



Interim Report
January – June 2022



Another strong quarter for Sileon

During the second quarter, the company was given a new name and profile – Sileon. We changed list to Nasdaq First North Growth and strengthened the company by raising capital of SEK 65 M through the issue of new shares. In parallel, we delivered strong growth of 20% compared with the preceding quarter.

Significant events in the second quarter

- Paynova AB changed its name to Sileon AB. Sileon is a technology company that offers Buy Now, Pay Later (BNPL) capabilities in the international market. The Paynova brand has been retained as a service that Sileon still offers to selected customers.
- Sileon completed a rights issue that raised proceeds of SEK 70.1 M. The rights issue increased Sileon's share capital by SEK 4,224,200.50 through the issuance of 16,896,802 shares, which and thereafter amounted to SEK 8,448,401.00 divided between 33,793,604 shares.
- Sileon transferred its listing on NGM Main Regulated to Nasdaq First North Growth Market. As of 29 June 2022, Sileon's share has been traded on Nasdaq First North Growth Market.
- Pantbanken Sverige signed an agreement with Sileon. Pantbanken will offer Buy Now, Pay Later (BNPL) under the company's own brand in its digital channels and physical stores for consumers.
- Karin Persson was appointed Sileon's new CFO. Karin has worked at the company for two years, most recently in the role as Finance Manager.
- Sileon employed Tomas Bromander as new Head of Sales and Partners. He will take office in August 2022. Tomas was most recently employed at Resurs Bank as CCO cards and his background includes Director Business Development Merchants Nordic and Baltics at Mastercard.

Significant events after the end of the period

- Nothing to report.

SEK 18.0 M

Operating income

SEK -1.8 M

EBITDA

	April – June		January – June		Full-year
	2022	2021	2022	2021	2021
Operating income, SEK M	18.0	10.9	32.9	16.8	39.4
EBITDA, SEK M	-1.8	-5.8	-6.2	-14.6	-25.1
EBIT, SEK M	-6.0	-10.9	-14.8	-24.9	-46.5
Loss for the period, SEK M	-7.1	-11.3	-16.6	-26.0	-49.2
Loss per share, SEK	-0.4	-0.7	-0.9	-1.9	-3.1
Loss per share after dilution, SEK*	-0.4	-0.7	-0.9	-1.9	-3.1

*) The exercise price of outstanding options either exceeds the average share price or falls within the exercise limit rules, resulting in unchanged loss per share before and after any dilution

CEO letter



The BNPL (Buy Now, Pay Later) market is evolving and growing

The trend that consumers, and especially younger generations, want digital and seamless consumer credit solutions is accelerating. Banks, fintechs, major merchants as well as companies like Apple are increasingly launching their own BNPL now to meet consumer expectations. BNPL growth is largely at the expense of a slowing trend in issued credit cards which, in turn, is prompting traditional card issuers to consider how they can complement their offering with BNPL.

Sileon offers the exact technology that banks and lenders need to quickly and cost-efficiently offer BNPL to their consumers. Sileon is therefore currently entering this dynamic international market undergoing strong growth.

Sileon is following its plan

Operational progress was strong during the quarter and I am extremely proud of how employees and management advanced Sileon's position. As previously announced, the target is to launch Sileon's BNPL platform for software as a service (SaaS) in early 2023. Due to the focused, effective and particularly dedicated efforts during the period, we are now on track to deliver on this strategic target.

The structural transformation to an international technology company is now complete and to manifest this important step, the company took on a new name and profile – Sileon. To also increase the company's accessibility to existing and new shareholders, the company transferred its listing to Nasdaq First North Growth in June.

The name change has also initiated more focus and energy in the form of marketing. We can already see, after a relatively short time, that the international interest in BNPL capabilities is real and concrete. In addition to a growing pipeline of large customers, partly through our collaboration with Visa, a segment of international Fintech companies that want to launch BNPL in each of their own domestic markets has also become increasingly evident. Due to the interest and need for SaaS-based BNPL capabilities,

I am confident that agreements will be signed with new strategic customers during the final quarter of the year. During the autumn, OKQ8 bank will offer BNPL via Sileon's technology at OKQ8 stations. Given the size of OKQ8, there is good potential that they could eventually become our largest customer to date.

Yet another quarter characterized by growth and improved profitability

Sileon delivered yet another record quarter with quarter-on-quarter growth of 20%, which is more than twice the figure in the preceding year. EBITDA also improved to SEK -1.8 M for the period, compared with SEK -5.8 M year-on-year. I therefore remain confident that Sileon's strategic targets of 80% growth every year up to 2025 and positive EBITDA in 2023 are within reach.

Sileon has been strengthened

During the quarter, the company raised capital of approximately SEK 65.0 M by issuing new shares. To complete such a large and successful issue by the company's standards in these troubled times is a clear sign of strength and it is gratifying that our principal owners showed their confidence and trust by defending or strengthening their positions. In conjunction with the issue, our Chair, Kent Hansson, also decided to step in as one of Sileon's largest owners.

At the end of August, Tomas Bromander assumed the role of Head of Sales and Partnerships, and Karin Persson also took office as new CFO. Sileon's management team is thereby complete and we can now, with full force and dedication, execute the plan that will take us up to and beyond our strategic targets.

We enable your BNPL
David Larsson
August 2022

**Sileon is
proceeding
according
to plan**

Financial position

The figures refer to the Group unless otherwise stated. Figures in parentheses refer to the corresponding period of 2021 unless otherwise stated.

