

Seamless



Quarterly Report July 1 – September 30, 2014

Seamless

Third Quarter 2014 – Summary

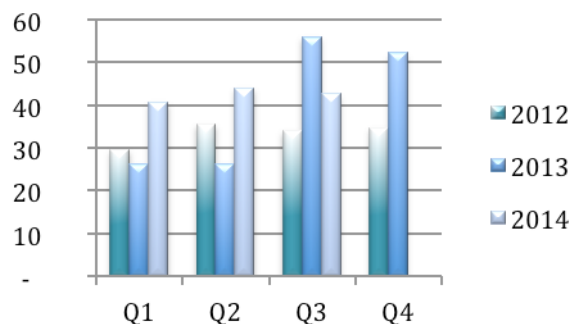
The third quarter continued to be eventful and can best be summarized in the following points:

- The acquisition of Ingram Micro's business for prepaid mobile services in Sweden and Denmark, with consequent integrations to major retailers in these countries. It also opens up Denmark as a new market. Both for prepaid services as well as for SEQR
- Continued interest in SEQR, both amongst retailers as well as consumers, resulting in a turnover increase of over 20% compared to the previous quarter
- High tempo in the continued international expansion of SEQR during the quarter, where agreements have been signed with, amongst others, Colruyt Group in Belgium and Clas Ohlson in Sweden, something that even further confirms SEQR's market-leading position
- More countries gets added - Portugal will be the biggest launch to date, with over 500 stores under contract at the date of launch.

Third Quarter 2014: July 1 - September 30

Sales Q1 2012 – Q3 2014 (in SEK millions)

Net sales amounted to	SEK 42,662 thousand (56,095)
Operating Profit amounted to	SEK -40,738 thousand (-23,016)
The Operating Margin remained negative	Neg (Neg)
Financial results after tax amounted to	SEK -40,794 thousand (-19,539)
Earnings per share before and after dilution	SEK -0.97 (-0.59)



Summary, SEK thousand	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net sales	42 662	56 095	127 540	108 904	161 273
Operating result	-40 738	-23 016	-113 685	-66 192	-95 798
Financial items, tax	-56	3 476	-293	10 359	15 852
Profit for the period	-40 794	-19 539	-113 978	-55 833	-79 946
Total assets	298 513	129 994	298 513	129 994	416 748
Earnings per share, basic and diluted*	-0,97	-0,59	-2,72	-1,70	-2,35
Operating margin	neg	neg	neg	neg	neg
Equity ratio	85%	63%	85%	63%	88%
Capitalized development costs	5 197	10 354	16 229	20 863	19 192
Depreciation	-5 014	-516	-12 610	-6 460	-12 136

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A few words from the CEO



A new quarter has concluded, and we are delighted to note that this has been yet another successful one for Seamless and our mobile payment service, SEQR. The increase in revenues for SEQR that we saw in the third quarter has continued, and during the period July to September, has increased by over 20%. The increase is based on a continued positive trend when in terms of the usage and transactions made with the SEQR app, but it is also gratifying that other revenue streams such as advertising income and fees for promotions and digital coupons from merchants and producers have now begun to be activated and have contributed to the growth in revenue. This illustrates a breadth of SEQR's business model which will be important in future work with the payment service.

At the end of September, the acquisition of Ingram Micro's distribution of prepaid mobile services was also completed. For us at Seamless, this not only means that our revenues are estimated to double, but what is even more important is that the opportunities are opened up in yet another new market, in this case Denmark, and that an integration with major retail companies in both Sweden and Denmark, which we previously had on our client list, is underway. Our hope and expectation is that this will also be of benefit for SEQR as the integration will make it easier to launch SEQR in the future in more retail chains.

In September, it also became clear that Portugal will be the next market where SEQR is rolled out. In terms of the number of merchants who are participating from the very beginning, this is our largest launch to date. Over 500 outlets, including McDonald's, are ready for the roll out later this fall. Portugal thus becomes the third country where consumers will be able to connect SEQR directly to their bank account. This has been made possible by the implementation of SEPA, and we also see that this contributes very positively in terms of the pace of our European expansion.

Since SEQR has been launched, our working relationship with large retail companies has been one of the most important success factors. We are therefore very pleased to have established a relationship with the Colruyt Group which has a major presence in Belgium, with sales of over EUR 8.7 billion and over 500 stores in all major cities and towns, as well as a major online shopping presence, as a cooperative partner. For us, it shows that the proven value that SEQR has to offer both merchants and consumers is an important factor in linking up with strategic and major partners. What is particularly pleasing is that the Colruyt Group has highlighted our speed and ability to smoothly adapt SEQR as a strong argument in choosing us. Our open platform and independence create opportunities both for us and for our partners.

Even in our home market, Sweden, it has been intense quarter. Among new partnerships, for example, include Europe's largest provider of student IDs/discount cards, Mecenat. Over half a million students in the country's universities and other institutions of higher education can now move their Mecenat card into SEQR and receive student-targeted offers directly via the app.

We are also proud that one of Sweden's classic and strongest brands, the retail giant Clas Ohlson, has chosen SEQR. They work strategically to digitize the shopping experience and regard the partnership with SEQR and Seamless as a key part of that effort.

Also in our business environment, the focus is on mobile payments, especially due to Apple's introduction of Apple Pay. We at Seamless welcome this development and regard it as a positive sign that major players are involved in the industry, something which will result in that more and more consumers are becoming aware of what mobile payment services can mean for them. In our contacts with both merchants and consumers, we have identified some prerequisites necessary to eventually become a successful participant. There must be

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an incentive for both merchants and consumers; the system must operate independent of the platform; and the users must receive added value for paying by cellphone/smartphone. SEQR's service makes all this possible while it provides us with a sense of security and a head start, as more and more players enter into the market.

