



Interim report

Q3 2021

Seamless
Distribution Systems

Interim report Q3

January - September 2021

KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
Net sales	78,688	68,360	209,357	224,516
EBITDA result	19,724	12,029	44,691	38,821
EBITDA margin	25.1%	17.6%	21.3%	17.3%
Adjusted EBITDA result, adjusted for acquisition costs	19,724	12,029	49,974	38,821
Adjusted EBITDA margin, adjusted for acquisition costs	25.1%	17.6%	23.9%	17.3%
Operating profit	8,756	4,685	15,475	17,825
Operating margin	11.1%	6.9%	7.4%	7.9%
Operating profit adjusted for acquisition costs	8,756	4,685	20,758	17,825
Operating margin adjusted for acquisition costs	11.1%	6.9%	9.9%	7.9%
Profit for the period after tax	1,862	1,811	617	10,274
Adjusted profit for the period after tax, adjusted for acquisition costs	1,862	1,811	5,901	10,274
Total cash flow	-11,408	225	20,823	-1,295
Earnings per share, before and after dilution	0.19	0.22	0.06	1.26
Solidity	31.2%	26.5%	31.2%	26.5%

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Distribution Systems

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FINANCIAL CALENDAR

Year-end report Q4 2021	2022-02-17
Planned publication of annual report	2022-03-18
Interim report Q1 2022	2022-04-21
Planned date for the ACM	2022-04-21

CEO's comments

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

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

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

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

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

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

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

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



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

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

A handwritten signature in blue ink, reading "Tommy Eriksson". The signature is written in a cursive style and is positioned above a solid blue horizontal line.

Tommy Eriksson
CEO, Seamless Distribution Systems AB

Financial overview

July - September 2021

NET SALES

Net sales during the third quarter amounted to SEK 78,688 (68,360) thousand, an increase of 15.1% compared with the same period last year. Riaktr contributed SEK 10,451 thousand to net sales for the quarter. Other operating income amounted to SEK 2,795 (3,102) thousand.

During the third quarter, SDS's order intake did not quite reach the level compared to the second quarter of 2021, but the company managed to get a breakthrough order from Vodafone in Oman, which is a SaaS agreement. SDS will be the strategic supplier of technology to Vodafone Oman and the deal covers the entire SDS product offering.

The company's business model means that major projects affect revenues and earnings between quarters.

OPERATING EXPENSES

Operating expenses during the third quarter amounted to SEK -72,727 (-66,777) thousand, an increase of 8.9% compared with the same period last year. Riaktr contributes SEK -6,390 thousand out of the total operating costs for the quarter.

Excluding Riaktr's operating expenses of SEK -6,390 thousand, the total operating expenses for the quarter amounted to SEK -66,337 (-66,777) thousand, which is a decrease of 0.7% compared with the same period last year.

OPERATING PROFIT

The EBITDA result for the third quarter amounted to SEK 19,724 (12,029) thousand.

Net financial items for the quarter amounted to SEK -6,398 (-1,719) thousand.

The increase is due to the company having raised a bond loan of SEK 200 million, with a variable interest rate of 3-month STIBOR plus 875 basis points.

Profit before tax amounted to SEK 2,358 (2,967) thousand.

Earnings per share amounted to SEK 0.19 (0.22).

INVESTMENTS

During the third quarter, investments were made in product development to a value of SEK 9,877 (5,782) thousand. Amortization of intangible assets amounted to SEK -9,665 (-6,065) thousand. Investments in tangible assets amounted to SEK 1,102 thousand (1,748) for the quarter. Depreciation of tangible assets amounted to SEK -637 (-580) thousand.

Leases (IFRS 16)

According to that standard, an asset (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees must be reported.

A right of use of SEK 9,018 thousand has been booked in the Group with depreciation of SEK -665 thousand, and an interest expense of SEK -126 thousand for the quarter, both of which have reimbursed the rental cost. The financial debt as of the end of September amounts to SEK 9,069 thousand.

NUMBER OF EMPLOYEES

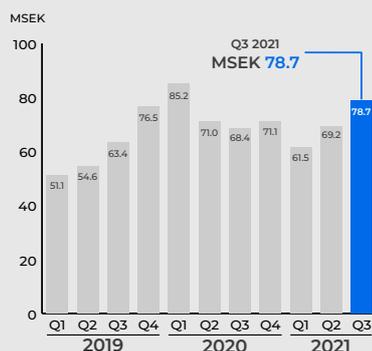
The number of employees in the Group at the end of the period was 153 (112), of which approximately 30 employees were added from Riaktr. The majority of employees are software developers. In addition, SDS has approximately 173 (123) consultants, mainly in Pakistan and Ghana.

CASH FLOW AND FINANCIAL POSITION

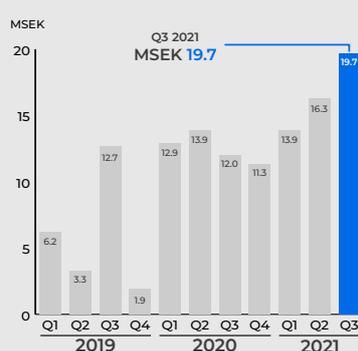
Cash and cash equivalents at the end of the period amounted to SEK 32,542 (13,484) thousand.