Income, costs and results

April 1-June 30, 2022

Consolidated income amounted to SEK 18.0 M (10.9). Income was mainly derived from transaction-based revenue of SEK 12.9 M (7.8). The transaction-based revenue refers to revenue streams from the BNPL business area, where Sileon provides invoice processing and factoring services. Sileon's other business area, Other, is the company's card and Swish payment service. The BNPL business area delivered income of SEK 10.4 M (6.9). During the period, Other generated income of SEK 2.5 M (0.9).

Other income amounted to SEK 5.1 M (3.1). Other income comprises income of SEK 5.0 M (0.0) from Visa, which the company will use to make the BNPL platform's technology available to Visa's customers.

During the period, the Group's financial income amounted to SEK 0.6 M (0.3) and financial expense to SEK 1.7 M (0.8).

Earnings before depreciation and amortization (EBITDA) amounted to SEK -1.8 M (-5.8). Depreciation/amortization and impairment amounted to SEK -4.3 M (-5.2). Earnings before interest and taxes (EBIT) amounted to SEK -6.0 M (-10.9). Net financial items for the period amounted to an expense of SEK -1.0 M (-0.4), bringing loss for the period to SEK -7.1 M (-11.4).

Financial position

June 30, 2022

At June 30, 2022, the share capital amounted to SEK 8.4 M (16.9). The number of shares was 33,793,604, and the quota value was SEK 0.25. Consolidated equity was SEK 67.5 M (43.2).

At June 30, 2022, consolidated cash and cash equivalents amounted to SEK 79.8 M (16.3). Interest-bearing liabilities amounted to SEK 91.2 M (40.5). Of these liabilities, SEK 6.5 M (15.8) pertained to previously issued credit, and SEK 10.3 M (0.0) to a new loan. In 2021, the company issued a convertible debenture for SEK 19.3 M (0.0) of the interest-bearing liabilities. In addition, the interest-bearing liabilities consist of deferred VAT and employer's contributions amounting to SEK 15.0 M (15.0). Other interest-bearing loans amounted to SEK 31.9 M (12.9) and pertained to variable-rate credit directly attributable to the company's factoring service whereby advances are provided on receivables purchased. Lease liabilities amounted to SEK 8.3 M (3.1) in accordance with IFRS 16. The carrying amount of the Group's intangible assets, including the Group's various production systems, was SEK 49.5 M (51.5). Capitalization for the period amounted to SEK 4.6 M (3.3) and pertained to the development of BNPL SaaS. Refer to Note 8.

Outlook and financing/going concern

Sileon is a technology company that enables the international financial sector, fintech and major merchants to offer BNPL services under their own management and brand via its BNPL SaaS platform. Sileon's modern BNPL SaaS platform and related solutions provide full flexibility for its customers to create and launch their own BNPL solutions without major investments, lead times, maintenance costs or operational risk.

Sileon's BNPL solution has attracted the giants of the payment world. The partnership with Visa provides Sileon with immediate access to banks and financial institutions that are facing a decision to either build their own, or to purchase BNPL technology.

Sileon now uses its own platform and solution for a few major, and a number of smaller, Nordic customers. This gives Sileon a unique

opportunity to gain access to demands for continued development of the company's BNPL SaaS platform. Engaging in this important activity requires various types of expertise and staffing to ensure stable and high-quality deliveries to the company's customers.

Sileon's BNPL business does not yet generate a sufficient cash flow to show a surplus for the overall operations. At June 30, the company's available cash and credit facilities covered the needs that are required to execute the adopted plan over the next 12 months.

To secure the capital requirement, the company completed a fully subscribed rights issue during the quarter to raise approximately SEK 70.1 M before costs. The main aim of the rights issue was to finance the development of SaaS, the handling of control panels and lead generation marketing. The rights issue is fully guaranteed by underwriting agreements, and guarantee commitments in the form of a top and bottom guarantee.

In view of the continuous efforts taking place to improve working capital and the recent developments within the company, the Board deems that prospects for further development of the new business and for achieving the set targets are positive. However, should insufficient financing be obtained there is a risk that the conditions for a going concern will not exist.

Cash flow

For the quarter, cash flow from operating activities before, and after, changes in working capital was SEK -2.8 M (-6.2), and SEK 2.4 M (-9.1), respectively. The change is in line with the outcome for EBITDA and the change in other current receivables attributable to the factoring service where Sileon purchases the receivables. 95% of the purchased receivables are used to provide advances, where the advance is recorded as variable-rate credit under change in operating liabilities. Cash flow from investing activities was SEK -4.7 M (-3.3) and was mainly attributable to capitalized new development for the company's BNPL platform.

Cash flow from financing activities was SEK 63.6 M (-1.5). Cash flow for the quarter was SEK 61.2 M (-13.9).

Tax

No capitalization of deferred tax assets on tax losses was recognized.

At December 31, 2021, unused tax loss carryforwards in the Parent Company and the Group amounted to SEK 567.8 M (518.6).

Parent company

Net sales for the Parent Company amounted to SEK 18.0 M (10.9). EBIT amounted to SEK -15.5 M (-10.8).

Equity

At June 30, 2022, the share capital amounted to SEK 8.4 M (16.9). The number of shares was 33,793,604, and the quota value was SEK 0.25. Consolidated equity was SEK 67.5 M (43.2).

Employees

At March 31, 2022, the Group had 32 (36) employees, of whom 9 (10) were women. The average number of employees during the period was 34 (36).