SEQR is the only mobile payment service that offers a comprehensive solution, and provides clear benefits for both consumers and merchants. There is a great advantage in that the service works with any operating system and smartphone, and that it is compatible with both QR codes and NFC. All the time, additional new retail outlets are added where SEQR can be used, and day by day we draw customers away from our potential competitors. We have rolled out a recognized solution that customers know works well, and we are attracting the largest chains in the markets where we are established. It helps us in our continued efforts forward.

Peter Fredell
CEO

Seamless

The Group

Revenues

Seamless' revenues decreased during the third quarter by 24 percent, to SEK 42,662 thousand (56,095). The sales are distributed between the various business segments, with 16 (19) percent from the Transaction Switch business segment, with 79 percent (76) from the Distribution business segment, and 5 (5) percent from the SEQR business segment.

Financial Results

- The consolidated operating loss amounted to SEK -40,738 thousand (-23,016) in the third quarter.
- Net losses from financial items for the third quarter amounted to SEK -27 thousand (gain of 210).
- Earnings per share amounted to SEK -0.97 (-0.59) for the quarter.

Employees

We had a total of 160 (137) employees at conclusion of the quarter. In addition to this, Seamless has retained approximately 35 consultants – primarily in India, Ghana and Pakistan.

During the quarter, it was decided that the Swedish part of the Seamless Development Department will be phased out. The development henceforth will be conducted primarily from Poland, where at the present time Seamless has 29 people on site.

The Company regularly reviews its business activities and operations with a focus on increasing productivity per paid hour. The planned closure of the Swedish development activities is therefore a natural step to take, as the cost per developed functionality is significantly lower in Poland than in Sweden, while the core of SEQR is fully developed and will not require as much development hours in the future. In total, this concerns about twenty people and gross savings is estimated, from 2015 onwards, to be about SEK 28 million annually. The bulk of the expenses in Sweden are thereby moved from software development to marketing and sales.

Investments

During the quarter, investments have been made in the total amount of SEK 10,998 thousand (3,754). Product development costs have been capitalized in the amount of SEK 5,587 thousand (3,426), while depreciation taken amounted to SEK -5,014 thousand (-2,572).

Cash Flow and Financial Position

For the third quarter, the cash flow from operating activities amounted to SEK -35,627 thousand (-22,022). Bank deposits and cash on hand at the end of the quarter amounted to SEK 175,050 thousand (14,213).

The Group has interest-bearing liabilities in the form of leases for hardware amounting to SEK -2,396 thousand (-3,494), divided into long-term debt of SEK -979 thousand (-1,883) and short-term debt of SEK -1,417 thousand (-1,611). The Company has no interest-bearing liabilities to banks or other credit institutions.

Other than the above, the Group has no borrowings. Seamless continues to maintain a strong financial position with an equity ratio of 85 percent (63).

It is the Board's and management's view that the financial position and liquidity are sufficient to fund operations for the next twelve months.

Parent company

The parent company's net sales for the quarter amounted to SEK 5,393 (-15) thousand and net financial results amounted to a profit of SEK 275 thousand (loss of -5,497). Net financial gains/losses in the parent company was SEK 103 thousand (0) and bank deposits/cash on hand amounted to SEK 150,482 thousand (6,062) at the end of the quarter. The parent company had 5 (4) employees at end of the quarter.

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Business Segments

	Net Sales, SEK thousand					Growth, Net sales compared to same period previous year				
	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Transaction Switch	6 754	10 913	26 834	31 020	41 115	neg	neg	neg	15%	neg
Distribution	33 752	42 676	94 849	71 896	111 761	neg	94%	32%	neg	35%
SEQR	2 156	2 506	5 857	5 988	8 398	neg	-	neg	-	-
Non-distributable	-	-	-	-	-	-	-	-	-	-
Seamless Group	42 662	56 095	127 540	108 904	161273	neg	neg	17%	neg	20%

	Earnings, SEK thousand					Operating Margin				
	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Transaction Switch	-847	-19	2 810	4 612	5 506	neg	neg	10%	15%	13%
Distribution	-1 476	-3 758	-5 572	-6 856	-10 622	neg	neg	neg	neg	neg
SEQR	-36 011	-14 611	-94 686	-48 167	-70 178	neg	neg	neg	neg	neg
Non-distributable	-2 404	-4 629	-16 237	-15 782	-20 504	neg	neg	neg	neg	neg
Seamless Group	-40 738	-23 017	-113685	-66 193	-95 798	neg	neg	neg	neg	neg

Transaction Switch

Operations in: Seamless Payments AB

Established in: 2001

Products include: E-TopUp, value-added services (VAS) and Managed Operations (MOPS)

Background

Seamless delivers a system for adding funds to prepaid SIM cards electronically, which is a more efficient and safer alternative to the traditional physical vouchers (scratch cards) that contain a TopUp/refill code.

Since the initial installation, some 10 years ago, the development of the Seamless ERS 360 platform has followed the new needs and market demands which constantly increased in that more and more products and services were introduced electronically, and ERS 360 is now in its fourth generation.

Further development and improvements have focused primarily on increased performance, security, and ease of use for the user. The Seamless ERS 360 platform is installed and in operation at several telecom operators who are handling massive volumes of transactions and significant amounts of money, and has a comfortable capacity in order to be able to handle further growth.

