40,354**
TOTAL ASSETS		**41,204**	**46,446**
EQUITY AND LIABILITIES			
Equity			
Share capital	20	8	8
Total restricted equity		**8**	**8**
Share premium reserve		34,126	34,029
Retained earnings		130	–107
Profit or loss for the year		–4,145	243
Total non-restricted equity		**30,111**	**34,165**
Total equity		**30,119**	**34,172**
Untaxed reserves	25	95	43
Total untaxed reserves		**95**	**43**
Non-current liabilities			
Liabilities to credit institutions	21	10,449	909
Total non-current liabilities		**10,449**	**909**
Current liabilities			
Accounts payable		3	105
Liabilities to Group companies		469	510
Liabilities to credit institutions	21	–	10,681
Other current liabilities	22	17	3
Accrued expenses and prepaid income	24	52	24
Total current liabilities		**541**	**11,323**
TOTAL EQUITY AND LIABILITIES		**41,204**	**46,446**

1) Receivables and liabilities from Group companies, which are part of the Group's cash pool, have been reclassified from non-current receivables and to cash and bank, respectively.

Statement of changes in equity
Parent company

	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance at 1 January 2021	**6**	**6,957**	**–10**	**6,953**
Profit for the year			243	243
Share-based payments		–2		–2
Shares issued for warrants	0	100		100
New share issue	1	26,974		26,975
Issue expenses, net after tax			–97	–97
Closing balance at 31 December 2021	**8**	**34,029**	**136**	**34,172**
Profit or loss for the year			–4,145	–4,145
Share-based payments		6		6
Issued shares for warrants	0	93		93
New share issue	1	–2[1)]		–1
Issue expenses, net after tax			–6	–6
Closing balance at 31 December 2022	**8**	**34,126**	**–4,015**	**30,119**

1) Refers to adjustments related to acquisitions in 2021.

Cash flow statement

Parent company

	Note	2022	2021
Cash flow from operating activities			
Profit or loss after net financial income/expenses		–3,868	756
Adjustment for non-cash items	30	3,604	–69
Income tax paid		–15	–30
Cash flow from operating activities before changes in working capital		**–279**	**657**
Change in other current receivables		–27	–236
Change in accounts payable		–100	67
Change in other current liabilities		14	–92
Cash flow from operating activities		**–392**	**396**
Investing activities			
Acquisition of intangible assets		0	–
Acquisition of property, plant and equipment		–	–
Decrease in financial receivables		491	519
Increase in financial receivables		–123	–28,946
Change in financial receivables, Group companies		1,984	824
Group contribution		–435	–
Cash flow from investing activities[1]		**1,917**	**–27,603**
Financing activities			
Borrowings, bank and bond loans	21	9,492	10,649
Amortization of bank loan	21	–10,947	–132
New issue/warrants		86	15,976
Cash flow from financing activities		**–1,369**	**26,493**
Cash flow for the year		**155**	**–714**
Cash and cash equivalents at the beginning of the financial year		610	1,325
Cash and cash equivalents at the end of the financial year	30	**765**	**610**

1) During the year, acquisitions of shares in subsidiaries took place through issue in kind and capital contributions, which reduced intra-group transactions.

Reclassifications 2021: Change in financial liabilities, Group companies to Change in financial receivables, Group companies.

Notes

Note 1 Accounting policies

General information

Sinch AB (publ), corporate registration number 556882-8908 is a public limited liability company incorporated in Sweden and domiciled in Stockholm. The address of the company's headquarters is Lindhagensgatan 74, 112 18 Stockholm, Sweden. The company and its subsidiaries ("Sinch" or "the Group") provide cloud communications services and digital customer interaction to the enterprise sector, messaging, voice and email.

Compliance with standards and law

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the EU. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR1, Supplementary Accounting Rules for Groups have also been applied. The parent company and the Group apply the same accounting policies, except where specified below under "Parent company accounting policies." Measurement bases applied in preparing the financial statements: Assets and liabilities are recognized at historical cost, other than certain financial instruments that are measured at fair value.

Functional currency and presentation currency

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

Judgments and estimations in the financial statements

Preparation of financial statements in accordance with IFRS requires management to make judgments and estimations and make assumptions that affect the application of the accounting policies and the recognized amounts of assets, liabilities, revenues and costs. The actual outcome may differ from these estimations and judgments.

The estimations and assumptions must be reviewed regularly. Changes of estimations are reported in the period the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both the current and future periods.

The process for accruing the costs of services sold requires estimates and assessments to minimize the risk of future differences. The cost of services sold in Sinch Messaging operations arises when each mobile network operator charges a fee per message. The subsequent billing from mobile operators often occurs many months after the traffic was generated. As a result, costs are accumulated as accrued costs until billing has occurred.

The monthly process to account for traffic costs in a manner that provides a fair picture of costs constitute key accounting judgments and estimates of reserves related to accrued traffic costs. These estimations are based on past experience and several other assumptions deemed reasonable under the circumstances. Conclusions drawn by this means constitute the basis for the carrying amounts of traffic costs. Estimates and judgments in connection with business combinations illustrate the importance of analyzing intangible assets with regard to separability and classification

Deferred taxes are measured at the nominal amount and calculated based on the tax rates enacted as of the reporting date and calculated based on timing differences between the carrying amounts of assets and liabilities and their taxable values, and for tax loss carryforwards to the extent it is probable that they will be able to be used against future taxable surpluses.

The process includes assessing the current tax exposure that arises when certain assets and liabilities are measured differently in the financial statements and tax returns. The probability that deferred tax assets will be able to be realized through future taxable income must also be assessed. Actual outcomes may differ from these assessments for reasons including future changes in business conditions, presently unknown amendments to tax law, or as a result of the final audits of submitted tax returns by tax authorities or courts of law.

Key sources of estimation uncertainty

The sources of estimation uncertainty outlined below refer to such that entail a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impact of external factors on consolidated accounting policies

The risks and uncertainties faced by the Group are analyzed regarding sector-related and business-related conditions and based on the current macroeconomic situation. Macroeconomic trends including the weaker SEK, rising inflation, increased interest rates and slower economic growth have affected the company's result 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 Note 12. For more information about total risks, see "Risks specific to the company, its operations and the industry" in the Management report and Note 29 - Risk exposure and risk management- In addition to impairment testing of intangible assets, the effects include the impact of risks

Note 1 cont.

and uncertainty factors on expected credit losses, which is presented in greater detail in Note 17, as well as associated deferred taxes.

Increased climate-related impacts due to climbing temperatures, rising sea levels and more frequent extreme weather events could damage important infrastructure in the value chain and could by extension lead to insufficient capacity to deliver our products and services. Consequently, transition risks related to technological improvements, changed geopolitical conditions and higher energy prices could affect operational and capital expenditures and the company's result. In the Group's assessment, however, these impacts have had no material impact on the financial statements. The Group's sustainability program is described in detail in the Sinch Sustainability Report 2022.

Business combinations

The Group applies IFRS 3 Business Combinations in connection with acquisitions. Accounting for business combinations requires significant judgments and estimations by management in order to determine the fair value of acquired assets and assumed liabilities. Acquisition of a company can be classified as a business combination or an asset acquisition. In a business combination, acquired assets and assumed liabilities are identified and classified in an acquisition analysis to fair value at acquisition date. The acquisition date is the date on which the acquirer obtains control of the acquiree. Identifying intangible assets such as brands, patents, customer contracts or comparable that are not reported in the acquired entity is also included in the acquisition analysis. When the cost (consideration transferred) exceeds the net of the identifiable assets acquired and the liabilities assumed and identified intangible assets, the difference is recognized as goodwill. Any surplus values in property, plant and equipment are depreciated across the estimated useful life of the asset. Goodwill is not amortized, and is instead subject to testing for indication of impairment in the annual impairment test. Brands and customer contracts are amortized over the estimated useful lives of the assets. No deferred tax arising from the acquisition is recognized in connection with an asset acquisition. Transaction costs related to business combinations are immediately expensed and not included in consideration transferred. If the acquired assets are not a business, the transaction must be accounted for as an asset acquisition. Disclosures concerning the acquisitions are included in Note 31 Acquisition of Group Companies

Measurement of intangible assets – useful lives

The estimated useful lives of intangible assets, such as customer relationships, proprietary software, operator relationships and trademarks are specified below in Note 1. The Group has estimated the useful lives based on assessed technical development. Actual useful lives may be shorter or longer, depending upon technical development, the actions of competitors and other external factors. If the estimated life of an asset has been estimated as shorter, the value would be lower and if assessed as longer, the value would be higher.

Measurement of intangible assets – impairment testing of goodwill and other intangible assets

When goodwill and other (primarily acquisition-related) intangible assets are tested for impairment, the carrying amount is compared to the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (net selling price) and its value in use. As quoted prices are normally not available that can be used to measure the net selling price of assets and liabilities, the value in use is normally that which is compared to the carrying amount. Calculation of value in use is based on assumptions and assessments. The most significant assessments are presented in Note 12. The overall effect is that key accounting judgements and estimates are applied to the measurement of goodwill and other intangible assets (primarily acquisition-related). A sensitivity analysis covering organic sales growth, the operating margin and WACC is provided in Note 12.

In calculating the recoverable amount of cash generating units for the assessment of possible goodwill impairment, several assumptions about future conditions and estimations of parameters have been made. These are presented in Note 12. As understood by the description in Note 12, changes in the conditions for these assumptions and estimations could have material effect on the value of goodwill.

Tax

Significant estimations are made in order to measure both current and deferred tax liabilities and tax assets , particularly as regards the value of deferred tax assets. Consequently, the company must estimate the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The actual outcome may differ from these estimations for reasons including changes in the future business climate, amendments to tax rules or the outcome of an audit by the tax authority of submitted tax returns.

Expected credit losses

The Group's expected credit loss (ECL) allowance with regard to risks and uncertainty factors refers mainly to accounts receivable and contract assets, which is presented in greater detail in Note 17. The allowance constitutes the management's best estimation of expected credit losses, but naturally entails uncertainty about future outcomes. The uncertainty is addressed through an established process and method to estimate the required allowance. See Note 1 under the heading "Financial assets measured at amortized cost and the "Impairments" section.

Leases

The leases to which the Group is party refer mainly to premises, communications equipment and vehicles. Leases are recognized as right-of-use assets (ROU), non-current lease liabilities and current lease liabilities. Accounting for leases according to IFRS 16 requires estimates and judgments to be made. The areas in which assessments and judgments are applied include determination of the discount rate and the lease term. Lease liabilities are initially calculated as the present value of future lease payments. The lease liability is revalued with a changed discount rate if the lease period changes or if the assessment of an option to purchase the underlying asset changes.

As the interest rate implicit in the Group's leases is not usually readily determinable, the incremental borrowing rate for each country is used to calculate present value. This is the rate of interest that a lessee would have to pay to borrow over a sim-

Note 1 cont.

ilar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The incremental borrowing rate is updated continuously for new and updated agreements. ROU assets are initially measured at the same amount as the lease liabilities, plus any advance payments and initial direct costs. A change in interest rates can increase or decrease the present value of lease liabilities and, consequently, ROU assets after any advance payments and initial direct costs are taken into account. Such a change can also affect the cost recognized in the income statement and the distribution between depreciation and interest costs.

The lease term is negotiated separately for each lease. It is important to determine the correct lease term because it affects the size of ROU assets and lease liabilities. Additionally, the duration of the lease term affects the opportunity to apply the rules for short-term leases and thus exclude the leases from the lease liabilities recognized according to IFRS 16. In determining the lease term, management considers all available information that provides an economic incentive to exercise an extension option or to not exercise a termination option. An extension option is included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). Extension options are not usually included in the lease liability because the Group can replace the assets without significant costs or disruptions to the business. A change in the lease term can increase or decrease the present value of lease liabilities and, consequently, ROU assets.

New and amended IFRS and interpretations 2022

The amendments adopted by the EU and effective as of 1 January 2022 are presented below.

- Amendments to IFRS 3
- Amendments to IAS 16
- Amendments to IAS 37
- Annual improvements 2018-2020 cycle

Other published amendments have been assessed as not applicable to Sinch.

Preparation of the financial statements requires management and the board to make estimates and assessments that affect the carrying amounts of asset and liability items, income and expense items and related disclosures about contingent items. These assessments are based on historical experience and several other assumptions that management and the board deem reasonable under the circumstances and constitute the basis for determining the carrying amounts of assets and liabilities. The new or amended standards and interpretations that went into effect during the reporting period have had no impact or very limited impact on these financial statements.

New and amended IFRS and interpretations not yet effective

A number of new or amended standards and interpretations will not become effective until the next reporting period or later and have not been early applied in the preparation of these financial statements. 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.

- Amendments to IAS 1 Classification of Assets as Current or Non-Current is effective from 1 January 2024
- Amendments of IAS 1 and IFRS Practice Statement 2 are effective from 1 January 2023.
- Amendments to IAS 8 Definition of Accounting Estimates are effective from 1 January 2023
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction are effective from 1 January 2023.

Classification of current and non-current items

Assets and liabilities within the Group are classified as either current or non-current. Non-current receivables and payables consist in all material respects of amounts expected to fall due for payment later than one year from the end of the reporting period. Current receivables and payables fall due for payment within one year of the end of the reporting period.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which financial information is available. An operating segment's results are subsequently reviewed by the entity's chief operating decision maker (CODM) in order to assess the performance of and allocate resources to the operating segment. The CEO has been identified as the CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. Please refer to Note 2 Segment reporting for further information concerning the division and presentation of operating segments.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are entities that the parent company, Sinch AB (publ), controls. Control exists if the parent company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights and whether contractual control exists are taken into account when assessing whether control exists.

Subsidiaries are reported using the acquisition method of accounting. This means that an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires

Note 1 cont.

the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value at acquisition date of acquired identifiable assets and liabilities, as well as any non-controlling interests. Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, that arise are recognized directly in profit for the year.

In business combinations where the value of the consideration transferred, any non-controlling interest and (in a business combination achieved in stages) the fair value of previously held equity interest and assumed liabilities are recognized separately, the difference is recognized as goodwill. If the difference is negative, the resulting gain is a "bargain purchase" and recognized in profit or loss for the year.

Consideration transferred in connection with the acquisition does not include payments that represent a settlement of a preexisting relationship. This type of settlement is recognized in profit or loss.

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

Acquisitions from non-controlling interests are recognized as an equity transaction, that is, between the owners of the parent (within retained earnings) and non-controlling interests.

Consolidated accounting policies have been adjusted when subsidiary accounting policies differ from the consolidated accounting policies.

The financial statements of subsidiaries are included in the consolidated financial statements from acquisition date until the date control no longer exists.

Transactions eliminated upon consolidation

Intragroup receivables and liabilities, revenues and costs and unrealized gains or losses arising from intragroup transactions between group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Foreign currency

Transactions in foreign currency

Transactions denominated in foreign currency are translated to the functional currency at the exchange rate prevailing at the date of the transaction. The functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rate prevailing on the reporting date. Exchange differences arising in the translations are recognized in profit or loss for the year. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the exchange rate prevailing when the fair values were determined.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation to the presentation currency of the Group, SEK, at the exchange rate prevailing at the reporting date. Revenues and costs in a foreign operation are translated to SEK at an average rate that is an approximation of the exchange rates prevailing at each respective transaction date. Translation differences arising in foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When a foreign operation is sold, the cumulative translation differences attributable to the operation are realized from the translation reserve in profit for the year.

Revenue

Introduction

The Group's sales of services are made up mainly of transaction fees for sending messages, connecting calls and subscription services for sending emails. Revenues are generated from the sale of services that are sold separately from services sold in package deals. Revenue is recognized based on the contract with the customer and is measured based on the consideration Sinch expects to be entitled to in exchange for transferring promised services. Revenues are distributed across performance obligations and are recognized at a point in time or over time as the performance obligation is satisfied, which is determined based on how control is passed to the customer. The promised consideration in a contract with a customer may include fixed or variable amounts or both and is recognized only to the extent that it is highly probable that a reversal of revenue will not occur. The Group's revenue streams are described below under each segment.
The Group's accounts receivable comprise billed and unbilled receivables that carry an unconditional right to payment, while contract assets that refer to accrued income have a conditional right to payment. A conditional right to payment means that a final obligation in the contract must be performed before an unconditional right to payment arises. Revenues based on an unconditional right to payment must be presented as unbilled receivables if they have not been billed as of the closing date, while revenues that have been billed are shown as billed receivables, which are presented in Note 17 Accounts receivable.

Messaging

Messaging comprises services delivered to mobile devices via various software platforms. These platforms can process messages sent as SMS or MMS via mobile networks and messages sent via mobile apps, such as WhatsApp, via mobile data. The service provided consists of Sinch ensuring that the message, regardless of channel, is sent to the right mobile device in a quality-assured and cost-effective manner.

Revenue from sale of services on open charge accounts is recognized in the accounting period when the service is rendered, i.e., both revenues and costs are recognized in the period when they are earned and incurred, respectively. Each delivered transaction in a channel is considered a distinct service because the customer benefits from each individ-

Note 1 cont.

ual message. The service of directing traffic according to a contract consists of an obligation for Sinch to deliver a series of substantially similar distinct services, which have similar transfer patterns.

These are accounted for as a single performance obligation. Revenues arising from performance obligations to deliver a message are recognized immediately when the messages are delivered. Revenues arising from performance obligations relating to services transferred over a specific period of time are recognized straight-line across the period in which the service is performed. Services are billed monthly, typically after services are rendered, based on traffic volumes, the channel used, and the mobile network.

Email

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

Voice

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

Billing for variable charges is based on actual volumes and billing is in arrears.

Revenue from separate upgrades of software licenses

Separate contracts with customers for upgrading software licenses. A contract with a customer that includes a defined license means that the license is provided either as a "right to access" or a "right to use" intellectual property owned by Sinch. When the promise to provide a license is classified as a "right to access," the revenue is recognized over time. When the promise to provide a license is classified as a "right to use," the revenue is recognized when control is passed to the customer. Revenue from separate upgrades of software licenses is recognized when the software is delivered. When modifications to the software are to be performed, revenue is recognized as sales of services at fixed prices. Successive revenue recognition is applied to sales of services at fixed prices based on the percentage of completion.

