

Year-end report Q4

2022

YEAR-END REPORT Q4

JANUARY - DECEMBER 2022

OCTOBER - DECEMBER 2022

- Net sales amounted to SEK 37.4 (78.8) million, a decrease of -52.5% compared to the same period last year.
- The EBITDA result amounted to -34.1 (19.6) MSEK, a decrease of -274.0% compared to the same period last year.
- The EBITDA margin amounted to -91.2% (24.9%).
- Profit after tax amounted to -65.9 (5.4) MSEK.
- Earnings per share amounted to SEK -6.30 (0.54).
- Cash flow for the period amounted to -2.8 (-16.0) MSEK.

JANUARY - DECEMBER 2022

- Net sales amounted to SEK 245.4 (288.2) million, a decrease of -14.8% compared to the same period last year.
- The EBITDA result amounted to SEK 9.8 (64.3) million, a decrease of -84.8% compared to the same period last year.
- The EBITDA margin amounted to 4.0% (22.3%).
- Profit after tax amounted to SEK -75.4 (6.0) million.
- Earnings per share amounted to SEK -7.30 (0.62).
- Cash flow for the period amounted to -10.6 (4.8) MSEK.

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
Net sales	37,435	78,830	245,412	288,187
EBITDA result	-34,133	19,622	9,801	64,312
EBITDA margin	-91.2%	24.9%	4.0%	22.3%
Operating results	-56,754	11,899	-48,586	27,373
Operating margin	-151.6%	15.1%	-19.8%	9.5%
Profit for the period after tax	-65,864	5,407	-75,415	6,024
Cash flow for the period	-2,809	-16,041	-10,619	4,782
Earnings per share, before and after dilution	-6.30	0.54	-7.30	0.62

MATERIAL EVENTS DURING THE QUARTER

🌐 OCTOBER

Seamless Distribution Systems AB ("SDS") won during the quarter, through its subsidiary Riaktr, an order for its Smart Sales & Distribution product from an operator in Sudan. In addition to the initial order, worth SEK 3.4 million, an annual license with recurring revenue worth SEK 2.1 million also runs.

🌐 OCTOBER

On October 19, 2022, SDS appointed Olivier Moisse as the company's product manager and he joined the SDS management team.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

🌐 JANUARY

Seamless announced via a press release on February 8, 2023 the lower result for Q4 2022 and that the Company is starting a cost reduction program to drive efficiency, margin and cash flow improvements. The group's organic growth was negative during the quarter, mainly due to delays in projects that, according to previous forecasts, would have been completed in the fourth quarter, and that two projects that were previously recognized as revenue in

2022 were terminated by the customer. SDS conducts a dialogue with major shareholders with the aim of strengthening the company's liquidity and equity. Due to a breach of its covenant in the terms of its issued bonds, SDS has engaged Pareto Securities and Gernandt & Danielsson and for a dialogue with the largest bondholders, with the aim of handling the situation in an appropriate way through changes to the terms.

CEO'S COMMENTS

After a number of years with improved results, SDS (publ) was hit by a combination of a late negative pandemic effect, as well as delays in the transition regarding technology change. These delays meant in practice that the company could not start work on the order backlog won during Q3 and Q4 2022 and thus the company could not credit any revenue from these orders.

As a result, organic growth in Q4 was negative, mainly due to the above-mentioned delays. In addition, as a result of these delays, two projects that were previously recognized as revenue earlier in 2022 were cancelled.

The delays have had a significantly negative impact on the result. EBITDA landed for the quarter at SEK -34 (20) million. The turnover for the quarter landed at SEK 37 (79) million, which means a total turnover of approximately SEK 245 (288) million for the full year.

Due to the weak results for the fourth quarter of 2022, SDS will be in breach of its covenant in the terms of its issued bonds. Due to this, SDS has engaged Pareto Securities and Gernandt & Danielsson and is in continuous dialogue with the largest bondholders, with the aim of implementing changes to terms.

In parallel, SDS also conducts a dialogue with major shareholders with the aim of strengthening the company's liquidity and equity. The board considers that changes to the bond terms, as stated above, are a prerequisite for this dialogue to result in a quick injection of capital.

Planned measures and the way forward

As a consequence of delays in project deliveries that were to be delivered in Q4, they were postponed to 2023, so this means that we enter the new year with an order backlog from 2022 from new sales of SEK 37 million with expected delivery during the first half of the year. In addition to this, there are estimated new sales in 2023 as well as our significant share of recurring revenue in the form of license and support revenue.