Related-party transactions

Related parties include Group companies, principal shareholders (who own 10% or more of the shares), senior executives, Board members and close family members of these people. Commercial terms apply to the provision of services between the Group and related parties. No related-party transactions took place in the first quarter.

Risk factors

Due to the nature of Sileon's business activities, the company is exposed to risk. The most prominent business risks are:

Fraud risk

Sileon collaborates with leading players to stay at the forefront of fraud prevention. The company works proactively to detect and prevent fraud. There is no guarantee that Sileon will not be exposed to fraud beyond that which normally arises in this type of business, or that Sileon's credibility will not otherwise be damaged.

Sileon is a payment institution authorized by the Swedish Financial Supervisory Authority and is listed on Nasdaq First North Growth Market. The company complies with several of the regulations and guidances issued by the Swedish Financial Supervisory Authority and other authorities, including the European Banking Authority.

Regulatory risks

Sileon has been PCI-certified (according to the Payment Card Industry Data Security Standard) since 2006 and authorized by the Swedish Financial Supervisory Authority to provide payment services since 2011. The company works proactively to harmonize its operations with the applicable laws, rules and regulations of the credit card networks and supervisory authorities. However, there is no guarantee that Sileon will not suffer financial loss or any other damage in the future.

Liquidity risk

Liquidity risk is the risk that Sileon is unable to meet its payment obligations in a timely manner. Sileon focuses on minimizing this risk by running its business with the help of effective cost control and good foresight.

Credit risk

Credit risk is the risk that a counterparty could default on its contractual obligations to Sileon. The company risk assesses new customers that are connected to Sileon's system and conducts regular credit assessments of the transactions that pass through the company's factoring product. Customers and consumers are continuously reviewed and any deviations from anticipated transaction or credit patterns may trigger action by Sileon. Credit risk related to the company's factoring product is spread over a large number of consumers with small amounts. Outstanding accounts receivable may be sold, which further limits any credit losses.

Finance risk

Finance risk is the risk that it may be difficult and/or expensive to obtain financing for the business. Based on the ongoing growth pattern, customer implementations and contract discussions, the Board deems that the company's cash position will need to be strengthened over the next 12 months. If there are any deviations from the planned development, the situation could change.

Other risks

In addition to these risks, there are also risks associated with outstanding receivables, dependence on key individuals, market trust, economic conditions, customer revenue concentration, share-related risks, providers of financial services, products and systems, intellectual property rights, and so forth.

For a more detailed description of Sileon's risk exposure, refer to the company's 2021 Annual Report.

Growth financing

Sileon is a technology company that enables the international financial sector, fintech and major merchants to offer BNPL services under their own management and brand via its BNPL SaaS platform. Sileon's modern BNPL SaaS platform and related solutions provide full flexibility for its customers to create and launch their own BNPL solutions without major investments, lead times, maintenance costs or operational risk.

Sileon's BNPL solution has attracted the giants of the payment world. The partnership with Visa provides Sileon with immediate access to banks and financial institutions that are facing a decision to either build their own, or to purchase BNPL technology.

Sileon now uses its own platform and solution for a few major, and a number of smaller, Nordic customers. This gives Sileon a unique opportunity to gain access to demands for continued development of the company's BNPL SaaS platform. Engaging in this important activity requires various types of expertise and staffing to ensure stable and high-quality deliveries to the company's customers.

Sileon's BNPL business does not yet generate a sufficient cash flow to show a surplus for the overall operations. Since making the decision to launch the BNPL SaaS business area, Sileon has used a combination of equity and loans to finance the operation. At June 30, the company's available cash and cash equivalents covered the needs that are required to execute the adopted plan over the next 12 months.

To secure the capital requirement, the company completed a fully subscribed rights issue during the quarter to raise approximately SEK 70.1 M before costs. The main aim of the rights issue was to finance the development of SaaS, the handling of control panels and lead generation marketing. The rights issue is fully guaranteed by underwriting agreements, and guarantee commitments in the form of a top and bottom guarantee.

In view of the continuous efforts taking place to improve working capital and the recent developments within the company, the Board deems that prospects for further development of the new business and for achieving the set targets are positive. However, should insufficient financing be obtained there is a risk that the conditions for a going concern will not exist.

Condensed consolidated income statement

KSEK	Note	April – June		January – June		Full-year	
		2022	2021	2022	2021	LTM	2021
Operating income							
Transaction-based revenue	2	12,893	7,766	24,381	13,727	46,794	36,140
Other income		5,073	3,109	8,508	3,110	8,657	3,258
Total operating income		17,966	10,875	32,889	16,836	55,450	39,398
Own work capitalized		4,566	3,341	8,895	6,163	15,035	12,303
Operating expenses							
Transaction costs	2	-3,695	-1,311	-6,634	-2,708	-11,367	-7,440
Production costs		-1,609	-1,257	-2,914	-2,537	-5,882	-5,504
Other external costs		-8,940	-8,529	-19,565	-14,631	-34,499	-29,566
Employee benefit expenses		-10,044	-8,873	-18,890	-17,682	-35,525	-34,317
Amortization/depreciation and impairment	3	-4,292	-5,178	-8,590	-10,356	-19,667	-21,433
Total operating expenses		-28,580	-25,147	-56,594	-47,914	-106,940	-98,260
OPERATING LOSS		-6,048	-10,932	-14,810	-24,915	-36,454	-46,559
Financial income	4	653	332	1,185	571	2,001	1,387
Financial expense	4	-1,672	-749	-2,995	-1,693	-5,300	-3,998
Total loss from financial investments		-1,019	-417	-1,810	-1,122	-3,300	-2,611
LOSS AFTER FINANCIAL ITEMS		-7,067	-11,349	-16,619	-26,036	-39,754	-49,170
Tax		-	-	-	-	-	-
LOSS FOR THE PERIOD*		-7,067	-11,349	-16,619	-26,036	-39,754	-49,170
No. of shares at the end of the period, 000s**		33,794	16,897	33,794	16,897		16,897
No. of shares at the end of the period after dilution, 000s		33,794	16,897	33,794	16,897		16,897
Average number of shares for the period, 000s		18,753	16,897	17,825	13,798		16,099
Average no. of shares for the period after dilution, 000s**		18,753	16,897	17,825	13,798		16,099
Loss per share, SEK		-0.38	-0.67	-0.93	-1.89		-3.05
Loss per share after dilution, SEK		-0.38	-0.67	-0.93	-1.89		-3.05
Equity per share, SEK		3.60	2.56	3.79	3.13		1.28
Equity per share after dilution, SEK		3.60	2.56	3.79	3.13		1.28