Cash flow from operating activities during the third quarter amounted to SEK -132 (-2,188) thousand. The total cash flow amounted to SEK -11,408 (225) thousand.

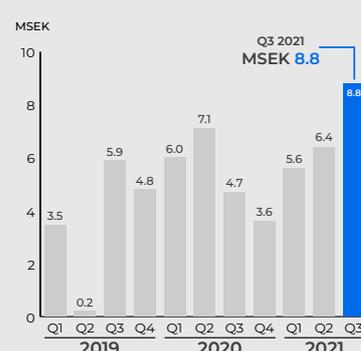
Net sales MSEK 78.7



EBITDA result MSEK 19.7



EBIT result MSEK 8.8



Financial overview

January - September 2021

NET SALES

Net sales for the nine months of the year amounted to SEK 209,357 (224,516) thousand, a decrease of 6.8% compared with the same period last year. Riaktr contributes SEK 16,660 thousand to the total net sales. Other operating income amounted to SEK 8,723 (5,899) thousand.

The main reasons for the decrease in net sales for the period were that SDS entered the year 2021 with a low backlog of orders due to the weak order intake during the fourth quarter of 2020, as well as the weak sales during the first quarter of the year. Order intake strengthened during the second quarter, and stabilized during the third quarter.

The decrease during the nine months of the year is also explained by SDD's reduced sales of approximately SEK 17 million compared with the same period last year.

The company's business model means that major projects affect revenues and earnings between quarters.

OPERATING EXPENSES

Operating expenses for the nine months of the year amounted to SEK -202,605 (-212,590) thousand, a decrease of 4.7% compared with the same period last year. From the date of acquisition, the newly acquired subsidiary Riaktr's operating costs are included in the total.

Excluding both acquisition costs of SEK -5,284 thousand and Riaktr's operating costs of SEK -12,853 thousand, the total operating costs for the nine months of the year amounted to SEK -184,468 (-212,590) thousand, which is a decrease of 13.2% compared with the same period last year. During the nine months of the year, SDS has continuously worked with restructuring and streamlining, which has contributed to a positive effect, and to a greater extent focused on cost savings. In addition, the reduction in lower third-party costs is also explained. SDD's material costs have decreased as a result of its continued decline in sales compared with the same period last year.

OPERATING PROFIT

The EBITDA result for the nine months of the year amounted to SEK 44,691 (38,821) thousand. Adjusted EBITDA result for the year, adjusted for acquisition costs of SEK 5,284 thousand, amounted to SEK 49,974 thousand. This corresponds almost to the reported EBITDA result for the full year 2020.

Net financial items for the nine months of the year amounted to SEK -11,985

(-5,205) thousand.

Profit before tax amounted to SEK 3,490 (12,620) thousand. Adjusted profit before tax, adjusted for acquisition costs, amounted to SEK 8,774 thousand. Earnings per share amounted to SEK 0.06 (1.26).

INVESTMENTS

During the nine months of the year, investments were made in product development to a value of SEK 25,452 (17,221) thousand. Amortization of intangible assets amounted to SEK -25,361 (-17,399) thousand. Investments in tangible assets amounted to SEK 2,608 (2,389) thousand for the nine months of the year. Depreciation of tangible assets amounted to SEK -1,871 (-1,741) thousand.

Leases (IFRS 16)

According to that standard, an asset (the right to use a leased asset) and a financial liability relating to the obligation to pay leasing fees must be reported.

A right of use of SEK 9,018 thousand has been booked in the Group with depreciation of SEK -1,983 thousand, as well as an interest expense of SEK -403 thousand for the first half of the year, both of which have reimbursed the rental cost. The financial debt as of the end of June amounts to SEK 9,069 thousand.

CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 32,542 (13,484) thousand.

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 go over accounts for interest costs. During the year, an issue was also carried out in which existing shareholder loans of SEK 44.2 million were converted into shares. The set-off issue was approved at the Annual General Meeting on April 22, 2021.

Cash flow during the nine months of the year from operating activities amounted to SEK 16,870 (664) thousand. The total cash flow amounted to SEK 20,823 (-1,295) thousand.

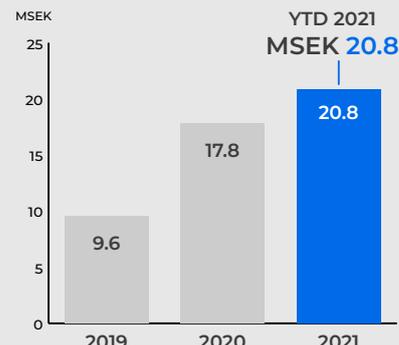
Net sales MSEK 209.4



EBITDA result¹⁾ MSEK 50.0



EBIT result¹⁾ MSEK 20.8



1) Excluding acquisition costs of SEK 5,284 thousand.

