



Year-end report

Q4 2021

Seamless
Distribution Systems

Year-end report Q4

October - December 2021

OCTOBER - DECEMBER 2021

- Net sales amounted to SEK 78.8 (71.1) million, an increase of 10.9% compared with the same period last year.
- The EBITDA result amounted to SEK 19.6 (11.3) million, an increase of 73.5% compared with the same period last year.
- The EBITDA margin was 24.9% (15.9%).
- Profit after tax amounted to SEK 5.4 (2.2) million.
- Earnings per share amounted to SEK 0.54 (0.25).
- Cash flow for the period amounted to SEK -16.0 (-1.1) million.

JANUARY - DECEMBER 2021

- Net sales amounted to SEK 288.2 (295.6) million, a decrease of -2.5% compared with the same period last year.
- The EBITDA result amounted to SEK 64.3 (50.1) million, an increase of 28.3% compared with the same period last year.
- The EBITDA margin was 22.3% (17.0%).
- Adjusted EBITDA profit amounted to SEK 69.6 (50.1) million, adjusted for acquisition costs, an increase of 38.9% compared with the same period last year.
- Adjusted EBITDA margin was 24.1% (17.0%), adjusted for acquisition costs.
- Profit after tax amounted to SEK 6.0 (12.5) million.
- Adjusted profit after tax amounted to SEK 11.3 (12.5) million, adjusted for acquisition costs.
- Earnings per share amounted to SEK 0.62 (1.50).
- Cash flow for the period amounted to SEK 4.8 (-2.4) million.

MATERIAL EVENTS DURING THE QUARTER

🌐 During the quarter, Seamless Distribution Systems (SDS) received an order worth SEK 3.0 million from a completely new customer in Ghana. The deal concerned the commissioning of SDS's flagship product ERS360, which replaced the customer's existing solutions and which will facilitate the digitization of the customer's sales and distribution channel.

🌐 On December 14, 2021, SDS's Board of Directors appointed Mats Victorin as the new President and CEO as part of the company's next development phase. Tommy Eriksson left the company after ten years, of which the last four years as President and CEO, and Mats Victorin took office immediately.

KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
Net sales	78,830	71,093	288,187	295,609
EBITDA result	19,622	11,295	64,312	50,116
EBITDA margin	24.9%	15.9%	22.3%	17.0%
Adjusted EBITDA result, adjusted for acquisition costs	19,622	11,295	69,596	50,116
Adjusted EBITDA margin, adjusted for acquisition costs	24.9%	15.9%	24.1%	17.0%
Operating profit	11,899	3,633	27,373	21,458
Operating margin	15.1%	5.1%	9.5%	7.3%
Operating profit adjusted for acquisition costs	11,899	3,633	32,657	21,458
Operating margin adjusted for acquisition costs	15.1%	5.1%	11.3%	7.3%
Profit for the period after tax	5,407	2,243	6,024	12,517
Adjusted profit for the period after tax, adjusted for acquisition costs	5,407	2,243	11,308	12,517
Total cash flow	-16,041	-1,134	4,782	-2,429
Earnings per share, before and after dilution	0.54	0.25	0.62	1.50

CEO's comments

Stable sales and all-time high EBITDA despite Covid challenges

A year with continued strong growth in profitability

We can look back on a 2021 characterized by great and important progress for our offering and our technology. At the same time, we experienced a slow-down in demand as a result of Covid. Revenues for the full year landed at SEK 288 million. The Covid impact in SDS and SDD was offset by the acquisition of Riaktr, which contributes with 8-month sales. At the same time, we have continued our very strong EBITDA growth and land at the highest ever; SEK 70 million, an increase of 40% from the previous year.

A quarter with important and successful customer projects

The fourth quarter in isolation meant sales of SEK 79 million and EBITDA at the same high level as in the third quarter; SEK 20 million. During the quarter, a number of important projects were carried out with both new and existing customers. Our new customer Vodafone Oman went live with our complete offering RVM (Retail Value Management) based on our new technology architecture Microservices - also in a new SaaS model. In the migration work from eServe's old platform to ERS360, the largest and most complex migration was carried out successfully and completely without complications at DU in Dubai. We have also received renewed, long-term trust from our largest customer, as well as an approval to gradually introduce our new solutions throughout the group. New orders received in the quarter included our new customer in Ghana which had an order value of SEK 3.0 million, a new customer for Riaktr in Congo - an example of the synergy effect of the acquisition - and additional orders from DU Dubai, Zain Saudi and to an existing customer in Sudan.