The percentage of completion is determined by calculating the relation to contract costs incurred for work performed at the reporting date and the estimated total contract costs. An anticipated loss on a service contract is immediately recognized as an expense. When the outcome of a service contract cannot be reliable estimated, revenue is recognized only in the amount that corresponds to contract costs

incurred that are likely to be recovered from the customer. Contract costs are recognized as an expense in the period in which they are incurred.

Revenue from separate support contracts

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

Leases

When a contract is made, the Group determines whether the contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Leases in which the Group is the lessee

The Group recognizes a right-of-use (ROU) asset and a lease liability when the lease commences. The ROU asset is initially recognized at cost, which consists of the initial value of the lease liability plus payments at or prior to commencement plus any initial direct costs. The ROU asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the period of use and the end of the lease term, which for the Group is normally the end of the lease term. When the cost of the ROU asset reflects the fact that the Group will exercise the option to purchase the underlying asset, the asset is deprecated to the end of the period of use.

The lease liability, which is divided into current and non-current components, is initially measured at the present value of remaining lease payments during the assessed lease term. The lease term is the non-cancellable period plus periods covered by an extension option if exercise of that option is reasonably certain at the commencement date.

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

Note 1 cont.

The Group determines the incremental borrowing rate as follows:

- When possible, financing recently obtained from an outside party is used as the starting point, which is then adjusted to reflect changes in financing conditions since the financing was obtained.
- Adjustments are made for the specific terms and conditions of the lease, e.g., the lease term, country, currency and collateral.

The incremental borrowing rate is allocated to various terms depending on the duration of the leases.

The lease liability comprises the present value of the following payments during the assessed lease term:

- Fixed payments, including in-substance fixed payments
- Variable lease payments linked to an index or rate, initially measured using the index or rate as of the commencement date
- Any amounts expected to be payable under residual value guarantees
- The settlement amount for a purchase option the Group is reasonably certain will be exercised
- Penalties payable upon termination of the lease if the estimated lease term reflects that such termination will occur.

The value of the liability increases by the interest expense for each period and is reduced by payments made. The interest expense is calculated as the value of the liability multiplied by the discount rate.

The lease liability for premises occupied by the Group where rent is index-linked is calculated based on the rent in effect at the end of each reporting period. When the index changes, the liability is adjusted with a corresponding adjustment of the carrying amount of the ROU asset. Likewise, the value of the liability and of the asset are adjusted with the lease term is remeasured. This occurs in conjunction with the final termination date within the previously determined lease term for a lease for premises has passed or when significant events occur or there is a material change in circumstances in a manner that is within the Group's control and affects the current determination of the lease term.

ROU assets are depreciated on a straight-line basis across the shorter of the useful life of the asset and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use is depreciated over the useful life of the underlying asset.

Estimated useful lives:

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

ROU assets and lease liabilities are not recognized for leases with a term of 12 months or leases where the underlying asset is of low value (below SEK 50,000). Payments for these leases are recognized as an expense on a straight-line basis over the lease term. This also applies to variable lease payments.

Refer to the Impairments for information concerning impairment testing.

Leases in which the Group is the lessor

When the Group is the lessor, each lease is classified at the commencement date as either a finance lease or an operating lease.

When the classification is determined, a general assessment is performed of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease. If it is not, it is an operating lease.

When a leased asset is subleased, the head lease and the sublease are accounted for as two separate leases. The Group classifies the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying assets.

The Group recognizes lease payments from operating leases as income on a straight-line basis over the lease term.

Financial income and expense

Financial income consists of interest income on invested funds, dividend income, exchange gains and gains upon changes in value of financial assets or liabilities at fair value through profit or loss. Interest on financial instruments is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established. Financial expenses consist of interest expenses, exchange losses and losses upon change in value of financial assets and liabilities at fair value in profit or loss, and such losses on hedge instruments recognized in profit for the year. Borrowing expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or the financial liability. The estimation includes all charges paid or received and which are part of the effective interest rate.

Taxes

The Group's total tax expense comprises current and deferred tax. Tax is recognized in profit for the year except when the underlying transaction is recognized in other comprehensive income or in equity, whereupon the associated tax effect is recognized in other comprehensive income or in equity.

Current tax is tax to be paid or refunded for the current year upon application of the tax rates enacted or substantively enacted as of the reporting date. Adjustment of current tax attributable to earlier periods is also included in current tax.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax values of assets and liabilities. The measurement of deferred tax is based on how the temporary differences are expected to be realized or settled and upon appli-

Note 1 cont.

cation of the tax rates enacted or substantively enacted as of the reporting date. Deferred tax assets and tax liabilities are offset when the Group has the legal right to offset current tax amounts against tax liabilities and the deferred tax amounts are levied by the same tax authority on the same tax entity.

Temporary differences are not taken into account if they arise upon initial recognition of goodwill or initial recognition of assets and liabilities (other than in a business combination) in transactions that do not affect either accounting profit or taxable profit.

Deferred tax assets arising from deductible temporary differences and loss carryforwards are recognized only to the extent it is probable that the temporary differences will result in lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Any additional income taxes that arise upon distribution of dividends are recognized when the dividend is recognized as a liability.

Earnings per share

Calculation of earnings per share is based on consolidated profit or loss attributable to owners of the parent and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, profit or loss and the average number of shares are adjusted to account for the effects of potentially dilutive ordinary shares.

Intangible assets

Goodwill

Goodwill acquired in business combinations is recognized in the statement of financial position if the aggregate of the value of consideration transferred, the amount of any non-controlling interest and, in a business combination achieved in stages, the fair value of the company's previously held equity interest, exceeds the fair value of acquired identifiable assets and assumed liabilities. What goodwill is attributable to is disclosed in note 31.

Goodwill is measured at cost less accumulated impairments, if any. Goodwill is allocated to cash-generating units and tested for impairment annually and as soon as there is any indication that the asset in question has declined in value. A detailed description of the changes to impairment testing of goodwill is presented in Note 12.

Research and development

Research and development costs aimed at obtaining new scientific or technical knowledge are recognized when they are incurred. Costs for development, research findings or other knowledge applied to achieve new or improved products or processes are recognized as an asset in the statement of financial position if the product or process is technologically and commercially feasible and the company has adequate resources to complete the development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable costs, such as for materials and services, compensation to employees, registration of a legal right and amortization on patents and licenses. Other development costs are recognized in profit or loss for the year when they are incurred. Development costs recognized in the statement of financial position are carried at cost less accumulated amortization and any impairment losses.

Other intangible assets

Other intangible assets comprise licenses, customer relationships, operator relationships, trademarks and proprietary software and are carried at cost less accumulated amortization and impairments (see accounting policies for impairments).

Costs incurred subsequently

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

Amortization of intangible assets

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

Estimated useful lives:

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

Property, plant and equipment

Owned assets

Items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to deliver the asset and bring it to working condition for its intended use. The carrying amount of an item of property, plant or equipment is removed from the statement of financial position when it is withdrawn from use or disposed of or when no future economic benefits are expected from the use or disposal of the asset. The gain or loss on disposal or withdrawal from use of an asset is the difference between the selling price and the carrying amount of the asset less direct costs to sell.

Costs incurred subsequently are added to the cost of the asset only when it is probable that the future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. All other costs incurred subsequently are recognized as costs in the period they are incurred.

Note 1 cont.

Depreciation of property, plant and equipment
Assets are depreciated on a straight-line basis across the estimated useful life of the asset.

Estimated useful lives:
- Fixed facilities – fiber networks, 10 years
- Computers, 3 years
- Equipment, 5 years

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

Impairments
The Group's reported assets, excluding deferred tax assets, are assessed at each reporting date to determine whether the assets may be impaired. The carrying amount of deferred tax assets is tested according to the relevant standard.

If there is indication of impairment loss, the recoverable amount of the asset is estimated. The recoverable amount of goodwill is also estimated annually. When a largely independent cash flow cannot be determined for an individual asset and its fair value less costs to sell cannot be used, the assets are grouped for impairment testing in a cash-generating unit, which is the lowest level at which largely independent cash flows can be identified. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (net selling price) and its value in use. In calculating value in use, future cash flows are discounted by an interest rate that reflects current market-based estimations of the time value of money and the risks specific to the cash generating units. This interest rate is assessed as corresponding to the cash generating unit's weighted average cost of capital. Impairments are charged to profit or loss. When indication of an impairment loss has been identified for a cash-generating unit, the impairment loss is allocated primarily to goodwill. Thereafter, the remaining loss is allocated to the other assets included in the CGU pro rata.

Financial instruments

Initial recognition and measurement
Accounts receivable and debt instruments are recognized when they are issued. Other financial assets and financial liabilities are recognized when Sinch becomes a party to the contractual provisions of the instrument. Financial assets, except accounts receivable that do not have a significant financing component, and financial liabilities are measured upon initial recognition at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the business combination or the issue. Accounts receivable that do not have a significant financing component are measured at the transaction price. Accounts payable are recognized at fair value through their transaction price, which normally corresponds to the invoice amount and is subsequently measured at the amount billed, which coincides with amortized cost upon application of the effective interest rate method because the payment terms are generally such that the discount effect is insignificant.

Financial assets

Classification and subsequent measurement
Upon initial recognition, financial assets are classified as measured at: Amortized cost or Fair value through profit or loss. Financial assets are not reclassified after initial recognition unless Sinch's business model objective for its financial assets changes.

A financial asset must be measured at amortized cost if it meets the following two conditions and has not been designated at fair value through profit or loss:
- The objective of the business model is to hold the financial asset to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets and liabilities at fair value through profit or loss
Subsequent measurement
These assets are subsequently measured at fair value. Net gains and losses, including all interest or dividend income, are recognized in profit or loss. Cash and cash equivalents are covered by the general model.

Financial assets measured at amortized cost
Subsequent measurement
These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is recognized net of any impairments. Interest income, exchange rate gains and losses and impairment losses are recognized in profit or loss. Gains or losses arising upon derecognition are recognized in profit or loss.

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

The Group's exposure to credit risk is primarily attributable to accounts receivable and cash and cash equivalents. The simplified approach is used to estimate credit losses on accounts receivable and contract assets using a provision matrix based on historical events, current conditions and forecasts of future economic conditions.

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

Note 1 cont.

Financial liabilities

Classification, subsequent measurement and gains and losses
Financial liabilities are measured at amortized cost or fair value through profit or loss, net after transaction costs. A financial liability is classified at FVTPL if it is classified as held for trading, such as a derivative instrument, or if it has been designated as such upon initial recognition. Financial liabilities are measured at FVTPL at fair value and net gains and losses, including interest expenses, are recognized in profit or loss. Subsequently, other financial liabilities are measured at amortized cost using the effective interest rate method. Interest expenses and exchange rate gains and losses are recognized in profit or loss. Gains or losses in connection with derecognition are also recognized in profit or loss. See Note 28 regarding financial liabilities identified as hedging instruments.

Derecognition from the statement of financial position

Financial assets
A financial asset or portion of an asset or group of similar financial assets is removed from the statement of financial position when Sinch has transferred the contractual rights to receive the cash flows from the financial asset and has transferred substantially all risks and rewards of ownership of the financial asset or has transferred control of the asset.

Financial liabilities
Sinch removes a financial liability from the statement of financial position when the obligations specified in the contract are discharged, canceled or expire. When a financial asset is removed, the difference between derecognized carrying amount and the consideration paid, including transferred non-monetary assets or assumed liabilities, is recognized in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and recognized net in the statement of financial position only when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. There were no offset financial instruments recognized as of 31 December 2022 or 31 December 2021. The Group has derivative contracts that are covered by master netting agreements. Under these agreements, Sinch has a conditional right to set off the amounts of assets and liabilities due to and from the same party, which is not reflected in the accounts when gross accounting is applied.

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

Hedging of currency risk in foreign net investments
Investments in foreign subsidiaries (net assets including good will) have been partially hedged through the raising of foreign currency loans that are translated to the closing rate at the reporting date. Exchange rate differences arising from financial instruments used as hedging instruments in a hedge of net investments in a group company are recognized, to the extent the hedge is effective, in other comprehensive income and accumulated in the translation reserve in equity. This is done to neutralize the translation differences that affect equity when group companies are consolidated. When a subsidiary is sold, the cumulative value change related to the sold business is moved from the translation reserve in equity to profit or loss for the year.

Upon designation and inception, the relationship between the hedging instrument and the hedged item must be documented along with the Group's risk management objectives and risk management strategy for the hedge. The documentation thus comprises an assessment of how the hedging instrument is expected to be effective in counteracting changes in exchange rates in the hedged item. Hedge effectiveness is assessed based on the following criteria:

- An economic relationship exists between the hedged item and the hedging instrument.
- The effect of credit risk should not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship should be the same as that derived from the actual quantity of the hedged item and the quantity of the hedging instrument actually used in the economic hedge.

Provisions

Provisions differ from other liabilities in that the timing or amount to settle the provision is uncertain. Provisions are recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are recognized in the amounts that are best estimates of the outflows that will be required to settle the existing obligation at the reporting date. Where the time value of money is material, provisions are measured by discounting the expected future cash flow at a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. . A provision for restructuring measures is recognized when the Group has adopted a detailed formal plan and where either implementation has commenced or where the main features of the plan have been announced to those who will be affected by it. Restructuring costs include the costs of closing offices and the costs of lay-offs.

Note 1 cont.

Onerous contracts

Other provisions include onerous contracts. A provision for onerous contracts is recognized when the economic benefits expected to be received from the contract are lower than the unavoidable expenditure of meeting the contractual obligations. The provision is recognized at the estimated present value of the lower of the expected cost of failing to fulfill the contract and the net cost of fulfilling the contract. Before a provision is determined, the value of the assets associated with the contract is impaired.

Employee benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognized in the accounting period when the related service was rendered. A provision is recognized for the expected cost of bonus payments when the Group has a legal or constructive obligation to make such payments as a result of employee services rendered and the obligation can be reliably measured.

Defined contribution pension plans

All pension solutions in the Group are classified as defined contribution pension plans. Accordingly, the Group's obligation is limited to the contributions the Group has committed to pay. In such case, the size of the employee's pension depends upon the contributions the company pays to the plan or to an insurance company and upon the return on capital generated by the contributions. Consequently, the actuarial risk (that pension benefits will be lower than expected) and the investment risk (that the invested assets will be insufficient to generate the expected benefits) are borne by the employee. The company's obligations regarding payments to defined contribution plans are charged to profit or loss as the employees render services.

Severance pay

The Group recognizes a cost for severance pay only when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal time. When compensation is offered to encourage voluntary termination, a cost is recognized if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payments

Sinch has share-related incentive programs consisting of warrants and employee stock options that have been offered to senior management personnel and key individuals. See note 7 for detailed information. The cost of share-based payments is based on the fair value of the subscription rights the employee is granted. The fair value of granted warrants is estimated using the Black & Scholes model and takes the terms, conditions and circumstances in effect at grant date into account. The amount recognized as an expense over the vesting period is adjusted to reflect the actual number of warrants vested. In subsequent periods, this expense is adjusted to reflect the actual number of warrants vested. In subsequent periods, this expense is adjusted to reflect the actual number of warrants vested. Social insurance fees attributable to the employee benefits expense that arises upon vesting are expensed over the vesting period. The provision for social insurance fees is based on the fair value of the warrants at the reporting date. Fair value is measured using the same model that was used when the warrants were issued.

Upon redemption within the framework of equity-settled programs, own shares are delivered to the employee. Upon redemption, the payment of the redemption price received from the employee is recognized as an increase in share capital (quotient value) and other capital contribution.

Contingent liabilities

Disclosure of a contingent liability is made when there is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events or when there is an obligation not recognized as a liability or provision because the possibility of an outflow of resources is remote.

Cash flow statement

The statement of cash flows is prepared using the indirect method. The reported cash flow comprises only transactions that entail cash receipts and cash payments. Sinch's cash and cash equivalents comprise cash in hand and bank deposits.

Parent company accounting policies

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

Changed accounting policies

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

Classification and presentation

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

Note 1 cont.

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

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

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

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

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

Revenue
Parent company revenues arise primarily from intragroup services and are recognized when the other party receives the service.

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

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

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

Mergers
Mergers are accounted for in accordance with BFNAR 2020:5 Merger of Wholly Owned Subsidiaries. The consolidated value method is applied, by which the assets and liabilities of merged subsidiaries are recognized by the respective parent company at the values recognized in the consolidated financial statements. There were no mergers with the parent company during the year.

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

Note 2 Segment reporting

2022	Messaging	Voice	Email	SMB	Other	Corporate
Revenue from external customers	**18,225**	**6,134**	**1,511**	**1,852**	**–**	**27,722**
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[1]	**954**	**1,399**	**547**	**490**	**-615**	**2,774**
EBITDA adjustments	-61	-32	-34	-76	-146	-350
Adjusted EBITDA	1,015	1,432	581	566	-469	3,124
Depreciation, amortization and impairments						-7,478
EBIT						**-4,703**
Finance income and expenses						-72
Profit or loss before tax						**-4,775**
Non-current assets[2]						**48,339**

1) Corporate includes EBITDA for the parent company in the amount of SEK -2m.

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

2021	Messaging	Voice	Email	SMB	Other	Corporate
Revenue from external customers	**15,366**	**483**	**81**	**247**	**–**	**16,177**
Net sales	**15,366**	**483**	**81**	**247**	**–**	**16,177**
Gross profit	**3,506**	**217**	**64**	**147**	**–**	**3,933**
EBITDA[1]	**1,367**	**22**	**36**	**70**	**-664**	**831**
EBITDA adjustments	-200	-7	-1	5	-289	-492
Adjusted EBITDA	1,567	29	36	65	-375	1,322
Depreciation, amortization and impairments						-673
EBIT						**158**
Finance income and expenses						1,039
Profit before tax						**1,197**
Non-current assets[2]						**49,025**

1) Corporate includes EBITDA for the parent company in the amount of SEK -71m.

2) Non-current assets excluding financial assets and deferred tax assets of which Australia SEK 6,204m; Belgium SEK 85m; Brazil SEK 1,916m; Denmark SEK 177m; Finland SEK 943m; France SEK 2,901m; Germany SEK 542m; India SEK 606m; Mexico SEK 126m; Netherlands SEK 742m; Sweden SEK 247m; United Kingdom SEK 869m; United States SEK 33,559m; and rest of the world SEK 109m.

Note 2 cont.

