



**Press release**

**Stockholm 2023-08-17**

## **INTERIM REPORT, JANUARY – JUNE 2023**

The figures refer to the Group unless otherwise stated. Figures in parentheses refer to the corresponding period of 2022 unless otherwise stated.

### **SECOND QUARTER 2023**

- Revenues increased to SEK 13.6 M (18.0).
- Earnings before depreciation and amortization (EBITDA) amounted to SEK -8.3 M (-1.8).
- Earnings before interest and taxes (EBIT) amounted to SEK -13.5 M (-6.0).
- Bringing loss for the period to SEK -14.2 M (-7.1).
- Loss per share -0.4 (-0.4).

### **SIGNIFICANT EVENTS IN THE SECOND QUARTER**

- Sileon entered into a partnership with Provenir
- Board members Linus Singelman and Jenny Karlsson bought options in Sileon
- Sileon signed an agreement with Spanish Sipay to launch a BNPL solution in Spain
- Sileon's BNPL technology went live at OKQ8's stations
- Sileon launched a BNPL Solution module ahead of schedule

### **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

- No significant events have occurred after the end of the period

### **CEO letter**

#### **Sileon meets banks' demand for BNPL on existing cards**

The number of consumers using BNPL (Buy Now Pay Later) globally is expected to reach 1.5 billion by 2026. With more and more price-conscious consumers advocating flexible instalment plans with a transparent fee structure, the need for modern BNPL technology accelerates among established banks. By using Sileon's advanced BNPL SaaS, banks can scale their operations in just 6-8 weeks and add custom instalment options to existing credit and debit cards. This leads to expanded customer segments, increased profitability, and the opportunity to compete with other BNPL providers in the rapidly growing market. During the year, it has crystallized that this is precisely what banks are asking for, and Sileon is now uniquely

positioned with a complete product in an international market with strong growth. To strengthen the company for the upcoming growth journey, a planned transformation and liquidation of non-strategic businesses that burden the company financially during the second and third quarters is carried out.

### **New international BNPL SaaS customers**

Awareness of Sileon and Sileon's BNPL product is growing, as is our pipeline of international banks and card issuers. During the second quarter, three-year agreements were signed with Sipay, a leading Spanish payment service provider in retail, service, and media, as well as with the British fintech company Zorrrz, which focuses on making credit available to everyone. The agreements verify Sileon as an established player and leader of BNPL technology in the international market. At the end of the second quarter, functionality for Trial Account and Self Onboarding was launched, which will further open up an expanded pipeline of international customers during the year's second half.

### **Sileon establishes itself as the leader of BNPL technology on banks' already issued cards**

Sileon continues to advance in the market and adds elective Solution modules to complement the existing BNPL Platform. Thanks to our modern technology, the progress of adding new Solution modules goes faster than planned. The first Solution module, risk assessment, was launched in Q2 in collaboration with Provenir, a leading international tech company within data and risk decision processes. As the Solution module for risk assessment has been launched, the goal of Visa's investment in Sileon has been achieved, and the investment has thus been terminated in accordance with the agreement.

The partnership with Provenir is the first of several strategic partnerships of regionally leading providers of services that can be connected to Sileon's BNPL Platform and Solution modules.

### **An ongoing shift to SaaS revenue**

The phasing out of non-strategic customers, in combination with that debiting of Visa has now ended in accordance with previous agreements, weighs on the quarter and will continue to do so in quarter three as well. However, earnings from our BNPL SaaS business and income from OKQ8 bank will increase during the last quarter of the year.

Among other things, the agreement with Tradera, which has gradually been phasing out during 2023, will terminate entirely in September. Sileon's BNPL technology at OKQ8 Bank has been proven to work well. OKQ8 has chosen to plan marketing to consumers in stores this fall, which delays revenues until Q4. The full effect of the cost-effectiveness of replacing hired development consultants with employed developers in Sileon's Tech hub in Gävle is reached during the third quarter. In addition, further cost efficiencies have been implemented until we have progressed with the shift to SaaS revenue.

We currently have advanced dialogues with around 20 major Nordic and European banks, as well as several smaller fintech companies, which means that our strategic goal of 40 BNPL SaaS customers before the end of 2024 seems realistic. A typical cardbased BNPL contract with a significant customer means between 1.5-3M Euro annual turnover with over 85% margin. Given the status of ongoing business dialogues and the interest in the product, we expect some of these to materialize into contracts before the end of 2023.

We enable your BNPL

David Larsson  
August 2023

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*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 17<sup>th</sup> 2023 at 7:00 a.m. CET.*

## **About Sileon**

Sileon AB (publ) is a global fintech company that offers an innovative card-based Buy Now Pay Later (BNPL) SaaS functionality to banks, card issuers and fintechs. With Sileon's BNPL product, customers can add BNPL to their existing credit or debit card base and run their B2B or B2C BNPL business in-house. Sileon operates in a fast-growing international market with an estimated transaction volume of \$680 billion globally by 2025. Sileon is listed on the Nasdaq First North Growth Market and has approximately 50 employees at its headquarters in Stockholm, Sweden. The company's Certified Adviser is Erik Penser Bank.