

**Interim report Q2**

**2023**

# INTERIM REPORT Q2

## JANUARY - JUNE 2023

### APRIL - JUNE 2023

- The net sales amounted to 72.8 (68.9) million SEK, an increase of 5.7% compared to the same period of the previous year.
- The EBITDA result was 19.4 (15.4) million SEK, an increase of 26.1% compared to the same period of the previous year.
- The EBITDA margin was 26.7% (22.3%).
- The net income was 0.1 (-1.8) million SEK.
- The earnings per share amounted to 0.01 (-0.17) SEK.
- The cash flow for the period was -10.8 (-11.9) million SEK.

### JANUARY - JUNE 2023

- The net sales amounted to 142.2 (131.9) million SEK, an increase of 7.8% compared to the same period of the previous year.
- The EBITDA result was 33.2 (24.7) million SEK, an increase of 34.5% compared to the same period of the previous year.
- The EBITDA margin was 23.4% (18.7%).
- The net income was -4.7 (-9.7) million SEK.
- The earnings per share amounted to -0.40 (-0.95) SEK.
- The cash flow for the period was -5.5 (-7.5) million SEK.

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
Net sales	72,755	68,845	142,152	131,912	245,412
EBITDA result	19,390	15,382	33,225	24,705	9,801
EBITDA margin	26.7%	22.3%	23.4%	18.7%	4.0%
Operating profit	7,645	3,881	10,124	1,234	-48,586
Operating margin	10.5%	5.6%	7.1%	0.9%	-19.8%
Profit for the period after tax	106	-1,770	-4,689	-9,695	-75,415
Cash flow for the period	-10,849	-11,877	-5,459	-7,512	-10,619
Earnings per share, before and after dilution	0.01	-0.17	-0.40	-0.95	-7.30





## MATERIAL EVENTS DURING THE REPORTING PERIOD

### 🌐 APRIL

The changes to the terms of SDS bonds, which were previously approved by the bondholders, came into effect on April 11, 2023. The complete terms and conditions of the bonds, as amended by the changes, are available on the SDS website.

### 🌐 APRIL

In accordance with one of the conditions of the SDS bonds, the Company, through a directed share issue decided at the extraordinary general meeting on March 30, 2023, received 20 million SEK in April 2023, and the corresponding shares have been registered. With the share issue, the share capital increased by 235,294.20 SEK to 1,281,586.60 SEK through the issuance of 2,352,942 shares. The subscription price for the share issue was equal to the par value of the shares.

### 🌐 MAY

SDS was pleased to announce on May 11, 2023, that Eddy Cojulun has been appointed as the company's new CEO and will assume his new position on June 1, 2023. Eddy brings over 25 years of experience in the technology and telecommunications industry and has served as the Sales Director at Envirotainer until the company was successfully sold to new owners after a period of strong growth. Eddy succeeded Martin Schedin, who was thanked for his one-year service as interim CEO. Martin will continue in his role as CFO of the company, which he has held concurrently with the interim CEO role for the past year. In connection with his appointment, Eddy also agreed to purchase 250,000 shares from major existing shareholders at a price of 9.50 SEK. Additionally, Eddy declined the nomination to the company's board of directors.

### 🌐 MAY

The Annual General Meeting of SDS was held in Stockholm on Tuesday, May 30, 2023.

### 🌐 MAY

During the quarter, SDS won an order for a new product called "my next POS" in Benin worth 0.8 million SEK. This product addresses a crucial strategic question: where should my sales points be located? The product offers an innovative solution that allows businesses to optimize the placement of their sales points and maximize profitability based on advanced data analysis of customer behavior and sociodemographic factors.

### 🌐 JUNE

SDS, through its subsidiary Riaktr, has received an order worth 1.5 million SEK from a leading mobile operator in Madagascar for its Smart Sales and Distribution product. The order consists of an installation revenue of 0.8 million SEK and an annual recurring revenue of approximately 0.7 million SEK, with the initial order including a one-year license.

### 🌐 JUNE

In a press release, SDS announced that it has successfully won an order in Yemen. The order, worth 1.0 million SEK, includes the delivery of high-quality technology to support the telecommunications infrastructure in Yemen. SDS is proud to announce that the customer has chosen the New VAS Platform API and CVM API Change solutions. These technologies offer a range of advantages that will enhance the customer's operational efficiency and overall experience.

### 🌐 JUNE

During the quarter, SDS won a significant order in Djibouti worth 3.0 million SEK. This successful order will contribute to strengthening the customer's mobile money offering and market position in the region. As part of this order, SDS will provide increased support and dedicated hours to the customer.

# CEO'S COMMENTS

It has been 50 days since I joined Seamless, and it has been incredibly positive, filled with both learning and challenges. First and foremost, I would like to thank our customers for the opportunity to serve all of you and demonstrate our commitment to delivering in the best possible way. I also want to express my gratitude for the warm welcome I have received and the incredible team support.

Before I go on and share more about myself and my initial observations, I want to go through the quarterly results for the second quarter and the first half of the year. We continue to meet our forecast for the second quarter. Revenue for the quarter amounted to 72.8 (68.9) million SEK, and EBITDA was 19.4 (15.4) million SEK. This means that we end the first half of the year with revenue of 142.2 (131.9) million SEK and EBITDA of 33.2 (24.7) million SEK.

I want to emphasize that my journey up to this point has been built on a solid foundation of experience. Over the years, I have gained extensive knowledge and expertise in sales and the telecommunications industry. I have had the privilege of working in various global roles, which have provided me with valuable insights into different aspects of our industry.

What sets me apart is my involvement in two notable deals, which have further enriched my understanding of business dynamics. These deals have strengthened my strategic thinking and decision-making abilities, and have given me a deeper appreciation for the value of teamwork and collaboration. I firmly believe that it is our collective efforts that will pave the way for our future triumphs.

