

Year-end report for the period January 1 - December 31, 2018

Press release February 13, 2019

October - December

- Net sales amounted to MSEK 39.0 (14.2), an increase of 175.7 % compared to the same period the previous year.
- EBITDA result amounted to MSEK 9.1 (-3.8).
- EBITDA margin amounted to 23.4% (-26.8 %).
- Profit after tax amounted to MSEK 5.5 (-6.3).
- Earnings per share amounted to MSEK 0.72 (-0.91).
- Total cash flow amounted to MSEK 1.1 (-2.1).

January - December

- Net sales amounted to MSEK 87.7 (70.5), an increase of 24.4 % compared with the same period the previous year.
- EBITDA result amounted to MSEK 10.9 (11.0).
- EBITDA margin amounted to 12.4% (14.5%).
- Profit after tax amounted to MSEK 0.4 (-1.7).
- Earnings per share amounted to MSEK 0.06 (-0.27).
- Total cash flow amounted to MSEK 0.4 (0.3).

CEO comment

“Hard and goal-oriented work has now resulted in an increased inflow of orders. In this quarter we have an “all time high” for company revenues, which totalled SEK 39 million, an increase from SEK 24 million the same quarter the previous year. Quarterly variations are natural when major projects are taken up as revenue over one or two quarters. Revenues for the full year totalled SEK 88 million.

We have a net profit of SEK 5.5 million for the quarter and a net profit for the full year of SEK 0.4 million, which is a good step forward towards long-term profitability.

After three quarters of very intensive work in the market, we carried out a number of large and strategic transactions in this quarter. Furthermore, during the quarter the company made its first acquisition through the purchase of eProducts Sweden AB (SDD), and even after a few months this can be regarded as very successful for the future. SDD made a contribution of SEK 10.5 million to the Group’s increase in revenues and SEK -0.29 million to operating profit. The negative figure is explained by the fact that we had acquisition costs in addition to the purchase price of SEK 0.26 million.

SDS PLAYING IN THE TOP LEAGUE

Africa’s largest market is Nigeria, where SDS made its first business deal several years ago. The highlight of the quarter is the record order where we were entrusted by Nigeria’s and also Africa’s largest mobile operator with delivering our digital platform for distribution and our system for precision marketing in the retail space. The order had a value of over SEK 20 million and shows that SDS has the ability to successfully complete campaigns.

Ethio Telecom is Africa's largest operator and after long and focused work SDS, together with its strategic local partner, has been chosen to supply technology and services that are part of the operator's modernisation and digitalisation drive.

These two agreements illustrate the fact that SDS has world-class knowledge, capacity and competence.

CHANGE IN BUSINESS MODEL

SDS's business model has historically consisted of project sales to new customers and subsequently recurring annual support revenues with additional sales of further functions. Strategically we are working to increase the percentage of recurring revenues so as to even out revenue flows and profitability. Two breakthroughs were made during the quarter: The agreement in Ethiopia means that SDS together with its local partner supplies technology and services to Ethio Telecom, which is Africa's largest operator, with approximately 66 million mobile customers. SDS is to provide technology and expertise regarding digitalisation of a mobile operator's distribution. So far, the customer has only distributed talk time through physical scratch cards. There is thus very great potential for rationalisation for the customer. SDS receives a certain percentage of the value distributed digitally and of the savings made and therefore has the potential to receive far better recurring revenues. The other breakthrough is also a revenue-sharing business deal with a mobile operator in the Middle East that is launching a mobile wallet for payments, transfers between users and other services. This is a breakthrough for both our proprietary platform for payment services and the fact that the business model follows our new profit-sharing strategy. We thus benefit from the rationalisation effect that our customers enjoy when they use our systems.

AN ACQUISITION AND THUS A NEW BUSINESS UNIT

In November we bought the assets and liabilities of eProducts Sweden AB from our old Parent Company. The business consists of distributing electronic products in Sweden and Denmark, primarily vouchers for topping up prepaid SIM cards for mobile phones. The opportunity to come up in the value chain and thus under our own management be able to use our innovative software for digital distribution is the primary reason for the acquisition. But it also gives us access to the unique transaction exchange that enables sales of talk time between all Swedish mobile operators and most of Sweden's large commercial banks. We have put the Scandinavian business in its own subsidiary, Seamless Digital Distribution AB, and it is reported as a segment of its own in our reporting. This distribution business can be expected to double the Group's sales in the time ahead.

NEW EXCITING PRODUCT OFFERINGS

SDS's structure capital and expertise in the form of its ability to sell, supply and receive payment in markets that are generally experienced as difficult are assets that we make use of through the expansion of the product portfolio. The work during the year has resulted in several new exciting offerings this quarter. We have already sold our first product in the field of mobile financial services in the Middle East. Our well-reputed transaction platform now also handles money for consumers and opens up a completely new product segment. In markets where bank services do not exist for ordinary consumers, great opportunities are opened up for mobile operators to extend their business into the field of financial consumer services. This deepens our participation in the Fintech niche and allows more offerings of this nature in many other markets.

SDS already has a strong offering in the field of distribution of digital products. We are now using the same platform to also launch a complete concept for the distribution of physical products, as well as automisation and optimisation of the business flow. One and the same person can then handle both delivery and sales as the system combines order and inventory management directly in the system. We call the offering Sales Force Optimisation, where modern digital user interfaces communicate efficiently with sophisticated systems that automise and optimise business processes and flows.

Through our deeply integrated systems with increasingly more functionality for the operators, we are becoming even more business-critical and long-term business partners for our customers. We can thus contribute to greater profitability for our customers. We thereby ourselves develop a long-term relationship with customers, which enables us to help them to continue making their businesses more efficient. This in its turn should give greater future profitability.

Tommy Eriksson, CEO, Seamless Distribution Services AB”

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This information is the information that Seamless Distribution Systems AB (publ) is required to disclose under the EU Market Abuse Regulation.

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About Seamless Distribution Systems AB (SDS)

SDS is a Swedish software company with solutions for electronic distribution of services to private consumers through mobile operators in emerging countries. The company offers its corporate customers a comprehensive solution for digital transactions. The company has customers in 30 markets that reach over 300 million mobile consumers through more than 700,000 retailers. SDS has about 130 employees in Sweden, Belgium, Ghana, USA, Pakistan, India, Ecuador and the United Arab Emirates. With over 16 years of experience, SDS focuses on high level of customer satisfaction and effective development. SDS manages over 5.3 billion transactions annually and enables the growing population of emerging countries to become part of the mobile revolution.

SDS share is listed on NASDAQ First North Premier.

The company's Certified Adviser is Mangold Fondkommission AB, telephone number +46 8-5030 1550.

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