

Seamless Distribution Systems AB (publ) (“Seamless”, “SDS” or the “Company”) is a global provider of mission-critical sales and distribution (S&D) software systems for telecom operators (telcos), mainly in emerging markets. The Company’s core proposition is to digitize prepaid mobile credit for calls and data (“airtime”), and adjacent telecom retail flows, replacing physically distributed vouchers and manual reseller processes with real-time systems that improve revenue oversight, channel performance and reduce operational complexity for operators. SDS has around 180 employees and has been listed on NGM Nordic SME since 2017.

The current phase of SDS is centred around a completed operational and financial turnaround, referred to as “SDS 2.0”. Following a period of balance sheet pressure, uneven profitability and integration challenges, management has executed a broad restructuring program. The Company has gone through an organizational renewal, including new executive leadership and a strengthened commercial organization with a clearer focus on profitability and disciplined project execution. Key elements include platform modularization and the introduction of AI-driven product capabilities, as well as a comprehensive cost-efficiency program stated to have already saved 66 MSEK and reached a point where recurring revenues covers the full operating cost base and interest payments for outstanding bonds.

Given this turnaround, SDS has communicated ambitious guidance of full-year 2026 EBT of about 45-55 MSEK, and in February 2026 confirmed 14-16 MSEK in “secured” EBT for the year, based on orders booked early in 2026. SDS forecasts is based on historical inflow of new product licenses over the last five years, implying that the guidance assumes a normalized pace of additional wins beyond the early-year secured base.

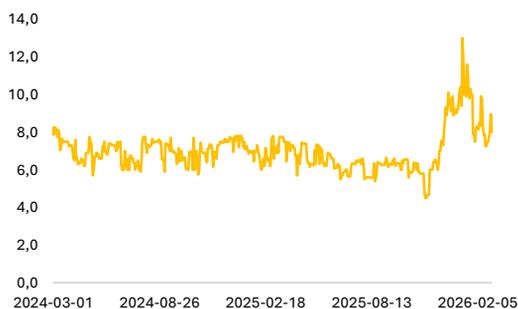
INVESTMENT CASE IN BRIEF

- A mission-critical platform:** SDS operates at the core of operators’ revenue systems with its vertical software. Its platform handles approximately 80 % of operator revenues in its markets, which creates high switching barriers resulting in low churn and long customer relationships, typically exceeding five years. As a result, SDS software functions as embedded revenue infrastructure.
- Completed turnaround, operating leverage:** Following its turnaround, SDS has a more flexible cost base and a clearer commercial strategy. The cost efficiency program, with full effect going into 2026, brings the Company to break even on its existing recurring revenue base alone, implying increased incremental profitability from new contracts. Execution on sustained earnings are crucial amid outstanding senior secured bond financing.
- A scalable upsell model:** SDS’ model is highly scalable through monetization of its installed base. Beyond project-based implementation revenues, the Company earns recurring support and managed services fees and can add modules at low marginal cost after deployment. Under SDS 2.0, modular AI-driven analytical tools can be sold independently, improving operator revenue control and working capital efficiency while increasing operating leverage.
- Proven global scale combined with scalable architecture:** SDS has proven global scale through relationships with leading operators in emerging markets, processing more than 14 billion USD annually for over 700 million end-customers across more than 50 markets. Its cloud-native, microservices-based architecture supports major cloud environments and enables a SaaS-oriented delivery model with more efficient rollout of modular components.
- Structural and growing underlying demand:** SDS benefits from structural demand in prepaid airtime-heavy markets. Prepaid penetration remains near-total in several African countries, while rising mobile data usage increases transaction volumes and the need for revenue assurance and analytics. Multiple institutions forecasts continued multi-year data traffic growth, supporting modernization and analytics spending by operators.