As CEO, my vision for our company is clear: to deliver exceptional results to our customers, drive growth in our current markets, expand into new markets, and continue our journey of innovation. I am committed to creating an environment that fosters creativity, accountability, rewards excellence, and promotes professional development. Together, we will strive to exceed customer expectations, seize new opportunities, and stay ahead of the competition.

During my time here, I have had the opportunity to assess our current position and identify several key areas that require immediate attention. It is crucial for us to defend and increase our recurring revenue. This means we must focus on improving customer satisfaction and retention, as well as exploring opportunities to expand our offerings to existing customers. By delivering exceptional value and providing outstanding service, we can solidify our position as a trusted partner and foster long-term relationships.

Additionally, I am convinced that it is necessary for our growth and sustainability to break into new markets. One region that carries significant potential is Latin America. Having conducted business in this region for many years, I have personally witnessed the untapped opportunities and the immense interest in our products/services. By carefully planning and adapting to the unique dynamics of this market, we can establish a strong position and capitalize on the demand.



Expanding into Latin America will require collaboration, commitment, and a thorough understanding of the local culture and business landscape. I encourage each and every one of you to contribute your insights, experiences, and expertise to help us successfully navigate this exciting venture. Together, we can unlock a world of opportunities and achieve outstanding results.

I firmly believe in this company's potential and the extraordinary talent within our team. Together, we can surpass our goals and elevate this organization to new heights.

We have everything we need to achieve amazing results: we have passion, discipline, and creativity. With these ingredients, I am confident that we will achieve greatness.

A stylized, handwritten signature in dark ink, likely belonging to Eddy Cojulan. The signature is fluid and cursive, with the first letter being a large, prominent 'E'.

**Eddy Cojulan**

*CEO, Seamless Distribution Systems AB*

# FINANCIAL OVERVIEW

## APRIL - JUNE 2023

### NET SALES

Net sales for the second quarter amounted to 72,755 (68,845) thousand SEK, an increase of 5.7% compared to the same period last year. Other operating income amounted to 7,382 (9,003) thousand SEK.

Although the order intake has been weak during the second quarter, business opportunities continue to increase, and SDS signed its first contract for the product "My next POS" during the quarter. The company has high expectations for synergistic cross-selling between "My next POS" and "Smart Sales & Distribution". During the quarter, the company was able to complete work on several orders from the previous quarter, which contributed to an increase in revenue compared to the same period last year. The company's business model implies that larger projects impact revenue and results between quarters.

### OPERATING EXPENSES

Operating expenses during the second quarter amounted to -72,492 (-73,967) thousand SEK, a decrease of -2.0% compared to the same period last year.

The decrease in operating expenses during the quarter is explained partly by reduced material and third-party costs, as well as significantly lower travel expenses as a large portion of the work has been able to be conducted remotely.

### OPERATING PROFIT

The EBITDA result for the second quarter amounted to 19,390 (15,382) thousand SEK.

The EBIT result for the quarter amounted to 7,645 (3,881) thousand SEK.

The net financial result for the quarter amounted to -6,961 (-5,370) thousand SEK. Associated interest expenses of -15,719 thousand SEK are accrued over the loan's term and recorded under interest cost accounts. The bond loan carries a floating interest rate of 3-month STIBOR plus 875 basis points, which explains the increase between quarters.

The profit before tax amounted to 684 (-1,489) thousand SEK.

The earnings per share amounted to 0.01 (-0.17) SEK.

### INVESTMENTS

During the second quarter, investments in product development amounted to 7,630 (10,747) thousand SEK. Depreciation of intangible assets amounted to -9,733 (-9,819) thousand SEK. Investments in tangible assets amounted to 630 (1,296) thousand SEK for the quarter. Depreciation of tangible assets amounted to -1,046 (-802) thousand SEK.

#### Leases (IFRS 16)

According to the standard, an asset (the right to use a leased asset) and a financial liability related to the obligation to pay lease fees should be recognized.

A right of use amounting to 5,913 thousand SEK has been recorded in the group, with depreciation of -965 thousand SEK and an interest expense of -70 thousand SEK for the quarter, both of which have replaced the lease cost. The financial liability amounts to 5,802 thousand SEK as of the end of June.

### NUMBER OF EMPLOYEES

The number of employees in the group at the end of the period was 140 (152). The majority of employees are software developers. In addition to this, SDS has approximately 146 (168) consultants, primarily located in Pakistan and Ghana.

### CASH FLOW AND FINANCIAL POSITION

The cash and cash equivalents at the end of the period amounted to 4,174 (10,259) KSEK.

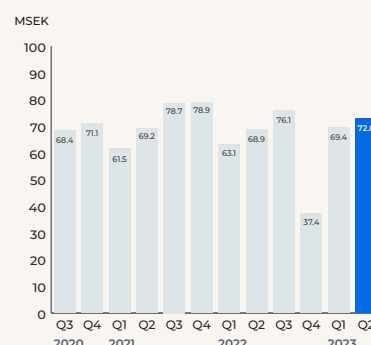
The cash flow from operating activities during the second quarter was -9,472 (-12,485) KSEK. The cash flow for the period amounted to -10,849 (-11,877) KSEK.

With the new changes in the terms of the bonds, the Company has the option to defer interest payments due in May, August, and November 2023 until the extended maturity date of the bonds. A 2% interest premium applies during the interest period preceding such interest payment date, should the Company choose to utilize this option. Due to stronger cash flow during the second quarter than projected, the Company decided not to defer the payment in May and made the payment as scheduled.

The Company's weaker cash flow during the second quarter is attributed to delivery delays and a shortage of foreign currency (USD & EUR) at the Company's customers. As the Company is currently exploring various options to secure financing by September 30th, with a minimum of 20 MSEK, and with most major delayed projects now completed, the Company's 12-month liquidity forecast looks promising. As the Company's recurring revenues increase, the Company is approaching its goal of having recurring revenues cover its fixed costs. This will reduce the uncertainty in the Company's cash generation over time.

