

## Regulatory press release

17 March 2021

**SDS has entered into a conditional agreement to acquire Riaktr, a global supplier of analytic software solutions.**

The purchase price on a cash and debt-free basis amounts to EUR 10.4 million. The acquisition is conditional on financing through issuing a secured bond loan and in connection with this, existing shareholder loans will be converted into shares, which requires a general meeting resolution.

Seamless Distribution Systems AB (publ) ("SDS") hereby announces that the company today has entered into an agreement to acquire 100 percent of the shares in Real Impact Analytics S.A. ("Riaktr"). Riaktr is a global supplier of proprietary software technology for Business Intelligence ("BI") and Big Data Analytics ("BDA"), primarily in the telecom sector, headquartered in Brussels, Belgium. Completion of the acquisition is expected to take place no later than May 3, 2021.

Through the acquisition, SDS gains access to a company that offers; i) advanced complementary technology and a considerably expanded customer portfolio both in Africa and new markets, ii) has more than 50 percent recurring revenues from SaaS, and iii) brings critical technology and product enhancements to the SDS portfolio that enables an acceleration of the Group's organic growth.

The sellers are Riaktr's founders (management, employees and early investors) and three European funds. In connection with the acquisition, SDS has mandated Pareto Securities to investigate the possibility of issuing a secured bond loan with an expected maturity of three years and an initial volume of SEK 200 million.

In connection with, and in support of this transaction, existing shareholder loans of SEK 44.2 million will be converted into shares. This is a strong signal from existing major shareholders and senior executives of their support for this transaction.

The management of SDS expects that the acquisition of Riaktr can lead to increased margins and that both EBITDA and EPS will improve for the Group in the short term.

Riaktr, headquartered in Brussels, Belgium, has its own R&D team, customer success management- and sales-organization in Belgium and South Africa. The product portfolio comprises innovative platforms for advanced analytics of Big Data and processes for sales optimization as well as network infrastructure optimization for telecom and network operators. The advanced proprietary platform, which is continuously improved by machine learning models, offers end-to-end solutions through concrete insight models and tangible action points for telecom operators that will increase competitiveness, efficiency and reduce costs.

Approximately 80 percent of the Riaktr's revenue comes from telecom operators in Africa, making it a perfect fit with SDS's existing customer base. Riaktr has preliminary unaudited sales of EUR 4.9 million, of which EUR 2.6 million is recurring SaaS revenue, and an EBITDA result of EUR 1.3 million. The purchase price is equivalent of approximately 8x Riaktr's preliminary unaudited EBITDA for 2020.

*"The acquisition of Riaktr is a transformational move in further developing SDS as a company. With Riaktr, SDS moves 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 to 35 years of experience in 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 fits perfectly into our growth strategy and that we continue to deliver on our planned profitability journey. In addition, Riaktr will allow us to offer next-generation solutions that enable our clients to enhance their competitive position. 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.*

*"Over the last few years, Riaktr has developed two products which are now mature and ready to scale across different markets. SDS is the perfect partner for Riaktr to access new geographies and accelerate our growth. The products of both companies are highly complementary, enabling a natural integration. Joining SDS will allow the Riaktr team to materialize our ambitious vision to provide every telecom operator employee with tailored actionable insights", says Sébastien Leempoel, CEO of Riaktr.*

## **BACKGROUND AND REASONING**

Riaktr was founded in 2009 with the mission of contributing to the digital transformation within telecom operators by offering customized data and analysis solutions (within BI and BDA). Today, Riaktr has two proprietary analytics 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.

The acquisition strengthens SDS's operational efficiency with Riaktr adding both complementary products and a cutting-edge development and technology team in Belgium focused on BI and BDA.

With Riaktr joining the SDS Group, the geographical coverage and customer base is expanded, with several large, global and regional telecom operators such as Orange, Glo and Proximus, where the latter means that SDS receives customers located in Europe.

The joint operations are expected to achieve significant synergies through higher efficiency in product development as well as economies of scale in sales, support and administrative units. The synergies, in terms of profitability and growth, are expected to emerge as early as 2021, but full effect is expected in 2022.

## **THE TRANSACTION**

The transaction involves the acquisition of 100 percent of the shares in Riaktr. Closing of the transaction is subject to customary closing conditions and is envisaged to take place no later than May 3, 2021. Riaktr will be consolidated into SDS financial reporting from the date of closing.

In addition, existing shareholder loans from existing major shareholders and senior executives will be converted into shares. The issue price is proposed to be SEK 43.70 per share, which constitutes a premium of 2.1 percent based on the volume-weighted average price during the last 10 trading days (March 2-March 15, 2021). This corresponds to a dilution of 10.21 percent on a fully diluted basis (i.e., based on the total number of shares and votes registered in SDS after the conversion due to the transaction). The conversion of shareholder loans requires a resolution of the Annual General Meeting and the proposal will be voted on at the Annual General Meeting on April 22, 2021. In the case where

the shareholders vote no to the conversion, a break fee of 10 percent of the purchase price is paid to the sellers.

The founders and other key Riaktr personnel will remain with the company and be part of the management of SDS upon completion of the transaction.

#### **FINANCIAL AND LEGAL ADVISORS**

Legal Works is the legal advisor to SDS in the transaction. Pareto Securities acts as advisor to SDS in connection with the bond financing, where Gernandt & Danielsson are legal advisers.

Corporate Finance International ('CFI') is acting as Sellers' lead M&A adviser, Cambrian is acting as Sellers' legal counsel and Accuracy is acting as Sellers' financial vendor due diligence adviser.

#### **WEBINAR FOR INVESTORS, ANALYSTS AND MEDIA**

Representatives for SDS will participate in a webinar on 18 March kl. 08.45 CET. To participate, please use the details set out below.

**Web link;**

<https://youtu.be/ltUpYKPK9q8>

#### **For additional information, please contact:**

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This information is the information that Seamless Distribution Systems AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication through the agency of the above contact person on March 17, 2021 at. 19:45 CET.

#### **ABOUT 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 operator's 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 300 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 14 billion US Dollars. Via over 3 million monthly active resellers of digital products, more than 650 million consumers are served globally.

The company's Certified Adviser is FNCA Sweden AB, phone 08-528 00 399.

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