

Year-end report for the period January 1 – December 31, 2021

Press release 2022-02-17

October – December

- Net sales amounted to SEK 78.8 (71.1) million, an increase of 10.9% compared to the same period last year.
- EBITDA earnings amounted to SEK 19.6 (11.3) million, an increase of 73.5% compared to the same period last year.
- EBITDA margin amounted to 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).
- Total cash flow amounted to SEK -16.0 (-1.1) million.

January – December

- Net sales amounted to SEK 288.2 (295.6) million, a decrease of -2.5% compared to the same period last year.
- EBITDA earnings amounted to SEK 64.3 (50.1) million, an increase of 28.3% compared to the same period last year.
- EBITDA margin amounted to 22.3% (17.0%).
- Adjusted EBITDA earnings amounted to SEK 69.6 (50.1) million, adjusted for acquisition costs, an increase of 38.9% compared to the same period last year.
- Adjusted EBITDA margin amounted to 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).
- Total cash flow amounted to SEK 4.8 (-2.4) million.

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 slowdown 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.

Mats Victorin

CEO, Seamless Distribution Systems AB

For more information contact:

Martin Schedin

Chief Financial Officer

+46 70 438 14 42

martin.schedin@seamless.se

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 February 17th, 2022 at. 08.30 CET.

About Seamless Distribution Systems AB (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 700 million consumers are served globally.

SDS shares are listed on Nasdaq First North Premier.

The company's Certified Adviser is FNCA Sweden AB, phone number 08-528 00 399, email: info@fnca.se