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

2021, EBITDA adjustments	Messaging	Voice	Email	SMB	Other	Corporate
EBITDA	**1,367**	**22**	**36**	**70**	**-664**	**831**
Acquisition costs	0	-3	-3	–	-163	-169
Integration costs	-106	-4	–	–	-120	-230
Costs of share-based incentive programs	-99	–	–	–	-7	-106
Operational foreign exchange gains/losses	-4	–	2	5	-3	0
Other adjustments	9	–	–	–	4	13
EBITDA adjustments	**-200**	**-7**	**-1**	**5**	**-289**	**-492**
Adjusted EBITDA	**1,567**	**29**	**36**	**65**	**-375**	**1,322**

Group operations are divided into operating segments based on which parts of operations are monitored by executive management. Sinch's executive management monitors EBITDA, Adjusted EBITDA and gross profit that the segment generates. Each operating segment has a president who is responsible for day-to-day operations and who regularly reports the outcomes of the operating segment's performance to executive management.

Directly attributable items and EBITDA adjustments have been included in operating profit for each segment to clarify performance in underlying operations. Adjusted EBITDA is what EBITDA would have been if there had been no EBITDA adjustments. Assets and liabilities are not monitored by executive management broken down by segment. Non-current assets include intangible assets, property, plant and equipment and right-of-use assets.

From Q2 2022, messaging-related services for mobile operators are included in the Messaging segment. This business previously constituted a separate segment called "Operators." Sinch's offering for small and medium-sized businesses has been carved out of Messaging and is now reported separately in its own segment, "SMB." Group-wide costs have been moved to the "Other" segment. The change aligns with the new business model that Sinch announced on 3 February 2022 and historical data in this report has been updated to reflect the new organization. No changes were made to Voice and Email segments.

- The acquisition of MessengerPeople was closed in November 2021 and consolidated in the Messaging segment. Revenues in Messaging consist of fees for handling messages and executing and handling of personalized and dynamic video and MMS messages for business. The costs consist mainly of fees to telecom carriers, advertising costs and payroll.
- Inteliquent was consolidated in the Voice segment from 9 December 2021 and accounts for the majority of profit generated in the segment. Revenues in Voice consist mainly of fees for handling voice communications. The costs consist mainly of fees to telecom carriers, payroll and operating overheads related to operation of telecom networks.
- The acquisition of Pathwire accounts for all profit in the new Email segment. Revenues in Email consist mainly of fees for executing and handling email for businesses. The costs consist mainly of payroll and overheads for cloud-based data services.
- The acquisition of MessageMedia was closed in November 2021 and consolidated in the SMB segment. Revenues in SMB consist of fees for handling messages and executing and handling of personalized and dynamic video and MMS messages for business. The costs consist mainly of fees to telecom carriers, advertising costs and payroll.
- Corporate consists of the parent company and unallocated items.

Note 3 Revenue from contracts with customers

Sinch's net sales nearly doubled following the major acquisitions closed in 2021 and the business has been expanded with three new business units and a large number of new customers. A relatively large share of revenues, particularly in the Messaging segment, also originate from customers with regional or global traffic patterns. The business has thus reached the size where it is more relevant to regard it as aggregated, including from a geographical perspective, and the company has therefore chosen to switch to reporting net sales distributed by region.

Net sales distributed 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.

Sinch uses the exception (IFRS 15.121) that unfulfilled performance obligations refer to agreements that will be realized within 12 months.

Information on contractual balances is referred to notes 16, 17 and 19.

2022	Messaging	Voice	Email	SMB	Corporate
Net sales distributed by customer region					
North America	7,646	5,919	730	575	14,869
Europe	5,679	126	536	155	6,496
Asia Pacific	2,550	77	151	1,115	3,892
Latin America	1,519	2	56	2	1,580
Rest of the World	831	9	38	6	885
Total	**18,225**	**6,134**	**1,511**	**1,852**	**27,722**
Net sales distributed 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**
Point in time of revenue recognition[1]					
Over time	2,631	5,707	1,228	126	9,691
At a specific date	15,595	427	283	1,726	18,031
Total	**18,225**	**6,134**	**1,511**	**1,852**	**27,722**

1) At a specific date, the customer can choose to use/buy our service or not on each individual occasion. Over time is that the customer pays for subscriptions or buys messages in advance.

Note 3 cont.

2021	Messaging	Voice	Email	SMB	Group
Net sales distributed by customer region					
North America	5,549	406	38	61	6,054
Europe	5,705	45	27	24	5,801
Asia Pacific	1,547	31	5	140	1,722
Latin America	813	0	1	0	814
Rest of the World	1,753	1	10	23	1,787
Total	**15,366**	**483**	**81**	**247**	**16,177**
Net sales distributed by product/service					
Communication services	14,856	483	81	247	15,667
Initial software licenses and upgrades	122	–	–	–	122
Support	97	–	–	–	97
Other	291	–	–	–	291
Total	**15,366**	**483**	**81**	**247**	**16,177**
Point in time of revenue recognition[1]					
Over time	1,056	426	36	16	1,534
At a specific date	14,310	57	45	232	14,643
Total	**15,366**	**483**	**81**	**247**	**16,177**

1) At a specific date, the customer can choose to use/buy our service or not on each individual occasion. Over time is that the customer pays for subscriptions or buys messages in advance.

Significant countries	Region	2022	2021
USA	North America	14,692	6,054
United Kingdom	Europe	2,187	1,532
India	Asia Pacific	1,234	924
Australia	Asia Pacific	1,150	339
Brazil	Latin America	866	814
France	Europe	841	701
Singapore	Asia Pacific	562	428
Sweden	Europe	573	446
Germany	Europe	459	424
Netherlands	Europe	450	238

Note 4 Other operating income and other operating expenses

	Group		Parent company	
Other operating income	**2022**	**2021**	**2022**	**2021**
Exchange rate gains	491	165	6	4
Adjustment of earnout liability	0	0	–	–
Other	119	27	0	0
Total	**611**	**192**	**6**	**4**

	Group		Parent company	
Other operating expenses	**2022**	**2021**	**2022**	**2021**
Exchange rate losses	-357	-164	-8	-17
Confirmed/realized credit losses	-47	-64	–	–
Change in expected credit losses	-57	-20	–	–
Other	-4	0	–	–
Total	**-464**	**-249**	**-8**	**-17**

Note 5 Auditor's fees

	Group		Parent company	
Auditor's fees	**2022**	**2021**	**2022**	**2021**
Statutory audit services				
Deloitte	20	10	3	2
Other audit firms	3	2	–	–
Audit-related services				
Deloitte	4	0	4	0
Other audit firms	0	0	–	–
Tax services				
Other audit firms	0	1	–	–
Other services				
Deloitte	4	0	4	–
Other audit firms	0	3	–	–
Total	**30**	**17**	**10**	**3**

Note 6 Other external expenses

	Group		Parent company	
Other external expenses	**2022**	**2021**	**2022**	**2021**
Acquisition costs	-45	-166	0	–
Restructuring costs	-62	–	-1	–
Integration costs	-252	-230	-12	-40
Capital gain/loss on disposal of subsidiary	–	0	–	–
Consulting costs	-573	-293	-14	-27
Professional services	-319	-202	-14	-49
Telecommunication	-307	-159	-6	-2
Consumable equipment and license cost	-297	-122	-38	-24
Marketing expenses	-48	-7	-1	0
Other external costs	-497	-126	-258	-63
Total	**-2,400**	**-1,306**	**-345**	**-205**

Note 7 Employees, employee benefits expense and compensation to senior management personnel

	2022			2021		
Salaries and other compensation – Group, SEKm	**Senior management personnel**	**Other employees**	**Total**	**Senior management personnel**	**Other employees**	**Total**
Salaries and other compensation	45	3,279	3,324	38	1,307	1,345
(of which variable pay)	6	451	457	4	158	162
Other benefits	0	215	215	1	91	92
Share based payment	38	102	140	54	61	115
Pension expenses	4	131	135	3	65	68
Other social security expenses	9	380	389	7	205	212
Total [1]	**96**	**4,107**	**4,203**	**103**	**1,728**	**1,831**

1) In the consolidated income statement, a portion of personnel costs is classified as cost of sold services, corresponding to SEK 110m for 2022.

	2022			2021		
Salaries and other compensation – Parent company, SEKm	**Senior management personnel**	**Other employees**	**Total**	**Senior management personnel**	**Other employees**	**Total**
Salaries and other compensation	7	6	13	10	14	25
(of which variable pay)	1	1	2	1	2	3
Other benefits	0	0	0	0	0	0
Pension expenses	1	0	2	1	3	4
Other social security expenses	3	2	5	3	6	9
Total	**11**	**9**	**20**	**15**	**23**	**38**

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

1) Parent company

Compensation to senior management personnel – Group, SEKk	2021 Base pay, fee	Variable pay	Other benefits	Share based payment	Pension expenses	Other social security expenses	Total
Erik Fröberg, Board Chair[1]	1,377	–	–	–	–	433	**1,809**
Luciana Carvalho (May–Dec)[1]	467	–	–	–	–	147	**613**
Bridget Cosgrave, director[1]	567	–	–	–	–	178	**745**
Renée Robinson Strömberg, director[1]	607	–	–	–	–	191	**797**
Johan Stuart, director[1]	760	–	–	–	–	239	**999**
Björn Zethraeus, director[1]	764	–	7	–	89	262	**1,122**
CEO Oscar Werner	4,432	–	134	–	–	76	**4,642**
Other senior management personnel (5 individuals, of whom 2 for part of the year)	9,202	1,117	34	–	1,443	2,836	**14,634**
Other senior management personnel (7 individuals)[1]	15,847	2,682	562	54,216	1,368	2,742	**77,417**
Total senior management personnel	**34,022**	**3,799**	**737**	**54,216**	**2,900**	**7,103**	**102,778**

1) Parent company

Note 7 cont.

Compensation to senior management personnel - Group

Board of Directors
As resolved by the 2022 annual general meeting, directors' fees are paid as follows: SEK 700k to external directors; SEK 1,500k to the Board Chair; SEK 100k to members of the Audit Committee and SEK 250k to the Chair of the Audit Committee; SEK 50k to members of the Compensation Committee and SEK 100k to the Chair of the Audit Committee. Inside (executive) directors receive base pay in their capacity as senior management personnel.

Chief Executive Officer
In accordance with the policy guidelines for 2022, the CEO is entitled to fixed base pay, variable pay and other compensation. In accordance with the adopted guidelines, variable pay is limited to a maximum of 30 percent of fixed base pay. A six-months' period of notice of termination or resignation applies between the company and the CEO. Upon resignation by the employee or in the event of a breach of contract no severance is paid. Other benefits consist of health insurance.

Other senior management personnel
In addition to Interim CEO Johan Hedberg (from July 2022) and CEO Oscar Werner (until end July 2022), executive management in 2022 included Anders Olin, Christina Raaschou, Jonas Lindeborg, Jonathan Bean, Julie Rassat, Roshan Saldanha, Thomas Heath, Will Conway (February-December 2022), Brett Scorza (from December 2022), Ed O'Hara (February-November 2022), Paul Perrett (February-November 2022), Sean O'Neal (from December 2022), Eduardo Henrique (February-October 2022), Robert Gerstmann (until end of January 2022), Russ Green (until end January 2022), and Sanjay Goyal (until end January 2022).

In addition to CEO Oscar Werner, executive management in 2021 included Anders Olin, Håkan Färdig (from May 2021), Jonas Lindeborg, Jonathan Bean, Julie Rassat, Robert Gerstmann, Roshan Saldanha, Russ Green, Sanjay Goyal and Thomas Heath. Eva Lessing was part of executive management until end April 2021.

Other senior management personnel are entitled to fixed base pay, variable pay and other benefits. Variable pay is based on business targets and, in accordance with the guidelines adopted is limited to a maximum of 30 percent of fixed base pay. Other benefits consist of health insurance and company cars.

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

Long-term share-related incentive programs
All programs except LTIP 2022 and LTIP II 2021 were adopted before the ten-for-one stock split executed on 18 June 2021. In all of these programs, one option/warrant thus carries a right to 10 shares. As LTIP 2022 and LTIP 11 2021 were adopted after the stock split, one option/warrant carries a right to 1 share in these programs.

Outstanding share-related incentive programs
The company has the following outstanding share-related incentive programs.

LTI 2022 The general meeting held 9 June 2022 endorsed the board proposal regarding an incentive program directed at senior executives and key employees and decided in favor of issuing a maximum of 25,000,000 warrants and to approve the transfer of warrants. A total of 25,000,000 warrants have been subscribed for by the subsidiary and 19,373,110 warrants and employee stock options have been acquired by or granted to participants. As of the date of this report, no warrants or employee stock options under LTI 2022 have been exercised.

The program is divided into series, where Series 1-3 (warrants) have exercise periods of 30 June – 20 September 2025, 30 March – 30 June 2026 and 30 March – 30 June 2027. All participants will be granted one third of their warrants in each series. Series 4 (employee stock options) vests at 25 percent of the total number of granted employee stock options on the first anniversary of the grant date and at an additional 6.25 percent on the last day of each of the subsequent 12 calendar quarters. The total vesting period after which all granted employee stock options have vested is approximately four years after the grant date. Vested Series 4 employee stock options can be called during a period of five years after the grant date. Series 5 (employee stock options) vests at 50 percent of the total number of granted employee stock options on the third anniversary of the grant date and at an additional 50 percent on fourth anniversary of the grant date. The total vesting period after which all granted employee stock options have vested is approximately four years after the grant date. Vested Series 4 and 5 employee stock options can be called during a period of five years after the grant date.

The subscription price for warrants and employee stock options was set at SEK 58.3 per share, SEK 62.8 per share and SEK 67.3 per share through exercise of warrants in Series 1-3. As regards Series 4 and Series 5, employee stock options were granted on three occasions: once in June 2022, once in September and once in December 2022. Accordingly, the subscription prices for Series 4 and Series 5 warrants (which shall correspond to the fair market value of the share, calculated based on the closing price of the company's share on Nasdaq Stockholm on the last trading day immediately preceding the grant date for each employee stock option) have been set at SEK 37,525 per share, SEK 14,654 per share and SEK 39.15 respectively. Upon full exercise of all warrants and employee stock options that have been acquired by or granted to participants, a maximum of 19,373,110 shares will be issued by the company.

The senior management personnel invited to participate in the incentive program were Roshan Saldanha, Christina Raaschou, Thomas Heath, Anders Olin, Jonas Lindeborg, Julie Rassat, Brett Scorza, Sean O'Neal and Will Conway These individuals have respectively subscribed for 133,332, 33,000, 150,000, 250,000, 80,000, 125,000, 454,320, 650,000 and 600,000 warrants each. The stock options were granted in June, September and December 2022.

LTI II 2021 The extraordinary general meeting (EGM) held 26 October 2021 adopted the board proposal regarding an incentive program directed at senior executives and key employees and decided in favor of issuing a maximum of 3,210,000 warrants

Note 7 cont.

and to approve the transfer of warrants. A total of 3,210,000 warrants have been subscribed for by the subsidiary and 3,111,413 warrants and employee stock options have been acquired by or granted to participants. No warrants or employee stock options under LTI II 2021 had been exercised as of the date of this report and no further warrants or employee stock options will be offered under LTI II 2021. Employee stock options vest at 20 percent of the total number of granted options on the first anniversary of the grant date and at an additional 5 percent on the last day of each of the subsequent 16 calendar quarters. The total vesting period after which all granted employee stock options have vested is five years after the grant date. Vested employee stock options can be called during a period of six years after the grant date. Employee stock options were granted on two occasions: December 2021 and February 2022. Accordingly, the subscription prices for the warrants (which shall correspond to the fair market value of the share, calculated based on the closing price of the company's share on Nasdaq Stockholm on the last trading day immediately preceding the grant date for each employee stock option) has been set at SEK 102.15 per share and SEK 94.10 per share. Upon full exercise of all warrants and employee stock options that have been, or may be, acquired by or granted to participants, a maximum of 3,111,413 shares will be issued by the company.

LTI 2021 The annual general meeting (AGM) held 18 May 2021 adopted the board proposal regarding an incentive program directed at senior executives and key employees and decided in favor of issuing a maximum of 323,000 warrants and to approve the transfer of warrants. A total of 323,000 warrants have been subscribed for by the subsidiary and 311,885 warrants and employee stock options have been acquired by or granted to participants. No warrants or employee stock options under LTI 2021 had been exercised as of the date of this report and no further warrants or employee stock options will be offered under LTI 2021. The program is divided into series, where Series 1-3 have exercise periods of 17 June – 17 September 2024, 17 March – 18 June 2025 and 16 March – 16 June 2026. All participants will be granted one third of their warrants in each series. Series 4 vests at 20 percent of the total number of granted options on the first anniversary of the grant date and at an additional 5 percent on the last day of each of the subsequent 16 calendar quarters. The total vesting period after which all granted employee stock options have vested is five years after the grant date. Vested Series 4 employee stock options can be called during a period of six years after the grant date. The subscription price for warrants and employee stock options was set at SEK 1,400.70 per share (SEK 140.07 following the stock split, SEK 1,528.00 per share (SEK 152.80 after the stock split) and SEK 1,655.30 per share (SEK 165.53 after the stock split) through exercise of warrants in series 1-3. As regards series 4, employee stock options were granted on three occasions: twice in June 2021 and once in December 2021. Accordingly, the subscription prices for the warrants in series 4 (which shall correspond to the fair market value of the share, calculated based on the closing price of the company's share on Nasdaq Stockholm on the last trading day immediately preceding the grant date for each employee stock option) has been set at SEK 1,538.50 per share (SEK 153.85 after the stock split) and SEK 1,021.50 per share (SEK 102.15 after the stock split). Upon full exercise of all warrants and employee stock options that have been, or may be, acquired by or granted to participants, a maximum of 3,118,850 shares will be issued by the company.

Of the individuals considered senior management personnel as of the reporting date, four were invited to participate in the program and have subscribed for 56,175 employee stock options. The stock options were granted in June 2021.

