

**Interim report Q3**

**2022**

# INTERIM REPORT Q3

## JANUARY - SEPTEMBER 2022

### JULY - SEPTEMBER 2022

- Net sales amounted to SEK 76.1 (78.7) million, a decrease of -3.3% compared to the same period last year. Compared to the second quarter of this year (68.9), turnover increased by 10.5%.
- The EBITDA result amounted to SEK 19.2 (19.7) million, a decrease of -2.5% compared to the same period last year. Compared to the second quarter of this year (15.4), the EBITDA result increased by 25.0%.
- The EBITDA margin amounted to 25.3% (25.1%).
- Profit after tax amounted to SEK 0.1 (1.9) million.
- Earnings per share amounted to SEK 0.01 (0.19).
- Cash flow for the period amounted to SEK -0.3 (-11.4) million.

### JANUARY - SEPTEMBER 2022

- Net sales amounted to SEK 208.0 (209.4) million, a decrease of -0.7% compared to the same period last year.
- The EBITDA result amounted to SEK 43.9 (44.7) million, a decrease of -1.7% compared to the same period last year.
- The EBITDA margin amounted to 21.1% (21.3%).
- Profit after tax amounted to SEK -9.6 (0.6) million.
- Earnings per share amounted to SEK -0.93 (0.06).
- Cash flow for the period amounted to SEK -7.8 (20.8) million.

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Net sales	76,064	78,688	207,977	209,357	288,187
EBITDA result	19,229	19,724	43,934	44,691	64,312
EBITDA margin	25.3%	25.1%	21.1%	21.3%	22.3%
Operating profit	6,935	8,756	8,168	15,475	27,373
Operating margin	9.1%	11.1%	3.9%	7.4%	9.5%
Profit for the period after tax	145	1,862	-9,551	617	6,024
Cash flow for the period	-298	-11,408	-7,810	20,823	4,782
Earnings per share, before and after dilution	0.01	0.19	-0.93	0.06	0.62

## MATERIAL EVENTS DURING THE QUARTER

### 📍 AUGUST

SDS Group received a breakthrough order worth SEK 10 million from Strategy&, part of the PwC network, for the 5G rollout within a new telecom operator group in Saudi Arabia. The deal includes the big data analysis product Smart Capex from SDS subsidiary Riaktr. The product enables operators to optimize their investment decisions based on ROI calculations that leverage multiple internal and external data sources enhanced by AI. Delivery of this order began in the third quarter of 2022 when the majority of the revenue from the order was realized.

### 📍 SEPTEMBER

SDS secured a breakthrough order from Sudatel Group, which has operations in Senegal, Mauritania and Sudan, worth SEK 25 million. The order includes SDS's entire Retail Value Management (RVM) suite including advanced analytics. This is the biggest deal in the history of SDS and further orders for the implementation of the project will come from the local operators. The order for the installation will be recognized as revenue over several quarters.

# CEO'S COMMENTS

**During the third quarter of the year, SDS's business operations continued at a high level. We have closed several new deals, with the breakthrough deal with Sudatel for three markets at the same time being the highlight of the quarter.**

The agreement with Sudatel means that SDS becomes a strategic partner to the Sudatel Group in its ambition to drive growth through digitized sales and distribution. SDS's innovative RVM suite includes distribution management of digital and physical products, order and payment fulfillment within the sales and distribution chain, routing and tracking in the field of sales and service personnel, Incentive Management, Digital Customer Onboarding through Omni-channel, and Business Intelligence- modules including advanced AI-driven analytics that make it possible to maximize value creation through a well-managed sales channel.

In addition to Sudatel, in the middle of the quarter SDS won another breakthrough order worth SEK 10 million from a new partner, Strategy& (part of the PwC network) for the 5G expansion within a new telecom operator group in Saudi Arabia. The deal includes the Smart Capex product from SDS subsidiary Riaktr, which enables operators to optimize their capex allocation based on return on investment (ROI) calculations that leverage multiple internal and external data sources enhanced by advanced analytics and AI. We have seen that this product has great potential and enables exciting new meetings at the customers' highest management level. At the same time, we can state that the product is also attractive outside our traditional markets in the Middle East and Africa, something that could open up new opportunities for SDS.

We have seen weaker results in the first and second quarters. Although we are not completely satisfied with the return we have received from our strong pipeline, in the third quarter we see how we are starting to get back to the levels we should be at. Although our growth journey will continue to be volatile and sales and results will vary from quarter to quarter, we look forward with confidence to being able to continuously improve cash flow and margin through the increased focus we have placed in these areas.



As a result, our EBITDA rose to SEK 19.2 million for the period, an increase of 25% compared to the second quarter of this year. The revenue landed at SEK 76.1 million, which means an increase of 10% compared to the second quarter of this year.

During the first nine months of the year, we have seen how the completion of the first implementations of our expanded product offering took longer than expected, which has affected the results, but we have also identified several areas of improvement where we are now laying the foundation for a platform that can give us organic growth with better margins and cash flows than before.

A handwritten signature in black ink, appearing to read 'Martin Schedin'. The signature is fluid and cursive, with a long horizontal stroke at the end.

**Martin Schedin**  
Interim CEO, Seamless Distribution Systems AB

# FINANCIAL OVERVIEW

## JULY - SEPTEMBER 2022

### NET SALES

Net sales during the third quarter amounted to SEK 76,064 (78,688) thousand, a decrease of -3.3% compared to the same period last year. Other operating income amounted to SEK 14,491 (2,795) thousand.

The Group's turnover continued to be positively affected this quarter by the stronger krona against the dollar, as a large part of the Company's transactions take place in the currency. SDD's turnover in the third quarter was in line with the previous quarter, but did not reach the level compared to the same quarter last year. SDS's order intake strengthened, with two breakthrough orders contributing to a fine quarter on the sales side. Some of the revenue was already realized during the quarter.

The company's business model means that major projects affect revenues and results between quarters.