Stable platform to start from

It is with satisfaction that I, as the newly appointed CEO, can ascertain that the company has built a very good platform to take further steps on our continued journey. The underlying market growth for increased mobile use is enormous in the markets the company focuses on. Our solutions are business-critical for mobile operators as a very large part of their revenue flows through our systems. With our strengthened portfolio, I see great opportunities both to attract new customers and to increase our revenues from existing customers.

With its new, comprehensive and comprehensive offering, Retail Value Management, the company is very well positioned in the shift that all telecom operators are undergoing today when they go from managing networks to managing so-called end-to-end solutions.

The product portfolio has been significantly broadened through both acquisitions and the redefinition and development of our existing offering. The acquisition of the big data analysis company Riaktr in May 2021 means that we have new contact surfaces with the operators at the highest management level. The expanded customer base through the acquisition also creates opportunities for us to reach new operator groups with our total offering, of which Orange is an example. The combined offering of SDS and Riaktr's portfolios is unique and makes us very strong in the market.

The transition to new technology architecture in the form of Microservices in 2021 was a strategically very important decision. Thanks to the investment in the very latest technology, we will be able to scale up more efficiently. These include being able to launch new services faster, reduce maintenance costs and shorten implementation times for customers. Independent surveys also show that more and more operator groups themselves are moving towards Microservices and have thus begun to have this as an important selection criterion when choosing suppliers. Here, my employees have been foresighted and taken this important technological step early.



The customer base has been significantly expanded through organic growth and the well-executed acquisitions of eServ and Riaktr. Geographically, SDS has in the last 5 years gone from 12 markets and a few operators to today handle 60 markets and about 70 operator customers. In addition to some of Africa's and the world's largest operator groups, after 2021 we can also include Vodafone, Orange and Telenor as customers with great growth potential for SDS. Both the sales and technology organization have well-established, appreciated and open relationships with our customers.

All in all, I can state that we are on a very strong platform in terms of offer, technology and customer base to take further steps in the market.

Great opportunities ahead of us

The company's strategy going forward is firm. We will continue to grow organically with new and existing customers and we want to participate in the consolidation that has begun. This requires that we focus on creating scalability in technology and business models. SDS has built much of its success on being responsive to customers' wishes, which has resulted in many customer-unique projects. We will continue to be responsive in the future, but in order to take further steps, we must also become more proactive in both product development and sales. With the addition of Riaktr, the opportunities for us to not only follow the market but also to shape it increase.

With Vodafone Oman, we have taken an important step towards offering our services in a new SaaS business model - an area we need to develop further and which offers great opportunities. The integration of Riaktr was well-balanced in 2021. 2022 will be the year when we will capitalize on the joint strength we have created with SDS and Riaktr. Partnerships are becoming increasingly important to always be relevant and invited - here we must ensure the right alliances. Fintech is another exciting area in the future. SDS is already active with two offers, MFS (Mobile Wallet) and Microcredit, to a number of operators. In 2022, we will investigate how we can further develop these offerings together with our customers.

2021 meant great progress, but also challenges. Investments in technology, product portfolio and projects squeezed cash flow. At the same time, we have identified a number of exciting, organic growth initiatives that we want to realize in the near future. These will improve cash flow over time.

Because SDS delivers systems that provide instant access to huge amounts of data, we see emerging trends in real time. We can therefore already now see tendencies that the market is on its way out of the inhibitory effects of Covid. Even if we are not to underestimate the remaining effects and the time for adjustment, I look forward with great confidence to 2022.

A handwritten signature in black ink, appearing to read 'Mats Victorin'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Mats Victorin
CEO, Seamless Distribution Systems AB

Financial overview

October - December 2021

NET SALES

Net sales during the fourth quarter amounted to SEK 78,830 (71,093) thousand, an increase of 10.9% compared with the same period last year. Riaktr contributed SEK 13,003 thousand to net sales for the quarter. Other operating income amounted to SEK 6,529 (2,920) thousand.

