

# Interim report for the period January 1 – September 30, 2021

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Press release 2021-10-21

## **July – September**

- Net sales amounted to SEK 78.7 (68.4) million, an increase of 15.1% compared to the same period last year.
- EBITDA earnings amounted to SEK 19.7 (12.0) million.
- EBITDA margin amounted to 25.1% (17.6%).
- Profit after tax amounted to SEK 1.9 (1.8) million.
- Earnings per share amounted to SEK 0.19 (0.22).
- Total cash flow amounted to SEK -11.4 (0.2) million.

## **January – September**

- Net sales amounted to SEK 209.4 (224.5) million, a decrease of -6.8% compared to the same period last year.
- EBITDA earnings amounted to SEK 44.7 (38.8) million.
- EBITDA margin amounted to 21.3% (17.3%).
- Adjusted EBITDA earnings amounted to SEK 50.0 (38.8) million, adjusted for acquisition costs.
- Adjusted EBITDA margin amounted to 23.9% (17.3%), adjusted for acquisition costs.
- Profit after tax amounted to SEK 0.6 (10.3) million.
- Adjusted profit after tax amounted to SEK 5.9 (10.3) million, adjusted for acquisition costs.
- Earnings per share amounted to SEK 0.06 (1.26).
- Total cash flow amounted to SEK 20.8 (-1.3) million.

## **CEO's comments**

***New breakthrough deal with Vodafone Oman and SDS highest EBITDA result in a single quarter.***

During the third quarter of the year, SDS's business operations continued at robust levels. We have been able to close several new deals with the breakthrough deal with Vodafone Oman being the highlight of the quarter. Vodafone is one of the world's biggest mobile telephone brand in telecom with presence in almost 70 markets. At the same time, our EBITDA landed at an all-time high this quarter.

The fact that Vodafone Oman has signed an agreement with SDS conveys a very clear signal about the high quality of our services and products. The customer has also chosen almost the entire SDS product portfolio for indirect sales called "Retail Value Management" and that emphasizes the quality of our products once again. When Vodafone Oman established itself as the country's third mobile operator, the goal was to become the most customer-oriented and digitalized 5G operator in the world. That the technology used by Vodafone is our latest cloud native software and that it would be delivered as a SaaS from SDS was given however in addition the fact that the commercial model is also based on the number of users, stock movements and customer purchases gives SDS a fantastic upside when it comes to growth.

The acquisition in May of the big data analysis company Riaktr is now in an intensive phase where we have started marketing Riaktr's products to the SDS customer base. We have seen that the product that optimizes telecom operators' infrastructure investment (Smart Capex) has great potential and takes us to exciting new engagements with customers' highest level of management. During the quarter, Riaktr sold its AI analysis product to a mobile operator in Togo, which is both a new group of operators for us and a new market in West Africa. At the same time, we can state that the product is also attractive for the European market, something that may open new opportunities for SDS.

The financial key figures, which now include the acquisition of Riaktr, raised our EBITDA to SEK 19.7 million, which means an increase of 21% compared with the second quarter. Revenue landed at SEK 78.7 million, which means an increase of 14% compared to the second quarter.

In the wake of the pandemic, we can state that our customers have generally set prudent budgets for 2021. This has meant that our order intake was lower than expected. The lead times have become longer, not least the additional sales to our existing customers. We have therefore reached a plateau in our growth where we are now moving towards new heights based on our current strategy, which includes both organic and acquired growth. Our growth journey will continue to be volatile, and sales and results will vary from quarter to quarter. However, the underlying growth trend will continue to be good.

In our Nordic distribution business, SDD, the negative trend has now reversed, and we are seeing growth both in the traditional distribution, as well as in our new initiative where we sell digitized advertising campaigns to retailers.

Since 2018, the SDS Group has had an average growth (CAGR) of revenues of 42%, EBITDA of 52% and market cap of 64% during this period. We are determined to continue this trend in the coming years!

When I look ahead, I can state that recent business guarantees a bright future. Our growth comes, among other things, from the fact that we are growing with our customers and it is therefore important that we invest resources in joining new operator groups. Therefore, it is very gratifying to note that in the last twelve months we have joined eight new operator groups, where giants such as Vodafone and Telenor are proof of the SDS Group's ability to reach and attract new large operator groups. With these customers, we will continue to grow into new markets, with a much stronger offering.

Our growth strategy remains unchanged. We will continue to grow organically with our existing and new customers, at the same time we want to be a driving force in the ongoing consolidation. We have very good experience of adding more services and customers through acquisitions. The acquisition of eServGlobal in 2019 has been a success and has contributed to both increased sales and improved profitability. The acquisition of Riaktr means that we have already broadened our offer and added the operator Orange to the customer list. The deal will gradually lead to additional sales and earnings improvements.

*Tommy Eriksson*  
CEO, Seamless Distribution Systems AB

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**About Seamless Distribution Systems AB (SDS)**

*SDS is a Swedish software company with solutions for electronic distribution of services to private consumers 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 325 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 shares are listed on Nasdaq First North Premier.*

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