### OPERATING EXPENSES

Operating expenses during the third quarter amounted to SEK -83,620 (-72,727) thousand, an increase of 15.0% compared to the same period last year.

The increase in the quarter's operating costs is mainly explained by the fact that SDS was negatively affected by the weaker dollar against the krona, as well as increased travel costs during the quarter compared to the same period last year.

### OPERATING PROFIT

The EBITDA result for the third quarter amounted to SEK 19,229 (19,724) thousand.

The EBIT result for the quarter amounted to SEK 6,935 (8,756) thousand.

The financial net in the quarter amounted to SEK -6,525 (-6,398) thousand.

Profit before tax amounted to SEK 410 (2,358) thousand.

Earnings per share amounted to SEK 0.01 (0.19).

### INVESTMENTS

During the third quarter, investments were made in product development to a value of SEK 13,119 (9,877) thousand. Depreciation on intangible assets amounted to SEK -10,407 (-9,665) thousand. Investments in tangible assets amounted to SEK 536 (1,102) thousand for the quarter. Depreciation on tangible assets amounted to SEK -977 (-637) thousand.

#### Leases (IFRS 16)

According to that standard, an asset (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees must be reported.

A right of use of SEK 8,257 thousand has been booked in the group with depreciation of SEK -910 thousand, as well as an interest expense of SEK -103 thousand for the quarter, both of which have replaced the rental cost. As of the end of September, the financial debt amounts to SEK 8,405 thousand.

### NUMBER OF EMPLOYEES

The number of employees in the group at the end of the period was 151 (153). The majority of employees are software developers. In addition to this, SDS has approximately 169 (173) consultants mainly in Pakistan and Ghana.

### CASH FLOW AND FINANCIAL POSITION

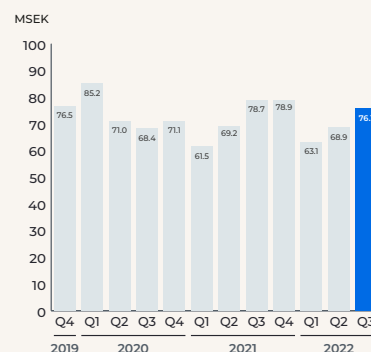
Cash and cash equivalents at the end of the period amounted to SEK 10,409 (32,542) thousand.

Cash flow from operating activities during the third quarter amounted to SEK 11,541 (-132) thousand.

The period's cash flow amounted to SEK -298 (-11,408) thousand.

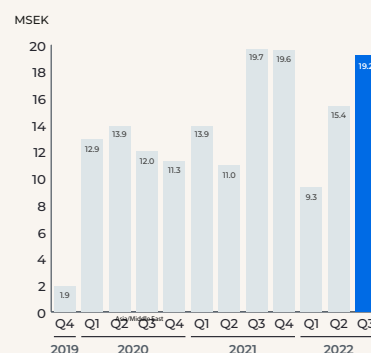
### Net sales

**MSEK 76,1**



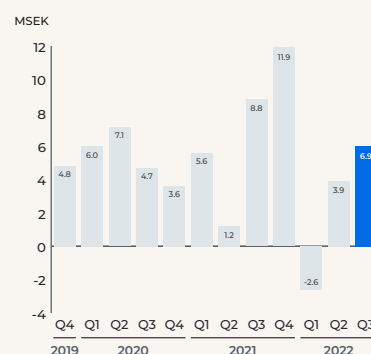
### EBITDA result

**MSEK 19,2**



### EBIT result

**MSEK 6,9**



# FINANCIAL OVERVIEW

## JANUARY - SEPTEMBER 2022

### NET SALES

Net sales for the nine months of the year amounted to SEK 207,979 (209,357) thousand, a decrease of -0.7% compared to the same period last year. Other operating income amounted to SEK 28,811 (8,723) thousand.

SDS's order intake, which was weak at the beginning of the year, strengthened during both the second quarter and then further during the third quarter. SDD has managed to stabilize its sales during the year, however, SDD has a sales loss of SEK 8 million during the nine months of the year compared to the same period last year. SDS sees continued increased interest in the Company's updated and expanded product portfolio.

### OPERATING EXPENSES

Operating expenses for the nine months of the year amounted to KSEK -228,619 (-202,605) thousand, an increase of 12.8% compared to the same period last year.

Operating costs have been negatively affected by the weaker dollar against the krona. Riaktr's operating costs are included in the group's total operating costs for the period January to September 2022, compared to the same period last year where they are included in the group from the acquisition date 7 May 2021. The increase is also explained by increased travel costs compared to the previous year as a result of eased restrictions against the pandemic.

### OPERATING PROFIT

The EBITDA result for the nine months of the year amounted to SEK 43,934 (44,691) thousand.

The EBIT result for the nine months of the year amounted to SEK 8,168 (15,475) thousand.

The financial net for the nine months of the year amounted to SEK -16,747 (-11,985) thousand.

In May 2021, the company took out a bond loan of SEK 200 million, with a variable interest rate of 3 months STIBOR plus 875 basis points. Associated bond costs of SEK -11,031 thousand are amortized back at the same rate as the term of the loan in three years and go over the accounts for interest costs.

Profit before tax amounted to SEK -8,578 (3,490) thousand.

Earnings per share amounted to SEK -0.93 (0.06).

### INVESTMENTS

During the first nine months of the year, investments were made in product development to a value of SEK 36,176 (25,452) thousand. Depreciation on intangible assets amounted to SEK -30,556 (-25,361) thousand. Investments in tangible assets amounted to SEK 2,579 (2,608) thousand for the nine months of the year. Depreciation on tangible assets amounted to SEK -2,544 (-1,871) thousand.

#### Leases (IFRS 16)

According to that standard, an asset (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees must be reported.

A right of use of SEK 8,257 thousand has been booked in the group with depreciation of SEK -2,666 thousand, as well as an interest expense of SEK -336 thousand for the half year, both of which have replaced the rental cost. As of the end of September, the financial debt amounts to SEK 8,405 thousand.