The fourth quarter's sales were in line with the third quarter.

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

OPERATING EXPENSES

Operating expenses during the fourth quarter amounted to SEK -73,461 (-70,380) thousand, an increase of 4.4% compared with the same period last year. Riaktr contributed SEK -5,005 thousand out of the total operating costs for the quarter.

Excluding Riaktr's operating expenses of SEK -5,005 thousand, the total operating expenses for the quarter amounted to SEK -68,456 (-70,380) thousand, which is a decrease of 2.7% compared with the same period last year and is a result of a strong focus on cost control in the company.

OPERATING PROFIT

The EBITDA result for the fourth quarter amounted to SEK 19,622 (11,295) thousand.

Net financial items for the quarter amounted to SEK -4,797 (-1,156) 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 7,102 (2,476) thousand.

Earnings per share amounted to SEK 0.54 (0.25).

INVESTMENTS

During the fourth quarter, investments were made in product development to a value of SEK 11,840 (7,697) thousand. Amortization of intangible assets amounted to SEK -5,969 (-6,444) thousand. Investments in tangible assets amounted to SEK 917 (1,516) thousand for the quarter. Depreciation of tangible assets amounted to SEK -819 (-584) 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 10,436 thousand has been booked in the Group with depreciation of SEK -936 thousand, and an interest expense of SEK -135 thousand for the quarter, both of which have reimbursed the rental cost. The financial debt amounts to SEK 10,697 thousand at the end of December, an increase of SEK 1,628 thousand compared with the third quarter of 2021. The increase is due to Riaktr having a new leasing contract from 1 October 2021.

NUMBER OF EMPLOYEES

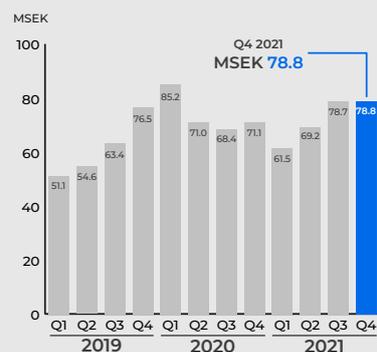
The number of employees in the Group at the end of the period was 148 (108), of which approximately 30 employees were added from Riaktr. The majority of employees are software developers. In addition, SDS has approximately 172 (131) consultants, mainly in Pakistan and Ghana.

CASH FLOW AND FINANCIAL POSITION

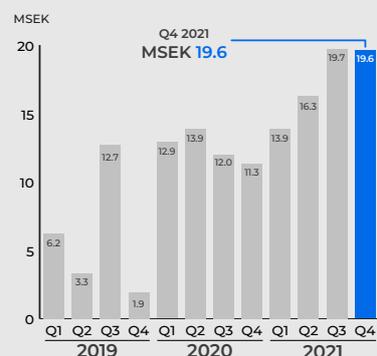
Cash and cash equivalents at the end of the period amounted to SEK 16,698 (11,776) thousand.

Cash flow from operating activities during the fourth quarter amounted to SEK -320 (-11 941) thousand. The total cash flow amounted to SEK -16,041 (-1,134) thousand.

Net sales MSEK 78.8



EBITDA result MSEK 19.6



EBIT result MSEK 11.9



Financial overview

Januari - december 2021

NET SALES

Net sales for the twelve months of the year amounted to SEK 288,187 (295,609) thousand, a decrease of 2.5% compared with the same period last year. Riaktr contributes SEK 29,663 thousand to the total net sales. Other operating income amounted to SEK 15,252 (8,819) thousand.

The decrease during the twelve months of the year is mainly explained by SDD's reduced sales of approximately SEK 21 million compared with the same period last year. SDS entered the year 2021 without a strong backlog of orders, which contributed to a decrease in net sales during the first two quarters of 2021.

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

OPERATING EXPENSES

Operating expenses for the twelve months of the year amounted to SEK -276,066 (-282,970) thousand, a decrease of 2.4% 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 -17,982 thousand, the total operating costs for the twelve months of the year amounted to SEK -252,800 (-282,970), which is a decrease of 10.7% compared with the same period last year.

