Seamless Distribution Systems

# Annual report

# 2021

# CONTENTS



## SDS journey

Since the listing on Nasdaq First North Premier 2017, SDS has had a successful journey with partnerships, growth and acquisitions.

**2001-2016**

Seamless Group founded in 2001 as a digital value distribution company

3 Markets

**2017**

SDS registered as an independent public company, listed on NASDAQ First North Premier

12 Markets

**2018**

SDS acquired Seamless Digital Distribution (previously known as Invuo eProducts)

21 Markets

**2019**

SDS acquired eServGlobal for rapid regional and portfolio expansion

28 Markets

**2021**

SDS acquired Riaktr for client and technology expansion

60 Markets

SDS as a focused company in its vertical

# The year in numbers

**30+**
Years of experience in digitization of services for telco, retail and banking

**3m+**
Active retailers per month

**15bn+**
Transactions processed per year

**1,1bn+**
Users served indirectly

**60+**
Global footprint

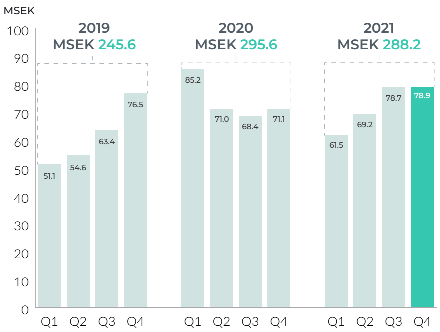
**$14bn+**
Worth of transactions processed per year

# Result

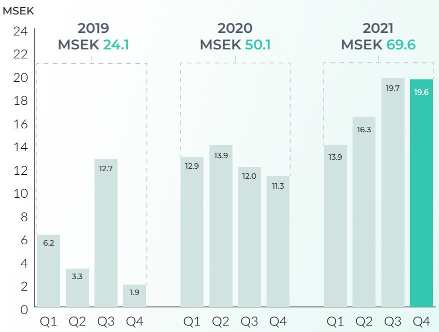
| KSEK | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net sales | **288,187** | 295,609 | 245,567 |
| Operating profit / loss | **27,373** | 21,548 | 14,421 |
| Profit / loss for the year | **6,024** | 12,517 | 8,029 |
| Earnings per share | **0.62** | 1.15 | 0.52 |
| Cash flow | **4,782** | -2,429 | 12,722 |
| Equity / assets ratio | **32.3%** | 37.2% | 13.3% |
| Equity per share | **13.31** | 9.20 | 3.61 |
| Number of employees at end of period | **320** | 253 | 220 |

# Key ratio

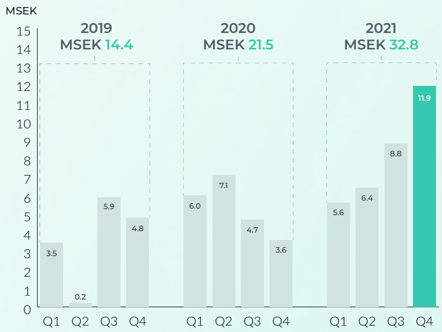
Net sales
**288 MSEK**




EBITDA earnings
**70 MSEK**




EBIT result
**33 MSEK**



# New orders 2021

### Saudi Arabia

During the first quarter, Seamless Distribution Systems AB (SDS) received an order, worth SEK 1.5 million, from an operator in Saudi Arabia, the largest market in the Middle East. The customer is an existing customer of eServGlobal, that has migrated to the SDS platform. The order refers to an add-on module to ERS 360°, and is the third order from this customer since the migration.

### Pakistan & Bangladesh

At the end of the second quarter, SDS received a breakthrough order with an initial value of SEK 9.0 million from Telenor Pakistan, with an anticipated service delivery of additional SEK 4.0 million. The order was the first from the Telenor Group and in addition to expanding into a new Asian market, the order will provide future opportunities for SDS to continue to strengthen its customer base. The order included the implementation of the state-of-the-art proprietary transaction platform ERS 360°, with digital accounts, transaction management and support for several different technologies for communicating with sales agents and resellers. Another order, worth SEK 11.0 million, was received during the quarter where SDS replaced a competitor's technical solution for Grameenphone Bangladesh (Telenor).

### Djibouti

SDS received two orders worth SEK 3.4 million over three years for a new product, "Payment Gateway", from an operator in Djibouti. The new product allows the users to shop online or instantly top up their mobile wallet without using bank accounts or cards. This provides a dynamic and reliable way of offering goods and services, while providing financial inclusion for the majority of the unbanked population.

### Portugal

SDS's newly acquired subsidiary, Real Impact Analytics S.A. (Riaktr), received an order from a leading mobile operator in Portugal for a pilot project regarding a rollout and a large Capex investment in a new 5G network. The initial order covers the costs of the pilot project, and if the project is successful, the operator will place a full order on the Smart Capex system.

### Nigeria

Riaktr received an order from a leading mobile operator in Nigeria, which includes additional functionality, worth SEK 0,8 million.

### Oman

SDS received a breakthrough order from Vodafone Oman for its entire product offering during the third quarter. The deal, which was the first with the Vodafone Group (one of the world's largest telecom groups), concerns Vodafone's launch in Oman. It is a new market for the operator and the order includes SDS's SaaS offering Retail Value Management (RVM) suite. An agreement that extends over three years has been signed, which may result in recurring revenues amounting to approximately 10-15% of SDS's current support revenues, if Vodafone succeeds with its projected market penetration during the contract period. The development of the project began during the fourth quarter of 2020 and deliveries took place during several phases in 2021.

### Algeria & Pakistan

During the third quarter, SDS received, via a global system supplier, a strategic order worth SEK 7.7 million in Algeria. The order concerns both the implementation of SDS's flagship product ERS 360° and support for over five years. This order was the first from the operator group, which could potentially generate more collaborations in the region in the future.

SDS secured another order during the third quarter for integration services from the project with Telenor Pakistan to a value of SEK 4.0 million. SDS provided additional services to complement the implementation of the customer's ERS 360° platform.

### Nigeria

During the third quarter, SDS received an order for a USSD gateway and application portal from one of Nigeria's largest mobile operators worth SEK 6.7 million. The order enables the telecom operator to drive customers to its various services and offers.

### Ghana

During the fourth quarter, SDS received an order worth SEK 3.0 million from a new customer in Ghana. The deal concerned the commissioning of SDS's flagship product ERS 360°, which replaced the customer's existing solutions. ERS 360° will facilitate the digitization of the customer's sales and distribution channel.

# Historical development

**2001**
Seamless Group founded as a digital value distribution company

**2005**
Breakthrough in retail and banking industry along with regional expansion

**2006**
Global partnership with MTN Group, the largest telecom operator in emerging markets and one of Africa's most respected brands

**2011**
Partnership with Ericsson for global distribution and channel management

**2012**
Winner of Global Telecom Business Award for Software and Applications Innovation

**2016**
Global expansion through client acquisitions in new geographies with penetration in Asia, Africa and Central Americas

# Material events 2021

### Acquisition of Riaktr

SDS signed a conditional agreement to acquire all shares and assets in Riaktr on March 17, 2021. Riaktr is a global provider of Business Intelligence (BI) and Big Data Analytics (BDA) systems, primarily to the telecom sector, headquartered in Brussels, Belgium. The purchase price 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 has a duration of three years and a variable interest rate of 3 months STIBOR plus 875 basis points. The net proceeds from the bond were used, in addition to financing the purchase price of Riaktr, to refinance all existing interest-bearing loans and to finance general corporate purposes.

### Annual General Meeting

The acquisition of Riaktr, which was financed through the bond issue, was conditional on the conversion of existing shareholder loans of SEK 44.2 million into shares. This required a resolution at the Annual General Meeting (AGM), and was voted on at the AGM on April 22, 2021. The completion of the acquisition of Riaktr took place on May 7, 2021.

At the AGM, it was decided to re-elect the Board members Martin Roos and Pia Hofstedt as regular members, the re-election of Board members Leif Frykman, Johan Wilsby and Morten Karlsen Sörby as regular members, and the re-election of Leif Frykman as Chairman of the Board.

### New CEO

On December 14, 2021, SDS's Board of Directors appointed Mats Victorin as the new President and CEO as part of the company's next development phase. Tommy Eriksson left the company after ten years, of which the last four years as President and CEO. Mats Victorin took office directly.

**2017**
SDS registered as an independent public company, listed on NASDAQ First North Premier

**2018**
SDS acquired Seamless Digital Distribution (previously known as Invuo eProducts)

**2019**
SDS acquired eServGlobal for rapid regional and portfolio expansion

**2020**
Partnership with CSG for digitization of sales and distribution channels

**2020**
SDS raises SEK 26.5 million in an oversubscribed share issue

**2021**
SDS acquired advanced analytics company Riaktr

# CEO's comments

## Important progress and continued strong profitability growth

2021 was marked, as for most, by the Covid-19 pandemic. Decisions and projects with our customers were delayed and our presence with them became more difficult. The effect of this was that SDS's sales revenues leveled out and came in at SEK 288 million, on a par with the previous year. At the same time, the company made strategically important progress in terms of both our offering and our technology. The acquisition of Riaktr in the spring of 2021 has proven to be just as important as we wanted and has already made a positive contribution to our business. Through the expanded portfolio, a well-implemented integration of Riaktr and continued focus on cost efficiency, we continued to achieve very strong profitability growth. This year's EBITDA was the company's highest ever; SEK 70 million, an increase of 40% from the previous year.

## New customer groups

During the year, the company further expanded its customer base and managed to add three new and important operator groups; Vodafone, Telenor and Orange. All three are large and important players in the markets we focus on. The company's proven successful strategy of first succeeding locally and then growing with credibility within the operator groups remains unchanged. During the year, we implemented and launched our complete product portfolio for Retail Value Management at Vodafone in Oman, in a completely new SaaS model where we grow together with the customer. In Telenor Pakistan and partly Telenor-owned Grameenphone in Bangladesh, we have during the year begun implementation of our systems to handle up to 123 million end customers. The Orange Group was added as a customer with the Riaktr acquisition and during the year we began a number of dialogues with them about our entire product portfolio. Other important customer projects were the smooth migration of DU from an older product platform to our own product platform ERS and to be selected as a new supplier to AirtelTigo in Ghana and to Djibouti Telecom.

## Broadened and developed offering

Through both its own development and acquisitions, the company went out of 2021 with a significantly broadened product portfolio. Today, we cover the entire mobile operator's value chain for customer and reseller management. It involves a suite of solutions all the way from planning and onboarding to solutions to ensure distribution, revenue streams, continuous growth and optimization. We call this Retail Value Management (RVM). Managing this value chain well is crucial for the success of mobile operators in emerging markets. The majority of their revenue flows in this value chain and thus in our systems.

With Riaktr, RVM was supplemented with advanced analysis capabilities and the ability to capitalize on the enormous amount of data generated. SDS can now offer customers advanced decision support with a focus on concrete measures to improve sales and results.

## Technology at the forefront

A crucial factor in being able to broaden our product portfolio effectively was the transition to third-generation technology, a Microservices architecture, in 2021. The new, modular architecture creates conditions for the company to easily launch new services, create unique customer solutions and shorten implementation times. At the same time, many operators themselves have taken or plan to take the step to Microservices, which increases the requirements for their subcontractors to do the same. This is where SDS is already well positioned.

## Platform to build on

As a relatively new CEO, I can state with satisfaction that strategically decisive steps were taken in 2021. We stepped into new important operator groups, our offering was broadened and now covers the entire operator's value chain and our technology platform was lifted to the absolute forefront. We are well equipped when the market recovers. The company's overall strategy remains unchanged; we must continue to grow organically but also be active in the consolidation that has begun. To be relevant in this requires scalability in everything we do. The technology shift that we are now completing enables this in our product development and customer projects. Increased scalability also means that we must move from project companies to an increased degree of product companies. This in turn means that we must be more proactive when it comes to future solutions and offer our customers a convincing product roadmap. Here, the acquisition of Riaktr contributes important insights. Other important focus areas for us in the coming year will be an increased focus on partnerships and to further develop our fintech offering for RVM. I look forward to an exciting 2022.

**Mats Victorin**
VD, Seamless Distribution Systems AB

# Business Description

The Seamless Group is a Swedish software company that provides software and services for digital sales and distribution to individuals through mobile operators, primarily in developing countries. The company offers its customers a complete solution for digital distribution and running of electronic transactions, as well as optimization of the entire supply chain. With the acquisition of Riaktr during the year, the Group now also offers cutting-edge expertise and systems for optimization and analysis of both the distribution network as well as major capex investments.

The Group has customers in more than 60 countries worldwide and indirectly reaches over 1,100 million mobile users through more than 3 million active resellers. The Group handles over 15 billion transactions annually to a value in excess of $14 billion. SDS has approximately 320 employees within the Group, of which 149 are full-time employees and 172 full-time contracted consultants. The employees are located in Sweden, France, Romania, Belgium, Ghana, Nigeria, Pakistan, India, South Africa, and the United Arab Emirates.

The business is conducted through two business divisions, Seamless Distribution Systems (SDS) and Seamless Digital Distribution (SDD).

The SDS business division delivers systems and services to customers in the telecom, retail and finance industries. SDS systems enable digital distribution and sale of products through an omni-channel. SDS is a reliable and systematic supplier to several of the world's largest telecom operators.

The SDS Group offers a suite of products that take care and optimize the entire retail journey for mobile operators in what we call RVM (Retail Value Management). It includes solutions for the operator to manage KYC (customer information), operation, support, distribution, and growth of their reseller model as well as tools for optimization and advanced analysis.

With the SDD business area, SDS acts as a distributor. SDD distributes digital products in selected markets under its own auspices, with its own technology and systems.

SDS strengthens its value proposition by being responsive and aware of market trends and working closely with our customers and partners. This drives continuous product development to improve and broaden the product range and grow together with our customers. This is further supported by our business consulting operations, which aim to jointly develop customers' operations.

Seamless Distribution Systems

Seamless Digital Distribution

RIAKTR

eServGlobal

# Strategy and vision

## Strategy

SDS provides technology that manages the distribution networks that are the backbone of the mobile operators' sales, which reduces costs and increases sales per transaction. SDS systems are thus business-critical for the operators.

SDS strives to create value for its shareholders through profitable growth and stable cash flows. Growth strategy to be achieved through organic and acquired growth as well as through product development and innovation where a scalable business model increases the share of recurring revenue.

We achieve this through our **five focus areas:**

## Vision

Seamless shall be conductive in high-performance transaction systems and in the technology development that enables digitization of mobile and financial transactions in emerging countries.

### Telecom Sector

With the acceleration of IoT and 5G, the industry is undergoing a digital transformation with new ways of distributing data and interacting with customers. With new units connected to networks and new offers, the demand for tailor-made solutions will increase and SDS has full focus on growing together with our customers and being at the forefront.

### Top 3

Every new market or business area requires knowledge and capital. In order to continue to deliver first-class solutions to our customers, we must have a market share of at least 40% or be among the top 3 (in terms of revenue) in each niche or market we operate. This means that we make strategic and well-founded analyzers for each new expansion.

### Technology edge

SDS has over the years become more than just a technology supplier. Today SDS has a self-developed software platform, which is in its fourth generation. The systems make it possible to track, monitor and analyze large amounts of data across the entire value chain, which benefits both customers but also Seamless's ability for continuous improvement and competitiveness. The strategy is to continue to be at the forefront of technological development.

### People

Highly qualified employees who drive innovation and growth are the key to future success. We need to attract and retain competent employees who can take responsibility for solving customers' problems and, as a company, decentralize decisions without disturbing the economies of scale in our solutions. As a company, we put people at the center where we celebrate diversity and inspire collaborative community where we collaborate and strengthen each other.

### Acquisition & Partnering

To increase our size and profit we need both organic and acquired growth. We do this by pursuing a structured and aggressive acquisition path as well as to increase our Partnering effort. With a strong track record in M&A, we see a need for continued consolidation in the industry and intend to be an active part of the continued consolidation.


200/-
Per unit
200/-
Per unit
Authorised
MTN

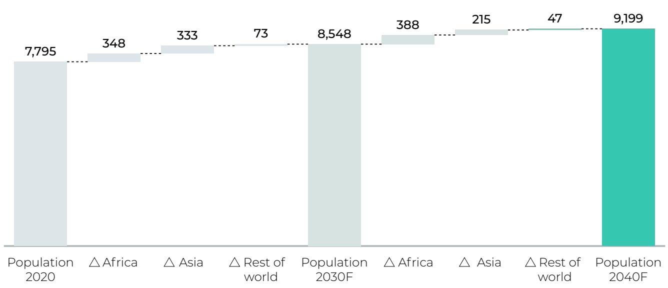

Mobile Money Store
MTN
Mobile Money
ENVOIE D'ARGENT
DEPOT D'ARGENT
RETRAIT D'ARGENT
Flooz
Tapez *155#


MTN

# MARKET OVERVIEW

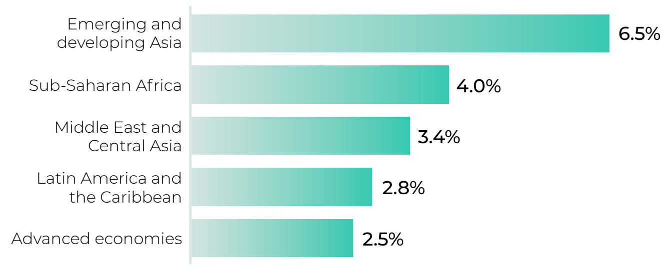
SDS enables its customers, mainly mobile operators or distributors, to distribute and sell products, digital or physical, anywhere without restriction of retail infrastructure and through any channel depending on the technology's penetration in each market. Channels in this context can be anything from a simple terminal to a company-wide cash terminal system. Both the economic and population growth in SDS's core markets are expected to be very strong in the future.

**Population growth forecast (bn)**




Source: UN World Population Prospect 2019

**GDP growth rate (2020-2025)**

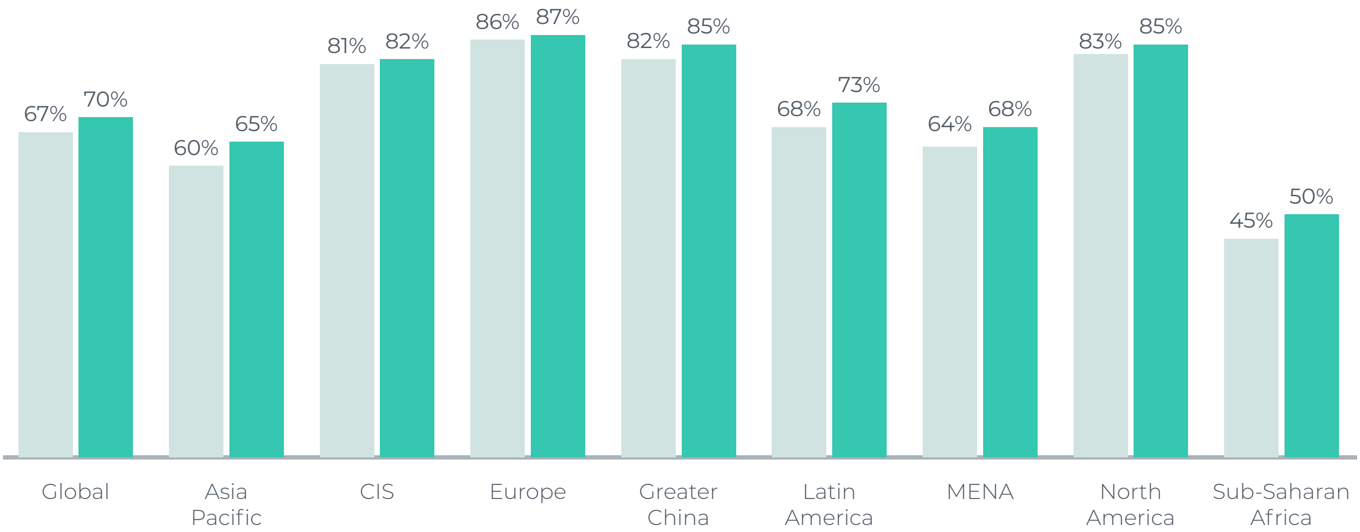



Source: International Monetary Fund

Population growth has slowed or completely stalled in many parts of the world, especially in developed countries. A major force behind forecast global population growth over the next 20 years is expected to be Africa, whose population is anticipated to increase by more than 50% from 1.3bn in 2020 to 2.0bn by 2040. Population growth will tend to result in a higher number of mobile connections, in turn driving demand for SDS' solutions

Increasing GDP reflects increased prosperity and purchasing power, which drives up mobile usage and therefore number of transactions. Between 2020-2025, the fastest GDP growth is expected to occur in emerging and developing part of the world, especially in Sub-Saharan Africa and in the Middle East and Central Asia (incl. North and East Africa). While strong growth is expected in many of SDS' key markets, the growth will come from low levels, and the GDP per capita in many African, Asian and Middle Eastern countries will still be among the lowest in the world

## Mobile penetration level forecast (2019 vs 2020)

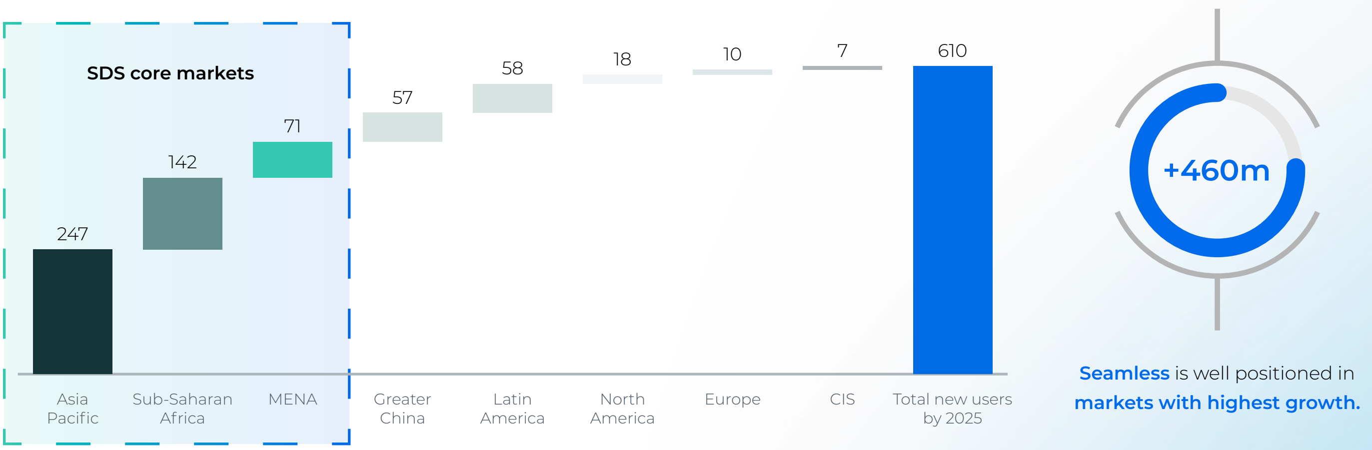



Source: GSMA Mobile Economy 2020

By the end of 2019, 5.2bn people – or 67% of the global population - used mobile services Approximately 600m new users are expected by 2025, driven primarily by increases in Asia Pacific, Sub-Saharan Africa, and the Middle East and North Africa. SDS is well-positioned to benefit from the growing mobile penetration levels, as ca. 75% of the new users are expected to come from SDS' core markets.

## The amount of new subscribers per continent in 2025

New users (millions)



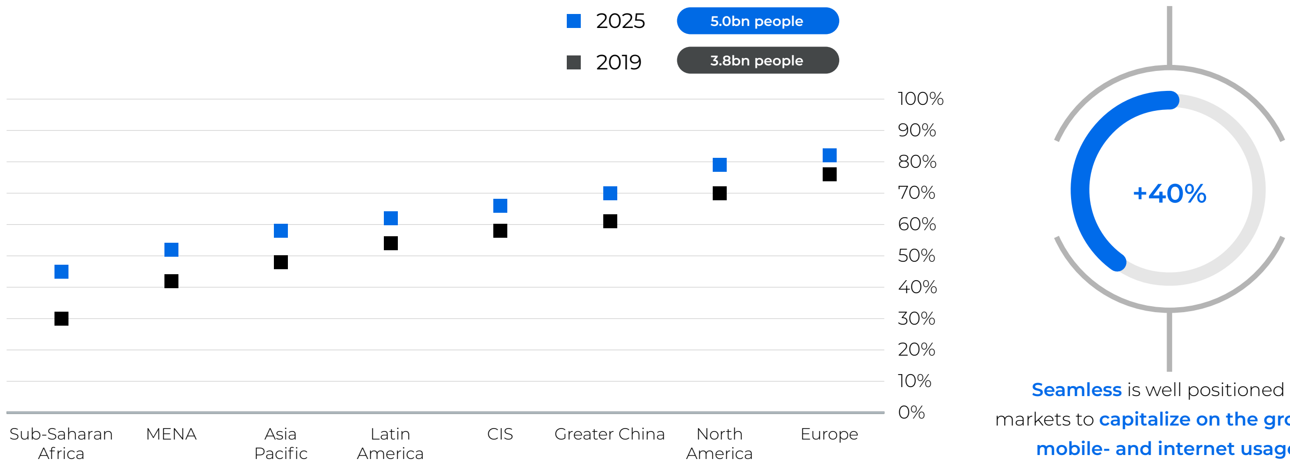

Source: GSMA Mobile Economy 2020

# MARKET TRENDS

Seamless enables digitization of both mobile and financial transactions and services in emerging countries, not least in Africa and MENA, where between 80 and 100 percent of mobile users use prepaid cards. The growth of mobile and Internet users is expected to increase sharply in SDS's core markets. Seamless is well positioned in several markets to be able to take advantage of the growing mobile and internet usage.