Market development in Q3 2014

The transaction volume for electronic replenishment of prepaid cards managed by Seamless' transaction switch has continued to increase in the third quarter. This is an increase driven partly by subscriber growth in the markets where Seamless' customers operate, and partly by a migration of the refilling into electronic refilling from the older system with the traditional physical refilling by vouchers. In addition, during the third quarter of 2014 Seamless has delivered extended functionality to a number of our existing customers.

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The trend we noticed in the first half of the year, where several carriers around the world are experiencing increased amounts of transactions for electronic refilling of prepaid cards, as well as increased complexity in the distribution of various electronic vouchers, has also remained strong in the third quarter. This has led to a need for changes and improvements in the carriers' platforms and systems that handle the transactions. We have noted this via an increased number of formal procurements, where Seamless has submitted tenders and participated in, primarily from carriers in developing countries in Latin America and Africa. A number of these procurements are in their final stages, and Seamless is in a strong position to win more of these contracts, as early as during the fourth quarter.

Market outlook

Existing cellular carrier clients provide Seamless with stable revenues from support and maintenance, and what is referred to as "managed operations," where Seamless has the administrative responsibility for the client's platform. This combined with good preconditions to win business from new and existing clients, puts Seamless in a good and positive position for the future.

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Distribution

Operations in: Sia Lettel, Seamless Payments and SEQR Nordics

Established in: 2011

Products include: Physical and electronic distribution of mobile TopUp/refill codes and other electronic products via retail outlets, banks and online channels.

Background

eProducts

The concept eProducts encompasses a wide range of products such as mobile TopUp/refill codes, electronic gift cards, and prepaid debit cards. For merchants, eProducts provide the opportunity to increase sales and consumer inflows without any the requirement of making a financial investment, and as well it avoids tying up capital or the need to maintain inventory and the products taking up valuable display space in the store. With the electronic distribution of these products, voucher and stored value codes are delivered digitally. This means that the value of the product is not transferred until the consumer's actual purchase. Retailers of eProducts have traditionally included such outlets as supermarkets, convenience stores and kiosks. The majority of Seamless' sales and distribution of eProducts involves the electronic sale of prepaid cards.

Technology

Two distribution technologies are available globally for mobile TopUp.

- "eVoucher" – where a voucher with a unique code is distributed electronically and where this voucher code is printed out from the reseller's card terminal or directly via the cash register.
- "Direct TopUp" – where the consumer's prepaid SIM is Topped-Up via that the phone number and the amount to be credited is stated. Adding funds to the mobile phone account takes place directly at the mobile network operator and the consumer will receive an SMS confirming the transaction.

In some markets the eVoucher is the dominant technology, while in other markets Direct TopUp is more dominant. In mature markets, such as Sweden, typically both technologies are used in parallel as they satisfy different needs and address different consumer behaviors. Seamless offers both of these solutions in one single technological platform.

Market development in Q3 2014

In September, via its subsidiary SEQR Nordic, Seamless entered into an agreement with Ingram Micro Mobility Sweden AB and Ingram Micro Mobility Denmark A/S ("Ingram Micro Mobility") to acquire the company's distribution of prepaid mobile services in Sweden and Denmark. The acquisition is subject to both parties meeting specific terms and conditions, and is scheduled to be implemented in the early part of 2015. The acquisition represents a strategic expansion of Seamless' existing distribution of eProducts. Via the acquisition, Seamless adds Denmark to its markets. The SEQR mobile payment solution, in combination with prepaid mobile services and other e-products, establishes a strong and profitable offer to the more than 2,000 retail companies in the two countries. The acquisition means that Seamless more than doubles its sales

The sales of Ingram Micro's distribution of prepaid mobile services in Sweden and Denmark acquired by Seamless, is expected to be just under half a billion Swedish kronor in 2014. The acquisition is based on a P/E ratio of 6. The first installment of SEK 4 million has been paid in cash. The acquisition is made with a reservation for post-acquisition events, which means that Seamless will not pay for customers that eventually drop out of the system before June 30, 2015.

Since it is not presently known what the final sales base will be on the settlement date, at the present time is not possible to state the final purchase price for the acquisition.

The acquisition is expected to contribute positively to Seamless' earnings per share in 2015.

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This is a strategic acquisition for the company. It strengthens our presence in the retail chain in Sweden and opens up Denmark, which is a new market for Seamless. The synergistic effect of SEQR is great in all aspects. The technological highway to the stores that is opened up via the integration into POS systems is used for SEQR as well as for eProducts. Further synergies are also achieved in all parts of the organization, both in sales as well as in customer service and administration.

Seamless can now offer retail companies both prepaid mobile services and a mobile payment solution via SEQR, both of which contribute to increased the traffic in the store and the number of loyal customers. The acquisition enables the distribution of customer and gift cards, and is in line with the most recent agreements with global players that Seamless has entered into.

Market outlook

Sweden

The trend of declining market share for Prepaid Cash Cards/Prepaid Top-up seems to have leveled off at an estimated share of about 30% of the mobile market.

The company's activities together with retail chains have provided a good response and the number of newly-signed contracts with stores show an increase that will eventually become visible in sales.

Latvia

In late 2013, Lettel's largest customer, Plus Punkts, was declared insolvent and disappeared from the market. Plus Punkts had accounted for one-third of Lettel's sales. No credit losses occurred for Lettel, however the incident has obviously had a negative affect on revenues and earnings. This has had an impact on sales and net financial profits during all of 2014, which is more than 30% lower than for the same period in 2013. Efforts are underway to regain the lost sales volume via expansion into other distribution channels, but the present assessment is that the lower level of sales for Lettel will continue during the remainder of 2014.