As a result of the decline in sales compared with the same period last year, SDD's material costs have decreased and contribute to the total decrease for the year. In addition, SDS has continuously worked with cost efficiency and savings during the year.

OPERATING PROFIT

The EBITDA result for the twelve months of the year amounted to SEK 64,312 (50,116) thousand. Adjusted EBITDA result for the year, adjusted for acquisition costs of SEK 5,284 thousand, amounted to SEK 69,596 thousand. Net financial items for the twelve months of the year amounted to SEK -16,782 (-6,362) thousand. Profit before tax amounted to SEK 10,591 (15,096) thousand. Adjusted profit before tax, adjusted for acquisition costs, amounted to SEK 15,875 thousand. Earnings per share amounted to SEK 0.62 (1.50).

INVESTMENTS

During the twelve months of the year, investments were made in product development to a value of SEK 37,292 (24,254) thousand. Riaktr contributes SEK 8,218. Amortization of intangible assets amounted to SEK -31,330 (-23,843) thousand. Investments in tangible assets amounted to SEK 4,043 (3,905) thousand for the twelve months of the year. Depreciation of tangible assets amounted to SEK -2,690 (-2,325) 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 10,436 thousand has been booked in the Group with depreciation of SEK -2,919 thousand, and an interest expense of SEK -538 thousand, both of which have reimbursed the rental cost. The financial debt as of the end of December amounts to SEK 10,697 thousand.

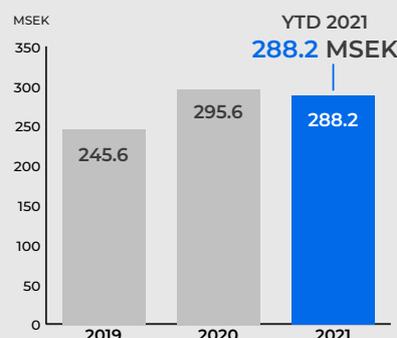
CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 16,698 (11,776) thousand.

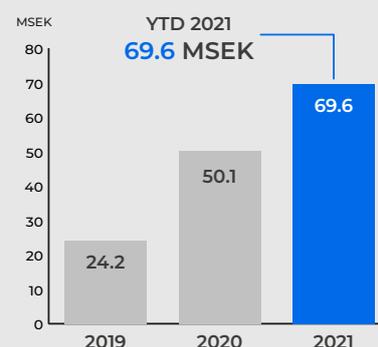
During the year, the company issued a bond loan with an initial volume of SEK 200 million. The bond loan has a term of three years with a variable interest rate of three months STIBOR plus 875 basis points. The net proceeds from the bond loan were used, in addition to financing the purchase price for the acquisition of Riaktr, also 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 twelve months of the year from operating activities amounted to SEK 16,550 (-11,012) thousand. The total cash flow amounted to SEK 4,782 (-2,429) thousand.