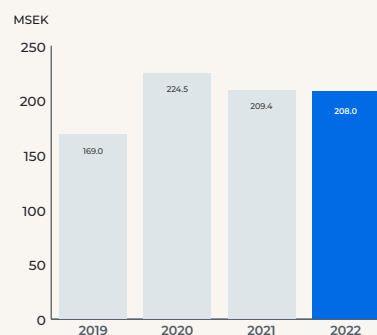
### CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 10,409 (32,542) thousand.

Cash flow from operating activities during the first nine months of the year amounted to SEK 18,919 (16,870) thousand. The period's cash flow amounted to SEK -7,810 (20,823) thousand.

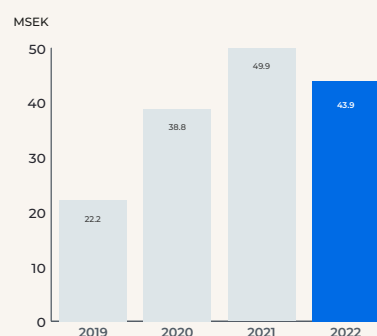
#### Net sales

**MSEK 208,0**



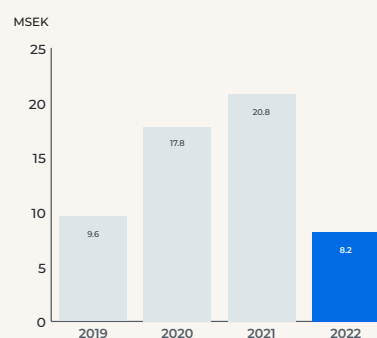
#### EBITDA result

**MSEK 43,9**



#### EBIT result

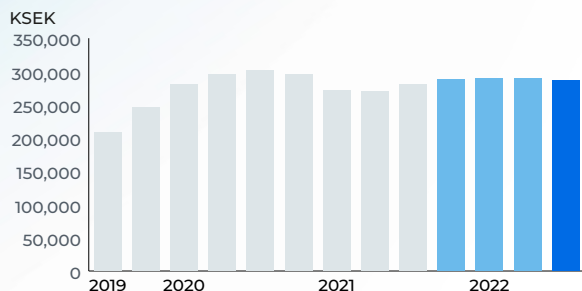
**MSEK 8,2**



# ROLLING 12 MONTHS

## ROLLING 12 MONTHS

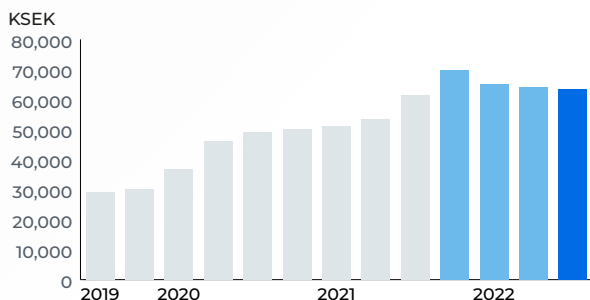
### Net sales



### Q3 2022

KSEK	QOQ Growth	R3Y CAGR
<b>286,806</b>	<b>2.27%</b>	<b>11.29%</b>

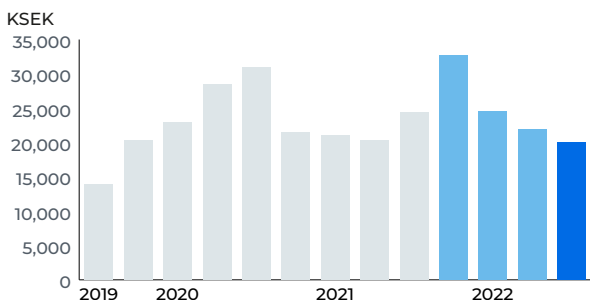
### Adjusted EBITDA



### Q3 2022

KSEK	QOQ Growth	R3Y CAGR
<b>63,556</b>	<b>3.73%</b>	<b>29.88%</b>

### Adjusted EBIT

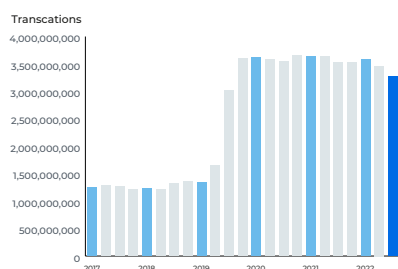


### Q3 2022

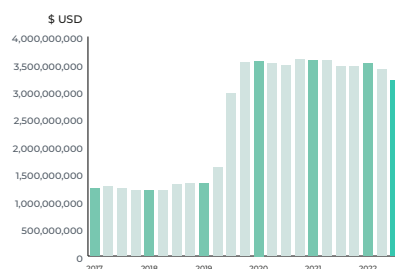
KSEK	QOQ Growth	R3Y CAGR
<b>20,068</b>	<b>-17.73%</b>	<b>13.10%</b>

## TRANSACTIONS

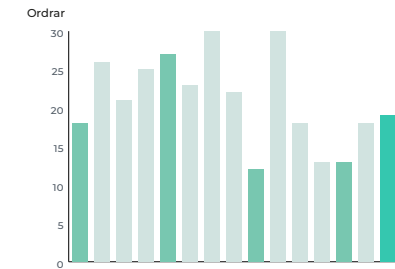
### Number of transactions handled by ERS 360 per quarter