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SEQR

Operations in: Seamless Payments, Seamless Remittance, Seamless Romania, SEQR BeNeLux, SEQR Finland, and SEQR Nordics

Established in: 2012

Products include: Mobile Payments

Background

In recent years, many services for mobile payments have been launched in Sweden, and abroad. SEQR's strength is that it is still the only service which seriously changes the preconditions at all stages of the payment. Most of our competitors use credit/debit cards in order to process the payments, but SEQR takes its own route thanks to its own propriety transaction switch. This benefits both consumers and the merchants, who are saving money via reduced transaction costs. A democratized payment market is what SEQR wants to offer and believe is the recipe for success.

SEQR was introduced in Sweden in 2012, and soon became available nationwide via an expedited roll-out in all of Axfood's 380 supermarkets with over 2,500 Points of Sale (POS) in less than two weeks. SEQR's unique transaction platform - ERS 360 - was developed by Seamless and forms the basis for all of Seamless' business segments, including SEQR. At the present time, SEQR is Europe's most widely used mobile payment solution, and thousands of merchants offer their customers the option of paying with SEQR in stores and online. In addition to this, users can also send money, save receipts digitally, connect to customer loyalty clubs, pay for car parking, as well as receive digital coupons and take advantage of special offers and promotions.

SEQR's vision is to transform the payments industry and to be the best and brightest mobile payment solution for merchants and consumers. Via its brand promise, SEQR will make routine daily activities simpler, more rewarding, and more profitable. Quite simply, A smarter way to pay.

Market development in Q3 2014

SEQR continues to accelerate away from the competition, both in Sweden and elsewhere in Europe, due to that SEQR is the only service that offers benefits to the merchant while making life simpler for the consumers.

Sweden

One of the largest retail chains, Clas Ohlson, chooses to implement SEQR. The agreement will commence with the 78 stores that are located in Sweden, and SEQR will be rolled out in the stores during the fourth quarter of 2014. In the following phase, it will be expanded to additional markets that Clas Ohlson is established in, and e-commerce. Clas Ohlson's efforts to increase the digitization of the shopping experience has been an important part of the cooperation agreement with SEQR.

"We are always looking for new opportunities and more simple solutions which can improve the service and shopping experience for our customers. We are now starting to introduce SEQR in our Swedish stores and thus can offer a convenient and modern payment service that can also connect with our customer club "Club Clas" and specific promotions, while lowering costs for our stores. That SEQR already exist in several markets and can also be integrated into our e-commerce in a simple way also contributed to our decision," comments Nina Lindfors, CEO for Sweden, Clas Ohlson.

Just in time for the start of school in Sweden, SEQR began a partnership with Mecenat, Europe's largest provider of student ID/discount cards. One-half million students are now able to connect their Mecenat card to the SEQR app and obtain access to student-specific special offers from all the shops and restaurants that are connected to SEQR, thanks to this agreement.

"The partnership with SEQR is very natural; the smartphone is the main channel for Swedish students and they demand smart digital services. Together with SEQR's other cooperative

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partners, we can now offer students more unique discounts while at the same time they can take advantage of the benefits that come from having aggregated everything to their smartphone,” observes Jonas Levin, CEO of Mecenat.

The partnership means more new business opportunities for both SEQR and Mecenat. The partners who advertise with SEQR obtain an entirely new marketing channel where the technology can manage the entire chain from advertising platform, promotions, payments and processing, thanks to its own clearinghouse.

Belgium

The Colruyt Group, one of Belgium’s largest retailers, with sales of over EUR 8.7 billion, chooses the SEQR solution for paying by mobile device online and in its stores. Colruyt’s position and market share, with more than 500 physical stores and e-commerce, makes the Colruyt Group the largest retailer to date to launch SEQR. In September, the online shops Collishop, Dreamland and Dream Baby became the first part of the Group to offer SEQR as a payment method. The roll out in all physical stores, with nearly 5,000 POS, is scheduled to take place during the first quarter of 2015.

That such a player as Colruyt chose SEQR when they took the step to introduce mobile payments is a testament to the proven value added SEQR has to offer both merchants and consumers.

In Belgium, Seamless already works with McDonald’s, and SEQR is integrated with Ingenico Payment Services (formerly Ogone) for payments on the web. All of the Colruyt Group’s online retailers be launched first, followed by the physical store chains Colruyt, Okay, Bio-Planet, Spar Retail, Dreamland and Dream Baby. Among the 500 stores, they can be found in just about every major city in Belgium.

The leading global provider of digital service platforms and solutions for e-commerce, Ingenico Payment Services (formerly Ogone) can now offer SEQR to the thousands of Belgian online retailers that currently use Ogone’s platform for e-commerce thanks to the agreement they signed during the quarter with SEQR.

Surveys show that the majority of consumers give up on the online merchant’s complex payment process that requires the input of large amounts of data such as credit/debit card number, name, expiration date and security codes, and don’t complete their purchase. With SEQR, no entry of data is required and the payment is approved simply by the user entering their individual PIN code via the app.

Ingenico Payment Services has more than 160,000 stores covering all major industries and customer groups. Merchants who use Ingenico Payment Services can now offer SEQR as a method of payment and benefit from the increased conversion rate that comes with a simplified payment process.