**Mobile internet subscribers**

(% of population)

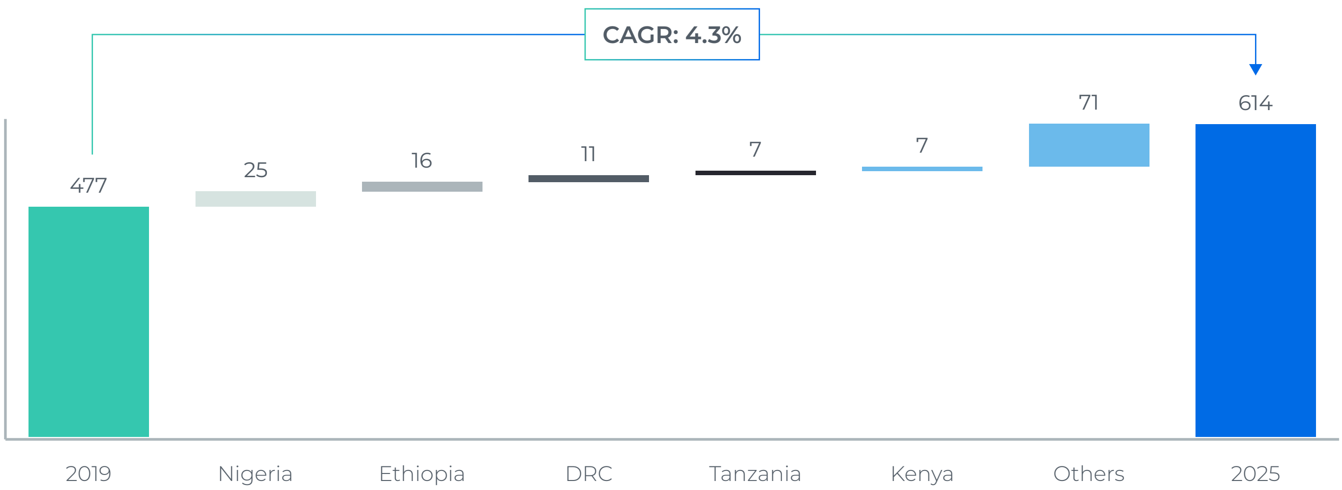



**Seamless** is well positioned in markets to **capitalize on the growing mobile- and internet usage.**

Source: GSMA Mobile Economy 2020

**Unique mobile users in Sub-Saharan Africa**

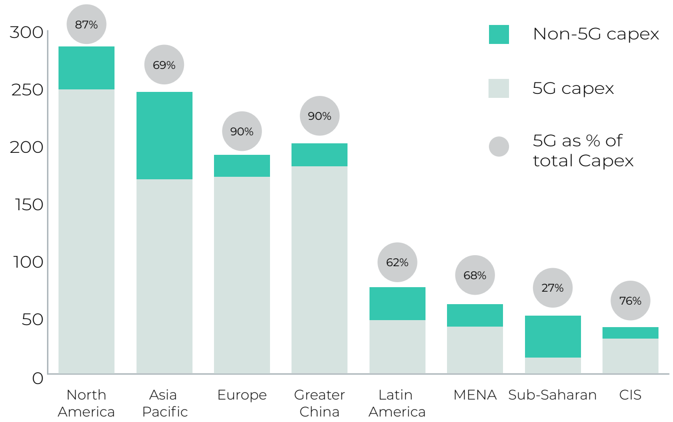
Users (m)




Source: GSMA Mobile Economy 2020

### Capex by region (2020-2025)

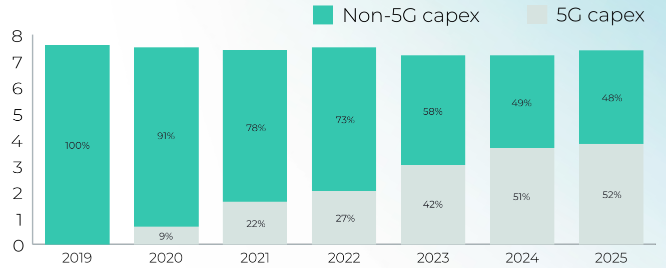
USDbn




Source: GSMA Mobile Economy 2020

### Capex in Sub-Saharan Africa (2019-2025)

USDbn




Total Capex
**USD 52bn**

5G Capex
**USD 15bn**

Source: GSMA Mobile Economy 2020

The global telecom industry is changing at a rapid pace and will continue to evolve over the coming years on the back of technological advances and underlying trends With the acceleration of IoT and 5G, the industry is undergoing a digital transformation with new ways to distribute data and interact with customers With new devices connected to network and new offerings, there will be increased demand for tailored solutions.

As illustrated above, investment in 5G solutions is expected to account for a large share of telecom operators' total capex over the coming years, however with regional differences. While 5G will be the primary capex driver in developed countries, capex efforts in emerging markets, such as Sub-Saharan Africa, still comprise of lower technology mobile coverage investments to increase availability mobile broadband networks. Increased availability of mobile broadband networks will drive demand for mobile services and benefit service providers like SDS.

## Seamless is well positioned to benefit from the ongoing trend

- **High domain expertise**
- **Long and entrenched relationships with some of the world's largest telcos**
- **Business case driven organization providing agile solutions**
- **Strong market presence**

# KEY TRENDS

Macro- and market development data indicates substantial opportunity in emerging markets. Telcos are the major players in these markets with the technical and market infrastructure as well as brand recognition. With both population and mobile usage growth, Seamless is well positioned to benefit from these trends.

## Key trends

**Population growth**
Africa's population is estimated to grow by 50% in the coming 20 years and account for around 25% of the world population

**GDP growth**
Growth ahead of developed markets reflecting increased prosperity and purchasing power

**Mobile penetration**
Number of people with mobile connections has increased rapidly in Asia, Africa and Middle East, and is expected to continue growing over the next coming years

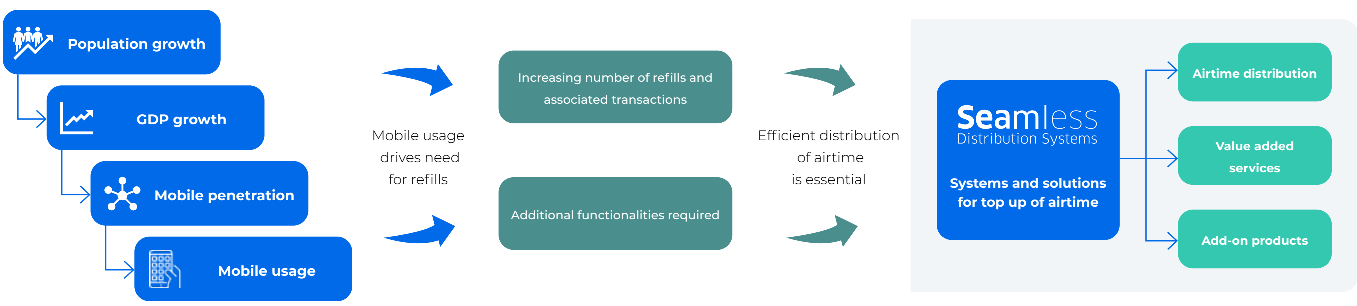
**Mobile usage**
Mobile usage: The use of different services such as mobile internet continues to grow, which increases the need for top-up transactions

SDS has an established position in developing markets, with an emphasis on Africa, Asia and the Middle East, based on strong market presence and a unique offeringof system solutions for recharging prepaid cards. High performing transaction systems for topping up prepaid cards are critical in developing markets where 80-100% of mobile users rely on prepaid cards instead of monthly subscriptions.

Absence of functioning infrastructure means the electronic value chain is critical for mobile operators to provide consumers with fast, cost-effective access to balances that can be used for topping up airtime, SMS and mobile data Mobile usage, and hence the need for prepaid top-ups, increases with the number of consumers and economic prosperity, which drives demand for SDS' offering.

Access to resellers and consumers with digital techniques is also a strategically important tool for mobile operators, as well as being able to offer additional services and products. Therefore, the primary market drivers expected to have a major impact on the Group's long-term business are population and GDP growth as well as the increase in mobile penetration and mobile usage.

## SDS is well positioned to benefit from the supportive market trends

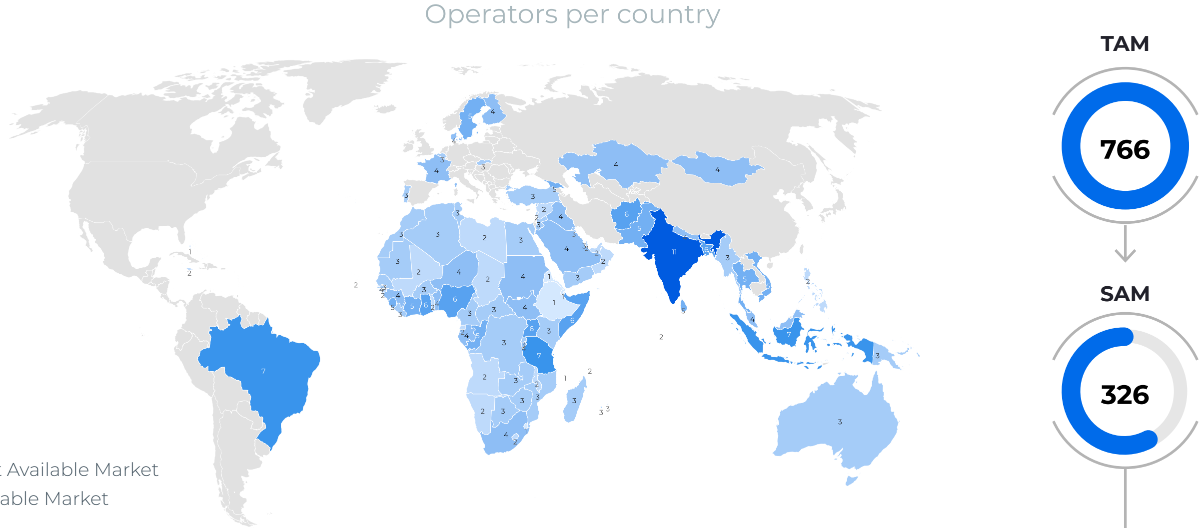


# TARGET MARKET

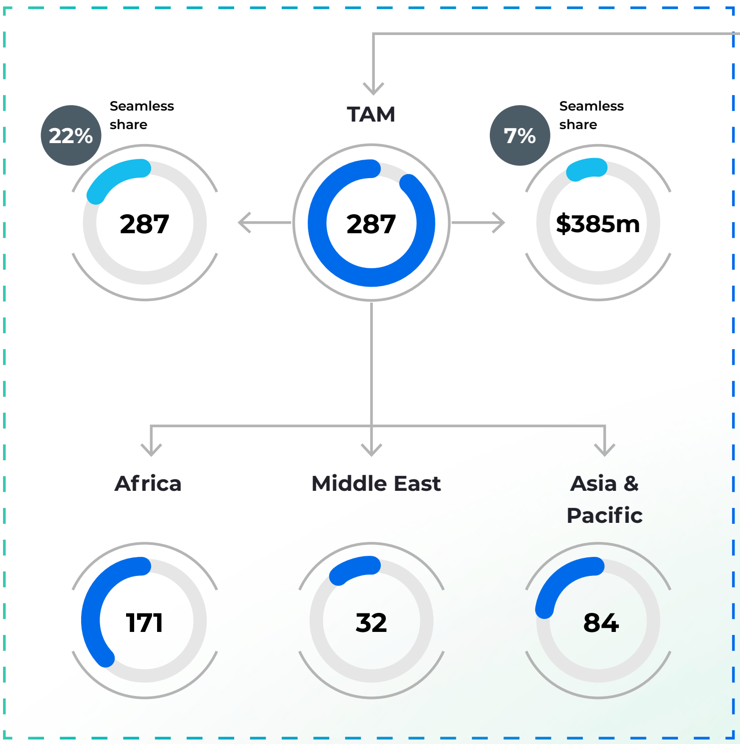
Seamless customers are large telecom operators that are serviced by Sale hubs in Dubai and Johannesburg, with additional local presence in each region. SDS has an experienced sales team of +20 FTEs covering more than 60 markets around the world. This has enabled the SDS Group to build and maintain strong relationships with representatives at global telecom operators. As our market analysis below shows, there is still room to grow both within the existing customer base by increasing the number of local contracts under each frame agreement and gaining new operator groups.

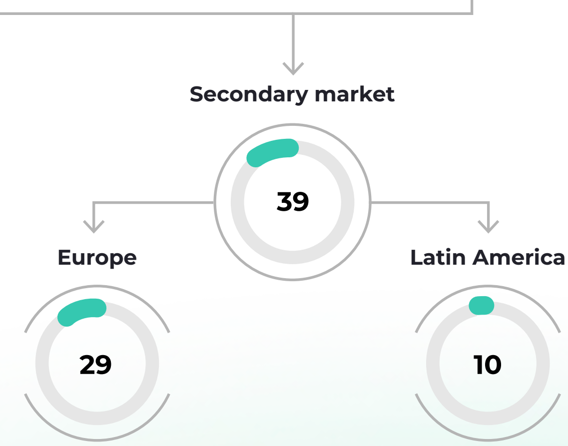
Local presence in each region allows for close customer relationships and deep understanding which in turn creates upselling and cross-selling opportunities, accordingly, SDS can ensure strong customer relationships.

## Telecom operators on SDS target market




TAM: Target Available Market
SAM: Servicable Market



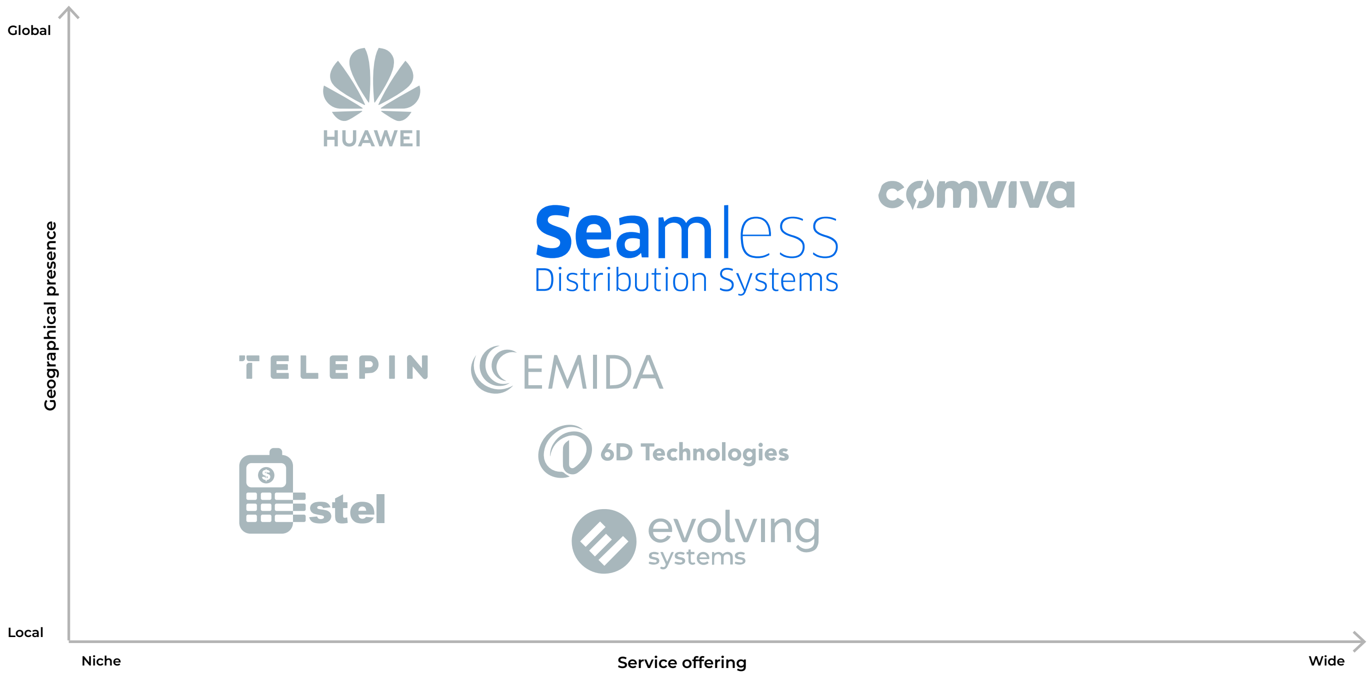

- Substantial value left to be captured
- In our core market with our solutions yearly market value is +$385m
- Growth in the market by replacing legacy products
- Substantial growth potential in existing accounts

# COMPETITIVE LANDSCAPE

SDS benefits from being a specialist in retail value management with state-of-the-art solutions. Below is a snapshot of the competitive landscape of digital distribution players in Africa, Middle East, SEA and Americas.

The market is changing with an ongoing consolidation. The Telcos focus on reducing the number of suppliers and the technology shift and demand puts a heavy burden on the smaller suppliers. Here Seamless is in the forefront with a solid track record and an M&A roadmap.

**Digital distribution players in Africa, Middle East, SEA and Americas**




The electronic distribution market in the telecom space comprises numerous players with varying business models

**Regional niche distributors** (e.g. 6D Tech, Estel, Telepin) deliver a limited service offering in a specific geographical region. These players face challenges in achieving the necessary R&D investment to remain competitive in the long term

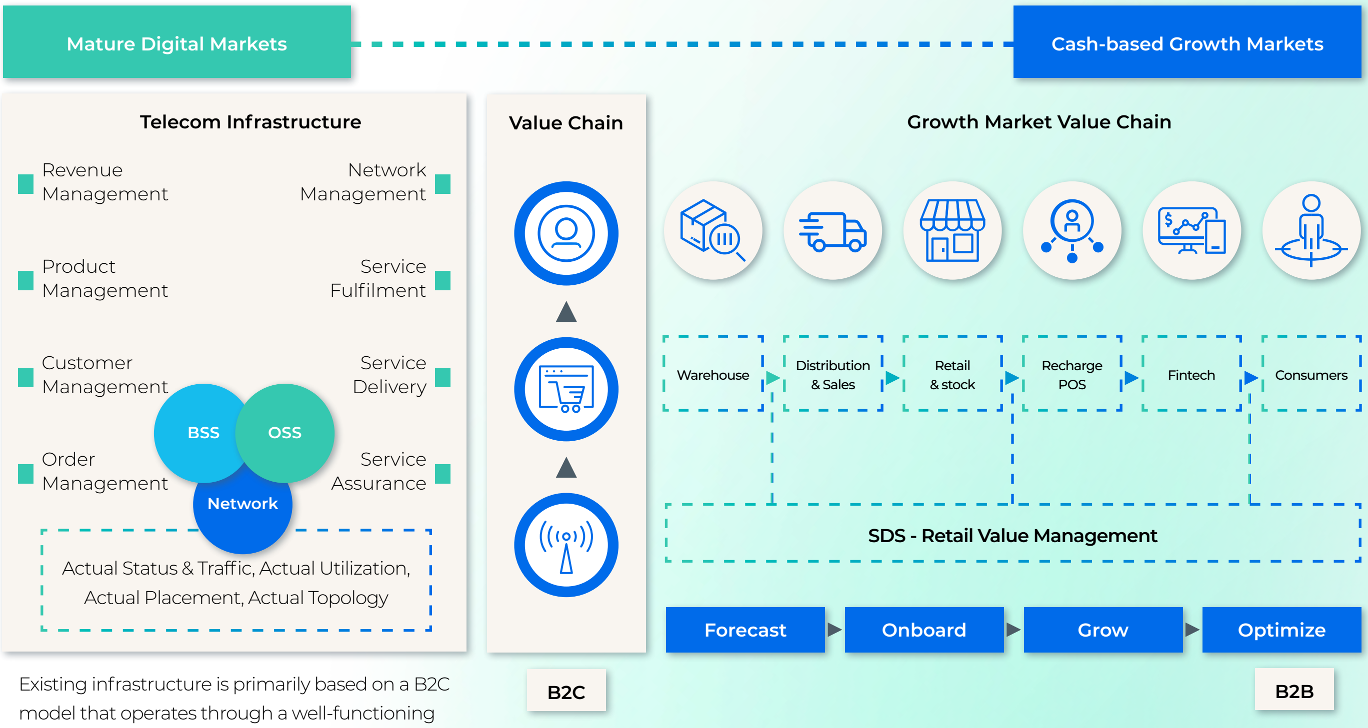
**Large network distributors** (primarily Huawei) have complemented their primary offering of selling hardware for mobile network expansion. The offer is often functionally restricted, but at times provided as a complimentary service in connection with larger purchase orders

**Large system integrators** (e.g. Oracle, Wipro, Matrixx) that sell "BSS Transformation" projects which aim to modernize mobile operators' administrative systems, which also includes digital distribution and sales platforms. This is usually not a core product, and SDS has increasingly started working in partnership with major system integrators to strengthen their offering and work. as a win-win both for the system integrators and for the SDS

**The market is changing** with an ongoing consolidation. The Telcos focus on reducing the number of suppliers and the technology shift and demand puts a heavy burden on the smaller suppliers.

# MARKET POSITIONING

Our flexible solutions enable MNOs to generate and optimize revenue. We are the solution provider with systems that enable the opcos to generate sales and get paid.




Existing infrastructure is primarily based on a B2C model that operates through a well-functioning payments system.

## ”Seamless as a part of the big picture - we are positioned in the sweet-spot”

Telecom Infrastructure is a complex system of hardware and software that handles both the capacity and uptime of the network as well as business support systems. Existing infrastructure is primarily based on a B2C model that operates through a well-functioning payments system. This set-up is based on European and US requirements.

In growth markets most of the sales and distribution of goods is carried out via retailers, and the financial system is cash based. Historically the governance of the retailers is based on commission on sales. With increased competition retaining reseller loyalty is critical. With a downward pressure of pricing there is an increased focus to optimize and develop the retail sales. The Seamless RVM Suite solution that takes care of the entire retail journey for MNOs.

# 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 microserivce and cloud native, we have moved from a one product company to several new products. With our new product suite our market attractive-ness 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.

**2001**

**Monolith**

Single deployable unit service for all needs

**2010**

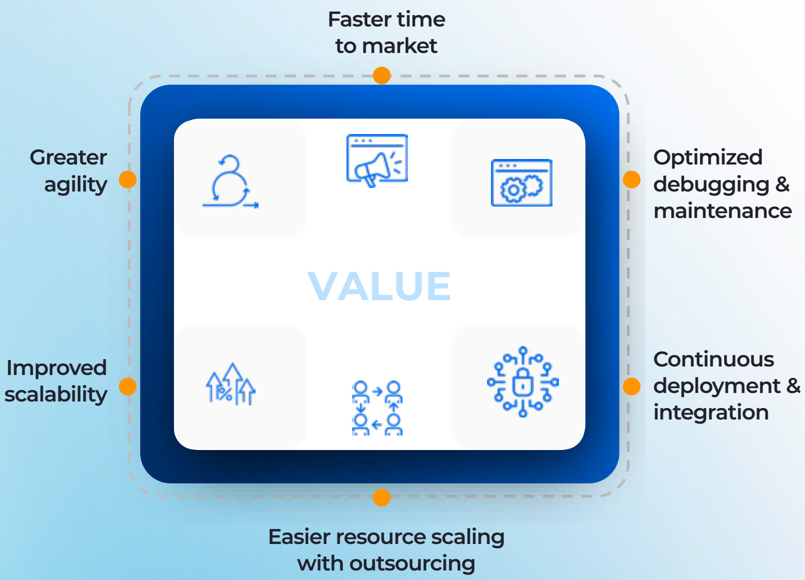
**SOA**

Service interaction with each other via a central orchestrator

**2021**

**Microservice & Cloud native**

Independently deployable service endpoints




**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

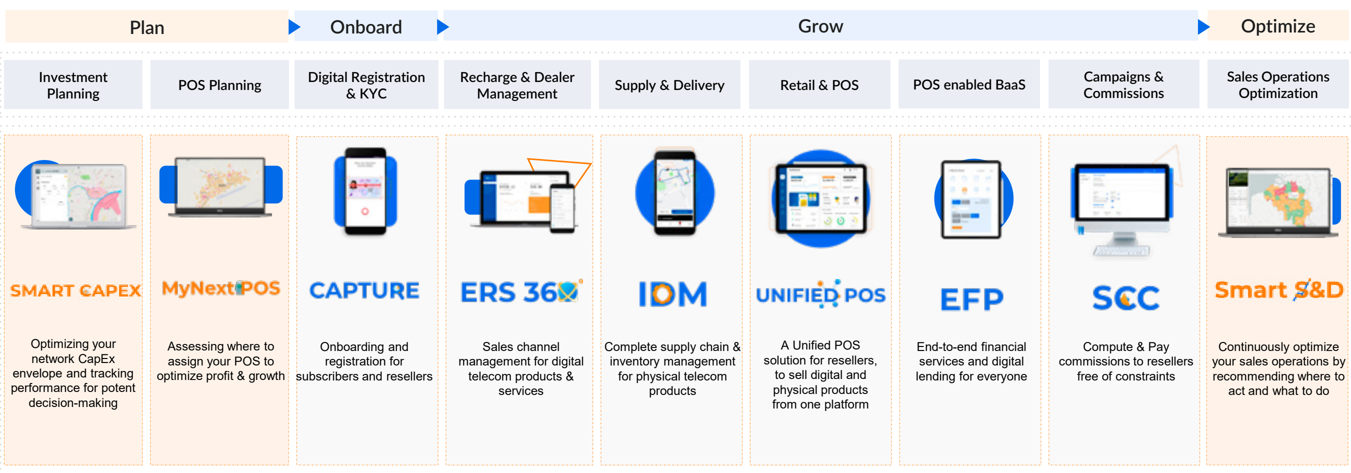
# OFFERING

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.

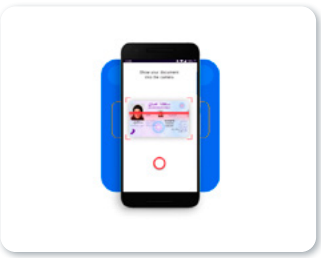
The Group's product portfolio, which is illustrated below, brings together our offering under what we call the RVM suite. It includes solutions for planning, onboarding, growth and optimization for mobile operators throughout the retail journey, from Capex investments to optimization of the sales force.



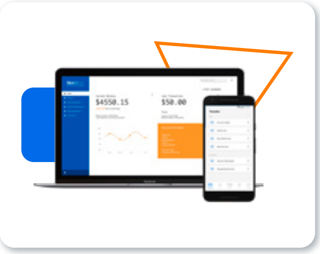
# PRODUCT PORTFOLIO

| Smart Capex | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | Smart CapEx has two modules to help telecom operators maximize their CapEx impact. | - Take advantage of existing Big data sources<br>- Increase operator competitiveness<br>- CapEx allocation traceability<br>- Business-to-network CapEx alignment | - Centralize all relevant information and remove the need for multiple processes and tools<br>-Granular investment recommendations based on advanced optimisation and clustering algorithms<br>-Easily and quickly perform sensitivity analyses and scenario testing<br>-Open the process to non technical experts and re-move silos between departmentsavdelningar |

| POS planning — My next POS | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | Smart assessing where to assign your POS to optimize Profit and or Growth - Optimize profit and growth by knowing exactly where to set up your next POS | - Visualize the optimal POS capillarity<br>- Integrate with Smart S&D to send field agents directly to problematic POS<br>- Move underperforming POS to high performing areas | - Clear insights on how many clients a POS serves<br>- Identify the wealth served by each POS across the region and the operator's customers<br>- Identify the drivers of the POS performance per site and POS type |

| Capture — KYC | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | Onboarding and registration for subscribers and resellers. Meet specific user data capture and digital onboarding needs with complete regulatory compliance | - Powerful digital onboarding solution for resellers and customers.<br>- Can be used standalone or integrated to achieve fast, accurate OCR-based document collection and authentication<br>- Allows MNO's large POS network to register new users in minutes | -KYC Lifecycle Management with OCR/Biometric check, and International AML / Blacklisting 3rd party verification<br>- Local language support (Supports over 130 languages)<br>- Available for mobile devices and kiosks in server-based, and on-device versions |

## ERS 360°




**Description**

The ERS 360° platform is tightly integrated and seamlessly connects to a mobile operator's existing infrastructure. This enables service activation over several channels 24/7. ERS 360, is a stable and robust platform with high scalability and large capacity.