### Monetary value managed by Seamless system per quarter



### Number of orders won per quarter





# THE SHARE

## SHARE DEVELOPMENT



eServGlobal

**2019**

SDS acquired eServGlobal for rapid geographical and customer expansion



**2020**

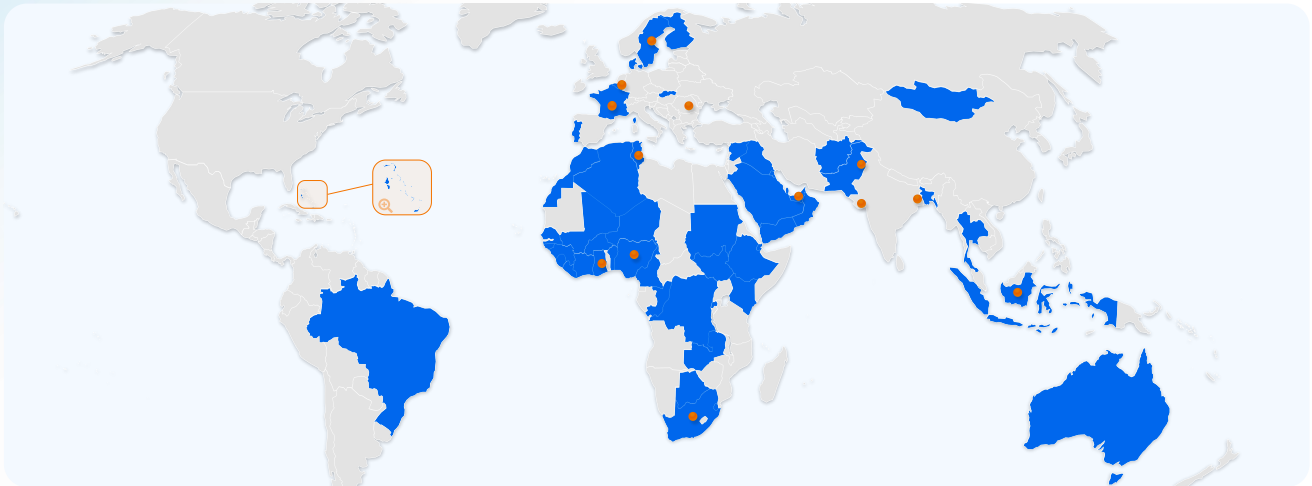
SDS carried out an oversubscribed share issue which added SEK 26.5 million to the company

RIAKTR

**2021**

SDS acquired Riaktr for customer and technology expansion

# MARKET PRESENCE



● 13 offices    🏠 72 customers



## Africa

32 countries  
39 customers  
4 offices



## Asia

14 countries  
17 customers  
5 offices



## Europe

7 countries  
12 customers  
4 offices



## North America

1 country  
1 customer



## Australia

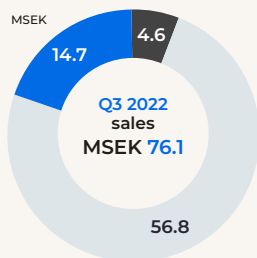
1 country  
2 customers



## South America

1 country  
1 customer

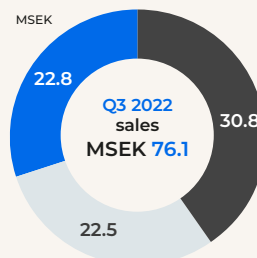
## Product offering



MSEK

Analytics	14.7	19%
RVM	56.8	75%
MFS	4.6	6%

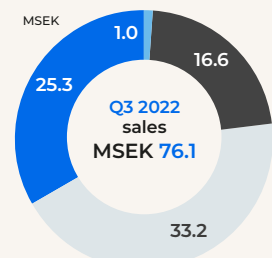
## Revenue types



MSEK

New sales	22.8	30%
Re-occurring revenue	22.5	30%
Recurring revenue	30.8	40%

## Geographic sales



MSEK

Europe	25.3	33%
Africa	33.2	44%
Asia/Middle East	16.6	22%
Americas	1.0	1%



# THE SEAMLESS ADVANTAGE

SDS works with the digitization of large-scale sales and supply chain networks. The company has developed software and processes for handling large amounts of transactions with financial, logistical or other information. With its experience, SDS has developed a system through which the Company collects and analyzes data generated

in transaction systems and makes recommendations to customers to achieve operational efficiency. The software can be easily integrated with most solutions, such as payment solutions such as payment methods for products and services.

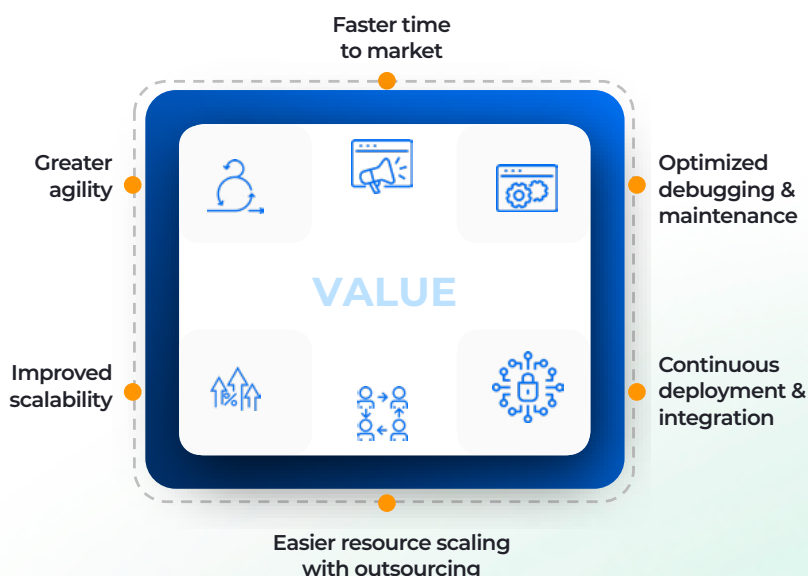
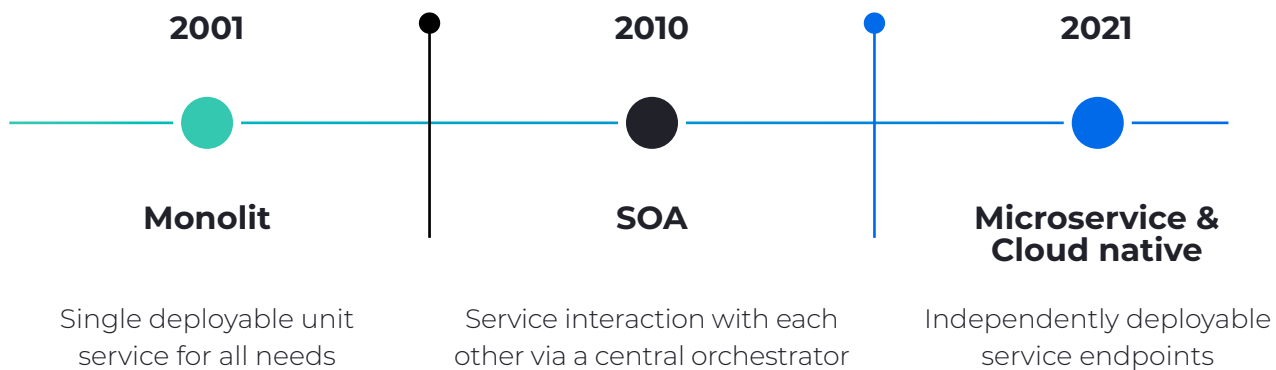
Over the years, SDS has become more than just a technology supplier and has a self-developed software platform, which is now in its fourth generation. We have spent 30+ years helping 50+ MNOs create and maintain a successful sales and distribution chain across multiple markets with a homogeneous product portfolio that grows with them:

- Cost optimization** through our cohesive products
- Unmatched business efficiency** through our insight-driven portfolio
- Sustainable competitive advantage** with future-ready technology (SaaS & cloud native)

## Our cloud native tech stack

With our technical leap, from a monolith platform to a microservice and cloud native, we have moved from a one product company to several new products. With our new product suite our market attractiveness has substantially increased. The new architecture enables plug & play across a portfolio that works seamlessly together.

We experience a greater stickiness with customers, meetings at customers' highest level of management, joining the discussion earlier in the process and expanding from a pure transaction system to next generation and exciting offer.



### Key factors

#### Our Microservices-backed product portfolio:

- Reduces hardware and capital expenses
- Reduces fragmented operations and offers multi country adoption
- Champions modularity with API-based seamless integrations & SDK's (Software Development Kit).
- Promotes agility and quick turnaround with on-demand scaling with fault tolerance
- Offers a future-proof and resilient architecture

# OFFERING

SDS considers itself to have a unique position in the market, as the SDS platform is the backbone of a mobile operator's sales operations. Through its long experience, SDS has a deep understanding of how the retail infrastructure works for mobile operators. The product portfolio is focused on supporting and digitizing every step of the sales process with the goal of providing the opportunity to sell any product, at any time and through any channel. Channels in this context can be anything from a simple terminal to a company-wide cash terminal system.

The systems and solutions provided by SDS are business-critical platforms that handle a large number of transactions and large monetary flows. This puts a high demand on the platform being flexible and having high performance, as well as accessibility. As SDS customers operate in competitive markets, there is also an expectation of the amount of features and services that can be managed with the same technology platform. Furthermore, there are requirements for the platform to have an open architecture and thus offer the opportunity to easily integrate the platform with other systems. SDS technology and platforms meet these expectations and are supported by a team 24/7, who are well aware of the need for the technical and operational expectations, both for the business and for the Company's customers. SDS has the organizational structure required to develop, deliver, transfer knowledge and perform technical support as well as manage and maintain the operational operation of all delivered platforms.

In addition to the technical platform and operational capacity, important attributes such as sustainability, high availability and business continuity are necessary for SDS to easily provide its customers with optimal operational capability. The information that SDS provides its customers access to is necessary for the customer to understand their business results, as well as the dynamics of the business. With the information, the customer receives the material required for the customer's board and management to be able to make informed decisions for their business.

The Group's product portfolio, which is illustrated below, brings together our offering under what we call the RVM suite. It includes solutions for planning, onboarding, growth and optimization for mobile operators throughout the retail journey, from Capex investments to optimization of the sales force.



# CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
<b>Operating revenue</b>					
Net sales	76,064	78,688	207,977	209,357	288,187
Other operating revenue	14,491	2,795	28,811	8,723	15,252
<b>Total operating revenue</b>	<b>90,555</b>	<b>81,484</b>	<b>236,787</b>	<b>218,080</b>	<b>303,439</b>
<b>Operating expenses</b>					
Material expenses	-27,737	-27,260	-74,452	-78,571	-106,084
Other external expenses	-12,974	-13,364	-41,115	-39,666	-52,478
Personnel costs	-21,151	-19,901	-59,614	-49,311	-69,328
Depreciation and amortization	-12,294	-10,967	-35,765	-29,216	-36,939
Other operating expenses	-9,464	-1,235	-17,672	-5,841	-11,237
<b>Total operating expenses</b>	<b>-83,620</b>	<b>-72,727</b>	<b>-228,618</b>	<b>-202,605<sup>1)</sup></b>	<b>-276,066<sup>1)</sup></b>
<b>Operating profit/loss</b>	<b>6,935</b>	<b>8,756</b>	<b>8,168</b>	<b>15,475</b>	<b>27,373</b>
<b>Financial items</b>					
Financial income	3	1	20	1	1
Financial expenses	-6,528	-6,399	-16,766	-11,986	-16,783
<b>Net financial items</b>	<b>-6,525</b>	<b>-6,398</b>	<b>-16,746</b>	<b>-11,985</b>	<b>-16,782</b>
<b>Profit/Loss before tax</b>	<b>410</b>	<b>2,358</b>	<b>-8,578</b>	<b>3,490</b>	<b>10,591</b>
Income tax	-265	-497	-973	-2,872	-4,567
<b>Profit for the year attributable to the Parent Company's shareholders</b>	<b>145</b>	<b>1,862</b>	<b>-9,551</b>	<b>617</b>	<b>6,024</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit for the year:</i>					
Translation differences	4,214	-2,351	6,750	-2,462	-3,355
<b>Total comprehensive income attributable to Parent Company's shareholders</b>	<b>4,359</b>	<b>-489</b>	<b>-2,801</b>	<b>-1,845</b>	<b>2,669</b>

1) The sum for operating expenses during the year includes acquisition costs of SEK 5,284 thousand.