Marketing and sales

During the third quarter of 2021, SDS's order intake was slightly lower compared with the previous quarter. A major success during the quarter was the breakthrough order from Vodafone Oman, which is the first from the Vodafone Group and concerns a SaaS agreement. SDS will be the strategic supplier of technology to Vodafone Oman. The deal covers the entire SDS product offering. If Vodafone and SDS are successful in their market penetration, this deal may correspond to 10–15% of SDS's current support revenues on an annual basis.

The company's product portfolio is high-tech, well-developed and continues to broaden according to customer and market needs. Of particular interest is the company's product family for digitization of sales and distribution of physical products, which has attracted great interest from both existing and new customers. Most of SDS's customers' goal is for all their sales to take place digitally, which paves the way for continued growth in existing customers.

With the acquisition of Riaktr, SDS's offering is further broadened and the acquisition strengthens SDS's operational efficiency through complementary products in the value chain, as well as a major development and technology centers in Belgium focused on Business Intelligence ("BI") and Big Data Analytics ("BDA"). During the third quarter, SDS was invited to more procurements than ever before. This is largely due to the fact that BI and BDA are a focus area for the top management of SDS customers. As the company's relevance increases further in the customer's eyes, the doors open more easily at management level, which increases the opportunities for additional sales.

The acquisition expands SDS' geographical coverage and customer base with, among other things, several large, global and regional telecom operators. SDS will strengthen its presence in Africa and can also reach additional customers in new markets, such as Europe and South America. All in all, this will give the Group improved efficiency and increased visibility.

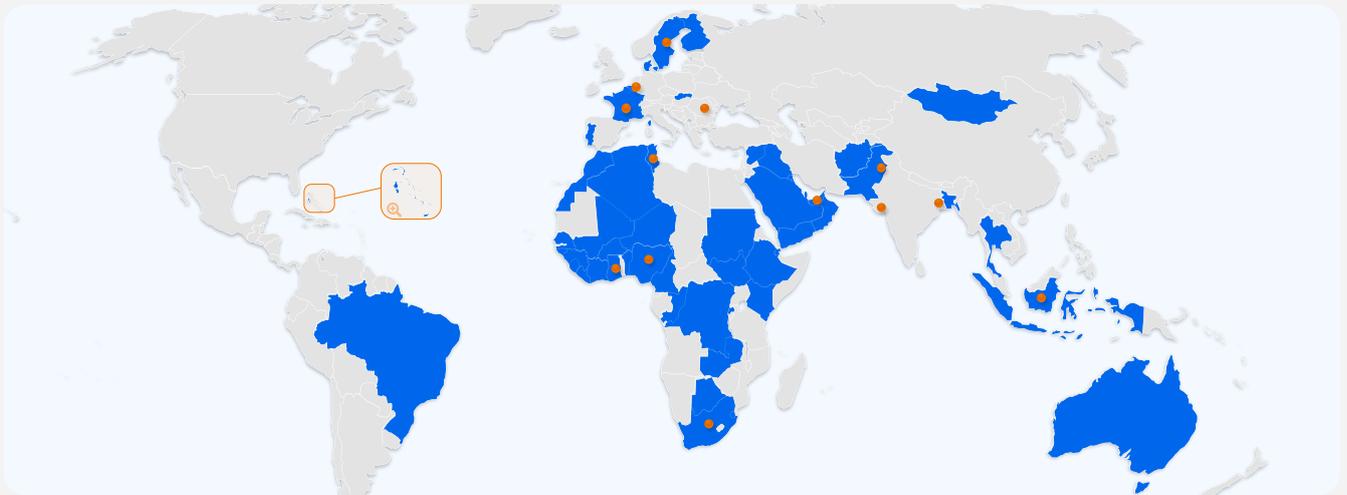
During the third quarter, the Group continued to show synergies through higher efficiency in product development, as well as economies of scale in sales, support and administrative units. The synergies in this business, in terms of profitability and growth, have had an even better effect during the third quarter of 2021 than expected, with continuation during the fourth quarter, but full effect is expected in 2022.

SDD, the Group's distribution operations in the Nordic region, strengthened their sales somewhat after the decline during the first half of the year, and the upward trend can now be seen. The effects of the corona pandemic are still affecting SDD's sales, despite the fact that it has not lost existing customers. This is explained by the fact that consumers' buying patterns in trade have changed as a result of the pandemic. During the third quarter, sales of the newly launched marketing solution offered via both mobile app and terminal continued.

MATERIAL EVENTS DURING THE THIRD QUARTER

- 🔗 Seamless Distribution Systems (SDS) received a breakthrough order from Vodafone Oman for its entire product offering. The deal, which is the first with the Vodafone group (one of the world's largest telecom groups), concerns Vodafone's launch in Oman. This is a new market for the operator and the order includes SDS's SaaS offer 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 market penetration during the contract period. The development of the project began during the fourth quarter of 2020 and delivery is planned in several phases during 2021.
- 🔗 SDS secured another order for integration services from the project with Telenor Pakistan to a value of SEK 4.0 million. With this order, SDS will deliver additional services to complement the implementation of their state-of-the-art transaction platform ERS 360.
- 🔗 During the quarter, SDS received an order for a USSD gateway and application portal from one of Nigeria's largest mobile operators to a value of SEK 6.7 million. The order makes it possible for the telecom operator to operate subscriber access to its various services and offers.
- 🔗 During the third quarter, SDS received, via a global system supplier, a strategic order worth SEK 7.7 million. The order concerns both the implementation of SDS's flagship product ERS360 and support for over five years. This order is the first from the operator group and concerns their operations in Algeria, potentially even more collaborations in the region may come in the future.