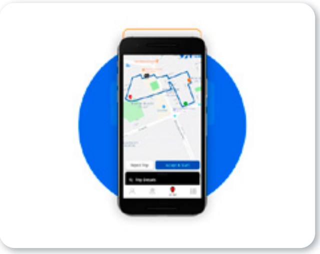
**Opportunities**

- Advanced revenue-boosting features like Campaign Management,CVM in the Channel, BYOB, etc. that motivate your channel to sell more
- Sophisticated API provisions for easy third-party integration
- Capex reduction by integration of digital product sales into one platform

**Key Differentiators**

- Advanced user defined ("n x n") dynamic hierarchy management feature for unrestricted flexibility
- Automated cataloging - reduces time to market and need for manpower
- Ultimate customizability and Opex reduction via Modular and open-source architecture

## IDM – Inventory & Distribution Management



**Description**

Complete supply chain and inventory management - Sell anything, anytime, anywhere with an end-to-end physical product and dealer management platform.

**Opportunities**

- Reduce Opex with real-time stock tracking, demand forecasting, and cash management
- Build end-to-end supply chain visibility to improve price control and last-mile insights
- Reduce Capex for multiple systems for multiple products with a single, modular platform that conforms to your needs
- Create customized business rules to plan your field trips with priority on distance, time, or even financial goals

**Key Differentiators**

- Best-in-class quality and accuracy performance in dynamic, high volume
- Future-ready with customizability for ROI optimization; API-based easy integration;
- Machine Learning based advanced analytics for intelligent forecasting and iterative improvement
- Built to work easily with other Seamless RVM products to build powerful new capabilities that create strategic advantage

## Unified POS

**Description**

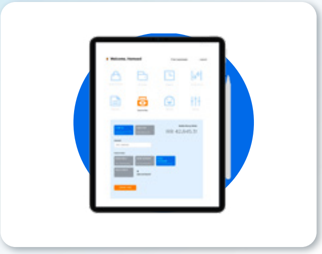
Unified POS is an interactive platform that is accessible via smartphone or tablet. The platform enables resellers to sell products, digital or physical, from a single interface and manage their digital wallet accounts and reports.

**Opportunities**

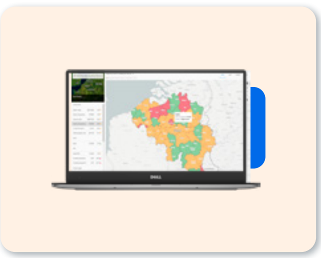
- Achieve sales growth; prioritize high value products; cross-sell better
- Empower reseller action across entire RVM (onboarding-to-analytics)
- Track KPIs in real time via swift and accurate sales reports

**Key Differentiators**

- Single app to onboard, create unified catalogue from unlimited systems, transact, and analyze
- Compliant with the GSMA's MIST initiative to educate resellers and subscribers
- Real-time updating of campaigns and offers based on personalized profiling

| EFP | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | The Embedded Finance Platform turns a mobile phone into a tool for digital payment and money transfer ("mobile wallet"). | - Money Transfer<br>- Wallet Management<br>- Financial Training<br>- mCommerce<br>- Insurance<br>- Tax Collection<br>- Remittances<br>- Bills & Payments | - End-to-end capability creation to turn Telecom POS into Financial Inclusion agents (Wallet to Loans)<br>- Multi-channel access (USSD, SMS, API, Web portal, Apps); Rich BI; Powerful Securitization<br>- Unique digital lending feature for POS business continuity that boosts loyalty at ZERO Risk! |

| SCC | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | The smart campaign & commissions management system enables service providers to create and implement precision marketing and advertising campaigns across multiple channels. | - Achieve sales growth and footprint expansion; prioritize; cross-sell more<br>- Empower reseller action across entire RVM (onboarding-to-analytics)<br>- Track KPIs in real time via swift and accurate sales reports | - Customized commission rule definition flexibility for multiple parallel running campaign<br>- Multiple commissions disbursement options, from periodic to instantaneous<br>·Unique "Clawback" feature to improve campaign ROI |

| Smart S&D | Description | Opportunities | Key Differentiators |
|---|---|---|---|
|  | Optimize your distribution management and track your sales reps' efficiency. | - Real-time insights into underperforming regions<br>- Ability to track your field team's activities and performance<br>- Identifying which field visits have the most impact on your recharges and activations<br>- Visibility on your (POS) and distributors' activity<br>- Eliminate hours of manual work for your sales team | - Commercial performance: precisely-localised insights by network sites and Points of Sale to focus efforts<br>- Field visit prioritization: action plans also determine which stores to prioritize visiting<br>- Action plan tracking: creation of action plans with targets, prediction on target fulfillment and intimation on success rate |

# CUSTOMERS

The SDS Group's customers operate primarily in the telecom industry, but are also found in the retail and finance industry (through SDD). SDS enables its customers, who are mobile operators or distributors, to distribute and sell all products, digital or physical, anywhere without restriction of retail infrastructure and also through any channel depending on the technology's penetration in each market. Customers see SDS systems as business-critical, as they handle most of their revenue streams. The fact that SDS offers additional products and services for existing customers gives the Company good opportunities to grow together with the customers.

### Mobile operators

Companies that offer services for mobile telecommunications, such as mobile telephony and mobile data, to end customers. Either via their own mobile networks or by selling capacity in another mobile operator's network.

### Retailers / Distributors

Companies or individuals who sell products through electronic value distribution. The distributor is in the value chain between the service provider (for example the mobile operator) and the reseller. The value of the distributor lies in exporting the product to a larger network of points of sale and in keeping stock of the products. SDS systems are used daily by over 3 million resellers, whose role is to be the ultimate link in the mobile operators' sales network.

In the Nordic distribution company, SDD, we have developed a concept for paid advertising to stores and retailers. The ads are presented on the state-of-the-art digital terminals that SDD has rolled out in the market, or via the interface in cash terminals. The advertising customers are the telecom and payment service companies we distribute to, but the advertising is also relevant for other product suppliers in fast-moving consumer goods.

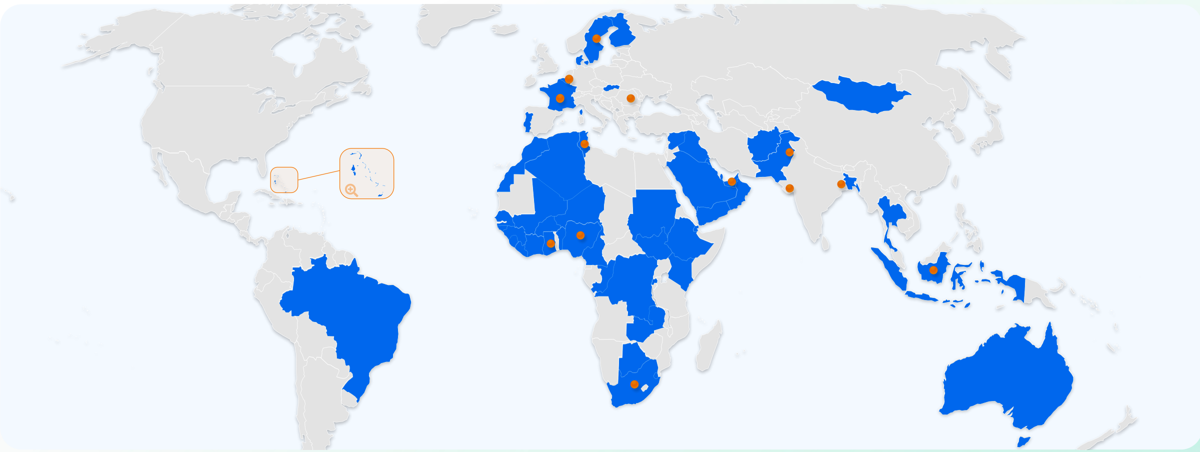
### Partnership

Large system integrators who offer so-called "BSS Transformation" projects. These aim to modernize the mobile operators' administrative systems and include, among other things, digitization of distribution and sales operations. Normally, this technology does not constitute the BSS supplier's main interest in why SDS has increasingly begun to work in partnership with these system integrators, to strengthen its offering in the digitization of sales and distribution. With Riaktr's product Smart Capex, SDS has also in 2021 initiated strategic partnerships to increase revenue opportunities and broaden the customer base.

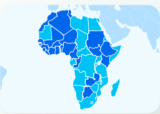
### New customers 2021

Several new customers were contracted during the year and several customers also bought RVM suites and cloud-based products, which significantly increased the opportunities for further additional sales on this customer base.

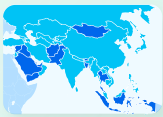
### Seamless Distribution Systems market presence



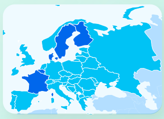
13 offices 72 customers



**Africa**
32 contries
39 customers
4 offices



**Asia**
14 contries
17 customers
5 offices



**Europe**
7 contries
12 customers
4 offices

**North America**
1 country
1 customer

**Australia**
1 country
2 customers

**South America**
1 country
1 customer

# BUSINESS AREA SDS

A new business within the SDS business area consists of either a Capex or SaaS installation. Capex installation is generally carried out in accordance with a fixed price agreement, based on the time elapsed (degree of completion) and is supplemented by a support agreement. The SaaS offer is either one of SDS products from the RVM suite or one of Riaktr's two products Smart S&D and Smart Capex. With the SaaS model, the initial investment from the customer is lower at installation, but the recurring revenue and volume-based revenue are larger.

### Licens och expansionspaket

The most common license model is a one-time license with a predetermined number of transactions per month. If the number of transactions increases above this level, the customer must purchase increased license capacity. The customer also pays a one-time cost for the right to use specific modules and functions. SDS thereby grows together with the customers, partly when the volume increases and when a new service is installed. Some deliveries also include third-party licenses.

### Revenue share

In some cases, SDS uses a model with a so-called "revenue share". It involves the sharing of revenue between SDS and a mobile operator or distributor based on sales in the system. Revenue is reported when the service has been utilized by the customer and is reported at the fair value of what SDS has received, or will receive through a reconciliation of the number of transactions completed during the period. Revenue share today constitutes a smaller part of the Company's revenues, but it is a revenue model that the Company's customers demand, especially in mobile financial services.

### Support och managed operations ("Mops")

SDS offers support at various levels, including the Mops service, where the Company takes responsibility for operation, monitoring and support, as well as maintenance of our products within the RVM suite, today mainly for the ERS 360° platform. Revenue for these services depends on the level of service the customer chooses. The agreements usually run for one year with automatic renewal and the income is accrued over the term of the contract.

### Riaktr

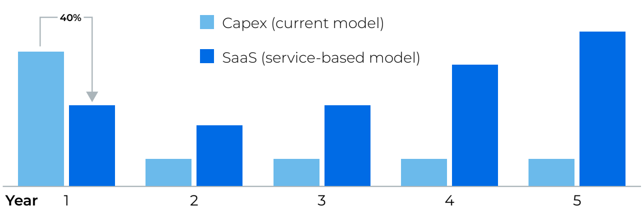
With the acquisition of Riaktr, the Group's offering has been broadened and strengthens SDS's operational efficiency through complementary products in the value chain. Smart Sales & Distribution is a market-leading recommendation engine for sales and distribution teams, and Smart Capex optimizes network investment planning for 5G and Fiber, among others. These two products have attracted great interest from the top management of SDS customers because BI (Business Intelligence) and BDA (Big Data Analytics) are a priority focus area in their business development. Just over 80% of Riaktr's revenue comes from telecom operators in Africa and they already have a SaaS business model where over 60% of the revenue is recurring.

### Credit services to resellers as a virtual distributor

In early May 2018, SDS launched a completely new service with micro credits to retailers of airtime and mobile data. An agreement with the micro credit is made with the mobile operator, after which SDS buys airtime and mobile data from the operator to lend to resellers. The micro credit is repaid the next time the dealer replenishes his stock with a distributor, whereby SDS receives a distributor margin. This service is operated under the auspices of SDS using the mobile operator's network as a channel.

### Shift in business model expected to double revenues...

Illustrative project[1] revenue (USDm)

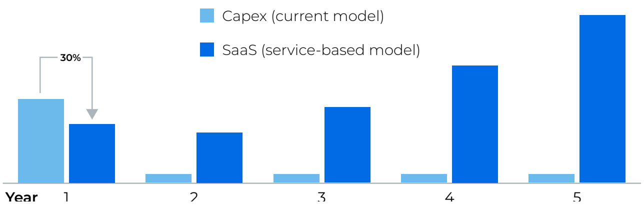



**~2.1x**

Higher revenue with SaaS over a five-year period

### ...and have an even stronger impact on margins

Illustrative project[1] margin (USDm)

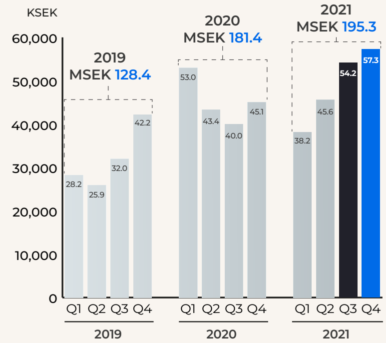



**~2.9x**

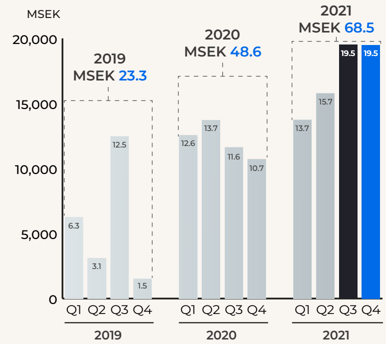
Higher margin with SaaS over a five-year period

1) Illustrative example for a project that would generate USD 2m / USD 1m in year 1 revenues / margins according to the capex model; chart depicts how the revenue and margin profile would change for a similar project invoiced according to the SaaS model

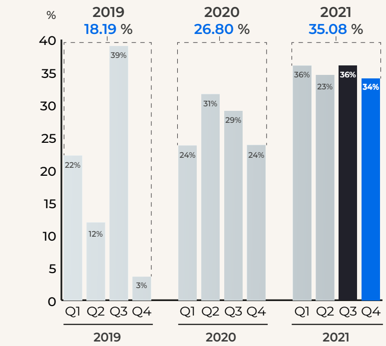
### Net sales




### EBITDA result




### EBITDA margin



# BUSINESS AREA SDD

## Distribution

SDD sells prepaid airtime and data 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.

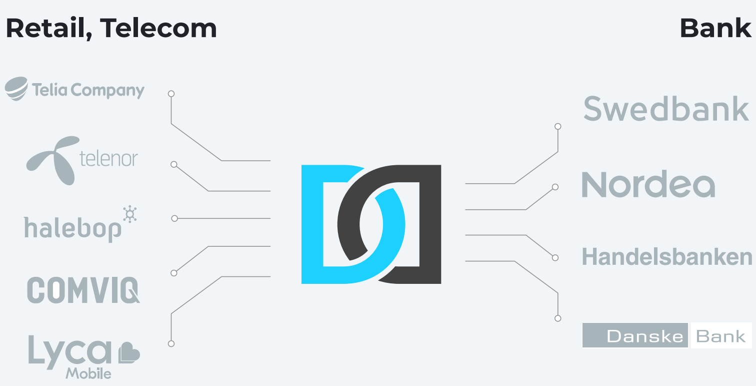
SDD's main offer includes electronic products such as prepaid card charges for mobile phones and payment solutions for online payments. The company's services are tailored and adapted to the customers' individual needs, which enables sales via various channels such as via the customer's own cash register system or via a terminal or web solution provided by SDD. The ERS 360° core platform, which is the flagship product of SDS, is also used in SDD's offers. Delivery and operation of the ERS 360° platform on behalf of SDD takes place via SDS.

During the first quarter, SDD also expanded its offering by launching a unique communication platform that enables suppliers to communicate with each unique reseller. The communication takes place directly through the terminal or web solution that Seamless provides to the dealer. During the year, the service was well received by both existing and new suppliers.

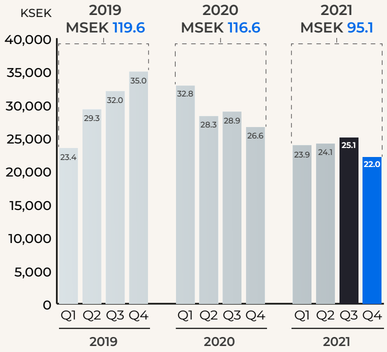
## Bank TopUp (distribution through the bank's channels)

Over the years, TopUp via bank has grown into one of the most important channels for the distribution of mobile charges. SDD offers a turnkey solution for banks and mobile operators, which enables them to provide mobile charges via existing banks. Through a single integration, all parties have access to prepaid card charges from all operators. SDD leads the entire process, which includes product management, integration, system updates, monitoring and maintenance, etc., which minimizes the resources required internally at the respective bank and telecom operator.

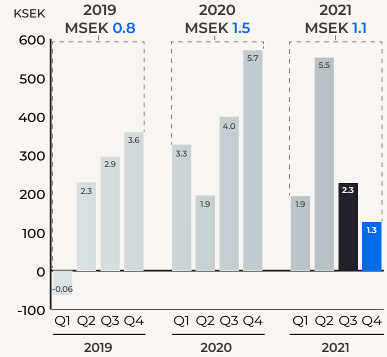
## CUSTOMERS



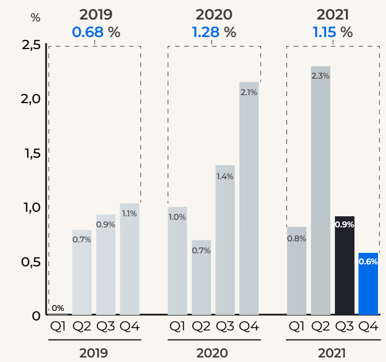

### Net sales




### EBITDA result




### EBITDA margin



# ACQUISITIONS DURING THE YEAR

## 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 Business Intelligence "BI" and Big Data Analytics "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, is now 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.

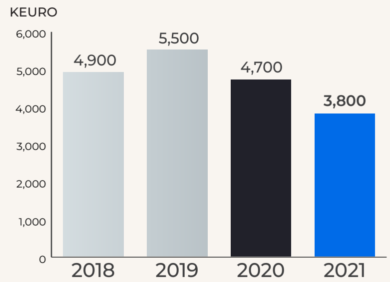
The acquisition has strengthened SDS's operational efficiency by Riaktr adding complementary products, as well as a major development and technology center in Belgium focused on BI and BDA. The acquisition expanded SDS's geographical coverage and customer base with, among other things, several large, global and regional telecom operators. With this acquisition, we further strengthened our presence in Africa and also reach additional new customers in Europe and South America.

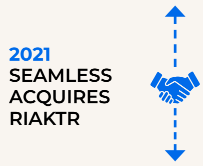
The acquisition has contributed to a higher strategic level in terms of the Group's value chain, technology, customer base and geographical coverage. SDS and Riaktr together have over 35 years of experience in the development, delivery and operation of large-scale systems with operational activities in over 60 countries. The acquisition meant that we could continue and deliver on our planned growth and profitability journey. Since the acquisition, Riaktr has continued to do business at the same pace as before with an order from a leading mobile operator in Nigeria and an order from Smart Capex for a pilot project regarding the roll-out of a 5G network from a leading mobile operator in Portugal, among other things.

Since joining in May, the joint operations have achieved significant synergies through higher efficiency in product development as well as economies of scale in sales, support and administrative units. The acquisition has contributed to improved efficiency and increased visibility in the market. Since the acquisition, we have made successful reductions in operating costs in the order of EUR 600,000 and we look forward to further effects that are expected in 2022. Furthermore, we have seen that Smart Capex attracts great attention and interest from our customers and takes us to new exciting meetings at customers' absolute highest level of management.

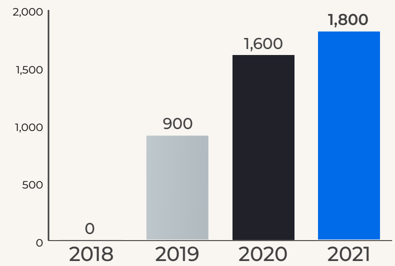
Riaktr's sales for 2021 amounted to EUR 3.8 million, of which EUR 2.6 million is recurring SaaS revenue, and an adjusted EBITDA result of EUR 1.8 million. This is a downward revision of sales from the interim report for the second quarter, which can be attributed to the fact that two major orders have been postponed. Of this, EUR 2.9 and EUR 1.6 contributed to SDS sales and EBITDA for 2021.

### Net sales



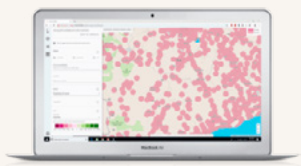

### EBITDA




### 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 integration over investment scendarios using present data and insights
- Monitor investment plan results
- Facilitated collaboration between teams

# PREVIOUS ACQUISITIONS

## Seamless Digital Distribution AB

From the acquisition day on November 10, 2018, the focus has been on streamlining and increasing sales. SDD was able to connect more resellers to its network at a rapid pace and increased its relevance in the market. SDD's work to modernize distribution and streamlining resulted in the number of employees going from four to one, with continued high quality of delivery to customers and strong growth.

Sales in 2021 were strongly affected by the Covid-19 pandemic, which resulted in a significantly reduced volume of prepaid card charges. In 2021, SDD launched a unique communication platform, where the communication takes place directly through SDD's terminal or web solution. This broadening of the offer has been well received by existing as well as new suppliers.

- **Elaborate SDD och eServ into profitable companies**
- **Broadened the geographical presence, and received new operator groups**
- **Increased competitive advantage and synergy effects**

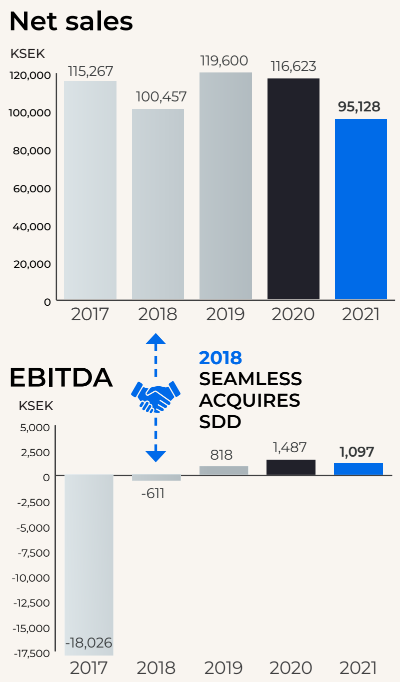
## eServGlobal

eServGlobal was acquired on July 24, 2019 and already after a few months from the time of acquisition, good results were shown in integration, streamlining and restructuring. Sales, operating profit and profit had all three improved during the acquisition year compared with the previous twelve-month period.

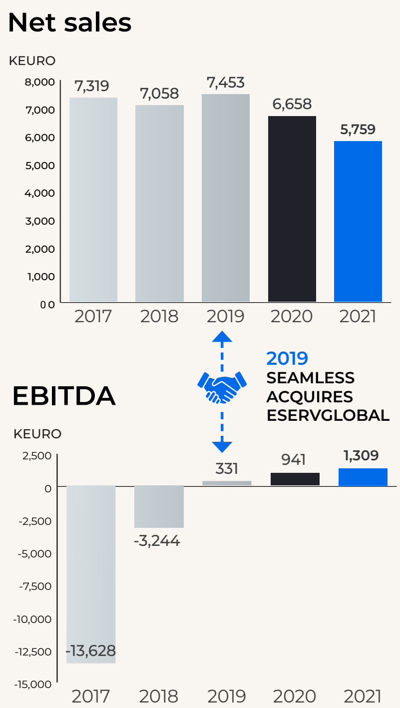
The restructuring work of eServGlobal, which in practice meant that we moved expertise from high-cost countries to our development centers in Pakistan and India. SDS have for several years built up a Swedish organizational structure, which delivers as high capacity as the most modern development departments in the western world. This is a strong contributing factor to the positive trend in earnings. Following the acquisition of eServGlobal, SDS now has a very efficient process in place to be able to quickly move expertise so that the cost is significantly lower, but with a maintained effect.

The joint geographical availability of SDS and eServGlobal has meant that the SDS Group has become a major player in the market. This in turn has led to increased competitiveness, which enables the growth of new customers. The relationship building with eServGlobal's existing customers continues to develop strongly and the work of replacing all eServGlobal's products with SDS's in-house developed software continues.

Seamless Digital Distribution




eServGlobal



# CORPORATE RESPONSIBILITY

## Environmental

- SDS' ambition is to minimize its environmental footprint throughout its operations as well as across the entire mobile airtime supply chain
- The Group's solutions help telecom operators to digitalize their supply chains, avoiding the need for transportation of physical prepaid cards, and are thus contributing to reducing carbon emissions
- Virtual meetings are always promoted, but when travelling is necessary, the most environmentally friendly mode is chosen
- The Group is also working actively with waste management and always strives to choose renewable energy sources in its offices

## Social

- SDS has developed local safety policies to prevent accidents from happening and all employees undergo specific training to prevent accidents from occurring
- No workplace related accident has occurred in the past year
- Diversity is seen as a lever for profitability and as an asset for the Group and all employees are treated equally as set out in the Group's Diversity Guidelines
- SDS is also working actively with its suppliers and encourages them to work towards a more sustainable world

## Governance

- SDS has a Code of Conduct in place, which includes guidelines regarding laws and regulations, individual rights as well as an anti-corruption policy and business rules
- The remuneration of the CEO and other members of the management team is on market terms and in line with industry peers
- Even though no historical incidents of corruption or other unethical behavior have been reported, SDS has developed procedures to deal with such scenarios
- The ratio of men to women is 80% / 20% in on the Board of Directors, 100% / 0% in the management team and 79 % / 21 % across the organization as a whole

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

# THE SHARE

## SDS was listed on July 21, 2017 on Nasdaq Stockholm - First North Premier (SDS).

### Ownership
The number of shareholders in the company was 2,360 as of December 31, 2021. The share of the 10 largest owners as of December 31, 2021 amounts to 65.60 percent of the capital and votes. The owners mainly consist of financial institutions & fund companies. Foreign ownership accounted for 25.00 percent of the capital.

### Price development
During the year, the price has risen by 9.83 percent since January 1, from SEK 45.80 to SEK 50.30. The highest listing during the financial year, SEK 58.60, was listed on April 6, 2021, and the lowest, SEK 36.70, on February 24, 2021. SDS's total market capitalization amounted to SEK 499.00 million as of December 31, 2021.

### Trading volume - Nasdaq Stockholm
A total of 4,033,115 shares were traded at a total value of SEK 186,780,233, corresponding to a turnover rate of 40.65 percent for 2021. On average, approximately 15,941 shares were traded per trading day during the financial year.