In order to drive efficiency, margin and cash flow improvements in the future, SDS has initiated a cost reduction program and undertaken a strategy review. This was communicated on February 8, 2023. The program aims to generate annual savings of over SEK 45 million, with a noticeable effect during the second quarter of 2023 and with full effect during the first quarter of 2024. The program involves a strong reduction of approximately 20-25% of our resources.



As a result of the concluded strategy review, the company's new sales are expected to have a higher degree of standardized software, which is expected to lead to better margins, improved cash flow and shorter lead times, from order to checkout. The restructuring measures are designed to generate satisfactory profitability and cash flow even with relatively small new sales.

A handwritten signature in black ink, appearing to read 'Martin Schedin'. The signature is fluid and cursive, written on a white background.

Martin Schedin
Acting CEO, Seamless Distribution Systems AB

FINANCIAL OVERVIEW

OCTOBER - DECEMBER 2022

NET SALES

Net sales during the fourth quarter amounted to SEK 37,435 (78,830) thousand, a decrease of -52.51% compared to the same period last year. Other operating income amounted to SEK 5,027 (6,529) thousand.

During the fourth quarter, the group's organic growth was negative. This is due to delays in projects that, according to previous forecasts, would have been completed in the fourth quarter, as well as two projects that were previously recognized as revenue in 2022 being terminated by the customer. This contributed to the Company turning over revenues of approximately SEK 12 million, as well as due to delays in projects which contributed to the Company not being able to make any successive profit settlement on newly won projects, but only to complete the work on those that had dragged on. As of December 31, 2022, the Company had a backlog of approximately SEK 37 million in new sales order backlog that will be carried into 2023.

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

OPERATING EXPENSES

Operating expenses during the fourth quarter amounted to SEK -99,216 (-73,461) thousand, an increase of 35.1% compared to the same period last year.

During the quarter, SDS evaluated its balanced development costs, which resulted in a write-down of approximately SEK 10 million for the activations where the work was considered too customer-specific. As a result of the analysis during the quarter regarding the Company's research and development, the Company reduced its capitalization of this item in the balance sheet during the quarter in accordance with the precautionary principle and this contributed to increased costs for the quarter.

OPERATING PROFIT

The EBITDA result for the fourth quarter amounted to SEK -34,133 (19,622) thousand.

The EBIT result for the quarter amounted to SEK -56,754 (11,899) thousand.

The financial net in the quarter amounted to SEK -6,763 (-4,797) thousand.

Profit before tax amounted to SEK -63,517 (7,102) thousand.

Earnings per share amounted to SEK -6.30 (0.54).

INVESTMENTS

During the fourth quarter, investments were made in product development to a value of SEK 9,547 (11,840) thousand. Depreciation on intangible assets amounted to SEK -10,917 (-5,969) thousand and write-downs on intangible assets amounted to SEK -9,933 (0) thousand. Investments in tangible assets amounted to SEK 261 (917) thousand for the quarter. Depreciation on tangible assets amounted to SEK -836 (-819) 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 7,468 thousand has been booked in the group with depreciation of SEK -935 thousand, as well as an interest expense of SEK -93 thousand for the quarter, both of which have replaced the rental cost. As of the end of December, the financial debt amounts to SEK 7,545 thousand.

NUMBER OF EMPLOYEES

The number of employees in the group at the end of the period was 154 (148). The majority of employees are software developers. In addition to this, SDS has approximately 177 (172) consultants mainly in Pakistan and Ghana.

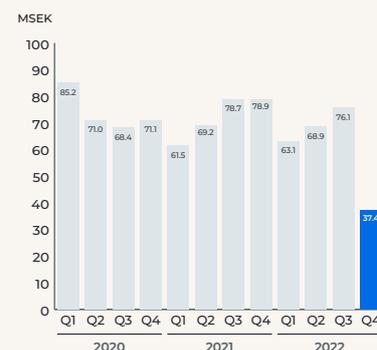
CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 7,234 (16,698) thousand.

Cash flow from operating activities during the fourth quarter amounted to SEK -6,481 (-320) thousand. The period's cash flow amounted to SEK -2,809 (-16,041) thousand.

