

Interim report for the period July 1 - September 30, 2018

Press release October 18, 2018

July - September

- Net sales amounted to MSEK 17.6 (15.9), an increase of 10.2% compared to the same quarter last year
- Net sales excluding withholding tax amounted to MSEK 15.9 (14.3), an increase of 11.1%.
- EBITDA result amounted to MSEK 2.4 (4.3)
- EBITDA margin amounted to 13.1% (21.0%)
- Profit after tax amounted to MSEK -0.9 (0.7)
- Profit per share amounted to SEK -0.12 (0.10)
- Total cash flow amounted to MSEK -2.0 (1.9)

January - September

- Net sales amounted to MSEK 48.7 (56.4), a decrease of 13.6% compared to the same period last year
- Net sales excluding withholding tax amounted to MSEK 43.7 (48.5), a decrease of 10.0%
- EBITDA result amounted to MSEK 1.7 (14.8)
- EBITDA margin amounted to 3.4% (24.4%)
- Profit after tax amounted to MSEK -5.1 (4.5)
- Profit per share amounted to SEK -0.71 (0.95)
- Total cash flow amounted to MSEK -0.6 (2.4)

CEO comment

“I’m very pleased to be able to show a quarterly outcome with continued positive results. This shows that we can balance costs and revenues even in a quarter where new major business is not realized. We are proving that our innovative solutions meet the needs of mobile operators to stimulate sales for their retailers. The increase to over 1.3 billion transactions this quarter from our customers has resulted in license upgrades directly linked to increased activity by the operators in the digital channel. The quarter’s turnover was SEK 18.1 million and EBITDA SEK 2.4 million.

A new customer in East Africa has already reached full production after a project delivery at record speed. SDS’s ability to delivery is better than ever and it looks promising for the future with the number of potential projects we face. During the quarter, we participated in an operator group strategy meeting where we were given the opportunity to listen and discuss their needs for the future, thus comparing our product strategy with their market needs.

We have long been focusing on broadening our business model with the intention of increasing the share of recurring earnings. Today we have a very good percentage of recurring income represented by annual support fees and managed operations for our customers systems. Most of the other income has been represented by project-based revenues in recent years. Different customers show different openness and willingness to replace a large initial project investment against a running profit sharing. During this quarter, one of our existing customers chose to pay monthly subscriptions to use our promotional and marketing

solution for retailers, thus using some of their sales and marketing budgets instead of making a traditional IT investment into a product. We are also discussing several new potential business opportunities that have focus on recurring income in the form of either transaction-based revenue or profit sharing.

The third quarter is usually characterized by reduced activity from customers in the telecom industry. The focus is on the last quarter of the calendar year, where mobile operators spend the remainder of the year's budget and start spending the next year's budget to maximize returns within the same business year. SDS is well aware of the cyclical behavior of the customers and is well suited to take advantage of it. I'm really looking forward to an exciting and challenging future.

Tommy Eriksson, CEO, Seamless Distribution Services AB”

For the complete report see the [attached file. Download »](#)

For further information, please contact:

Martin Schedin, CFO

martin.schedin@seamless.se

This information is the information that Seamless Distribution Systems AB (publ) is required to disclose under the EU Market Abuse Regulation.

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About Seamless Distribution Systems AB (SDS)

SDS is a Swedish software company with solutions for electronic distribution of services to private consumers through mobile operators in emerging countries. The company offers its corporate customers a comprehensive solution for digital transactions. The company has customers in 28 markets that reach over 200 million mobile consumers through more than 675,000 retailers. SDS has about 140 employees in Sweden, Belgium, Ghana, USA, Pakistan, India, Ecuador and the United Arab Emirates. With over 16 years of experience, SDS focuses on high level of customer satisfaction and effective development. SDS manages over 5.3 billion transactions annually and enables the growing population of emerging countries to become part of the mobile revolution.

SDS share is listed on NASDAQ First North Premier.

The company's Certified Adviser is Mangold Fondkommission AB, telephone number +46 8-5030 1550.