*) The loss is attributable in its entirety to Parent Company shareholders

**) The company has issued a convertible debenture that may result in a dilution effect in the future

Consolidated statement of comprehensive income

KSEK	Note	April – June		January – June		Full-year	
		2022	2021	2022	2021	LTM	2021
LOSS FOR THE PERIOD		-7,067	-11,349	-16,619	-26,036	-39,754	-49,170
Items that can be reversed to profit or loss in subsequent periods		-	-	-	-	-	-
Items that cannot be reversed to profit or loss in subsequent periods		-	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD*		-7,067	-11,349	-16,619	-26,036	-39,754	-49,170

*) The loss is attributable in its entirety to Parent Company shareholders

Condensed consolidated balance sheet

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Fixed assets				
Intangible assets	8	49,515	51,486	47,856
Tangible assets	7	9,084	3,153	9,992
Total fixed assets		58,599	54,639	57,848
Current assets				
Current receivables	5	38,567	23,731	35,044
Escrow funds	9	64,951	63,490	69,192
Cash and cash equivalents	5	79,760	16,297	19,536
Total current assets		183,278	103,519	123,772
TOTAL ASSETS		241,877	158,158	181,620
Equity				
Share capital		8,448	16,897	4,224
Other contributed capital		300,468	240,576	241,102
Retained earnings, including profit/loss for the period		-241,392	-214,301	-224,773
Total equity		67,524	43,172	20,553
Liabilities				
Non-current liabilities				
Long-term borrowings, interest-bearing	6	40,417	5,273	43,909
Total non-current liabilities		40,417	5,273	43,909
Current liabilities				
Short-term borrowings, interest-bearing	5,6	50,805	35,207	29,989
Escrow liabilities	9	64,950	62,422	69,090
Current liabilities	5,6	18,180	12,085	18,078
Total current liabilities		133,935	109,713	117,158
TOTAL EQUITY AND LIABILITIES		241,877	158,158	181,620

Consolidated statement of changes in equity

KSEK	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the period	Total equity attributable to Parent Company shareholders
Opening balance at Jan 1, 2021	12,984	189,111	-188,277	13,819
Loss for the period			-25,536	-25,536
Comprehensive income for the period	12,984	189,111	-213,813	-11,717
New share issue	3,913	54,778		58,690
Unregistered offerings				
Warrants		232		232
Issuance costs		-3,533		-3,533
Closing balance at Jun 30, 2021	16,897	240,587	-213,813	43,672
Opening balance at Jan 1, 2021	12,984	189,111	-188,277	13,819
Loss for the period	-	-	-49,170	-49,170
Comprehensive income for the period	0	0	-49,170	-49,170
New share issues	3,913	55,304	-	59,216
Reduction of share capital	-12,673		12,673	-
Warrants	-	232	-	232
Issuance costs	-	-3,545	-	-3,545
Closing balance at Dec 31, 2021	4,224	241,102	-224,773	20,553
Opening balance at Jan 1, 2022	4,224	241,102	-224,773	20,553
Loss for the period	-	-	-16,619	-9,551
Comprehensive income for the period	0	0	-16,619	-9,551
New share issues	4,224	58,828	-	63,052
Reduction of share capital	-		-	0
Warrants	-	78	-	78
Issuance costs	-	-6,609	-	-6,609
Closing balance at Jun 30, 2022	8,448	293,399	-241,391	67,524