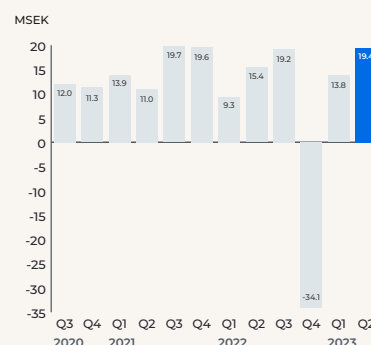
#### Net sales

**MSEK 72.8**



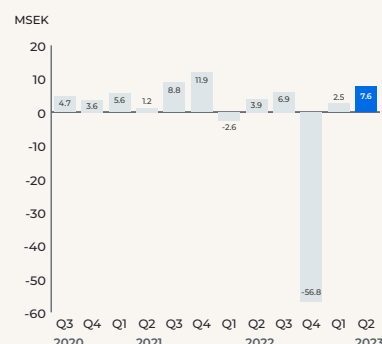
#### EBITDA result

**MSEK 19.4**



#### EBIT result

**MSEK 7.6**



# FINANCIAL OVERVIEW

## JANUARY - JUNE 2023

### NET SALES

The net revenue for the first half of the year amounted to 142,152 (131,912) KSEK, an increase of 7.8% compared to the same period last year. Other operating income amounted to 8,925 (14,320) KSEK.

The Group's revenue has continued to be positively influenced during the first half of the year by the stronger Swedish Krona against the US Dollar, as a significant portion of the Company's transactions are conducted in that currency. Despite SDD's sales decline of approximately 8.5 MSEK during the first half of the year compared to the same period last year, the Company strengthened both its support and project revenues, resulting in an increase in net revenue for the period. The Company's business model implies that larger projects impact revenues and results between quarters.

### OPERATING EXPENSES

The operating expenses for the first half of the year amounted to -140,953 (-144,998) KSEK, a decrease of -2.8% compared to the same period last year.

As a result of the sales decline compared to the comparative period, SDD's material costs have decreased, contributing to the overall decrease for the year. Additionally, the Company has continued to work on cost efficiency and savings throughout the first half of the year.

### OPERATING PROFIT

The EBITDA result for the first half of the year amounted to 33,225 (24,705) KSEK.

The EBIT result for the half-year amounted to 10,124 (1,234) KSEK.

The financial net for the half-year amounted to -13,543 (-10,222) KSEK. Associated bond expenses of -15,719 KSEK are spread over the same term as the loan and accounted for as interest expenses. The bond loan carries a variable interest rate of 3-month STIBOR plus 875 basis points, which explains the increase during the year.

The profit before tax amounted to -3,418 (-8,988) KSEK.

The earnings per share amounted to -0.40 (-0.95) SEK.

### INVESTMENTS

Investments in product development during the first half of the year amounted to 15,128 (23,057) KSEK. Depreciation of intangible assets amounted to -19,209 (-20,148) KSEK. Investments in tangible assets amounted to 1,098 (2,043) KSEK for the half-year. Depreciation of tangible assets amounted to -2,013 (-1,567) KSEK.

#### Leases (IFRS 16)

According to the standard, an asset (the right to use a leased asset) and a financial liability related to the obligation to pay lease fees should be reported.

A right-of-use asset of 5,913 KSEK has been booked in the group with depreciation of -1,879 KSEK, and an interest expense of -150 KSEK for the half-year, both of which have replaced the lease cost. The financial liability amounts to 5,802 KSEK as of the end of June.

### CASH FLOW AND FINANCIAL POSITION

At the end of the period, the cash and cash equivalents amounted to 4,174 (10,259) KSEK.

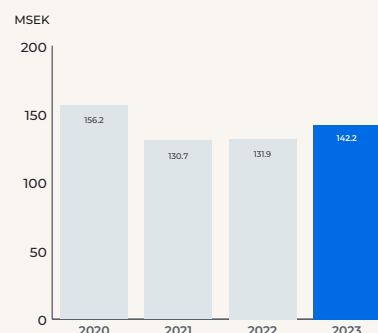
The cash flow from operating activities for the first half-year was 10,293 (7,378) KSEK. The cash flow for the period amounted to -5,459 (-7,512) KSEK.

As part of the agreements with certain shareholders, which were made in connection with changes in the terms of the bonds, the company has secured capital injections of at least 40 MSEK. In the first quarter of this year, the company received 20 MSEK and is now exploring various financing alternatives to increase the amount during the next quarter, but no later than September 30, 2023, as per the new changes in the bond terms.

The company's lower cash flow during the first half-year is attributed to delivery delays and a shortage of foreign currency (USD & EUR) among the company's customers. As the company is now exploring different options to finance itself with at least 20 MSEK by September 30th, in combination with the completion of most major delayed projects, the company's 12-month liquidity forecast looks favorable. As the company's recurring revenues increase, the company is approaching its goal of having recurring revenues cover its fixed costs. This will reduce uncertainty in the company's cash generation over time.

