



Interim report

Q2 2021

Seamless
Distribution Systems

Interim report Q2

January - June 2021

KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
Net sales	69,180	70,964	130,668	156,156
EBITDA result	11,041	13,896	24,967	26,792
EBITDA margin	16.0%	19.6%	19.1%	17.2%
Adjusted EBITDA result, adjusted for acquisition costs	16,325	13,896	30,251	26,792
Adjusted EBITDA margin, adjusted for acquisition costs	23.6%	19.6%	23.2%	17.2%
Operating profit	1,146	7,105	6,719	13,140
Operating margin	1.7%	10.0%	5.1%	8.4%
Operating profit adjusted for acquisition costs	6,430	7,105	12,002	13,140
Operating margin adjusted for acquisition costs	9.3%	10.0%	9.2%	8.4%
Profit for the period after tax	-4,838	5,160	-1,244	8,463
Adjusted profit for the period after tax, adjusted for acquisition costs	445	5,160	4,039	8,463
Total cash flow	31,289	627	32,231	-1,520
Earnings per share, before and after dilution	-0.51	0.62	-0.13	1.05
Solidity	31.0%	25.0%	31.0%	25.0%

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FINANCIAL CALENDAR 2021

Interim report Q3 2021	2021-10-21
Year-end report Q4 2021	2022-02-17

CEO's comments

Strong sales quarter and exciting acquisitions with many future opportunities

Long-term work yields results. A sales campaign, which has been going on for a year with Telenor in Pakistan, ended in June with an agreement where we replace the current distribution product from a world-leading supplier in the Telecom sector with our ERS 360 platform. During the work in Pakistan, we also got in touch with several markets within Telenor and the result was that on the same day we were also able to inform about our agreement with Grameenphone in Bangladesh, where we similarly replace an existing product with ERS 360. Together they have two giant operators over 130 million consumers who will be served through our platform. My conclusion is that Seamless Distribution Systems AB ("SDS") has one of the market's sharpest offerings and that we are very competitive.

Our most recent acquisition, Real Impact Analytics S.A. ("Riaktr"), contributes with an advanced complementary technology and a greatly expanded customer portfolio both in Africa and new markets where more than 50 percent is recurring revenue through SaaS. We are now in the middle of an intensive integration work where it is a matter of coordinating sales and maximizing business opportunities in both our common customer base and in our new customer sales. It is also about innovatively combining and developing our products and services to meet our customers with an even broader and sharper offer.

The second quarter was also marked by the financing of our acquisition of Riaktr. The bond brokered by Pareto gave us the opportunity to restructure our loans and create a comprehensive financing solution, while several of SDS' previous lenders set off loans against shares in the company. The result was strengthened equity and a strengthened cash position for continued growth.

The financial key figures in the group, including two months of contributions from the acquisition of Riaktr for the second quarter, are revenues of close to SEK 70 million, which is 2.5% down from the strong second quarter of 2020, but a slight improvement from the first quarter of the year. This is despite the fact that we see continued weak sales in our Nordic distribution business, Seamless Digital Distribution AB ("SDD"), which continues to be affected by the pandemic's impact on buying patterns in the trade with fewer prepaid card refills. We can now state that the order intake during Q4 and Q1 in our technology business was also characterized by a certain caution with investments in connection with uncertainty about how the developing countries' local economies were affected by the pandemic. With Q2, we can state that this hesitation has been replaced with confidence. Not least, it is proven by the fact that many investment decisions have gone our way. I expect that this changed sentiment will be able to shape the coming year in a positive way. We continue to work actively with the costs in the Group, which can be seen in the increasing margins. Our EBITDA has increased to SEK 16 million compared with the same quarter last year, which means that the margin has increased to 23.6%.

Another important event during the quarter was that Riaktr received a breakthrough agreement for a pilot project regarding optimization of the 5G network from a leading operator in Portugal, which is a good reference in connection with the expansion of the new generation of mobile networks. Even though we are at an early stage of integration, I see fantastic opportunities with Riaktr's expertise and ability in Big Data and AI combined with SDS customer base and grounded trust in the market. A good proof of trust is that we are once again given very high marks by our customers in our ongoing customer surveys, which I am very proud of.

An exciting development is that we are gradually seeing more business in mobile financial services (MFS). Our customers the mobile operators have unbeatable



reach to consumers in their markets and the interest in increasing the business in fintech is great. An example of this comes from the eServGlobal acquisition, where our customer in Djibouti during the quarter continued to invest in MFS from SDS. We also see a strong drive from Yemen, where our two customers are working to digitize means of payment to simplify everyday life for the citizens of the war-torn country.

After the end of the quarter, Riaktr sold its AI analysis product to a mobile operator in Togo, which is both a new operator group for us and a new market in West Africa. We have thus taken in no less than three new customers around the turn of the quarter. These deals are continued evidence of the SDS Group's ability to reach and attract an ever-growing customer base.

To give a look ahead, I am pleased to note that new customer sales are at a significantly higher level than before and that we take many agreements with new operator groups. The change in SDS is now progressing at a rapid pace, from a one-product company with the majority of business from an operator group to a company with a broad product and service portfolio focused on software for large-scale distribution and sales. We follow our strategy with both acquired and organic growth, where the acquisitions had an early effect and also created good opportunities for faster organic growth and synergies in the business..

The first agreement with a mobile operator within an operator group provides good opportunities for growth with additional sales within the entire group. Together with Riaktr, we have sold systems to two new operator groups that together exist in 34 markets that we have not yet penetrated. SDS's potential for future organic growth has therefore increased dramatically.