### Share capital
The share capital amounted to SEK 992,238.30 as of December 31, 2021, divided into 9,922,383 shares. Each share has a quota value of SEK 0.10. Each share entitles the holder to one vote at the Annual General Meeting and all shares carry an equal right to a share in profit and an equal right to a share of any surplus in the event of liquidation.

### Dividend policy
A strong cash position is important partly because the company can show long-term financial sustainability to customers and partly to be able to make investments in growth areas. The Board of Directors proposes to the Annual General Meeting to decide not to pay a dividend for the financial year 2021.

### Share capital development
At the Annual General Meeting on April 22, 2021, the company announced that the offset issue that was communicated to the market via a press release on March 17 was fully subscribed and approved. With the offset issue, the share capital increased, through 1,013,413 shares, by SEK 101,341.30 to SEK 992,238.30. The subscription price for the offset issue amounted to the share's quota value.

| Year | Event | Quota value, SEK | Change in the number of shares | Change of the share capital, SEK | Total amount shares | Total share capital |
|---|---|---|---|---|---|---|
| 2014 | Company formation | 1.00 | 50,000 | 50,000.00 | 50,000 | 50,000.00 |
| 2017 | Split | 0.10 | 450,000 | 0.00 | 500,000 | 50,000.00 |
| 2017 | New share issue | 0.10 | 5,376,631 | 537,653.10 | 5,876,531 | 587,653.10 |
| 2017 | New share issue | 0.10 | 1,037,034 | 103,703.40 | 6,913,565 | 691,356.10 |
| 2018 | New share issue | 0.10 | 777,778 | 77,777.80 | 7,691,343 | 769,134.30 |
| 2020 | Offsetting issue | 0.10 | 649,792 | 64,979.20 | 8,341,135 | 834,113.50 |
| 2020 | New share issue, unrestricted | 0.10 | 567,835 | 56,783.50 | 8,908,970 | 890,897.00 |
| 2021 | Offsetting issue | 0.10 | 1,013,413 | 101,341.30 | 9,922,383 | 992,238.30 |

## 10 largest owners as of December 31, 2021

| Name | Holding | Holding % | Votes | Votes % |
|---|---|---|---|---|
| FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION | 1,697,101 | 17.10% | 1,697,101 | 17.10% |
| SAXO BANK A/S CLIENT ASSETS | 917,945 | 9.25% | 917,945 | 9.25% |
| SWEDBANK FÖRSÄKRING AB | 900,150 | 9.07% | 900,150 | 9.07% |
| WALLMAN, VERONICA | 648,223 | 6.53% | 648,223 | 6.53% |
| CONTIGO FÖRVALTNINGS AB | 528,191 | 5.32% | 528,191 | 5.32% |
| GOLDMAN SACHS INTERNATIONAL LTD, W8IMY | 492,355 | 4.96% | 492,355 | 4.96% |
| BNY MELLON SA/NV (FORMER BNY), W8IMY | 447,006 | 4.51% | 447,006 | 4.51% |
| ROOS, KARL ERIK MARTIN | 325,540 | 3.28% | 325,540 | 3.28% |
| BROWN BROTHERS HARRIMAN & CO., W9 | 307,389 | 3.10% | 307,389 | 3.10% |
| KLEVBO, TOMAS PERCY | 245,234 | 2.47% | 245,234 | 2.47% |
| **10 LARGEST OWNERS - IN TERMS OF VOTES** | **6,509,134** | **65.60%** | **6,509,134** | **65.60%** |
| OTHER OWNERS | 3,413,249 | 34.40% | 3,413,249 | 34.40% |
| **IN TOTAL, ALL OWNERS** | **9,922,383** | **100.00%** | **9,922,383** | **100.00%** |

## SDS share price 2021

# BOARD OF DIRECTORS

**Leif Frykman**
*Chairman of the Board*

**Born:** 1958
**Elected:** 2021

**Education**
- Master's degree in Law, Uppsala university
- Business and management education, Darden Business School in Virginia and from the Stockholm School of Economics.

**Other board assignments**
- Chairman of the Board, Motum Electrica AB
- Member of LWA Legal AB, Capchap AB
- Chairman of Legal Works Nordic AB, Privacy Works Nordic AB, LB Legal Online AB, Lewo Group AB.

**Previous assignments**
- General Counsel at Sun Microsystems Inc., VMware Inc. and Fingerprint Cards, as well as RISE Research Institutes of Sweden AB.

**Shareholding in SDS**
1,186 shares

**Martin Roos**
*Board member*

**Born:** 1975
**Elected:** 2019

**Education**
- Master of Science (Chemistry), KTH
- Master of Business Administration from the Stockholm School of Economics.

**Other board assignments**
Rencom AB and Milvik AB.

**Previous assignments**
- Between 2001 and 2012 held various management positions within Ericsson
- CEO of the Caribbean in Cable and Wireless (CWC), CEO of Altice in the Dominican Republic.
- Board member of the Telecommunication services of Trinidad and Tobago Ltd (TSSTT).

**Shareholding in SDS**
325,540 shares

**Pia Hofstedt**
*Board member*

**Born:** 1971
**Elected:** 2020

**Education**
- MSc in Economics, Stockholm University
- Leadership Training, Dale Carnegie.

**Other board assignments**
Sensys Gatso AB.

**Previous assignments**
- CIO at Aleris, Scandic Hotels, Salus Ansvar, Neo Net AB
- CEO Neo Net Technology.

**Shareholding in SDS**
25,000 shares

**Johan Wilsby**
*Board member*

**Born:** 1966
**Elected:** 2021

**Education**
- Master's degree in economics and marketing, Stockholm School of Economics.

**Other board assignments**
None.

**Previous assignments**
- Extensive background as CFO in most Swedish listed companies in various industries (Tobii, Fingerprint Cards and Transmode)
- Currently CFO of the Kindred Group

**Shareholding in SDS**
3,000 shares

**Morten Karlsen Sörby**
*Board member*

**Born:** 1959
**Elected:** 2021

**Education**
- Bachelor's degree in business administration, Karlstad University
- Professional accreditation ”Master of Business Administration”, Norway.
- Degree in accounting and auditing, Norwegian School of Economics, Bergen, Norway,
- Participated in the program for Executive Development at IMD, Lausanne, Switzerland.

**Other board assignments**
None.

**Previous assignments**
- EVP and member of the group management of Telenor Group for more than 15 years
- Head of Group Transformation
- Acting CFO and Acting Regional Manager in Asia.
- CEO of Telenor India.

**Shareholding in SDS**
1,200 shares

*All board members are independent in relation to the Company and major shareholders.*

# MANAGEMENT

**Mats Victorin**
*Chief Executive Officer & President*

**Born:** 1962

**Education**
MBA DHS, Stockholm School of Economics

**Board assignments**
Board member of Humly Edtech AB.

**Previous assignments**
IBM and Ericsson with senior roles in sales, marketing and acquisitions. CEO positions for both listed and unlisted companies active in IT, software development and Telecom, including broadband solutions for operators in the EMEA region.

**Shareholding in SDS**
0 shares

**Option holding**
0 call options

**Martin Schedin**
*Chief Financial Officer*

**Born:** 1973

**Education**
Master of Business Administration from Södertörn University.

**Board assignments**
Board assignments in Schedin Consulting AB.

**Previous assignments**
CFO of the SDS business area (when SDS was part of the Seamless (Invuo) Group). For the past three years, Martin has been CFO of the Seamless (Invuo) Group.

**Shareholding in SDS**
200 shares

**Option holding**
0 call options

**Sandipan Mukherjee**
*Chief Operating Officer*

**Born:** 1976

**Education**
Bachelor of Economics from the University of Kolkata, India.

**Board assignments**
Board assignments in Reliworx AB.

**Previous assignments**
Long background in software development and service delivery at, among others, IBM and Roamware, head of product operations at Qliro AB (publ). Within SDS, Sandipan has, among other things, worked as global support and operations manager before he took over the role of vice president with operational responsibility.

**Shareholding in SDS**
20 shares

**Option holding**
26,250 call options

**Niclas Handfast**
*Chief Commercial Officer (t.f.) & Head of Business Development and M&A*

**Born:** 1965

**Education**
MSc in Economics, MBA, HHS, MIT

**Board assignments**
Board assignments in Concipium AB.

**Previous assignments**
Niclas has a long background from senior positions in listed companies. He has extensive experience of growth-focused companies. For the past ten years, Niclas has worked as an investment professional in the IT field.

Niclas has completed Seamless's acquisitions and successfully completed the mergers.

**Shareholding in SDS**
22,883 shares

**Option holding**
0 call options

### Auditor

The auditor for Seamless Distribution Systems AB is Öhrlings PricewaterCoopers AB (Torsgatan 21, 113 21 Stockholm) with the principal auditor Henrietta Segenmark.

Henrietta Segenmark is a certified public accountant.

# BOARD OF DIRECTORS' REPORT

***The Board of Directors and the CEO of Seamless Distribution Systems AB (publ.) Corporate identity number 556979–4562 hereby submit a report for the financial year 1 January - 31 December 2021 for the Parent Company and the Group. Numerical information given in parentheses in this annual report refers to a comparison with the financial year 2020. Deviations due to rounding may occur in this annual report.***

## Operation

The Seamless Group is a Swedish software company that provides software and services for digital sales and distribution to private individuals through mobile operators, primarily in developing countries. The company offers its customers a complete solution for digital distribution and handling of electronic transactions, as well as for optimization of the entire supply chain. With the acquisition of Riaktr during the year, the Group now also offers cutting-edge expertise and systems for optimization and analysis of both the distribution network as well as major capex investments.

The Group now has customers in more than 60 countries worldwide and reaches over 1,100 million mobile users through more than 3 million active resellers. Today, the Group handles over 15 billion transactions annually to a value in excess of $ 14 billion. SDS has approximately 320 employees within the Group, of which 149 are full-time employees and 172 full-time contracted consultants. The employees are located in Sweden, France, Romania, Belgium, Ghana, Nigeria, Pakistan, India, South Africa, and the United Arab Emirates.

The business is conducted through the two business areas Seamless Distribution Systems (SDS) and Seamless Digital Distribution (SDD).

The SDS business area delivers systems and services to customers in the telecom, retail and finance industries. SDS system enables digital distribution and sale of products through an omni-channel. SDS is a reliable and systematic supplier to several of the world's largest telecom operators.

The Group offers a suite of products that take care of and optimize the entire retail journey for mobile operators in what is called RVM (Retail Value Management). It includes solutions for the operator to manage KYC (customer information), operation, support, distribution, growth, optimization and analysis in their reseller model. Within the SDD business area, SDS acts as a distributor in the wholly owned subsidiary SDD.

SDD distributes digital products in selected markets under its own auspices, with its own technology and systems. SDS strengthens its value proposition by being responsive and aware of market trends, working closely with our customers and partners, which drives continuous product development to improve and broaden the range. This is further supported by our business consulting operations, which aim to jointly develop customers' operations.

Seamless stock has been listed on NASDAQ First North Premier since July 21, 2017.

## Net sales and results

Total sales during the year amounted to SEK 303,439 (304,428) thousand, a decrease of -0.3% compared with the previous year.

Net sales for the year amounted to SEK 288,187 (295,609) thousand, a decrease of -2.5% compared with the same period last year. Other operating income amounted to SEK 15,252 (8,819) thousand.

Operating expenses during the year amounted to SEK -276,066 (-282,970) thousand, a decrease of -2.4% compared with the same period last year. The total operating costs for 2021 include acquisition costs of SEK -5,284 thousand.

The EBITDA result for the year amounted to SEK 64,312 (50,206) thousand. Adjusted EBITDA result, adjusted for acquisition costs of SEK -5,284 thousand, amounted to SEK 69,596 (50,206) thousand.

Net financial items amounted to SEK -16,782 (-6,362) thousand. The increase in net financial items is mainly explained by the fact that the company issued a bond loan with an initial volume of SEK 200 million during the year. The bond loan has a term of three years with a variable interest rate of three months STIBOR plus 875 basis points. The net proceeds from the bond loan were used, in addition to financing the purchase price for the acquisition of Riaktr, also 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.

## Investments and depreciation

For the full year, investments amounted to SEK 37,292 (24,254) thousand regarding product development. Depreciation amounted to SEK -31,330 (-23,842) thousand. Investments in tangible assets amounted to SEK 3,656 (5,005) thousand. Depreciation of tangible assets amounted to SEK -2,690 (-2,325) thousand.

## Cash flow and financial position

Cash flow from operating activities amounted to SEK 3,101 (-11,012) thousand for the period.

Total cash flow amounted to SEK 4,782 (-2,429) thousand for the period.

Cash and cash equivalents at the end of the period amounted to SEK 16,698 (11,776) thousand. As of December 31, 2021, the company had an overdraft facility with SEB amounting to SEK 9,000 (0) thousand. As of December 31, 2020, the company had an overdraft facility with Handelsbanken of SEK 10,000 thousand. As of December 31, 2021, the company had utilized SEK 0 (7,191) thousand of the overdraft facility.

## Parent Company

The Parent Company's net sales for 2021 amounted to SEK 122,819 (130,301) thousand and profit after tax amounted to SEK -9,251 (7,116) thousand. Net financial items in the Parent Company were SEK -15,796 (-6,521) thousand. Cash and cash equivalents amounted to SEK 805 (342) thousand. The number of employees in the Parent Company was 7 (4) at the end of the year.

## Employees

The number of employees in the Group at the end of the period was 149 (108). In addition, SDS has approximately 172 (131) full-time consultants, mainly in Pakistan and Ghana. The average number of employees in the Group was 140 (82).

## Guidelines for remuneration to senior executives

The proposed guidelines for remuneration to senior executives are presented in detail in Note 10.

## Owner and the share

For a list of the company's largest owners and the share's development, see page 31.

## Risks and risk management

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 and financial goals. The risks Seamless identified as significant to the business are as follows:

### *External risks*

In 2021, SDS continued to take measures as a result of COVID-19, which broke out in the first quarter of 2020, to protect the company's operations and curb the spread of the virus. In 2021, SDS employees have continued to work from home and a large part of the work has been handled digitally, and some business trips have had to be postponed during the year. Employees who have been in, or traveled through, high-risk areas have been quarantined for 14 days. Otherwise, Seamless continues to operate as usual. For the past 10 years, SDS has delivered, managed and further developed business-critical systems for telecom operators in war zones such as Syria, Yemen and South Sudan. Experiences that lead to exceptional events such as the current outbreak of COVID-19 having a minimal impact on SDS 'ability to effectively fulfill customer projects. The SDS organization is also completely virtual with teams in 13 countries and customers all over the world, where the majority of our work takes place at a distance. Management continuously evaluates any financial impact of external risks.

### *Market risks*

SDS has customers in Africa and the Middle East. Many of these countries have been the subject of political crises and democratic upheavals in recent years, which has created uncertainty and has meant that many investment decisions and decided projects have been delayed. This is a factor SDS can not influence but must constantly relate to. Continuous follow-ups are made to estimate, as well as ensure the risk level for these projects. To date, there has been no situation where SDS has not been able to complete a project due to uncertainty factors such as these. However, projects have been delayed due to the market situation.

SDS customers have traditionally been major mobile operators around the world. Each completed project to a new customer often accounts for a significant part of the current annual sales. Delays in projects or missed projects can therefore mean that operating profit is significantly affected. SDS works actively to broaden the product range and diversify the customer base to reduce the potential impact on earnings per project, and of course to gain market share.

Since 2017, and through the acquisition of SDD, the Group has been distributing airtime and data for mobile telephony under its own auspices. The company recalls airtime from the mobile operator, which is stored electronically in the company's IT system until one of the merchants with whom the company has an agreement places an order. This entails a stock risk for the company, in the event that the airtime called off from the mobile operators loses its value before it has been resold and delivered to the merchant, for example due to insolvency of the telephone operator or data loss in the company's system. The arrangement also has an impact on the company's access to cash and cash equivalents, in the event that the called airtime from the telephone operator cannot be resold quickly enough to, and invoiced and paid for by, the merchant. Towards the merchant, there is also a counterparty risk for outstanding accounts receivable.

## *Operational risks*

Seamless is in an expansion phase, where new services and new technology are introduced that may place new demands on the company's organization and technology. The company has also historically expanded geographically to strengthen its position and competitiveness, a development that may continue.

Any future changes, such as expansion in existing or new markets or structural measures, may involve difficulties in relation to employees, suppliers, partners and customers, and may lead to adjustment difficulties. Nor can it be guaranteed that the company's current infrastructure, system and organization have the performance to cope with the additional load that may result from an expansion. The company may need to make further investments unknown today in order for an expansion to be successful. It can therefore not be guaranteed that a structural measure or expansion is successful and these factors may have a negative impact on the company's financial position and results.

Part of Seamless's strategy is to enter into a licensing and revenue sharing agreement with the customer. The company's revenues under such agreements will largely depend on counterparties' work and efforts to drive volume towards the end customer. Internal reprioritisations, financial crisis and personnel problems of the company's partners can individually or together have a negative effect on partners' willingness or ability to market and sell the company's products. Lack of cooperation with, or commitment to, the company's partners and inability to enter into or extend cooperation agreements on terms acceptable to Seamless can have a significant negative effect on the company's operations, results and financial position.

## *Access to competent staff*

Seamless ability to attract and retain qualified staff is of great importance for the company's future development. If key people leave the company, it can therefore have a negative impact on the business.

In the event that Seamless enters into agreements with large customers, the company may find it difficult to fulfill its obligations if recruitment cannot take place at the required rate and the necessary capacity is thus not achieved. Although the management believes that the company has good conditions to be able to attract as well as retain qualified personnel, it cannot be guaranteed that this will be possible on satisfactory terms given the competition for labor that exists from other companies in the industry or related industries.

## *Financial risks*

Through its operations, the Group is exposed to a number of different financial risks, such as currency risk, liquidity risk, capital risk, interest rate risks and credit risks. Below is a description of these, which can also be found under Note 3 in more detailed form.

## *Currency risk*

The company is headquartered in Sweden, but the business is international and thus exposed to several currencies. Exchange rate fluctuations affect the Group's earnings partly when invoicing and purchases are made in different currencies and partly when income statements and balance sheets are translated into Swedish kronor. Receivables and liabilities arise on an ongoing basis in foreign currencies and are thus exposed to currency fluctuations.

Both purchases and sales are made in SEK, EUR, THB, INR and USD. In addition to these currencies, certain purchases are also made in GBP and OMR. These receivables are subject to currency fluctuations. The Board has decided that these receivables shall not be hedged, mainly due to the fact that there is some uncertainty regarding the time of payment.

## *Liquidity risk and capital risk*

Liquidity risk is the risk that the Company lacks liquid funds for payment of its commitments. To ensure good payment readiness for the operating activities, the company monitors the liquidity needs on a weekly basis and liquidity forecasts for the coming months are prepared on an ongoing basis.

Seamless's goal regarding the capital structure is to secure the Group's ability to continue its operations so that it can generate returns for shareholders for the benefit of other stakeholders and to maintain an optimal capital structure to keep the costs of capital down.

The Board continuously monitors the company's financing situation and can use various methods to finance the company's cash flow.

## *Interest rate risk*

Interest rate risk refers to the risk that changes in the general interest rate situation will have a negative effect on the Group's net profit. For SDS, interest rate risk would arise through long-term borrowing. Borrowing with variable interest rates exposes the Group to interest rate risk regarding cash flow, which can be partially neutralized by cash with variable interest rates. The company during the year 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.

## *Credit risk*

Credit risk or counterparty risk is the risk that the counterparty in a financial transaction does not fulfill its obligations on the due date. Seamless credit risk includes bank balances and accounts receivable.

Regarding cash and cash equivalents, it is judged that the credit risk is low as the counterparties are large well-known banks in Sweden with a high credit rating. The predominant financial risk in the Group is the credit risk in outstanding accounts receivable.

The company has a credit risk in outstanding accounts receivable. Credit risk in accounts receivable refers to companies, primarily in the telecom sector and retailers of airtime with which Seamless has an agreement. The credit risk towards these is judged to be low as the counterparties are large well-known mobile operators, telecom suppliers and larger chains in Sweden & Denmark. Seamless credit losses have historically been very small.

## Dividend

The company currently intends to reinvest funds in business development and product development to further accelerate growth. The Board of Directors proposes to the Annual General Meeting to decide not to pay a dividend for the financial year 2021.

## Proposed disposition of earnings

The following funds are available to the Parent Company (SEK):

| | |
|---|---|
| Retained earnings: | 107,579,452 |
| Profit / loss for the year: | -9,251,231 |
| **Total:** | **98,328,221** |

| The Board proposes that the funds be appropriated as follows: | |
|---|---|
| **Funds carried forward:** | **98,328,221** |

With regard to the Group's and the Parent Company's earnings and position in general, reference is made to subsequent balance sheets and income statements as well as cash flow analyzes with accompanying notes. The corporate governance report can be found on pages 79-81.

# CONSOLIDATED REPORT ON TOTAL RESULTS

| KSEK | Note | 2021 | 2020 |
|---|---|---|---|
| | | | |
| **Operating revenue** | | | |
| Net sales | 5-6 | 288,187 | 295,609 |
| Other operating revenue | 11 | 15,252 | 8,819 |
| **Total operating revenue** | | **303,439** | **304,428** |
| | | | |
| **Operating expenses** | | | |
| Material expenses | | -106,084 | -132,684 |
| Other external expenses | 9, 35 | -52,478 | -56,022 |
| Personnel costs | 10 | -69,328 | -54,333 |
| Depreciation and amortization | 16, 17 | -36,939 | -28,658 |
| Other operating expenses | 11 | -11,237 | -11,273 |
| **Total operating expenses** | | **-276,066**[1] | **-282,970** |
| | | | |
| **Operating profit / loss** | | **27,373** | **21,548** |
| | | | |
| **Financial items** | | | |
| Financial income | 12 | 1 | 5 |
| Financial expenses | 12 | -16,783 | -6,367 |
| **Net financial items** | | **-16,782** | **-6,362** |
| | | | |
| **Profit / loss before tax** | | **10,591** | **15,096** |
| | | | |
| Income tax | 13 | -4,567 | -2,579 |
| **Profit / loss for the year attributable to the Parent Company's shareholders** | | **6,024** | **12,517** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit for the year:* | | | |
| Translation differences | | -3,355 | -2,924 |
| **Total comprehensive income attributable to Parent Company's shareholders** | | **2,669** | **9,593** |
| | | | |
| **Earnings per share calculated on the sum of the year's earnings attributable to the Parent Company's shareholders** | | | |
| Earnings per share before and after dilution (SEK) | 14 | 0.62 | 1.50 |
| Average number of shares before and after dilution | 14 | 9,669,030 | 8,340,501 |

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

# CONSOLIDATED BALANCE SHEET

| KSEK | Note | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| | | | |
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Capitalized development expenses | 16 | 101,504 | 66,878 |
| IP Rights | 16 | 12,417 | 15,083 |
| Goodwill | 16, 31 | 98,082 | - |
| Tangible fixed assets | 17 | 5,462 | 4,234 |
| Rights of use | 17, 30 | 10,436 | 10,892 |
| Deposit | | 1,168 | 843 |
| **Total fixed assets** | | **229,069** | **97,930** |
| | | | |
| **Current assets** | | | |
| Inventories of finished goods | 20 | 1,692 | 1,939 |
| Accounts receivable | 21 | 58,575 | 35,759 |
| Tax receivables | | 27,375 | 14,956 |
| Other receivables | 22 | 2,191 | 180 |
| Prepayments and accrued income | 7, 23 | 62,352 | 57,285 |
| Cash and cash equivalents | 24 | 16,698 | 11,776 |
| **Total current assets** | | **168,884** | **121,896** |
| | | | |
| **Total assets** | | **397,952** | **219,826** |

# CONSOLIDATED BALANCE SHEET

| KSEK | Note | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity that can be attributed to the Parent Company's shareholders** | | | |
| Share capital | 25 | 992 | 891 |
| Reserve | | -10,607 | -7,252 |
| Other contributed capital | 25 | 111,470 | 67,302 |
| Balanced result | | 26,793 | 20,769 |
| **Total equity** | | **128,648** | **81,710** |
| | | | |
| **LIABILITIES** | | | |
| **Long-term liabilities** | | | |
| Borrowing | 26 | 195,254 | 44,500 |
| Leasing liabilities | 30 | 7,095 | 7,987 |
| Other long-term liabilities | | 268 | 161 |
| **Total long-term liabilities** | | **202,617** | **52,648** |
| | | | |
| **Current liabilities** | | | |
| Accounts payable | | 22,704 | 21,097 |
| Current tax liabilities | | 1,141 | 628 |
| Leasing liabilities | 30 | 3,602 | 2,861 |
| Provisions | 27 | - | 1,765 |
| Borrowing | 26 | - | 23,674 |
| Overdraft | 28 | - | 7,191 |
| Other current liabilities | 28 | 15,133 | 6,182 |
| Accrued expenses and prepaid income | 7, 29 | 24,108 | 22,070 |
| **Total short-term liabilities** | | **66,688** | **85,468** |
| | | | |
| **Total equity and liabilities** | | **397,952** | **219,826** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| KSEK | Share capital | Other contributed capital | Reserve | Balanced profit including profit for the year | Total equity attributable to the Parent Company's shareholders |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Opening balance as of 2020-01-01** | **769** | **23,078** | **-4,329** | **8,252** | **27,770** |
| Profit / loss for the year | - | - | - | 12,517 | 12,517 |
| Translation differences on foreign subsidiaries | - | - | -2,923 | - | -2,923 |
| **Total comprehensive income for the year** | **769** | **23,078** | **-7,252** | **20,769** | **37,364** |
| | | | | | |
| Offsetting issue | 65 | 19,623 | - | - | 19,688 |
| New share issue, unrestricted | 57 | 24,600 | - | - | 24,657 |
| **Total contributions from and value transfers to shareholders, reported directly in equity** | **122** | **44,223** | **-** | **-** | **44,345** |
| **Closing balance as of 2020-12-31** | **891** | **67,301** | **-7,252** | **20,769** | **81,710** |

| KSEK | Share capital | Other contributed capital | Reserve | Balanced profit including profit for the year | Total equity attributable to the Parent Company's shareholders |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Opening balance as of 2021-01-01** | **891** | **67,301** | **-7,252** | **20,769** | **81,710** |
| Profit / loss for the year | - | - | - | 6,024 | 6,024 |
| Translation differences on foreign subsidiaries | - | - | -3,355 | - | -3,355 |
| **Total comprehensive income for the year** | **891** | **67,301** | **-10,607** | **26,793** | **84,379** |
| | | | | | |
| Offsetting issue | 101 | 44,168 | - | - | 44,269 |
| **Total contributions from and value transfers to shareholders, reported directly in equity** | **101** | **44,168** | **-** | **-** | **44,269** |
| **Closing balance as of 2021-12-31** | **992** | **111,470** | **-10,607** | **26,793** | **128,648** |

# CONSOLIDATED CASH FLOW STATEMENT

| KSEK | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before tax | | 10,591 | 15,096 |
| Depreciation | | 36,939 | 28,658 |
| Other items not affecting liquidity | 37 | -3,355 | -1,488 |
| Paid income taxes | | -4,054 | -2,517 |
| Paid interest | | 2,965 | - |
| **Cash flow from operating activities before changes in working capital** | | **43,086** | **39,749** |
| **Cash flow from changes in working capital** | | | |
| Increase / decrease in inventories | | 247 | 917 |
| Increase / decrease in operating receivables | | -19,789 | -20,552 |
| Increase / decrease in operating liabilities | | -20,443 | -31,126 |
| **Total change in working capital** | | **-39,985** | **-50,761** |
| **Cash flow from operating activities** | | **3,101** | **-11,012** |
| **Cash flow from investing activities** | | | |
| Acquisition of subsidiaries, after deductions for acquired cash and cash equivalents | | -115,625 | - |
| Investments in intangible fixed assets | 16 | -37,292 | -24,254 |
| Investments in financial fixed assets | | -325 | - |
| Investments of tangible fixed assets | 17 | -6,119 | -5,005 |
| Sale of tangible fixed assets | | - | - |
| **Cash flow from investing activities** | | **-159,361** | **-29,259** |
| **Cash flow from financing activities** | | | |
| New share issue | | - | 24,657 |
| Borrowings | 37 | 192,289 | 19,200 |
| Repayment of loans | 37 | -23,905 | -3,750 |
| Amortization of lease liabilities | 37 | -151 | -690 |
| Change in overdraft facility | 37 | -7,191 | -1,575 |
| **Cash flow from financing activities** | | **161,042** | **37,842** |
| **Cash flow for the year** | | **4,782** | **-2,429** |
| **Increase / decrease in cash and cash equivalents** | | | |
| Cash and cash equivalents at the beginning of the year | | 11,776 | 14,851 |
| Exchange rate difference in cash and cash equivalents | | 140 | -646 |
| **Cash and cash equivalents at the end of the year** | | **16,698** | **11,776** |

# PARENT COMPANY INCOME STATEMENT

| KSEK | Note | 2021 | 2020 |
|---|---|---|---|
| | | | |
| **Operating income** | | | |
| Net sales | 5, 8 | 122 819 | 130 301 |
| Other operating income | 11 | 13 628 | 8 737 |
| **Total operating income** | | **136 447** | **139 038** |
| | | | |
| **Operating expenses** | | | |
| Material costs | | -21 868 | -11 564 |
| Other external expenses | 8, 9, 35 | -75 792 | -81 105 |
| Personnel costs | 10 | -5 595 | -3 831 |
| Depreciation | 16, 17 | -16 517 | -14 012 |
| Other operating expenses | 11 | -10 139 | -15 391 |
| **Total operating expenses** | | **-129 911** | **-125 903** |
| | | | |
| **Operating profit / loss** | | **6 536** | **13 135** |
| | | | |
| Interest income | 12 | - | - |
| Interest expenses | 12 | -15 796 | -6 521 |
| **Financial items - net** | | **-15 796** | **-6 521** |
| | | | |
| **Profit / loss before tax** | | **-9 260** | **6 614** |
| | | | |
| Year-end appropriations | | 768 | 1 248 |
| Income tax | 13 | -759 | -746 |
| **Profit / loss for the year** | | **-9 251** | **7 116** |

There is no other comprehensive income in the Parent Company, which is why the total comprehensive income for the Parent Company corresponds to the profit for the year.