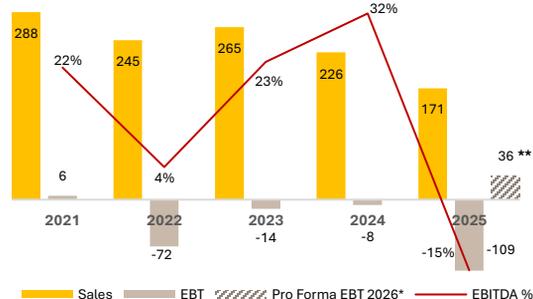
COMPANY OVERVIEW

Ticker	SDS
List	Nordic SME Sweden
Share Price	7.50 SEK
Number of Shares	21 467 695
Market Cap	161 MSEK
CEO	Martin Schedin
Chairman.....	Martin Roos
HQ.....	Stockholm, Sweden

SHARE PRICE DEVELOPMENT 24-26’ (SEK)



FINANCIAL DEVELOPMENT 21-25’ MSEK



* EBT is shown given that it captures material net financial items from the senior secured bond
 ** Pro forma adjusted EBT is Company-calculated and applies a 2026 run-rate for OPEX, D&A normalisation, FX adjustment and interest to FY2025 net sales/EBT to illustrate earnings capacity post restructuring

OWNERSHIP STRUCTURE (Source: modular finance)

Avanza Pension	12,70 %
Jan Karlander	11,19 %
Swedbank Försäkring	9,18 %
Mats Andersson	6,20 %
Veronica Wallman	5,42 %
Roland Wallman	4,82 %
Tomas Klevbo	4,81%
Martin Roos	4,08 %
ÖstVäst Capital Management	3,79 %
Eddy Cojulun	3,13 %



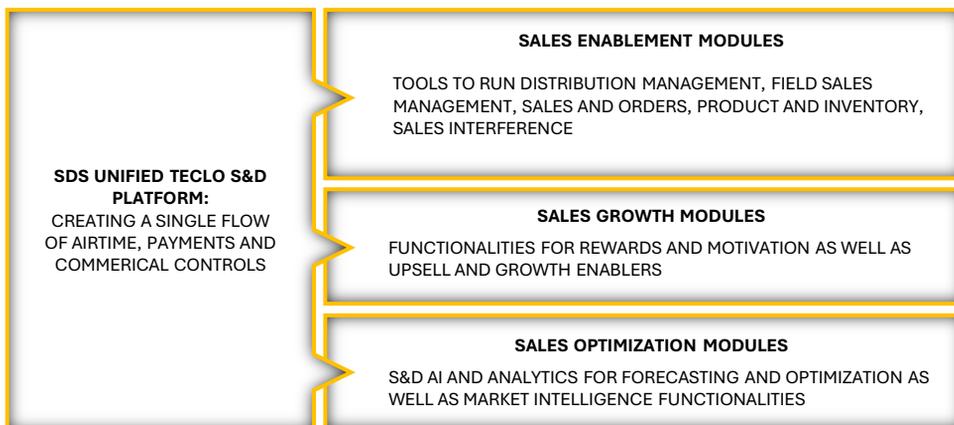
DIGITISING PREPAID SALES AND DISTRIBUTION

SDS provides software platforms that enable telecom operators and groups to digitise and automate their prepaid S&D chain, with embedded analytics to support day-to-day decision-making. In many prepaid markets, airtime is still distributed via physical prepaid cards and multi-tier reseller networks, forcing retailers to hold inventory and tie up capital, while operators face logistics and safety risks and limited visibility.

SDS shifts this to digital distribution through its main platform “ERS 360”, enabling real-time delivery by connecting operator core systems to distributors, retailers, field sales and digital channels, improving visibility and governance. Through this model, the Company has established itself as a reliable partner to multiple tier-1 operators across emerging markets, supporting mission-critical ecosystems with growing uptime and scalability, removing the need for huge physical inventory while increasing analytics and controls. The platform is deeply embedded in its customers’ revenue-generating systems, handling approximately 80 % of revenues on average and processing over 15 billion transactions per year.