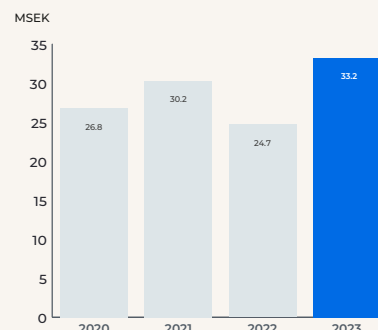
#### Net sales

**MSEK 142.2**



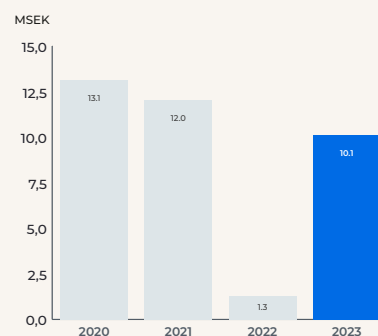
#### EBITDA result

**MSEK 33.2**



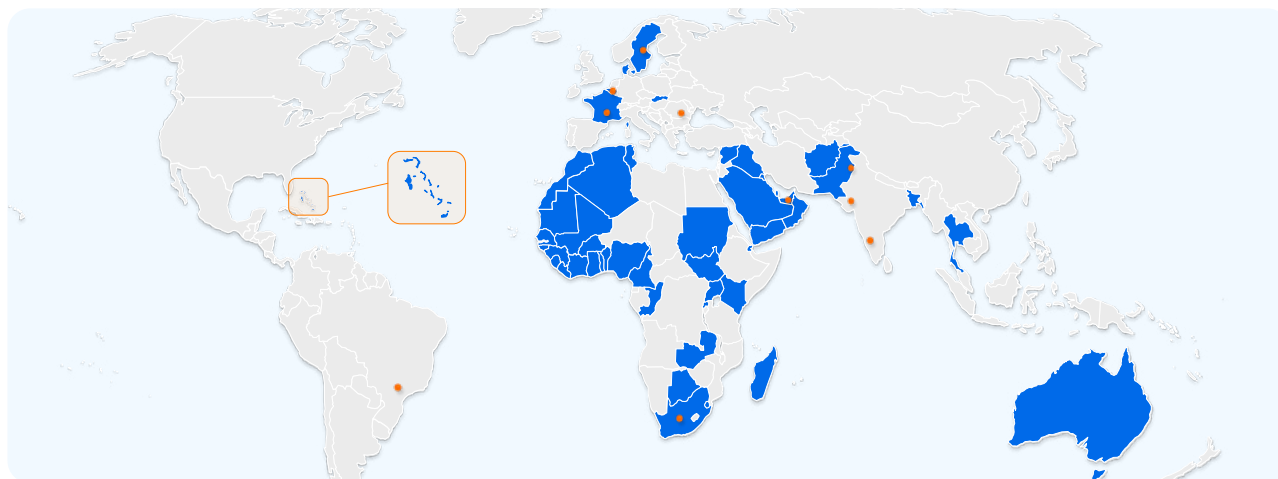
#### EBIT result

**MSEK 10.1**





# MARKET PRESENCE



**Africa**  
30 countries  
44 customers  
1 office



**Asia**  
11 countries  
14 customers  
4 offices



**Europe**  
5 countries  
17 customers  
4 offices



**North America**  
1 country  
1 customer



**Australia**  
1 country  
1 customer



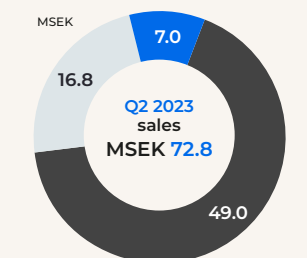
**South America**  
1 office

## SHARE PERFORMANCE



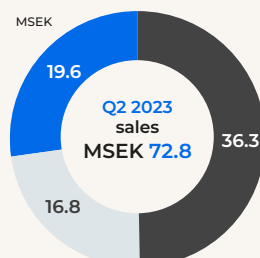
# REVENUE

## Product offering



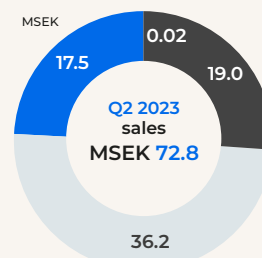
MSEK		
Riaktr	7.0	10%
SDD	16.8	23%
SDS	49.0	67%

## Revenue types



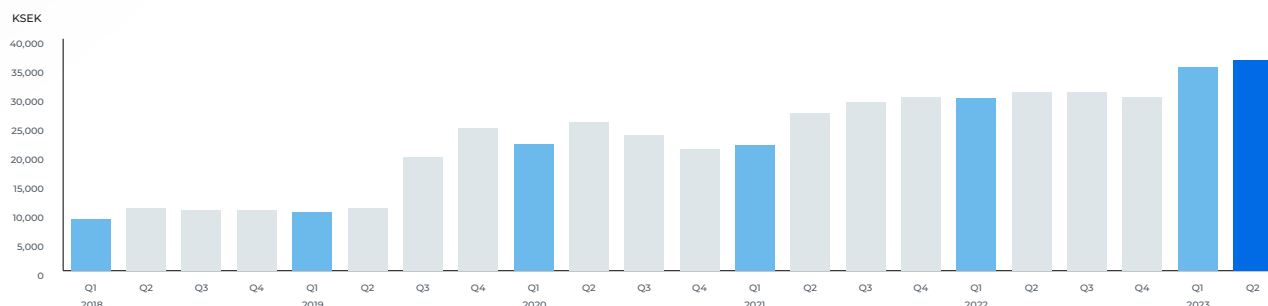
MSEK		
New sales	19.6	27%
Re-occurring revenue	16.8	23%
Recurring revenue	36.3	50%

## Geographic sales



MSEK		
Europe	17.5	24%
Africa	36.2	50%
Asia / Middle East	19.0	26%
Americas	0.02	0%

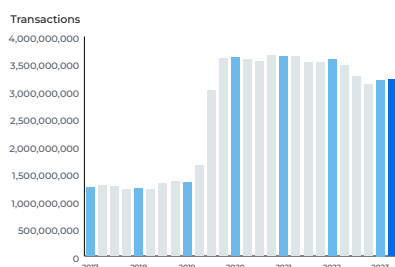
## RECURRING REVENUE



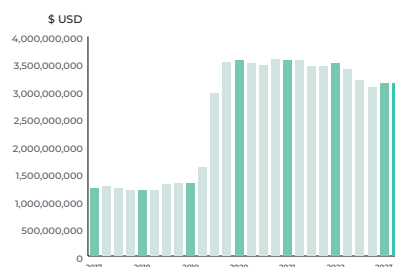
\* Reported figures are not FX-adjusted.