# PARENT COMPANY BALANCE SHEET

| KSEK | Note | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| | | | |
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Capitalized development expenses | 16 | 38,600 | 32,271 |
| Other intangible assets | 16 | 12,417 | 15,084 |
| Tangible fixed assets | 17 | 775 | 665 |
| Deposit | | - | 110 |
| **Total fixed assets** | | **51,792** | **48,130** |
| | | | |
| **Financial assets** | | | |
| Shares in Group companies | 18 | 143,700 | 23,491 |
| **Total financial fixed assets** | | **143,700** | **23,491** |
| | | | |
| **Total fixed assets** | | **195,492** | **71,621** |
| | | | |
| Inventory | 20 | 1,234 | 1,345 |
| | | | |
| **Current receivables** | | | |
| Accounts receivable | 21 | 26,430 | 18,487 |
| Receivables from Group companies | 8 | 49,098 | 39,226 |
| Tax claim | | 18,672 | 8,341 |
| Other receivables | 22 | 2,030 | 30 |
| Prepayments and accrued income | 23 | 44,788 | 35,031 |
| **Total current receivables** | | **141,018** | **101,115** |
| | | | |
| Cash and bank | 24 | 805 | 343 |
| | | | |
| **Total current assets** | | **143,057** | **102,803** |
| | | | |
| **Total assets** | | **338,550** | **174,424** |

# PARENT COMPANY'S BALANCE SHEET

| KSEK | Note | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital | 25 | 992 | 891 |
| **Total restricted equity** | | **992** | **891** |
| *Unrestricted equity* | | | |
| Share premium fund | | 110,314 | 66,146 |
| Balanced result | | -2,734 | -9,850 |
| Profit / loss for the year | | -9,251 | 7,116 |
| **Total unrestricted equity** | | **98,328** | **63,412** |
| **Total equity** | | **99,321** | **64,303** |
| **Long-term liabilities** | | | |
| Borrowing | 26 | 195,254 | 44,500 |
| **Total long-term liabilities** | | **195,254** | **44,500** |
| **Current liabilities** | | | |
| Accounts payable | | 6,589 | 7,758 |
| Borrowing | 26 | - | 23,674 |
| Overdraft | 28 | - | 7,191 |
| Other current liabilities | 28 | 611 | 479 |
| Short-term debt to Group companies | 8, 28 | 17,842 | 12,963 |
| Accrued expenses and prepaid income | 29 | 18,933 | 13,556 |
| **Total short-term liabilities** | | **43,975** | **65,621** |
| **Total equity and liabilities** | | **338,550** | **174,424** |

# PARENT COMPANY'S STATEMENT ON CHANGES IN EQUITY

| KSEK | Share capital | Share premium fund | Balanced profit including profit for the year | Total equity |
|---|---|---|---|---|
| **2020** | | | | |
| **Opening balance as of 2020-01-01** | **769** | **21,922** | **-9,850** | **12,841** |
| Profit / loss for the year | - | - | 7,116 | 7,116 |
| Offsetting issue | 65 | 19,623 | - | 19,688 |
| New share issue, unrestricted | 57 | 24,600 | - | 24,657 |
| **Closing balance as of 2020-12-31** | **891** | **66,146** | **-2,734** | **64,303** |

| KSEK | Share capital | Share premium fund | Balanced profit including profit for the year | Total equity |
|---|---|---|---|---|
| **2021** | | | | |
| **Opening balance as of 2021-01-01** | **891** | **66,146** | **-2,734** | **64,303** |
| Profit / loss for the year | - | - | -9,251 | -9,251 |
| Offsetting issue | 101 | 44,169 | - | 44,270 |
| **Closing balance as of 2021-12-31** | **992** | **110,314** | **-11,985** | **99,321** |

# PARENT COMPANY'S CASH FLOW STATEMENT

| KSEK | Note | 2021 | 2020 |
|---|---|---|---|
| | | | |
| **Cash flow from operating activities** | | | |
| Profit / loss before tax | | -9,260 | 6,614 |
| Depreciation | | 16,517 | 14,012 |
| Paid tax | | -11,090 | -7,767 |
| Paid interest | | 2,965 | - |
| **Cash flow from operating activities before changes in working capital** | | **-868** | **12,859** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Increase / decrease in inventories | | 111 | -385 |
| Increase / decrease in operating receivables | | -28,694 | -55,816 |
| Increase / decrease in operating liabilities | | 9,219 | 15,681 |
| **Total change in working capital** | | **-19,364** | **-40,520** |
| | | | |
| **Cash flow from operating activities** | | **-20,232** | **-27,661** |
| | | | |
| **Cash flow from investing activities** | | | |
| Investments in intangible fixed assets | 16 | -19,747 | -12,623 |
| Investments in tangible fixed assets | 17 | -543 | -565 |
| Investments in financial assets | 18 | -120,208 | - |
| **Cash flow from investing activities** | | **-140,498** | **-13,188** |
| | | | |
| **Cash flow from financing activities** | | | |
| New share issue | 37 | - | 24,657 |
| Borrowings | 37 | 192,289 | 19,200 |
| Repayment of loans | 37 | -23,905 | -3,750 |
| Overdraft facility | 37 | -7,191 | -1,575 |
| **Cash flow from financing activities** | | **161,193** | **38,532** |
| | | | |
| **Cash flow for the year** | | **463** | **-2,317** |
| | | | |
| **Decrease / increase of cash and cash equivalents** | | | |
| Cash and cash equivalents at the beginning of the year | | 342 | 2,659 |
| Exchange rate difference in cash and cash equivalents | | - | - |
| **Cash and cash equivalents at the end of the year** | | **805** | **342** |

# NOTES

## NOTE 1 - General information

The business is conducted through the two business areas Seamless Distribution Systems (SDS) and Seamless Digital Distribution (SDD).

The Group now has customers in more than 60 countries worldwide and reaches over 1,100 million mobile users through more than 3 million active resellers. Today, the Group handles over 15 billion transactions annually to a value in excess of $ 14 billion. SDS has approximately 320 employees within the Group, of which 149 are full-time employees and 172 full-time contracted consultants. The employees are located in Sweden, France, Romania, Belgium, Ghana, Nigeria, Pakistan, India, South Africa, and the United Arab Emirates.

The SDS business area delivers systems and services to customers in the telecom, retail and finance industries. SDS system enables digital distribution and sale of products through an omni-channel. SDS is a reliable and systematic supplier to several of the world's largest telecom operators.

The Group offers a suite of products that take care of and optimize the entire retail journey for mobile operators in what is called RVM (Retail Value Management). It includes solutions for the operator to manage KYC (customer information), operation, support, distribution, growth, optimization and analysis in their reseller model. Within the SDD business area, SDS acts as a distributor in the wholly owned subsidiary SDD.

SDD distributes digital products in selected markets under its own operations, with its own technology and systems. SDS strengthens its value proposition by being responsive and aware of market trends, working closely with our customers and partners, which drives continuous product development to improve and broaden the range. This is further supported by our business consulting operations, which aim to jointly develop customers' operations.

SDS share has been listed on NASDAQ First North Premier since July 21, 2017.

On March 17, 2022, these consolidated accounts and the annual report were approved by the Board for publication.

All amounts are reported in thousands of kronor (KSEK) unless otherwise stated. The information in parentheses refers to the previous year.

## NOTE 2 - Summary of important accounting principles

The most important accounting principles that are applied when these consolidated accounts have been prepared are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

### 2.1 Basis for the preparation of the reports

This financial report is prepared in accordance with International Financial Reporting Standards (IFRS, issued by the International Accounting Standard Board (IASB)) as well as interpretations by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. Furthermore, RFR 1 Supplementary Accounting Rules for Groups, as well as the Annual Accounts Act, are applied. The consolidated financial statements have been prepared in accordance with the acquisition value method.

In preparing the Parent Company's annual report, RFR 2 Accounting for Legal Entities and the Annual Accounts Act have been applied. In cases where the Parent Company applies other accounting principles than the Group, this is stated separately at the end of this note.

Preparing financial statements in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles, see Note 4 for these estimates and assessments.

### *2.1.2 Changes in accounting principles and disclosures*

***New and changed standards applied by the Group***

None of the amendments to standards to be applied from 1 January 2021 have had any significant impact on the Group's financial reports.

***New standards, amendments and interpretations of existing standards that have not been applied prematurely by the Group***

A number of new standards and amendments to interpretations and existing standards enter into force for financial years beginning after 1 January 2022 and have not been applied in the preparation of the Group's financial reports. None of these are expected to have a significant impact on the Group's financial reports.

### 2.2 Consolidated financial statements

**Subsidiary**

Subsidiaries are all companies over which the Group has a controlling influence. The Group has a controlling influence over a company when it is exposed to or has the right to a variable return from its holding in the company and can influence the return through its controlling influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used to report the Group's business acquisitions. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that are a consequence of an agreement on a contingent purchase price. Acquisition-related costs are expensed when they arise. Identifiable assets acquired and liabilities assumed in a business combination are initially valued at fair value on the acquisition date. For each acquisition, the Group decides whether all non-controlling interests in the acquired company are reported at fair value or at the holding's proportionate share of the acquired company's net assets.

The amount by which the purchase price, any holdings without a controlling influence, and the fair value on the acquisition date of previous shareholdings exceed the fair value of the Group's share of identifiable acquired net assets, is reported as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets, in the event of a so-called "Bargain purchase", the difference is reported directly in the statement of comprehensive income.

Intra-group transactions and balance sheet items as well as unrealized gains and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries have been changed as appropriate to ensure a consistent application of the Group's principles.

### 2.3 Foreign currency translation

**Functional currency and reporting currency**

The various units in the Group have the local currency as the functional currency as the local currency has been defined as the currency used in the primary economic environment in which each unit is mainly active. In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency.

**Transactions and balance sheet items**

Transactions in foreign currency are translated into the functional currency according to the exchange rates that apply on the transaction date. Exchange rate gains and losses that arise from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are reported in the operating profit in the statement of comprehensive income.

**Translation of foreign Group companies**

Earnings and financial position for all Group companies that have a functional currency other than the reporting currency are translated into the Group's reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operations to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Income and expenses for each of the income statements are translated into Swedish kronor at the average exchange rate that existed at each transaction date. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income. Accumulated gains and losses are reported in profit for the year when the foreign operations are divested in whole or in part.

Goodwill and fair value adjustments that arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and are translated at the exchange rate on the balance sheet date.

### 2.4 Intangible assets

**Goodwill**

Goodwill arising on business combinations is included in intangible assets. Goodwill is not amortized, but impairment is tested annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is reported at acquisition value less accumulated write-downs. When selling a unit, the carrying amount of goodwill is included in the resulting profit / loss.

In order to test impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored in internal control, which for Seamless is the operating segment level. The Group's goodwill is attributable to the SDS operating segment.

**Capitalized development expenses**

Development costs, which are directly attributable to the development and testing of the identifiable and unique IT platform controlled by the Group, are reported as intangible assets when the following criteria are met:

- It is technically possible to complete the platform so that it can be used
- The company's intention is to complete the platform and use it
- There are conditions to use the platform
- It can be shown how the platform generates probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use the platform are available, and
- The expenses that are attributable to the platform during its development can be calculated in a reliable way

Capitalized expenses for development are reported at acquisition value less accumulated depreciation. The acquisition value of an internally generated intangible asset is the sum of the expenses that arise from the time when the intangible asset first meets the criteria for capitalization stated above.

The capitalized costs are generated internally and include direct costs for work performed. Directly attributable expenses that are capitalized as part of the business system include expenses for employees. Activities during the pre-study phase as well as maintenance and training efforts are expensed on an ongoing basis, which also applies to further development of existing functionality.

Depreciation begins when the asset can be used. The useful life is assessed on the basis of the period in which the expected benefits are expected to benefit the company. The useful life is estimated to be 5 years and depreciation takes place on a straight-line basis over this period. Depreciation is reported in the item depreciation in the statement of comprehensive income. Expenses for development that do not meet the above criteria are expensed as they arise. Expenses for development that were previously expensed are not reported as an asset in subsequent periods.

**IP rights**

IP rights are attributable to the transaction platform ERS 360°, which is the hub of the Group's operations. On June 7, 2017, SDS acquired all intellectual property rights related to ERS 360° from SEQR Group AB. On November 18, 2018, SDS acquired all intellectual property rights related to ERS 360° for "Etop-up" from Invuo eProducts bankruptcy estate. The useful life is assessed on the basis of the period in which the expected benefits are expected to benefit the Group. The useful life is estimated to be 10 years and depreciation takes place on a straight-line basis over this period. Depreciation is reported in the item depreciation in the statement of comprehensive income.

### 2.5 Tangible fixed assets

Tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or are reported as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of a replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

Tangible fixed assets are depreciated systematically over the asset's estimated useful life. For equipment, a depreciation period of three to five years is applied.

The assets' residual values and useful lives are tested at the end of each reporting period and adjusted if necessary. The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Gains and losses on the sale of a tangible fixed asset are determined through a comparison between sales revenue and the carrying amount and are reported in other operating income and other operating expenses in the statement of comprehensive income.

### 2.6 Impairment of non-financial fixed assets

Assets that have an indefinite useful life, such as goodwill, or intangible assets that are not yet ready for use (capitalized development expenses), are not depreciated but are tested annually for any impairment.

Assets that are depreciated are assessed with respect to impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When assessing impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

### 2.7 Financial instruments

#### *2.7.1 Classification of financial assets*

The Group classifies its financial assets in the category of financial assets that are reported at accrued acquisition value (comprising the items deposit, accounts receivable, accrued income, part of other current receivables and cash and cash equivalents). The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows. All the Group's financial assets that constitute debt instruments are classified in the category financial assets at accrued acquisition value. These consist of assets held for the purpose of collecting contractual cash flows and where these cash flows only consist of capital amounts and interest and which are reported at accrued acquisition value.

#### *2.7.2 Classification of financial liabilities*

The Group classifies its financial liabilities in the category other financial liabilities. The Group's long-term and short-term borrowing, other long-term liabilities, overdraft facilities, accounts payable and the part of the items other current liabilities that pertain to financial instruments are classified as other financial liabilities.

#### *2.7.3 Accounting and valuation*

Purchases and sales of financial assets are reported on the business day, the date on which the Group commits to buy or sell the asset. The Group's financial instruments are reported for the first time at fair value plus transaction costs. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been fulfilled or otherwise extinguished.

The Group's financial assets and liabilities are reported after the acquisition date at accrued acquisition value using the effective interest method.

#### *2.7.4 Offsetting of financial instruments*

Financial assets and liabilities are set off and reported with a net amount in the balance sheet, only when there is a legal right to set off the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt.

#### *2.7.5 Impairment of financial assets*

**Assets that are reported at accrued acquisition value**

In accordance with the rules in IFRS 9, the Group applies a simplified method for impairment testing of accounts receivable. The simplification means that the reserve for expected credit losses is calculated based on the risk of loss for the entire term of the receivable and is reported when the receivable is reported for the first time. To measure the expected credit losses, accounts receivable have been grouped based on distributed credit risk characteristics and due dates. The Group uses forward-looking variables to calculate expected credit losses.

Expected credit losses are reported in the Group's statement of comprehensive income in the item other external costs.

### 2.8 Accounts receivable

Accounts receivable are amounts to be paid by customers for products sold in the day-to-day operations. Accounts receivable are initially reported at fair value and thereafter at accrued acquisition value with application of the effective interest method, less a provision for credit losses. Fair value and acquisition value accrued in subsequent periods correspond to nominal amounts of accounts receivable as this item is short-term in nature.

### 2.9 Cash and cash equivalents

Cash and cash equivalents include, both in the balance sheet and in the statement of cash flows, cash and bank balances.

### 2.10 Accounts payable

Accounts payable are obligations to pay for goods and services that have been acquired in the day-to-day operations from suppliers. Accounts payable are classified as current liabilities if they occur within a year or earlier. If not, they are reported as long-term liabilities.

Accounts payable are reported at nominal amount. The carrying amount of accounts payable is assumed to correspond to its fair value, as this item is short-term in nature.

### 2.11 Borrowing

Borrowing is initially reported at fair value, net of transaction costs. Borrowing is then reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, applying the effective interest method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

### 2.12 Current and deferred tax

The tax expense for the year includes current and deferred tax. The current tax cost is calculated on the basis of the tax rules that are decided on the balance sheet date or in practice decided in the countries where the Parent Company and its subsidiaries are active and generate taxable income.

Deferred tax is reported, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. However, the deferred tax is not recognized if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect the reported or taxable result. Deferred income tax is calculated using tax rates that have been decided or announced as of the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets on loss carryforwards are reported to the extent that it is probable that future taxable surpluses will be available, against which the deficits can be utilized.

Deferred tax assets and liabilities are set off when there is a legal right of set-off for current tax claims and tax liabilities and when the deferred tax assets and liabilities relate to taxes debited by one and the same tax authority and refer to either the same tax subject or different tax subjects, where there is an intention to regulate balances through net payments.

### 2.13 Remuneration to employees

**Pension plans**

The Group only has defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods.

The fees are reported as personnel costs when they fall due for payment. Prepaid fees are reported as an asset to the extent that cash repayment or reduction of future payments can benefit the Group.

**Variable remuneration**

The Group reports a provision for variable remuneration when there is a legal or informal obligation due to previous practice.

## 2.14 Share-based payments

The Group has offered employees to subscribe for warrants (equity instruments) where the employee has paid remuneration corresponding to the fair value of the options, so no cost has been reported in the statement of comprehensive income regarding these programs. This program means that employees have the right to subscribe for options (equity instruments) where the employee is given the opportunity to subscribe for shares at a given price during the subscription period. The fair value of the options granted is calculated according to the Black & Scholes model.

When the options are exercised, the company issues new shares. Payments received, after deduction of any directly attributable transaction costs, the share capital (quota value) and other contributed capital are credited when the options are exercised. The social security contributions that arise on the allotment of share options are considered an integral part of the allotment, and the cost is treated as a cash-regulated share-based payment.

## 2.15 Revenue recognition

Revenue is reported at the fair value of what has been received or will be received, and corresponds to the amounts received for goods and services sold after deductions for discounts and VAT.

**Agreements containing sales of goods and services**

SDS signs agreements that include sales of various components. An agreement usually includes the sale of services attributable to software (including license), support and hardware. Each component of an agreement is negotiated separately and the revenue is distributed according to the relative fair value of each component. SDS reports revenue as it meets its performance commitments and has transferred a promised product or service to the customer. The product or service is considered to have been transferred when the customer has gained control of the asset. The transaction price after deduction of the discount on the product or service is specified in the quotation / order confirmation that you receive from the customer and is distributed per performance commitment in accordance with the quotation / order confirmation. SDS has identified six performance commitments to be reported either together or separately.

Performance commitments must be reported over time or at a specific time

*The following performance commitments are reported over time*

*Services attributable to software*

Services attributable to software are performed in all cases according to fixed price agreements and revenues are calculated by determining the degree of completion for the specific installation based on expenses incurred at the end of the reporting period in relation to estimated total expenses. Revenue is only reported when it is likely that financial benefits associated with the installation will accrue to the company. With regard to these services, in most cases the customer is required to approve different parts of the project before it can be considered assured that the financial benefits will accrue to the Group. In cases where approval of the customer is required for parts of a project attributable to software, only revenue is reported for the part of the project that has been approved by the customer and costs incurred are capitalized.

*Support*

Revenue from the sale of support refers to either the so-called Managed Operations where the Group takes responsibility for the operation and control of the ERS platform or support where SDS supports the system when needed. Both revenues from Managed Operations and support are accrued on a straight-line basis over the term of the contract. Discounts attributable to support and Managed Operations are accrued on a straight-line basis over the term of the contract.

*The following performance commitments are reported at a specific time*

*Sales of goods*

The Group sells goods in the form of hardware (usually servers) and hand-held terminals. Revenue from the sale of products is recognized at the fair value of what has been or will be received and corresponds to the amount received for goods sold after deductions for discounts and VAT. Revenues are reported to the extent that it is probable that the financial benefits will be utilized by the Group and the revenues can be calculated in a reliable manner. Revenue from the sale of hardware is reported when the product has been delivered to the customer.

*License and expansion package*

Revenue from the sale of increased license capacity is reported when the customer has access to the increased number of transactions.

*Distribution revenues (Etop-up)*

SDD buys and sells airtime to resellers. Sales are reported as revenue when the control of the airtime is transferred, which occurs when the airtime is delivered to the dealer.

Revenues from SDD's distribution are reported gross as sales in the statement of comprehensive income when the Group acts as a principal in the transactions. This means that amounts for the purchase of the services / goods from a partner / supplier are also reported gross, as an expense in the statement of comprehensive income. The assessment that the Group acts as principal towards the end customer is made through an overall analysis of whether the Group: has the primary responsibility for delivering the goods (eVouchers) and services to the end customer, stands inventory risk, determines prices and content in services and goods, and in applicable cases carry the credit risk. If, on the other hand, the analysis of a relationship / distribution agreement shows that the Group acts as an agent (agent) in the transactions, this means that only the part of the revenue stream that constitutes an increase in equity for the Group after deductions for the amounts collected on behalf of a partner / principal. as turnover in the statement of comprehensive income. This can be equated with only one commission being reported as income, i.e. the group's sales in these cases consist of the transaction's net balance, the costs are deducted from the gross balance on the sales line. SDD has so far not acted as an agent in the SDDs / distribution segment, but chooses to disclose this as the company deems that the probability is high that such agreements may be entered into.

*Distribution revenues (Etop-up in the banking system)*

Revenues from banking systems refer to transaction fees that are received when an Etop-up is carried out in the banking system. Revenue is reported when the transaction is completed.

*Impact of discounts on revenue recognition*

Discounts occur partly in the form of one-time discounts that the customer receives directly upon sale and partly in discounts in the form of free services, such as support. In cases where free support is received, income received is accrued over the contract period (including the time when free support is received).

*Interest income*

Interest income is reported as income distributed over the term using the effective interest method.

### 2.16 Leasing

The Group has leasing agreements for office premises, three of which are reported in the balance sheet, other agreements are reported as short-term leasing agreements.

Leasing agreements are reported as a right of use asset and a corresponding liability, on the day on which the leased asset is available for use by the Group. Each lease payment is divided between the repayment of the debt and the financial cost. The financial cost shall be distributed over the leasing period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt reported during the respective period.

Rights of use are amortized on a straight-line basis over the shorter of the asset's useful life and the length of the lease. The Group's leasing agreements for office premises are amortized over 3–5 years, but there are possibilities for extension or termination of the agreements. The terms are used to maximize the flexibility in the handling of the leasing agreement and are included in the asset and liability as it is reasonably certain that they will be utilized. The terms of the current leasing agreement have not been included in the valuation of the right of use asset and the leasing liability as it is not reasonably certain that these will be utilized.

Assets and liabilities arising from leasing agreements are initially reported at present value.

The lease liability includes the present value of the following lease payments:

- fixed fees and
- variable leasing fees that depend on an index.

Lease payments are discounted with the marginal loan interest rate.

The right of use asset is valued at acquisition value and includes the following:

- the initial valuation of the lease liability and
- payments made at or before the time when the leased asset is made available to the lessee.

Payments attributable to short-term leases and leases of lesser value are expensed on a straight-line basis in the statement of comprehensive income. Short contracts are agreements with a leasing period of 12 months or less. Agreements of lesser value include office space.

### 2.17 Cash flow analysis

The cash flow analysis is prepared according to the indirect method. This means that operating profit is adjusted for transactions that did not result in inflows or outflows during the period, as well as for any income and expenses that are attributed to the cash flows from investing or financing activities.