# CONSOLIDATED BALANCE SHEET

KSEK	2022-09-30	2021-09-30	2021-12-31
<b>Assets</b>			
Intangible assets	229,588	205,556	212,003
- of which IP rights	10,417	13,084	12,417
- of which Capitalized development costs	114,464	94,789	101,504
- of which Goodwill	104,707	97,683	98,082
Tangible fixed assets	14,070	14,321	15,898
Financial assets	1,185	1,078	1,168
Inventories of finished goods	2,266	1,724	1,692
Accounts receivable	48,732	39,630	58,575
Other receivables	37,062	23,912	29,567
Prepayments and accrued income	92,859	79,207	62,352
Cash and cash equivalents	10,409	32,542	16,698
<b>Total assets</b>	<b>436,171</b>	<b>397,968</b>	<b>397,952</b>
<b>Equity and liabilities</b>			
Equity	145,747	124,134	128,648
Other long-term liabilities	202,170	200,560	202,617
Overdraft	7,433	-	-
Trade payables	36,265	16,474	22,704
Current tax liabilities	503	1,138	1,141
Other current liabilities	13,648	13,635	18,541
Accrued liabilities and deferred income	30,405	42,028	24,302
<b>Total equity and liabilities</b>	<b>436,171</b>	<b>397,968</b>	<b>397,952</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
<b>At beginning of period</b>	<b>141,388</b>	<b>124,623</b>	<b>128,648</b>	<b>81,709</b>	<b>81,709</b>
Comprehensive income for the period	4,359	-489	-2,801	-1,845	2,669
Offsetting share issue	-	-	-	44,270	44,270
Shareholder contribution	-	-	19,900	-	-
<b>At end of period</b>	<b>145,747</b>	<b>124,134</b>	<b>145,747</b>	<b>124,134</b>	<b>128,648</b>

## CONSOLIDATED CASH FLOW STATEMENT

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Cash flow from operating activities before change in working capital	8,992	12,960	25,294	29,937	42,068
Change in working capital	2,549	-13,092	-6,375	-13,067	-25,518
Cash flow from operating activities	11,540	-132	18,919	16,870	16,550
Cash flow from investing activities	-16,046	-11,485	-46,728	-144,699	-160,253
Cash flow from financing activities	4,208	209	20,000	148,652	148,485
Cash flow for the period	-298	-11,408	-7,810	20,823	4,782
Cash and cash equivalents at beginning of period	10,259	43,888	16,698	11,776	11,776
Exchange rate differences in cash and cash equivalents	448	62	1,521	-57	140
<b>Cash and cash equivalents at end of period</b>	<b>10,409</b>	<b>32,542</b>	<b>10,409</b>	<b>32,542</b>	<b>16,698</b>



## KEY RATIOS AND FIGURES

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Return on equity	0.1%	1.8%	-7.0%	0.6%	5.7%
Earnings per share SEK before and after dilution	0.01	0.19	-0.93	0.06	0.62
Operating profit/loss, KSEK	6,935	8,756	8,168	15,475	27,373
Growth in net sales	-3.3%	15.1%	-0.7%	-6.8%	-2.5%
Operating margin (EBIT)	9.12%	11.1%	3.93%	7.4%	9.5%
Average number of shares before and after dilution	10,462,924 10,462,924	9,922,3833 9,922,383	10,282,744 10,282,744	9,584,579 9,584,579	9,669,030 9,669,030
Number of shares outstanding at end of reporting period	10,462,924	9,922,383	10,462,924	9,922,383	9,922,383
Quick ratio	246%	249%	246%	249%	265%
Equity/assets ratio	33.4%	31.2%	33.4%	31.2%	32.3%
Equity, KSEK	145,747	124,134	145,747	124,134	128,648
Equity per share	13.93	12.51	14.17	12.95	13.31
Number of employees at end of period	151	153	151	153	148





## PARENT COMPANY INCOME STATEMENT

KSEK	2022 JUL-SEP	2021 JUL-SEP	2022 JAN-SEP	2021 JAN-SEP	2021 JAN-DEC
Net sales	39,505	36,430	88,044	90,728	122,819
Other operating revenue	12,730	2,246	26,445	7,570	13,628
Operating expenses	-45,531	-31,382	-117,321	-89,608	-129,911
Operating profit/loss	6,703	7,293	-2,832	8,690	6,536
Net financial items	-6,409	-5,299	-16,755	-10,254	-15,028
Profit/Loss after financial items	295	1,994	-19,586	-1,564	-8,492
Income tax	-136	-146	-572	-471	-759
<b>Net profit/loss for the period</b>	<b>159</b>	<b>1,849</b>	<b>-20,158</b>	<b>-2,035</b>	<b>-9,251</b>

## PARENT COMPANY BALANCE SHEET

KSEK	2022-09-30	2021-09-30	2021-12-31
<b>Assets</b>			
Fixed assets	201,555	193,498	195,493
Current assets	158,412	149,043	143,057
<b>Total assets</b>	<b>359,966</b>	<b>342,541</b>	<b>338,550</b>
<b>Equity and liabilities</b>			
Equity	99,062	106,536	99,320
Long-term liabilities	197,288	194,185	195,254
Current liabilities	63,616	41,819	43,977
<b>Total equity and liabilities</b>	<b>359,966</b>	<b>342,541</b>	<b>338,550</b>
Pledged assets	22,000	22,000	22,000
Contingent liabilities	none	none	none