PLATFORM AND PRODUCT OVERVIEW

SDS describes a unified telco S&D platform that connects operator core systems to distributors, retailers, field sales, and digital channels in one unified flow. Crucially, the platform is modular, meaning operators can add modules over time, creating an installed base upsell logic rather than one-off projects. The Company’s platform rests on three strategic offerings: (i) **Sales Enablement**: tools to run distribution, retail execution, dealer and workforce management, (ii) **Sales Growth**: incentives, loyalty, CVM and monetisation tools to drive sell-out, and (iii) **Sales optimization**: AI and analytics for forecasting, recommendations, and optimisation.



With the modular platform offering, components can be added in sales enablement, growth, and optimization over time. Combined with the lower cost base post 2025 and a broader mix of repeatable deliveries, the modular installed-base upsell model is positioned to support margin expansion into 2026. SDS also puts much weight on its AI-driven portfolio, specifically sales forecasting tools and “Smart CapEx” for more intelligent investments, alongside generative analytics and AI assistants.

RECURRING REVENUE MODEL

SDS’ revenue model is dominated by ongoing recurring revenue from support and managed services typically spanning 3-5 years after contract sales, complemented by one-time upfront project and installation revenue. Support revenue can amount to roughly 10-20 % of the initial “CapEx” revenue, and support typically begins 6-12 months after project delivery. In Q4 2025, recurring revenues accounted for 89 % of sales, illustrating the extent to which the business is anchored in recurring revenues that strengthens visibility and supports the installed base upsell narrative. Recent announcements include an 11 MSEK add-on order linked to Smart CapEx, a multi-year renewal with a leading telco in the Middle East, and an AI-focused collaboration with TashiCell Bhutan.

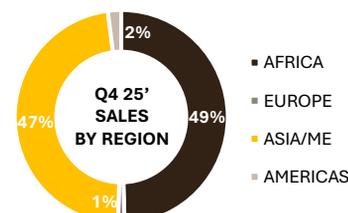
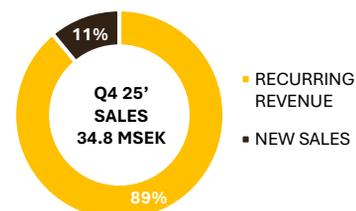
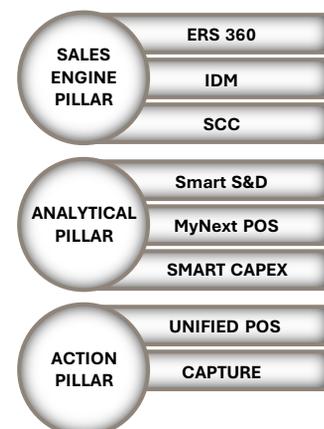
GEOGRAPHY AND CUSTOMER BASE

Geographically, SDS operates in emerging markets where Africa, the Middle East and Asia combined account for about 96 % of all revenue, with additional operations in Europe and the Americas. The Company operates through a limited number of local hubs and offices, supporting deployments across large multi-country operators. This footprint provides access to prepaid-heavy markets, but also implies exposure to FX, regulatory environments and customer concentration typical for enterprise software. Key customers include several tier-1 operators, including MTN Group, Vodafone and Safaricom where SDS’ software is embedded in revenue-generating distribution flows.

CORE PLATFORM ADVANTAGES

- ✔ **Deeply integrated** into telcos’ systems, resulting in low churn
- ✔ **Recurring revenues** with support and managed services after launch
- ✔ **Mission-critical offering** handling 80 % of customers’ revenues
- ✔ **Limited share of customers’ costs** resulting in resilience

SDS RETAIL VALUE MANAGEMENT SUITE



SDS HAS IMPLEMENTED A COMPREHENSIVE TURNAROUND



TURNAROUND DURING 2025

During 2025, SDS executed a turnaround across its operations, organization and governance, aimed at lowering the cost base and reducing project risk. The cost program totals SEK 66m on an annualised basis, with stated full effect from 2026 onward, and included layoffs of all personnel in the Company’s European operations.