LTI II 2020 The EGM held 27 November 2021 adopted the board proposal regarding an incentive program directed at senior executives and key employees and decided in favor of issuing a maximum of 470,260 warrants and to approve the transfer of warrants. A total of 470,260 warrants have been subscribed for by the subsidiary and 422,889 warrants and employee stock options have been acquired by or granted to participants. No warrants or employee stock options had been exercised as of the date of this report and no further warrants or employee stock options will be offered under LTI II 2020. The program is divided into series, where Series 1-3 have exercise periods of 15 December 2023 – 15 March 2024, 15 September – 15 December 2024 and 15 September – 15 December 2025. All participants will be granted one third of their warrants in each series. Series 4 vests at 20 percent of the total number of granted options on the first anniversary of the grant date and at an additional 5 percent on the last day of each of the subsequent 16 calendar quarters. The total vesting period after which all granted employee stock options have vested is five years after the grant date. Vested Series 4 employee stock options can be called during a period of six years after the grant date. The subscription price was set at SEK 1,361 per share (SEK 136.10 after the stock split) subscribed through exercise of warrants in series 1-3. As regards series 4, employee stock options were granted on three occasions: twice in November 2020 and once in February 2021. Accordingly, the subscription prices for the warrants in series 4 (which shall correspond to the fair market value of the share, calculated based on the closing price of the company's share on Nasdaq Stockholm on the last trading day immediately preceding the grant date for each employee stock option) has been set at SEK 1,040 per share (SEK 104 after the stock split) and SEK 1,422 per share (SEK 142.20 after the stock split). Upon full exercise of all warrants and employee stock options that have been, or may be, acquired by or granted to participants, a maximum of 4,228,890 shares will be issued by the company.

Of the individuals considered senior management personnel as of the reporting date, one was invited to participate in the program and has subscribed for 6,500 employee stock options. The stock options were granted in November 2020.

LTI 2020 The AGM held 15 May 2020 adopted the board proposal regarding an incentive program directed at senior executives and key employees and decided in favor of issuing a maximum of 580,000 warrants and to approve the transfer of warrants. The subsidiary subscribed for a total of 580,000 warrants and 327,800 warrants and employee stock options have been acquired by or granted to participants, of which a number of warrants and employee stock options had been exercised (series 7) as of the date of this report. No further warrants or employee stock options will be offered under LTI 2020. The program is divided into series, where Series 1-6 have exercise periods of 15 June – 15 September 2023, 15 March – 17 June 2024 and 17 March – 18 June 2025. All participants will

Note 7 cont.

be granted one third of their warrants in each series. Series 7 vests at 20 percent of the total number of granted options on the first anniversary of the grant date and at an additional 5 percent on the last day of each of the subsequent 16 calendar quarters. The total vesting period after which all granted employee stock options have vested is five years after the grant date. Vested Series 7 employee stock options can be called during a period of six years after the grant date. The subscription price for warrants and employee stock options in series 1–6 was set at SEK 602 per share (SEK 60.20 after the stock split). As regards series 7, employee stock options were granted on three occasions: June 2020, November 2020 and February 2021. Accordingly, the subscription prices for the warrants in series 7 (which shall correspond to the fair market value of the share, calculated based on the closing price of the company's share on Nasdaq Stockholm on the last trading day immediately preceding the grant date for each employee stock option) has been set at SEK 624 per share (SEK 62.40 after the stock split) and SEK 1,422 per share (SEK 142.20 after the stock split). Upon full exercise of all warrants and employee stock options that have been, or may be, acquired by or granted to participants, a maximum of 3,278,000 shares will be issued by the company.

No options were repurchased in 2022.

LTI 2019 The AGM held 17 May 2019 adopted the board proposal regarding an incentive program directed at key employees and decided in favor of issuing a maximum of 510,000 warrants and to approve the transfer of warrants. The subsidiary subscribed for a total of 510,000 warrants and 326,000 warrants have been acquired by or granted to participants, of which a number of warrants and employee stock options have been exercised (series 1 and 4). No warrants or employee stock options under LTI 2019 had been exercised as of the date of this report and no further warrants or employee stock options will be offered under LTI 2019. The program is divided into series, with exercise periods of 22 June - 22 September 2022, 22 March - 22 June 2023 and 21 March - 21 June 2024, respectively. All participants have been granted one third of their warrants in each series. The subscription price was set at SEK 174.10 per share (SEK 17.41 after the stock split). Upon full exercise of all warrants and employee stock options that have been acquired by or granted to participants, a maximum of 3,260,000 shares will be issued by the company.

Of the individuals considered senior management personnel as of the reporting date, two were invited to participate in the program and have subscribed for 60,000 employee stock options. The options were granted in June and November 2019.

No options were repurchased in 2022.

LTI 2018 The AGM held 18 May 2018 adopted the board proposal regarding an incentive program directed at key employees and decided in favor of issuing a maximum of 1,500,000 warrants and to approve the transfer of warrants. The subsidiary has subscribed for a total of 1,500,000 warrants and 1,380,920 warrants and employee stock options have been acquired by or granted to participants, of which a number of warrants and employee stock options had been exercised (series 1, 2, 4 and 5) as of the date of this report. No further warrants or employee stock options will be offered under LTI 2018. The program is divided into series, with exercise periods of 22 June - 22 September 2021, 22 March - 22 June 2022 and 22 March - 22 June 2023. All participants have been granted one third of their options in each series. The subscription price was set at SEK 91.30 per share (SEK 9.13 after the stock split). Upon full exercise of all warrants and employee stock options that have been acquired by or granted to participants, a maximum of 13,809,200 shares will be issued by the company.

Of the individuals considered senior management personnel as of the reporting date, three were invited to participate in the program and have subscribed for 214,000 employee stock options. The options were granted in October 2018. At a later occasion, and additional two individuals considered senior management personnel at the reporting date were invited to participate in the program and have subscribed for 70,000 warrants. The options were granted in the period of January-March 2019.

No options were repurchased in 2022.

LTI 2016 The EGM held 5 December 2016 adopted the board proposal regarding an incentive program directed at key employees and decided in favor of issuing a maximum of 1,500,000 warrants and to approve the transfer of warrants. The subsidiary has subscribed for a total of 1,500,000 warrants and 1,215,700 warrants and employee stock options have been acquired by or granted to participants, of which a number of warrants and employee stock options had been exercised (series 1, 2, 3, 4, 5 and 6) as of the date of this report. No further warrants or employee stock options will be offered under LTI 2016. The program is divided into series with exercise periods of 16 January - 16 April 2020, 2021 and 2022, respectively.

The subscription price was set at SEK 127.67 per share (SEK 12.77 after the stock split).

Of the individuals considered senior management personnel as of the reporting date, one was invited to participate in the program and has subscribed for 60,000 employee stock options. The options were granted in January 2017.

No options were repurchased in 2022.

Payroll costs for vested employee stock options in all programs were included in profit or loss in 2022 in the amount of SEK -140m (-116) with a corresponding increase in equity. Social insurance expenses are included in the amount of SEK 16m (10) recognized as a provision in the statement of financial position. The potential dilutive effect upon exercise of all employee stock options in all programs is 1.4 percent (3.0).

More information about the company's long-term incentive programs, including applicable performance criteria, is provided on the company's website, https://investors.sinch.com/.

Note 7 cont.

	31 Dec 2022		31 Dec 2021	
	Right to number of future shares	Average exercise price per share	Right to number of future shares	Average exercise price per share
At 1 January	**25,994,248**	**56.06**	**29,880,770**	**30.98**
Granted	20,251,551	31.70	5,239,528	119.46
Forfeit	–2,518,986	81.79	–1,272,910	27.72
Exercised	–7,963,180	11.24	–7,770,080	11.85
Expired	–210,950	23.96	–83,060	12.77
Outstanding at 31 December [1)]	**35,552,683**	**50.59**	**25,994,248**	**56.06**

1) Of which redeemable amounts to 3,329,423 (1,078,360)

Average no of employees	2022	Of whom men	2021	Of whom men
SE Sweden	478	340	393	295
AR Argentina	3	1	3	1
AT Austria	1	1	1	1
AU Australia	182	116	33	23
BE Belgium	35	22	26	19
BG Bulgaria	27	5	–	–
BR Brazil	367	208	271	158
CA Canada	13	6	10	4
CH Switzerland	1	1	–	–
CL Chile	–	–	1	1
CN China	9	6	9	6
CO Colombia	14	5	12	5
CR Costa Rica	1	1	1	1
CZ Czech Republic	21	13	6	2
DE Germany	68	34	25	10
DK Denmark	18	14	19	15
EC Ecuador	2	1	–	–
EG Egypt	1	–	–	–
ES Spain	37	24	21	14
FI Finland	75	64	73	63
FR France	99	47	63	43
GB United Kingdom	123	83	95	65
GN Ghana	0	0	–	–
GR Greece	1	0	1	0
GT Guatemala	1	1	1	1
HN Honduras	1	1	–	–
HR Croatia	3	1	–	–
HU Hungary	1	1	1	1
IE Ireland	3	2	–	–
IN India	515	404	397	326
IQ Iraq	2	2	2	2
IT Italy	10	7	9	7
JO Jordan	1	1	1	1
KE Kenya	2	2	2	2
KR South Korea	1	1	0	0
KW Kuwait	1	–	–	–
MT Malta	1	–	–	–
MX Mexico	43	25	38	22

Average no of employees	2022	Of whom men	2021	Of whom men
MY Malaysia	12	6	14	8
NI Nicaragua	1	1	–	–
NL Netherlands	6	5	5	5
NZ New Zealand	27	21	4	4
PE Peru	3	3	3	3
PH Philippines	2	–	1	0
PK Pakistan	4	2	1	1
PL Poland	20	18	26	25
PT Portugal	2	1	–	–
RS Serbia	3	1	2	1
RU Russia	4	3	1	0
SG Singapore	53	28	51	33
SK Slovakia	0	0	–	–
TN Tunisia	2	1	1	1
TR Turkey	1	1	1	1
TW Taiwan	1	–	–	–
UA Ukraine	13	3	2	2
UAE United Arab Emirates	26	22	23	21
US United States	1,223	771	286	202
UY Uruguay	3	1	2	0
ZA South Africa	2	2	–	–
Total	**3,565**	**2,327**	**1,937**	**1,395**
Of which, parent company (Sweden)	7	6	9	6

	31 Dec 2022		31 Dec 2021	
Senior management personnel	Number on reporting date	Of whom men	Number on reporting date	Of whom men
Group				
Directors	6	4	6	3
Other senior management personnel	11	9	11	10
Parent company				
Directors	6	4	6	3
Other senior management personnel	3	3	4	4

Note 8 Financial income and expenses

Group	2022	2021
Interest income	84	11
Exchange rate gains	3,611	2,364
Other financial income	7	18
Finance income	**3,702**	**2,393**
Interest expenses, leases	-41	-7
Other interest expenses	-351	-52
Exchange rate losses	-3,341	-1,265
Other financial expenses	-41	-30
Finance expenses	**-3,774**	**-1,354**
Net financial income and expense	**-72**	**1,039**

Parent company	2022	2021
Interest income	44	3
Interest income, group companies	401	89
Exchange rate gains	3,478	1,887
Other financial income	1	0
Interest income and similar profit items	**3,923**	**1,979**
Interest expenses, group companies	-17	0
Other interest expenses	-329	-48
Exchange rate losses	-3,046	-1,064
Other financial expenses	-44	-25
Interest expenses and similar loss items	**-3,435**	**-1,137**
Net financial income and expenses	**488**	**842**

Note 9 Appropriations

Parent company	2022	2021
Provision to tax allocation reserve	-55	-10
Accelerated depreciation/amortization	3	-3
Group contribution provided	-200	-435
Total	**-252**	**-447**

Note 10 Taxes

	Group		Parent company	
Tax in profit or loss	**2022**	**2021**	**2022**	**2021**
Current tax	-580	-390	-35	-31
Current tax from preceding year	-2	12	17	0
Deferred tax related to timing differences	365	136	-7	1
Deferred tax on loss carryforwards (LCFW)	54	-47	-	-36
Deferred tax changed tax rate	-3	-	-	-
Total	**-168**	**-289**	**-25**	**-65**

Current tax recognized directly against equity amounts to SEK 2m (25) and refers to tax on issue costs.

	Group		Parent company	
Reconciliation of tax expense for the year	**2022**	**2021**	**2022**	**2021**
Profit before tax	-4,775	1,197	-4,120	309
Tax calculated according to the Swedish tax rate, 20.6%	984	-247	849	-64
Current and deferred tax from previous years	16	15	17	6
Effect of changed tax rates	-3	33	-	-
Tax effect of non-deductible expenses	-1,052	-22	-891	-8
Tax effect of non-taxable revenue	37	1	-	-
Tax on standard interest rate, tax allocation reserves	0	0	0	0
Tax effect of non-capitalized LCFW	-62	-16	-	-
Tax effect of previously non-capitalized LCFW	1	1	-	-
Foreign tax deducted at source	-4	-9	-	-
Effect of foreign tax rates	-84	-47	-	-
Tax on profit for the year per income statement	**-168**	**-289**	**-25**	**-65**

Tax rate

The parent company's current tax rate is 20.6 percent (20.6). The Group's effective tax rate is -3.5 percent (24.2). Excluding goodwill impairment recognized in Q3, the Group's effective tax rate is 52 percent. The adjusted effective tax rate is higher than the tax rate in the preceding year due primarily to expired tax loss carryforwards, non-capitalized deferred tax assets and tax related to earlier years.

Note 10 cont.

	Group	
	31 Dec 2022	31 Dec 2021
Deferred tax assets		
LCFW	319	266
Depreciation and amortization	29	1
Warrants and derivatives	–	8
Provisions[1]	614	550
Total deferred tax assets	**962**	**825**
Deferred tax liabilities		
Untaxed reserves	-101	-69
Proprietary software	-920	-1,376
Customer relationships	-3,853	-3,182
Operator relationships	-59	-31
Trademarks	-112	-435
Provisions[1]	-358	-481
Total deferred tax liabilities	**-5,403**	**-5,573**
Net deferred tax	**-4,441**	**-4,749**

1) Deferred tax asset provisions mostly cosists of leasing (SEK 176m), non-deductible interest (SEK 147m) and share-related incentive programs (SEK 58m). Deferred tax liability provisions largest entry is leasing (SEK -171m).

Timing differences exist when the carrying amount and the amount attributed to the asset or liability for tax differ. Timing differences relating to the items above have resulted in deferred tax assets and deferred tax liabilities.

	Group 2022				
Change in deferred tax	Opening balance at 1 Jan 2022	Recognized in profit or loss	Recognized in other comprehensive income	Through acquisition or disposal	Closing balance at 31 Dec 2022
Non-current assets	-5,024	80	–	–	-4,944
Provisions	83	316	-107	–	293
LCFW	266	53	–	–	319
Untaxed reserves	-69	-32	–	–	-101
Changed tax rate	-5	-3	–	–	-8
Total	**-4,749**	**414**	**-107**	**–**	**-4,441**

	Group 2021				
Change in deferred tax	Opening balance at 1 Jan 2021	Recognized in profit or loss	Recognized in other comprehensive income	Through acquisition or disposal	Closing balance at 31 Dec 2021
Non-current assets	-416	106	–	-4,714	-5,024
Provisions	23	79	-19	–	83
LCFW	313	-47	–	–	266
Untaxed reserves	-20	-49	–	–	-69
Changed tax rate	-5	–	–	–	-5
Total	**-104**	**70**	**-19**	**-4,714**	**-4,749**

In the tables above, tax assets are reported with (+) and tax liabilities with (-).

The following are included in the statement of financial position	Group	
	31 Dec 2022	31 Dec 2021
Deferred tax asset utilized after more than 12 months	319	266
Deferred tax liability settled after more than 12 months	-4,944	-5,240

Note 10 cont.

Loss carryforwards – Group

Deferred tax assets relating from loss carryforwards are recognized to the extent that it is probable that they can be used against taxable income. The final years these LCFW can be used are shown on the table.

	31 Dec 2022		31 Dec 2021	
Maturity, LCFW	**LCFW**	**Tax effect**	**LCFW**	**Tax effect**
2022	–	–	0	0
2023	–	–	0	0
2024	–	–	0	0
2025	–	–	0	0
2026	1	0	4	1
2027	5	1	–	–
2028	–	–	–	–
2029	–	–	–	–
2030	0	0	–	–
2031	4	1	–	–
2032	–	–	–	–
Maturity after 2032	1	0	25	6
Unlimited useful life	1,185	316	897	259
Total	**1,196**	**319**	**927**	**266**

	31 Dec 2022		31 Dec 2021	
LCFW by country	**LCFW**	**Tax effect**	**LCFW**	**Tax effect**
Belgium	80	20	–	–
Brazil	464	158	406	137
France	78	19	–	–
Spain	7	2	4	1
United Kingdom	358	68	282	64
Sweden	86	18	131	27
Germany	85	27	–	–
USA	1	0	34	8
Rest of the World	37	6	71	29
Total	**1,196**	**319**	**927**	**266**

	31 Dec 2022		31 Dec 2021	
Non-capitalized LCFW	**LCFW**	**Tax effect**	**LCFW**	**Tax effect**
Belgium	80	20	26	7
Brazil	–	–	12	4
Finland	4	1	–	–
France	29	7	–	–
Spain	7	2	–	–
United Kingdom	12	2	–	–
Germany	73	23	15	5
Total	**204**	**55**	**53**	**16**

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

Note 11 Earnings per share

Basic earnings per share, SEK	**2022**	**2021**
Profit for the year attributable to owners of the parent	-4,943,862,975	907,543,078
Weighted average number of ordinary shares outstanding, before dilution	819,116,557	700,923,800
Basic earnings per share, SEK	**-6.03**	**1.29**

Diluted earnings per share, SEK	**2022**	**2021**
Profit for the year attributable to owners of the parent	-4,943,862,975	907,543,078
Weighted average number of ordinary shares outstanding, before dilution	819,116,557	700,923,800
Weighted average warrants outstanding	–	15,603,652
Weighted average shares outstanding, after dilution	819,116,557	716,527,452
Diluted earnings per share[1], SEK	**-6,03**	**1.26**

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

Note 12 Goodwill

Group	**2022**	**2021**
Cost on the opening date	27,155	3,311
Through acquisitions of group companies, see Note 31	0	23,311
Disposals/retirements for the year	0	-11
Reclassifications	246	-8
Translation differences	3,713	553
Accumulated cost on the closing date	**31,114**	**27,155**
Impairments on the opening date	-13	-12
Impairments for the year	-5,097	0
Translation differences	-166	0
Accumulated impairments on the closing date	**-5,276**	**-13**
Carrying amount	**25,838**	**27,143**

Goodwill per cash-generating unit	**31 Dec 2022**	**31 Dec 2021**
Messaging	6,525	–
Voice	6,755	–
Email	4,778	–
SMB	7,780	–
Messaging, excluding acquisitions during the year	–	3,250
Messaging, Wavy	–	2,200
Messaging, MessageMedia	–	7,219
Messaging, MessengerPeople	–	411
Operators, excluding acquisitions during the year	–	3
Email, Pathwire	–	8,444
Voice, excluding acquisitions during the year	–	91
Voice, Inteliquent	–	5,524
Total	**25,838**	**27,143**

Impairment testing of goodwill

Goodwill is tested for impairment annually or when there are indications that an impairment loss has occurred. The recoverable amount for a cash-generating unit (CGU) is determined based on estimated value in use. These estimates are based on cash flow projections, which are based on financial budgets approved by the management covering a five-year period. In the assessment of future cash flows assumptions are made, primarily concerning sales growth, operating margin based on the current year and discount rate (WACC). The estimated growth rate and the forecast operating margin are based on the company's budgets and forecasts for each CGU.

