

**Year-end report Q4**

**2023**

# YEAR-END REPORT Q4

## JANUARY - DECEMBER 2023

### OCTOBER - DECEMBER 2023

- The net sales amounted to 58.4 (37.4) MSEK, an increase of 56.1% compared to the same period last year.
- The EBITDA result amounted to 16.1 (-34.1) MSEK, an increase of 147.0% compared to the same period last year.
- The EBITDA margin was 27.5% (-91.2%).
- The net profit amounted to -3.0 (-65.9) MSEK.
- The earnings per share amounted to -0.20 (-6.30) SEK.
- The period's cash flow amounted to -9.5 (-2.8) MSEK.

### JANUARY - DECEMBER 2023

- The net sales amounted to 264.7 (245.4) MSEK, an increase of 7.9% compared to the same period last year.
- The EBITDA result amounted to 62.0 (9.8) MSEK, an increase of 532.5% compared to the same period last year.
- The EBITDA margin was 23.4% (4.0%).
- The net profit amounted to -16.0 (-75.4) MSEK.
- The earnings per share amounted to -1.25 (-7.30) SEK.
- The period's cash flow amounted to -4.1 (-10.6) MSEK.

## MATERIAL EVENTS DURING THE QUARTER

### 🌐 NOVEMBER

Seamless Distribution Systems AB ("SDS") utilized its opportunity to defer an interest payment of 6.4 million SEK on the bond loan that was due for payment in November 2023. An interest rate increase of 2% applies during the deferral period for the portion that is deferred. The deferral of the interest payment is made in accordance with the renegotiated bond terms dated April 11, 2023.

### 🌐 DECEMBER

SDS received conditional approval for listing on the Nordic SME on the Nordic Growth Market, Stockholm ("NGM"). The first trading day was January 8, 2024. This means that SDS has changed its marketplace from Nasdaq First North Premier.

## MATERIAL EVENTS AFTER THE REPORTING PERIOD

### 🌐 JANUARY

SDS received an order, totaling 8.8 million SEK, from an existing customer who is one of the leading mobile operators in Oman. The order involves Seamless developing software and services to enhance the products offered by the operator to its end customers.

### 🌐 FEBRUARY

SDS and Emida Technologies, two major global leaders in telecom sales and distribution, proudly announce a strategic partnership to expand across Latin America. This collaboration signifies a significant milestone for both companies as they come together to influence the regional markets.

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
Net sales	58,427	37,435	264,747	245,412
EBITDA result	16,054	-34,133	61,991	9,801
EBITDA margin	27.5%	-91.2%	23.4%	4.0%
Operating profit	6,198	-56,754	17,039	-48,586
Operating margin	10.6%	-151.6%	6.4%	-19.8%
Profit for the period after tax	-3,017	-65,864	-16,012	-75,415
Cash flow for the period	-9,487	-2,809	-4,117	-10,619
Earnings per share, before and after dilution	-0.20	-6.30	-1.25	-7.30



# CEO'S COMMENTS

First and foremost, I want to express my gratitude to our customers, our shareholders, and, most importantly, our employees for their continued support during what has been a challenging year where we have relentlessly focused on rebuilding our business model for profitable and cash-generating growth.

Though we've made significant progress, this hasn't been an easy task. In the fourth quarter, revenues amounted to 58.4 (37.4) million SEK, with EBITDA at 16.1 (-34.1) million SEK. This results in us concluding the year 2023 with a turnover of 264.7 (245.4) million SEK and EBITDA of 62.0 (9.8) million SEK. We continue to enhance the efficiency and accuracy of our deliveries, despite our increased focus on pricing and costs in new contracts slowing down order intake during the year and affecting our figures.

As we work through the final stages of our transformation, it is truly gratifying to see how the net sales of our core business (excluding SDD) grew from 161 million SEK to 208 million SEK during 2023 compared to the previous year, with clear improvements in EBITDA%, driven by increasing recurring revenues and greater cost efficiency. The recently won order, worth 8.8 million SEK from a customer in Oman, is further evidence of our transformation towards lower project-related risk, higher and more predictable margins, and strengthened cash flows. I also have high expectations that in 2024, we will accelerate the pace of converting sales opportunities into won orders. Our recently announced partnership with Emida Technologies will open up opportunities for further growth in both project-based and recurring revenues - a growth that should enable our solid EBITDA margin to lead us back to net profit.

Emida Technologies operates in the same industry segment as us but with a more limited portfolio and geographic presence. Currently, Emida is very strong in Latin America, where we currently lack significant presence, and they see opportunities to leverage the strength of our product portfolio to drive increased sales with their existing customer base and to break into new customers. When I joined SDS over six months ago, I promised that SDS would establish itself in South America, and this partnership will take us there.