Consolidated cash flow statement

KSEK	Note	April – June		January – June		Full-year
		2022	2021	2022	2021	2021
Operating activities						
EBIT before financial items		-6,048	-10,932	-14,810	-24,915	-46,559
Non-cash adjustments		4,292	5,178	8,590	10,356	21,433
Operating cash flow		-1,756	-5,754	-6,220	-14,559	-25,126
Interest received		653	332	1,185	572	1,387
Interest paid		-1,672	-749	-2,995	-1,693	-3,998
Cash flow from operating activities before change in working capital		-2,775	-6,172	-8,029	-15,680	-27,737
Change in working capital						
Change in accounts receivable		-3,148	-599	-3,390	-531	195
Change in other current receivables		3,489	-1,461	-132	-7,421	-9,870
Change in accounts payable		2,959	360	602	-3,277	-2,987
Change in other operating liabilities		1,830	-1,224	7,941	5,084	9,046
Cash flow from operating activities		2,355	-9,096	-3,009	-21,824	-31,354
Investing activities						
Investments in intangible assets	8	-4,566	-3,341	-8,895	-6,163	-12,303
Investments in tangible assets		-183	-	-435	-	-391
Cash flow from investing activities		-4,749	-3,341	-9,330	-6,163	-12,694
Financing activities						
Repayment of lease liability		-648	-697	-1,273	-1,148	-1,847
New share issue, paid up		70,122	-	70,122	58,690	58,691
Warrants		78	-	78	232	232
Issuance costs paid		-5,914	-769	-6,609	-3,533	-3,533
Repaid loans		-2,000	-	10,246	-13,618	-13,618
Loans raised		2,000	-	-	-	19,999
Cash flow from investing activities		61,244	-1,466	72,563	40,623	59,923
CASH FLOW FOR THE PERIOD		61,243	-13,903	60,224	12,636	15,875
Cash and cash equivalents at the beginning of the period		18,517	30,200	19,536	3,661	3,661
Cash and cash equivalents at the end of the period		79,760	16,297	79,760	16,297	19,536

Condensed Parent Company income statement

KSEK	Note	April – June		January – June		Full-year	
		2022	2021	2022	2021	LTM	2021
Operating income							
Net sales	2	12,894	7,763	24,382	13,728	46,785	36,131
Other income		5,073	3,111	8,506	3,111	8,653	3,258
Total operating income		17,966	10,874	32,888	16,839	55,438	39,389
Operating expenses							
Cost of services rendered	2	-5,303	-2,556	-9,549	-5,238	-17,260	-12,949
Other external costs		-19,236	-11,488	-32,638	-20,309	-57,394	-45,065
Employee benefit expenses		-7,351	-6,619	-14,056	-13,050	-25,995	-24,988
Amortization/depreciation and impairment	3	-674	-662	-1354	-1,323	-2661	-2,631
Total operating expenses		-32,564	-21,325	-57,598	-39,920	-103,310	-85,633
OPERATING LOSS		-14,598	-10,451	-24,710	-23,081	-47,872	-46,243
Profit/loss from financial investments							
Financial income		784	463	1,447	792	2,528	1,873
Financial expense		-1,667	-750	-2,987	-1,653	-5,290	-3,957
Total loss from financial investments		-883	-287	-1,540	-862	-2,763	-2,084
LOSS AFTER FINANCIAL ITEMS		-15,481	-10,738	-26,250	-23,942	-50,635	-48,328
Appropriations							
Group contributions received		-	-	-	-	-	-
Tax		-	-	-	-	-	-
LOSS FOR THE PERIOD		-15,481	-10,738	-26,250	-23,942	-45,885	-48,328

*) The loss is attributable in its entirety to Parent Company shareholders

Parent Company statement of comprehensive income

KSEK	Note	April – June		January – June		Full-year	
		2022	2021	2022	2021	LTM	2021
LOSS FOR THE PERIOD		-15,481	-10,738	-26,250	-23,942	-45,885	-48,328
Items that can be reversed to profit or loss in subsequent periods		-	-	-	-	-	-
Items that cannot be reversed to profit or loss in subsequent periods		-	-	-	-	-	-
TOTAL LOSS FOR THE PERIOD		-15,481	-10,738	-26,250	-23,942	-45,885	-48,328

*) The loss is attributable in its entirety to Parent Company shareholders

**) Items recognized directly in equity

Condensed Parent Company balance sheet

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
Fixed assets				
Tangible assets	7	9,084	3,153	9,992
Financial assets		1,100	1,100	1,100
Total fixed assets		10,184	4,253	11,092
Current assets				
Current receivables		95,855	83,975	90,872
Escrow funds	9	64,951	62,495	69,192
Cash and bank balances		76,536	9,628	17,784
Total current assets		237,342	156,098	177,848
TOTAL ASSETS		247,526	160,351	188,940
Equity				
Restricted equity		40,417	16,897	4,224
Unrestricted equity		50,274	28,367	17,176
Total equity		90,691	45,264	21,401
Liabilities				
Non-current liabilities		27,378	24,593	50,373
Escrow liabilities	9	65,411	62,496	69,090
Current liabilities		64,047	27,998	48,076
Total liabilities		156,836	115,086	167,539
TOTAL EQUITY AND LIABILITIES		247,526	160,351	188,940

Notes

NOTE 1 Accounting policies

The report was prepared in accordance with IAS 34 (Interim Financial Reporting) and the Swedish Annual Accounts Act. The Parent Company's reports comply with the Swedish Annual Accounts Act and RFR2. In addition to the financial reports and their supplemental notes, disclosures in accordance with IAS 34. 16A also apply to other parts of the interim report. The accounting policies applied by the Group and the Parent Company are in all material respects unchanged compared with the annual financial statements for 2021.

No new standards that are applicable for Sileon became effective during the period.

The interim statements do not include all of the disclosures that are required for the annual financial statements and should therefore be read together with Note 1 of the annual financial statements for 2021.

NOTE 2 Revenue from contracts with customers and segment information

Transaction-based revenue, transactional profit and loss and intangible assets form the basis for monitoring and reporting each business area – BNPL and Other. Other profit, asset or liability items are included in the Parent Company's coordinated development and administration function and not therefore reported per business area.