Belgium is the first market where Seamless makes use of the SEPA (Single Euro Payments Area) payment infrastructure. This makes it possible for all consumers to link SEQR to their bank account for debit payments, irrespective of which bank they have an account at.

Finland

In May, the Finnish hamburger chain Hesburger, together with Swedish SEQR, launched mobile payments for their customers. Since then, the curiosity of Finnish consumer businesses has only increased. SEQR’s international focus is now continuing via a cooperative arrangement with a new key player in the market. That the retail chain Top-Sport, who will initially roll out SEQR’s mobile payment systems in its 24 physical stores in the fall, followed by the company’s online store.

UK

In the United Kingdom, an important partnership with Optimal Payments commenced during the quarter. Optimal Payments is a global leader in the provision of online and mobile payment services. The agreement means that Optimal Payments’ general prepaid account

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is integrated into the SEQR app, meaning that consumers can pay by mobile device at any merchant that accepts SEQR as a means of payment.

In addition to payments, merchants receive the benefit of an improved interaction with the consumers due to that they can digitize their customer and loyalty cards via the SEQR app. In this way, loyal customers are rewarded in a more innovative way via that personally customized special offers and discounts can be targeted to the right customer at the right time and the right place directly to their smartphone. Another first for merchants is that they will now also be able to offer their customers what is referred to as a “closed loop account” within SEQR, which can be reloaded to replenish it via the app.

Britain is one of Seamless’ main markets for SEQR and the cooperation with Optimal Payments is a huge step in our continued international expansion. Britain will also be the first market where Seamless launches a general prepaid account in SEQR.

In addition to the agreement with Optimal Payments, agreements have also been signed with the UK store card provider Contis, further opening up the international market for SEQR. This agreement means that the customers now will be able to digitize their offerings of everything within club, loyalty and prepaid cards, thanks to SEQR. The cards will be available as an account within SEQR.

In the highly competitive British trade, there has long been a demand for, in an innovative way, to be able to reward and maintain the relationship with their most loyal customers. While merchants are also increasingly looking for solutions where customers can make use of “closed-loop cards,” which with their low transaction fees will reduce the costs for merchants to be able to pay, as via their own cards they do not have to pay any transaction fees to the major credit card companies. At the same time, customers want to limit the number of cards in their wallet. A seemingly intractable problem for both merchants and consumers who want to take advantage of discounts and bonuses. SEQR solves the problem together with Contis via that Contis, thanks to the integration, circumvents the need for physical cards for the merchants.

A significant share of all purchases in Britain today takes place with prepaid stored value solutions. When these now find their way into the mobile device and SEQR’s app, everything can be amalgamated together in one single place.

Contis and SEQR affiliated merchants will thus have the possibility to interact with their customers in an innovative manner. The agreement also means that merchants such as smaller retailers and cafes who want to be able offer their customers loyalty or bonus cards will be able to do this via their customer’s mobile device. Via linking loyalty programs, customer clubs and digital receipts via SEQR, customers can be reached at the right place and the right time with customized, targeted offers.

Portugal

During the quarter, Portugal became the newest addition to the expansion of SEQR. Agreements with four merchants in the new market were signed during the third quarter and this once again shows that the restaurant industry is quick to implement mobile payments. Furthermore, Portugal is the fourth market in which McDonald’s chooses SEQR. Seamless will use the SEPA (Single Euro Payments Area) for the Portuguese market, and Portugal is therefore yet another market where customers can connect SEQR directly to their bank account.

The two restaurant chains McDonald’s and Starfoods have signed agreements to launch SEQR in Portugal. In addition, the toy company Science4You and the fashion group Lanidor, with its approximately 200 stores, will be among the first to roll out the service in the market. SEQR works together with the POS system provider GrupoPIE in the Portuguese market and the integration between the two systems are on the way.

As in Belgium, consumers will be able to connect SEQR to their bank account, regardless of which bank they have an account with. Our latest adaptation of the technology behind SEQR

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via the introduction of SEPA has contributed to speed up the pace of our European expansion, comments Peter Fredell, Seamless' CEO.

The Portuguese market is characterized by very high transaction fees that credit card companies and banks charge, which is the explanation for why SEQR has received a very positive reception among all the merchants who have seen SEQR.

Market outlook

One of the major topics of discussion in mobile payments in the third quarter was Apple's entry into the market via their Apple Pay. That major players like Apple are entering the mobile payment industry is entirely positive for all players in this field. Their participation will bring into focus how we will pay in the future, and highlight the benefits of mobile payment services for consumers.

Apple's new service, however, is based on traditional credit/debit card payments, and therefore will not make any fundamental changes in the industry or make it easier for consumers in their everyday lives.

In order for mobile payments to be able make a broad break-through, we believe more is needed, something that turns how we see the payment industry and the structures it builds on upside down.

Via SEQR, we have seen what it is that causes consumers and merchants to take the step to change their current behavior and what is needed in order that mobile payments will get a foothold in the market:

1. There must be a clear incentive for merchants. With SEQR's open platform, payments are handled on their own "rails," which means we are not dependent upon the card company's infrastructure and therefore can cut out intermediaries, something which allows us to halve the transaction costs for merchants. Nor does our system require the expenditure of any investment, but rather is free of charge to be connected with. Instead of *adding* an expense to the already expensive card payment, we cut the existing one, which is something that merchants are asking for.
2. The system must operate independently of platform. SEQR is compatible with the three major operating systems for smartphones and supports both NFC and QR codes, which means that basically anyone with a smartphone can make use of our service. We can, because of our independence, be agile and adapt the service to what retailers and consumers want.
3. Users must experience added value when paying via their mobile device. The ability to link customer clubs and loyalty cards, get unique discounts, make purchases in stores, on the bus, in front of the computer or pay for your parking.