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

Sinch was reorganized in 2022 by reason of the major acquisitions in 2021. The new organization resulted in changes to the previous CGUs. New values for recoverable amounts, discount rates, long-term assumptions and goodwill per CGU have been calculated based on the new organization. The method used to determine the discount rate is included in the estimation of value in use to reflect the functional currency of each cash generating unit. This entailed, among else, a change of the risk-free rate of interest and market risk premium applied in the discount rate.

Impairment testing covering the entire Group was carried out in Q3. Primarily due to a higher discount rate, and slower economic growth, the test resulted in an impairment of goodwill in the Email segment of USD 450m and EUR 47m, corresponding to SEK 5,000m per 30 September 2022. Per 31 December 2022, USD 450m and EUR 47m corresponded to SEK 5,097m.

Climate risks have only indirect impact on Sinch and were not the basis of the impairment.

	Discount rate before tax		Long-term growth rate	
CGU	2022	2021	2022	2021
Messaging	12.1%	–	2.0%	–
Voice	10.1%	–	2.0%	–
Email	11.8%	–	2.0%	–
SMB	11.5%	–	2.0%	–
Messaging, excluding acquisitions during the year	–	9.7%	–	2.0%
Messaging, Wavy	–	9.7%	–	2.0%
Messaging, MessageMedia	–	9.7%	–	2.0%
Messaging, Messenger-People	–	9.7%	–	2.0%
Operators, excluding acquisitions during the year	–	9.5%	–	2.0%
Email, Pathwire	–	9.4%	–	2.0%
Voice, excluding acquisitions during the year	–	9.7%	–	2.0%
Voice, Inteliquent	–	9.7%	–	2.0%

Sensitivity analysis

As of 31 December 2022, the recoverable amount exceeded the carrying amount for all cash generating units (CGU). Impairment testing for the CGUs Messaging, Voice and SMB has shown that there is a healthy margin before changes in the discount rate, sales growth and EBITDA margin would give any indication of impairment.

Following impairment of the Email segment, the carrying amount equals the recoverable amount and the Email segment thus remains sensitive to changes in the discount rate and assumptions in the long-term plan. See the table below regarding indications of impairment in connection with specific changes, provided all other variables remain constant. The Email segment's discount rate is largely affected by changes in the risk-free rate (based mainly on the US 10-year treasury bond rate) but also by other factors such as the country-specific market risk premiums, the business risk represented by estimated beta and the borrowing cost.

	Email
1 procentage point increase in WACC	-950
1 procentage point lower ebita marginal in the forecast period	-42

Note 13 Other non-current intangible assets

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

Group 2021	Proprietary software	Licenses	Customer relationships	Operator relationships	Trademarks	Total other non-current intangible assets
Cost on the opening date	**481**	**48**	**1,874**	**200**	**14**	**2,617**
Capitalized expenditure for the year	98	15	–	–	–	113
Through acquisitions of group companies	4,949	11	12,588	172	937	18,657
Reclassifications	4	10	2	–	–	16
Disposals/retirements	-14	-8	–	–	–	-21
Translation differences	58	4	280	20	-4	359
Accumulated cost on the closing date	**5,577**	**80**	**14,744**	**392**	**947**	**21,740**
Amortization on the opening date	**-159**	**-41**	**-393**	**-55**	**-13**	**-660**
Amortization for the year	-180	-14	-316	-45	-14	-569
Through acquisitions of group companies	-151	-6	-25	3	–	-180
Reclassifications	0	8	0	–	–	7
Disposals/retirements	7	1	–	–	–	8
Translation differences	-15	-3	-43	-10	-1	-71
Accumulated amortization on the closing date	**-498**	**-55**	**-778**	**-107**	**-28**	**-1,466**
Carrying amount	**5,079**	**24**	**13,966**	**285**	**920**	**20,274**

Note 13 cont.

Licenses	Parent company 2022	Parent company 2021
Cost on the opening date	**9**	**4**
Purchases for the year	–	0
Reclassifications	–	9
Disposals/retirements	–	-3
Accumulated cost on the closing date	**9**	**9**
Amortization on the opening date	**-3**	**-0**
Amortization for the year	-2	-2
Reclassifications	–	-1
Accumulated amortization on the closing date	**-5**	**-3**
Carrying amount	**5**	**7**

Note 14 Property, plant and equipment

Computers and equipment	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Cost on the opening date	**2,005**	**373**	**14**	**23**
Purchases for the year	244	66	0	–
Through acquisitions of group companies	0	1,498	–	–
Reclassifications	-904	-13	–	-9
Disposals/retirements	-19	-26	–	–
Translation differences	294	108	–	–
Accumulated cost on the closing date	**1,619**	**2,005**	**14**	**14**
Depreciation on the opening date	**-1,297**	**-273**	**-9**	**-7**
Depreciation for the year	-181	-44	-3	-3
Through acquisitions of group companies	–	-929	–	–
Reclassifications	909	1	–	0
Disposals/retirements	18	20	–	–
Translation differences	-193	-71	–	–
Accumulated depreciation on the closing date	**-745**	**-1,297**	**-12**	**-9**
Carrying amount	**874**	**707**	**3**	**5**

Note 15 Leases

Agreements where the Group is a lessee mainly relate to the lease of office space. The leasing agreements do not contain any special terms or restrictions. Extension options exist to a very limited extent and the Group assesses that these will not be exercised.

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

	Group			
2021	Premises	Rented connection capacity	Other	Total ROU assets
Cost on the opening date	**105**	**0**	**2**	**106**
Additional ROU	95	0	23	119
Through acquisitions of group companies	634	125	2	762
Reclassifications	-13	0	0	-13
Terminated contracts	-23	0	-7	-30
Translation differences	20	26	0	46
Accumulated cost on the closing date	**819**	**151**	**20**	**991**
Amortization on the opening date	**-51**	**0**	**-2**	**-52**
Amortization for the year	-50	-1	-14	-65
Through acquisitions of group companies	0	0	0	0
Reclassifications	5	0	0	5
Disposals/retirements	20	0	5	25
Translation differences	-2	0	0	-3
Accumulated amortization on the closing date	**-78**	**-1**	**-10**	**-90**
Carrying amount	**741**	**150**	**10**	**900**

Lease liabilities

Lease liabilities at year-end amounted to SEK 872m (902).

Note 15 cont.

Aging report, lease payments

Group	31 Dec 2022
Less than 1 year	98
1–2 years	87
2–3 years	77
3–4 years	76
4–5 years	72
5+ years	461
Total	**872**

Leasing expenses

Group	2022	2021
Depreciation on ROU assets	–143	–59
Interest expenses, lease liabilities	–41	–7
Variable charges not included in lease liability	–	–2
Cost of short-term and low-value leases	–24	–17
Total	**–208**	**–85**

Cash outflow

The total cash flow attributable to leases in 2022 was SEK 144m (55).

Note 16 Financial assets

Non-current receivables	Group 31 Dec 2022	Group 31 Dec 2021	Parent company 31 Dec 2022	Parent company 31 Dec 2021
Non-current VAT receivable	–	3	–	–
Deposits	25	20	–	–
Non-current receivables, Group companies	–	–	2,278	3,101
Deferred contract costs	31	18	–	–
Other non-current receivables	19	21	–	–
Total	**74**	**62**	**2,278**	**3,101**

Investments in Group companies	Parent company 31 Dec 2022	Parent company 31 Dec 2021
Cost on the opening date	2,973	2,527
Capital contributions	17,041	446
Additional cost	90	–
Acquired subsidiaries	–4,340	–
Accumulated cost on the closing date	**15,764**	**2,973**

Impairment of shares in Group companies

The goodwill impairment carried out in Q3 resulted in impairment of shares in Pegasus Corp 2 by SEK 4,340m. See also Note 12 Goodwill for detailed information. Following the impairment, the remaining investment in Pegasus Corp 2 amounts to SEK 11,097m.

Sinch Group	Corporate ID	Registered office	% of equity and votes 31 Dec 2022	% of equity and votes 31 Dec 2021	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Sinch Sweden AB	**556747-5495**	**Stockholm**	**100**	**100**	**250**	**250**
CLX Networks South Africa (PTY) Ltd	2013/128948/07	South Africa	100	100	–	–
PT Sinch Technology Indonesia	1265000552082	Indonesia	0.4	0.4	–	–
Sinch Communications Canada Inc.	924-4933	Canada	100	100	–	–
Sinch Turkey Telekomünikasyon LTD. STI.	866349	Turkey	51	51	–	–
Sinch Italy S.R.L.	04491540961	Italy	100	100	–	–
Sinch France S.R.L.	448324285	France	100	100	–	–
Sinch Operator Software AB	**556353-1333**	**Stockholm**	**100**	**100**	**100**	**100**
Sinch Poland Sp z o.o.	0000643951	Poland	100	100	–	–
Sinch Holding AB	**559061-2791**	**Stockholm**	**100**	**100**	**3,718**	**2,025**
Sinch Germany GmbH	HRB 202010	Germany	100	100	–	–
CLX Networks Australia PTY Ltd	ACN 112 676 132	Australia	100	100	–	–
Sinch Australia Holding PTY LTD	ABN 650 744 479	Australia	100	100	–	–
Message4U Pty Ltd	ACN 095 453 062	Australia	100	100	–	–
WholesaleSMS Pty Ltd	ACN 169 517 202	Australia	100	100	–	–
SMS Broadcast Pty Ltd	ACN 127 334 785	Australia	100	100	–	–
SMS Central Australia Pty Ltd	ACN 141 611 645	Australia	100	100	–	–
Streetdata Pty Ltd	ACN 092 709 030	Australia	100	100	–	–

Note 16 cont

Sinch Group	Corporate ID	Registered office	% of equity and votes 31 Dec 2022	% of equity and votes 31 Dec 2021	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Text Messaging Technologies Pty Ltd	ACN 140 426 204	Australia	100	100	–	–
Mobipost Pty Ltd	ACN 087 914 930	Australia	100	100	–	–
DirectSMS Pty Ltd	ACN 114 992 880	Australia	100	100	–	–
MessageMedia ESOP Pty Ltd	ACN 603 146 336	Australia	100	100	–	–
MessageNet Pty Ltd	ACN 082 712 589	Australia	100	100	–	–
ClickSend Pty Ltd	ACN 165 918 525	Australia	100	100	–	–
Bulletin.net Pty Ltd	ACN 119 955 805	Australia	100	100	–	–
MessageMedia Europe Limited	3771735	United Kingdom	100	100	–	–
Bulltetin.net Pty Ltd	847056	New Zealand	100	100	–	–
Mobipost NZ Limited[1)]	2357000	New Zealand	–	100	–	–
MessageMedia U.S.A. Inc	27-2034769	USA	100	100	–	–
SimpleTexting LLC	85-3394518	USA	100	100	–	–
Sinch Australia PTY Ltd	ACN 108 346 854	Australia	100	100	–	–
Sinch B.V	0691.917.430	Belgium	100	100	–	–
Beijing Zhang Zhong Hu Dong Information Technology Co., Ltd	91110108802106771E	China	100	100	–	–
Sinch Telecomunicaciones Spain SL	B82966078	Spain	100	100	–	–
Sinch Finland OY	1549817-1	Finland	100	100	–	–
Sinch Finland Systems OY	0736045-5	Finland	100	100	–	–
myElefant SAS	524353299	France	100	100	–	–
Mblox Sdn Bhd	870260-U	Malaysia	100	100	–	–
Sinch UK Ltd	03049312	United Kingdom	100	100	–	–
Mblox SA (PTY) Ltd	2012/217923/07	South Africa	100	100	–	–
Sinch U.S. Holding Inc.	20163012208	USA	100	100	–	–
Sinch America, Inc.	77220277010	USA	100	100	–	–
Sinch Engage LLC	46-0553309	USA	100	100	–	–
Sinch Interconnect LLC	3166804	USA	100	100	–	–
Onvoy Holdings, Inc.	32-0482384	USA	100	100	–	–
Onvoy, LLC	41-1624131	USA	100	100	–	–
Onvoy Ltd	84-1797016	USA	100	100	–	–
Onvoy International Holdings, Inc.	11386989	United Kingdom	100	100	–	–
Onvoy Netherlands, B.V.	RSIN 860260367	Netherlands	100	100	–	–
Acrobits, S.R.O.	CZ28487923	Czech Republic	100	100	–	–
Alien Licensing, GmbH	CHE-116.371.684	Switzerland	100	100	–	–
Onvoy Communications Limited	377195IOH	Ireland	100	100	–	–
ANPI Business, LLC	04-3520968	USA	100	100	–	–
ANPI India Research & Development Pvt. Ltd.	U73100D-L2014FTC266307	India	99	99	–	–
ANPI, LLC	37-1348433	USA	100	100	–	–
ANPI India Research & Development Pvt. Ltd.	U73100D-L2014FTC266307	India	1	1	–	–
Broadvox, LLC	31-1795439	USA	100	100	–	–
Onvoy Spectrum, LLC	47-3389357	USA	100	100	–	–
Inteliquent, Inc.	31-1786871	USA	100	100	–	–
Neutral Tandem - Puerto Rico, LLC	26-4280147	Puerto Rico	100	100	–	–
Voyant Communications, LLC	26-1360206	USA	100	100	–	–
Phaxio Blocker	83-4283961	USA	100	100	–	–
MessengerPeople Inc.	5124591	USA	100	100	–	–
MessengerPeople GmbH	HRB 238421	Germany	100	100	–	–
Dialogue Group Ltd	06766972	United Kingdom	100	100	–	–
Dialogue Communications Ltd	3042634	United Kingdom	100	100	–	–
Sinch Australia PTY Ltd	ACN 108 346 854	Australia	100	100	–	–

Note 16 cont.

			% of equity and votes		Carrying amount	
Sinch Group	**Corporate ID**	**Registered office**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Dialogue Malta Ltd	C66149	Malta	100	100	–	–
Sinch Singapore PTE LTD	2013-14618-E	Singapore	100	100	–	–
Sinch Technology (Beijing) Co. Ltd	91110108MA01UQP87U	China	100	100	–	–
Sinch Hong Kong Ltd	72211247	Hong Kong	100	100	–	–
Sinch Denmark ApS	26361710	Denmark	100	100	–	–
Sinch Denmark AB	556484-7918	Stockholm	100	100	–	–
PT Sinch Technology Indonesia	1265000552082	Indonesia	99.6	99.6	–	–
Sinch Korea Co., Ltd	110111-7692878	Korea	100	100	–	–
Sinch Communications LLC	1207700431410	Russia	100	100	–	–
Taiwan Sinch Limited	90771936	Taiwan	100	100	–	–
Sinch Latin America Holding AB	**559212-5487**	**Stockholm**	**100**	**100**	**446**	**446**
Sinch BR S.A.	01.126.946/0001-61	Brazil	100	100	–	–
Sinch Brazil S.A.[2]	CNPJ: 08.654.191/0001-17	Brazil	–	100	–	–
Cyclelogic do Brasil Mobile Solutions Ltda	CNPJ: 02.554.300/0001-48	Brazil	100	100	–	–
Sinch Netherlands BV	RSIN: 859656937	Netherlands	100	100	–	–
Cyclelogic Argentina S.R.L.	CUIT: 33-69561065-9	Argentina	100	100	–	–
Cyclelogic Chile Comunicaciones SPA.	RUT: 76.115.115-0	Chile	100	100	–	–
Cyclelogic Colombia S.A.S.	NIT: 8300484255	Colombia	100	100	–	–
Cyclelogic Ecuador S.A	RUC: 0992456809001	Ecuador	100	100	–	–
Cyclelogic de México, S. de R.L.	RFC: CME030325CPA	Mexico	100	100	–	–
Compertime Mexico S/A	RFC: COM080812831	Mexico	100	100	–	–
Sinch Panama S.A.	RUC: 2618804-1-836421	Panama	100	100	–	–
Cyclelogic de Peru SAC	RUC: 20516964414	Peru	100	100	–	–
Nedimix S.A.	RUT: 215095650017	Uruguay	100	100	–	–
Sinch Mobile AB	**556969-5397**	**Stockholm**	**100**	**100**	**152**	**152**
Sinch Cloud Communication Services India Pvt. Ltd.	U74999MH-2017FTC29470	India	100	100	–	–
ACL Mobile Pvt Ltd	U00000D-L2000PLC105516	India	100	100	–	–
Sinch DMCC	JLT 5040	United Arab Emirates	100	100	–	–
ACL Technologies Pte Ltd Sdn	U72900D-L2000PTC105180	India	100	100	–	–
Sinch Malaysia Sdn Bhd	832473-T	Malaysia	100	100	–	–
Pegasus Corp 2	**88-0711777**	**USA**	**100**	**100**	**11,097**	**–**
Deliver Intermediate Holdco Inc.	83-4016249	USA	–	100	–	–
Mailgun Technologies Inc.	81-5151296	USA	100	100	–	–
Mailgun Technologies SAS	877523639	France	100	100	–	–
Mailjet SAS	524536992	France	100	100	–	–
Mailjet Bulgaria	UIC 204787523	Bulgaria	100	100	–	–
Mailjet GmBH	HRB 156505	Germany	100	100	–	–
Mailjet Emailing SL	NIF 0B87790879	Spain	100	100	–	–
Mailjet SAAS LTD	9801918	United Kingdom	100	100	–	–
Mailjet Inc.	46-5566257	USA	100	100	–	–
Email on Acid, LLC	27-1659446	USA	100	100	–	–
Carrying amount in the parent company					**15,764**	**2,973**

1) The company was liquidated in 2022.
2) The company was merged in 2022.