In the BNPL business area, Sileon offers invoice processing or factoring, both of which include options such as invoicing and partial payment, where Sileon undertakes to provide all of the administrative and IT-related resources that are required for consumers to complete purchases online. For invoice processing, Sileon is entitled to a fee for services rendered when a consumer has completed a purchase and Sileon has, in turn, mediated the purchase to the e-merchant. Payment is settled on a monthly basis. The revenue comprises fees charged and interest income that Sileon shares

with the customer, and that is recognized on an ongoing basis over time, since the customer is deemed to receive and consume the benefits of the recurring service that is transferred by Sileon. For factoring, some of the agreement is regulated by IFRS 15, and this revenue is regulated on an ongoing basis over time as the service is consumed, and consists of the fees charged for invoice processing. The remaining factoring-related revenue refers to interest income on acquired receivables that is recognized using the effective interest method, see Note 5. The Other business area includes payment solutions for credit cards (Visa, Mastercard, Amex, etc), instant payments (Swish, etc) and digital wallets (PayPal, etc). The revenue is based on a combination of fixed periodic or initial fees, and fees per transaction or a percentage of the transaction value.

Transaction revenue and Net transaction revenue

KSEK	April – June		January – June		Full-year	LTM
	2022	2021	2022	2021	2021	
Transaction-based revenue						
BNPL	10,389	6,868	19,407	12,070	29,639	36,977
Of which revenue from contracts with Customers	10,389	6,868	19,407	12,070	29,639	36,977
Other	2,504	897	4,973	1,657	6,501	9,817
Of which revenue from contracts with Customers	2,504	897	4,973	1,657	6,501	9,817
Total	12,893	7,766	24,381	13,727	36,140	46,794
Transaction costs						
BNPL	-3,558	-1,335	-3,379	-2,755	-7,358	-7,982
Other	-137	24	-315	47	-82	-445
Total	-3,695	-1,311	-3,695	-2,708	-7,440	-8,427
Net transaction revenue						
BNPL	6,831	5,533	16,028	9,314	22,281	28,995
Other	2,367	922	4,658	1,704	6,419	9,372
Total	9,198	6,455	20,686	11,019	28,700	38,367

Information about geographic markets

During the period, just over 99% (99) of the Group's sales were generated in Sweden. Only the BNPL business area includes sales from countries other than Sweden.

Information about allocation of intangible assets per business area

Intangible assets

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
BNPL	8	48,505	48,870	46,002
Other	8	1,011	2,616	1,854
Group	8	-	-	-
Total		49,515	51,486	47,856

NOTE 3 Amortization/depreciation and impairment

Amortization/depreciation and impairment

KSEK	April – June		January – June		Full-year
	2022	2021	2022	2021	2021
Capitalized development costs	3,618	4,516	7,237	9,032	18,802
Equipment	111	67	228	129	294
Right-of-use assets	563	595	1,126	1,194	2,338
Total	4,292	5,178	8,590	10,355	21,433

NOTE 4 Financial income and expense

Financial income and expense

KSEK	April – June		January – June		Full-year
	2022	2021	2022	2021	2021
Financial income					
Interest income	653	332	1,185	571	1,387
Other financial income	-	-	-	-	-
Total	653	332	1,185	571	1,387
Financial expense					
Interest expense for interest-bearing liabilities	491	439	946	1,248	2,384
Interest expense for lease liability	706	14	1,051	31	420
Other financial expense	475	296	998	415	1,194
Total	1,672	749	2,995	1,693	3,998

NOTE 5 Financial instruments

The Group's financial assets and liabilities are measured at amortized cost. The table presents information about the fair value of the Group's financial assets and liabilities based on how the inputs are categorized in the fair value hierarchy. The three levels are defined as follows:

Level 1 inputs

Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 inputs

Inputs other than quoted market prices included within Level 2 that are observable for the asset or liability.

Level 3 inputs

Unobservable inputs for the asset or liability.

All financial assets belong to the Other current assets category, and all financial liabilities belong to the financial liabilities category. The aim of the financial assets is to receive contractual cash flows comprising payments of principal and interest on outstanding principal. These are recognized at amortized cost less impairment. For financial instruments such as accounts receivable and accounts payable, for which no relevant observable market inputs are avail-

able, the fair value is considered equal to the carrying amount since the instruments have a short term to maturity.

For interest-bearing loans, fair value is based on the discounted value based on the current maturity and interest rate, which falls under Level 2 of the fair value hierarchy.

The company's remaining assets and liabilities are categorized into Level 3.

KSEK	Carrying amounts	Fair value
Assets		
Other current assets	38,567	38,567
Cash and cash equivalents	79,760	79,760
Total	118,327	118,327
Liabilities		
Borrowing, long-term	19,338	24,718
Borrowing, short-term	50,805	51,102
Other current liabilities	18,180	18,180
Total	88,323	94,000

NOTE 6 Maturity structure of financial liabilities

KSEK	Less than 3 months	3-6 months	6-9 months	9-12 months	More than 12 months	Total
2022-06-30						
Borrowing, incl interest	30,882	17,535	-	-	24,719	73,136
Lease liability	643	643	643	643	5,362	7,935
Accounts payable and other liabilities	2,551	-	-	-	12,791	15,342
	34,077	18,178	643	643	42,872	96,414
2021-12-31						
Borrowing, incl interest	24,000	-	-	7,132	24,719	55,851
Lease liability	833	643	643	643	5,791	8,553
Accounts payable and other liabilities	4,277	-	-	-	15,011	19,289
Total	29,110	643	643	7,775	45,521	83,694

A convertible debenture was issued, and total proceeds of SEK 19.9 M were received. A liability of SEK 19.4 M and equity of SEK 0.5 M were recognized. The debenture can be converted to 1,428,571 shares. If it is not converted, the debenture will mature on September 25, 2025.