Finally, I want to thank our shareholders for supporting us with additional capital during 2023. We intend to repay the trust by delivering a 2024 with sufficient cash and margin generation so that, in a manner that benefits the shareholders, we will be in a good position for the refinancing of the bond in 2025. Hopefully, we will also receive support from falling interest rates during the year.

In summary, we are aware of the challenges ahead of us, but we are committed to continuing our efforts to strengthen our company and achieve our long-term goals of profitable and cash-generating growth.



**Eddy Cojulan**  
CEO, Seamless Distribution Systems AB

# FINANCIAL OVERVIEW

## OCTOBER - DECEMBER 2023

### NET SALES

The net sales during the fourth quarter amounted to 58,427 (37,435) KSEK, an increase of 56.1% compared to the same period the previous year. Other operating income amounted to 7,943 (5,027) KSEK.

SDD's sales decline of approximately 12 million SEK between the comparative periods negatively impacted the Company during the quarter. The Company's strengthened support and project revenues are contributing factors to the increase during the quarter compared to the same period the previous year. However, the Company was negatively affected by the declining exchange rates in EUR and USD during the quarter compared to previous quarters in 2023. This gives a misleading picture of the Company's recurring revenues, which have actually strengthened during the year but are now showing a negative trend.

The Company's business model involves larger projects affecting revenues and results between quarters.

### OPERATING EXPENSES

The operating expenses during the fourth quarter amounted to -60,171 (-99,216) KSEK, a decrease of -39.4% compared to the same period last year.

The decreased operating expenses for the quarter are explained, similar to the previous quarter, by reduced costs in SDD due to the sales decline between the comparative periods. Reduced travel and consultancy costs are also contributing factors. Additionally, the evaluation of capitalized development costs resulted in an impairment of approximately 10 million SEK in 2022, which did not affect the costs during the fourth quarter of 2023.

### OPERATING PROFIT

The EBITDA result for the fourth quarter amounted to 16,054 (-34,133) KSEK.

The EBIT result for the quarter amounted to 6,198 (-56,754) KSEK.

The financial net in the quarter amounted to -8,777 (-6,763) KSEK. Associated bond costs of -15,719 KSEK are amortized back at the same rate as the loan's term and are recorded under interest expense accounts. The bond loan carries a floating interest rate of 3-month STIBOR plus 875 basis points, where the floating interest rate explains the increase between the quarters.

The profit before tax amounted to -2,579 (-63,517) KSEK.

The earnings per share amounted to -0.20 (-6.30) SEK.

### INVESTMENTS

During the fourth quarter, investments in product development amounted to 7,499 (9,547) KSEK. Depreciation of intangible assets amounted to -8,162 (-10,917) KSEK, and impairments of intangible assets amounted to 0 (-9,933) KSEK. Investments in tangible assets amounted to 458 (261) KSEK for the quarter. Depreciation of tangible assets amounted to -892 (-836) KSEK.

#### Leases (IFRS 16)

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

A right-of-use asset of 3,825 KSEK has been booked in the group with depreciation of -802 KSEK, and an interest expense of -39 KSEK for the quarter, both of which have replaced the lease expense. The financial liability amounts to 3,506 KSEK as of the end of December.

### NUMBER OF EMPLOYEES

The number of employees in the group at the end of the period was 230 (154). The majority of employees are software developers. Additionally, SDS has approximately 39 (177) consultants. The company has previously had a close collaboration with a consulting firm in Pakistan, during the third quarter of this year, these consultants have been offered employment in the company's subsidiary in Pakistan.

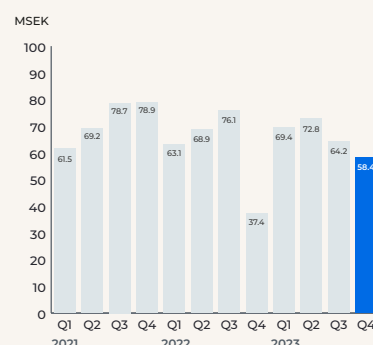
### CASH FLOW AND FINANCIAL POSITION

The cash and cash equivalents amounted to 3,704 (7,234) KSEK at the end of the period.

The cash flow from operating activities during the fourth quarter amounted to -5,454 (-6,481) KSEK. The period's cash flow amounted to -9,487 (-2,809) KSEK.