Net sales MSEK 288.2



EBITDA result¹ MSEK 69.6

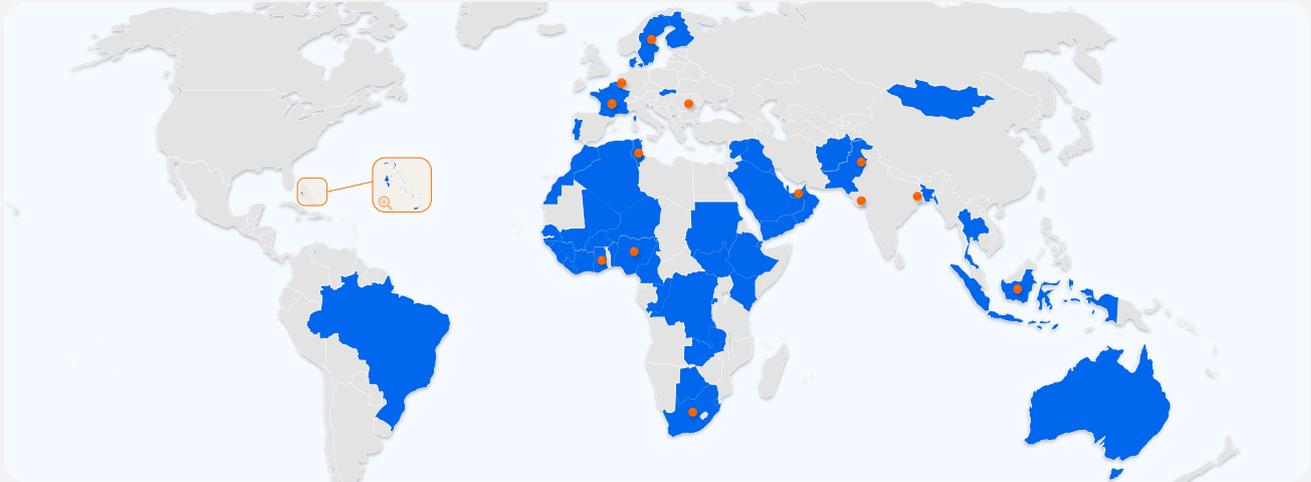


EBIT result¹ MSEK 32.7



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

Market presence



● 13 offices 🏠 72 customers



Africa

32 countries
39 customers
4 offices



Asia

14 countries
17 customers
5 offices



Europe

7 countries
12 customers
4 offices



North America

1 country
1 customer



Australia

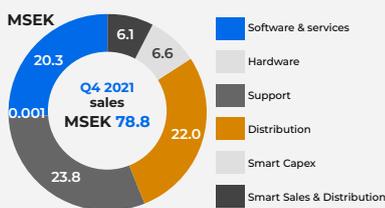
1 country
2 customers



South America

1 country
1 customer

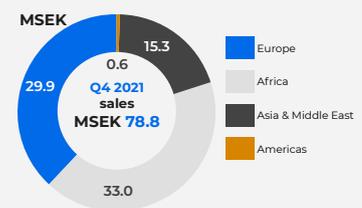
Product offering



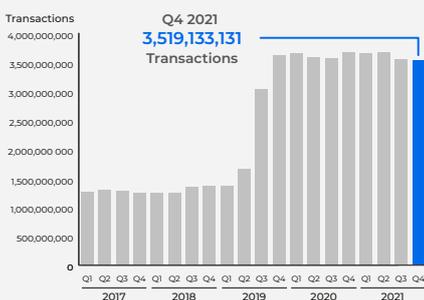
Revenue types



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 perfectly with SDS' existing customer base.

The acquisition has strengthened 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 expanded SDS's geographical coverage and customer base with, among other things, several large, global and regional telecom operators. With this acquisition, we further strengthened our presence in Africa and also reach additional new customers in Europe and South America.

The acquisition has contributed to a higher 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. The acquisition meant that we could continue and deliver on our planned growth and profitability journey.

Since the acquisition, Riaktr has continued to do business at the same pace as before with an order from a leading mobile operator in Nigeria and an order from Smart Capex for a pilot project regarding the roll-out of a 5G network from a leading mobile operator in Portugal, among other things.

Since joining in May, the joint operations have achieved significant synergies through higher efficiency in product development as well as economies of scale in sales, support and administrative units. The acquisition has contributed to improved efficiency and increased visibility in the market. Since the acquisition, we have made successful reductions in operating costs in the order of EUR 600,000 and we look forward to further effects that are expected in 2022. Furthermore, we have seen that Smart Capex attracts great attention and interest from our customers and takes us to new exciting meetings at customers' absolute highest level of management.

Riaktr's sales for 2021 amounted to EUR 3.8 million, of which EUR 2.6 million is recurring SaaS revenue, and an adjusted EBITDA result of EUR 1.8 million. This is a downward 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. Of this, EUR 2.9 and EUR 1.6 contributed to SDS sales and EBITDA for 2021. For 2022, we have a forecast turnover of EUR 4.4 million and an EBITDA of EUR 2.4 million.