Note 17 Accounts receivable

Accounts receivable	Group 31 Dec 2022	Group 31 Dec 2021
Unbilled receivables	1,958	1,606
Accounts receivable	2,465	2,400
Total accounts receivable	**4,423**	**4,006**
Expected credit losses		
Balance at opening date	-136	-29
Through acquisitions of group companies	–	-28
Reversals of previous provisions	73	13
Confirmed customer losses	56	64
ECL allowance for the year	-154	-151
Translation differences	-16	-5
Balance on the closing date	**-176**	**-136**
Net accounts receivable	**4,247**	**3,870**

The carrying amount for accounts receivable, net after provision for expected credit losses has been assessed as equal to fair value. The expected credit loss allowance has increased compared to the preceding year by reason of the less certain external economic situation.

Aging report, accounts receivable	Group 31 Dec 2022	Group 31 Dec 2021
Not due	3,379	3,162
Past due 1-30 days	544	372
Past due 31-60 days	140	79
Past due 61-90 days	68	67
Past due >90 days	292	327
Total	**4,423**	**4,006**

Aging report, ECL allowance	Group 31 Dec 2022	Group 31 Dec 2021
Not due	-16	–
Past due 1-30 days	-11	–
Past due 31-60 days	-10	–
Past due 61-90 days	-9	–
Past due >90 days	-130	–
Total	**-176**	**-136**

Account receivable overdue more than 90 days are considered to be in defalut. Information on the ageing report for expected credit losses for the year 2021 is not available.

Revenue-related contract assets	Group 31 Dec 2022	Group 31 Dec 2021
Accrued income	112	342
Impairment reserve	0	-3
Net contract assets	**112**	**339**

Contract liabilities/Advance payments from customers	Group 31 Dec 2022	Group 31 Dec 2021
Balance at opening date	208	60
Revenue reported as derived from contract liabilities that existed at the beginning of the year	-203	-38
Contract liabilities through acquisition	–	157
Payment from customers for performance obligations not satisfied at year-end	236	27
Translation differences	19	1
Balance on the closing date[1]	**260**	**208**

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

Note 18 Other current receivables

Other current receivables	Group 31 Dec 2022	Group 31 Dec 2021	Parent company 31 Dec 2022	Parent company 31 Dec 2021
VAT receivable	240	217	–	15
Derivatives	–	19	–	18
VAT receivable, Australia, from sellers of Mblox and Dialogue	–	0	–	0
Other current receivables	100	60	–	0
Total	**340**	**296**	**–**	**33**

Note 19 Prepaid expenses and accrued income

Prepaid expenses and accrued income	Group 31 Dec 2022	Group 31 Dec 2021	Parent company 31 Dec 2022	Parent company 31 Dec 2021
Prepaid rent	0	1	0	3
Prepaid leasing charges	0	-12	0	0
Prepaid insurance premiums	45	8	0	1
Prepaid traffic costs	447	381	–	0
Accrued income from contracts with customers	112	339	–	0
Other	229	216	81	194
Total	**833**	**933**	**82**	**198**

Note 20 Equity

Shares and share capital, SEK	Ordinary shares	Share capital
Opening balance at 1 January 2021	**631,736,700**	**6,317,367**
Warrants	7,770,080	77,701
Rights issue	129,061,968	1,290,620
Closing balance at 31 December 2021	**768,568,748**	**7,685,687**
Warrants	8,230,490	82,305
Rights issue	61,803,010	618,030
Closing balance at 31 December 2022	**838,602,248**	**8,386,022**

At 31 December 2022, authorized share capital comprised 838,602,248 shares. The quotient value of the shares is 0.01 (0.01). All shares are fully paid.

Reserves	Translation reserve
Opening balance at 1 January 2021	**-400**
Translation differences	553
Exchange rate changes on increased net investments	44
Deferred tax	-19
Closing balance at 31 December 2021	**178**
Translation differences	4 593
Exchange rate changes on increased net investments	604
Deferred tax	-107
Closing balance at 31 December 2022	**5 268**

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

Note 21 Other interest bearing current and non-current liabilities

	Group		Parent company	
Other IB non-current liabilities	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Bank loans	9,701	169	9,701	159
Senior unsecured bonds	748	750	748	750
Lease liabilities	774	768	-	-
Other non-current liabilities[1]	13	2	-	-
Total	**11,236**	**1,689**	**10,449**	**909**

	Group		Parent company	
Other IB current liabilities	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Bank loans	1	10,683	-	10,681
Lease liabilities	98	134	-	-
Total	**99**	**10,817**	**-**	**10,681**

1) Reclassification between other interest bearing non-current liabilites and other non interest bearing non-current liabilites for 2021.

As of the reporting date, Sinch had credit facilities with a syndicate of nine banks, which would have matured in 2025. After the reporting date, the maturity date of these facilities was extended by one year to 2026. The total size of the credit facilities was SEK 7,648m as of the reporting date, of which SEK 5,592m had been used. The facilities can be used in most currencies and the interest base is the relevant IBOR or overnight rate in each currency. For more information on unused loan limits of SEK 2,056m as of the reporting date, see note 29. Sinch has also used a bank loan of SEK 3,000m that matures in 2024. In addition to the above, Sinch has a loan agreement with the Swedish Export Credit Corporation in the amount of USD 110m that matures in 2025.

Sinch issued senior unsecured bonds in 2019 in the total amount of SEK 750m. The bonds mature in 2024 and are at a variable rate based on 3m STIBOR plus 250 bps.

Sinch has a granted bank overdraft facility of SEK 913m (471). As of 31 December 2022, SEK 0m (0) had been used.

Note 22 Other non interest bearing non-current liabilities

	Group		Parent company	
Other NIB non-current liabilities	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Earnout, myElefant[1]	-	18	-	-
Earnout, TWW[2]	6	31	-	-
Other non-current liabilities[2][3]	28	6	-	-
Total	**34**	**55**	**-**	**-**

1) Reclassification between other interest bearing non-current liabilites and other non interest bearing non-current liabilites for 2021.

2) Reclassification between other non-current liabilities and earnouts for 2021.

3) Adjustment according to statement of financial position for 2021.

Please refer to Note 31 for further disclosures concerning liabilities related to acquisitions.

	Group		Parent company	
Other NIB current liabilities	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
VAT, tax withheld at source	289	203	2	3
Derivatives	15	0	15	-
Funds belonging to a third party[1]	4	5	-	-
Other current liabilities	36	9	0	0
Total	**344**	**217**	**17**	**3**

1) The Danish operations provide PSMS services for which payment is received that is subsequently forwarded to a third party.

Note 23 Provisions

Other provisions	Group	
	31 Dec 2022	31 Dec 2021
Provision for VAT, Australian operations	–	0
Provision for social security expenses, share ownership plan	16	32
Provision for restructuring costs	16	0
Other provisions	18	17
Total	**49**	**49**

The majority of the decrease in the provisions for social security expenses related to stock options programs is due to share price performance.

Note 24 Accrued expenses and prepaid Income

Accrued expenses and prepaid income	Group		Parent company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accrued salaries	204	144	3	3
Accrued annual leave pay	149	120	2	3
Accrued social security contributions, including pension	62	53	1	2
Accrued interest expenses	38	10	39	10
Accrued external services	413	244	8	7
Accrued traffic costs	2,535	2,099	0	0
Other items[1]	1	0	0	0
Total	**3,401**	**2,669**	**52**	**24**

1) Contractual liabilities for accrued income have been reclassified to the item Contractual liabilities/Advances from customers, se note 17.

Note 25 Untaxed reserves

Untaxed reserves	Parent company	
	31 Dec 2022	31 Dec 2021
Tax allocation reserves	90	36
Accelerated depreciation/amortization	4	7
Total	**95**	**43**

Note 26 Pledged assets and contingent liabilities

As pledged assets for own debt and provisions	Group		Parent company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Guarantees	128	95	–	–
Contingent liabilities[1]	119	–	–	–
Total	**247**	**95**	**0**	**0**

1) Contingent liabilities primarily refer to commitments for ordered or contracted services and cannot be canceled without financial impact.

Note 27 Related party transactions

Group

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

Neqst, a shareholder in Sinch and owner of the company CatalystOne has entered into an agreement with Sinch regarding an IT solution for HR data. The agreement has been entered on market conditions.

Parent company

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

Disclosures concerning compensation to senior management personnel are provided in Note 7.

Note 28 Financial assets and liabilities

The table below presents the Group's financial assets and liabilities, recognized at carrying amount and fair value, classified in the categories in accordance with IFRS 9.

Group 31 Dec 2022	Financial assets and liabilities measured at amortized cost	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Carrying amount	Fair value
Financial assets at fair value					
Derivatives, Level 2, Note 18	–	–	–	–	–
Financial assets not recognized at fair value					
Deposits paid, Note 16	25	–	–	25	25
Accounts receivable, Note 17	4,247	–	–	4,247	4,247
Accrued revenue from contracts with customers, Note 19	112	–	–	112	112
Cash and cash equivalents	2,173	–	–	2,173	2,173
Total financial assets	**6,556**	**–**	**–**	**6,556**	**6,556**
Financial liabilities at fair value					
Derivatives, Level 2, Note 22	–	–	15	15	15
Earnout, Level 3, Note 22	–	6	–	6	6
Financial liabilities not recognized at fair value					
Long-term loans payable, Note 21	10,449	–	–	10,449	10,449
Short-term loans payable, Note 21	1	–	–	1	1
Leasing liability, Note 15	872	–	–	872	872
Funds belonging to a third party, Note 22	4	–	–	4	4
Accrued interest expense, Note 24	38	–	–	38	38
Accounts payable	1,561	–	–	1,561	1,561
Total financial liabilities	**12,925**	**6**	**15**	**12,946**	**12,946**

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

Group 31 Dec 2021	Financial assets and liabilities measured at amortized cost	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Carrying amount	Fair value
Financial assets at fair value					
Derivatives, Level 2, Note 18	–	–	–	–	–
Financial assets not recognized at fair value	**–**	**–**	**–**	**–**	**–**
Deposits paid, Note 16	20	–	–	20	20
Accounts receivable, Note 17	3,870	–	–	3,870	3,870
Accrued revenue from contracts with customers, Note 19	339	–	–	339	339
Cash and cash equivalents	1,871	–	–	1,871	1,871
Total financial assets	**6,100**	**–**	**–**	**6,100**	**6,100**
Financial liabilities at fair value					
Derivatives, Level 2, Note 22	–	–	0	0	0
Earnout, Level 3, Note 22	–	7	–	7	7
Financial liabilities not recognized at fair value					
Long-term loans payable, Note 21	919	–	–	919	919
Short-term loans payable, Note 21	10,683	–	–	10,683	10,683
Leasing liability, Note 15	902	–	–	902	902
Funds belonging to a third party, Note 22	5	–	–	5	5
Accrued interest expense, Note 24	10	–	–	10	10
Accounts payable	1,424	–	–	1,424	1,424
Total financial liabilities	**13,943**	**7**	**0**	**13,950**	**13,950**

Note 28 cont.

Levels
IFRS 13 Fair Value Measurement contains a hierarchy that categorizes inputs to valuation techniques used to measure fair value. Financial assets and liabilities measured at fair value in the balance sheet, or where the fair value is disclosed, are classified in one of three levels based on the information used to measure fair value.

Level 1 – Financial instruments whose fair value is determined based on observable (unadjusted) quoted prices in an active market for identical assets or liabilities. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or supervisory body are readily and regularly available and those prices represent actual and regularly occurring market transactions at arm's length.

Level 2 - Financial instruments whose fair value is determined using valuation techniques based on other observable market data than quoted prices for the asset or liability included in level 1, either directly (as prices) or indirectly (derived from prices). Examples of observable data in level 2 are:
- Quoted prices for similar assets or liabilities.
- Data upon which a judgment of a price can be based, such as market interest rates and yield curves.

Level 3 - Financial instruments whose fair values are determined using valuation techniques where significant input is based on unobservable data.

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

Derivatives **-** Foreign currency forward contracts are measured at Level 2. The measurement is performed by discounting future cash flows based on the difference between the contractual forward rate and spot rate on the reporting date.

Earnouts - Earnouts referring to the acquisition of shares in subsidiaries are measured at Level 3 to the present value of future cash flows based on forecasts of the entities' future performance. Material assumptions in this estimate are future growth rate and earnings capacity and are based on forecasts of the companies' future performance. A percentage increase in cash flow leads to the corresponding percentage increase in earnout at unchanged discount rate. Nominal amounts paid out are disclosed in note 31.

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

Net gains/losses from financial assets and liabilities by measurement category

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

Group 2021	Financial assets and liabilities are measured at amortized cost.	Obligatory measurement at fair value through profit or loss	Fair value hedge instruments	Total
Exchange rate differences in operating profit	-5	–	4	**0**
Interest income/interest expenses	-41	–	–	**-41**
Exchange rate differences in net financial income/expenses	937	–	161	**1,098**
Total	**891**	**–**	**165**	**1,057**

Note 29 Risk exposure and risk management

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

Liquidity risk and financing risk

Liquidity risk is the risk that the Group might have difficulty performing its obligations associated with financial liabilities. Liquidity planning is used to manage liquidity risk and minimize the cost of financing the Group. The Group's policy is to minimize the borrowing requirement by using surplus liquidity in the Group in cash pools. Liquidity risks for the Group are managed centrally within the parent company. Sinch has a granted bank overdraft facility of SEK 913m (471) to manage fluctuations in cash flow, none of which had been drawn as of 31 December 2022 (–). Loan financing is subject to covenants, i.e., that certain performance indicators are met. The performance indicators are calculated based on Sinch's EBITDA, interest expenses and net debt. Sinch analyzes these performance indicators on an ongoing basis. The group´s liquidity reserve consisting of unused loan limits and available bank balances per balance date is specified below.

Group	31 Dec 2022	31 Dec 2021
Granted credit limits		
Revolving line of credit	5,500	1,500
Bridge facilities	–	9,200
Total granted credit limits	**5,500**	**10,700**
Allocated credit limits	3,444	10,659
Unallocated credit limits	**2,056**	**41**
Available bank balances	2,173	1,865
Liquidity reserve	**4,229**	**1,906**
Other credit limits		
Bank overdraft facility	913	471

At year-end, Sinch's financial liabilities amounted to SEK 12,074m (13,048), see Note 28, and the maturity structure is shown on the table below.

Maturity structure, financial liabilities

	31 Dec 2022				31 Dec 2021			
SEKm	< 1 year	> 1 < 2 years	> 2 < 3 years	> 3 years	< 1 year	> 1 < 2 years	> 2 < 3 years	> 3 years
Bank loan[1]	419	3,343	6,792		10,883	4	2	1
Senior unsecured bond	37	784			19	19	769	
Derivatives (liability)	15				0			
Leasing liability[2]	98	87	77	609				
Accounts payable	1,561				1,418			
Funds belonging to a third party	4				-2			
Additional purchase consideration (earnouts)	6				–			

1) 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.

2) Information of the maturity structure for leasing liabilities for the year 2021 is not available.

SEKm	Original currency	31 Dec 2022	31 Dec 2021
Bank loan	SEK	6,400	9,811
Bank loan	DKK	–	50
Bank loan	GBP	–	–
Bank loan	USD	3,340	983
Bank loan	EUR	0	7
Bank loan	INR	1	2
Senior unsecured bond	SEK	750	750

Market risk

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

Note 29 cont.

Interest rate risk

The Group's primary interest rate risk arises through long-term borrowing at variable rates, which exposes the Group to interest rate risk relating to cash flows. Interest rate risk is the risk that the fair value of cash flows or future cash flows from a financial instrument will vary due to changes in market rates. Interest rate risk can lead to a change in cash flows. The fixed interest term is a significant factor affecting the interest rate risk. Sinch's loan financing is carried at a three-month rate. An interest change of 100 points based on interest-bearing liabilities at the reporting date would affect the Group's future profit before tax by +/- SEK 105m (+/– 116). The sensitivity analysis assumes that all other factors, such as exchange rates, remain constant. The average remaining term to maturity for the Group's external loan financing was 1.9 years and the average interest rate on external loan financing was 4.3 percent as of 31 December 2022.

Currency risk

Transaction exposure is the risk that currency movements in connection with sales and purchases in foreign currency could affect consolidated cash flows and profit or loss. The Group's sales are transacted mainly in foreign currencies, primarily EUR, USD and GBP. The Group's costs are incurred in foreign currencies, primarily EUR, USD and GBP, as well as SEK. Currency movements greater impact on revenues than on costs. The Group has significant net currency exposure. See the table below. The Group did not engage in currency hedging related to transaction exposure in 2022.

Currency risk also arises in the translation of the assets and liabilities of foreign subsidiaries to the parent company's functional currency, i.e., translation exposure. Hedge accounting is applied, from time to time, in the accounts as regards net investments in foreign subsidiaries through the raising of loans in the corresponding currency. See the table below for hedging relationships, all of which are effective.

Exchange rate differences are included in the parent company income statement at SEK 135m (0) in operating profit and at SEK 269m (1,099) in financial expenses. As of the balance sheet date, the group has financial liabilities arising from currency derivates of SEK 15m (-18). Currency derivatives are used as financial hedges for financial liabilities and assets, which may be intra-group, in foreign currency with a reverse net profit impact in the event of a change in exchange rates. Thus, the total effect on the group's net profit in the event of a change in the value of currency derivatives is limited. Hedge accounting is not applied to either derivatives or underlying financial liabilities or assets.

Transaction exposure

Sinch's transaction exposure is mainly distributed among the following items and currencies; amounts are stated in SEKm translated at the closing day rate.