Market presence



● 13 offices 🏠 85+ customers



Africa

28 countries
46 customers
4 offices



Asia

14 countries
17 customers
5 offices



Europe

7 countries
19 customers
4 offices



North America

1 country
1 customer



Australia

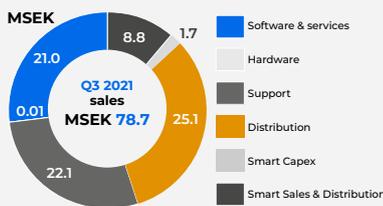
1 country
2 customers



South America

1 country
1 customer

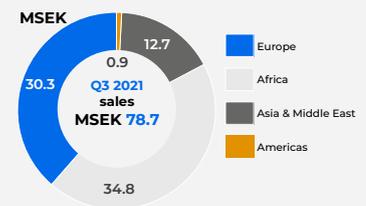
Product offering



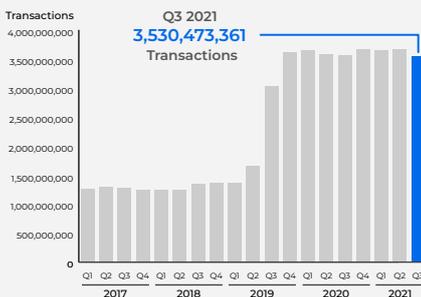
Sales distribution



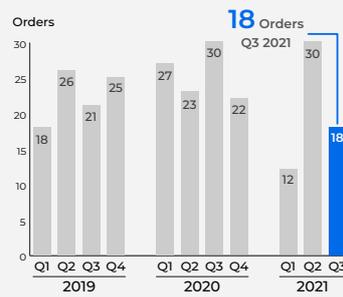
Geographic sales



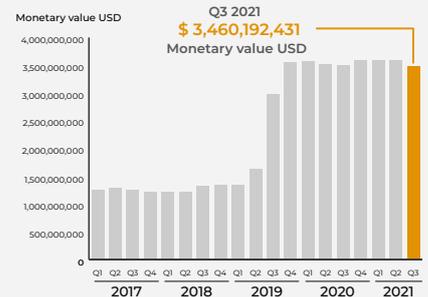
Number of transactions handled by ERS 360 per quarter



Number of orders won per quarter



Monetary value managed by Seamless system per quarter



Acquisition

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 strengthens 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 expands SDS' geographical coverage and customer base with, among other things, several large, global and regional telecom operators such as the previously mentioned Orange, Glo and Proximus, where the latter means that SDS receives customers in Europe.

The joint operations are expected to be able to achieve significant synergies through higher efficiency in product development as well as economies of scale in sales, support and administrative units. Some synergies have already emerged after four months, which has led to cuts in operational costs in the order of EUR 600,000. We look forward to further effects that are expected in 2022.

It is also gratifying that after the acquisition, Riaktr continues to do business at the same pace as before with, among other things, an order from a leading mobile operator in Nigeria and an order from Smart Capex for a pilot project to roll out a 5G network from a leading mobile operator in Portugal.

Riaktr has forecast sales for 2021 of EUR 4.0 million, of which EUR 2.6 million is recurring SaaS revenue, and an adjusted EBITDA result of EUR 1.7 million. This is a down 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. For 2022, we have a forecast turnover of EUR 5.0 million and an EBITDA of EUR 2.2 million. It is the previously mentioned synergies that in a short time have resulted in cost savings that contribute to a strengthened EBITDA margin in the future.

"This is a big step to further develop SDS as a company. It moves us faster to a new 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. With this acquisition, we further strengthen our presence in Africa and also reach additional new customers in Europe and South America.", says Tommy Eriksson, CEO of SDS.

"The acquisition means that we continue to deliver on our planned growth and profitability journey. In addition, the acquisition will provide improved efficiency and increased visibility. Following the implementation of SDS' acquisition of Riaktr and the conversion of shareholder loans into newly issued shares, the Group can demonstrate a significantly stronger financial structure. We expect to be able to increase the company's operations in additional markets in the medium term.", concludes Tommy Eriksson, CEO of SDS.