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

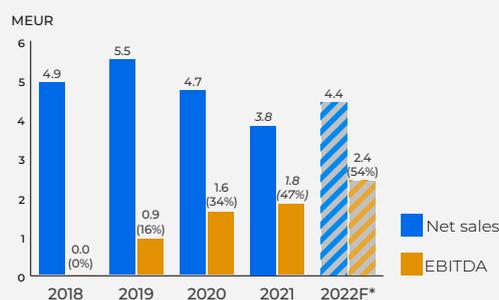
Smart Capex



- ✓ 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

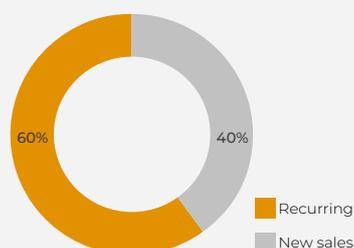
Riaktr - selected key figures

Net sales & EBITDA

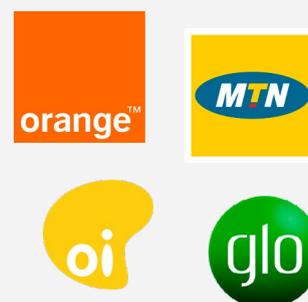


*Based on Riaktr's own forecasts

Historical revenue distribution



Selected customers



CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
Operating revenue				
Net sales	78,830	71,093	288,187	295,609
Other operating revenue	6,529	2,920	15,252	8,819
Total operating revenue	85,359	74,013	303,439	304,428
Operating expenses				
Material expenses	-27,513	-33,738	-106,084	-132,684
Other external expenses	-12,812	-14,302	-52,478	-56,022
Personnel costs	-20,017	-8,847	-69,328	-54,333
Depreciation and amortization	-7,723	-7,662	-36,939	-28,658
Other operating expenses	-5,396	-5,832	-11,237	-11,273
Total operating expenses	-73,461	-70,380	-276,066¹	-282,970
Operating profit/loss	11,898	3,633	27,373	21,458
Financial items				
Financial income	0	1	1	5
Financial expenses	-4,797	-1,157	-16,783	-6,367
Net financial items	-4,797	-1,156	-16,782	-6,362
Profit/Loss before tax	7,102	2,476	10,591	15,096
Income tax	-1,695	-233	-4,567	-2,579
Profit for the year attributable to the Parent Company's shareholders	5,407	2,243	6,024	12,517
Other comprehensive income				
<i>Items that may be reclassified to profit for the year:</i>				
Translation differences	-893	-2,330	-3,355	-2,924
Total comprehensive income attributable to Parent Company's shareholders	4,514	-87	2,669	9,593

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

CONSOLIDATED BALANCE SHEET

KSEK	2021-12-31	2020-12-31
Assets		
Intangible assets	212,003	81,961
- of which IP rights	12,417	15,083
- of which Capitalized development costs	101,504	66,878
- of which Goodwill	98,082	-
Tangible fixed assets	15,898	15,126
Financial assets	1,168	843
Inventories of finished goods	1,692	1,939
Accounts receivable	58,575	35,759
Other receivables	29,567	15,137
Prepayments and accrued income	62,352	57,285
Cash and cash equivalents	16,698	11,776
Total assets	397,952	219,827
Equity and liabilities		
Equity	128,648	81,710
Other long-term liabilities	202,617	52,648
Overdraft	-	7,191
Trade payables	22,704	21,097
Current tax liabilities	1,141	628
Other current liabilities	18,541	34,482
Accrued liabilities and deferred income	24,302	22,070
Total equity and liabilities	397,952	219,827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