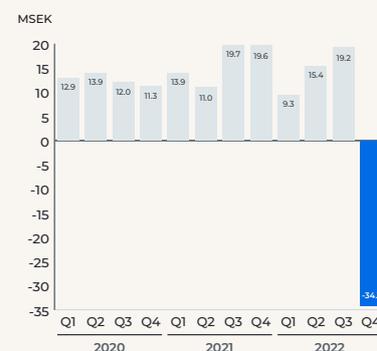
Net sales

MSEK 37.4



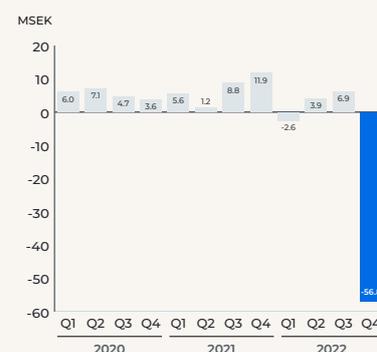
EBITDA result

MSEK -34.1



EBIT result

MSEK -56.8



FINANCIAL OVERVIEW

JANUARY - DECEMBER 2022

NET SALES

Net sales during the year's twelve months amounted to SEK 245,412 (288,187) thousand, a decrease of -14.8% compared to the same period last year. Other operating income amounted to SEK 33,837 (15,252) thousand.

The reduced turnover is explained, among other things, by SDD's loss of sales of approximately SEK 11 million during the twelve months of the year compared to the same period last year, as well as due to delays in projects which contributed to the Company not being able to make any successive profit settlement on new won projects without only complete the work on those that have dragged out the time. The Group's turnover was generally positively affected during the year compared to the previous year by the stronger krona against the dollar, as a large part of the Company's transactions take place in the currency.

OPERATING EXPENSES

Operating expenses during the year's twelve months amounted to SEK -327,835 (-276,066) thousand, an increase of 18.8% compared to the same period last year.

Riaktr's operating costs are included in the group's total operating costs for the period January to December 2022, compared to the same period last year where they are included in the group from the acquisition date 7 May 2021. The increase is also explained by the fact that the Company had increased travel costs during the twelve months of the year compared to the previous year, this is a consequence of eased restrictions against the pandemic. In addition, the Company has also evaluated its intangible assets, which contributed to a write-down of SEK 10 million for development that was found to be too customer-specific.

OPERATING PROFIT

The EBITDA result for the year's twelve months amounted to SEK 9,801 (64,312) thousand.

The EBIT result for the year's twelve months amounted to SEK -48,586 (27,373) thousand.

The financial net for the year's twelve months amounted to SEK -23,509 (-16,782) thousand. In May 2021, the company took out a bond loan of SEK 200 million, with a variable interest rate of 3 months STIBOR plus 875 basis points. Associated bond costs of SEK -11,031 thousand are amortized back at the same rate as the term of the loan in three years and go over the accounts for interest costs.

Profit before tax amounted to SEK -72,096 (10,591) thousand.

Earnings per share amounted to SEK -7.30 (0.62).

INVESTMENTS

During the year's twelve months, investments were made in product development to a value of SEK 45,723 (37,292) thousand. Depreciation on intangible assets amounted to SEK -41,473 (-31,330) thousand and write-downs on intangible assets amounted to SEK -9,933 (0) thousand. Investments in tangible assets amounted to SEK 2,840 (4,043) thousand for the year. Depreciation on tangible assets amounted to SEK -3,380 (-2,690) 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 7,468 thousand has been booked in the group with depreciation of SEK -3,601 thousand, as well as an interest expense of SEK -428 thousand for the whole year, both of which have replaced the rental cost. As of the end of December, the financial debt amounts to SEK 7,545 thousand.

CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 7,234 (16,698) thousand.

In May 2021, SDS took out a bond loan with an initial volume of SEK 200 million. As of December 31, 2022, the reported value of the bond loan was SEK 199 million.

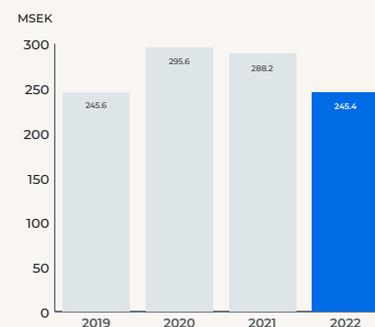
Since February 28, 2023, the company is in breach of its covenant in the terms of its issued bonds. For this reason, the company has engaged Pareto Securities and Gernandt & Danielsson and is in dialogue with the largest bondholders with the aim of handling the situation in an appropriate way through changes in terms. Until the covenant breach has been cured through waiver or condition changes, the loan will be reclassified as a short-term loan.