A handwritten signature in blue ink, reading "Tommy Eriksson". The signature is fluid and cursive, written over a solid blue horizontal line.

Tommy Eriksson
CEO, Seamless Distribution Systems AB

Financial overview

April - June 2021

NET SALES

Net sales during the second quarter amounted to SEK 69,180 (70,964) thousand, a decrease of 2.5% compared with the same period last year. Riaktr contributed SEK 6,209 thousand to net sales for the quarter. The Group was negatively affected by the weaker dollar against the krona, which weakened by about 12% compared with the same quarter last year. Other operating income amounted to SEK 2,884 (1,425) thousand.

SDS's order intake has strengthened compared with the previous quarter when two large orders with Telenor Pakistan and Grameenphone could be communicated during the quarter. Sales for SDD are lower compared with the same period last year, however, sales for SDD have increased again after the loss of sales from the previous quarter.

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

OPERATING EXPENSES

Operating expenses during the second quarter amounted to SEK -70,918 (-65,284) thousand, an increase of 8.6% compared with the same period last year. The increase in total operating expenses is explained by acquisition costs for Riaktr of SEK -5,284 thousand. From the date of acquisition, the newly acquired subsidiary Riaktr's operating costs are included in the total and Riaktr contributes SEK -6,463 thousand out of the total operating costs for the quarter.

Excluding both acquisition costs of SEK -5,284 thousand and Riaktr's operating costs of SEK -6,463 thousand, the total operating costs for the quarter amounted to SEK -59,171 (-65,284) thousand, which is a decrease of 9.4% compared with the same period last year. During the quarter, SDS continued its restructuring and streamlining, which contributed to a positive effect, and to a greater extent focused on cost savings to meet the decline in net sales for the quarter. SDD's material costs have decreased as a result of its continued decline in sales compared with the same period last year.

OPERATING PROFIT

The EBITDA result for the second quarter amounted to SEK 11,041 (13,896) thousand. Adjusted EBITDA result for the second quarter, adjusted for acquisition costs of SEK 5,284 thousand, amounted to SEK 16,325 thousand.

Net financial items for the quarter amounted to SEK -4,071 (-1,573) thousand.

The increase is due to the company having raised a bond loan of SEK 200 million, with a variable interest rate of 3-month STIBOR plus 875 basis points.

Profit before tax amounted to SEK -2,925 (5,532) thousand. Adjusted profit before tax, adjusted for acquisition costs, amounted to SEK 2,359 thousand. Earnings per share amounted to SEK -0.51 (0.62).

INVESTMENTS

During the second quarter, investments in product development were made to a value of SEK 8,787 (5,383) thousand, of which SEK 2,023 thousand was invested by Riaktr. Amortization of intangible assets amounted to SEK -8,662 (-5,732) thousand. Investments in tangible assets amounted to SEK 327 (137) thousand for the quarter. Depreciation of tangible assets amounted to SEK -543 (-495) 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 9,634 thousand has been booked in the Group with depreciation of SEK -690 thousand, and an interest expense of SEK -134 thousand for the quarter, both of which have reimbursed the rental cost. The financial debt as of the end of June amounts to SEK 9,661 thousand.

NUMBER OF EMPLOYEES

The number of employees in the Group at the end of the period was 149 (132), of which 30 employees were added from Riaktr. The majority of employees are software developers. In addition, SDS has approximately 161 (90) consultants, mainly in Pakistan and Ghana.

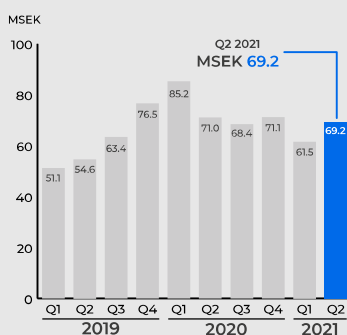
CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 43,888 (13,265) thousand.

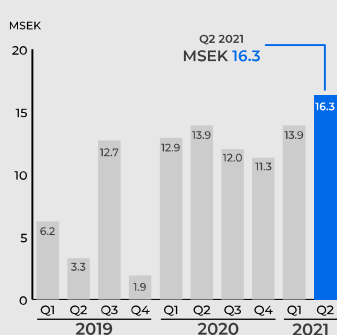
During the second quarter, the company issued a bond loan with an initial volume of SEK 200 million. The bond loan has a term of three years with a variable interest rate of three months STIBOR plus 875 basis points. In addition to the financing of the purchase price for the acquisition of Riaktr, the net proceeds from the bond loan were also used to refinance all shareholder- and interest-bearing short- and long-term loans, as well as redemption of the overdraft facility. Associated bond costs of SEK 9,914 thousand are accrued back at the same rate as the loan's maturity of three years and go over accounts for interest costs.

Cash flow during the second quarter from operating activities amounted to SEK 10,145 (6,421) thousand. The total cash flow amounted to SEK 31,289 (627) thousand.

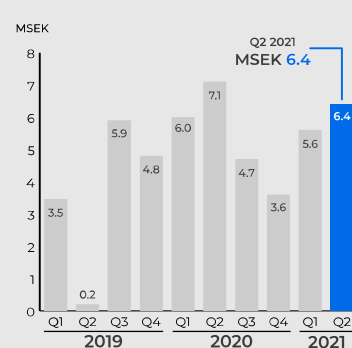
Net sales MSEK 69,2



EBITDA result MSEK 16,3



EBIT result MSEK 6,4



Financial overview

January - June 2021

NET SALES

Net sales during the first half of the year amounted to SEK 130,668 (156,156) thousand, a decrease of 16.3% compared with the same period last year.