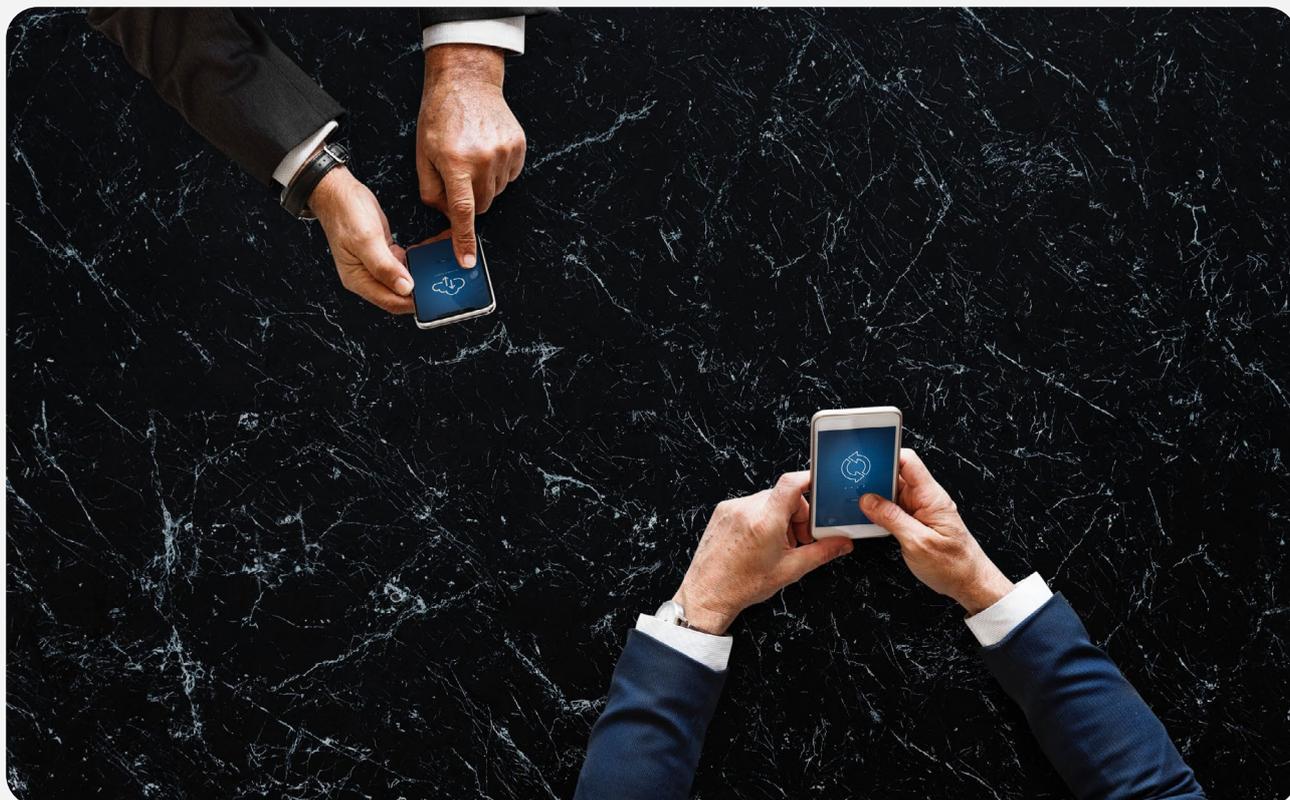
KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
At beginning of period	124,134	57,139	81,709	27,770
Comprehensive income for the period	4,514	-87	2,669	9,593
Offsetting share issue	-	-	44,270	19,689
Shareholder contribution	-	24,657	-	24,657
At end of period	128,648	81,709	128,648	81,709

CONSOLIDATED CASH FLOW STATEMENT

KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
Cash flow from operating activities before change in working capital	12,131	8,838	42,068	39,749
Change in working capital	-12,451	-20,779	-25,518	-50,761
Cash flow from operating activities	-320	-11,941	16,550	-11,012
Cash flow from investing activities	-15,554	-8,077	-160,253	-29,259
Cash flow from financing activities	-167	18,884	148,485	37,842
Cash flow for the period	-16,041	-1,134	4,782	-2,429
Cash and cash equivalents at beginning of period	32,542	13,484	11,776	14,851
Exchange rate differences in cash and cash equivalents	197	-576	140	-646
Cash and cash equivalents at end of period	16,698	11,776	16,698	11,776