### 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The highest executive decision-maker is the function responsible for allocating resources and assessing the operating segments' results. In the Group, this function has been identified as the CEO who makes strategic decisions. The Group's internal reporting is divided on the basis of the two business areas Seamless Distribution Systems (SDS) and Seamless Digital Distribution (SDD), which constitute the Group's operating segments. Sales between the segments take place on market terms.

### 2.19 Provisions

Provisions are reported in the balance sheet when the Group has a legal or informal commitment as a result of an event that has occurred, it is probable that an outflow of resources is required to settle the commitment and when a reliable estimate of the amount can be made. The timing or amount of the outflow may still be uncertain.

Provisions for restructuring are only reported if an established and detailed restructuring plan has been prepared and implemented, or if the Company has at least published the main features of the plan to those affected by it. The provision is not reported for expenses related to future operations. A provision is reported at the best estimate of the amount required to settle the obligation on the balance sheet date. The provision is only used for the expenses for which the provision was originally intended. The provision is discounted to its present values where the time value of the money is significant.

### 2.20 Parent Company accounting principles

In connection with the preparation of the annual report, the Parent Company has applied RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

The Parent Company applies other accounting principles than the Group in the cases specified below.

#### Forms of arrangement

The income statement and balance sheet follow the format of the Annual Accounts Act. The report on changes in equity also follows the Group's presentation, but must contain the columns specified in the Annual Accounts Act. This means a difference in names, compared with the consolidated accounts, mainly regarding financial income and expenses, provisions, and equity.

#### Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any additional purchase consideration.

When there is an indication that participations in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Impairment losses are reported in the items "Profit from participations in Group companies".

#### Leasing agreement

The Parent Company has chosen not to apply IFRS 16 Leasing Agreement, but has instead chosen to apply RFR 2 IFRS 16 Leasing Agreement p. 2-12.

#### Group contribution

Group contributions are reported in accordance with the main rule in RFR 2. The main rule in RFR 2 for reporting group contributions is to report on the basis of financial significance and the chosen rule must be applied consistently to all group contributions. Group contributions that subsidiaries receive from parent companies are reported in the subsidiary in equity. Group contributions that subsidiaries make to parent companies are also reported in equity.

#### Financial instruments

IFRS 9 is not applied in the Parent Company. The Parent Company instead applies the points specified in RFR 2 (IFRS 9 Financial Instruments, pts. 3–10).

Financial instruments are valued on the basis of acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be reported in accordance with the lowest value principle at the lower of acquisition value and market value.

When calculating the net sales value of receivables that are reported as current assets, the principles for impairment testing and loss risk provision in IFRS 9 shall be applied. For a receivable that is reported at accrued acquisition value at Group level, this means that the loss risk reserve that is reported in the Group in accordance with IFRS 9 must also be recognized in the Parent Company.

## NOTE 3 - Financial risk management

### 3.1 Financial risk factors

Through its operations, the Group is exposed to a variety of financial risks. Below are the various risks to which the Group is exposed.

**Currency risk**

The Group is headquartered in Sweden, but the business is international and includes countries in Europe, Africa, Asia and South America. The business is thus exposed to several currencies such as the euro and the US dollar.

Currency risk arises through both future and completed business transactions as the Group's operations in the countries in question consist almost exclusively of sales. The Group has insignificant net assets that are exposed to currency fluctuations and no liabilities in currencies other than Swedish kronor. Receivables arise on an ongoing basis in foreign currencies. Which foreign currency receivables arise depends on the currency in which sales of the Group's products are denominated. These receivables are subject to currency fluctuations. The Board has decided that these receivables shall not be hedged, mainly due to the fact that there is some uncertainty regarding the time of payment.

**Transaction risk**

Transaction risk is the risk of affecting the Group's net profit and cash flow as a result of the value of the commercial flows in foreign currencies changing in the event of changes in exchange rates. The Group is exposed to currency risk through purchases and sales in currencies other than SEK. Both purchases and sales are made in SEK, EUR, THB, DKK and USD. In addition to these currencies, purchases are also made in GBP and OMR.

The Group has the following balance sheet exposure for financial assets in foreign currency:

| KSEK | 2021-12-31 | 2020-12-31 |
|---|---|---|
| EUR | 7,210 | 19,936 |
| USD | 68,099 | 42,092 |
| Other currencies | 60 | 79 |
| **Total** | **75,369** | **62,107** |

The balance sheet exposure for financial liabilities in foreign currency is as follows:

| KSEK | 2021-12-31 | 2020-12-31 |
|---|---|---|
| EUR | 5,786 | 9,784 |
| USD | 7,990 | 8,786 |
| Other currencies | 727 | 181 |
| **Total** | **14,503** | **18,751** |

**Translation risk**

The Group has a risk when translating foreign subsidiaries' net assets into the consolidation currency Swedish kronor (SEK). One foreign subsidiary is in India (INR), one in France (EUR) and one in Belgium (EUR). The Group is affected by the fact that these are converted to SEK. The Board has decided not to hedge this exposure. As of December 31, 2021, translation differences reported in other comprehensive income amounted to SEK -3,355 (-2,924) thousand.

**Sensitivity analysis by significant currency**

If the Swedish krona had weakened / strengthened by 10 percent in relation to the various currencies, other variables constant, the impact on profit for the year before tax would have been as follows:

| Impact on profit for the year before tax, KSEK | 2021 | 2020 |
|---|---|---|
| EUR | 143 | 1,015 |
| USD | 6,011 | 3,331 |

**Credit risk**

Credit risk or counterparty risk is the risk that the counterparty in a financial transaction does not fulfill its obligations on the due date. The Group's credit risk includes bank balances and accounts receivable. Regarding cash and cash equivalents, it is judged that the credit risk is low as the counterparties are large well-known banks in Sweden with a high credit rating. The predominant financial risk in the Group is the credit risk in outstanding accounts receivable.

SDS has a credit risk in outstanding accounts receivable. Credit risk in accounts receivable refers to companies, primarily in the telecom sector. The credit risk towards these is judged to be low as the counterparties are large well-known mobile operators in Africa and the Middle East and suppliers in telecom. Due to this, it does not occur that credit collateral is required in connection with accounts receivable exposures. SDS has about 20 (27) percent of its sales to MTN Group, which is considered a risk factor. SDD sells to larger chains in Sweden and Denmark where the credit risk is assessed as low. SDD also sells to a number of smaller independent stores where the credit risk is judged to be higher. SDD always takes an external credit rating on all customers in connection with accounts receivable exposure. The Group's credit losses have historically been insignificant.

For more information on the Group's accounts receivable, see Note 21.

| KSEK | 2021-12-31 | 2020-12-31 |
|---|---|---|
| **Accounts receivable** | | |
| Counterparties with external credit rating | 6,779 | 6,610 |
| Counterparties with external credit rating | - | - |
| Group 1 | 6,427 | 1,065 |
| Group 2 | 45,369 | 28,084 |
| Group 3 | - | - |
| Group 4 | - | - |
| **Total counterparties without external credit rating** | **51,796** | **29,149** |
| **Total accounts receivable without impairment** | **58,575** | **35,759** |

- Group 1 - new customers (duration of customer relationships shorter than 6 months).
- Group 2 - existing customers (duration of customer relationships longer than 6 months) without previous payment defaults.
- Group 3 - new customers (duration of customer relationships shorter than 6 months) with certain previously non-payments. All non-payments have been fully recovered.
- Group 4 - existing customers (duration of customer relationships longer than 6 months) with certain previously non-payments. All non-payments have been fully recovered.

**Liquidity risk**

Liquidity risk is the risk that the Group lacks liquid funds to pay its liabilities regarding financial liabilities. To ensure good payment readiness for operating activities, liquidity needs are analyzed on a weekly basis and liquidity forecasts for the coming quarters are prepared on an ongoing basis.

As of December 31, 2021, the Group has a liquidity of SEK 16,698 (11,776) thousand, which consists of bank balances.

| KSEK | 2021-12-31 | 2020-12-31 |
|---|---|---|
| **Bank balances** | | |
| AAA | - | - |
| AA | 8,968 | 6,636 |
| A | - | - |
| B | 7,730 | 5,140 |
| **Total** | **16,698** | **11,776** |

As of December 31, 2021, the Group had an overdraft facility with SEB of 9,000, which was not utilized. On December 31, 2020, the Group had an overdraft facility with Handelsbanken amounting to SEK 10,000 thousand. As of December 31, 2020, the Group had utilized SEK 7,191 thousand of the overdraft facility. The table below shows the contractual undiscounted cash flows from the Group's financial liabilities divided by the time remaining on the balance sheet date until the contractual maturity date.

**As of December 31, 2021**

| KSEK | < 1 year | 1 to 2 years | 2 to 5 years | > 5 years |
|---|---|---|---|---|
| Accounts payable | 22,704 | - | - | - |
| Overdraft facility | - | - | - | - |
| Short-term borrowing | - | - | - | - |
| Long-term borrowing | - | 195,254 | - | - |
| Other long-term liabilities | - | 268 | - | - |
| Leasing liabilities (long-term and short-term) | 4,020 | 3,529 | 3,889 | - |
| **Total** | **26,724** | **199,051** | **3,889** | **-** |

**As of December 31, 2020**

| KSEK | < 1 year | 1 to 2 years | 2 to 5 years | > 5 years |
|---|---|---|---|---|
| Accounts payable | 21,097 | - | - | - |
| Overdraft facility | 7,191 | - | - | - |
| Short-term borrowing | 23,674 | - | - | - |
| Long-term borrowing | - | 44,500 | - | - |
| Other long-term liabilities | - | 161 | - | - |
| Leasing liabilities (long-term and short-term) | 2,861 | 5,723 | 2,264 | - |
| **Total** | **54,823** | **50,384** | **2,264** | **-** |

### 3.2 Capital risk management

The Group's goal regarding the capital structure is to ensure the Group's ability to continue its operations so that it can generate returns for shareholders for the benefit of other stakeholders and to maintain an optimal capital structure to keep the costs of capital down. In order to maintain the capital structure, the company works to achieve its financial goals, partly by reducing costs and partly by increasing sales, which leads to increased margins and a lower debt / equity ratio can be achieved. The Group defines capital as real capital and financial capital. The Group's debt / equity ratio as of the balance sheet date is 31 December 2021, 1.86 (1.69).

## NOTE 4 - Important estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

**Important estimates and assessments for accounting purposes**

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year are dealt with in general terms below.

**Impairment testing of goodwill**

The Group annually examines whether there is any need for impairment of goodwill in accordance with the accounting principles stated in Note 2.6 Impairment of non-financial assets. The Group's goodwill arose in connection with the acquisition of Riaktr in May 2021 and is attributable to the Group's operating segment and cash-generating unit (CGU) SDS.

The recoverable amount of the cash-generating unit has been determined by calculating the value in use, which requires certain assumptions to be made. The calculations are based on cash flow forecasts based on budgets set by management for the next five years. The growth rate is based partly on historical values and partly on future expectations. Sensitivity analyzes have been performed and the Group does not expect any need for impairment in the near future. The carrying amount of goodwill divided into the Group's cash-generating unit and operating segments, as well as information on impairment tests, is presented in Note 16.

**Capitalized development expenses**

The Group capitalizes costs attributable to development to the extent that they are deemed to meet the criteria in accordance with IAS 38 p. 57 (see 2.4 Intangible assets). To assess any need for impairment of capitalized development costs, several assumptions and varying conditions and estimates of parameters have been made.

To determine whether there is an indication regarding impairment or in impairment tests, the recoverable amount is currently calculated based on a fair value less costs to sell based on an implicit market valuation of the part of the business to which the capitalized development expenses relate.

The value of the intangible assets can be defended via a cash flow valuation by the Group. Given the assumptions made by the Group in the cash flow valuation, there is a surplus value between the carrying amount of the intangible assets and the implicit value of the business. There is thus no indication of impairment. Information on the carrying amount of capitalized expenses for development is presented in Note 16.

**Percentage of completion (method) of projects**

SDS applies the percentage of completion method in its projects. A basic condition for being able to assess the percentage of completion is that project revenues and project costs can be determined in a reliable manner. The degree of completion is determined on the basis of hours actually worked in relation to the project's total budgeted hours. Follow-up of the projects, and that the projects are in phase with the budget, is carried out on a monthly basis in connection with the financial statements.

## NOTE 5 - Distribution of net sales

Net sales are divided by type of income as below. Sales of software and support are reported over time and sales of licenses, hardware and Etop-up are reported at a specific time. With the acquisition of Riaktr in 2021, revenues will also be distributed to Smart Capex and Smart Sales & Distribution, which will be reported over time, and at a specific time.

| | Group | | Parent Company | |
|---|---|---|---|---|
| **KSEK** | **2021** | **2020** | **2021** | **2020** |
| Sales of software | 70,365 | 76,592 | 58,954 | 67,590 |
| Sales of support | 89,074 | 91,744 | 60,224 | 57,596 |
| Sales of licenses | 3,233 | 2,892 | 3,234 | 1,514 |
| Sales of hardware | 547 | 7,145 | 434 | 2,987 |
| Sales of Smart Capex | 9,323 | - | - | - |
| Sales of Smart Sales & Distribution | 20,025 | - | - | - |
| Sales of Etop-up | 92,644 | 114,347 | - | - |
| Sales of Etop-up through the banking system | 1,956 | 1,976 | - | - |
| Other sales | 1,019 | 913 | -27 | 614 |
| **Total** | **288,187** | **295,609** | **122,819** | **130,301** |

The company is headquartered in Sweden. Revenues from external customers in Sweden amount to SEK 87,043 (107,569) thousand and total revenues from external customers in other countries amount to SEK 201,144 (188,040).

| **Net sales per geographical area in %** | **2021** | **2020** |
|---|---|---|
| Africa | 43.07% | 38.93% |
| Middle East and Asia | 17.80% | 19.90% |
| Europe | 38.16% | 40.11% |
| Other | 0.97% | 1.06% |
| **Total Group** | **100.00%** | **100.00%** |

The largest customer is MTN Group and they account for 20 (27) percent of sales.

## NOTE 6 - Segment reporting

The Group's CEO evaluates the Group's operations from both a product and geographical perspective and has identified two operating segments in its operations:

**Segment 1:** SDS delivers systems for managing distribution networks for electronic refilling of prepaid cards and eProducts that range from gift cards to mobile banking services in Africa, Europe and the Middle East & Asia.

**Segment 2:** SDD distributes electronic products via trade in Sweden & Denmark.

The CEO mainly uses the operating profit in the assessment of the operating segments' results. Assets and liabilities are not followed up for each operating segment.

Information on net sales and operating profit per operating segment is presented in the table below.

| | SDS | | SDD | | Total Group | |
|---|---|---|---|---|---|---|
| **KSEK** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Sales of software | 70,365 | 76,592 | - | - | 70,365 | 76,592 |
| Sales of support | 91,294 | 94,176 | - | - | 91,294 | 94,176 |
| Sales of licenses | 3,233 | 2,892 | - | - | 3,233 | 2,892 |
| Sales of hardware | 547 | 7,145 | - | - | 547 | 7,145 |
| Sales of Smart Capex | 9,323 | - | - | - | 9,323 | - |
| Sales of Smart Sales & Distribution | 20,025 | - | - | - | 20,025 | - |
| Sales of Etop-up | - | - | 92,644 | 114,347 | 92,644 | 114,347 |
| Sales of Etop-up through the banking system | - | - | 1,956 | 1,976 | 1,956 | 1,976 |
| Other sales | 491 | 614 | 528 | 299 | 1,019 | 913 |
| Intra-group net sales between segments | -2,220 | -2,432 | - | - | -2,220 | -2,432 |
| **Net sales from external customers** | **193,059** | **178,987** | **95,128** | **116,622** | **288,187** | **295,609** |
| Intra-group cost between segments | - | - | -2,220 | -2,432 | -2,220 | -2,432 |
| | | | | | | |
| **Operating profit** | **26,573** | **20,164** | **800** | **1,294** | **27,373** | **21,458** |
| Financial items - net | - | - | - | - | -16,782 | -6,362 |
| Income tax | - | - | - | - | -4,567 | -2,579 |
| **Profit / loss for the year** | **-** | **-** | **-** | **-** | **6,024** | **12,517** |

## NOTE 7 - Contract assets and contract liabilities

| | Group | |
|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 |
| Short-term contractual assets attributable to software contracts that have been profit-recognized but not yet invoiced | 57,767 | 50,322 |
| **Total short-term contract assets[1]** | **57,767** | **50,322** |
| | | |
| Short-term contractual liabilities attributable to support and license agreements | 17,901 | 13,357 |
| Short-term contractual liabilities attributable to software contracts where the amount has been invoiced but not yet profit-recognized | 1,741 | 3,050 |
| Short-term contractual liabilities to operator agreements in Sweden & Denmark | 80 | -381 |
| **Total current contractual liabilities[2]** | **19,723** | **16,026** |

1) See Note 23 accrued income.

2) See Note 29 prepaid income.

| | Group | |
|---|---|---|
| KSEK | 2021 | 2020 |
| Order backlog equal to the total amount of the transaction price allocated to support agreements, software agreements and hardware agreements that are unfulfilled or partially unfulfilled as of 31 December: | 96,453 | 61,924 |

Management expects that 100% of the transaction price, which will be allocated to unfulfilled agreements as of December 31, 2021, will be reported as revenue during the next financial year. The support and license agreements will be reported as revenue on a straight-line basis over the financial year 2022 and the software agreements will be reported as revenue during the first quarter of 2022.

## NOTE 8 - The Parent Company's sales to and purchases from Group companies

During the year, the Parent Company invoiced the subsidiary Seamless Digital Distribution AB (SDD) SEK 2,220 (2,432) thousand for support of ERS 360° and SEK 0 (13,332) thousand for airtime, as the Parent Company has previously been a contracting party to a telephone operator for SDD. SDS has also invoiced the subsidiary E-Distribution SEK 11,632 (5,307) thousand for services, and eServ 4,658 (9,893) SEK thousand and Riaktr 664 (0) SEK thousand for management services and development.

The Parent Company has purchased services from the Group company Seamless Private Limited amounting to SEK 25,407 (17,275) thousand for the development of software and software platforms. The Parent Company has also purchased services from E-Distribution for SEK 3,976 (3,615) thousand, and the Parent Company has purchased services from eServGlobal corresponding to SEK 10,638 (9,566) thousand.

As of December 31, 2021, the Parent Company has a receivable corresponding to SEK 1,916 (1,486) thousand to the subsidiary SDD, SEK 10,251 (4,127) to E-Distribution and a receivable from eServGlobal to a value of SEK 32,850 (33,614) thousand , and a receivable corresponding to SEK 4,081 (0) thousand to Riaktr.

The Parent Company has a debt of SEK 5,228 (3,397) thousand to the Group company Seamless Private Limitied, a debt to eServGlobal of SEK 7,320 (9,566) thousand and a debt to SDD of SEK 2,110 (0) thousand, and a debt to E-Distribution om 3 184 (0) KSEK.

## NOTE 9 - Remuneration to auditors

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021 | 2020 | 2021 | 2020 |
| **PwC Sweden** | | | | |
| Audit assignment | 801 | 565 | 801 | 565 |
| Auditary operation beyond the auditary assignment | - | - | - | - |
| Tax advice | 120 | 280 | 120 | 280 |
| Other | - | - | - | - |
| **Total** | **921** | **845** | **921** | **845** |
| | | | | |
| **Other auditors** | | | | |
| The audit assignment | 238 | 291 | - | - |
| Other statutory assignments Other statutory assignments | - | - | - | - |
| Tax advice | - | - | - | - |
| Other | - | - | - | - |
| **Total** | **238** | **291** | **-** | **-** |
| **Total** | **1,159** | **1,136** | **1,097** | **845** |

## NOTE 10 - Remuneration to employees etc.

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021 | 2020 | 2021 | 2020 |
| Salaries and other remuneration | 52,573 | 40,057 | 3,109 | 2,075 |
| Social fees | 10,026 | 8,892 | 1,518 | 1,002 |
| Pension costs - defined contribution plans | 3,558 | 4,295 | 264 | 495 |
| Other staff costs | 3,169 | 1,089 | 704 | 259 |
| **Total** | **69,328** | **54,333** | **5,595** | **3,831** |

| | Group | |
|---|---|---|
| Salaries and other benefits, as well as social costs, KSEK | 2021<br>Salaries and other remuneration | 2020<br>Salaries and other remuneration |
| The board | 470 | 275 |
| CEO | 738 | 739 |
| Other senior executives, employees | - | 552 |
| Other employees | 61,392 | 47,383 |
| **Total** | **62,600** | **48,949** |

## NOTE 10 - Remuneration to employees etc. (CONTINUATION)

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Basic salary / Board fee ex. VAT | | Variable remuneration | | Pension costs | | Total | |
| KSEK | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Current Chairman of the Board[1]** | | | | | | | | |
| Leif Frykman | 267 | - | - | - | - | - | 267 | - |
| Gunnar Jardelöv | 133 | 400 | - | - | - | - | 133 | 400 |
| | | | | | | | | |
| **Current board members[2]** | | | | | | | | |
| Tomas Klevbo | 100 | 300 | - | - | - | - | 100 | 300 |
| Leif Brandel | - | 100 | - | - | - | - | - | 100 |
| Martin Roos | 300 | 300 | - | - | - | - | 300 | 300 |
| Pia Hofstedt | 300 | 200 | - | - | - | - | 300 | 200 |
| Johan Wilsby | 200 | - | - | - | - | - | 200 | - |
| Morten Karlsen Sörby | 200 | - | - | - | - | - | 200 | - |
| | | | | | | | | |
| **CEO[3]** | | | | | | | | |
| Mats Victorin | 142 | - | - | - | - | - | 142 | - |
| Tommy Eriksson | 3,172 | 3,181 | - | - | 104 | 106 | 3,276 | 3,287 |
| **Total** | **4,814** | **4,481** | **-** | **-** | **104** | **106** | **4,918** | **4,587** |
| | | | | | | | | |
| **Other senior executives** | | | | | | | | |
| Employees 1 (1), consultants 3 (2) | | | | | | | | |
| Employees (ex. social costs) | 1,456 | 1,614 | - | - | - | 88 | 1,456 | 1,702 |
| Consultants[4] | 5,255 | 3,568 | - | - | - | - | 5,255 | 3,568 |
| **Total** | **6,711** | **5,182** | **-** | **-** | **-** | **88** | **6,711** | **5,270** |

1) Gunnar Jardelöv was, after his resignation from the board and left his position as chairman of the board in April 2021, replaced by Leif Frykman.

2) Johan Wilsby and Morten Karlsen Sörby took over as board members in April 2021 and board member Tomas Klevbo left his post. After his resignation from the Board in April 2020, Leif Brandel was replaced by Pia Hofstedt.

3) On December 14, 2021, SDS's Board of Directors appointed Mats Victorin as the new President and CEO as part of the company's next development phase. Tommy Eriksson left the company after ten years, of which the last four years as President and CEO, and Mats Victorin took office immediately.

4) In 2020, Martin Schedin (CFO) invoiced his entire fee through his own company, and Sandipan Mukherjee (COO) invoiced his fee from April 2020. In 2021, Martin Schedin (CFO) and Sandipan Mukherjee (COO) invoiced his entire fee through his own company business. Niclas Handfast (CCO) has invoiced his fee since 26 August 2021 since he took over the position as CCO.

## NOTE 10 - Remuneration to employees etc. (CONTINUATION)

| | Group | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Number of balance sheet date | Of which women | Number of balance sheet date | Of which women |
| Board members | 5 | 1 | 4 | 1 |
| CEO and other senior executives | 4 | - | 4 | - |
| **Total** | **9** | **1** | **8** | **1** |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Average number of employees with geographical distribution per country** | Average number employees | Of which women | Average number employees | Of which women |
| Sweden | 5 | 2 | 4 | 1 |
| **Total Parent Company** | **5** | **2** | **4** | **1** |
| | | | | |
| **Subsidiaries** | | | | |
| eServGlobal (France and Romania) | 18 | 4 | 20 | 1 |
| SDD (Sweden) | 2 | - | 2 | - |
| SPL (India) | 80 | 18 | 56 | 12 |
| Riaktr (Belgium) | 35 | 6 | - | - |
| **Total subsidiaries** | **135** | **28** | **78** | **13** |
| **Total Group** | **140** | **30** | **82** | **14** |

## NOTE 11 - Other operating income and expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Other operating income, KSEK** | **2021** | **2020** | **2021** | **2020** |
| Exchange rate gains | 14,120 | 8,819 | 13,628 | 8,737 |
| Other operating income | 1,132 | - | - | - |
| **Total** | **15,252** | **8,819** | **13,628** | **8,737** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Other operating expenses, KSEK** | **2021** | **2020** | **2021** | **2020** |
| Exchange rate losses | -11,237 | -11,273 | -10,139 | -15,391 |
| **Total** | **-11,237** | **-11,273** | **-10,139** | **-15,391** |

## NOTE 12 - Financial income and expenses / Interest income and interest expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Financial income / Interest income, KSEK** | **2021** | **2020** | **2021** | **2020** |
| Interest income on accounts receivable | 2 | 5 | - | - |
| **Total** | **2** | **5** | **-** | **-** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Financial expenses / Interest expenses, KSEK** | **2021** | **2020** | **2021** | **2020** |
| Interest expenses on overdraft facilities | -167 | -392 | -167 | -392 |
| Interest expenses on long-term loans | -12,999 | -3,500 | -12,999 | -3,500 |
| Interest expenses on short-term loans | -425 | -2,319 | -425 | -2,319 |
| Interest expenses on leasing liabilities | -538 | -569 | - | - |
| Interest expenses on bond loans | -2,203 | - | -2,203 | - |
| Other financial expenses | -452 | 413 | -2 | -310 |
| **Total** | **-16,784** | **-6,367** | **-15,796** | **-6,521** |
| | | | | |
| **Financial items - net** | **-16,782** | **-6,362** | **-15,796** | **-6,521** |

## NOTE 13 - Income tax

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Income tax, KSEK** | **2021** | **2020** | **2021** | **2020** |
| Current tax on the profit for the year | -1,313 | -1,833 | - | - |
| Foreign withholding tax | -3,254 | -746 | -759 | -746 |
| **Total current tax** | **-4,567** | **-2,579** | **-759** | **-746** |
| | | | | |
| Deferred tax | - | - | - | - |
| **Total deferred tax** | **-** | **-** | | **-** |
| | | | | |
| **Total income tax** | **-4,567** | **-2,579** | **-759** | **-746** |

## NOTE 13 - Income tax (CONTINUED)

The income tax on the result differs from the theoretical amount that would have emerged when using the weighted average tax rate for the results in the consolidated companies as follows:

| | Group | | Parent Company | |
|---|---|---|---|---|
| **KSEK** | **2021** | **2020** | **2021** | **2020** |
| Profit before tax | 10,591 | 15,096 | -9,260 | 6,614 |
| Income tax calculated on the Swedish tax rate of 20.6% (21.4%) | -2,182 | -3,108 | 1,908 | -1,415 |
| | | | | |
| **Tax effects of:** | | | | |
| - Non-deductible expenses | -60 | -71 | -18 | -10 |
| - Foreign withholding tax | -3,254 | -746 | -759 | -746 |
| - Group contributions | - | - | -164 | -267 |
| - Utilization of loss carryforwards not previously reported | 1,466 | 1,363 | -1,726 | 1,692 |
| - Difference in tax rate in other Group companies | -536 | -17 | - | - |
| Adjustment for previous years | - | - | - | - |
| **Income tax** | **-4,567** | **-2,579** | **-759** | **-746** |

The weighted average tax rate for the Group is 24.0 (21.0) percent and for the Parent Company 20.6 (21.4) percent.