NOTE 7 Tangible assets

Tangible assets

KSEK	January – June	
	2022	2021
Costs		
Equipment	2,141	1,423
Right-of-use assets	16,401	8,904
Closing accumulated costs	18,542	10,327
Depreciation and impairment		
Equipment	-1,500	-1,119
Right-of-use assets	-7,958	-6,054
Closing accumulated depreciation and impairment	-9,458	-7,174
Carrying amount	9,084	3,154

NOTE 8 Intangible assets

KSEK	BNPL	Other	Group	Total
2021-06-30				
Opening costs	90,064	30,721	1,021	121,806
Acquisitions for the period				
Capitalized development costs	6,163	-	-	6,163
Closing accumulated costs	96,227	30,721	1,021	127,969
Opening amortization and impairment	-39,044	-27,386	-1,021	-67,451
Amortization for the period				
Capitalized development costs	-8,313	-719	-	-9,032
Impairment				
Closing accumulated amortization and impairment	-47,357	-28,105	-	-76,483
Carrying amount	48,870	2,616	0	51,486
Assets not yet available for use	6,163	-	-	6,163
KSEK	BNPL	Other	Koncernen	Totalt
2021-12-31				
Opening costs	90,064	30,721	1,021	121,806
Acquisitions for the period				
Capitalized development costs	12,303	-	-	12,303
Closing accumulated costs	102,367	30,721	1,021	134,109
Opening amortization and impairment	-39,044	-27,386	-1,021	-67,451
Amortization for the period				
Capitalized development costs	-17,280	-1,522	-	-18,802
Impairment	-		-	0
Closing accumulated amortization and impairment	-56,324	-28,908	-1,021	-86,253
Carrying amount	46,042	1,813	0	47,856
Assets not yet available for use	2,769	-	-	2,769

KSEK	BNPL	Other	Koncernen	Totalt
2022-06-30				
Opening costs	102,367	30,721	1,021	134,109
Acquisitions for the period				
Capitalized development costs	8,895	-	-	8,895
Closing accumulated costs	111,262	30,721	1,021	143,004
Opening amortization and impairment	-56,324	-28,908	-1,021	-86,253
Amortization for the period				
Capitalized development costs	-6,433	-802	-	-7,235
Impairment				-
Closing accumulated amortization and impairment	-62,757	-29,710	-	-93,488
Carrying amount	48,505	1,011	0	49,515
Assets not yet available for use	7,463	-	-	7,463

NOTE 9 Escrow funds

Escrow funds are presented gross on the balance sheet as “Escrow funds” under assets, and “Escrow liabilities” under liabilities. Escrow funds refer to the receivables and liabilities that Sileon holds on behalf of customers and are therefore recognized separately from Sileon’s own receivables and liabilities.

NOTE 10 Ledged assets and contingent liabilities

The commercial mortgages held by lenders of the company’s other interest-bearing current and non-current liabilities amount to a total of SEK 6.7 M (6.7). For current loans related to the factoring product, invoices amounting to SEK 31.9 M (15.9) were provided as security.

KSEK	2022-06-30	2021-06-30	2021-12-31
Pledged assets			
– commercial mortgages	6,663	6,663	6,663
Pledged assets			
– pledged receivables	31,877	15,887	23,526
Total	38,540	22,551	30,189

This report has not been audited.

The Board of Directors and the CEO assure that the report presents a true and fair view of the Parent Company and Group’s operations, financial position and results, and describes the material risks and uncertainties faced by the Parent Company and the Group.

Stockholm, August 25, 2022

Kent Hansson
Chair of the Board

Jenny Karlssont
Board member

Linus Singelman
Board member

Torstein Harildstad
Board member

David Larsson
CEO

Quarterly overview

KSEK	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Operating income, KSEK	17,966	14,923	11,923	10,639	10,875
Transaction-based revenue, KSEK	12,893	11,488	11,922	10,492	7,766
Transaction costs, KSEK	-3,695	-2,940	-3,245	-1,487	-1,311
Net transaction revenue, KSEK	9,198	8,548	8,676	9,005	6,455
EBITDA, KSEK	-1,756	-4,464	-6,692	-3,887	-5,754
EBIT, KSEK	-6,048	-8,761	-12,352	-9,304	-10,932
EBT, KSEK	-7,067	-9,552	-13,399	-9,747	-11,349
Loss per share, SEK	-0.38	-0.57	-0.79	-1	-0.67
Loss per share after dilution, SEK**	-0.38	-0.57	-0.79	-1	-0.67
Equity, KSEK	67,524	10,306	20,553	34,368	43,172
Equity per share, SEK	3.6	0.61	1.22	2	2.555
Equity per share after dilution, SEK**	3.6	0.61	1.22	2	2.555
EBITDA, %	neg.	neg.	neg.	neg.	neg.
EBIT, %	neg.	neg.	neg.	neg.	neg.
EBT, %	neg.	neg.	neg.	neg.	neg.
Return on operating capital, %	neg.	neg.	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.	neg.	neg.
Equity/assets ratio, %*	38%	9%	18%	30%	46%
Debt/equity ratio, *	1.35	8.5	3.6	1.99	0.94

*) Calculation of the equity/assets ratio and debt/equity ratio does not include the escrow fund balance.

**) The exercise price of outstanding options either exceeds the average share price or falls within the exercise limit rules, resulting in unchanged number of shares before and after any dilution.