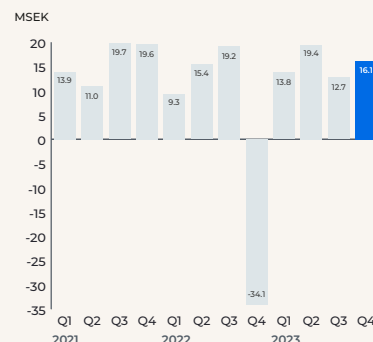
#### Net sales

**58.4 MSEK**



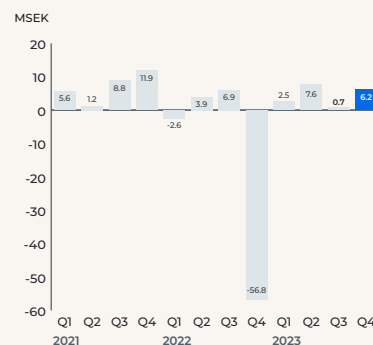
#### EBITDA result

**16.1 MSEK**



#### EBIT result

**6.2 MSEK**



# FINANCIAL OVERVIEW

## JANUARY - DECEMBER 2023

### NET SALES

The net sales for the twelve months of the year amounted to 264,747 (245,412) KSEK, an increase of 7.9% compared to the same period the previous year. The net sales for the core business, SDS, amounted to 208,300 (161,050) KSEK, an increase of 29.3% compared to the same period the previous year.

Other operating income amounted to 26,139 (33,837) KSEK.

Despite SDD's sales decline of approximately 28 million SEK over the twelve months of the year compared to the same period the previous year, the company shows an increase in its turnover for the year.

When reporting the net sales for the full year, the Group was negatively affected by the weaker krona, as a large part of the company's transactions are made in the currencies EUR and USD. Although the effects of the declining exchange rates and SDD's sales decline have negatively affected the company, SDS demonstrates its improved efficiency and accuracy in deliveries, as the turnover between the comparative periods resulted in an increase. During the year, the company has been able to complete the work on the backlog in new sales order stock carried over from 2022 and also worked on projects won during the year.

### OPERATING EXPENSES

The operating expenses for the twelve months of the year amounted to -273,847 (-327,835) KSEK, a decrease of -16.4% compared to the same period last year.

The decrease in the company's operating expenses is explained, among other things, by the impairment of intangible assets that the company made in 2022 and which does not affect the costs in 2023. The company has become more product-focused during the year and has spent less time on research & development. Reduced travel and license costs also contribute to the change, and SDD's sales decline compared to the comparative period reduces the reported material costs.

### OPERATING PROFIT

The EBITDA result for the twelve months of the year amounted to 61,991 (9,801) KSEK.

The EBIT result for the twelve months of the year amounted to 17,039 (-48,586) KSEK.

The financial net for the twelve months of the year amounted to -30,804 (-23,509) KSEK. Associated bond costs of -15,719 KSEK are amortized back at the same rate as the loan's term and are recorded under interest expense accounts. The bond loan carries a floating interest rate of 3-month STIBOR plus 875 basis points, where the floating interest rate explains the increase during the year.

The profit before tax amounted to -13,765 (-72,096) KSEK.

The earnings per share amounted to -1.25 (-7.30) SEK.

### INVESTMENTS

During the twelve months of the year, investments in product development amounted to 30,371 (45,723) KSEK. Depreciation of intangible assets amounted to -37,030 (-41,473) KSEK, and impairments of intangible assets amounted to 0 (-9,933) KSEK. Investments in tangible assets amounted to 2,440 (2,840) KSEK for the year. Depreciation of tangible assets amounted to -4,271 (-3,380) KSEK.

#### Leases (IFRS 16)

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

A right-of-use asset of 3,825 KSEK has been booked in the group with depreciation of -3,651 KSEK, and an interest expense of -248 KSEK for the twelve months of the year, both of which have replaced the lease expense. The financial liability amounts to 3,506 KSEK as of the end of December.

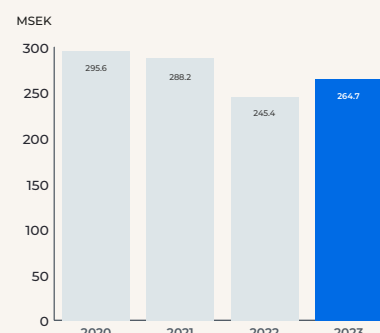
### CASH FLOW AND FINANCIAL POSITION

The cash and cash equivalents amounted to 3,704 (7,234) KSEK at the end of the period.

The cash flow from operating activities during the twelve months of the year amounted to -478 (13,070) KSEK. The period's cash flow amounted to -4,117 (-10,619) KSEK.