We are proud to state that SEQR already offers this today, and additionally has been introduced and is being used in Sweden, Finland, Romania and Belgium. Via strategic agreements with key suppliers of point of sale systems and discount and loyalty cards, we have come a long way in preparation of our launch in leading markets such as the United States and Great Britain. Our extensive experience in the mobile payment industry has given us the knowledge and confidence to stand on, now that more players are stepping into the market.

SEQR IS THE WALLET, NOT THE CARD

- SEQR amalgamates your everyday payments, receipts, refunds, discount coupons, transfers and customer store cards in one single app.
- With SEQR, your payment is processed safely and securely in less than a second.
- SEQR brings customers and merchants closer together and enables individual loyalty programs between consumers and merchants/brands. We are the wallet, not only the card.

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SEQR IS BUILT BY SWEDISH ENTREPRENEURS

- We have devoted the past 15 years to developing solutions for prepaid card payments that are currently used worldwide for 3.1 billion transactions annually. Now we use our knowledge to create a mobile payment service on the merchants' and the consumers' terms.
- With our background within and knowledge of the banking and financial world, we have identified a possible way to circumvent the payment system that banks have built up over decades and where merchants and consumers are locked into paying significant fees for each payment.

SEQR IS SAFE AND SECURE

- The downloaded app with a registered account is associated to an individual mobile device, thus it can not be copied to another mobile device.
- All information in SEQR is secured via encryption (the payment is secured via an encrypted connection with the transaction system) and your acceptance, as the customer, via your PIN code.
- All transactions occur online in real time – it is not possible to make a transaction without the permission of the user, eliminating the risk of skimming.

EVERYONE WINS WITH SEQR

- With SEQR, more money goes into the hands of merchants and consumers pay less. It is actually possible to make money on SEQR – every week there are special offers and bonuses to take advantage of for those using SEQR.
- The merchant pays only half as much in transaction fees compared with purchases by a credit/debit card.
- New technology creates a lot of opportunities, on the customer's terms. The customers are no longer locked into the bank's system with fees, and with different services they have greater control over their money.
- Previously, The consumer had to pay for the payment. Not with SEQR.
- SEQR is an open platform. The technology opens up countless possibilities. It is open and available to all who wish to sign up - merchants, banks, etc.

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Significant events during the reporting period

The following events of a significant character occurred during the reporting period:

Significant events during the reporting period

- Ingenico Payment Services, formerly known as Ogone, which delivers digital service platforms and solutions for e-commerce, signed an agreement with Seamless for the integration of SEQR into Ogone's platform which thousands of Belgian online retailers currently use.
- In Finland, the retail chain Top-Sport signs an agreement concerning SEQR for the autumn rollout of the payment solution in its 24 brick and mortar stores, to be followed by the company's online store.
- During the third quarter, Mobile Park signed up to offer their customers the possibility to pay for their parking, at no additional cost, via SEQR. The parking company, with its 500 contracting clients, including the real estate companies Vasakronan and JM among others, is planning to roll out SEQR during the fourth quarter of 2014.
- Seamless teams up with Optimal Payments, a global leader in the provision of online and mobile payment services, in order to launch SEQR on the British market. With Optimal Payments as a partner, SEQR can broaden its international market via that their general prepaid account is integrated into the SEQR app, meaning that consumers can pay by mobile device at any merchant that accepts SEQR as a means of payment.
- An agreement with the British customer card provider Contis was entered into. This agreement means that the customers of Contis now will be able to digitize their offerings of everything within club, loyalty and prepaid cards, thanks to SEQR. The cards will be available as an account within SEQR.
- SEQR initiates collaboration with Mecenat, Europe's largest provider of student ID/discount cards. One-half million students are now able to connect their Mecenat card to the SEQR app and obtain access to student-targeted promotions from all the shops and restaurants that are connected to SEQR. The partnership means more new business opportunities for both SEQR and Mecenat. The partners who advertise with SEQR obtain an entirely new marketing channel where the technology can manage the entire chain from advertising platform, promotions, payments and processing, thanks to its own clearinghouse.
- The Colruyt Group, one of Belgium's largest retailers with sales of over EUR 8.7 billion, chooses to implement the SEQR solution. The company's position and market share, with more than 500 physical stores and e-commerce, makes the Colruyt Group the largest retailer to date to launch SEQR. In September 2014, the online shops Collishop, Dreamland and Dream Baby became the first parts of the Group to offer SEQR as a payment method. The roll out in all physical stores are planned for phase two.
- One of Sweden's largest retail chains, Clas Ohlson, has entered into an agreement to implement SEQR. The agreement means that it will begin with the 78 stores that are located in Sweden, and SEQR will be rolled out in the stores commencing very shortly. In the following phase, it will be expanded to additional markets that Clas Ohlson is established in, and e-commerce.
- SEQR Nordics AB ("Seamless") (OMX: SEAM), supplier of the mobile payment solution SEQR, entered into an agreement with Ingram Micro Mobility Sweden AB and Ingram Micro Mobility Denmark A/S ("Ingram Micro Mobility") to acquire the company's distribution of prepaid mobile services in Sweden and Denmark. The acquisition is subject to both parties meeting specific terms and conditions, and is scheduled to be implemented in the early part of 2015. The acquisition represents a strategic expansion of Seamless's existing distribution of eProducts. Via the acquisition, Seamless adds Denmark to its markets. The SEQR mobile payment solution, in combination with prepaid mobile services and other e-products, establishes a strong and profitable offer to the more than 2,000 retail companies in the two countries. The acquisition means that Seamless more than doubles its sales. The sales of Ingram Micro's distribution of prepaid mobile services in Sweden and Denmark acquired by Seamless, is expected to be just under half a billion Swedish

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kronor in 2014. The acquisition is based on a P/E ratio of 6. The first installment of SEK 4 million has been paid in cash. The acquisition is made with a reservation for post-acquisition events, which means that Seamless will not pay for customers that eventually drop out of the system before June 30, 2015.