Multiyear overview

KSEK	2021	2020	2019	2018	2017
No. of shares at the end of the period, 000s	16,897	12,984	7,516	3,737	3,397
No. of shares at the end of the period, after dilution effect in 000s***	16,897	12,984	7,516	3,737	3,397
Average no. of shares, 000s	16,099	10,724	5,496	3,599	2,644
Average no. of shares after, dilution effect in 000s***	16,099	10,724	5,496	3,599	2,644
Transaction-based revenue, KSEK	36,140	27,785	38,792	35,139	29,964
Transaction costs, KSEK	-7,440	-7,800	-11,110	-8,081	-5,648
Net transaction revenue, KSEK	28,700	19,985	27,690	27,058	24,316
Loss after financial items/EBT, KSEK	-49,170	-49,512	-38,242	-38,551	-27,235
Equity per share, SEK	1.28	1.29	1.11	2.47	10.52
Equity per share after dilution, SEK***	1.28	1.29	1.11	2.47	10.52
Equity, KSEK	20,553	13,819	6106	8,888	35,755
Interest-bearing net cash (incl. escrow funds), KSEK**	4,808	579	22,138	15,157	35,931
Interest-bearing net cash/net debt (excl. escrow funds), KSEK*	-64,384	-46,687	-43,932	-40,832	-11,755
Equity/assets ratio, %	18%	18%	8%	11%	49%
Debt/equity ratio*	3.6	4.69	11.49	7.87	1.02
Average no. of employees		31	31	31	31
Investments, intangible assets, KSEK	4,566	15,371	11,880	15,842	18,054
Investments, intangible assets, KSEK	-	-	-	9	58

*) The calculation does not include the escrow fund balance.

**) Escrow funds (the asset) are included, since Sileon has a right to the return.

***) The exercise price of outstanding options either exceeds the average share price or falls within the exercise limit rules, resulting in unchanged number of shares before and after any dilution.

Definitions

In the accounting policies used by the company, only a few financial measures are defined. The financial measures that have not been defined or specified in financial reporting frameworks such as IFRS are referred to as 'alternative performance measures.' The alternative performance measures supplement, but do not replace, the financial measures defined in the company's accounting policies. Sileon's definitions of alternative performance measures may differ from those used by other companies and have certain limitations as analytical tools.

Several of the following measures are considered alternatives. The method for calculating these measures is set out below. The alternative performance measures allow management and other stakeholders to assess Sileon's performance, such as operational activities, profitability via net transaction revenue and EBITDA. Other alternative performance measures, such as return on equity, are focused on the shareholder perspective. In addition, the equity/assets ratio is used to describe the company's financial position and long-term financial sustainability.

Transaction-based revenue: Fees based on the customer's transaction volume and number of transactions

Direct transaction costs: Fees based on transaction volume and number of transactions.

Net transaction revenue: Transaction revenue less direct transaction costs.

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBIT: Earnings before interest and taxes

EBT: Earnings before tax

Items affecting comparability or nonrecurring items: Items that are infrequent and affect comparability of information between periods. Reported to give a better understanding of the performance of the business.

Operating capital: Total assets less cash and cash equivalents, financial assets and non-interest bearing liabilities. Escrow funds are excluded.

Return on operating capital: EBIT divided by Operating capital

Return on equity: EBT divided by equity

Equity/assets ratio: Equity divided by total assets. Escrow funds are excluded.

Debt/equity ratio: Interest-bearing liabilities divided by equity. Escrow funds are excluded.

Interest-bearing net debt/net cash: Interest-bearing liabilities less cash and other interest-bearing assets. If the item is negative, i.e. the interest-bearing assets exceed the liabilities, the item is referred to as net cash. Escrow funds are included since Paynova has a right to the return.

Earnings per share: Profit for the period attributable to Parent Company shareholders divided by the average number of shares.

Earnings per share after dilution: Profit for the period attributable to Parent Company shareholders divided by the average number of shares during the period, plus the calculated average of the shares that would have been issued if all options were converted to shares.

Equity per share: Equity for the period divided by the number of shares at the end of the period.

LTM: Last twelve months.

PCI certification: Payment Card Industry. Security standard certification for all organizations that store, process or transmit credit card information.

PSP: Payment Service Provider. A company that provides the technical platform for electronic payment services and collects and sends data about card transactions to banks and acquirers.



SILEON AB (PUBL.)
Corp. Reg. No. 556584-5889
Box 4169
SE-102 64 Stockholm
Street address: Söder Mälarstrand 65
Tel. +46 (0)8-517 100 00
www.sileon.com

About Sileon

Sileon AB (publ) is a global Fintech company that offers innovative SaaS-based Buy Now Pay Later (BNPL) functionality to banks, finance companies and large merchants. Sileon's BNPL solution is integrated into the customer's environment and operates under the customers brand, which, unlike conventional BNPL solutions, enables the customer to independently provide BNPL without being dependent on third parties. Sileon operates in a fast-growing international market with an estimated transaction value of \$ 680 billion globally by 2025. Sileon is listed on the Nasdaq First North Growth Market and has approx. 50 employees at its headquarters in Stockholm, Sweden.

More information is available at www.sileon.com.

For further information contact

David Larsson, CEO +46 0725-502 306

Financial calendar

November 18, 2022 Interim report, January-September 2022

February 16, 2023 Year-end report, 2022

This information is such that Sileon AB (publ) is obligated to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, on August 25 2022 at 7:00 a.m. CEST.