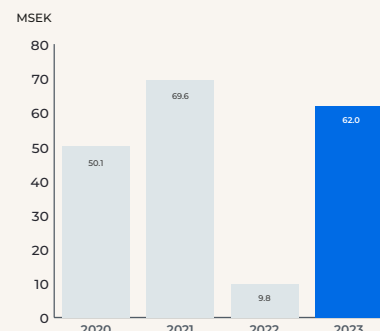
#### Net sales

**264.7 MSEK**



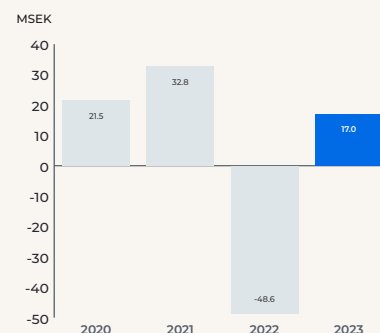
#### EBITDA result

**62.0 MSEK**

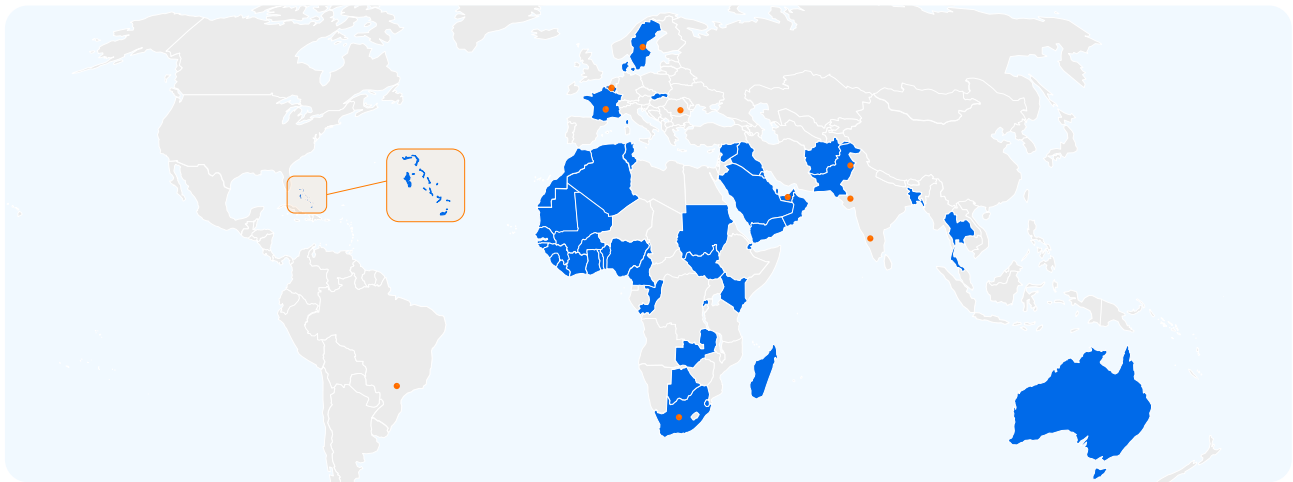


#### EBIT result

**17.0 MSEK**



# MARKET PRESENCE



● 10 offices    🇫🇮 75+ Customers



## 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

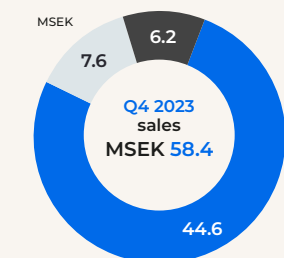


## South America

1 country  
1 office

# REVENUE

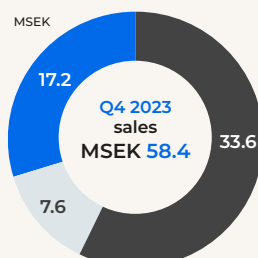
## Product offering



MSEK

Riaktr	6.2	11%
SDD	7.6	13%
SDS	44.6	76%

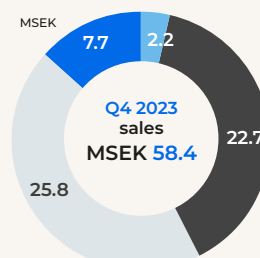
## Revenue types



MSEK

New sales	17.2	29%
Re-occurring revenue	7.6	13%
Recurring revenue	33.6	58%

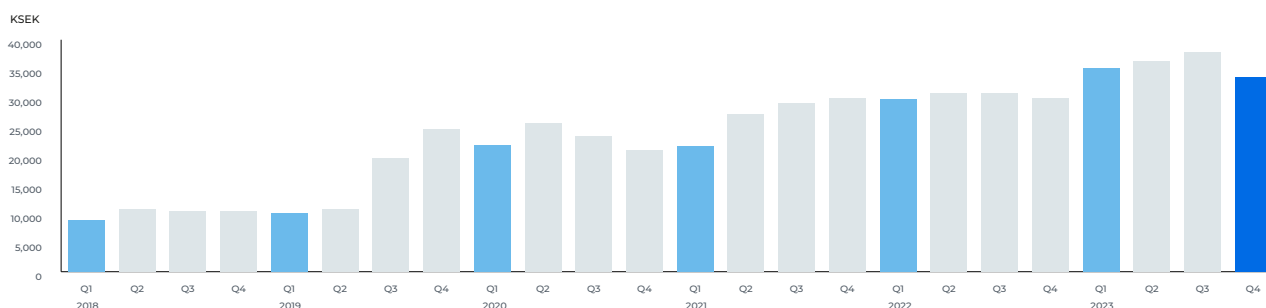