According to the company's forecasts, the Company's cash flow from ongoing operations will be sufficient for the next twelve months. In addition to the above-mentioned discussion with bondholders, the board holds discussions with major shareholders with the aim of strengthening the company's liquidity and equity.

The cash flow from current operations amounted to SEK 12,438 (16,550) thousand during the twelve months of the year. The period's cash flow amounted to SEK -10,619 (4,782) thousand.

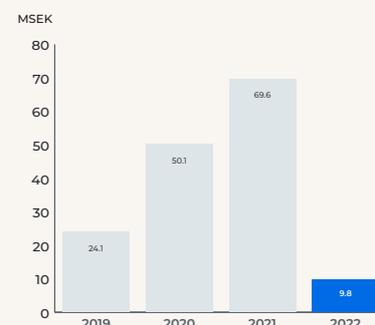
Net sales

MSEK 245.4



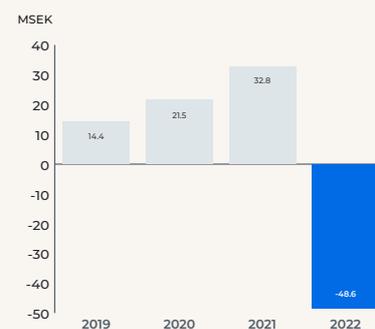
EBITDA result

MSEK 9.8



EBIT result

MSEK -48.6



THE SHARE

SHARE DEVELOPMENT



2020

SDS carried out an oversubscribed share issue which added SEK 26.5 million to the company

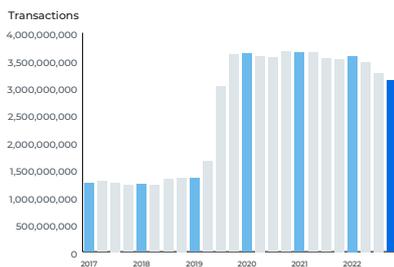
RIAKTR

2021

SDS acquired Riaktr for customer and technology expansion

TRANSACTIONS

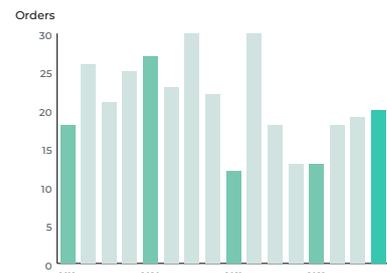
Number of transactions handled by ERS 360 per quarter



Monetary value managed by Seamless system per quarter



Number of orders won per quarter



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



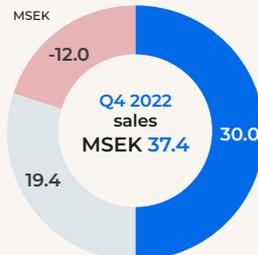
South America
1 country
1 customer

Product offering



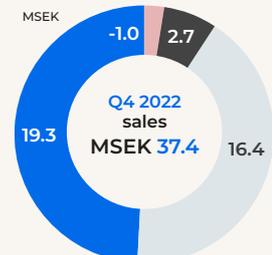
MSEK			
4.3	Analytics	4.3	11.5%
31.5	RVM	31.5	82%
1.6	MFS	1.6	4%

Revenue types



MSEK			
-12.0	New sales	-12.0	-32%
19.4	Re-occurring revenue	19.4	52%
30.0	Recurring revenue	30.0	80%

Geographic sales



MSEK			
19.3	Europe	19.3	49%
16.4	Africa	16.4	44%
2.7	Asia/Middle East	2.7	7%
-1.0	Americas	-1.0	-3%

THE SEAMLESS ADVANTAGE

SDS works with the digitization of large-scale sales and supply chain networks. The company has developed software and processes for handling large amounts of transactions with financial, logistical or other information. With its experience, SDS has developed a system through which the Company collects and analyzes data generated

Over the years, SDS has become more than just a technology supplier and has a self-developed software platform, which is now in its fourth generation. We have spent 30+ years helping 50+ MNOs create and maintain a successful sales and distribution chain across multiple markets with a homogeneous product portfolio that grows with them:

in transaction systems and makes recommendations to customers to achieve operational efficiency. The software can be easily integrated with most solutions, such as payment solutions such as payment methods for products and services.