Riaktr contributes SEK 6,209 thousand to the total net sales. The Group was negatively affected by the weaker dollar against the krona, which weakened by about 13% compared with the first half of the previous year. Other operating income amounted to SEK 5,928 (2,797) thousand.

SDS entered the second quarter of 2021 without a strong backlog of orders due to the weak order intake during the fourth quarter of 2020 and the first quarter of 2021, which contributed to the reduced net sales. Order intake strengthened during the second quarter. The decrease during the half year is also explained by SDD's reduced sales of approximately SEK 13 million compared with the same period last year.

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

OPERATING EXPENSES

Operating expenses during the first half of the year amounted to SEK -129,877 (-145,813) thousand, a decrease of 10.9% compared with the same period last year. From the date of acquisition, the newly acquired subsidiary Riaktr's operating costs are included in the total.

Excluding both acquisition costs of SEK -5,284 thousand and Riaktr's operating costs of SEK -6,463 thousand, the total operating costs for the quarter amounted to SEK -118,130 (-145,813) thousand, which is a decrease of 19.0% compared with the same period last year. During the first half of the year, SDS has continued its restructuring and streamlining, which has contributed to a positive effect, and to a greater extent focused on cost savings to meet the loss in net sales. In addition, the reduction in lower third-party costs is also explained. SDD's material costs have decreased as a result of its continued decline in sales compared with the same period last year.

OPERATING PROFIT

The EBITDA result for the first half of the year amounted to SEK 24,967 (26,792) thousand. Adjusted EBITDA result for the first half of the year, adjusted for acquisition costs of SEK 5,284 thousand, amounted to SEK 30,251 thousand.

Net financial items for the first half of the year amounted to SEK -5,587 (-3,488) thousand.

Profit before tax amounted to SEK 1,131 (9,652) thousand. Adjusted profit before tax, adjusted for acquisition costs, amounted to SEK 6,415 thousand. Earnings per share amounted to SEK -0.13 (1.05).

INVESTMENTS

During the first half of the year, investments were made in product development to a value of SEK 15,575 (11,056) thousand. Amortization of intangible assets amounted to SEK -15,696 (-11,334) thousand. Investments in tangible assets amounted to SEK 1,506 (1,759) thousand for the half year. Depreciation of tangible assets amounted to SEK -1,201 (-1,161) 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.

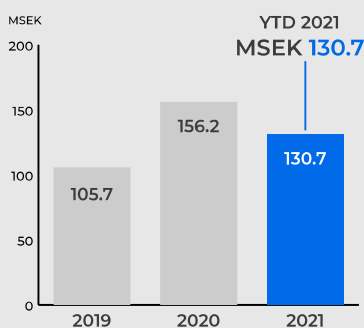
A right of use of SEK 9,634 thousand has been booked in the Group with depreciation of SEK -1,351 thousand, as well as an interest expense of SEK -277 thousand for the first half of the year, both of which have reimbursed the rental cost. The financial debt as of the end of June amounts to SEK 9,661 thousand.

CASH FLOW AND FINANCIAL POSITION

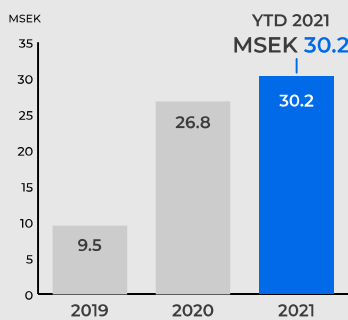
Cash and cash equivalents at the end of the period amounted to SEK 43,888 (13,265) thousand.

Cash flow during the first half of the year from operating activities amounted to SEK 17,002 (2,852) thousand. The total cash flow amounted to SEK 32,231 (-1,520) thousand.

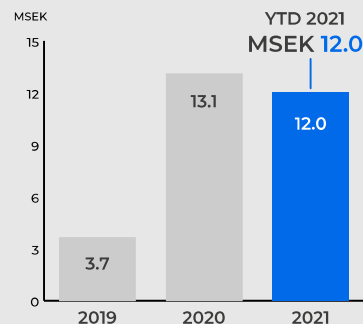
Net sales MSEK 130,7



EBITDA result MSEK 30,2



EBIT result MSEK 12,0



Marketing and sales

During the second quarter of 2021, SDS's order intake strengthened compared with the first quarter. SDS won two large orders within the Telenor Group, which has significantly strengthened its presence in Asia.

The company's product portfolio is high-tech, well-developed and continues to broaden according to customer and market needs. Of particular interest is the company's product family for digitization of sales and distribution of physical products, which has attracted great interest from both existing and new customers. Most of SDS's customers' goal is for all their sales to take place digitally, which paves the way for continued growth in existing customers.

With the acquisition of Riaktr, SDS's offering is further broadened and the acquisition strengthens SDS's operational efficiency through complementary products in the value chain, as well as a major development and technology centers in Belgium focused on Business Intelligence ("BI") and Big Data Analytics ("BDA"). Already during the second quarter, the joint operations showed synergies through higher efficiency in product development, as well as economies of scale in sales, support and administrative units. The synergies in this business, in terms of profitability and growth, are expected to arise during the second half of 2021, but full effect is expected in 2022.