# SEGMENT INFORMATION

Seamless's operations consist of two business units –

**Seamless Distribution Systems AB (SDS)** and **Seamless Digital Distribution AB (SDD)**

## Net sales

KSEK	2022		2021		2021 JAN-DEC
	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	
SDS	54,273	54,182	144,910	137,975	195,279
SDD	22,459	25,063	64,966	73,034	95,128
Intra-Group support fee <sup>1</sup>	-668	-557	-1,899	-1,652	-2,220
<b>Seamless Group</b>	<b>76,064</b>	<b>78,688</b>	<b>207,977</b>	<b>209,357</b>	<b>288,187</b>

## Operating profit

KSEK	2022		2021		2021 JAN-DEC
	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	
SDS	7,118	8,605	8,585	20,013	31,857
SDD	485	708	1,482	2,397	3,020
Intra-Group support fee <sup>1</sup>	-668	-557	-1,899	-1,652	-2,220
<b>Seamless Group</b>	<b>6,935</b>	<b>8,756</b>	<b>8,168</b>	<b>20,758</b>	<b>32,657<sup>2</sup></b>

1) SDS invoices a monthly market support fee of \$ 21,750 to SDD

2) Operating profit is without acquisition costs of SEK 5,284 thousand

**Seamless**  
Distribution Systems

 **Seamless**  
Digital Distribution

### ABOUT SEAMLESS DISTRIBUTION SYSTEMS (SDS)

SDS is a Swedish international software company that specializes in mobile payment services for mobile operators, distributors, retailers and consumers. SDS ensures that telecom operators can sell talk time, data and additional services where SDS products and services handle up to 90% of the Telecom operator's sales. Today, SDS has implemented solutions in fintech, advanced analytics and Retail Value Management and where these solutions have been successful, they are converted into so-called SaaS solutions.

SDS has approximately 320 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, the United Arab Emirates, Pakistan and India. SDS handles more than 15 billion transactions worth over \$14 billion annually. Through over 3 million monthly active retailers of digital products, more than 1,100 million consumers are served, indirectly, globally.

SDS shares are listed on Nasdaq First North Premier.

### ABOUT SEAMLESS DIGITAL DISTRIBUTION (SDD)

SDD sells talk time in the Nordic region to retailers, such as larger chains and smaller independent kiosks. SDD delivers complete end-to-end solutions, which not only consist of the end product that is delivered digitally, but also the technology that entails a simple and fast sales process at the retailer.

SDD's main offering includes electronic products such as prepaid card recharges for mobile phones and payment solutions for online payments. The company's services are tailored and adapted to the customers' individual needs, which enables sales via various channels, such as via the customer's own cash register system, alternatively via a terminal or web solution provided by SDD. The core platform ERS360<sup>o</sup>, which is used in SDS offers, is also used in SDD's offers. The platform annually handles approximately three and a half million transactions with an approximate value of SEK 450 million in the two markets in which SDD is active, Sweden and Denmark. SDD has one employee and serves roughly 2,000 points of sale.

# NOTES

Seamless Distribution Systems AB (publ) is a Swedish public company, (corporate identity number 556979-4562) based in Stockholm, Sweden. The SDS shares are listed on Nasdaq Stockholm, First North Premier.

## NOTE 1 - RISKS AND ACCOUNTING PRINCIPLES

### RISKS AND UNCERTAINTIES

Seamless's operations are affected by a number of external factors where various risk factors can affect the company. These risk factors can have an impact on the company's ability to achieve business goals and financial goals. The risks SDS identified as material to the business are as follows: Market risks including political risks and the dependence on a few large customers. Operational risks include increased competition, changes in laws and regulations, the ability to retain and attract key employees, technological development, the ability to retain and attract customers, corruption and unethical business practices. Financial risks: includes financing, liquidity, credit, interest rate and currency risks.

For a detailed description of the risk factors that are deemed to be of material importance for the Group's future development, please refer to the annual report for 2021, pages 35-36. Management's assessment is that there are no material changes in the risk assessment made in the annual report for 2021.

### ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as presented in the annual report for 2021. The Group's functional currency is Swedish kronor, which is also the reporting currency. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The parent company's financial statements in summary have been prepared in accordance with the Annual Accounts Act, as well as RFR 2 Accounting for Legal Entities. The IASB has published amendments to standards effective from 1 January 2022 or later. These additions have not had any material impact on SDS's financial reports.

## NOTE 2 - DISTRIBUTION OF NET SALES

KSEK	SDS	
	2022 JAN-SEP	2021 JAN-SEP
Retail Value Management (RVM)	97,414	117,664
Mobile Financial Services (MFS)	9,347	1,999
Analytics	36,250	16,660
<b>SDS Total</b>	<b>143,011</b>	<b>136,323</b>

KSEK	SDD	
	2022 JAN-SEP	2021 JAN-SEP
Etop-up	63,530	71,121
Bank systems	1,245	1,511
Other	191	402
<b>SDD total</b>	<b>64,966</b>	<b>73,034</b>

## NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

The company has no existing transactions with related parties.

## NOTE 3 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2022 JAN-SEP	2021 JAN-SEP
Africa	90,934	91,090
Middle East and Asia	46,229	36,016
Other	5,847	9,217
<b>SDS total</b>	<b>143,011</b>	<b>136,323</b>

KSEK	SDD	
	2022 JAN-SEP	2021 JAN-SEP
Sweden	57,062	66,700
Denmark	7,851	6,122
Other	53	212
<b>SDD total</b>	<b>64,966</b>	<b>73,034</b>

## NOTE 5 - MATERIAL EVENTS AFTER THE REPORTING PERIOD

- In a press release on October 17, 2022, it was announced that SDS received an order for its Smart Sales & Distribution product from an operator in Sudan to the value of SEK 3.4 million, with additional annual license revenue to the value of SEK 2, 1 million.
- On 19 October 2022, SDS AB (publ) appointed Olivier Moisse as the Company's new product manager.