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

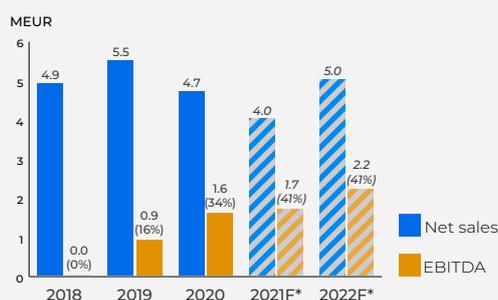
Smart Capex



- ✓ Define investment candidates to feed the network capex allocation process
- ✓ Investment evaluation tool
- ✓ Rapid iteration over investment scenarios using present data and insights
- ✓ Monitor investment plan results
- ✓ Facilitated collaboration between teams

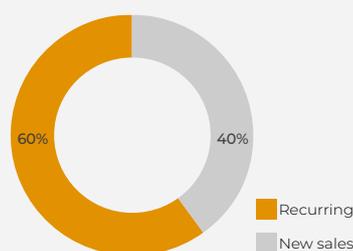
Riaktr - selected key figures

Key financials

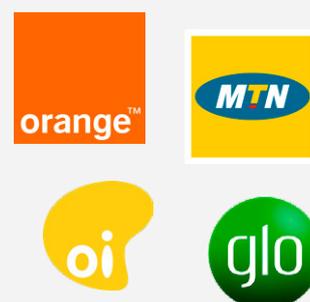


*Based on Riaktr's own forecasts

Historical revenue distribution



Selected customers



CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
Operating revenue				
Net sales	78,688	68,360	209,357	224,516
Other operating revenue	2,795	3,102	8,723	5,899
Total operating revenue	81,484	71,461	218,080	230,415
Operating expenses				
Material expenses	-27,260	-29,995	-78,571	-98,947
Other external expenses	-13,364	-13,688	-39,666	-41,720
Personnel costs	-19,901	-11,021	-49,311	-45,485
Depreciation and amortization	-10,967	-7,344	-29,216	-20,996
Other operating expenses	-1,235	-4,728	-5,841	-5,442
Total operating expenses	-72,727	-66,777	-202,605¹⁾	-212,590
Operating profit/loss	8,756	4,685	15,475	17,825
Financial items				
Financial income	1	2	1	4
Financial expenses	-6,399	-1,719	-11,986	-5,210
Net financial items	-6,398	-1,718	-11,985	-5,205
Profit/Loss before tax	2,358	2,967	3,490	12,620
Income tax	-497	-1,156	-2,872	-2,345
Profit for the year attributable to the Parent Company's shareholders	1,862	1,811	617	10,274
Other comprehensive income				
<i>Items that may be reclassified to profit for the year:</i>				
Translation differences	-2,351	427	-2,462	-593
Total comprehensive income attributable to Parent Company's shareholders	-489	2,238	-1,845	9,681

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

CONSOLIDATED BALANCE SHEET

KSEK	2021-09-30	2020-09-30	2020-12-31
Assets			
Intangible assets	205,556	82,566	81,961
- of which IP rights	13,084	16,417	15,083
- of which Capitalized development costs	94,789	66,149	66,878
- of which Goodwill	97,683	-	-
Tangible fixed assets	14,321	15,883	15,126
Financial assets	1,078	1,346	843
Inventories of finished goods	1,724	1,271	1,939
Accounts receivable	39,630	27,935	35,759
Other receivables	23,912	15,202	15,137
Prepayments and accrued income	79,207	57,896	57,285
Cash and cash equivalents	32,542	13,484	11,776
Total assets	397,968	215,583	219,827
Equity and liabilities			
Equity	124,134	57,140	81,710
Other long-term liabilities	200,560	55,590	52,648
Overdraft	-	9,094	7,191
Trade payables	16,474	25,957	21,097
Current tax liabilities	1,138	637	628
Other current liabilities	13,635	41,826	34,482
Accrued liabilities and deferred income	42,028	25,339	22,070
Total equity and liabilities	397,968	215,583	219,827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