	31 Dec 2022							
Original currency	**Accounts receivable**	**Accrued income**	**Prepaid traffic costs**	**Cash and cash equivalents**	**Accounts payable**	**Accrued traffic costs**	**Bank and bond loans**	**Total**
AED	10	–	–	2	-13	-18	–	-19
AUD	111	0	2	111	-34	-54	–	136
BRL	147	53	0	157	-37	-109	–	212
CAD	14	–	–	25	-7	-2	–	29
CHF	–	–	–	12	-2	-2	–	9
CNY	7	–	–	26	0	-3	–	30
DKK	16	0	–	1	-11	-24	–	-18
EUR	990	10	1	474	-412	-928	0	134
GBP	228	0	0	75	-116	-293	–	-106
INR	370	0	–	97	-178	-95	-1	193
NOK	4	–	–	0	-6	-14	–	-17
NZD	20	–	–	14	-7	-16	–	11
PLN	–	–	–	1	-4	-15	–	-19
SGD	52	–	2	26	-24	-64	–	-8
TRY	–	–	–	1	0	0	–	1
USD	2,146	43	440	764	-599	-783	-3,339	-1,328
ZAR	0	0	–	6	0	0	–	6
Other currencies	112	5	0	168	-58	-93	–	135
Foreign currency	**4,225**	**112**	**447**	**1,959**	**-1,509**	**-2,512**	**-3,340**	**-617**
SEK	21	0	0	213	-51	-23	-7,110	-6,950
Total	**4,247**	**112**	**447**	**2,173**	**-1,561**	**-2,535**	**-10,450**	**-7,567**

Note 29 cont.

Original currency	Accounts receivable	Accrued income	Prepaid traffic costs	Cash and cash equivalents	Accounts payable	Accrued traffic costs	Bank and bond loans	Total
	31 Dec 2021							
AED	2	9	–	1	-6	9	–	15
AUD	139	1	1	159	-43	-58	–	199
BRL	69	90	116	136	-62	-236	–	113
CAD	19	1	–	1	-22	12	–	10
CHF	–	–	–	0	-1	0	–	-1
CNY	1	3	–	23	-1	-2	–	23
DKK	22	–	–	0	-9	-15	–	-2
EUR	1,628	29	1	199	-623	569	-7	1,794
GBP	245	2	–	84	-244	-618	–	-531
INR	238	87	–	-6	-67	-151	-2	99
NOK	9	2	–	1	-6	51	–	55
NZD	8	–	–	13	-3	6	–	24
PLN	0	–	–	0	-6	-5	–	-10
SGD	39	24	2	21	-6	-21	–	59
TRY	–	–	–	0	0	0	–	0
USD	1,388	56	226	556	-206	-1,579	-1,032	-591
ZAR	0	–	34	1	0	0	–	35
Other currencies	56	33	1	93	-61	-47	–	76
Foreign currency	**3,862**	**336**	**381**	**1,281**	**-1,365**	**-2,087**	**-1,041**	**1,366**
SEK	8	5	0	590	-59	-11	-10,561	-10,027
Total	**3,870**	**342**	**381**	**1,871**	**-1,424**	**-2,099**	**-11,602**	**-8,661**

Sensitivity to transaction exposure

Based on transaction exposure as of 31 December 2022 above and excluding any currency hedges, Sinch's profit before tax would have been affected by +/– SEK 145m (+/– 137) if exchange rates against SEK were to change by 10 percent. The largest exposures are against AUD, BRL, EUR, GBP and USD.

Note 29 cont.

Translation exposure

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

	31 Dec 2022			31 Dec 2021		
Original currency, SEKm	Net investment	Hedged net investment	Net exposure	Net investment	Hedged net investment	Net exposure
AED	-23	–	-23	-14	–	-14
ARL	18	–	18	40	–	40
AUD	7,549	–	7,549	43	–	43
BGN	0	–	0	0	–	0
BRL	3,679	–	3,679	1,407	–	1,407
CAD	66	–	66	41	–	41
CHF	18	–	18	0	–	0
CLP	9	–	9	4	–	4
CNY	29	–	29	16	–	16
COP	15	–	15	19	–	19
CZK	4	–	4	1	–	1
DKK	286	–	286	245	-50	196
EUR	6,176	–	6,176	5,743	–	5,743
GBP	1,219	–	1,219	1,211	–	1,211
HKD	15	–	15	-3	–	-3
IDR	0	–	0	0	–	0
INR	481	–	481	437	–	437
KRW	0	–	0	0	–	0
MXN	206	–	206	125	–	125
MYR	2	–	2	-3	–	-3
NOK	0	–	0	–	–	–
NZD	-1	–	-1	3	–	3
PEN	-6	–	-6	-3	–	-3
PLN	3	–	3	2	–	2
RUB	-1	–	-1	0	–	0
SGD	-70	–	-70	-57	–	-57
TRY	0	–	0	0	–	0
TWD	9	–	9	3	–	3
USD	23,899	–	23,899	28,376	-2,082	26,294
ZAR	-1	–	-1	0	–	0
Total	**43,581**	**–**	**43,581**	**44,447**	**-2,132**	**42,315**

Sensitivity to translation exposure

Consolidated equity would be affected by SEK +/- 4,358m (4,232) if SEK were to change by 10 percent against all the currencies against which Sinch has translation exposure, based on the exposure as of 31 December 2022 as above, including hedges but excluding any effect on equity due to the currency translation of other items included in profit for the year. Please refer to Note 1, "Accounting and measurement principles" with regard to hedge accounting.

Credit risk

Credit risk describes the Group's risks in financial assets and arises if a counterparty fails to perform its contractual payment obligation towards Sinch. Credit risk is divided between financial credit risk, which refers to the risk in interest-bearing assets and derivatives, and customer credit risk, which refers to the risk in accounts payable and contract assets.

Financial credit risk

Financial credit risk is the risk the Group runs in relation to financial counterparties in connection with placements of surplus funds, balances in bank accounts and investments in financial assets. Credit risk in the form of counterparty risk also arises upon use of derivatives and consists of the risk that a potential profit will not be realized if the counterparty fails to perform its part of the contract. The Group's maximum financial credit risk corresponds to the fair values of financial assets. See Note 28. At year-end 2022, total financial credit exposure including accounts receivable and contract assets was SEK 6,556m (6,100) including cash and cash equivalents of SEK 2,173m (1,871).

Sinch will limit its exposure to financial counterparties by using banks and financial institutions with high credit ratings. The Group's financial interest-bearing assets consist mainly of bank deposits. There is some concentration of credit risk

Note 29 cont.

in cash and cash equivalents where deposits are placed with banks with high credit ratings.

At year-end, surplus funds were placed mainly in larger banks with global presence, primarily in the Nordics, the US, Australia and Brazil.

Loss allowances for cash and cash equivalents are covered by the general model and based on the credit institution's rating.

The loss allowance for these assets is based on twelve months' expected credit losses and amounted at year-end to SEK 0.2m (0.1).

Customer credit risk

The risk that Sinch's customers will not meet their obligations, i.e., that payment is not obtained from customers, is a customer credit risk. The Group's exposure to credit risk is primarily attributable to accounts receivable and to a lesser extent to contract assets. Credit exposure in accounts receivable amounted to SEK 4,247m (3,870) at year-end. Sinch has historically had low credit losses. Sinch's credit risk related to accounts receivable has a high degree of risk diversification through a wide variety of customer categories in a large number of geographical markets and in that many of the Group's customers are highly reputable companies with high credit ratings. Sinch has concentration of credit risk among certain large customers. The five largest customers account for about 20 percent of accounts receivable and contract assets. The largest customers operate primarily in the telecom and financial sectors and generally have public investment grade ratings from credit rating agencies.

Sinch also applies a policy of credit checking its customers, whereupon information about customers' financial position is obtained from credit rating firms. Credit classifications are done to a certain extent; for example, the customer may be required to pay in advance. For those customers who pay in arrears, individual credit limits are set in the transaction system. The simplified approach is used to estimate expected credit losses on accounts receivable and contract assets where a loss allowance has been made for the lifetime of the receivables. The loss allowance is based on information from previous events, current circumstances and forecasts of future economic circumstances. Management's expectations for changes in external risks and future customer payment behavior are taken into account. Loss allowances are made according to individual assessments for most of the Group's accounts receivable and for major customers. In addition, individual loss allowances are made for accounts receivable assessed as problematic. A provision matrix is also applied to accounts receivable that are not individually assessed. Provision matrices state increased loss allowance percentages based on the number of days the receivables are past due. Regional distribution and customer groupings are taken into account when individual allowances and group allowances according to the provision matrix are determined.

See Note 17 for disclosures on ECL allowances for accounts receivable and contract assets and the maturity structure of accounts receivable.

Capital management

Sinch defines its managed capital as consolidated equity. Sinch must have a robust financial position and good liquidity. This provides the financial scope for action and independence required to run the business and manage variations in the need for capital employed and to benefit from business opportunities. The board of directors of Sinch decides the company's capital structure and dividend policy.

Management of the capital structure is aimed at creating balance among equity, loan financing and liquidity so that Sinch assures the financing of the business at a reasonable cost of capital. Sinch endeavors to finance growth, normal investments and dividends to shareholders by generating sufficient positive cash flow for operating activities.

Dividend policy

As the board of directors believe there will be good opportunities for growth through acquisitions in the next few years, the board is therefore proposing that the company's profits should primarily be reinvested.

Debt policy

Sinch's capital structure should enable a high degree of financial flexibility and enable acquisitions. Sinch's target is for net debt over time (pro forma and excluding IFRS 16-related lease liabilities) to be lower than 3.5 times adjusted EBITDA measured on a rolling twelve months' basis. "Over time" means that the company's debt is permitted to temporarily exceed the set target during a period immediately after a business combination. At 31 December 2022, net debt/adjusted EBITDA was 2.7 (2.9).

Note 30 Cash flow

	Group		Parent company	
Cash and cash equivalents	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Cash and bank balances	2,173	1,871	765	610

	Group		Parent company	
Interest	**2022**	**2021**	**2022**	**2021**
Interest received	84	11	394	83
Interest paid	-363	-45	-316	-40
Net interest	**-279**	**-34**	**78**	**43**

Adjustment for non-cash items in cash flow from operating activities	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Depreciation and amortization	7,478	647	4,345	5
Profit or loss from sale of equipment	10	3	–	3
Change in credit loss allowance	103	84	–	–
Unrealized exchange rate differences	-575	-715	-735	-57
Acquisition costs	–	169	–	–
Fair value derivatives	15	-18	15	-18
Not paid/received interest	29	7	-22	-2
Warrants vesting	124	106	–	–
Other	-17	-38	–	–
Total	**7,167**	**245**	**3,604**	**-69**

Note 30 cont.

Reconciliation of liabilities attributable to financing activities – Group	Opening balance 1 Jan 2022	Cash flow	Non-cash items: Acquisi-tions/ disposals	Non-cash items: New and amended leases	Non-cash items: Change in fair value	Non-cash items: Exchange rate changes	Closing balance 31 Dec 2022
Bank loan	10,925	-1,455	–	–	0	292	9,762
Senior unsecured bonds	750	0	–	–	0	–	750
Lease liability	902	-144	–	-39	–	153	872
Total	**12,577**	**-1,599**	**–**	**-39**	**0**	**445**	**11,384**

Reconciliation of liabilities attributable to financing activities – Group	Opening balance 1 Jan 2021	Cash flow	Non-cash items: Acquisi-tions/ disposals	Non-cash items: New and amended leases	Non-cash items: Change in fair value	Non-cash items: Exchange rate changes	Closing balance 31 Dec 2021
Bank loan	342	10,552	3	–	0	27	10,925
Senior unsecured bonds	745	–	–	–	5	–	750
Lease liability	46	-55	908	0	–	2	902
Total	**1,135**	**10,497**	**911**	**0**	**5**	**29**	**12,577**

Reconciliation of liabilities attributable to financing activities – Parent	Opening balance 1 Jan 2022	Cash flow	Non-cash items: Acquisi-tions/ disposals	Non-cash items: New and amended leases	Non-cash items: Change in fair value	Non-cash items: Exchange rate changes	Closing balance 31 Dec 2022
Bank loan	10,839	-1,455	–	–	–	356	9,740
Senior unsecured bonds	750	0	–	–	0	–	750
Total	**11,589**	**-1,455**	**–**	**–**	**0**	**356**	**10,490**

Reconciliation of liabilities attributable to financing activities – Parent	Opening balance at 1 Jan 2021	Cash flow	Non-cash items: Acquisi-tions/ disposals	Non-cash items: New and amended leases	Non-cash items: Change in fair value	Non-cash items: Exchange rate changes	Closing balance 31 Dec 2021
Bank loan	287	10,527	–	–	–	26	10,839
Senior unsecured bonds	745	–	–	–	5	–	750
Total	**1,032**	**10,527**	**–**	**–**	**5**	**26**	**11,589**

Note 31 Acquisition of group companies

Acquisitions in 2022

A minor acquisition worth SEK 5m was carried out in 2022. Contingent consideration (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.

Acquisitions in 2021

Inteliquent
Sinch entered into a binding agreement on 17 February 2021 to acquire Inteliquent, the largest independent provider of voice services in the US. The acquisition closed on 9 December. The total consideration amounted to SEK 10,581m. In conjunction with the acquisition, Sinch repaid an external loan to Inteliquent's lenders in the amount of USD 529.1m. The consideration was adjusted during Q1 2022 by USD 2.6m (SEK 24m). The increase is attributable to adjustments of working capital and cash reserves and has been recognized as goodwill.

Note 31 cont.

Inteliquent was acquired through acquisition of 100 percent of the shares in the legal entity Onvoy Holdings Inc. The acquisition was financed with a combination of cash reserves and debt facilities. The business is headquartered in Chicago, Illinois and has more than 500 employees. Inteliquent comprises two business units that leverage the same underlying network. The CPaaS (Communications-Platform-as-a-Service) business comprises Inteliquent's enterprise-targeted API offering that lets businesses acquire phone numbers and embed voice calling in their own products or business processes. The IaaS (Infrastructure-as-a-Service) business includes a range of business-critical services to fixed and mobile telecom carriers, including services for off-net call termination and handling of calls to toll-free 1-800 numbers. Execution of the transaction was subject to customary terms and conditions and approvals from CFIUS, FCC and US competition authorities. The remaining administrative approval is expected to be finalized within the near future.

The acquisition was included in the consolidated accounts from 9 December 2021. The fair value of acquired receivables was SEK 534m. The contractual gross amount of accounts receivable was SEK 543m. Goodwill of SEK 5,569m is attributable mainly to complementary product offerings and growth in the customer base. The acquisition analysis was finalized in Q4 2022 based on information attributable to the acquisition date. The updates that pertain to acquired net assets refer to customer relationships amounting to SEK 3,867m corresponding to a change of SEK 73m, other intangible assets of SEK 34m corresponding to a change of SEK -259m, and deferred tax of SEK 1,729m corresponding to a change of SEK -14m.

MessageMedia

Sinch entered into a binding agreement on 9 June 2021 to acquire MessageMedia, a leading provider of messaging services to small and medium-sized businesses in the US, Australia, New Zealand and Europe. Headquartered in Melbourne, Australia, the business has a workforce of more than 350 people. MessageMedia was acquired through acquisition of 100 percent of the shares in the legal entity Message 4U Pty Ltd. The acquisition closed on 5 November. The total consideration amounted to SEK 10,657m. Sinch paid cash consideration in AUD equivalent to SEK 9,245m plus 11,284,870 new shares in Sinch. The sellers have received 481,860 new shares in Sinch worth SEK 60m (at SEK 125.10 per share). The remaining 10,803,010 shares, worth SEK 1,351m, have been issued in 2022. The consideration was adjusted during Q1 2022 by AUD 1.6m (SEK 12m). The increase is attributable to adjustments of working capital and cash reserves and has been recognized in its entirety as goodwill.

The acquisition was included in the consolidated accounts from 5 November 2021. The fair value of acquired accounts receivable was SEK 218m. The contractual gross amount of accounts receivable was SEK 222m. Goodwill of SEK 6,931m is attributable mainly to complementary product offerings and expected growth in new customer groups. The acquisition analysis was finalized in Q4 2022 based on information attributable to the acquisition date. The updates that pertain to acquired net assets refer to customer relationships amounting to SEK 4,192m corresponding to a change of SEK -38m, proprietary software amounting to SEK 1,142m corresponding to a change of SEK 152m, and deferred tax of SEK 1,230m corresponding to a change of SEK -290m.

MessengerPeople

Sinch entered into a binding agreement on 22 September 2021 to acquire MessengerPeople, a leading software-as-a-service platform for conversational messaging. The acquisition closed on 1 November. Total consideration amounted to SEK 508m, of which Sinch paid SEK 371m in cash and SEK 136m in the form of 835,677 new shares in Sinch (at SEK 162.85 per share). The consideration was adjusted by USD -0.4m (SEK -3m) in Q1 2022. The decrease is attributable to adjustments of working capital and cash reserves and has been recognized in its entirety as goodwill.

MessengerPeople offers a cloud-based software solution that makes it easy for businesses to communicate with their customers via interactive messaging services like WhatsApp, Telegram and Apple Business Chat (iMessage). More than 700 companies currently use apps from MessengerPeople to engage with their customers. About 80 percent of these companies are based in the DACH region. The company has about 40 employees and is based in Munich, Germany.

The acquisition was included in the consolidated accounts from 1 November 2021. The fair value of acquired accounts receivable was SEK 4m. The contractual gross amount of accounts receivable was SEK 4m. Goodwill of SEK 384m arises mainly from the expertise provided by MessengerPeople. The acquisition analysis was finalized in Q4 2022 based on information attributable to the acquisition date. The updates that pertain to acquired net assets refer to customer relationships amounting to SEK 126m corresponding to a change of SEK 11m and deferred tax of SEK 44m corresponding to a change of SEK 4m.

Pathwire

Sinch entered into a binding agreement on 30 September to acquire Pathwire, a leading cloud-based email delivery platform, including its Mailgun, Mailjet and Email on Acid products for developers and marketers. More than 100,000 companies use Pathwire's products to engage with their customers, including major brands such as Lyft, Microsoft, Iterable, DHL and Etsy. Pathwire is headquartered in San Antonio, Texas and has about 290 employees.

The acquisition closed on 7 December 2021. The total consideration amounted to SEK 14,205m. Pathwire was acquired through a merger with a subsidiary of Sinch, Pegasus Corp One, incorporated in Delaware. Cash settlement of SEK 8,775m was paid in the transaction. The sellers received 25.5 million new shares in February 2022 worth SEK 2,715m (at SEK 106.5 per share). In May 2022, the sellers received 25.5 million new shares in Sinch worth SEK 2,715m (at SEK 106.5 per share).

The acquisition was included in the consolidated accounts from 7 December 2021. The fair value of acquired accounts receivable was SEK 68m. The contractual gross amount of accounts receivable was SEK 83m. Goodwill of SEK 8,529m is attributable mainly to complementary product offerings and anticipated growth in the customer base. The acquisition analysis was finalized in Q4 2022 based on information attributable to the acquisition date. The updates that pertain to acquired net assets refer to customer relationships amounting to SEK 4,140m corresponding to a change of SEK 46m, trademarks amounting to SEK 322m corresponding to a change of SEK -429m, and deferred tax of SEK 1,578m corresponding to a change of SEK -92m.