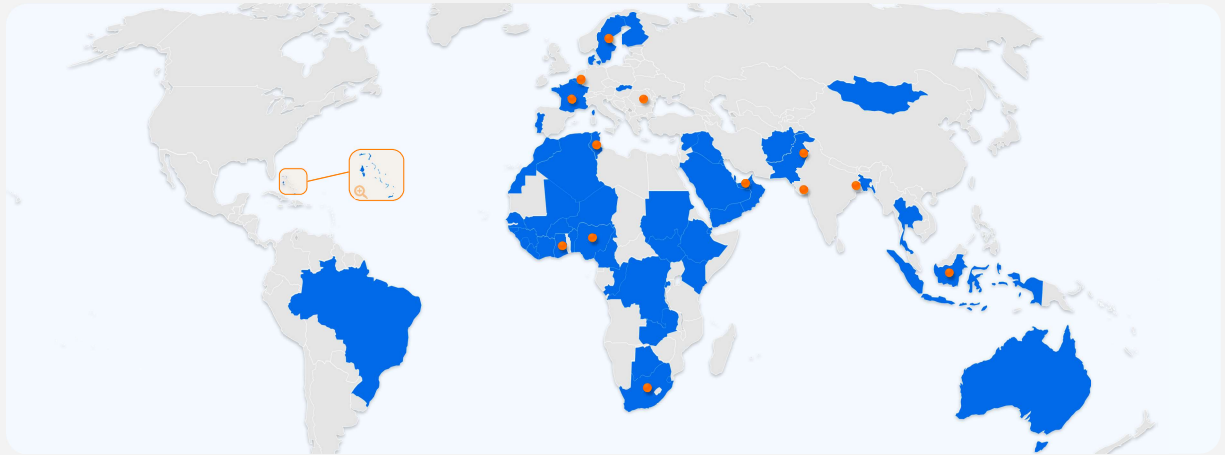
The acquisition expands SDS' geographical coverage and customer base with, among other things, several large, global and regional telecom operators. SDS will strengthen its presence in Africa and will also reach additional new customers in Europe and South America, which will give the Group improved efficiency and increased visibility.

SDD, koncernens distributionsverksamhet i Norden, stärkte sin försäljning något efter nedgången under första kvartalet. Effekterna av coronapandemin påverkar fortfarande SDD:s försäljning, detta trots att man inte har förlorat befintliga kunder, utan förklaras genom att konsumenternas köpmönster i handeln har ändrats till följd av pandemin. Under det andra kvartalet fortsatte försäljningen av den nylanserade marknadsföringslösningen som erbjuds via både app och terminal.

MATERIAL EVENTS DURING THE SECOND QUARTER

- 📍 On May 7, 2021, SDS signed the final agreement on the acquisition of all shares and assets in Real Impact Analytics S.A., Riaktr. The valuation amounted to an enterprise value (EV) of EUR 10.4 million and a valuation on a cash and debt-free basis (equity value) of EUR 8.4 million. In connection with the acquisition, a senior secured bond loan with an initial volume of SEK 200 million was placed, within a framework of SEK 300 million. The bond loan has a term of three years and a variable interest rate of 2 months STIBOR plus 875 basis points. In addition to financing the purchase price of Riaktr, the net proceeds from the bond loan were also used to refinance all existing interest-bearing loans and to finance general corporate purposes.
- 📍 At the end of the second quarter, SDS received a breakthrough order with an initial value of SEK 9 million from Telenor, with an anticipated service delivery of an additional SEK 4 million in the near future. The order is the first from the Telenor Group and in addition to expanding into a new Asian market, the order provides future opportunities for SDS to continue to strengthen its customer base. The order includes implementation of the state-of-the-art proprietary transaction platform ERS 360, which includes digital accounts, transaction management and support for several different technologies for communicating with sales agents and resellers. Another order, worth SEK 11 million, was received from Telenor during the quarter, where SDS replaces a competitor's solution in Grameenphone Bangladesh.
- 📍 SDS received two orders worth SEK 3.4 million over three years for a new product from an operator in Djibouti. The new product "Payment Gateway" makes it possible for customers to shop online or immediately top up their mobile wallet without using bank accounts or cards. This offers traders a dynamic and reliable way to offer goods and services and at the same time attract the young part of the population who do not have a bank account.
- 📍 Riaktr, SDS's newly acquired subsidiary, received an order from a leading mobile operator in Portugal for a pilot project to roll out a 5G network. The initial order covers the costs of the pilot project and if Riaktr is successful, the operator will place a full order on the Smart Capex system when the pilot project is completed. Riaktr also received an order from a leading mobile operator in Nigeria, which includes additional functionality, worth SEK 800,000.
- 📍 At the Annual General Meeting on April 22, it was decided to re-elect the Board members Martin Roos and Pia Hofstedt as regular members, the new election of Board members Leif Frykman, Johan Wilsby and Morten Karlsen Sörby as regular members, and the re-election of Leif Frykman as Chairman.