## Geographic sales



MSEK

Europe	7.7	13%
Africa	25.8	44%
Asia / Middle East	22.7	39%
Americas	2.2	4%

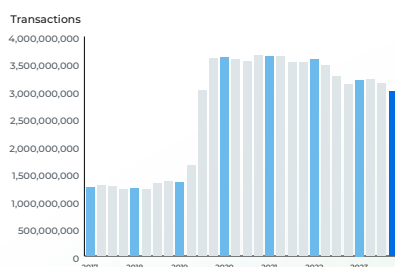
## RECURRING REVENUE



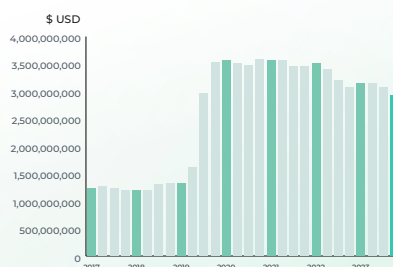
\* Reported figures are not FX-adjusted.

## TRANSACTIONS

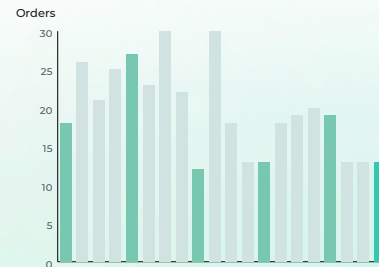
### Number of transactions handled by ERS 360 per quarter



### 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:

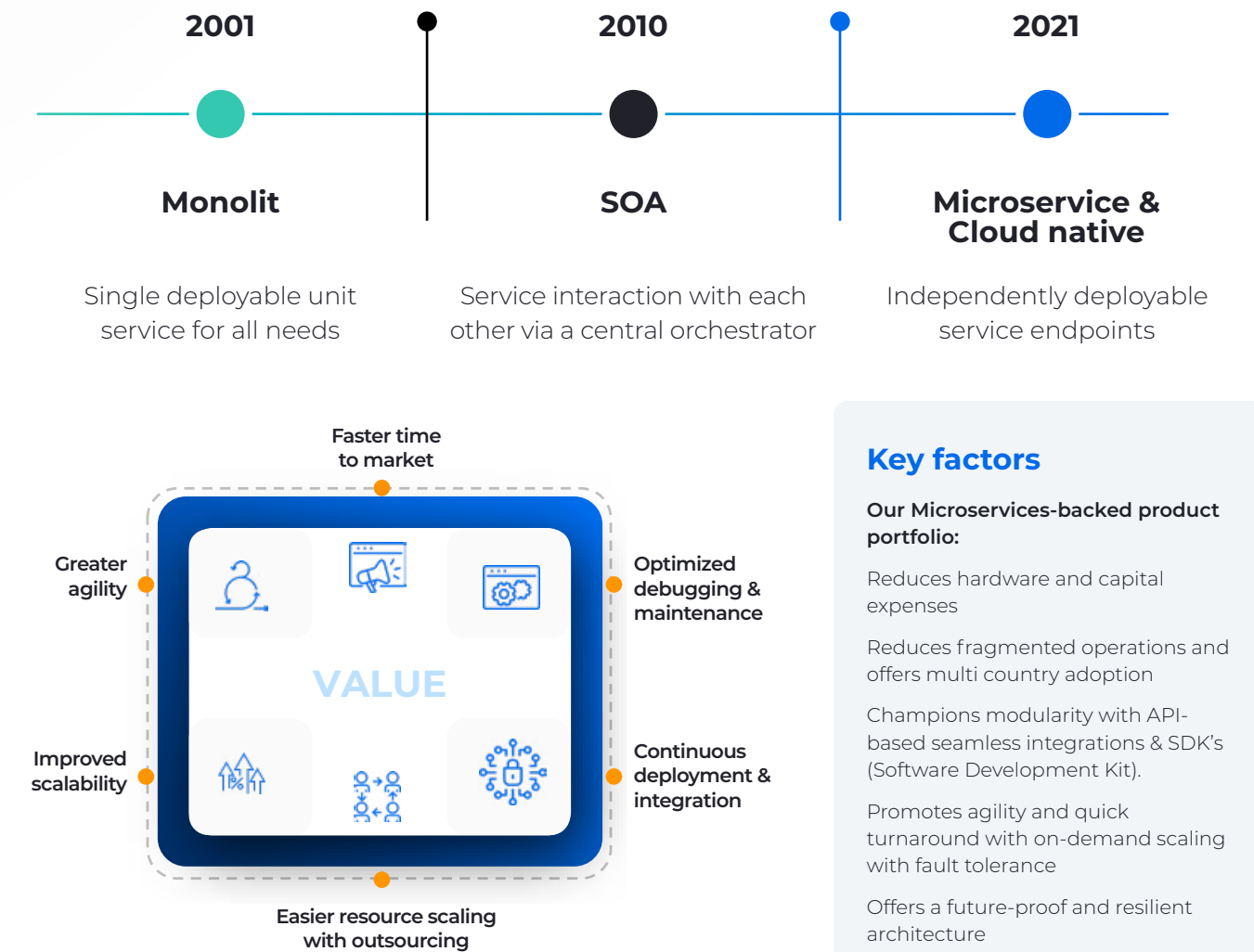
in transaction systems and makes recommendations to customers to achieve operational efficiency. The software can be easily integrated with most solutions, such as payment solutions such as payment methods for products and services.