Cost optimization through our cohesive products

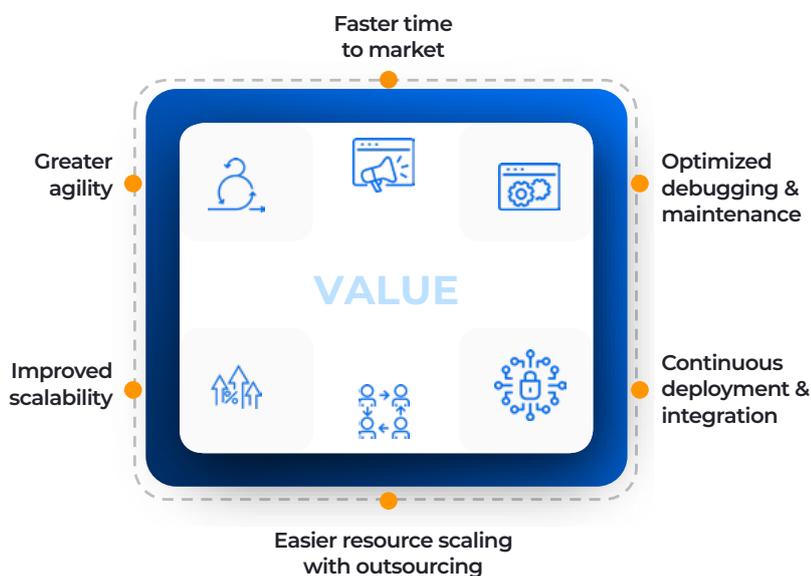
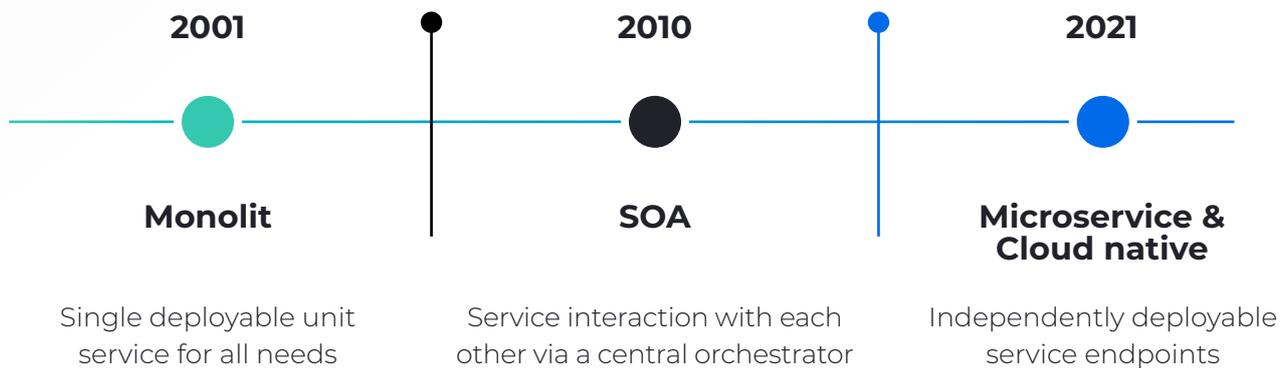
Unmatched business efficiency through our insight-driven portfolio

Sustainable competitive advantage with future-ready technology (SaaS & cloud native)

Our cloud native tech stack

With our technical leap, from a monolith platform to a microservice and cloud native, we have moved from a one product company to several new products. With our new product suite our market attractiveness has substantially increased. The new architecture enables plug & play across a portfolio that works seamlessly together.

We experience a greater stickiness with customers, meetings at customers' highest level of management, joining the discussion earlier in the process and expanding from a pure transaction system to next generation and exciting offer.



Key factors

Our Microservices-backed product portfolio:

Reduces hardware and capital expenses

Reduces fragmented operations and offers multi country adoption

Champions modularity with API-based seamless integrations & SDK's (Software Development Kit).

Promotes agility and quick turnaround with on-demand scaling with fault tolerance

Offers a future-proof and resilient architecture

OFFERING

SDS considers itself to have a unique position in the market, as the SDS platform is the backbone of a mobile operator's sales operations. Through its long experience, SDS has a deep understanding of how the retail infrastructure works for mobile operators. The product portfolio is focused on supporting and digitizing every step of the sales process with the goal of providing the opportunity to sell any product, at any time and through any channel. Channels in this context can be anything from a simple terminal to a company-wide cash terminal system.