Since it is not presently known what the final sales base will be on the settlement date, at the present time is not possible to state the final purchase price for the acquisition.

The acquisition is expected to contribute positively to Seamless' earnings per share in 2015.

- Seamless adds to Portugal on the SEQR map, and has already signed agreements with four large consumer businesses in the new market. The restaurant industry shows once more that they are quick to adopt mobile payments, and Portugal is the fourth market in which McDonald's chooses SEQR. Seamless will use the SEPA (Single Euro Payments Area) for the Portuguese market, and Portugal is therefore still a market where customers can connect SEQR directly to their bank account. The two restaurant chains McDonald's and Starfoods have signed agreements to launch SEQR in Portugal. In addition, the toy company Science4You and the fashion group Lanidor, with its approximately 200 stores, will be among the first to roll out the service in the market. SEQR works together with the POS system provider GrupoPIE in the Portuguese market and the integration between the two systems are on the way.
- James Connelly is recruited as Global Sales Director and new member of the management team of the Group. James comes most recently from the position as the VP, UK General Manager of Affinion International and senior management positions at General Electric (GE), and he has extensive experience of working with financial services and driving and cultivating sales. In connection James' joining the company, Bogdan Sacuiu will be withdrawing from the corporate management team.

Transactions with closely related parties

Seamless has not engaged in any transactions with closely related parties.

Other

Accounting Policies

This quarterly report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is consistent with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Policies for Groups, and RFR 2, Accounting for Legal Entities, in regard to the parent company. The same accounting policies, definitions of key figures, and methods of computation have been applied as in the most recent annual report for both the Group and the Parent Company, unless otherwise noted below.

Significant risks and uncertainties in the business activities

Seamless' business operations are affected by a number of external factors where various risk factors may have an impact on the Company. These risk factors may result in an impact on the Company's ability to achieve its business objectives or targets. As no significant changes have occurred during the quarter regarding material risks and uncertainties. For further reference, please refer to the statement in the latest Annual Report on its pages 24-26.

This report contains forward looking statements that are based on Seamless' management's current expectations. Even though management believes that the expectations which are stated in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, future results could materially differ from those stated or implied in the forward-looking information due to, among other things, changes in economic, market and competitive conditions, changes in the regulatory environment and other political or governmental measures, fluctuations in exchange rates, and other factors.

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Financial Information - The Group

Group report over total earnings SEK thousand	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net Sales	42 662	56 095	127 540	108 904	161 273
Other operating income	597	69	1 662	996	1 356
Material costs	-35 837	-46 392	-105 313	-76 350	-122 844
Other external costs	-21 614	-12 940	-59 153	-43 292	-51 870
Personnel costs	-21 175	-15 909	-64 911	-49 502	-71 320
Depreciation	-5 014	-2 572	-12 610	-6 460	-12 136
Other operating costs	-357	-1367	-900	-488	-257
Operating result	-40 738	-23 016	-113 685	-66 192	-95 798
Financial net	-27	-210	-212	-277	295
Profit before tax	-40 765	-23 226	-113 897	-66 469	-95 503
Income tax	-29	3 687	-81	10 636	15 556
Profit for the period	-40 794	-19 539	-113 978	-55 833	-79 946

OTHER COMPREHENSIVE INCOME

Currency translation differences	101	-121	419	-286	37
Total comprehensive income attributable to parent company shareholders	-40 693	-19 660	-113 559	-56 119	-79 909

Consolidated Balance Sheet SEK thousand	Sep 30 2014	Sep 30 2013	Dec 31 2013
ASSETS			
Intangible assets	39 842	30 453	31 378
- of which goodwill	5 820	7 649	5 671
- of which capitalized development costs	32 779	20 863	24 291
- of which customer agreements	1 198	1 932	1 350
- of which other intangible assets	45	9	66
Tangible fixed assets	15 007	13 267	13 452
Deferred tax	27 768	22 956	27 773
Other long-term receivables	470	11	428
Inventories of finished goods	1 704	2 105	3 402
Accounts receivables	21 262	32 937	22 335
Other receivables	13 472	7 149	5 034
Prepaid expenses and accrued income	3 938	6 903	10 181
Cash and cash equivalents	175 050	14 213	302 765
Total assets	298 513	129 994	416 748
EQUITY AND LIABILITIES			
Equity	253 998	82 381	367 458
Appropriation	404		76
Other non-current liabilities	979	2 014	912
Deferred tax liability	317	328	285
Trade accounts payable	14 930	18 150	24 909
Current tax liability	519	351	352
Other current liabilities	11 832	10 267	11 484
Accrued expenses and deferred income	15 535	16 503	11 272
Total Equity and Liabilities	298 513	129 994	416 748

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Financial Information - The Group (con't)