- 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.





# OFFERING

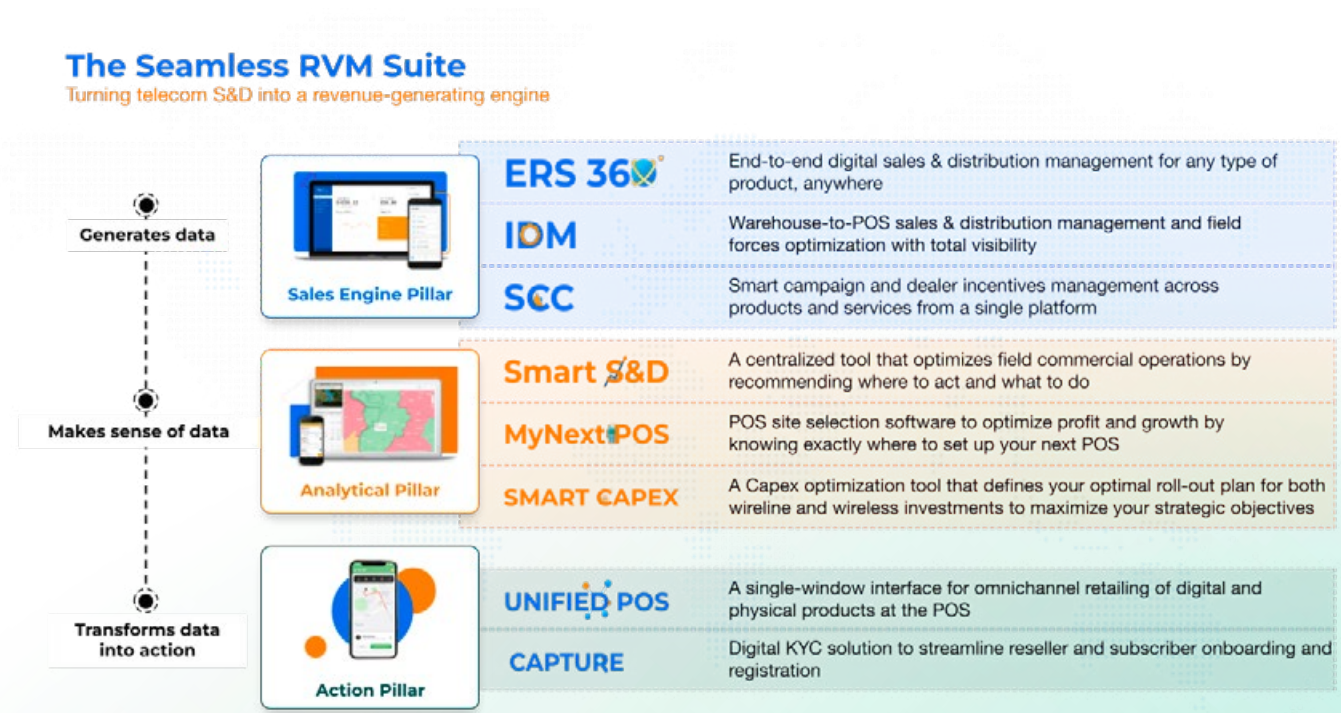
SDS considers itself to have a unique position in the market, as the SDS platform is the backbone of a mobile operator's sales operations. Through its long experience, SDS has a deep understanding of how the retail infrastructure works for mobile operators. The product portfolio is focused on supporting 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.



# CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
<b>Operating revenue</b>				
Net sales	58,427	37,435	264,747	245,412
Other operating revenue	7,943	5,027	26,139	33,837
<b>Total operating revenue</b>	<b>66,370</b>	<b>42,462</b>	<b>290,886</b>	<b>279,249</b>
<b>Operating expenses</b>				
Material expenses	-10,221	-22,394	-71,861	-96,846
Other external expenses	-11,958	-22,620	-43,355	-63,735
Personnel costs	-19,948	-24,791	-84,184	-84,405
Depreciation and amortization	-9,856	-22,621	-44,952	-58,387
Other operating expenses	-8,189	-6,790	-29,495	-24,462
<b>Total operating expenses</b>	<b>-60,171</b>	<b>-99,216</b>	<b>-273,847</b>	<b>-327,835</b>
<b>Operating profit/loss</b>	<b>6,198</b>	<b>-56,754</b>	<b>17,039</b>	<b>-48,586</b>
<b>Financial items</b>				
Financial income	25	9	54	29
Financial expenses	-8,802	-6,772	-30,858	-23,538
<b>Net financial items</b>	<b>-8,777</b>	<b>-6,763</b>	<b>-30,804</b>	<b>-23,509</b>
<b>Profit/Loss before tax</b>	<b>-2,579</b>	<b>-63,517</b>	<b>-13,765</b>	<b>-72,096</b>
Income tax	-439	-2,347	-2,247	-3,319
<b>Profit for the year attributable to the Parent Company's shareholders</b>	<b>-3,017</b>	<b>-65,864</b>	<b>-16,012</b>	<b>-75,415</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit for the year:</i>				
Translation differences	-6,144	2,395	-3,647	9,145
<b>Total comprehensive income attributable to Parent Company's shareholders</b>	<b>-9,161</b>	<b>-63,469</b>	<b>-19,659</b>	<b>-66,270</b>

# CONSOLIDATED BALANCE SHEET

KSEK	2023-12-31	2022-12-31
<b>Assets</b>		
Intangible assets	214,562	221,631
- of which IP rights	7,083	9,750
- of which Capitalized development costs	101,061	105,154
- of which Goodwill	106,417	106,727
Tangible fixed assets	7,066	12,567
Financial assets	1,311	1,115
Inventories of finished goods	1,600	1,951
Accounts receivable	64,355	64,058
Other receivables	55,138	35,987
Prepayments and accrued income	58,041	43,296
Cash and cash equivalents	3,704	7,234
<b>Total assets</b>	<b>405,777</b>	<b>387,839</b>
<b>Equity and liabilities</b>		
Equity	100,515	82,278
Other long-term liabilities	212,135	3,925
Overdraft	9,116	9,109
Trade payables	26,000	40,247
Current tax liabilities	108	359
Other current liabilities	17,801	220,742
Accrued liabilities and deferred income	40,102	31,180
<b>Total equity and liabilities</b>	<b>405,777</b>	<b>387,839</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
<b>At beginning of period</b>	<b>109,676</b>	<b>145,747</b>	<b>82,278</b>	<b>128,648</b>
Comprehensive income for the period	-9,161	-63,469	-19,659	-66,270
New share issue	-	-	37,896	19,900
<b>At end of period</b>	<b>100,515</b>	<b>82,278</b>	<b>100,515</b>	<b>82,278</b>

## CONSOLIDATED CASH FLOW STATEMENT

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
Cash flow from operating activities before change in working capital	22,140	-56,372	41,178	-31,078
Change in working capital	-27,594	50,523	-41,656	44,148
Cash flow from operating activities	-5,454	-5,849	-478	13,070
Cash flow from investing activities	-7,568	-2,413	-33,069	-49,141
Cash flow from financing activities	3,536	5,452	29,431	25,452
Cash flow for the period	-9,487	-2,809	-4,117	-10,619
Cash and cash equivalents at beginning of period	11,110	10,409	7,234	16,698
Exchange rate differences in cash and cash equivalents	2,081	-366	587	1,155
<b>Cash and cash equivalents at end of period</b>	<b>3,704</b>	<b>7,234</b>	<b>3,704</b>	<b>7,234</b>



## KEY RATIOS AND FIGURES

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
Return on equity	-3.3%	-62.5%	-17.5%	-71.5%
Earnings per share SEK before and after dilution	-0.20	-6.30	-1.25	-7.30
Operating profit/loss, KSEK	6,198	-56,754	17,039	-48,586
Growth in net sales	56.1%	-52.5%	7.9%	-14.8%
Operating margin (EBIT)	10.6%	-151.6%	6.4%	-19.8%
Average number of shares before and after dilution	15,464,874	10,462,924	12,764,881	10,327,789
	15,464,874	10,462,924	12,764,881	10,327,789
Number of shares outstanding at end of reporting period	15,464,874	10,462,924	15,464,874	10,462,924
Quick ratio	201%	51%	201%	51%
Equity/assets ratio	24.8%	21.2%	24.8%	21.2%
Equity, KSEK	100,515	82,278	100,515	82,278
Equity per share	6.50	7.86	7.87	7.97
Number of employees at end of period	230	154	230	154