SDS has unutilized loss carryforwards of SEK 11,365 thousand in the Parent Company for which no deferred tax asset has been reported as of December 31, 2021. eServGlobal has unutilized loss carryforwards of approximately EUR 100 million for which no deferred tax asset has been reported as of December 31, 2021.

None of the deficits have any due date.

## NOTE 14 - Earnings per share

**Before and after dilution**

Earnings per share before dilution are calculated by dividing the earnings attributable to the Parent Company's shareholders by a weighted average number of outstanding ordinary shares during the period. For the calculation of earnings per share after dilution, the weighted average number of outstanding shares is adjusted for the dilution effect of all potential shares. The Parent Company has outstanding options which can contribute to a possible dilution effect. The outstanding options have not had a dilution effect for any of the years and earnings per share, before and after dilution, will therefore be the same.

| | Group | |
|---|---|---|
| **KSEK** | **2021** | **2020** |
| Profit attributable to the Parent Company's shareholders | 6,024 | 12,517 |
| Weighted average number of shares outstanding | 9,669,030 | 8,340,501 |
| **Earnings per share, before and after dilution** | **0.62** | **1.50** |

## NOTE 15 - Exchange rate differences

Exchange rate differences have been reported in the statement of comprehensive income as follows:

| | Group | |
|---|---|---|
| **KSEK** | **2021** | **2020** |
| Other operating income and expenses - net (Note 11) | 4,015 | -2,454 |
| **Total** | **4,015** | **-2,454** |

## NOTE 16 - Intangible assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| **IP rights, KSEK** | **2021-12-31** | **2020-12-31** | **2021-12-31** | **2020-12-31** |
| Opening carrying amount | 15,084 | 17,800 | 15,084 | 17,750 |
| Purchasing / reprocessing of the period | - | -50 | - | - |
| Depreciation for the period | -2,667 | -2,666 | -2,667 | -2,666 |
| **Closing carrying amount** | **12,417** | **15,084** | **12,417** | **15,084** |
| | | | | |
| **Accumulated** | | | | |
| Accumulated acquisition value | 25,000 | 25,000 | 25,000 | 25,000 |
| Accumulated depreciation | -12,583 | -9,916 | -12,583 | -9,916 |
| Accumulated write-downs | - | - | - | - |
| **Carrying amount[1]** | **12,417** | **15,084** | **12,417** | **15,084** |

1) Carrying amount for the item IP rights consists of intellectual property rights linked to the transaction platform ERS 360°.

| | Group | | Parent Company | |
|---|---|---|---|---|
| **Capitalized expenses for development, KSEK** | **2021-12-31** | **2020-12-31** | **2021-12-31** | **2020-12-31** |
| Opening carrying amount | 66,827 | 64,943 | 32,271 | 30,765 |
| Exchange rate differences for the period | 1,084 | -1,193 | - | - |
| Acquired capitalized expenses for development | 24,964 | - | - | - |
| Purchasing / reprocessing of the period | 37,292 | 24,254 | 19,748 | 12,623 |
| Depreciation for the period | -28,663 | -21,177 | -13,419 | -11,117 |
| **Closing carrying amount** | **101,504** | **66,827** | **38,600** | **32,271** |
| | | | | |
| **Accumulated** | | | | |
| Accumulated acquisition value | 167,144 | 104,888 | 81,819 | 62,071 |
| Accumulated depreciation | -564 | -1,648 | - | - |
| Accumulated write-downs | -65,076 | -36,413 | -43,219 | -29,800 |
| **Carrying amount** | **101,504** | **66,827** | **38,600** | **32,271** |

| | Group | |
|---|---|---|
| **Goodwill, KSEK** | **2021-12-31** | **2020-12-31** |
| Opening carrying amount | - | - |
| Added through business acquisitions | 98,082 | - |
| **Closing carrying amount** | **98,082** | **-** |
| | | |
| **Accumulated** | | |
| Accumulated acquisition value | 98,082 | - |
| Accumulated depreciation | - | - |
| Accumulated write-downs | - | - |
| **Carrying amount** | **98,082** | **-** |

## NOTE 16 - Intangible assets (continued)

**Impairment testing of goodwill**

The carrying amount of goodwill amounting to SEK 98,082 (-) thousand as of December 31, 2021 is attributable to the Group's cash-generating unit and operating segment SDS.

The recoverable amount of the cash-generating unit has been determined based on the calculation of the value in use using cash flow forecasts based on financial budgets for a five-year period approved by management and the discount rate.

Cash flows beyond the five-year period have been extrapolated with a constant growth rate of 2%. The constant growth is appreciated by the company management based on historical results for the cash-generating unit and their expectations of market development. The growth rate does not exceed the long-term growth rate for the market in which the Group operates.

Discount interest before tax used in the present value calculation of estimated future cash flows amounts to 15% (-).

Other important variables in the calculation of the value in use consist of assumed growth.

Management's assessments are based on historical experience, market assessments based on information from our customers and available public assessments of economic conditions and market development.

**Sensitivity analysis:**

The recoverable amount of the cash-generating unit exceeds the carrying amount of goodwill by a good margin.

This also applies to assumptions about:
- the discount rate before tax would have been 2 percentage points higher, or
- the estimated growth rate for extrapolating cash flows beyond the five-year period has been 3 percentage points lower.

## NOTE 17 - Tangible fixed assets and right of use assets

| Machines and inventory, KSEK | Group 2021-12-31 | Group 2020-12-31 |
|---|---|---|
| Opening carrying amount | 4,234 | 3,429 |
| Exchange rate differences for the period | -78 | -300 |
| Acquired net assets | 340 | - |
| Purchases for the period | 3,656 | 3,430 |
| Depreciation for the period | -2,690 | -2,325 |
| **Closing carrying amount** | **5,462** | **4,234** |
| | | |
| **Accumulated** | | |
| Accumulated acquisition value | 14,118 | 10,122 |
| Exchange rate differences for the period | -180 | -102 |
| Accumulated depreciation | -8,476 | -5,786 |
| **Carrying amount** | **5,462** | **4,234** |

| Machines and inventory, KSEK | Parent Company 2021-12-31 | Parent Company 2020-12-31 |
|---|---|---|
| Opening carrying amount | 665 | 327 |
| Purchases for the period | 542 | 565 |
| Depreciation for the period | -432 | -227 |
| **Closing carrying amount** | **775** | **665** |
| | | |
| **Accumulated** | | |
| Accumulated acquisition value | 1,600 | 1,058 |
| Accumulated depreciation | -825 | -393 |
| **Carrying amount** | **775** | **665** |

| Rights of use, KSEK | Group 2021-12-31 | Group 2020-12-31 |
|---|---|---|
| Opening carrying amount | 10,892 | 11,806 |
| Additional right of use assets | 2,463 | 1,575 |
| Depreciation for the period | -2,919 | -2,489 |
| **Closing carrying amount** | **10,436** | **10,892** |
| | | |
| **Accumulated** | | |
| Accumulated acquisition value | 17,179 | 14,716 |
| Accumulated depreciation | -6,743 | -3,824 |
| **Carrying amount** | **10,436** | **10,892** |

## NOTE 18 - Shares in Group companies

| | Parent Company | |
|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 |
| Incoming acquisition value | 23,492 | 23,492 |
| Acquisition | 120,208 | - |
| Shareholder contribution | - | - |
| **Closing carrying amount** | **143,700** | **23,492** |

The Parent Company holds shares in the following subsidiaries in KSEK:

| | | | | | Carrying amount | | Equity | |
|---|---|---|---|---|---|---|---|---|
| Name | Country | Organization number | Share owned by PC | Main Operation | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Seamless Private Limited | India | 206234 | 100% | Software development and IT production | 1,816 | 1,816 | 8,783 | 6,669 |
| Buseam Option AB | Sweden | 559128-7148 | 100% | Option program | 50 | 50 | 31 | 34 |
| Seamless Digital Distribution AB | Sweden | 559165-5500 | 100% | Sales of wireless tele-communications | 342 | 342 | 342 | 342 |
| E-Distribution | Nigeria | 1356393 | 100% | Software development and IT production | 26 | 26 | 402 | 142 |
| eServGlobal holding SAS | France | 484 823 745 | 100% | Sales of software | 21,258 | 21,258 | 35,220 | 35,839 |
| Real Impact Analytics S.A. | Belgium | 0668.503.016 | 100% | Software development and IT production | 120,208 | - | 7,283 | - |
| **Total** | | | | | **143,700** | **23,492** | **52,062** | **43,026** |

The voting rights shares correspond to the capital shares.

## NOTE 19 - Financial instruments by category

| | Group | |
|---|---|---|
| | 2021-12-31 | 2020-12-31 |
| KSEK | Accrued acquisition value | Accrued acquisition value |
| **Assets in the balance sheet** | | |
| Deposit | 1,130 | 839 |
| Accounts receivable | 58,575 | 35,759 |
| Other receivables | 456 | 611 |
| Accrued income | 58,309 | 54,865 |
| Cash and cash equivalents | 16,698 | 11,776 |
| **Total** | **135,168** | **103,850** |
| | | |
| **Liabilities in the balance sheet** | | |
| Accounts payable | 22,704 | 21,097 |
| Overdraft facility | - | 7,191 |
| Borrowing | 195,254 | 68,174 |
| Other current liabilities | 14,939 | 6,439 |
| Other long-term liabilities | 268 | 161 |
| **Total** | **233,165** | **103,062** |

## NOTE 20 - Inventory

| KSEK | Group 2021-12-31 | Group 2020-12-31 |
|---|---|---|
| Talk time - Microcredit | 1 201 | 1 268 |
| Talk time - International E-TopUp | 33 | 77 |
| Talk time - Nordic E-TopUp ”SDD” | 458 | 594 |
| **Total** | **1 692** | **1 939** |

During the financial year 2021, costs for airtime were reported in the Group's report on comprehensive income of SEK 90,742 (110,276) thousand. They were reported as costs for sold airtime and costs for services rendered.

| KSEK | Parent Company 2021-12-31 | Parent Company 2020-12-31 |
|---|---|---|
| Talk time - Microcredit | 1,201 | 1,268 |
| Talk Time - International E-TopUp | 33 | 77 |
| **Total** | **1,234** | **1,345** |

During the financial year 2021, costs for airtime were reported in the Parent Company's income statement of SEK 341 (366) thousand. They were reported as costs for sold airtime and costs for services rendered.

## NOTE 21 - Accounts receivable

| KSEK | Group 2021-12-31 | Group 2020-12-31 |
|---|---|---|
| Accounts receivable | 58,575 | 35,759 |
| Provision for expected credit losses | - | - |
| **Accounts receivable - net** | **58,575** | **35,759** |
| | | |
| *The age distribution of these accounts receivable is shown below:* | | |
| 1-30 days | 12,125 | 3,982 |
| 31-60 days | 1,693 | 2,860 |
| > 61 days | 3,941 | 3,617 |
| **Total overdue accounts receivable** | **17,759** | **10,459** |

The Group had no customer losses in 2021 or in 2020. The reserve for expected credit losses is based on historical credit losses' percentage of sales, and taking into account forward-looking information. The Group's credit losses have historically been insignificant and the reserve for expected credit losses has also been deemed insignificant both as of 31 December 2021 and as of 31 December 2020, which is why no reserve has been reported.

| KSEK | Parent Company 2021-12-31 | Parent Company 2020-12-31 |
|---|---|---|
| Accounts receivable | 26,430 | 18,487 |
| **Accounts receivable - net** | **26,430** | **18,487** |

## NOTE 22 - Other receivables

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Claim employees | 170 | 180 | 9 | 30 |
| Bank guarantee | 2,021 | - | 2,021 | - |
| **Total** | **2,191** | **180** | **2,030** | **30** |

## NOTE 23 - Prepayments and accrued income

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Prepaid expenses | 4,043 | 2,420 | 1,810 | 2,735 |
| Accrued income | 58,309 | 54,865 | 42,977 | 32,296 |
| **Total** | **62,352** | **57,285** | **44,787** | **35,031** |

## NOTE 24 - Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the statement of cash flows include the following item:

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Bank balances | 16,698 | 11,776 | 805 | 342 |
| **Total** | **16,698** | **11,776** | **805** | **342** |

## NOTE 25 - Share capital and contributed capital

| | Group | | | |
|---|---|---|---|---|
| KSEK | Number of shares | Share capital | Other contributed capital | Total |
| **As of January 1, 2020** | **7,691,343** | **769** | **23,078** | **23,847** |
| Offsetting issue[1] | 649,792 | 65 | 19,623 | 19,688 |
| New share issue, unrestricted[2] | 567,835 | 57 | 24,600 | 25,657 |
| **As of December 31, 2020** | **8,908,970** | **891** | **67,301** | **68,192** |
| | | | | |
| Offsetting issue[3] | 1,013,413 | 101 | 44,169 | 44,270 |
| **As of December 31, 2021** | **9,922,383** | **992** | **111,470** | **112,462** |

| | Parent Company | | | |
|---|---|---|---|---|
| KSEK | Number of shares | Share capital | Other contributed capital | Total |
| **As of January 1, 2020** | **7,691,343** | **769** | **21,922** | **22,691** |
| Offsetting issue[1] | 649,792 | 65 | 19,623 | 19,688 |
| New share issue, unrestricted | 567,835 | 57 | 24,600 | 24,657 |
| **As of December 31, 2020** | **8,908,970** | **891** | **66,145** | **67,036** |
| | | | | |
| Offsetting issue[3] | 1,013,413 | 101 | 44,169 | 44,270 |
| **As of December 31, 2021** | **9,922,383** | **992** | **110,314** | **111,306** |

The share capital consists of 9,922,383 shares. The number of shares is in integers. The shares have a voting value of one vote / share.

1) The Board of Directors of Seamless Distribution Systems AB decided in 2020, subject to the approval of the Annual General Meeting, to carry out a directed offsetting issue of SEK 19.7 million to the creditors who were lenders for the company's bridge loan from 25 July 2019. At the Extraordinary General Meeting on 19 March 2020 to carry out the offset issue and it was fully subscribed so SEK 19.7 million was converted into shares.

2) SDS carried out an unrestricted new share issue in 2020 which was heavily oversubscribed. SDS received approximately SEK 26.5 million, as well as approximately 4,500 new shareholders. The final outcome of the rights issue, which was announced on September 16, 2020 (the "Offer"), shows that applications for subscription of approximately 2,111,000 shares have been received, corresponding to approximately SEK 98.4 million or 372 percent of the offered shares. The subscription price has been set at SEK 46.62 per share and the number of shares in the Offer has been set at 567,835. The Board of Directors of the Company decided on an allotment in accordance with the allotment principles set out in the information memorandum published on 16 September 2020. However, corresponding to a maximum of EUR 2.5 million (corresponding to approximately SEK 26.5 million), and aimed at the general public in Sweden. The offer entails a dilution effect of approximately 6.4 percent of the number of shares and votes in the Company. Through the offer, SDS share capital increases by SEK 56,783.50, from SEK 834 113.50 to SEK 890,897.00, and the number of shares in SDS increases by 567,835 shares, from 8,341,135 shares to 8,908,970 shares.

3) At the Annual General Meeting on April 22, 2021, the company was able to present that the offset issue, which was communicated to the market via a press release on March 17, 2021, has been fully subscribed and approved. With the offset issue, existing shareholder loans in SDS of SEK 44.2 million were converted into shares.

## NOTE 26 - Borrowing

| KSEK | Group | | Parent Company | |
|---|---|---|---|---|
| | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Long-term debt to external consortium[1] | - | 44,500 | - | 44,500 |
| Short-term debt to external consortium[2] | - | 12,754 | - | 12,754 |
| Short-term debt to Handelsbanken and EKN[3] | - | 3,780 | - | 3,780 |
| Short-term debt to Almi[4] | - | 7,140 | - | 7,140 |
| Long-term debt, Bond loans[5] | 195,254 | - | 195,254 | - |
| **Total** | **195,254** | **68,174** | **195,254** | **68,174** |

1) In May 2018, an external consortium took over Invuo's loan receivable from the Group, which amounted to SEK 35.0 million. In connection with this, SEK 3.0 million was forgiven of the assumed accrued interest. The loan has an annual interest rate of 10% which is capitalized on the loan amount and will be repaid in May 2022. At the Annual General Meeting on 22 April 2021, the company was able to present that the offset issue, communicated to the market via press release on 17 March, has been fully subscribed and approved. With the offset issue, existing shareholder loans in SDS of SEK 44.2 million were converted into shares and there in the consortium of SEK 35.0 million. In connection with the issuance of the new bond loan, the company paid SEK 10.6 million in interest to the consortium.

2) In 2019, in connection with the acquisition of eServGlobal on July 25, 2019, the company took out an acquisition loan from an external consortium. The Board of Directors decided on March 2, 2020 to carry out an offset issue of this loan. In January 2020, the Parent Company took out a loan to increase working capital of SEK 9.2 million from major shareholders. The loan originally ran for 6 months with 15% interest. Former CEO and Chairman of the Board were among the lenders. In July 2020, the loan was extended by 12 months, at the same time as the interest rate was reduced to 10%. Furthermore, SDS has a loan of SEK 3.0 million at 4% interest from private investors, where the company's former CEO and Chairman of the Board were among the lenders. The loan, which was taken to back up the Almi loan4, ran for 12 months and the loan amount, as well as capitalized interest, amounting to a total of SEK 13.1 million was repaid in May 2021. Of this SEK 13.1 million, SEK 9.2 million was converted into shares in connection with the offset issue 2021.

3) With the acquisition of eServGlobal on July 25, 2019, the Parent Company took out an acquisition loan from Handelsbanken and EKN of originally SEK 10.0 million. The loan runs for two years with an interest rate of 6.62%. Repayments and interest have been repaid in full in May 2021.

4) In July 2020, the Parent Company raised a loan of SEK 7.0 million and with an interest rate of 4% from Almi. The loan runs for 12 months and the loan amount and capitalized interest amounting to SEK 7.2 million was repaid in May 2021.

5) During the year, 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 are reported as part of interest costs. As of December 31, 2021, the carrying amount of the bond loan was SEK 195 million.

## NOTE 27 - Provisions

| KSEK | Group | | Parent Company | |
|---|---|---|---|---|
| | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Restructuring reserve | - | 1,765 | - | - |
| **Total** | **-** | **1,765** | **-** | **-** |

## NOTE 28 - Other current liabilities

| KSEK | Group | | Parent Company | |
|---|---|---|---|---|
| | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Short-term debt with Group companies | - | - | 17,842 | 12,963 |
| Other current liabilities | 15,133 | 6,182 | 611 | 480 |
| Overdraft facility[1] | - | 7,191 | - | 7,191 |
| **Total** | **15,133** | **13,373** | **18,453** | **20,634** |

1) As of December 31, 2021, the Group had an approved overdraft facility with SEB amounting to SEK 9,000 thousand and as of December 31, 2021, the Group had utilized SEK 0 thousand of the overdraft facility. On December 31, 2020, the Group had an approved overdraft facility with Handelsbanken amounting to SEK 10,000 thousand. As of December 31, 2020, the Group had utilized SEK 7,191 thousand of the overdraft facility.

## NOTE 29 - Accrued expenses and prepaid income

| | Group | | Parent Company | |
|---|---|---|---|---|
| **KSEK** | **2021-12-31** | **2020-12-31** | **2021-12-31** | **2020-12-31** |
| Accrued holiday pay debt | 1,933 | 1,990 | 362 | 208 |
| Accrued social security charges | 138 | 687 | 114 | 65 |
| Prepaid income, advance payments | 14,622 | 16,026 | 12,194 | 10,175 |
| Other accrued expenses | 7,414 | 3,367 | 6,263 | 3,108 |
| **Total** | **24,108** | **22,070** | **18,933** | **13,556** |

## NOTE 30 - Leasing agreement

The Group has three long-term contracts for office space, the first of which began on 19 April 2019 and has a term of five years. The second was added with the acquisition of eServGlobal on July 25, 2019 and has a term of approximately 6 years. The third was added with the acquisition of Riaktr and the change of office space, the contract has a term of 3 years. The right of use regarding the new office premises is reported from 19 April 2019, 25 July 2019 and 1 October 2021, respectively.

The following amounts related to leasing agreements are reported in the balance sheet:

| | Group | |
|---|---|---|
| **KSEK** | **2021-12-31** | **2020-12-31** |
| **Rights of use** | | |
| Office space | 10,436 | 10,892 |
| **Total** | **10,436** | **10,892** |
| | | |
| **Leasing liabilities** | | |
| Long-term | 7,095 | 7,987 |
| Short-term | 3,602 | 2,861 |
| **Total** | **10,697** | **10,848** |

Additional rights of use during the financial year 2021 amounted to SEK 2,463 (-) thousand.
Amounts reported in the statement of comprehensive income related to leasing agreements:

| | Group | |
|---|---|---|
| **KSEK** | **2021-12-31** | **2020-12-31** |
| **Depreciation of right of use assets:** | | |
| Office space | -2 919 | - 2 489 |
| **Total** | **-2 919** | **-2 489** |
| | | |
| Interest expenses (included in financial expenses) | -538 | -569 |
| Expenses attributable to short-term leases (included in other external costs) [1] | -2 895 | -3 589 |
| Expenses attributable to leasing agreements for which the underlying asset is of low value that are not short-term leasing agreements (included in other external costs) | - | - |

No significant variable lease payments that are not included in the lease liability have been identified. The total cash flow regarding leasing agreements during the financial year 2021 was SEK 6,486 (6,439) thousand. See maturity analysis for leasing liabilities in Note 3 Financial risk management, section Liquidity risk.

1) Expenses attributable to short-term leasing agreements for the financial year 2021 consist of leases for office premises where all agreements had a remaining leasing period of less than 12 months. As of 31 December 2021, the Group has 4 (7) short-term reading agreements.

## NOTE 31 - Business acquisitions

On May 7, 2021, 100% of the shares in Real Impact Analytics S.A. were acquired. ("Riaktr"). Riaktr is a global provider of systems for Business Intelligence ("BI") & Big Data Analytics ("BDA"). 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 goodwill is shown below:

*The acquisition analysis is preliminary and may be adjusted within 12 months from the time of acquisition.*

| Purchase price: | KSEK |
|---|---|
| Cash and cash equivalents | 120,208 |
| **Total paid purchase price** | **120,208** |

| Purchase price: | KSEK |
|---|---|
| Cash and cash equivalents | 4,187 |
| Intangible assets | 24,862 |
| Tangible fixed assets | 340 |
| Accounts receivable and other receivables | 21,961 |
| Accounts payable and other liabilities | -28,825 |
| **Total identifiable net assets** | **22,525** |

| | |
|---|---|
| **Goodwill** | **97,683** |

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 RESULTS IN ACQUIRED OPERATIONS:**

The acquired business contributed total revenues of SEK 30,933 thousand and a profit after tax of SEK 9,899 thousand to the Group for the period May 7, 2021 to December 31, 2021. If the acquisition had been completed on January 1, 2021, consolidated pro forma for revenues and earnings as of 31 December 2021 at SEK 40,874 thousand and SEK 7,086 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 current operations in the cash flow statement.

| Cash purchase price - cash outflow | 2021 JAN-DEC |
|---|---|
| Cash flow to acquire subsidiaries: | |
| Cash purchase price on the day of acquisition | 120,208 |
| Deducted: Acquired cash and cash equivalents | -4,583 |
| **Net outflow of cash and cash equivalents - investment activities** | **115,625** |

## NOTE 32 - Share-based payments

The Group has a warrant program - LTIP 2017 - which was decided at the Extraordinary General Meeting on November 27, 2017. The option premiums were paid in December 2017.

Changes in the number of outstanding share options and their weighted average exercise price in the Group and the Parent Company are as follows:

| | Parent Company | |
|---|---|---|
| **KSEK** | **2021-12-31** | **2020-12-31** |
| **As of January 1st** | | |
| Granted, option program LTIP 2017 | 350 | 350 |
| Forfeited options during the year | -324 | - |
| **As of December 31st** | **26** | **350** |

Outstanding options at the end of the year have the following expiration dates and exercise prices:

| Program | Term | Total amount | Issue price | Shares per warrant | Subscription period |
|---|---|---|---|---|---|
| LTIP 2017 | - February 1, 2023 | 26,250 | SEK 36 | 1 | 1 Feb 2021 - 1 Feb 2023 |

The warrants are held by the Company's Chief Operating Officer.

## NOTE 33 - Transactions with related parties

During the second quarter of 2018, a consortium consisting of external investors, as well as board members and management of Seamless Invuos acquired all shares in Seamless and took over the loan of SEK 35.0 million with accrued interest. Of the accrued interest taken over from Invuo, SEK 3.0 million was forgiven to Seamless. The former board members Gunnar Jardelöv, Tomas Klevbo, and former CEO Tommy Eriksson were part of the consortium. The total loan debt of SEK 35.0 million plus the capitalized interest of SEK 10.6 million was repaid in connection with the issue of the new bond loan in 2021.

In 2020, SDS's working capital loans from major shareholders were extended by SEK 9.2 million for twelve months with a new interest rate of 10%, from the previous six months and 15% interest. SDS's former CEO was among the lenders. In addition, in July 2020, the company took out a loan, which runs for twelve months and with an interest rate of just under 4 percent, from Almi of SEK 7 million, backed by a loan of SEK 3 million at 4% interest from private investors. The company's former CEO and Chairman of the Board were among the lenders. In connection with the new bond loan, SDS was able to repay the loan debt in 2021 with associated interest. The total debt of SEK 19.2 million was repaid plus interest expenses of SEK 1.0 million.

Tommy Eriksson (former CEO), Martin Schedin (CFO), Sandipan Mukherjee (COO) and Niclas Handfast (CCO) invoiced in 2021 market fees directly through their own company to SDS. Tommy Eriksson invoiced 80% of his fee and received 20% of his fee as salary. The invoiced fee is on an ongoing basis and can therefore vary between quarters. In total, these four invoiced SEK 9,922 (7,732) thousand during the year and as of last December, SEK 2,117 (1,702) thousand was unpaid by SDS.

## NOTE 34 - Significant events after the end of the reporting period

- INo significant events have been reported after the end of the reporting period.