## TRANSACTIONS

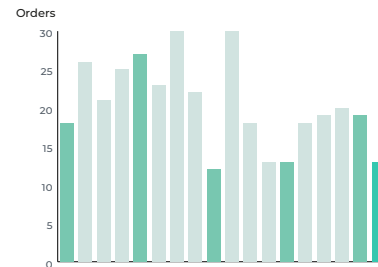
### Number of transactions handled by ERS 360 per quarter



### Monetary value managed by Seamless system per quarter



### Number of orders won per quarter





# 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

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:

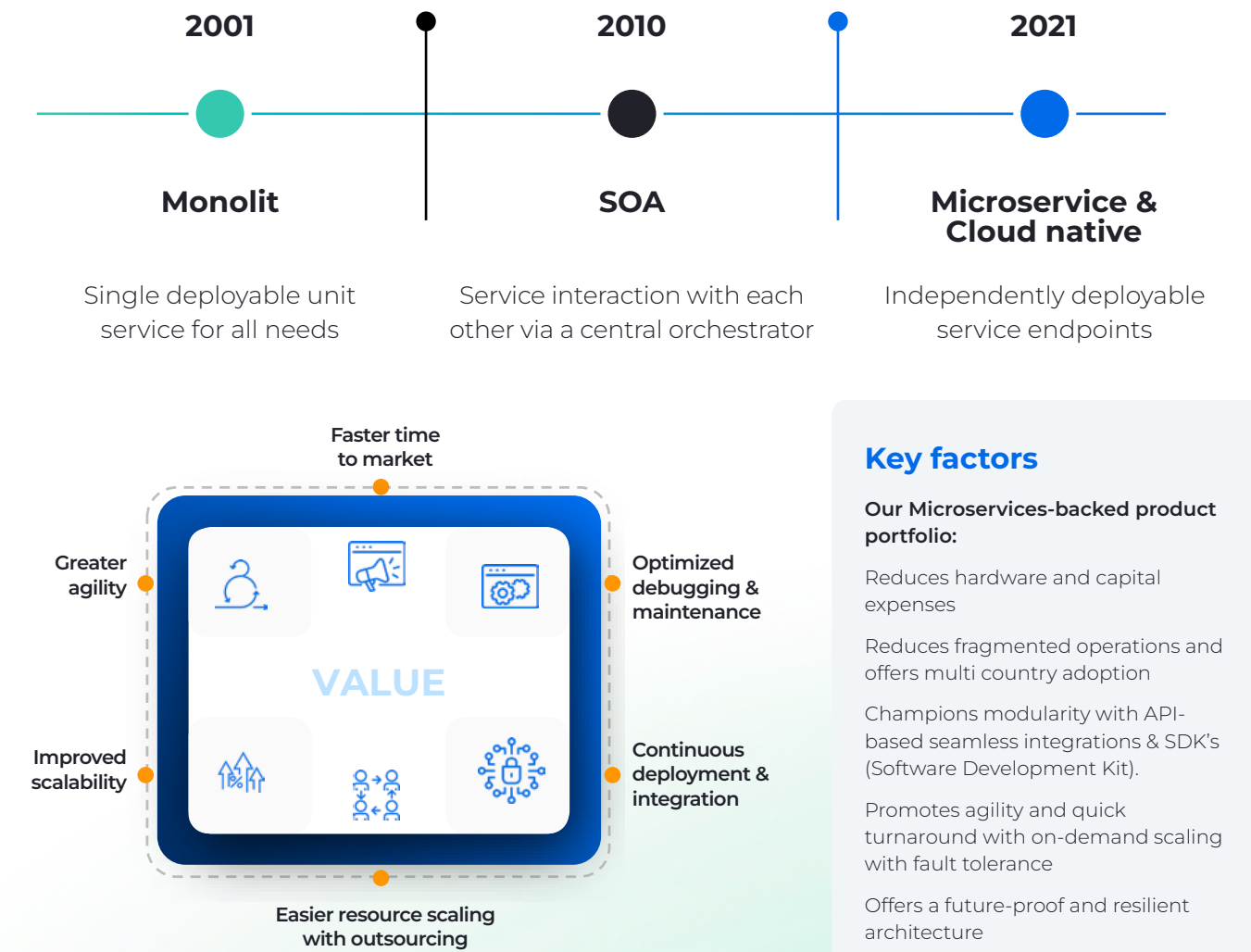
in transaction systems and makes recommendations to customers to achieve operational efficiency. The software can be easily integrated with most solutions, such as payment solutions such as payment methods for products and services.

- 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 microservice and cloud native, we have moved from a one product company to several new products. With our new product suite our market attractiveness 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.



### Key factors

#### 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

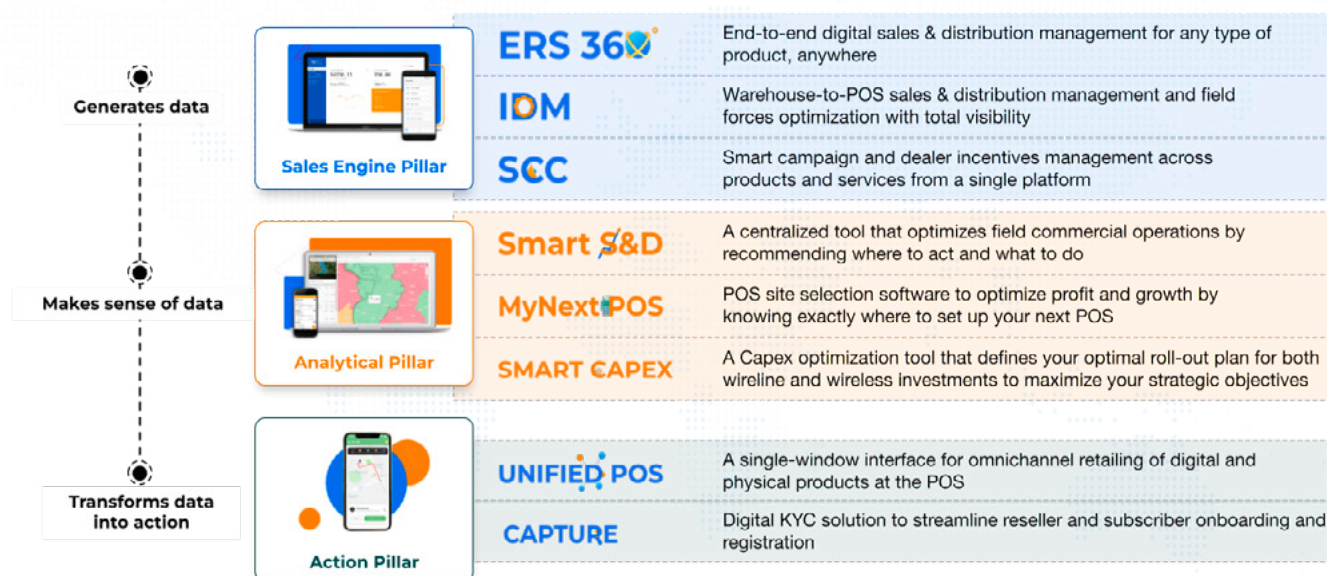
Company's customers. SDS has the organizational structure required to develop, deliver, transfer knowledge and perform technical support as well as manage and maintain the operational operation of all delivered platforms.

