

Interim report for the period January 1 – June 30, 2022

Press release 2022-07-21

April – June

- Net sales amounted to SEK 68.9 (69.2) million, a decrease of -0.4% compared to the same period last year.
- EBITDA earnings amounted to SEK 15.4 (11.0) million.
- EBITDA margin amounted to 22.3% (16.0%).
- Profit after tax amounted to SEK -1.8 (-4.8) million.
- Earnings per share amounted to SEK -0.17 (-0.51).
- Total cash flow amounted to SEK -11.9 (31.3) million.

January – June

- Net sales amounted to SEK 131.9 (130.7) million, an increase of 1.0% compared to the same period last year.
- EBITDA earnings amounted to SEK 24.7 (25.0) million.
- EBITDA margin amounted to 18.7% (19.1%).
- Profit after tax amounted to SEK -9.7 (-1.2) million.
- Earnings per share amounted to SEK -0.95 (-0.13).
- Total cash flow amounted to SEK -7.5 (32.2) million.

Quarterly comments

Chairman's comments

During the second quarter of the year, both the former chairman Leif Frykman and former CEO Mats Victorin resigned from their posts. Such management changes sometimes have a negative impact on the business, but I believe that SDS has continued to be strong despite the uncertainty that such changes can bring. We have a competent organization that works very closely with our customers and over 95% of our resources are located outside Sweden.

The work of recruiting a new CEO is in full swing, but these processes take time. Therefore, it is very comforting and gratifying that SDS's longtime CFO, Martin Schedin, has agreed to temporarily step into the role of CEO. I and the entire board are working closely together with Martin and the company's management to accelerate our product and growth strategy with continued improved profitability and cash flow as an objective.

Martin Roos
Chairman of the board, Seamless Distribution Systems AB

CEO's comments

Interest in our services and our systems has remained strong during the second quarter of the year. Uncertainty in the market situation has delayed certain investment decisions from our customers however, we have not noted a slowdown in transactions or business activities. We are therefore optimistic and believe that investment decisions are only delayed, and we expect the situation to return to normal during the second half of the year.

Sales during the quarter amounted to SEK 68.9 (69.2) million. Our EBITDA was SEK 15.4 (11.0) million. The result is lower than our ambitions and a direct consequence of the troubled world situation that led to some delays at our customers.

At the same time, I would like to emphasize that business activity has been high and that we have closed several deals during quarter, with both existing and new customers. The quarter ended strongly with an order worth 8.0 MSEK from an existing customer in Dubai, but we have also done major business with customers in Nigeria, Zambia, and Djibouti to name a few.

We continue to enter new markets and our expanded product portfolio has continued to attract a great interest. The technology shift from Service Oriented Architecture (SOA) to Microservices has made us to a more relevant partner for more operators. We are now entering the future with more products than before and thus expecting increased opportunities to enter new markets and expand our relationship with one of our existing customers. We are convinced that our new offer Retail Value Management (RVM), effectively manages the mobile operators' entire distribution value chain and will generate more business with both existing and new customers.

At the same time, work continues the integration of Riaktr. The product portfolio that came from the acquisition of Riaktr is now a natural and strategically important part of RVM, but at the same time continues to create its own business opportunities. An example of this is the deal that Riaktr made with a new customer in Senegal in mid-May. The deal is made with one of Senegal's leading operators and includes the Smart S&D product, which allows the mobile operator to manage their sales distribution channels efficiently with using advanced analytics and AI via a very simple and user-friendly interface.

In conclusion, I would like to thank all the employees who continued to deliver despite the challenging markets and the recent management changes. I believe our philosophy of strong customer focus and a hard-working culture will continue to make us a very strong organization. I thus have great confidence in the future, both in the short and long term.

I wish you all a wonderful summer!

Martin Schedin
Acting CEO, Seamless Distribution Systems AB

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Seamless

Distribution Systems

About Seamless Distribution Systems AB (SDS)

SDS is a Swedish international software company that specializes in mobile payment services for mobile operators, distributors, retailers, and consumers. SDS ensures that Telecom operators can sell their telephone subscriptions, where SDS products and services handle up to 90% of the Telecom operators' sales. Today, SDS have implemented solutions in fintech, advanced analysis and retail value management, and where these solutions have succeeded, they are transformed into so-called SaaS solutions.

Following the acquisition of Riaktr, SDS has approximately 320 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, Ivory Coast, United Arab Emirates, Pakistan, India, and Indonesia.

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

SDS shares are listed on Nasdaq First North Premier.

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