

Press Release

March 1, 2023

Seamless announces agreements with bondholders and shareholders

Reference is made to Seamless Distribution AB's (publ) ("SDS") press releases on February 8 and February 28, 2023.

Agreement with certain bondholders

Due to breach of a covenant in the terms and conditions of SDS's outstanding senior secured bonds, SDS and its advisers have been engaged in dialogues with bondholders together holding approximately 65.6% of the outstanding nominal amount of SEK 200 million. As a result of the dialogues, an agreement regarding certain amendments to the terms and conditions has been reached. The above-mentioned bondholders have on customary terms signed a voting undertaking to support the amendments in a written voting procedure as well as not to vote for early repayment of the bonds.

SDS intends to initiate a written voting procedure in the near future, where all bondholders will be given the opportunity to vote with regards to the proposed amendments to the terms and conditions. Given the existing majority support, the company considers it likely that the proposed amendments will be approved by the bondholders.

The main implications of the proposed amendments have been outlined below.

- The maturity of the bonds shall be extended by 12 months, with the new final redemption date set to May 5, 2025.

- Waiver for the covenant breach for the testing date December 31, 2022. No covenant testing for the testing dates March 31 2023, June 30 2023, and September 30 2023. The maintenance covenant is adjusted so that the leverage ratio per the testing date December 31, 2023 shall be less than 7.00:1 and for subsequent testing dates until the maturity of the bonds shall be less than 6.00:1. The covenant calculation is further adjusted by way of EBITDA excluding all capitalised costs for research and development.
- SDS shall be capitalised by existing shareholders, for more details see below.
- Securities in Seamless Digital Distribution AB and two French entities of the eServGlobal group are allowed to be released to the extent necessary to enable completion of contemplated divestments or liquidation of the companies.
- Pledge over the shares in Buseam Option AB and the company also becoming a guarantor. Additional security in Belgium may also be added.
- SDS has the option to defer the interest payments falling due in May, August, and November 2023 until the extended final redemption date. An interest surcharge of 2.00% will be added in respect of any interest period in relation to which payment has been deferred.
- A consent fee of 2.50% for the amendments of the terms and conditions shall be paid to the bondholders in connection with redemption of the bonds, i.e., applicable pick-up in call premia of 2.50% on nominal and deferred interest up until, and including, the extended final redemption date.

Agreement with certain shareholders

In parallel with the bondholder dialogue described above, SDS has carried out discussions with certain shareholders. As a result, thereof, SDS has obtained promises for capital injections of SEK 40 million from certain shareholders, among others the members of the Board of Directors and management of SDS, conditional upon the above described amendments to the bond terms and conditions becoming effective and necessary shareholders' approvals on general meetings.

The intention is that an initial capital injection of SEK 20 million will be carried out by way of a directed share issue to certain shareholders, including members of the Board of Directors and management of SDS. The Board of Directors intends to convene an extraordinary general meeting in the near future in order to obtain shareholders' approval of such capital raise. The reason for proposing a directed share issue, deviating from the shareholders' preferential rights, is that SDS has an urgent need to fulfill the agreement with its bondholders, of which a time and cost-effective new share issue is a central component. The Board of Directors of SDS has made a thorough assessment and carefully considered the possibility of raising capital through a issue of shares with preferential rights for all shareholders, but has concluded that a directed share issue is the most beneficial alternative for SDS and its shareholders taking into account that a rights issue would take a significantly longer time to complete and thereby entail increased market exposure and that a rights issue would require significant underwriting commitments as a result of the current market volatility, which would result in additional costs for SDS. The Board of Directors has thus concluded that the reasons for carrying out a directed share issue outweigh the main rule that share issues must be carried out with preferential rights for the shareholders.

The extraordinary general meeting's approval of the directed share issue will require that the proposal is supported by at least nine tenths of both the votes cast and the shares represented at the meeting.

The directed share issue will be carried out at a price of SEK 8.50 per share, where the price has been determined through negotiations with SDS' major shareholders. The price corresponds to a premium of 18 percent compared to the closing price for SDS' shares on Nasdaq First North Growth Market on March 1, 2023, and corresponds to the market value of the share according to the assessment of the Board of Directors.

SDS is further carrying out a strategic review with the aim of capitalising the company further through divestment of the subsidiaries Seamless Digital Distribution AB and eServGlobal Holding SAS. If such divestments, together with the aforementioned directed share issue, does not result in a total capital injection of at least SEK 40 million, SDS intends to carry out an additional share issue to ensure the capitalisation of the company is in accordance with the agreement with the company's bondholders.

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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.

SDS has approximately 288 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, Ivory Coast, United Arab Emirates, Pakistan, India, and Indonesia. SDS annually handles more than 15 billion transactions worth over USD 14 billion. Via over 3 million monthly active resellers of digital products, more than 1100 million consumers are served globally.

SDS share is listed on Nasdaq First North Premier.

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