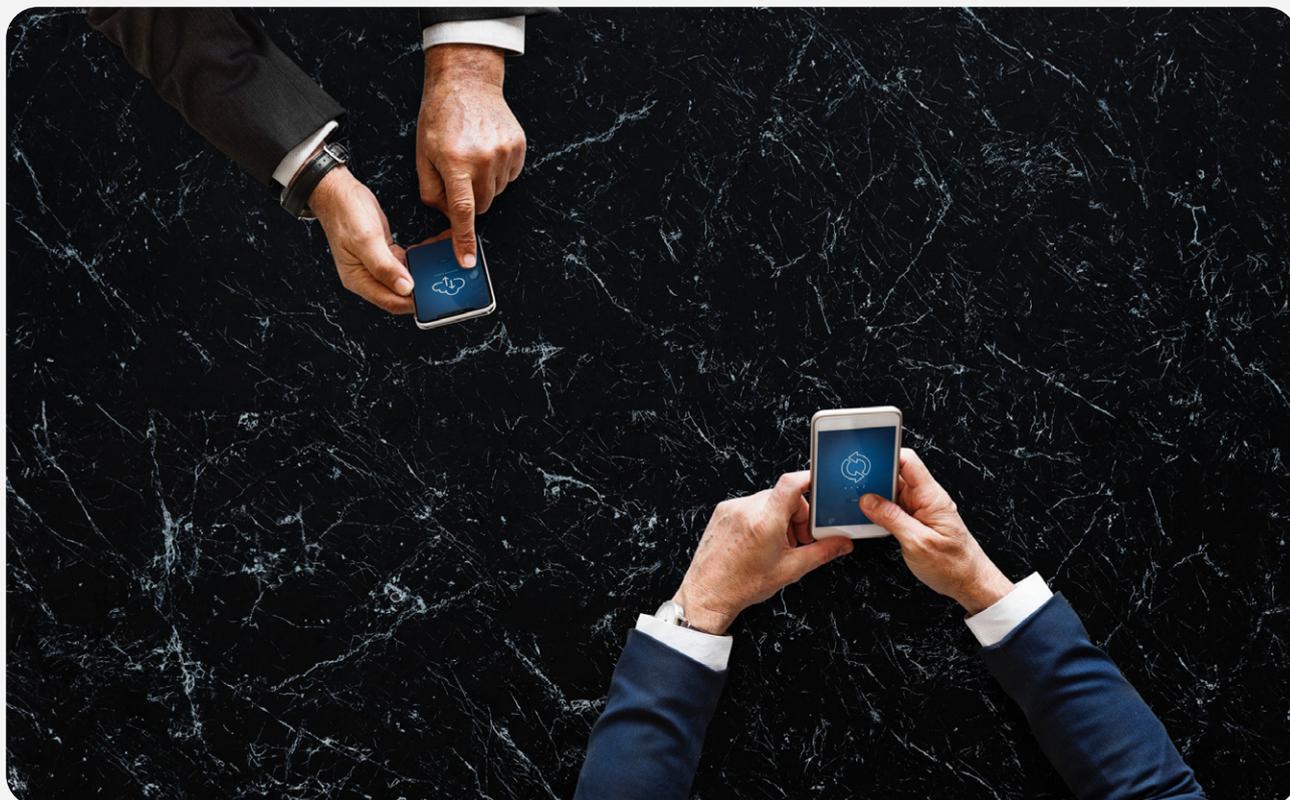
KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
At beginning of period	124,623	54,901	81,709	27,770
Comprehensive income for the period	-489	2,238	-1,845	9,681
Offsetting share issue	-	-	44,270	19,689
Shareholder contribution	-	-	-	-
At end of period	124,134	57,140	124,134	57,140

CONSOLIDATED CASH FLOW STATEMENT

KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
Cash flow from operating activities before change in working capital	12,960	9,344	29,937	30,911
Change in working capital	-13,092	-11,267	-13,067	-29,982
Cash flow from operating activities	-132	-1,923	16,870	929
Cash flow from investing activities	-11,485	-8,146	-144,699	-21,182
Cash flow from financing activities	209	10,294	148,652	18,958
Cash flow for the period	-11,408	225	20,823	-1,295
Cash and cash equivalents at beginning of period	43,888	13,265	11,776	14,850
Exchange rate differences in cash and cash equivalents	62	-6	-57	-71
Cash and cash equivalents at end of period	32,542	13,484	32,542	13,484

KEY RATIOS AND FIGURES

KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
Return on equity	1.8%	4.5%	0.6%	25.4%
Earnings per share SEK before and after dilution	0.19	0.22	0.06	1.26
Operating profit/loss, KSEK	8,756	4,685	15,475	17,825
Growth in net sales	15.1%	7.9%	-6.8%	32.8%
Operating margin (EBIT)	11.1%	6.9%	7.4%	7.9%
Average number of shares before and after dilution	9,922,383	8,341,135	9,584,579	8,151,011
Number of shares outstanding at end of reporting period	9,922,383	8,341,135	9,922,383	8,341,135
Quick ratio	249%	122%	249%	122%
Equity/assets ratio	31.2%	26.5%	31.2%	26.5%
Equity, KSEK	124,134	57,140	124,134	57,140
Equity per share	12.51	6.85	12.95	7.01
Number of employees at end of period	153	112	153	112



PARENT COMPANY INCOME STATEMENT

KSEK	2021 JUL-SEP	2020 JUL-SEP	2021 JAN-SEP	2020 JAN-SEP
Net sales	36,430	25,844	90,728	92,230
Other operating revenue	2,246	3,091	7,570	5,823
Operating expenses	-31,382	-27,077	-89,608	-83,551
Operating profit/loss	7,293	1,858	8,690	14,502
Net financial items	-5,299	-1,521	-10,254	-5,059
Profit/Loss after financial items	1,994	337	-1,564	9,443
Income tax	-146	-655	-471	-655
Net profit/loss for the period	1,849	-318	-2,035	8,788

PARENT COMPANY BALANCE SHEET

KSEK	2021-09-30	2020-09-30	2020-12-31
Assets			
Fixed assets	193,498	70,915	71,621
Current assets	149,043	69,688	102,803
Total assets	342,541	140,603	174,424
Equity and liabilities			
Equity	106,536	41,320	64,302
Long-term liabilities	194,185	43,625	44,500
Current liabilities	41,819	55,658	65,622
Total equity and liabilities	342,541	140,603	174,424
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	2021	2020	2021	2020
	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP
SDS	54,182	40,012	137,975	136,353
SDD	25,063	28,937	73,034	90,018
Intra-Group support fee ²⁾	-557	-589	-1,652	-1,855
Seamless Group	78,688	68,360	209,357	224,516

