

Interim report for the period January 1 - March 31, 2020

Press release April 22, 2020

January - March

- Net sales amounted to MSEK 85.2 (51.1), an increase of 66.7 % compared to the same period the previous year.
- EBITDA result amounted to MSEK 12.9 (6.2).
- EBITDA margin amounted to 15.1% (12.1%).
- Profit after tax amounted to MSEK 3.3 (2.5).
- Earnings per share amounted to MSEK 0.43 (0.32).
- Total cash flow amounted to MSEK -2.1 (0.5).

CEO comment

“I am proud to present another excellent quarter during which all parts of the SDS Group have continued to perform very well. We have seen a significant improvement in key figures where sales increased by 67% to SEK 85 million and EBIT increased by 74% to SEK 6 million from the same quarter last year. The order situation also remains very good, although the first quarter is normally one of the weaker quarters of the year.

Due to the continuing global situation due to the spread of the coronavirus, in March we implemented remote work arrangements for staff in all offices without impacting our production. Working with agile software development methodology has ensured that progress has not been affected by these challenges. Since the company's creation, we have always had remote working capabilities and team members. The same goes for our customer support and customer systems operations which have always emphasized monitoring and action at a distance.

SDS remains in a strong position despite the turbulence caused by the coronavirus pandemic, as we have in earlier times of turmoil. The need for technology development within the mobile industry in developing markets remains strong. As a result, SDS has not been significantly affected by the troubled market situation. SDS has been developed to become a long-term stable partner to our customers through reliable products and employees who are genuinely interested in the customer's needs.

Following the acquisition of eServGlobal in 2019, no one-off integration costs remain. We are also starting to see positive effects on our key figures from the acquired growth. The former eServGlobal customers who have become familiar with our wide range of products are now starting to queue to migrate their current platform to the ERS 360 system. We can also see that they have started to purchase additional features. The first migration is currently taking place at one of our largest customers in the Middle East and more are under discussion.

During the first quarter, we received several new orders from existing customers. At the same time, we are seeing an increase in requests from outside the existing customer as our pipeline of quotations for new customers has increased. We are now a significantly larger player in our market which I consider to be viewed positively by both our customers and potential customers. We can already see signs of this as we are

invited to a larger number of tenders. We have also changed our sales organization to encourage direct communication between more members of the company and the customer which has had a positive effect. Sweden currently has less strict rules of conduct than many other countries, but most citizens act very responsibly. This is relevant for our subsidiary, SDD's distribution operations in the Nordic region as we can note that our sales have gone up by 40% to SEK 33 million from the same quarter last year. During the quarter, SDD continued to connect more resellers to their network which further increased our relevance in the market, where we are currently the only major player offering a solution for smaller dealers and kiosks.

Our product portfolio continues to grow, and most products have been reworked or will soon be adapted for cloud services. The need for these services in developing markets is somewhat behind the rest of the world, which controls our actions for the near future. The customization means that products can now be offered from SDS or the customer's data center, or via public cloud services such as Amazon. The new technology creates added value through more rational operation and management and almost infinite scalability. Additionally, the business model mainly consists of recurring income.

Currently, telecommunications services are replacing many physical meetings, which we believe will remain the case to some extent, even after freedom of movement has been restored. We also believe the interest of mobile operators to invest in our products for increased sales and reduced costs will remain during the year. Despite external factors, all our strategic focus areas continue to develop very satisfactorily and the year 2020 looks very bright from my horizon.”

Tommy Eriksson,
CEO, Seamless Distribution Systems AB

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About Seamless Distribution Systems AB (SDS)

SDS is a Swedish software company group that provides solutions and services for digital sales and distribution to private consumers through mobile operators in emerging countries. The company offers its corporate customers a comprehensive solution for digital distribution and electronic transactions processing. SDS acquired eServGlobal in July 2019. The SDS Group now has customers in all parts of the world, with a footprint in more than 50 countries, reaching over 500 million mobile users through more than 2,000,000 active point-of-sales. SDS has approximately 220 employees in Sweden, France, Romania, Belgium, Ghana, Nigeria, USA, Pakistan, India, Indonesia, South Africa, Ecuador, and the United Arab Emirates. With over 30 years of experience, SDS focuses on high-level customer satisfaction and efficient operations. SDS manages over 15 billion transactions annually, worth more than 14 billion US Dollars and enables the growing population of emerging countries to become part of the mobile revolution.

SDS shares are listed on Nasdaq First North Premier.

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