Presence map



13 offices 85+ customers



Africa

32 countries
49 customers
4 offices



Asia

14 countries
17 customers
5 offices



Europe

6 countries
19 customers
4 offices



North America

1 country
1 customer



Australia

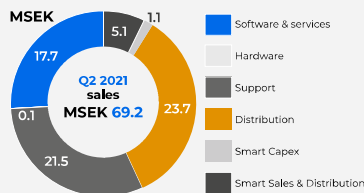
1 country
2 customers



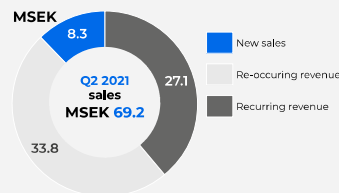
South America

1 country
1 customer

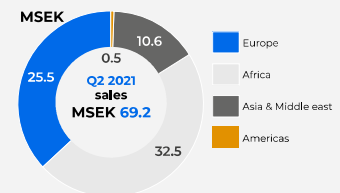
Product offering



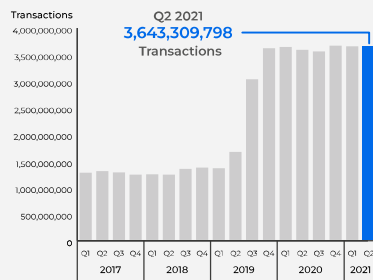
Sales distribution



Geographic sales



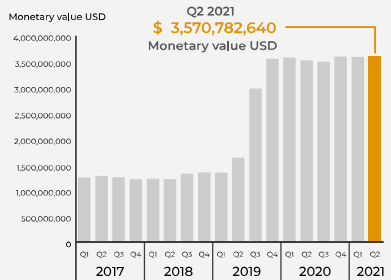
Number of transactions handled by ERS 360 per quarter



Number of orders won per quarter



Monetary value managed by Seamless system per quarter



Acquisitions

Riaktr

Real Impact Analytics S.A. ("Riaktr") was founded in 2009 with the goal of contributing to the digital transformation within telecommunications companies by offering customized data and analysis solutions (within BI and BDA). Today, Riaktr has two proprietary analysis tools, **Smart Sales & Distribution**; a market-leading recommendation engine for sales and distribution teams, and **Smart Capex**; a software solution for optimizing network investment planning for 5G and Fiber, among others.

Riaktr is a reliable partner for approximately 1,500 users of world-leading telecom operators. With the acquisition of Riaktr, Orange, one of the world's largest telecom operators, will be part of the customer base with ten active regional contracts.

Just over 80 percent of Riaktr's revenues come from telecom operators in Africa, which fits in perfectly with SDS' existing customer base. Riaktr has preliminary unaudited sales of EUR 4.9 million, of which EUR 2.6 million is recurring SaaS revenue, and an adjusted EBITDA result of EUR 1.6 million. The purchase price corresponds to approximately 6.5x Riaktr's preliminary unaudited EBITDA for 2020.

The acquisition strengthens SDS's operational efficiency by Riaktr adding complementary products, as well as a major development and technology center in Belgium focused on BI and BDA.

The acquisition expands SDS' geographical coverage and customer base with, among other things, several large, global and regional telecom operators such as the previously mentioned Orange, Glo and Proximus, where the latter means that SDS receives customers in Europe.

The joint operations are expected to be able to achieve significant synergies through higher efficiency in product development as well as economies of scale in sales, support and administrative units. The synergies in this business, in terms of profitability and growth, are expected to emerge as early as 2021, but full effect is expected in 2022.



"This is a big step to further develop SDS as a company. It moves us faster to a new strategic level in terms of the Group's value chain, technology, customer base and geographical coverage. SDS and Riaktr together have over 35 years of experience in the development, delivery and operation of large-scale systems with operational activities in over 60 countries. With this acquisition, we further strengthen our presence in Africa and also reach additional new customers in Europe and South America.", says Tommy Eriksson, CEO of SDS.

"The acquisition means that we continue to deliver on our planned growth and profitability journey. In addition, the acquisition will provide improved efficiency and increased visibility. Following the implementation of SDS' acquisition of Riaktr and the conversion of shareholder loans into newly issued shares, the Group can demonstrate a significantly stronger financial structure. We expect to be able to increase the company's operations in additional markets in the medium term.", concludes Tommy Eriksson, CEO of SDS.

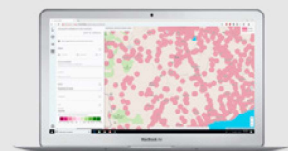


Smart Sales & Distribution



- ✔ Track all KPIs in one platform
- ✔ Real-time visibility on field agents
- ✔ Low inventory alerts
- ✔ Impact measurement of action plans
- ✔ Easy integration with other data sources

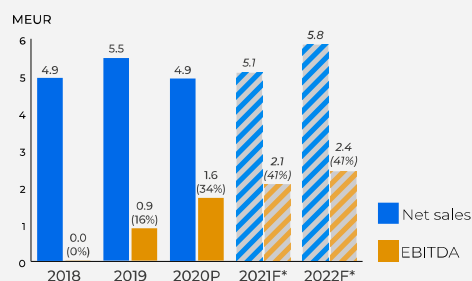
Smart Capex



- ✔ Define investment candidates to feed the network capex allocation process
- ✔ Investment evaluation tool
- ✔ Rapid iteration over investment scenarios using present data and insights
- ✔ Monitor investment plan results
- ✔ Facilitated collaboration between teams