Note 31 cont.

Fair value of acquired net assets, SEKm	Message Media[1]	Messenger-People[1]	Inteliquent[1]	Pathwire[1]
Customer relationships	4,192	126	3,867	4,140
Operator relationships	17	–	–	–
Trademarks	68	2	118	322
Proprietary software	1,142	5	1,289	2,083
Other intangible assets	5	0	34	3
Right-of-use assets	13	3	697	77
Other property, plant and equipment	7	0	544	5
Financial assets	12	0	31	19
Deferred tax assets	–	5	366	54
Accounts receivable[2]	111	4	543	83
Credit loss allowance[2]	-4	0	-9	-15
Tax assets	–	–	1	31
Accrued income	13	–	62	71
Other current assets	11	1	0	8
Cash and cash equivalents	91	52	437	390
Deferred tax liability	-1,230	-44	-1,729	-1,578
Interest bearing non-current liabilities	-16	-1	-616	-66
Non interest bearing non-current liabilities	-2	-2	-8	–
Accounts payable	0	0	-58	-78
Interest bearing current liabilities	-259	–	-84	-10
Other non interest bearing current liabilities	0	-20	-59	-17
Tax liability	-51	-1	-7	-4
Accrued expenses and prepaid income	-180	–	-616	-185
Total acquired net assets	**3,939**	**130**	**4,803**	**5,333**

1) The acquisition analysis is final and the most pertinent updates are provided in greater detail under each acquisition, as well as minor adjustments to items related to final acquired balances.

2) A credit loss allowance of SEK -124m for Inteliquent was recognized in Q2 2022, which was updated in Q3 to SEK -9m to reflect the acquired balance in this category. The amount is offset against accounts receivable.

Purchase consideration, SEKm	Message-Media	Messenger-People	Inteliquent	Pathwire
Consideration paid, 2021	9,306	508	10,581	8,775
Consideration paid, 2022	1,351	–	–	5,430
Adjustment of consideration	12	-3	24	–
Total consideration	**10,669**	**505**	**10,605**	**14,205**
Fair value of acquired net assets	-3,939	-130	-4,803	-5,333
Goodwill	**6,730**	**375**	**5,802**	**8,872**

Effects of acquisitions on consolidated cash and cash equivalents, SEKm	Message-Media	Messenger-People	Inteliquent	Pathwire	Total
Direct costs relating to acquisitions[1]	0	-2	-6	-38	-45
Effects on cash and cash equivalents:	**0**	**-2**	**-6**	**-38**	**-45**

1) Direct costs relating to acquisitions are included in the item "Other external expenses" on the income statement.

Note 32 Events after the end of the financial year

New credit agreement
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.

Year-end Report
Sinch published the year-end report for 2022 on 16 February 2023.

Integration and synergies
On 9 March 2023, Sinch announced organizational changes intended to benefit product integration and market synergies, by which Sinch's messaging and email operations will be consolidated into a CPaaS product unit, with sales organized into two market units, North America and International.

New CEO
On 29 March 2023, Sinch announced that Laurinda Pang will be the new CEO of the company.

Note 33 Allocation of profit

The board of directors will propose to the annual general meeting that no dividend is distributed for the 2022 financial year.

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

Share premium reserve	34,126,066,926
Retained earnings	129,716,345
Profit for the year	-4,145,079,239
Total	**30,110,704,032**

The board of directors proposes that profit be allocated as follows, SEK:

Retained	30,110,704,032
Total	**30,110,704,032**

Certification and signatures

The board of directors and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, and that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden. The annual report and the consolidated financial statements present fairly, in all material respects, the financial position and financial performance of the parent company and the Group. The management report for the parent company and the Group presents a fair overview of the development of the parent company's and the Group's operations, financial position and financial performance and describes significant risks and uncertainties faced by the parent company and the companies included in the Group The consolidated financial statements and the parent company financial statements will be presented to the annual general meeting for adoption on 17 May 2023.

Stockholm, 17 April 2023

Erik Fröberg
Chair

Bridget Cosgrave
Director

Renée Robinson Strömberg
Director

Johan Stuart
Director

Björn Zethraeus
Director

Hudson Smith
Director

Johan Hedberg
Interim CEO

Our audit report was submitted 21 April 2023, Deloitte AB

Johan Telander
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of Sinch AB (publ) corporate identity number 556882-8908

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sinch AB (publ) for the financial year 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 65-128 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of intangible assets

Sinch reports intangible assets of MSEK 46 606 as of 31 December 2022. For cash generating units (“CGUs”) which contain intangible assets, the determination of recoverable amount, being the higher of fair value less costs to sell and value in use, requires judgement on behalf of management in both identifying and valuing the CGUs. Management prepares impairment assessments by CGUs, as required under accounting standards. Such assessments are based on management’s estimates of variables such as sales growth, EBITDA margin, terminal growth rate of free cash flow, and discount rate. Changes in judgements and estimates made by management may have a material effect on the financial statements and consequently Valuation of intangible assets is considered a key audit matter.

Disclosures regarding intangible assets are included in note 1 Accounting principles, note 12 Goodwill and note 13 Other non-current intangible assets.

Audit procedures

Our audit procedures included, but were not limited to:

- evaluate the design and implementation of relevant internal controls over the impairment assessment process including identifying indicators of impairment;
- evaluate and challenge key assumptions in management’s valuation model, including assumptions of sales growth, EBITDA margin, terminal growth rate, and discount rate;
- test the arithmetic accuracy of the valuation model used by management, and
- evaluate the appropriateness of disclosures in the financial statements.

Cost of services sold recognition

The group´s cost of services sold arises mainly from messaging and voice services and amounts to MSEK 18 912 for the period 2022-01-01 – 2022-12-31. The cost of services sold contains of many transactions individually priced based on supplier specific agreements. Accurate cost of services sold recognition requires adequate accounting principles, systems and internal controls. There is a risk that the cost of services sold is not complete, that transactions are not accurately recorded and that the cost of services sold is not estimated and reported in the correct period since the supplier invoices are often obtained several months after the transactions are recorded. A change in estimates made by management may have a material effect on the financial statements and consequently Cost of services sold recognition is considered a key audit matter.

Audit procedures

Our audit procedures included, but were not limited to:

- evaluate the design and implementation of relevant internal controls over the cost of services sold process;
- obtain external supplier confirmations of cost of services sold transactions;
- test recorded cost of services sold accruals as of December 31, 2022, and
- test the completeness and accuracy of cost of services sold transactions

Other information than the annual accounts and consolidated accounts

The other information consists of the remuneration report and the pages 2-51, 53 and 131-137. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sinch AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Sinch AB (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sinch AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of Sinch AB by the general meeting of the shareholders on the 2022-06-09 and has been the company's auditor since 2012-02-01.

Stockholm, April 21, 2023
Deloitte AB

Johan Telander
Authorized Public Accountant

Definitions

Financial measurements defined under IFRS:

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

Financial measurements not defined under IFRS:

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

Return on equity
Definition: Profit or loss for the year divided by average equity.

Purpose: Return on equity is a measurement of profitability in relation to the carrying amount of equity. Return on equity is a measurement of how investments are used to generate higher earnings and return on shareholders' capital.

Gross margin
Definition: Gross profit in relation to net sales.

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

Gross profit
Definition: Net sales less the cost of goods and services sold.
Purpose: Illustrates the company's internal value creation excluding costs paid to suppliers (mobile operators).

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

Net margin

Definition: Net profit in relation to net sales.

Purpose: Net margin is a key figure that indicates how large the company's profit is in relation to turnover, which is useful to assess how efficient the company's operations are.

Average total assets
Definition: Total assets at the end of the preceding year plus total assets at the end of the current year, divided by two.

Purpose: Used to calculate return on total equity.

Average total equity
Definition: Total equity at the end of the preceding year plus total equity at the end of the current year, divided by two.

Purpose: Used to calculate return on equity.

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

Net debt
Definition: Interest-bearing liabilities less cash and cash equivalents

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

Gross profit growth
Definition: Gross profit for the year divided by gross profit in the preceding year.

Purpose: Gross profit growth is more relevant than net sales growth because the cost of goods sold varies widely among geographical markets.

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

Purpose: Used to calculate net debt.

Interest-bearing liabilities
Definition: Bank loans, bonds, overdraft facilities, and lease liabilities.

Purpose: Used to calculate net debt.

Interest coverage ratio
Definition: EBIT plus interest income divided by interest expenses excluding IFRS 16 related leasing liabilities.

Purpose: Indicates the company's ability to cover its interest expenses.

Net debt/pro forma Adjusted EBITDA R12M
Definition: 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.

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

OPEX
Definition: Other external expenses and employee benefits expenses

Equity ratio
Definition: Equity as a percentage of total assets.

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

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

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

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

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

Adjusted EBITDA
Definition: EBITDA after adjustments related to: acquisition costs, integration costs, restructuring costs, operational foreign exchange gains/losses, costs of share-based incentive programs and non-recurring adjustments.

Purpose: Enables comparison of profitability over time in underlying operations.

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

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

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

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

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

EBIT margin/Adjusted EBIT margin
Definition: EBIT/Adjusted EBIT in relation to net sales.

EBITDA margin /Adjusted EBITDA margin
Definition: EBITDA/Adjusted EBITDA in relation to net sales,

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

Operational measurements

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

Number of ordinary shares at the end of the period
Definition: Number of ordinary shares at the end of the period.

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

Organic growth
Definition: Growth adjusted for acquisition and currency effects.

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

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

Annual general meeting, terms and acronyms, addresses

Annual general meeting

The annual general meeting of shareholders in Sinch AB (publ) will be held on Wednesday, 17 May 2023. In accordance with the provisions set down in Chapter 7, §4(a) of the Swedish Companies Act and the company's Articles of Association, the board of directors has decided that shareholders shall have the option to vote by post prior to the meeting. Shareholders thus may choose whether to attend the meeting in person, by proxy, or by postal vote.

Right to attend the annual general meeting

Shareholders who wish to attend the annual general meeting must:

- Be registered in the share register kept by Euroclear Sweden AB on Tuesday, 9 May 2022 or, if the shares are nominee-registered, request the nominee to register the shares in the shareholder's own name ("voting rights registration") by Thursday, 11 May 2022, and
- Provide notice of attendance as instructed under "Attendance in person or by proxy" below by Thursday, 11 May 2023, or cast a postal vote as instructed under "Voting by post" below. Postal votes must be received by Computershare AB no later than Thursday, 11 May 2023.

Shareholders with nominee-registered shares held via a bank or other nominee must request the nominee to register the shares in the shareholder's own name in the share register kept by Euroclear Sweden AB in order to participate at the annual general meeting (voting rights registration). As set out above, the nominee must have performed such registration with Euroclear Sweden AB by Thursday, 11 May 2023. Shareholders must therefore contact the nominee well in advance of this date and re-register the shares as instructed by the nominee.

Attendance in person or by proxy

Shareholders who wish to attend the annual general meeting in person or by proxy must notify the company thereto of their intent to attend by Thursday, 11 May 2023. The notice may be submitted:

- Electronically on the company's website (https://investors.sinch.com)
- By postal letter to Computer Share AB, Attn: Sinch AB (publ) Annual General Meeting, Box 5267, 102 46 Stockholm, Sweden
- By phone at +46 771 24 6400
- By email to proxy@computershare.se.

The notice must specify the shareholder's full name, personal identity/social security number or company registration number, address, phone number and, where applicable, the number of assistants (limited to two) who will be accompanying the shareholder to the general meeting.

Shareholders who do not wish to attend in person or to exercise their voting rights through postal voting may exercise their voting rights at the annual general meeting by proxy, who must present a written, signed and dated proxy form. If the proxy form was issued by a legal person, a copy of the certificate of incorporation or an equivalent authorization document for the legal person must be appended to the proxy form.

Voting by post

Shareholders who wish to exercise their voting rights through postal vote must use the postal voting form and follow the instructions posted on the company's website (https://investors.sinch.com), which are also available at company headquarters (Lindhagensgatan 74, 112 18 Stockholm, Sweden). The completed and signed postal voting form must be sent by postal letter to:

Computer Share AB
Attn: Sinch AB (publ) Annual General Meeting
Box 5267
102 46 Stockholm, Sweden.

Completed postal voting forms must be received by Computershare AB by Thursday, 11 May 2023. The completed and signed postal voting form may alternatively be submitted by email to info@computershare.se. Shareholders may also submit their postal votes electronically using BankID through the Company's website (https://investors.sinch.com). If the shareholder casts their postal votes by proxy, a written and dated proxy form shall be enclosed with the voting form. Proxy forms are available upon request and on the Company's website (https://investors.sinch.com). If the shareholder is a legal entity, a certificate of incorporation or other authorization document must be enclosed with the voting form.

Shareholders are not allowed to include special instructions or conditions in the postal vote. If special instructions or conditions are included, the postal vote will be invalid. Further information and conditions are provided on the voting form.

Forthcoming reporting dates

Interim Report, January–March 2023	**27 April 2023**
Half Yearly Report, January–June 2023	**21 July 2023**
Interim Report, January–September 2023	**7 November 2023**

SINCH explains the terms and acronyms

A2P Acronym for Application-to-Person, which describes communication from an enterprise application (or system) to a person's mobile phone. This is as opposed to Person-to-Person (P2P) communication.

API Application Programming Interface, refers to a defined interface that exposes a capability and makes it accessible through software. As an example, the Sinch SMS API lets a developer reach any mobile phone in the world using a few lines of code that call upon the API, submit the phone number, and specify the message to send.

Burst Capability With reference to our SLAs for deliverability, which guarantee that messages will be accepted within a specified timeframe or attempted delivery of these messages to the inbox provider.

Chatbot Software that responds to user input in a chat conversation.

CNAM (Caller NAME) The name displayed on the caller ID for an incoming call.

CPaaS Acronym for Communications Platform-as-a-Service, a type of cloud service that provides programs and applications over the internet.

Direct Routing A way to provide a public switched telephone network connection so that users can make and receive outside calls on any device.

Email Deliverability The ability to deliver emails to inboxes, which is affected by the sender's sending behavior, infrastructure and authentication protocol.

Email Delivery Rate The share of the total number of sent emails, expressed as a percentage, that are delivered to the mailbox

Email Verifications An API that verifies the existence, syntax and risk factors for a specific recipient's email address.

E911 (Enhanced 911) Calls to emergency services that automatically provide the phone number and location of the 911 call.

Grey Traffic Routing a message to a mobile subscriber in a fraudulent or unapproved way by which the sender avoids paying fees to the subscriber's mobile operator.

Landing Page A personalized web page that is reached by clicking a link in an SMS or in an email.

MMS Acronym for Multimedia Messaging Service, a further development of SMS that enables sending of multimedia, such as pictures and video clips between mobile phones.

Cloud Services ITC services provided over the internet on an external resource instead of the user's own computers; i.e., the option to manage programs, data storage, capacity and processing power via the internet.

MVNO Acronym for Mobile Virtual Network Operator.

OTP An abbreviation for One-Time-Password, and is one of the most common use cases for businesses to send Application-to-Person SMS.

PSTN — Public Switched Telephone Network Provides an interconnected center for communications providers to switch calls from one device to another.

P2A Application-to-Person messaging refers to messages sent from a person to a software application, i.e., inbound messages from an end user to a business.

P2P Person-to-Person messaging refers to messages sent between people to one another. These days, P2P messaging is typically bundled into a mobile subscription without any marginal cost per message.

RespOrg Short for "responsible organization," a RespOrg is a carrier that owns and manages toll-free numbers.

REST (RESTful) APIs A RESTful API is an Application Programming Interface (API) that follows the Representational State Transfer (REST) digital architecture philosophy that allows developers to choose the coding language they wish to use when they implement APIs in their applications.

RCS Acronym for Rich Communication Services, a further development of SMS and MMS that enables the sending of more advanced communications, such as text, pictures and video, between individuals or groups.

Routing APIs Also called inbound routing and email receiving. Routing APIs allow an email sender to point inbound emails to different inboxes, applications and recipient addresses while the message is simultaneously analyzed within JSON and UTF-8.

SaaS Acronym for Software-as-a-Service, a type of cloud service that provides programs and applications over the internet.

SDK Acronym for Software Development Kits, SDK are a set of development tools that make it possible for software developers to build applications for a specific program bundle, hardware platform, game console, operating system or comparable.

Session A time-based billing window for messaging, such as 24 hours, that is priced as a unit. Session pricing complements per-message pricing and is more suitable for conversational use cases.

Sinch The word Sinch is an informal American synonym for easy. We build cloud-based technology that is easy to deploy, easy to scale and easy for end users to like.

SIP Trunking SIP (Session Initiation Protocol) allows voice communications to be carried over an internet connection.

SMS Acronym for Short Message Service, a service for short text messages sent to and from mobile phones.

STIR/ SHAKEN A suite of protocols and procedures intended to combat illegal caller ID spoofing.

Supernet The Sinch Supernet consists of more than 600 direct commercial relationships and technical connections with the largest mobile operators in the world, local American carriers and email nodes. The network creates direct access to a very large share of all people who own a mobile device or have access to a computer and gives Sinch a competitive advantage.

White Traffic Traffic that primarily goes directly through mobile operators and is fully compliant with applicable regulations.

2FA 2FA (two-factor authentication) is a security method that requires two distinct forms of identi-fication to access information.

Largest Sinch offices

	Country	Address	Telephone
Stockholm – Headquarters	Sweden	Lindhagensgatan 74 112 18 Stockholm, Sweden	+46 (0) 8 566 166 00
Atlanta	USA	One Alliance Center 3500 Lenox Road Ne Ste 1875, Atlanta, GA, 30326	
Chicago	USA	550 W. Adams St., Suite 900, Chicago, IL 60661	
Delhi	India	104-107, Hemkunt Tower, 98, Nehru Place, New Delhi-110019	
Melbourne	Australia	Level 24 367 Collins Street, Melbourne – VIC 3000	
San Antonio	USA	112 E Pecan St #1135, San Antonio, TX 78205	
São Paulo	Brazil	Rua do Rocio 220 CJ61 - 6th Floor Vila Olímpía, São Paulo – SP 04552-000	

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