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.

## The Seamless RVM Suite

Turning telecom S&D into a revenue-generating engine



# CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
<b>Operating revenue</b>					
Net sales	72,755	68,845	142,152	131,912	245,412
Other operating revenue	7,382	9,003	8,925	14,320	33,837
<b>Total operating revenue</b>	<b>80,137</b>	<b>77,848</b>	<b>151,077</b>	<b>146,232</b>	<b>279,249</b>
<b>Operating expenses</b>					
Material expenses	-21,131	-24,051	-41,803	-46,715	-96,846
Other external expenses	-11,901	-14,610	-25,868	-28,140	-63,735
Personnel costs	-21,042	-19,940	-40,412	-38,463	-84,405
Depreciation and amortization	-11,745	-11,501	-23,101	-23,471	-58,387
Other operating expenses	-6,673	-3,865	-9,768	-8,209	-24,462
<b>Total operating expenses</b>	<b>-72,492</b>	<b>-73,967</b>	<b>-140,953</b>	<b>-144,998</b>	<b>-327,835</b>
<b>Operating profit/loss</b>	<b>7,645</b>	<b>3,881</b>	<b>10,124</b>	<b>1,234</b>	<b>-48,586</b>
<b>Financial items</b>					
Financial income	18	16	27	16	29
Financial expenses	-6,979	-5,386	-13,570	-10,238	-23,538
<b>Net financial items</b>	<b>-6,961</b>	<b>-5,370</b>	<b>-13,543</b>	<b>-10,222</b>	<b>-23,509</b>
<b>Profit/Loss before tax</b>	<b>684</b>	<b>-1,489</b>	<b>-3,418</b>	<b>-8,988</b>	<b>-72,096</b>
Income tax	-577	-281	-1,271	-707	-3,319
<b>Profit for the year attributable to the Parent Company's shareholders</b>	<b>106</b>	<b>-1,770</b>	<b>-4,689</b>	<b>-9,695</b>	<b>-75,415</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit for the year:</i>					
Translation differences	8,388	1,242	9,071	2,535	9,145
<b>Total comprehensive income attributable to Parent Company's shareholders</b>	<b>8,494</b>	<b>-528</b>	<b>4,382</b>	<b>-7,160</b>	<b>-66,270</b>



# CONSOLIDATED BALANCE SHEET

KSEK	2023-06-30	2022-06-30	2022-12-31
<b>Assets</b>			
Intangible assets	227,983	223,125	221,631
- of which IP rights	8,417	11,083	9,750
- of which Capitalized development costs	106,477	109,614	105,154
- of which Goodwill	113,089	102,428	106,727
Tangible fixed assets	10,097	15,094	12,567
Financial assets	1,378	1,221	1,115
Inventories of finished goods	1,718	1,741	1,951
Accounts receivable	54,102	54,208	64,058
Other receivables	49,161	35,625	35,987
Prepayments and accrued income	60,982	82,637	43,296
Cash and cash equivalents	4,174	10,259	7,234
<b>Total assets</b>	<b>409,595</b>	<b>423,909</b>	<b>387,839</b>
<b>Equity and liabilities</b>			
Equity	106,556	141,388	82,278
Other long-term liabilities	199,348	201,443	3,925
Overdraft	9,127	3,243	9,109
Trade payables	38,256	27,500	40,247
Current tax liabilities	182	555	359
Other current liabilities	8,941	13,319	220,742
Accrued liabilities and deferred income	47,186	36,461	31,180
<b>Total equity and liabilities</b>	<b>409,595</b>	<b>423,909</b>	<b>387,839</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
<b>At beginning of period</b>	<b>78,166</b>	<b>122,016</b>	<b>82,278</b>	<b>128,648</b>	<b>128,648</b>
Comprehensive income for the period	8,494	-528	4,382	-7,160	-66,270
New share issue	19,896	19,900	19,896	19,900	19,900
<b>At end of period</b>	<b>106,556</b>	<b>141,388</b>	<b>106,556</b>	<b>141,388</b>	<b>82,278</b>

## CONSOLIDATED CASH FLOW STATEMENT

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
Cash flow from operating activities before change in working capital	11,579	12,195	12,752	16,302	-31,078
Change in working capital	-21,051	-24,680	-2,459	-8,924	44,148
Cash flow from operating activities	-9,472	-12,485	10,293	7,378	13,070
Cash flow from investing activities	-16,961	-15,496	-27,245	-30,682	-49,141
Cash flow from financing activities	15,584	16,104	11,493	15,792	25,452
Cash flow for the period	-10,849	-11,877	-5,459	-7,512	-10,619
Cash and cash equivalents at beginning of period	11,185	21,373	7,234	16,698	16,698
Exchange rate differences in cash and cash equivalents	3,839	763	2,400	1,073	1,155
<b>Cash and cash equivalents at end of period</b>	<b>4,174</b>	<b>10,259</b>	<b>4,174</b>	<b>10,259</b>	<b>7,234</b>