Operating profit¹⁾

KSEK	2021	2020	2021	2020
	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP
SDS	8,605	4,335	20,013	17,044
SDD	708	939	2,397	2,636
Intra-Group support fee ²⁾	-557	-589	-1,652	-1,855
Seamless Group	8,756	4,685	20,758	17,825

1) Operating profit is without acquisition costs of SEK 5,284 thousand

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

Seamless
Distribution Systems

Seamless
Digital Distribution

ABOUT SEAMLESS DISTRIBUTION SYSTEMS (SDS)

SDS is a Swedish software company with solutions for electronic distribution of services to private consumers via mobile operators in emerging countries. The company offers its corporate customers a complete solution for digital accounts and transactions.

Following the acquisition of Riaktr, SDS has approximately 325 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, Côte d'Ivoire, the United Arab Emirates, Pakistan, India and Indonesia.

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

SDS share is listed on Nasdaq First North Premier.

ABOUT SEAMLESS DIGITAL DISTRIBUTION (SDD)

SDD distributes electronic products via retail, such as mobile prepaid card charges and online payment methods. SDD uses SDS' own developed ERS 360 platform for digital delivery. SDD also delivers the technical platform that enables TopUp via the largest banks in Sweden. SDD's ERS platform handles approximately six million transactions worth SEK 500 million annually in the two markets in which SDD is active, Sweden and Denmark. SDD has two employees and serves just over 2,500 points of sale.

In 2020, SDD has continued with the development of the App and web portal, which was launched in 2019 and which enables direct communication between retailers and mobile operators, to which both customers and suppliers have reacted very positively.

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 developments, 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 2020, pages 27-28. Management's assessment is that there are no significant changes in the risk assessment made in the annual report for 2020.

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 2020. 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 2021 or later. These additions have not had any significant impact on SDS's financial reports.

NOTE 2 - ACQUISITION OF RIAKTR

On May 7, 2021, 100% of the shares in Real Impact Analytics S.A. were acquired. ("Riaktr"). Riaktr is a global provider of Business Intelligence ("BI") & Big Data Analytics ("BDA") systems. 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:	SEK
Cash and cash equivalents	120,208,418
Total paid purchase price	120,208,418
Purchase price:	SEK
Cash and cash equivalents	4,186,966
Intangible assets	24,862,302
Tangible fixed assets	340,165
Accounts receivable and other receivables	21,960,902
Accounts payable and other liabilities	-28,824,864
Total identifiable net assets	22,525,471
Goodwill	97,682,947

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 PROFITS IN ACQUIRED OPERATIONS:

The acquired business contributed total revenues of SEK 17,510 thousand and a profit after tax of SEK 2,421 thousand to the Group for the period May 7, 2021 to September 30, 2021. If the acquisition had been completed on January 1, 2021, consolidated pro forma for revenues and earnings as of September 30, 2021 at SEK 27,660 thousand and SEK -368 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 the current operations in the cash flow analysis.

	2021 JAN-SEP
Cash purchase price - cash outflow	
Cash flow to acquire subsidiaries:	
Cash purchase price on the day of acquisition	120,208,418
Deducted: Acquired cash and cash equivalents	-4,583,442
Net outflow of cash and cash equivalents - investment activities	115,624,976

Notes

NOTE 3 - DISTRIBUTION OF NET SALES

KSEK	SDS	
	2021 JAN-SEP	2020 JAN-SEP
Professional services/software	51,068	57,415
Licences	2,475	2,924
Support	65,235	70,728
Hardware	546	3,130
Smart Capex	2,730	-
Smart Sales & Distribution	13,930	-
Other	339	301
SDS total	136,323	134,498

KSEK	SDD	
	2021 JAN-SEP	2020 JAN-SEP
Etop-up	71,121	88,401
Bank systems	1,511	1,479
Other	402	138
SDD total	73,034	90,018

NOTE 5 - TRANSACTIONS WITH RELATED PARTIES

The company has no existing transactions with related parties.

NOTE 4 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2021 JAN-SEP	2020 JAN-SEP
Africa	91,090	84,811
Middle East and Asia	36,016	45,548
Other	9,217	4,139
SDS total	136,323	134,498

KSEK	SDD	
	2021 JAN-SEP	2020 JAN-SEP
Sweden	66,700	82,835
Denmark	6,122	7,183
Other	212	-
SDD total	73,034	90,018

NOTE 6 - MATERIAL EVENTS AFTER THE REPORTING PERIOD

No material events have been reported after the reporting period.

Other information

NOMINATION COMMITTEE & AGM

The SDS Nomination Committee for the 2021 Annual General Meeting consists of John Longhurst (own shares), Lars Rodert (ÖstVäst Kapital), Tomas Klevbo (representing Veronica Wallman) and Leif Frykman (Chairman of the Board of SDS AB). The Nomination Committee has appointed John Longhurst as its chairman. Shareholders who wish to submit proposals to the Nomination Committee can do so by e-mail to "valberedning@seamless.se" or by letter to "SDS Nomination Committee, Hangövägen 29, 115 41 Stockholm". Seamless's Annual General Meeting is scheduled for April 21, 2022.