## PARENT COMPANY INCOME STATEMENT

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
Net sales	52,281	14,716	149,148	102,760
Other operating revenue	10,487	2,702	25,370	29,147
Operating expenses	-55,693	-65,531	-162,380	-182,852
Operating profit/loss	7,075	-48,114	12,138	-50,945
Net financial items	-8,155	-6,639	-30,343	-23,393
Profit/Loss after financial items	-1,081	-54,753	-18,205	-74,339
Income tax	-87	-398	-794	-970
<b>Net profit/loss for the period</b>	<b>-1,168</b>	<b>-55,151</b>	<b>-18,998</b>	<b>-75,309</b>

## PARENT COMPANY BALANCE SHEET

KSEK	2023-12-31	2022-12-31
<b>Assets</b>		
Fixed assets	195,993	190,616
Current assets	139,630	129,981
<b>Total assets</b>	<b>335,623</b>	<b>320,597</b>
<b>Equity and liabilities</b>		
Equity	62,809	43,912
Long-term liabilities	211,281	-
Current liabilities	61,533	276,685
<b>Total equity and liabilities</b>	<b>335,623</b>	<b>320,597</b>
Pledged assets	22,000	22,000
Contingent liabilities	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 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
SDS	51,508	18,750	211,067	163,659
SDD	7,633	19,396	56,447	84,362
Intra-Group support fee <sup>1)</sup>	-714	-711	-2,767	-2,609
<b>Seamless Group</b>	<b>58,427</b>	<b>37,435</b>	<b>264,747</b>	<b>245,412</b>

## Operating profit

KSEK	2023 OCT-DEC	2022 OCT-DEC	2023 JAN-DEC	2022 JAN-DEC
SDS	6,493	-56,701	18,398	-48,116
SDD	419	658	1,408	2,139
Intra-Group support fee <sup>1)</sup>	-714	-711	-2,767	-2,609
<b>Seamless Group</b>	<b>6,198</b>	<b>-56,754</b>	<b>17,039</b>	<b>-48,586</b>

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

**Seamless**  
Distribution Systems

## ABOUT 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

## ABOUT 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-DEC	2022 JAN-DEC
Projects	58,184	13,805
Analytics	31,385	46,073
Support	118,730	101,172
<b>SDS total</b>	<b>208,300</b>	<b>161,050</b>

KSEK	SDD	
	2023 JAN-DEC	2022 JAN-DEC
Etop-up	55,397	82,361
Bank systems	901	1,618
Other	148	383
<b>SDD total</b>	<b>56,447</b>	<b>84,362</b>

## NOTE 3 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2023 JAN-DEC	2022 JAN-DEC
Africa	121,898	101,671
Middle East and Asia	82,142	55,941
Other	4,260	3,438
<b>SDS total</b>	<b>208,300</b>	<b>161,050</b>

KSEK	SDD	
	2023 JAN-DEC	2022 JAN-DEC
Sweden	46,073	73,601
Denmark	10,345	10,700
Other	29	61
<b>SDD total</b>	<b>56,447</b>	<b>84,362</b>

## NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

Martin Schedin, Sandipan Mukherjee, and Tommy Eriksson from the SDS management team have invoiced their fees from their own companies to SDS. Chairman of the Board, Martin Roos, has invoiced for additional services from his own company to SDS. SDS has purchased services amounting to 10,809 KSEK from related parties during the year.



# OTHER INFORMATION

## AUDIT

This report has been reviewed by the company's auditors.

## 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

Planned publication of annual report	2024-03-14
Interim report Q1 2024	2024-04-25
Planned date for next AGM	2024-04-25
Interim report Q2 2024	2024-07-25
Interim report Q3 2024	2024-10-24

Seamless Distribution Systems' interim report for January to December has been approved for publication according to the board's decision on February 14, 2024. The Board of Directors and the CEO of Seamless Distribution Systems AB (publ) certify that the interim report provides a true and fair view 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 included in the group.

Stockholm, February 14, 2024

Mats Andersson

Martin Roos  
*Chairman of the board*

Tomas Klevbo

Eddy Cojulun  
*CEO*

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# FINANCIAL DEFINITIONS AND ALTERNATIVE KEY RATIOS

<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>Analytics</b>	Collective name for Smart Capex and Smart Sales & Distribution.
<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>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>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.