## KEY RATIOS AND FIGURES

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
Return on equity	0.1%	-1.3%	-8.8%	-7.2%	-71.5%
Earnings per share SEK before and after dilution	0.01	-0.17	-0.40	-0.95	-7.30
Operating profit/loss, KSEK	7,645	3,881	10,124	1,234	-48,586
Growth in net sales	5.7%	-0.4%	7.8%	1.0%	-14.8%
Operating margin (EBIT)	10.5%	5.6%	7.1%	0.9%	-19.8%
Average number of shares before and after dilution	12,815,866	10,462,924	11,639,395	10,192,633	10,327,789
	12,815,866	10,462,924	11,639,395	10,192,633	10,327,789
Number of shares outstanding at end of reporting period	12,815,866	10,462,924	12,815,866	10,462,924	10,462,924
Quick ratio	167%	247%	167%	247%	51%
Equity/assets ratio	26%	33.4%	26%	33.4%	21.2%
Equity, KSEK	106,556	141,388	106,556	141,388	82,278
Equity per share	8.31	13.51	9.15	13.87	7.97
Number of employees at end of period	140	152	140	152	154





## PARENT COMPANY INCOME STATEMENT

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
Net sales	33,845	26,671	66,926	48,540	102,760
Other operating revenue	7,096	8,604	8,448	13,715	29,147
Operating expenses	-36,588	-35,581	-71,319	-71,790	-182,852
Operating profit/loss	4,354	-306	4,055	-9,534	-50,945
Net financial items	-7,385	-5,260	-13,799	-10,346	-23,393
Profit/Loss after financial items	-3,031	-5,566	-9,744	-19,881	-74,339
Income tax	-188	-193	-569	-436	-970
<b>Net profit/loss for the period</b>	<b>-3,219</b>	<b>-5,759</b>	<b>-10,313</b>	<b>-20,317</b>	<b>-75,309</b>

## PARENT COMPANY BALANCE SHEET

KSEK	2023-06-30	2022-06-30	2022-12-31
<b>Assets</b>			
Fixed assets	192,397	199,721	190,616
Current assets	140,900	144,778	129,981
<b>Total assets</b>	<b>333,297</b>	<b>344,499</b>	<b>320,597</b>
<b>Equity and liabilities</b>			
Equity	53,495	98,903	43,912
Long-term liabilities	196,005	198,883	-
Current liabilities	83,797	46,713	276,685
<b>Total equity and liabilities</b>	<b>333,297</b>	<b>344,499</b>	<b>320,597</b>
Pledged assets	22,000	22,000	22,000
Contingent liabilities	none	none	none

# SEGMENT INFORMATION

Seamless's operations consist of two business units –

**Seamless Distribution Systems AB (SDS)** and **Seamless Digital Distribution AB (SDD)**

## Net sales

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
SDS	56,624	47,728	109,578	90,636	163,659
SDD	16,808	21,749	33,929	42,506	84,362
Intra-Group support fee <sup>1)</sup>	-677	-632	-1,355	-1,230	-2,609
<b>Seamless Group</b>	<b>72,755</b>	<b>68,845</b>	<b>142,152</b>	<b>131,912</b>	<b>245,412</b>

## Operating profit

KSEK	2023 APR-JUN	2022 APR-JUN	2023 JAN-JUN	2022 JAN-JUN	2022 JAN-DEC
SDS	7,925	3,987	10,828	1,468	-48,116
SDD	397	526	651	996	2,139
Intra-Group support fee <sup>1)</sup>	-677	-632	-1,355	-1,230	-2,609
<b>Seamless Group</b>	<b>7,645</b>	<b>3,881</b>	<b>10,124</b>	<b>1,234</b>	<b>-48,586</b>

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

**Seamless**  
Distribution Systems

## OM SEAMLESS DISTRIBUTION SYSTEMS (SDS)

SDS is a Swedish international software company that specializes in mobile payment services for mobile operators, distributors, retailers and consumers. SDS ensures that telecom operators can sell talk time, data and additional services where SDS products and services handle up to 90% of the Telecom operator's sales. Today, SDS has implemented solutions in fintech, advanced analytics and Retail Value Management and where these solutions have been successful, they are converted into so-called SaaS solutions.

SDS has approximately 285 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, United Arab Emirates, Pakistan, and India. SDS processes over 15 billion transactions annually, worth over \$14 billion. Through more than 3 million monthly active resellers of digital products, indirectly, SDS serves over 1.1 billion consumers globally.

SDS shares are listed on Nasdaq First North Premier.

 **Seamless**  
Digital Distribution

## OM SEAMLESS DIGITAL DISTRIBUTION (SDD)

SDD sells airtime in the Nordic region to retailers in the retail industry, including major chains and smaller independent kiosks. SDD delivers complete end-to-end solutions that not only consist of the final digital product but also the technology that enables a simple and fast sales process for the retailer.

SDD's main offering includes electronic products such as prepaid mobile top-ups and payment solutions for online payments. The company's services are tailored and customized to meet individual customer needs, enabling sales through various channels such as the customer's own point-of-sale system or through a terminal or web solution provided by SDD. The core platform ERS360°, used in SDS offerings, is also utilized in SDD's offerings. The platform handles approximately three and a half million transactions annually, with an estimated value of SEK 450 million, in the two markets where SDD operates, Sweden and Denmark. SDD has one employee and serves over 2,000 sales points.

# NOTES

Seamless Distribution Systems AB (publ) is a Swedish public company, (corporate identity number 556979-4562) based in Stockholm, Sweden. The SDS shares are listed on Nasdaq Stockholm, First North Premier.

## NOTE 1 - RISKS AND ACCOUNTING PRINCIPLES

### RISKS AND UNCERTAINTIES

Seamless's operations are affected by a number of external factors where various risk factors can affect the company. These risk factors can have an impact on the company's ability to achieve business goals and financial goals. The risks SDS identified as significant to the business are as follows: Market risks including political risks and the dependence on a few large customers. Operational risks include increased competition, changes in laws and regulations, the ability to retain and attract key employees, technological development, the ability to retain and attract customers, corruption and unethical business practices. Financial risks: includes financing, liquidity, credit, interest rate and currency risks.