Consolidated statement of changes in equity, SEK thousand	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Balance at start of period	294 691	100 652	367 457	137 110	137 110
Comprehensive income for the period	-40 693	-19 660	-113 559	-56 119	-79 909
New share issue	-	-	-	-	320 000
Transaction costs	-	-	-	-	-14 882
Conducted new share issue	-	-	-	-	714
Options program	-	1 389	100	1 389	4 424
As per end of the period	253 998	82 381	253 998	82 381	367 457

Consolidated statement of cash flows, SEK thousand	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Cash flow from operations before changes in working capital	-35 627	-22 022	-100 649	-59 521	-83 746
Change in working capital	-2 750	-5 788	-1 063	-14 093	-1 219
Cash flow from operating activities	-38 377	-27 810	-101 712	-73 614	-84 965
Cash flow from investing activities	-10 998	-3 754	-26 232	-25 282	-37 191
Cash flow from financing activities	-754	1 685	-213	99 105	411 004
Cash flow during the period	-50 129	-29 879	-128 157	209	288 847
Cash and cash equivalents at beginning of period	224 807	44 092	302 766	14 004	14 004
Exchange difference of cash and cash equivalents	372	-	440	-	-85
Cash and cash equivalents at end of period	175 050	14 213	175 050	14 213	302 765

Key figures	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Return on equity	neg	neg	neg	neg	neg
Earnings per share, basic and diluted, SEK	-0,97	0,59	-2,72	-1,7	-2,35
Operating income, SEK thousand	-40 738	-23 016	-113 685	-66 192	-95 798
Growth Net sales (compared to the same period last year)	-24%	64%	17%	9%	20%
Operating margin	-95%	neg	-89%	neg	neg
Average number of shares, basic and diluted	41 910 274	33 048 374	41 859 198	32 773 429	34 064 253
Liquidity	499%	135%	499%	135%	709%
Equity ratio	85%	63%	85%	63%	88%
Equity, SEK thousand	253 998	82 381	253 998	82 381	367 457
Equity per share, SEK	6,06	2,49	6,06	2,49	8,95
Number of employees at end of period	160	137	160	137	143

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Financial Information - The Parent Company

Parent company income statement SEK thousand	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net sales	5 393	-15	5 397	-17	42
Other operating income	1 066	7	1 066	7	7
Operating expenses	-6 287	-5 489	-18 801	-16 365	-21 101
Operating result	172	-5 497	-12 338	-16 375	-21 051
Net financial items	103	0	51	-17	-2 076
Earnings before tax	275	-5 497	-12 287	-16 392	-23 127
Income tax	-	-	-	-	-
Income for the period	275	-5 497	-12 287	-16 392	-23 127

Parent company balance sheet SEK thousand	Sep 30 2014	Sep 30 2013	Dec 31 2013
ASSETS			
Fixed assets	227 193	68 341	81 857
Total current assets	205 264	65 683	350 156
Total Assets	432 457	134 024	432 012
EQUITY AND LIABILITIES			
Equity	413 590	123 645	425 777
Long-term liabilities	-	-	-
Short-term liabilities	18 867	10 379	6 235
Total equity and liabilities	432 457	134 024	432 012
Pledged assets	-	-	-
Contingent liabilities	None	None	None

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Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of Seamless Distribution AB (Publ) as of 30 September 2014 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 11 November 2014

Öhrlings PricewaterhouseCoopers

Niklas Renström
Authorized Public Accountant

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Seamless share jan-sep 2014

Price trend	-48.1%
Ticker symbol	SEAM
Market capitalization (Sep 30)	SEK 1,073 million
Highest share price	49.50
Lowest share price	22.50
Total number of shares (Sep 30)	41,910,274

Upcoming financial reports

Feb 16, 2015	Quarterly Report – Q4, 2014
Mar 17, 2015	Annual Report 2014
May 6, 2015	Quarterly Report – Q1, 2015

About Seamless

Founded in 2001 with business operations in 26 countries, Seamless processes over 3.1 billion transactions annually via 525,000 active sales outlets. It is Seamless' proprietary transaction platform that forms the basis of SEQR. More than 4,600 merchants have chosen SEQR, and in Sweden today, one can shop at Hemköp, Willys, Tempo, McDonald's, Burger King, Ur&Penn, MyWay, Webhallen and Dormy, using SEQR. In 2013, SEQR was launched in Romania, and in the spring of 2014, in Belgium and Finland. In 2013, SEQR received recognition by winning in the "Best Mobile Money Deployment in Europe" category by the Mobile Money Global Awards. Seamless shares are traded on NASDAQ OMX Stockholm, under the ticker symbol SEAM. www.seamless.se
Seamless has offices in: Accra, Bucharest, Kolkata, Lahore, Mumbai, Riga, Lodz, London and Stockholm.

The Seamless quarterly report for the period July – September 2014 has been approved for publication by the Board of Directors, by its decision on December 10, 2014. This financial report has not subjected to a review by the Company's auditors.

Certification

The Board of Directors and the CEO for Seamless Distribution AB (publ) declare that the interim report gives a true and fair view of the Company and Group's business operations, financial position and financial results in terms of net profits/losses, and describes the principal risks and uncertainties that the Company, and the companies included in the Group, face.

Stockholm, Monday, November 10, 2014

Michael Sundin
Chairman of the Board of Directors

Martin Börresen
Member of the Board

Omar Cordes
Member of the Board

Peter Fredell
Member of the Board
Chief Executive Officer

Robin Saunders
Member of the Board

Seamless Distribution AB (publ) Org. no. 556610 - 2660

All information is published on www.seamless.se immediately after public release.

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