# OTHER INFORMATION

## NOMINATION COMMITTEE & AGM

The SDS Nomination committee for the 2023 AGM consists of John Longhurst (own shares), Lars Rodert (ÖstVäst Kapital) & Tomas Klevbo (representing Veronica Wallman), as well as Martin Roos (chairman of SDS AB). The Nomination committee has appointed Tomas Klevbo as its chairman. Shareholders who wish to submit proposals to the Nomination committee can do so by e-mail to "valberedning@seamless.se" or by letter to "SDS Valberedning, Hangövägen 29, 115 41 Stockholm". The Seamless Annual General Meeting is scheduled for April 20, 2023.

## AUDIT

This report has been reviewed by the company's auditors.

## ADVISERS

The company's Certified Adviser is FNCA Sweden AB.

**Telephone:** 08-528 00 399

**E-mail:** info@fnca.se

## DISTRIBUTION OF INFORMATION

All information is published on the company website, [www.sds.seamless.se](http://www.sds.seamless.se), immediately after it has been made public.

Financial reports can also be ordered from SDS AB, Hangövägen 29, 115 41 Stockholm, or by e-mail to [sds.info@seamless.se](mailto:sds.info@seamless.se).

## FINANCIAL CALENDAR

Year-end report Q4 2022	2023-02-16
Planned publication of annual report	2023-03-16
Interim report Q1 2023	2023-04-20
Planned date for next AGM	2023-04-20

Seamless Distribution Systems' interim report for January to September has been approved for publication in accordance with the Board's decision on October 19, 2022. The Board of Directors and the CEO of Seamless Distribution Systems AB (publ) assure that the interim report provides a fair overview of the parent company's and the Group's operations, position and results, material risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 19 October 2022

Morten Karlsen Sörby

Martin Roos  
*Chairman of the board*

Pia Hofstedt

Martin Schedin  
*Interim CEO*

## For further information, please contact:



Martin Schedin, Interim CEO

[martin.schedin@seamless.se](mailto:martin.schedin@seamless.se)

+46 (0) 704 381 442

### ADDRESS (HEAD OFFICE)

Seamless Distribution Systems AB  
Hangövägen 29, 115 41 Stockholm

**Corporate ID number:** 556979-4562

**Telephone:** +46 8 58 63 34 69

**E-mail:** [sds.info@seamless.se](mailto:sds.info@seamless.se)

**Website:** [www.sds.seamless.se](http://www.sds.seamless.se)

# AUDITOR'S REPORT

Seamless Distribution Systems AB (publ) corp. reg. no. 556979-4562

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Seamless Distribution Systems AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 19, 2022

**Öhrlings PricewaterhouseCoopers AB**

**Henrietta Segenmark**

*Authorized Public Accountant*



# FINANCIAL DEFINITIONS AND ALTERNATIVE KEY RATIOS

<b>Analytics</b>	Collective name for Smart Capex and Smart Sales & Distribution.
<b>Return on equity</b>	Profit after tax in relation to average equity.
<b>EBITDA</b>	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items.
<b>EBITDA %</b>	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items as a percentage of revenue.
<b>Equity per share</b>	Equity in relation to the total number of outstanding shares.
<b>EV/EBITDA</b>	Enterprise Value / Profit before interest expenses, taxes, write-downs and depreciation. EV = Market capitalization + net debt. EBITDA = Profit before interest expenses, taxes, impairment losses and depreciation. Market value = Share price * Number of Shares.
<b>Average number of shares</b>	Weighted average number of shares outstanding during the period.
<b>Adjusted EBITDA margin, adjusted for acquisition costs</b>	Operating profit before amortization of tangible and intangible assets and financial items as a percentage of income where acquisition costs for the period have been deducted.
<b>Adjusted EBITDA result, adjusted for acquisition costs</b>	Operating profit before amortization of tangible and intangible assets and financial items where acquisition costs for the period have been deducted.
<b>Adjusted profit after tax, adjusted acquisition costs</b>	Profit after financial items and tax where acquisition costs for the period have been deducted.
<b>Cash liquidity</b>	Cash and cash equivalents including short-term investments and short-term receivables in relation to short-term liabilities.
<b>Withholding tax</b>	Local withholding tax on the sales of royalties, licenses and consulting services is charged in many of the countries where SDS has customers. Withholding tax varies between 10–20% depending on the country and is deducted from the invoiced amount before the customer pays the supplier. SDS reports net sales including withholding tax and books the withholding tax that can be deducted according to the double taxation agreements as a receivable from the tax authority. The withholding tax that cannot be deducted is booked as a tax expense in the income statement.
<b>MFS</b>	Abbreviation for Mobile Financial Services. Refers to Microcredit and "Mobile wallet".
<b>Microcredit</b>	Mikrokredit is a value-added service that quickly and easily gives retailers and consumers access to talk time by the retailer borrowing talk time from SDS while waiting for the retailer's inventory balance to be replenished by the telecom operator.
<b>Net sales growth</b>	Sales for the period in relation to sales for the previous period.
<b>P/B</b>	Share price / Equity per share
<b>P/EBITDA</b>	Share price / EBITDA = Profit before interest expenses, taxes, write-downs and depreciation.
<b>P/S</b>	Share price / Turnover Per Share
<b>Profit after tax</b>	Profit after financial items and tax.
<b>Earnings per share</b>	Profit after tax in relation to the average number of shares.
<b>RVM</b>	Retail Value Management is a suite of solutions all the way from planning and onboarding to solutions to ensure distribution, revenue streams, continuous growth and optimization.
<b>Operating margin (EBIT)%</b>	Profit before financial items and tax as a percentage of revenue.
<b>Operating margin (EBIT)%, adjusted for acquisition costs</b>	Profit before financial items and tax as a percentage of income where acquisition costs for the period have been deducted.
<b>Operating profit (EBIT)</b>	Profit before financial items and tax.
<b>Operating profit (EBIT), adjusted for acquisition costs</b>	Profit before financial items and tax where acquisition costs for the period have been deducted.
<b>Solidity</b>	Equity including minority in relation to total assets.