

Press Release

May 3, 2024

Interim report for the period 1 January – 31 March 2024

January - March

- Net sales amounted to SEK 55.6 (69.4) million, a decrease of 19.9% compared to the same period last year.
- EBITDA earnings amounted to SEK 22.1 (13.8) million, an increase of 59.8% compared to the same period last year.
- EBITDA margin amounted to 39.8% (19.9%).
- Profit after tax amounted to SEK 0.4 (-4.8) million.
- Earnings per share amounted to SEK 0.03 (-0.46).
- Total cash flow amounted to SEK 5.9 (5.4) million.

CEO's comment

I am pleased to report that Seamless Distribution Systems AB has delivered a significantly improved first quarter of 2024, demonstrating growth and positive operating results in the core SDS business, which is the result of our cost savings and transition of our business model towards a clearer focus on recurring revenue and contracts with lower risk and better cash flow.

Q1 is in line with our forecast for 2024, although I had hoped to close more new orders during Q1, contracts that have instead been delayed to Q2. Revenue for the core business amounted to SEK 53.4 (52.9) million with an EBITDA of SEK 22.7 (14.2) million. Total revenue amounted to SEK 55.6 (69.4) million with an EBITDA of SEK 22.1 (13.8) million.

I want to particularly highlight our strong growth in recurring revenue, where we generated revenues of SEK 37.4 million during the quarter, a 9% increase compared to the same quarter in 2023. As we close more projects, recurring revenues will increase over time, contributing to continued positive financial performance with its healthy gross margin. Additionally, we have reduced both our operating costs and our CAPEX by approximately SEK 3 million. We have ongoing cost-saving initiatives throughout the year and expect to achieve further cost reductions.

During the quarter, we have undertaken several important initiatives that will position us well for continued growth and profitability. We are actively involved in several major tenders while establishing ourselves in South America, where we, together with EMIDA Technologies, have launched Seamless Americas. We have shifted our focus away from distribution activities to maintain full focus on our core business.

We are constantly working to improve our liquidity and shorten the payment terms from our customers. In 2023 and the first quarter of 2024, we have been heavily affected by the difficulty of customers in Africa, where 80% of our revenue comes from, in accessing USD and EUR. This has also affected customer investment willingness, reflected in a slightly weaker order intake

than expected, but no orders have been lost, only deferred. All our products generate revenue increases for our customers, but as customers have been under prolonged financial constraints due to the global situation, conveying this message has been challenging. This does not apply to the customer in Oman, who has purchased products and services from us totaling SEK 18 million in value during the first four months of the year.

We continuously work on improving our cash flow through cost savings and enhancing our business model in new contract negotiations. The refinancing of the bond in May 2025 is also a crucial focus area for us and a part of strengthening our financial position, where we have initiated preparations to maximize opportunities for favourable refinancing.

I am proud and satisfied with our work during the first quarter of 2024 and look forward to delivering continued operational improvements that create value for our customers and shareholders. We hope to achieve positive cash flow for the company shortly.

Thank you for your support and trust in Seamless Distribution Systems AB.

Eddy Cojulun
CEO, Seamless Distribution Systems AB

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ABOUT 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 their telephone subscriptions, where SDS products and services handle up to 90% of the Telecom operator's sales. Today, SDS have implemented solutions in fintech, advanced analysis and retail value management, and where these solutions have succeeded, they are transformed into so-called SaaS solutions.

SDS has approximately 267 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, Ivory Coast, United Arab Emirates, Pakistan, India, and Indonesia. SDS annually handles more than 15 billion transactions worth over USD 14 billion. Via over 3 million monthly active resellers of digital products, more than 1100 million consumers are served globally.

SDS share is listed on Nordic SME at the Nordic Growth Market