For a detailed description of the risk factors that are deemed to be of significant importance for the Group's future development, please refer to the annual report for 2022, pages 35-36. Management's assessment is that there are no significant changes in the risk assessment made in the annual report for 2022.

### ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as presented in the consolidated financial statements for 2022. The Group's functional currency is Swedish kronor, which is also the reporting currency. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The parent company's summary financial statements have been prepared in accordance with the Annual Accounts Act, as well as RFR 2 Accounting for Legal Entities. The IASB has published amendments to standards effective from 1 January 2023 or later. These additions have not had any significant impact on SDS's financial reports.

## NOTE 2 - DISTRIBUTION OF NET SALES

KSEK	SDS	
	2023 JAN-JUN	2022 JAN-JUN
Retail Value Management (RVM)	35,454	13,340
Mobile Financial Services (MFS)	13,411	21,575
Analytics	59,358	54,491
<b>SDS total</b>	<b>108,223</b>	<b>89,406</b>

KSEK	SDD	
	2023 JAN-JUN	2022 JAN-JUN
Etop-up	33,445	41,460
Bank systems	432	868
Other	52	179
<b>SDD total</b>	<b>33,929</b>	<b>42,506</b>

## NOTE 3 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2023 JAN-JUN	2022 JAN-JUN
Africa	69,563	57,715
Middle East and Asia	37,037	29,647
Other	1,623	2,044
<b>SDS total</b>	<b>108,223</b>	<b>89,406</b>

KSEK	SDD	
	2023 JAN-JUN	2022 JAN-JUN
Sweden	28,497	37,670
Denmark	5,418	4,778
Other	14	39
<b>SDD total</b>	<b>33,929</b>	<b>42,506</b>

## NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

The company has no existing transactions with related parties.



# OTHER INFORMATION

## AUDIT

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

## ADVISERS

The company's Certified Adviser is FNCA Sweden AB.

**Telephone:** 08-528 00 399

**E-mail:** [info@fnca.se](mailto:info@fnca.se)

## DISTRIBUTION OF INFORMATION

All information is published on the company website, [www.sds.seamless.se](http://www.sds.seamless.se), immediately after it has been made public.

Financial reports can also be ordered from SDS AB, Hangövägen 29, 115 41 Stockholm, or by e-mail to [sds.info@seamless.se](mailto:sds.info@seamless.se).

## FINANCIAL CALENDAR

Interim report Q3 2023	2023-10-19
Year-end report Q4 2023	2024-02-15

The interim report of Seamless Distribution Systems for January to June has been approved for publication according to the board decision on July 19, 2023. The board of directors and the CEO of Seamless Distribution Systems AB (publ) assure that the interim report provides a fair overview of the parent company's and the group's operations, financial position, and results, and describes the material risks and uncertainties faced by the company and the companies within the group.

Stockholm, July 19, 2023

**Mats Andersson**

**Martin Roos**  
*Chairman of the board*

**Tomas Klevbo**

**Eddy Cojulun**  
*Acting CEO*

## For further information, please contact:



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# FINANCIAL DEFINITIONS AND ALTERNATIVE KEY RATIOS

<b>Analytics</b>	Collective name for Smart Capex and Smart Sales & Distribution.
<b>Adjusted EBITDA margin, adjusted for acquisition costs</b>	Operating profit before amortization of tangible and intangible assets and financial items as a percentage of income where acquisition costs for the period have been deducted.
<b>Adjusted EBITDA result, adjusted for acquisition costs</b>	Operating profit before amortization of tangible and intangible assets and financial items where acquisition costs for the period have been deducted.
<b>Adjusted profit after tax, adjusted acquisition costs</b>	Profit after financial items and tax where acquisition costs for the period have been deducted.
<b>Average number of shares</b>	Weighted average number of shares outstanding during the period.
<b>Cash liquidity</b>	Cash and cash equivalents including short-term investments and short-term receivables in relation to short-term liabilities.
<b>Earnings per share</b>	Profit after tax in relation to the average number of shares.
<b>EBITDA</b>	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items.
<b>EBITDA %</b>	Operating profit/loss before depreciation and amortization of tangible and intangible assets and financial items as a percentage of revenue.
<b>Equity per share</b>	Equity in relation to the total number of outstanding shares.
<b>EV/EBITDA</b>	Enterprise Value / Profit before interest expenses, taxes, write-downs and depreciation. EV = Market capitalization + net debt. EBITDA = Profit before interest expenses, taxes, impairment losses and depreciation. Market value = Share price * Number of Shares.
<b>MFS</b>	Abbreviation for Mobile Financial Services. Refers to Microcredit and "Mobile wallet".
<b>Microcredit</b>	Mikrokredit is a value-added service that quickly and easily gives retailers and consumers access to talk time by the retailer borrowing talk time from SDS while waiting for the retailer's inventory balance to be replenished by the telecom operator.
<b>Net sales growth</b>	Sales for the period in relation to sales for the previous period.
<b>Operating margin (EBIT)%</b>	Profit before financial items and tax as a percentage of revenue.
<b>Operating margin (EBIT)%, adjusted for acquisition costs</b>	Profit before financial items and tax as a percentage of income where acquisition costs for the period have been deducted.
<b>Operating profit (EBIT)</b>	Profit before financial items and tax.
<b>Operating profit (EBIT), adjusted for acquisition costs</b>	Profit before financial items and tax where acquisition costs for the period have been deducted.
<b>P/B</b>	Share price / Equity per share
<b>P/EBITDA</b>	Share price / EBITDA = Profit before interest expenses, taxes, write-downs and depreciation.
<b>P/S</b>	Share price / Turnover Per Share
<b>Profit after tax</b>	Profit after financial items and tax.
<b>Return on equity</b>	Profit after tax in relation to average equity.
<b>RVM</b>	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.
<b>Solidity</b>	Equity including minority in relation to total assets.
<b>Withholding tax</b>	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.