

**Press Release**

**November 11, 2024**

## **SDS updates its three-year plan and financial target**

**SDS communicates up update three-year plan and financial targets, aimed at creating share-holder value through a disciplined growth agenda, with continued focus on margin and cash flow generation.**

Revenue growth: the company targets a compound annual growth rate (CAGR) of ca 6-11% over the years 2025 to 2027 (excluding SDD which already has a minimal revenue contribution and is being discontinued). The company sees great opportunities to expands sales of its existing products and solutions with the existing customer base, just like the company has recently done in both Bangladesh and Oman. In addition, Seamless aims to expand with a few new customers and markets per year, including a beachhead in Latin America. Each new product and solution implementation will provide additional recurring revenue. Recurring revenue will grow mid to high single digits annually and will continue to account for at least 60% of the annual revenue base. The plan is built on an assumption of securing new orders slightly above 8 MUSD in 2024 for project-based sales (products and solutions), where the company has already achieved 6 MUSD at the date of release and is targeting 9 MUSD of new orders to 2024, which would be ahead of plan.

Profitability: after the last two years of transforming the business model towards tighter scoping, better risk management and cost control, Seamless sees sustainable EBITDA margins in the span of 30-40% depending on the product mix and the pace of expansion in Latin America, which due to its JV nature will be slightly dilutive on the EBITDA% but accretive to the EBITDA in MUSD.

Financial structure: the company has recently extended its bond financing until the end of 2027 and received 25 MSEK from shareholders in new equity, creating a stable financial platform to finance growth. The fixed interest rate of 9% on the bond will also allow the company to reduce interest cost vs the effective interest rate of ca. 13% that the company has paid in recent quarters.

Cash generation: the above growth and margin discipline, bundled with an increased mix of time and material contracts or projects with smaller invoiceable milestones, as well as the last years reduction of CAPEX from ca 40 MSEK to 25 MSEK per year will help drive improved cash generation. As a result of the improved sales, EBITDA, and lower interest cost the company expects, to create positive operating free cash flows that increase with a CAGR of 20-25% over the coming years – and where the company aims to reduce net debt from a projected year end figure of 209 MSEK down towards 100 MSEK by the end of 2027.

*“Despite a somewhat soft revenue in Q3, the company is on track to deliver on, or slightly better than, our 3-year plan for 2024. We are thrilled with the momentum we currently see with 6 MUSD of new orders already secured for the year and a historically high sales funnel allowing us to set the ambition to close 9 MUSD of new project orders for 2024. We are all very committed to the focus on right-scoping, right-costing and focus on cash generation so that all new growth contributes to deleveraging our balance sheet and creating share-holder value. The company is very pleased to recently have improved its financial structure, renegotiating its bond with improved conditions and extended tenor to support this value creating growth journey. We would like to extend a big thank you to both bond and shareholders for believing in us” says Eddy Cojulun, CEO of SDS.*

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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*

# Seamless

Distribution Systems

*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*