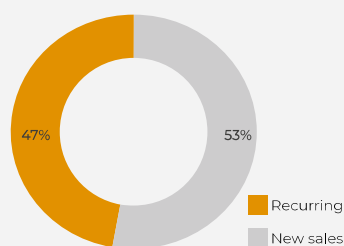
Riaktr - selected key figures

Key financials

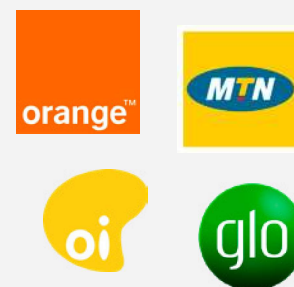


*Based on Riaktr's own forecasts

Recurring revenues



Selected customers



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
Operating revenue				
Net sales	69,180	70,964	130,668	156,156
Other operating revenue	2,884	1,425	5,928	2,797
Total operating revenue	72,064	72,389	136,596	158,953
Operating expenses				
Material expenses	-25,766	-29,357	-51,311	-68,951
Other external expenses	-15,839	-12,514	-26,302	-28,032
Personnel costs	-15,750	-16,051	-29,410	-34,464
Depreciation and amortization	-9,895	-6,791	-18,248	-13,652
Other operating expenses	-3,668	-571	-4,606	-714
Total operating expenses	-70,918¹⁾	-65,284	-129,877¹⁾	-145,813
Operating profit/loss	1,146	7,105	6,719	13,140
Financial items				
Financial income	333	-	333	3
Financial expenses	-4,404	-1,574	-5,921	-3,490
Net financial items	-4,071	-1,574	-5,587	-3,488
Profit/Loss before tax	-2,925	5,532	1,131	9,652
Income tax	-1,913	-371	-2,376	-1,189
Profit for the year attributable to the Parent Company's shareholders	-4,838	5,160	-1,244	8,463
Other comprehensive income				
<i>Items that may be reclassified to profit for the year:</i>				
Translation differences	-992	-2,839	-112	-1,021
Total comprehensive income attributable to Parent Company's shareholders	-5,830	2,321	-1,356	7,442

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

CONSOLIDATED BALANCE SHEET

KSEK	2021-06-30	2020-06-30	2020-12-31
Assets			
Intangible assets	204,810	82,730	81,961
- of which IP rights	12,415	16,417	15,083
- of which Capitalized development costs	94,712	66,313	66,878
-of which Goodwill	97,683	-	-
Tangible fixed assets	14,166	14,715	15,126
Financial assets	815	890	843
Inventories of finished goods	1,825	1,484	1,939
Accounts receivable	37,176	39,872	35,759
Other receivables	20,069	14,196	15,137
Prepayments and accrued income	78,747	52,256	57,285
Cash and cash equivalents	43,888	13,264	11,776
Total assets	401,496	219,407	219,827
EQUITY AND LIABILITIES			
Equity	124,623	54,901	81,710
Other long-term liabilities	203,212	53,415	55,510
Overdraft	-	9,834	7,191
Trade payables	20,501	29,254	21,097
Current tax liabilities	648	767	628
Other current liabilities	9,137	38,179	33,959
Accrued liabilities and deferred income	43,374	33,058	19,732
Total equity and liabilities	401,496	219,407	219,827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

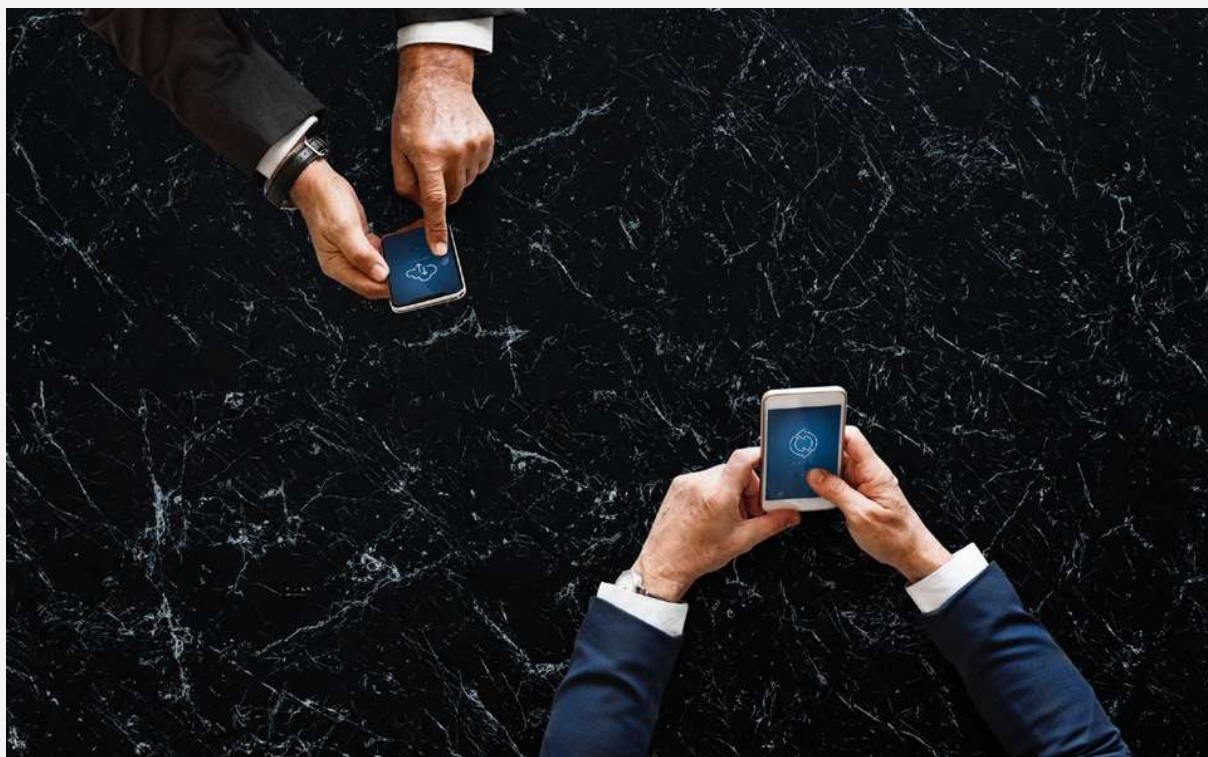
KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
At beginning of period	86,183	52,580	81,709	27,770
Comprehensive income for the period	-5,830	2,321	-1,356	7,442
Offsetting share issue	44,270	-	44,270	19,689
Shareholder contribution	-	-	-	-
At end of period	124,623	54,901	124,623	54,901