The systems and solutions provided by SDS are business-critical platforms that handle a large number of transactions and large monetary flows. This puts a high demand on the platform being flexible and having high performance, as well as accessibility. As SDS customers operate in competitive markets, there is also an expectation of the amount of features and services that can be managed with the same technology platform. Furthermore, there are requirements for the platform to have an open architecture and thus offer the opportunity to easily integrate the platform with other systems. SDS technology and platforms meet these expectations and are supported by a team 24/7, who are well aware of the need for the technical and operational expectations, both for the business and for the Company's customers. SDS has the organizational structure required to develop, deliver, transfer knowledge and perform technical support as well as manage and maintain the operational operation of all delivered platforms.

In addition to the technical platform and operational capacity, important attributes such as sustainability, high availability and business continuity are necessary for SDS to easily provide its customers with optimal operational capability. The information that SDS provides its customers access to is necessary for the customer to understand their business results, as well as the dynamics of the business. With the information, the customer receives the material required for the customer's board and management to be able to make informed decisions for their business.

The Group's product portfolio, which is illustrated below, brings together our offering under what we call the RVM suite. It includes solutions for planning, onboarding, growth and optimization for mobile operators throughout the retail journey, from Capex investments to optimization of the sales force.



CONSOLIDATED REPORT ON TOTAL RESULTS

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
Operating revenue				
Net sales	37,435	78,830	245,412	288,187
Other operating revenue	5,027	6,529	33,837	15,252
Total operating revenue	42,462	85,359	279,249	303,439
Operating expenses				
Material expenses	-22,394	-27,513	-96,846	-106,084
Other external expenses	-22,620	-12,812	-63,735	-52,478
Personnel costs	-24,791	-20,017	-84,405	-69,328
Depreciation and amortization	-22,621	-7,723	-58,387	-36,939
Other operating expenses	-6,790	-5,396	-24,462	-11,237
Total operating expenses	-99,216	-73,461	-327,835	-276,066¹
Operating profit/loss	-56,754	11,898	-48,586	27,373
Financial items				
Financial income	9	0	29	1
Financial expenses	-6,772	-4,797	-23,538	-16,783
Net financial items	-6,763	-4,797	-23,509	-16,782
Profit/Loss before tax	-63,517	7,102	-72,096	10,591
Income tax	-2,347	-1,695	-3,319	-4,567
Profit for the year attributable to the Parent Company's shareholders	-65,864	5,407	-75,415	6,024
Other comprehensive income				
<i>Items that may be reclassified to profit for the year:</i>				
Translation differences	2,395	-893	9,145	-3,355
Total comprehensive income attributable to Parent Company's shareholders	-63,469	4,514	-66,270	2,669

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

CONSOLIDATED BALANCE SHEET

KSEK	2022-12-31	2021-12-31
Assets		
Intangible assets	221,631	212,003
- of which IP rights	9,750	12,417
- of which Capitalized development costs	105,154	101,504
- of which Goodwill	106,727	98,082
Tangible fixed assets	12,567	15,898
Financial assets	1,115	1,168
Inventories of finished goods	1,951	1,692
Accounts receivable	64,058	58,575
Other receivables	35,987	29,567
Prepayments and accrued income	43,296	62,352
Cash and cash equivalents	7,234	16,698
Total assets	387,839	397,952
Equity and liabilities		
Equity	82,278	128,648
Other long-term liabilities	3,925	202,617
Overdraft	9,109	-
Trade payables	40,247	22,704
Current tax liabilities	359	1,141
Other current liabilities	220,742	18,541
Accrued liabilities and deferred income	31,180	24,302
Total equity and liabilities	387,839	397,952

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
At beginning of period	145,747	124,134	128,648	81,709
Comprehensive income for the period	-63,469	4,514	-66,270	2,669
Offsetting share issue	-	-	-	44,270
Shareholder contribution	-	-	19,900	-
At end of period	82,278	128,648	82,278	128,648

CONSOLIDATED CASH FLOW STATEMENT

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
Cash flow from operating activities before change in working capital	-56,372	12,131	-31,078	42,068
Change in working capital	49,891	-12,451	43,516	-25,518
Cash flow from operating activities	-6,481	-320	12,438	16,550
Cash flow from investing activities	-1,781	-15,554	-48,509	-160,253
Cash flow from financing activities	5,452	-167	25,452	148,485
Cash flow for the period	-2,809	-16,041	-10,619	4,782
Cash and cash equivalents at beginning of period	10,409	32,542	16,698	11,776
Exchange rate differences in cash and cash equivalents	-366	197	1,155	140
Cash and cash equivalents at end of period	7,234	16,698	7,234	16,698