AUDIT

This report has 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

DISTRIBUTION OF INFORMATION

All information is published on the company website, 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.

Seamless Distribution Systems' interim report for January to September has been approved for publication in accordance with the Board's decision of October 20, 2021. 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, position and results, material risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, October 20, 2021

Martin Roos

Leif Frykman

Pia Hofstedt

Chairman of the Board

Johan Wilsby

Morten Karlsen Sörby

Tommy Eriksson

CEO

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Website: www.sds.seamless.se

Auditor's report

Seamless Distribution Systems AB (publ) corp. reg. no. 556979-4562

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Seamless Distribution Systems AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

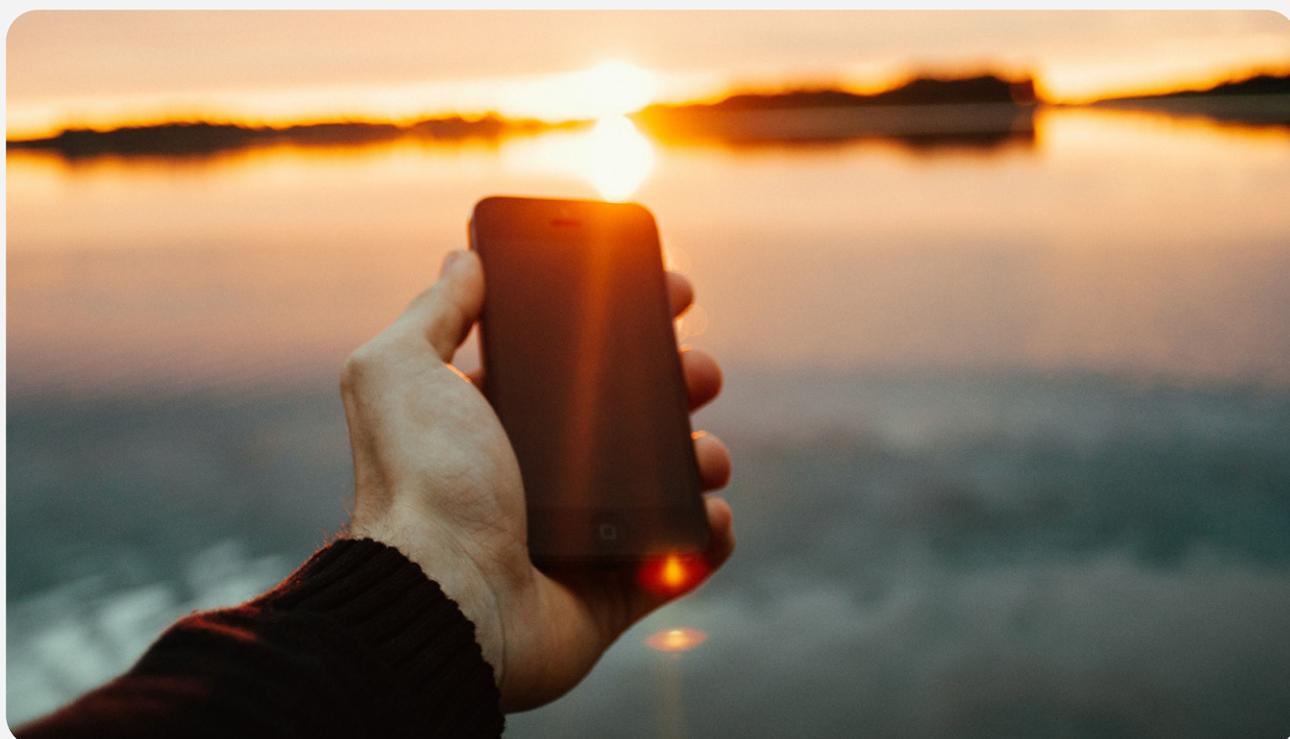
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 20, 2021

Öhrlings PricewaterhouseCoopers AB

Henrietta Segenmark

Authorized Public Accountant



Financial definitions and alternative key ratios

Adjusted EBITDA margin, adjusted for acquisition costs	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.
Adjusted EBITDA result, adjusted for acquisition costs	Operating profit before amortization of tangible and intangible assets and financial items where acquisition costs for the period have been deducted.
Adjusted profit after tax, adjusted acquisition costs	Profit after financial items and tax where acquisition costs for the period have been deducted.
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.
EBITDA	Operating profit/loss 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.
Earnings per share	Profit after tax in relation to the average number of shares.
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 margin (EBIT) (%)	Profit before financial items and tax as a percentage of revenue.
Operating margin (EBIT) (%), adjusted for acquisition costs	Profit before financial items and tax as a percentage of income where acquisition costs for the period have been deducted.
Operating profit (EBIT)	Profit before financial items and tax.
Operating profit (EBIT), adjusted for acquisition costs	Profit before financial items and tax where acquisition costs for the period have been deducted.
Profit after tax	Profit after financial items and tax.
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.