CONSOLIDATED CASH FLOW STATEMENT

KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
Cash flow from operating activities before change in working capital	5,459	11,674	16,977	21,567
Change in working capital	4,686	-5,253	25	-18,715
Cash flow from operating activities	10,145	6,421	17,002	2,852
Cash flow from investing activities	-125,049	-5,116	-133,214	-13,036
Cash flow from financing activities	146,193	-678	148,443	8,664
Cash flow for the period	31,289	627	32,231	-1,520
Cash and cash equivalents at beginning of period	12,957	13,006	11,776	14,850
Exchange rate differences in cash and cash equivalents	-358	-368	-119	-65
Cash and cash equivalents at end of period	43,888	13,265	43,888	13,265

KEY RATIOS AND FIGURES

KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
Return on equity	-4.7%	13.1%	-1.2%	21.5%
Earnings per share SEK before and after dilution	-0.51	0.62	-0.13	1.05
Operating profit/loss, KSEK	1,146	7,105	6,719	13,140
Growth in net sales	-2.5%	30.0%	-16.3%	47.8%
Operating margin (EBIT)	1.7%	10.0%	5.1%	8.4%
Average number of shares before and after dilution	9,471,977	8,341,135	9,415,677	8,055,949
Number of shares outstanding at end of reporting period	9,922,383	8,341,135	9,992,383	8,341,135
Quick ratio	244%	118%	244%	118%
Equity/assets ratio	31.0%	25.0%	31.0%	25.0%
Equity, KSEK	124,623	54,901	124,623	54,901
Equity per share	13.16	6.58	13.24	6.81
Number of employees at end of period	149	132	149	132



PARENT COMPANY INCOME STATEMENT

KSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN
Net sales	28,967	26,333	54,298	66,386
Other operating revenue	2,288	1,945	5,324	2,731
Operating expenses	-32,803	-27,510	-58,226	-56,474
Operating profit/loss	-1,547	768	1,397	12,643
Net financial items	-3,585	-1,532	-4,955	-3,538
Profit/Loss after financial items	-5,132	-764	-3,558	9,105
Income tax	-229	-	-326	-
Net profit/loss for the period	-5,361	-764	-3,884	9,105

PARENT COMPANY BALANCE SHEET

KSEK	2021-06-30	2020-06-30	2020-12-31
Assets			
Fixed assets	192,950	71,250	71,621
Current assets	144,392	63,792	102,803
Total assets	337,342	135,042	174,424
Equity and liabilities			
Equity	104,688	41,635	64,302
Long-term liabilities	193,359	52,584	44,500
Current liabilities	39,296	40,823	65,622
Total equity and liabilities	337,342	135,042	174,424
Pledged assets	22,000	15,000	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	2021		2020	
	APR-JUN	APR-JUN	JAN-JUN	JAN-JUN
SDS	45,625	43,313	83,792	96,326
SDD	24,107	28,274	47,971	61,096
Intra-Group support fee ²⁾	-552	-623	-1,095	-1,266
Seamless Group	69,180	70,964	130,668	156,156

Operating profit¹⁾

KSEK	2021		2020	
	APR-JUN	APR-JUN	JAN-JUN	JAN-JUN
SDS	6,506	6,959	12,503	12,709
SDD	476	769	594	1,697
Intra-Group support fee ²⁾	-552	-623	-1,095	-1,266
Seamless Group	6,430	7,105	12,002	13,140

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

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

Seamless

Distribution Systems



Seamless
Digital Distribution

ABOUT SEAMLESS DISTRIBUTION SYSTEMS (SDS)

SDS is a Swedish software company with solutions for electronic distribution of services to private consumers via mobile operators in emerging countries. The company offers its corporate customers a complete solution for digital accounts and transactions.

Following the acquisition of Riaktr, SDS has approximately 310 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, Côte d'Ivoire, the United Arab Emirates, Pakistan, India and Indonesia.

With the acquisition of Riaktr, SDS will handle more than 15 billion transactions worth more than 14 billion US dollars annually. Via over 3 million monthly active resellers of digital products, more than 700 million consumers are served globally.

SDS share is listed on Nasdaq First North Premier.

ABOUT SEAMLESS DIGITAL DISTRIBUTION (SDD)

SDD distributes electronic products via retail, such as mobile prepaid card charges and online payment methods. SDD uses SDS' own developed ERS 360 platform for digital delivery. SDD also delivers the technical platform that enables TopUp via the largest banks in Sweden. SDD's ERS platform handles approximately six million transactions worth SEK 500 million annually in the two markets in which SDD is active, Sweden and Denmark. SDD has one employee and serves just over 2,500 points of sale.

In 2020, SDD has continued with the development of the App and web portal, which was launched in 2019 and which enables direct communication between retailers and mobile operators, to which both customers and suppliers have reacted very positively.

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 significant 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 developments, 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 significant importance for the Group's future development, please refer to the annual report for 2020, pages 27-28. Management's assessment is that there are no significant changes in the risk assessment made in the annual report for 2020.

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 consolidated financial statements for 2020. 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 summary financial statements 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 2021 or later. These additions have not had any significant impact on SDS's financial reports.