KEY RATIOS AND FIGURES

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
Return on equity	-62.5%	5.1%	-71.5%	5.7%
Earnings per share SEK before and after dilution	-6.30	0.54	-7.30	0.62
Operating profit/loss, KSEK	-56,754	11,899	-48,586	27,373
Growth in net sales	-52.5%	10.9%	-14.8%	-2.5%
Operating margin (EBIT)	-151.6%	15.1%	-19.8%	9.5%
Average number of shares before and after dilution	10,462,924	9,922,383	10,327,789	9,669,030
Number of shares outstanding at end of reporting period	10,462,924	9,922,383	10,462,924	9,922,383
Quick ratio	51%	265%	51%	265%
Equity/assets ratio	21.2%	32.3%	21.2%	32.3%
Equity, KSEK	82,278	128,648	82,278	128,648
Equity per share	7.86	12.97	7.97	13.31
Number of employees at end of period	154	148	154	148



PARENT COMPANY INCOME STATEMENT

KSEK	2022 OCT-DEC	2021 OCT-DEC	2022 JAN-DEC	2021 JAN-DEC
Net sales	14,716	32,091	102,760	122,819
Other operating revenue	2,702	6,058	29,147	13,628
Operating expenses	-65,531	-40,303	-182,852	-129,911
Operating profit/loss	-48,114	-2,154	-50,945	6,536
Net financial items	-6,639	-4,774	-23,393	-15,028
Profit/Loss after financial items	-54,753	-6,928	-74,339	-8,492
Income tax	-398	-288	-970	-759
Net profit/loss for the period	-55,151	-7,216	-75,309	-9,251

PARENT COMPANY BALANCE SHEET

KSEK	2022-12-31	2021-12-31
Assets		
Fixed assets	190,616	195,493
Current assets	129,981	143,057
Total assets	320,597	338,550
Equity and liabilities		
Equity	43,912	99,320
Long-term liabilities	-	195,254
Current liabilities	276,685	43,977
Total equity and liabilities	320,597	338,550
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	2022	2021	2022	2021
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
SDS	18,750	57,304	163,659	195,279
SDD	19,396	22,094	84,362	95,128
Intra-Group support fee ¹	-711	-568	-2,609	-2,220
Seamless Group	37,435	78,830	245,412	288,187

Operating profit

KSEK	2022	2021	2022	2021
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
SDS	-56,701	11,844	-48,116	31,857
SDD	658	623	2,139	3,020
Intra-Group support fee ¹	-711	-568	-2,609	-2,220
Seamless Group	-56,754	11,899	-48,586	32,657²

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

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

Seamless
Distribution Systems

 **Seamless**
Digital Distribution

ABOUT SEAMLESS DISTRIBUTION SYSTEMS (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 talk time, data and additional services where SDS products and services handle up to 90% of the Telecom operator's sales. Today, SDS has implemented solutions in fintech, advanced analytics and Retail Value Management and where these solutions have been successful, they are converted into so-called SaaS solutions.

SDS has approximately 320 employees in Sweden, France, Belgium, Romania, South Africa, Ghana, Nigeria, the United Arab Emirates, Pakistan and India. SDS handles more than 15 billion transactions worth over \$14 billion annually. Through over 3 million monthly active retailers of digital products, more than 1,100 million consumers are served, indirectly, globally.

SDS shares are listed on Nasdaq First North Premier.

ABOUT SEAMLESS DIGITAL DISTRIBUTION (SDD)

SDD sells talk time in the Nordic region to retailers, such as larger chains and smaller independent kiosks. SDD delivers complete end-to-end solutions, which not only consist of the end product that is delivered digitally, but also the technology that entails a simple and fast sales process at the retailer.

SDD's main offering includes electronic products such as prepaid card recharges for mobile phones and payment solutions for online payments. The company's services are tailored and adapted to the customers' individual needs, which enables sales via various channels, such as via the customer's own cash register system, alternatively via a terminal or web solution provided by SDD. The core platform ERS360[®], which is used in SDS offers, is also used in SDD's offers. The platform annually handles approximately three and a half million transactions with an approximate value of SEK 450 million in the two markets in which SDD is active, Sweden and Denmark. SDD has one employee and serves roughly 2,000 points of sale.