## NOTE 35 - Other external expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021 | 2020 | 2021 | 2020 |
| Consulting costs | 22,500 | 30,059 | 59,922 | 67,887 |
| Other expenses | 29,978 | 25,963 | 15,870 | 13,222 |
| **Summa** | **52,478** | **56,022** | **75,792** | **81,106** |

## NOTE 36 - Pledged collateral and contingent liabilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| KSEK | 2021-12-31 | 2020-12-31 | 2021-12-31 | 2020-12-31 |
| Floating charge | 22,000 | 22,000 | 22,000 | 22,000 |
| **Total** | **22,000** | **22,000** | **22,000** | **22,000** |

Floating charges constitute pledged collateral of SEK 10 million regarding overdraft facilities, as well as SEK 12 million belonging to the newly raised bond loan in 2021.

## NOTE 37 - Cash flow statement

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | | | | Non-cash flow changes | | |
| KSEK | As of January 1, 2020 | Cash flows | New loans / supplements | Offsetting issue | Interest expenses | As of December 31, 2020 |
| Long-term loans | 41,000 | - | - | - | 3,500 | 44,500 |
| Overdraft facility | 8,766 | -1,575 | - | - | - | 7,191 |
| Short-term loans | 27,679 | -4,613 | - | - | 609 | 23,675 |
| Leasing liabilities | 11,538 | -690 | - | - | - | 10,848 |
| **Total** | **88,983** | **-6,878** | **-** | **-** | **4,109** | **86,214** |

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | | | | Non-cash flow changes | | |
| KSEK | As of January 1, 2021 | Cash flows | New loans / supplements | Offsetting issue | Interest expenses | As of December 31, 2021 |
| Long-term loans | 44,500 | -230 | 192,289 | -44,270 | 2,965 | 195,254 |
| Overdraft facility | 7,191 | -7,191 | - | - | - | - |
| Short-term loans | 23,675 | -23,675 | - | - | - | - |
| Leasing liabilities | 10,848 | -151 | - | - | - | 10,697 |
| **Total** | **86,214** | **-31,247** | **192,289** | **-44,270** | **2,965** | **205,951** |

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | | | | Non-cash flow changes | | |
| KSEK | As of January 1, 2020 | Cash flows | New loans / supplements | Offsetting issue | Interest expenses | As of December 31, 2020 |
| Long-term loans | 41,500 | - | - | - | 3,500 | 44,500 |
| Overdraft facility | 8,766 | -1,575 | - | - | - | 7,191 |
| Short-term loans | 27,679 | -4,613 | - | - | 609 | 23,675 |
| **Total** | **77,445** | **-6,188** | **-** | **-** | **4,109** | **75,366** |

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | | | | Non-cash flow changes | | |
| KSEK | As of January 1, 2021 | Cash flows | New loans / supplements | Offsetting issue | Interest expenses | As of December 31, 2021 |
| Long-term loans | 44,500 | -230 | 192,289 | -44,270 | 2,965 | 195,254 |
| Overdraft facility | 7,191 | -7,191 | - | - | - | - |
| Short-term loans | 23,675 | -23,675 | - | - | - | - |
| **Total** | **75,366** | **-31,096** | **192,289** | **-44,270** | **2,965** | **195,254** |

Additional information to the report on cash flows for the Group and the Parent Company is presented below.

| Group, KSEK | 2021-12-31 | 2020-12-31 |
|---|---|---|
| Exchange rate difference | -3,355 | -2,924 |
| Other | - | 1,436 |
| **Total, Group** | **-3,355** | **-1,488** |

# THE BOARD'S STATEMENT

The consolidated income statements and balance sheets will be submitted to the Annual General Meeting on April 21, 2022 for approval.

The Board of Directors and the President certify that the consolidated financial statements and the annual financial statements have been prepared in accordance with international accounting standards IFRS as adopted by the EU and give a true and fair view of the Group's position and results. The annual report and consolidated financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's position and results.

The Board of Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

Stockholm, March 17, 2022

**Leif Frykman**
*Chairman of the Board*

**Martin Roos**
*Board member*

**Pia Hofstedt**
*Board member*

**Johan Wilsby**
*Board member*

**Morten Karlsen Sörby**
*Board member*

**Mats Victorin**
*CEO*

Our auditor's report was issued on March 17, 2022
**Öhrlings PricewaterhouseCoopers AB**

**Henrietta Segenmark**
*Authorised Public Accountant*
*Principal auditor*

# AUDITOR'S REPORT

*To the general meeting of the shareholders of Seamless Distribution Systems AB (publ), corporate identity number 556979-4562*

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Seamless Distribution Systems AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 34-75 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the report on total result and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

*Audit scope*

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

*Materiality*

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Cut-off and accuracy in revenue recognition of fixed-price projects. Seamless describes this area further in Note 2.15, 4, 5 and 6 in this annual report.**<br><br>Accounting of revenues relating to projects requires, in particular when it comes to fixed price projects, that estimates must be made. Seamless applies percentage of completion accounting for fixed price projects. The revenue to be accounted for can be impacted by various circumstances. Examples of such circumstances can be changes in contractual terms, actual costs exceeding planned cost and discussions and negotiations regarding achievement of milestones may exist. Accounting of revenue from fixed price projects which span over a longer period of time lead to a higher risk for errors where revenue may be accounted for in the wrong period and/or at the wrong amount. Since project accounting requires estimates to be made errors may either occur due to conscious or unconscious errors and/or erroneous estimates. Risks related to revenue recognition of fixed-price projects have been a specific focus in our audit. | We have in our audit performed certain main activities including, though not limited to, the following:<br><br>• Testing on a sample basis that information in the project management system ties to the accounting system.<br>• Examined a selection of projects and performed a walk-through of projects with the responsible project leader, including sample-based testing of project costs against supporting documentation.<br>• The walk through of projects includes, on a random basis, verifying the existence of agreements, challenging the assessments of percentage of completion and project provisions, assessments on the aging of project balances and explanations to overdue but not paid invoices.<br>• Examination of routines and procedures to assess consistent application of accounting principles for project provisions. |
| **Valuation of Goodwill**<br>**Seamless describes this area further in Note 2.4, 4 and 16 in this annual report.**<br><br>Seamless's goodwill amounts to MSEK 98,1, a significant part of total assets. The group´s goodwill arose in connection with the acquisition of Riaktr in May 2021 and is attributable to the group's operating segments and cash-generation unit (CGU) SDS. Each year, and when indicating a decline in value, management prepares an impairment test of goodwill. The test aims to test the goodwill value, i.e., whether the book value of the asset tested exceeds its recoverable amount or not. The calculation of the impairment test is based on management's estimates and assumptions of growth of sales and operating margins, discount rate (WACC) and growth beyond the forecast period. The value calculated in the test corresponds to the value of discounted cash flows for identified cash-generating units: (CGU) SDS. Even if an entity passes the impairment test, a future development that deviates negatively from the assumptions and assessments that have been the basis for the test may lead to a need for impairment. The test performed by Seamless shows that there is no need for impairment as per 31 December 2021. | As part of our audit of Goodwill we have performed several audit measures. Our audit has included the following audit procedures but were not limited to these:<br><br>We have verified the mathematical correctness of the company's impairment testing, the correctness of the model applied, as such, and have determined if the model agrees with IFRS. We also challenged and evaluated the reasonability of significant assumptions made by management. In order to examine the model, itself, and the assumptions we have utilized valuation experts to test and evaluate the applied models and methods, as well as significant assumptions.<br><br>On a random sample basis, we have tested and challenged the details applied in the calculations against the company's budgets and financial plan prepared as per 31 December 2021. We have, then, focused on the assumptions regarding growth, margin development and the applied discount rate per cash-generating unit. We have also, where possible, evaluated and challenged against available external information. Furthermore, we have reviewed the sensitivity analysis that has been prepared by the Company in regards to the valuation of negative changes in significant parameters which, individually or on a collective basis, could imply that an impairment requirement existss. |

## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-33, 83-85 and the corporate governance statement on pages 79-81. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Seamless Distribution Systems AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Seamless Distribution Systems AB by the general meeting of the shareholders on the 22 April 2021 and has been the company's auditor since the 24 September 2014.

*Stockholm, March 17, 2022*
**Öhrlings PricewaterhouseCoopers AB**

**Henrietta Segenmark**
*Authorised Public Accountant*

# CORPORATE GOVERNANCE REPORT

This corporate governance report has been prepared by the board of Seamless Distribution Systems AB (publ) and reports on corporate governance during the financial year 2021. The corporate governance report has been prepared in accordance with ch. Section 6 of the Annual Accounts Act, since the Company has bonds admitted to trading on a regulated market. The report otherwise has the design required when the Company's shares are traded on a trading platform in accordance with ch. Section 4 b of the Securities Market Act (2007: 528). Even if the Company is not obliged to comply with the Swedish Code of Corporate Governance, this report mainly also follows the requirements of the Swedish Code of Corporate Governance. The corporate governance report has been reviewed by the company's auditor PwC.

### Corporate governance within Seamless Distribution Systems AB

SDS is a Swedish public limited company based in Stockholm whose shares are listed on First North Premier. Governance, management and control of the Company are distributed between the shareholders, the Board, the President and Group Management in accordance with applicable laws, rules, recommendations and SDD's Articles of Association and internal guidelines. The Annual General Meeting is the Company's highest decision-making body and there the shareholders exercise their voting rights. The Board and the Chairman of the Board are elected by the Annual General Meeting on the proposal of the Nomination Committee. The Board appoints the CEO. The Board of Directors' and the President's administration and the company's financial reporting are reviewed by the external auditor appointed by the Annual General Meeting. The overriding internal control instrument is the articles of association adopted by the meeting. For the work of the Board and the CEO, the Board has adopted rules of procedure and instructions. In addition, SDS has adopted internal governing documents that clarify routines and the distribution of responsibilities and powers in important relevant areas.

The Articles of Association describe the company's operations, its share capital, number of shares, and share class, distribution of votes, number of board members, and auditors, how notices are to be convened and proceedings during the Annual General Meeting and how the meeting is to be held. In the periods between the AGMs, the board of SDS AB (publ) constitutes the highest decision-making body within the company. The tasks of the Board are regulated in the Swedish Companies Act and the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting on April 22, 2021. The Articles of Association can be read in their entirety at www.sds.seamless.se.

## SHAREHOLDER

### Ownership structure

Seamless has one class of shares. Each share entitles the holder to one vote at the Annual General Meeting and all shares carry an equal right to a share in profit and an equal right to a share of any surplus in the event of liquidation. The share distribution according to Euroclear as of 31 December 2021 was a total of 9,922,383 issued shares. The following shareholders have, as of 31 December 2021, a direct or indirect shareholding in the Company, which represents at least one tenth of the voting rights for all shares in the Company: Försäkringsaktiebolaget, Avanza Pension, holds 1,697,101 shares, which corresponds to 17.1% of capital and votes.

### Annual General Meeting

The Annual General Meeting shall be held within six months after the end of the financial year and shall approve the income statements and balance sheets. Shareholders who are registered in the share register as of the record date and who have notified their participation in time are entitled to participate in the meeting. Notice is kept available on the Company's website, advertised in Post och Inrikes Tidningar and advertising in Dagens Industri. SDS AB (publ) held its Annual General Meeting on April 22, 2021. Gunnar Jardelöv was elected Chairman of the Meeting. The Annual General Meeting resolved on the following:

- Adoption of annual accounts, allocation of results and discharge from liability for the board and CEO.
- The Annual General Meeting resolved that a fee of SEK 400,000 be paid to the Chairman of the Board and to SEK 300,000 each to other Board members to other Board members who are not employees of the company.
- Martin Roos and Pia Hofstedt were re-elected as board members, as well as new election of board members Leif Frykman, Johan Wilsby and Morten Karlsen Sörby.
- Leif Frykman was newly elected Chairman of the Board.
- PricewaterhouseCoopers AB was elected as the company's auditor with Henrietta Segenmark as principal auditor.
- Fees to the auditors PricewaterhouseCoopers AB shall be paid according to an approved invoice.

In addition to the above, the 2021 Annual General Meeting resolved to amend the Articles of Association regarding limits for share capital and number of shares, the limits for the number of Board members and auditors and that the Board may decide before a Annual General Meeting that shareholders may exercise their voting rights by post before the Annual General Meeting. The Annual General Meeting also resolved to authorize the Board to, in the period up to the next Annual General Meeting on one or more occasions, decide on a new issue of shares, warrants and / or convertibles, with or without deviation from the shareholders' preferential rights. The Board shall also have the right to decide whether payment for new shares shall be made in cash or by non-cash or offsets. The number of shares that can be issued and the number of shares that can be converted / subscribed for must be able to total a maximum of a number of shares that entails an increase in the share capital of a maximum of ten (10) percent based on the total share capital in the company at the time of the Annual General Meeting. 2021. Furthermore, the AGM resolved to adopt a proposal for an offet issue of shares.

### The Nomination Committee

In accordance with the instructions for the Nomination Committee adopted at the SDS Annual General Meeting on 22 April 2021, the Company's Nomination Committee for the 2022 Annual General Meeting shall consist of the Chairman of the Board and representatives of the three largest shareholders as of September 30, 2021. The composition of the Nomination Committee was announced on September 30, 2021. with principles established by the Annual General Meeting and has the following composition:

- John Longhurst, Chairman of the Nomination Committee, representing own shares
- Lars Rodert, representing ÖstVäst kapital
- Tomas Klevbo, represents Veronica Wallman
- Leif Frykman, chairman of SDS

The Nomination Committee's task is to submit proposals to, among others, the Chairman of the Annual General Meeting, the Chairman of the Board and other Board members, as well as fees to Board members and auditors. The Nomination Committee has held 4 minuted meetings prior to the 2022 Annual General Meeting and before the date for endorsement of the annual report. After evaluation, the Nomination Committee has agreed on the proposal for the number of members, individuals and fees for the proposed persons, which will be presented at the 2022 Annual General Meeting.

The Nomination Committee's view is that the Board proposed by the Nomination Committee has a composition that is appropriate with regard to the company's operations, development stage and other conditions, characterized by versatility and breadth regarding the members' competence, experience and background.

### The auditors

The auditors of SDS have the task of auditing the Company's accounting and annual report as well as the administration of the Board of Directors and the President on behalf of the shareholders. According to the Articles of Association, SDS shall have one or two auditors with or without deputy auditors. According to law, the term of office for auditors is one year. PricewaterhouseCoopers AB, was re-elected to the Annual General Meeting in 2022. Henrietta Segenmark was appointed auditor in charge. In addition to ordinary auditing tasks, PricewaterhouseCoopers AB also assists SDS with general advice regarding accounting and taxes. It is PricewaterhouseCoopers AB's responsibility to guarantee its independence as an auditing firm in its role as advisor.

## THE BOARD

The Board manages the company's affairs in the interests of the company and all shareholders. The size and composition of the board ensures the ability to manage the company's affairs efficiently and with integrity. The Board's tasks include setting business goals and strategies, deciding on acquisitions and divestments, the company's capital supply, appointing, evaluating and deciding on remuneration to the company's CEO, ensuring that there are effective systems for monitoring and controlling the company's operations, that necessary ethical guidelines determined for the company's behavior and to evaluate the board's work. The board of SDS shall consist of a minimum of three and a maximum of eight members appointed by the general meeting. Five Board members are elected by the Annual General Meeting in 2021. The Board's rules of procedure are adopted annually at the statutory Board meeting or when required. In addition to the aforementioned tasks, the ordinance prescribes the establishment of the board's rules of procedure, instructions for the company's managing director, decision making procedures within the company, division of work and information rules between the company and the board. The Board annually monitors and evaluates the CEO's performance, including implementation of the Board's decisions and guidelines.

### The work of the board

The Board held 20 minuted meetings during the year. At these meetings, the Board dealt with, in addition to fixed points such as business situation, annual and interim reports, budget, business objectives, risks, remuneration issues to company management and follow-up, audit issues. At the statutory Board meeting, the rules of procedure for the Board and instructions for the CEO were discussed and adopted. Every year, the Chairman of the Board also initiates an evaluation of the Board's work.

### Board independence

SDS's board is judged to meet the Code's requirements for independence: All board members have an independent position in relation to the company and management. All members are independent of the company's main owners. For more information about the board members, see page 32.

### Remuneration Committee

The Board has established a remuneration committee with the task of preparing questions about salary, remuneration and other terms of employment for the CEO as well as remuneration programs of a broader nature, such as option programs for final decisions or decisions on proposals to the AGM. The Remuneration Committee decides on matters concerning salaries and remuneration and other terms of employment for all direct reporting to the CEO. The Remuneration Committee consists of the Board in its entirety.

### Audit Committee

The SDS Audit Committee consists of the Board in its entirety. The Board has chosen this approach as the company has a relatively uncomplicated operational and auditing structure. In consultation with the company's auditors, the Board has also proactively considered new recommendations in the area of accounting which may affect the company's future accounting and reporting. Twice a year, after the third and fourth quarter financial statements, the company's auditor reports his observations from the audit to the entire board. These meetings also serve the purpose of keeping the Board informed of the focus and scope of the audit, as well as discussing the coordination of the external audit, internal controls and the audit's view of the company's risks.

### Attendance

The attendance per board member at minuted meetings is reported below:

| Name | Attendance at board meetings |
|---|---|
| Gunnar Jardelöv[1] | 11/20 |
| Tomas Klevbo[1] | 11/20 |
| Martin Roos | 20/20 |
| Pia Hofstedt | 20/20 |
| Leif Frykman[2] | 9/20 |
| Johan Wilsby[2] | 9/20 |
| Morten Karlsen Sörby[2] | 9/20 |

1) Gunnar Jardelöv and Tomas Klevbo declined re-election at the Annual General Meeting in 2021.

2) Leif Frykman, Johan Wilsby and Morten Karlsen Sörby were elected at the Annual General Meeting in 2021.

### CEO and management team

The CEO leads the company within the framework of the CEO's instructions and reports monthly and quarterly to the Board regarding financial and operational progress towards financial and business-related goals established by the Board. The CEO participates in the board meetings and provides the board with the necessary information and decision documents. The company is organized into functions where each function manager is also part of the management team. The management group has meetings every other week with a standing agenda. In addition, meetings are held when necessary. Remuneration to the CEO is determined by the Board. For other senior executives in Group management, the remuneration is determined by the President after approval by the Chairman of the Board. For more information about the CEO and management team members, see pages 32-33.

## Evaluation of the Board, President and Group Management

The Board evaluates its own work annually, as well as the work performed by the President and members of Group Management, which is presented at an ordinary Board meeting. The purpose of the evaluation is to get an idea of how well-functioning the board work is and the board members' opinions on this and how the group management works according to set goals.

## The Board's report on internal control

SDS purpose of the work for internal control is:

- Ensure adequate compliance with applicable laws, regulations and ordinances.
- Ensure that the financial reporting provides a true and fair view of the company's financial situation and a fair basis for decision-making for shareholders, the board and management.
- Ensure that the company's operations are organized and conducted in such a way that financial and operational goals are achieved and that significant risks are managed in a timely manner and in an appropriate manner.

## Responsibility

The SDS board is responsible for ensuring that the company has good internal control and meets the requirements of the Swedish Companies Act and the Swedish Code of Corporate Governance. Internal control over financial reporting is an integral part of corporate governance within SDS. These controls contain processes and methods to ensure the Group's assets and the accuracy of the financial reporting, in order to protect the owners' investment in the company. The Board annually adopts rules of procedure that regulate the Board's work and handling of issues. The Board provides the CEO with CEO instructions that prescribe the issues in which the CEO may exercise his authority to act on behalf of the company after receiving the board's authorization or approval. The CEO instructions are revised annually. The Board also provides the President with instructions regarding financial reporting. In accordance with this, the President is responsible for reviewing and ensuring the quality of all financial reporting, and for ensuring that the Board otherwise receives the reporting required to be able to continuously assess the Group's financial position and risks.

The Board establishes important policies, including financial policy and business ethics guidelines.

## Risk identification and follow-up

Overall risk assessment, ie. identification and evaluation of risks of not achieving business goals, is done in connection with the company's strategy work where probability and measures are discussed with the board. This work is repeated in connection with the budget process. These risks are also evaluated on an ongoing basis and managed in the company's line organization. In reporting to the Board, the company's management provides ongoing reporting on major identified risk areas such as the company's competitive situation, credit risks and technology trends. For an overview of the company's risks and risk management, see pages 35-36 in the Board of Directors' Report.

## External reporting

The Board monitors and evaluates the quality assurance of the financial reporting through quarterly reports on the company's business and earnings development and by dealing with the Group's financial situation at each ordinary Board meeting. On two occasions each year, the company's auditor attends board meetings where the results of the audited annual accounts and financial statements for the third quarter are presented. On these occasions, any changed accounting principles that affect the company are also presented. In connection with the review of the annual accounts and the quarterly report for the third quarter, the auditor also gives his opinion on the organization's ability and the ability of the finance function. To facilitate correct external reporting and risk management, the internal system for reporting and control is built around annual financial planning, monthly reporting and ongoing follow-up of business-related key figures. The Group's finance function controls and monitors reporting as well as compliance with internal and external regulations. In addition to laws and regulations, financial policy is included in internal rules and guidelines, certification instructions, credit and accounting principles and routine descriptions. These rules and guidelines are updated as necessary. Identified risks regarding financial reporting are managed via the company's control activities. The activity-specific controls are complemented by detailed financial analyzes of results as well as follow-up against budget and forecasts, which provides an overall confirmation of the quality of the reporting.

## Internal audit

The Board annually evaluates whether there is a need to establish a special internal audit function (internal audit). The Board assessed that such a need did not exist in 2021. In its reasoning, the Board pointed out that internal control is mainly exercised through the central finance function and the management's supervisory controls.

These factors, in combination with the company's size and limited complexity, mean that the board considers that it is currently not financially defensible to have another function.

The company strives to regularly provide accurate, reliable and up-to-date financial information in accordance with current legislation, Nasdaq First North's regulations and other requirements imposed on listed companies. The financial information shall be published regularly in the form of interim reports and year-end reports, as well as in regulatory press releases containing significant news and price-affecting information, in accordance with the policy for communication and disclosure described below.

## Disclosure of information

The Board has adopted a policy for communication and information provision that sets out the guidelines for both internal and external communication and aims to ensure a good quality of the company's communication as well as to maintain a good relationship with the media and ensure that applicable legislation is complied with. SDS information and communication must provide employees, investors and the market with accurate, fast and sufficient information to be able to make a fair assessment of the company's operations, financial position and ability to fulfill its obligations at every opportunity. The Board has also adopted a policy regarding insider information in order to ensure that the company, as well as its employees and their related persons, handle insider information and its publication in a correct manner and that the Company and its employees comply with the requirements of applicable insider legislation and Nasdaq's regulations.

*Stockholm, March 17, 2022*

**Seamless Distribution Systems AB (publ)**

**The Board**

# AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

***To the general meeting of the shareholders in Seamless Distribution Systems AB (publ), corporate identity number 556979-4562***

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 79-81 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

*Stockholm, March 17, 2022*
**Öhrlings PricewaterhouseCoopers AB**

**Henrietta Segenmark**
*Authorised Public Accountant*

# FINANCIAL DEFINITIONS AND ALTERNATIVE KEY FIGURES

| | |
|---|---|
| **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. |
| **Debt / Equity ratio** | Equity in relation to total liabilities. |
| **Earnings per share** | Profit after tax in relation to the average number of shares. |
| **EBITDA** | Operating profit /l oss 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. |
| **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 profit (EBIT)** | Profit before financial items and tax. |
| **Operating margin (EBIT) %** | Profit before financial items and tax as a percentage of revenue. |
| **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. |

# INDUSTRY-SPECIFIC TERMS

| | |
|---|---|
| **e-products** | Collective terms that, for example, include prepaid cards or mobile phone time and other electronic vouchers |
| **e-TopUp** | A top-up code that directly tops up a prepaid card with a specific operator. Can not be saved for a future occasion. |
| **e-voucher** | A prepaid code of prepaid card. Can be used directly or saved for a future occasion |
| **ERS 360°** | Abbreviation for Electronic Recharge System. Refers to the transaction exchange developed by SDS |
| **HLR** | Home Location Register - The central database with all mobile phone users of a mobile operator. CPR contains, among other things, information about where the phone is located |
| **Microcredit** | Mikrokredit is a value-added service that quickly and easily gives retailers and consumers access to airtime by the retailer borrowing airtime from SDS while waiting for the retailer's inventory balance to be replenished by the telecom operator |
| **MNO** | Mobile Network Operator is a provider of wireless communication services that owns or controls all the equipment needed to sell and deliver services to an end user |
| **MOPS** | Abbreviation for Managed Operations. Refers to a solution where SDS takes responsibility for the operation and control of the ERS platform |
| **POS** | Abbreviation for Point of Sale. Refers to a point of sale and can be, for example, a cash register or a mobile phone with sales capacity |
| **Prepaid** | Prepaid card or prepaid card replenishment |
| **RVM** | 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. |
| **SMS** | Abbreviation for Short Message Service or on Swedish text messages |
| **Talk time** | A simplified collection concept for various telecommunications products for mobile telephony customers. Talk time means call minutes as well as a number of SMS or mobile data (eg 2 Gigabyte surf) or combinations thereof. |
| **Transaction** | A transaction is defined as a request from a user or a system with subsequent response from ERS 360°. A transaction can partly be value-based, ie move value in the form of airtime, information, for example provide answers to a question about e.g. balance and administrative, such as creating a new reseller. |
| **WiPOS** | A product in the SDS range. A hardware terminal similar to a credit card terminal with functionality to print a physical voucher. |

# SHAREHOLDER INFORMATION

## Annual General Meeting

The Annual General Meeting will be held on April 21, 2022 at 10:00 at Scandic Ariadne (meeting room "Ramsö"), Södra Kajen 37, 115 41 Stockholm. Shareholders who wish to participate in the Annual General Meeting must be entered in the share register kept by Euroclear Sweden AB no later than 15 April 2022. Participants must also register with Seamless Distribution Systems AB no later than 15 April 2022, at 12:00.

## Registration is made to

Seamless Distribution Systems AB (publ), Hangövägen 29, 115 41 Stockholm, e-mail to sds.info@seamless.se or by fax to 08-564 878 23. The application must contain name, personal or organization number, address, telephone number and registered shareholding.

## Dividend

The Board of Directors proposes to the Annual General Meeting to decide not to pay a dividend for the financial year 2021.

## Distribution of the annual report

The Annual Report 2021 will be published on March 18, 2022 at www.sds.seamless.se. For environmental considerations, SDS has chosen not to print and distribute the annual report.

## Reporting opportunities 2022

| | |
|---|---|
| Apr 21, 2022 | Interim report Q1 |
| Apr 21, 2022 | AGM |
| Jul 21, 2022 | Interim report Q2 |
| Okt 20, 2022 | Interim report Q3 |

All financial information is published on the SDS website: www.sds.seamless.se

Financial reports can also be ordered from SDS AB, Hangövägen 29, 115 41 Stockholm, or via e-mail, sds.info@seamless.se.

All information is published on www.sds.seamless.se immediately after publication.

## For further information, please contact:

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