NOTE 2 - ACQUISITION OF RIAKTR

On May 7, 2021, 100% of the shares in Real Impact Analytics S.A. were acquired. ("Riaktr). Riaktr is a global provider of Business Intelligence ("BI") & Big Data Analytics ("BDA") systems. The operating company is located in Belgium and has in-house development, customer management and sales organization in both Belgium and South Africa.

Information on purchase price, acquired net assets and positive goodwill is shown below:

Purchase price:	SEK
Cash and cash equivalents	120,208,418
Total paid purchase price	120,208,418
Purchase price:	SEK
Cash and cash equivalents	4,186,966
Intangible assets	24,862,302
Tangible fixed assets	340,165
Accounts receivable and other receivables	21,960,902
Accounts payable and other liabilities	-28,824,864
Total identifiable net assets	22,525,471
Positive goodwill	97,682,947

Positive goodwill arises in an acquirer's financial report when the price paid for an acquisition is higher than the fair value of its net assets. The item has been booked as an intangible asset in the balance sheet and is tested for impairment every year. As part of the acquisition, the Group has decided to restructure its operations in order to achieve the desired synergies and cost savings.

REVENUES AND PROFITS IN ACQUIRED OPERATIONS:

The acquired business contributed total revenues of SEK 6,799 thousand and a profit after tax of SEK -883 thousand to the Group for the period May 7, 2021 to June 30, 2021. If the acquisition had been completed on January 1, 2021, consolidated pro forma for revenues and earnings as of 30 June 2021 at SEK 16,892 thousand and SEK 3,656 thousand, respectively.

ACQUISITION-RELATED COSTS:

Acquisition-related costs of SEK 5,284 thousand are included in the sum of operating expenses in the Group's statement of comprehensive income, as well as in the current operations in the cash flow analysis.

	2021
Cash purchase price - cash outflow	JAN-JUN
Cash flow to acquire subsidiaries:	
Cash purchase price on the day of acquisition	120,208,418
Deducted: Acquired cash and cash equivalents	-4,186,966
Net outflow of cash and cash equivalents - investment activities	116,021,452

Noter

NOTE 3 - DISTRIBUTION OF NET SALES

KSEK	SDS	
	2021 JAN-JUN	2020 JAN-JUN
Professional services/software	31,873	42,501
Licences	730	2,931
Support	43,107	47,430
Hardware	545	3,256
Smart Capex	1,062	-
Smart Sales & Distribution	5,147	-
Other	233	208
SDS total	82,697	96,326

KSEK	SDD	
	2021 JAN-JUN	2020 JAN-JUN
Etop-up	46,537	60,039
Bank systems	1,031	959
Other	403	98
SDD total	47,971	61,096

NOTE 5 - TRANSACTIONS WITH RELATED PARTIES

The company has no existing transactions with related parties.

NOTE 4 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2021 JAN-JUN	2020 JAN-JUN
Africa	56,287	58,170
Middle East and Asia	23,273	33,691
Other	3,137	4,465
SDS total	82,697	96,326

KSEK	SDD	
	2021 JAN-JUN	2020 JAN-JUN
Sweden	43,689	56,222
Denmark	4,088	4,874
Other	194	-
SDD total	47,971	61,096

NOTE 6 - MATERIAL EVENTS AFTER THE REPORTING PERIOD

SDS received an order worth SEK 6.7 million from one of the largest operators in Nigeria. SDS will deliver a state-of-the-art USSD gateway platform and application portal that enables the telecom operator to operate subscriber access to its various services and offerings.

After the reporting period, SDS secured another order for integration services from the project with Telenor Pakistan to a value of SEK 4.0 million and the work will be completed during the third quarter of 2021.

Other information

AUDIT

This report has NOT been reviewed by the company's auditors.

ADVISERS

The company's Certified Adviser is FNCA Sweden AB.

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E-mail: info@fnca.se

DISTRIBUTION OF INFORMATION

All information is published on the company website, 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.

Seamless Distribution Systems' interim report for January to June has been approved for publication in accordance with the Board's decision of July 21, 2021. 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, 21 July, 2021

Martin Roos

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Chairman of the Board

Pia Hofstedt

Johan Wilsby

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Financial definitions and alternative key ratios

Adjusted EBITDA margin, adjusted for acquisition costs	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.
Adjusted EBITDA result, adjusted for acquisition costs	Operating profit before amortization of tangible and intangible assets and financial items where acquisition costs for the period have been deducted.
Adjusted profit after tax, adjusted acquisition costs	Profit after financial items and tax where acquisition costs for the period have been deducted.
Average number of shares	Weighted average number of shares outstanding during the period.
Cash liquidity	Cash and cash equivalents including short-term investments and short-term receivables in relation to short-term liabilities.
EBITDA	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items.
EBITDA (%)	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items as a percentage of revenue.
Earnings per share	Profit after tax in relation to the average number of shares.
Equity per share	Equity in relation to the total number of outstanding shares.
Net sales growth	Sales for the period in relation to sales for the previous period.
Operating margin (EBIT) (%)	Profit before financial items and tax as a percentage of revenue.
Operating margin (EBIT) (%), adjusted for acquisition costs	Profit before financial items and tax as a percentage of income where acquisition costs for the period have been deducted.
Operating profit (EBIT)	Profit before financial items and tax.
Operating profit (EBIT), adjusted for acquisition costs	Profit before financial items and tax where acquisition costs for the period have been deducted.
Profit after tax	Profit after financial items and tax.
Return on equity	Profit after tax in relation to average equity.
Solidity	Equity including minority in relation to total assets.
Withholding tax	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.