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 material 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 development, 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 material importance for the Group's future development, please refer to the annual report for 2021, pages 35-36. Management's assessment is that there are no material changes in the risk assessment made in the annual report for 2021.

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 annual report for 2021. 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 financial statements in summary 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 2022 or later. These additions have not had any material impact on SDS's financial reports.

NOTE 2 - DISTRIBUTION OF NET SALES

KSEK	SDS	
	2022 JAN-DEC	2021 JAN-DEC
Retail Value Management (RVM)	109,621	158,270
Mobile Financial Services (MFS)	10,917	5,441
Analytics	40,512	29,348
SDS Total	161,050	193,059

KSEK	SDD	
	2022 JAN-DEC	2021 JAN-DEC
Etop-up	82,361	92,644
Bank systems	1,618	1,956
Other	383	528
SDD total	84,362	95,128

NOTE 3 - NET SALES BY GEOGRAPHIC AREA

KSEK	SDS	
	2022 JAN-DEC	2021 JAN-DEC
Africa	101,671	124,131
Middle East and Asia	55,941	51,303
Other	3,438	17,625
SDS total	161,050	193,059

KSEK	SDD	
	2022 JAN-DEC	2021 JAN-DEC
Sweden	73,601	86,495
Denmark	10,700	8,303
Other	61	330
SDD total	84,362	95,128

NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

The company has no existing transactions with related parties.

OTHER INFORMATION

NOMINATION COMMITTEE & AGM

The SDS Nomination committee for the 2023 AGM consists of John Longhurst (own shares), Lars Rodert (ÖstVäst Kapital) & Tomas Klevbo (representing Veronica Wallman), as well as Martin Roos (chairman of SDS AB). The Nomination committee has appointed Tomas Klevbo 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 Valberedning, Hangövägen 29, 115 41 Stockholm". The Seamless Annual General Meeting is scheduled for April 20, 2023.

AUDIT

This report has not 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	2023-03-16
Interim report Q1 2023	2023-04-20
Planned date for next AGM	2023-04-20
Interim report Q2 2023	2023-07-20
Interim report Q3 2023	2023-10-19

Seamless Distribution Systems' interim report for January to September has been approved for publication in accordance with the Board's decision on February 28, 2023. 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 28, 2023

Morten Karlsen Sörby

Martin Roos
Chairman of the board

Pia Hofstedt

Martin Schedin
Acting CEO

For further information, please contact:



Martin Schedin, Acting CEO

martin.schedin@seamless.se

+46 (0) 704 381 442

ADDRESS (HEAD OFFICE)

Seamless Distribution Systems AB
Hangövägen 29, 115 41 Stockholm

Corporate ID number: 556979-4562

Telephone: +46 8 58 63 34 69

E-mail: sds.info@seamless.se

Website: www.sds.seamless.se

FINANCIAL DEFINITIONS AND ALTERNATIVE KEY RATIOS

Analytics	Collective name for Smart Capex and Smart Sales & Distribution.
Return on equity	Profit after tax in relation to average equity.
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.
Equity per share	Equity in relation to the total number of outstanding shares.
EV/EBITDA	Enterprise Value / Profit before interest expenses, taxes, write-downs and depreciation. EV = Market capitalization + net debt. EBITDA = Profit before interest expenses, taxes, impairment losses and depreciation. Market value = Share price * Number of Shares.
Average number of shares	Weighted average number of shares outstanding during the period.
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.
Cash liquidity	Cash and cash equivalents including short-term investments and short-term receivables in relation to short-term liabilities.
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.
MFS	Abbreviation for Mobile Financial Services. Refers to Microcredit and "Mobile wallet".
Microcredit	Mikrokredit is a value-added service that quickly and easily gives retailers and consumers access to talk time by the retailer borrowing talk time from SDS while waiting for the retailer's inventory balance to be replenished by the telecom operator.
Net sales growth	Sales for the period in relation to sales for the previous period.
P/B	Share price / Equity per share
P/EBITDA	Share price / EBITDA = Profit before interest expenses, taxes, write-downs and depreciation.
P/S	Share price / Turnover Per Share
Profit after tax	Profit after financial items and tax.
Earnings per share	Profit after tax in relation to the average number of shares.
RVM	Retail Value Management is a suite of solutions all the way from planning and onboarding to solutions to ensure distribution, revenue streams, continuous growth and optimization.
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.
Solidity	Equity including minority in relation to total assets.