KEY RATIOS AND FIGURES

KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
Return on equity	5.1%	4.1%	5.7%	22.9%
Earnings per share SEK before and after dilution	0.54	0.25	0.62	1.50
Operating profit/loss, KSEK	11,899	3,633	27,373	21,458
Growth in net sales	10.9%	-7.1%	-2.5%	20.4%
Operating margin (EBIT)	15.1%	5.1%	9.5%	7.3%
Average number of shares before and after dilution	9,922,383	8,877,424	9,669,030	8,340,501
Number of shares outstanding at end of reporting period	9,922,383	8,908,970	9,922,383	8,908,970
Quick ratio	265%	159%	265%	159%
Equity/assets ratio	32.3%	37.2%	32.3%	37.2%
Equity, KSEK	128,648	81,710	128,648	81,710
Equity per share	12.97	9.20	13.31	9.20
Number of employees at end of period	148	108	148	108



PARENT COMPANY INCOME STATEMENT

KSEK	2021 OCT-DEC	2020 OCT-DEC	2021 JAN-DEC	2020 JAN-DEC
Net sales	32,091	38,071	122,819	130,301
Other operating revenue	6,058	2,914	13,628	8,737
Operating expenses	-40,303	-42,352	-129,911	-125,903
Operating profit/loss	-2,154	-1,367	6,536	13,135
Net financial items	-4,774	-213	-15,028	-5,273
Profit/Loss after financial items	-6,928	-1,580	-8,492	7,862
Income tax	-288	-91	-759	-746
Net profit/loss for the period	-7,216	-1,672	-9,251	7,116

PARENT COMPANY BALANCE SHEET

KSEK	2021-12-31	2020-12-31
Assets		
Fixed assets	195,493	71,621
Current assets	143,057	102,803
Total assets	338,550	174,424
Equity and liabilities		
Equity	99,320	64,303
Long-term liabilities	195,254	44,500
Current liabilities	43,977	65,621
Total equity and liabilities	338,550	174,424
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	2021		2020	
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
SDS	57,304	45,066	195,279	181,419
SDD	22,094	26,604	95,128	116,622
Intra-Group support fee ²	-568	-577	-2,220	-2,432
Seamless Group	78,830	71,093	288,187	295,609

Operating profit¹

KSEK	2021		2020	
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
SDS	11,844	3,120	31,857	20,164
SDD	623	1,090	3,020	3,726
Intra-Group support,fee ²	-568	-577	-2,220	-2,432
Seamless,Group	11,899	3,633	32,657	21,458

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 320 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 650 million consumers are served globally.

SDS share is listed on Nasdaq First North Premier.

OM 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 2021, SDD started its sales of the App and web portal, which was launched in 2019 and developed in 2020, 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 30,933 thousand and a profit after tax of SEK 9,899 thousand to the Group for the period May 7, 2021 to December 31, 2021. If the acquisition had been completed on January 1, 2021, consolidated pro forma for revenues and earnings as of December 31, 2021 at SEK 40,874 thousand and SEK 7,086 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
Cash purchase price - cash outflow	JAN-DEC
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-DEC	2020 JAN-DEC
Professional services/software	70,365	76,592
Licences	3,233	2,892
Support	89,074	91,744
Hardware	547	7,145
Smart Capex	9,323	-
Smart Sales & Distribution	20,025	-
Other	491	614
SDS total	193,059	178,987

KSEK	SDD	
	2021 JAN-DEC	2020 JAN-DEC
Etop-up	92,644	114,347
Bank systems	1,956	1,976
Other	528	299
SDD total	95,128	116,622

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-DEC	2020 JAN-DEC
Africa	124,131	115,074
Middle East and Asia	51,303	58,826
Other	17,625	5,087
SDS total	193,059	178,987

KSEK	SDD	
	2021 JAN-DEC	2020 JAN-DEC
Sweden	86,495	107,184
Denmark	8,303	9,438
Other	330	-
SDD total	95,128	116,622

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.

FINANCIAL CALENDAR

Planned publication of annual report	2022-03-18
Interim report Q1 2022	2022-04-21
Planned date for the AGM	2022-04-21
Interim report Q2 2022	2022-07-21
Interim report Q3 2022	2022-10-20

Seamless Distribution Systems' interim report for January to December has been approved for publication in accordance with the Board's decision of February 17, 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, February 16, 2022

Martin Roos

Leif Frykman
Chairman of the board

Pia Hofstedt

Johan Wilsby

Morten Karlsen Sörby

Mats Victorin
CEO

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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.