Beyond cost, the operating model is described to have been reset through a clearer product roadmap and a rebuilt commercial approach. A key shift has been reduced reliance on a small number of large new-sales projects toward a broader mix of smaller, repeatable deliveries, aimed at lowering volatility and project risk. The current focus is on monetising the installed base by selling existing products to existing customers, while prioritising a limited set of new customers. This approach could be seen to strengthen the Company’s operating leverage as it typically shortens sales cycles, improves delivery predictability and builds earnings quality before scaling new logo acquisition further.

TURNAROUND ACTIONS

- ✓ Cost optimization
- ✓ Refining business- & operational model
- ✓ Organizational structure adjustments
- ✓ Refined leadership and culture
- ✓ Systems for governance and performance

FINANCIAL OVERVIEW AND DEVELOPMENT IN BRIEF

Over the last few years, SDS has seen a decline in both sales and a profitability, driven by delayed and in some cases terminated projects, weaker order intake and fewer won orders, culminating in a restructuring-heavy FY2025 and EBT of -109 MSEK. At the same time, the quarterly revenue mix is increasingly anchored in recurring revenues while new sales vary with contract timing, which supports more visibility as the Company enters 2026 with a lower cost base.



To illustrate the earnings potential under the new setup, SDS has communicated a pro forma bridge where the 2025 sales level is combined with a 2026 adjusted run-rate for operating costs with normalised depreciation and FX adjustments. On that basis, the illustration implies pro forma EBT of about 36 MSEK. Against this, SDS guides FY2026 EBT of 45-55 MSEK and has communicated 14-16 MSEK as “secured” EBT based on orders early in 2026. The near-term focus is delivery through 2026.

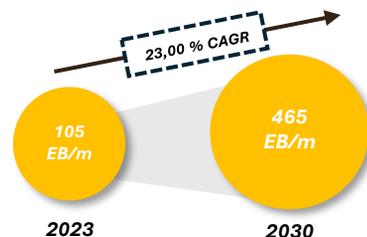
SDS’ operational improvement must be assessed together with the balance sheet. The Company has a senior secured bond maturing in 2027. The interest framework allows reduced cash interest at certain dates (5 % paid vs 9 %), with the remainder capitalised into principal, supporting short-term liquidity but increasing debt over time. Covenant compliance has been challenging, with repeated breaches of the 10 MSEK minimum cash requirement during 2025 (reported cash 2.7 MSEK at year-end), managed via standstill arrangements with bondholders. Going into 2026, sustained cash generation and covenant headroom are key to reducing refinancing risk and operational distractions as the Company looks to execute after its turnaround.

MARKET OUTLOOK IN BRIEF

Data usage is rising in all markets, and the strongest growth is seen in emerging markets where population growth, GDP growth and increasing mobile penetration all play a part. In these markets, prepaid mobile subscription penetration is over 90 %, and the traditional S&D model is time-consuming, capital-intensive, and operationally risky. This market structure creates demand for digitized distribution, transactional control, and analytics where operators and wholesalers gain visibility into reseller performance, inventory flows, and leakage reduction.

Approximately 5.6 billion people subscribed to a mobile service by end 2023, a number expected to rise to about 6.3 billion by 2030, with growth primarily driven by low and middle-income markets. Global mobile data traffic per connection increased to 12.8 GB per month in 2023 and is expected to grow rapidly through 2030. This is especially clear in SDS’ core regions, with Sub-Saharan Africa forecasted at 23 % CAGR, MENA at 18 % and Asia Pacific (excl. China) at 21 %.¹ This should keep operators focused on modernising sales and distribution, improving channel control and investing in analytics.

GLOBAL MOBILE DATA TRAFFIC



Source: GSMA. 2024. The mobile industry in numbers

1. GSMA. 2024. The mobile industry in numbers

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Analyst owns shares in the Company: **No**

Impala Nordic or people behind Impala Nordic owns shares in the Company: **Yes**

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