

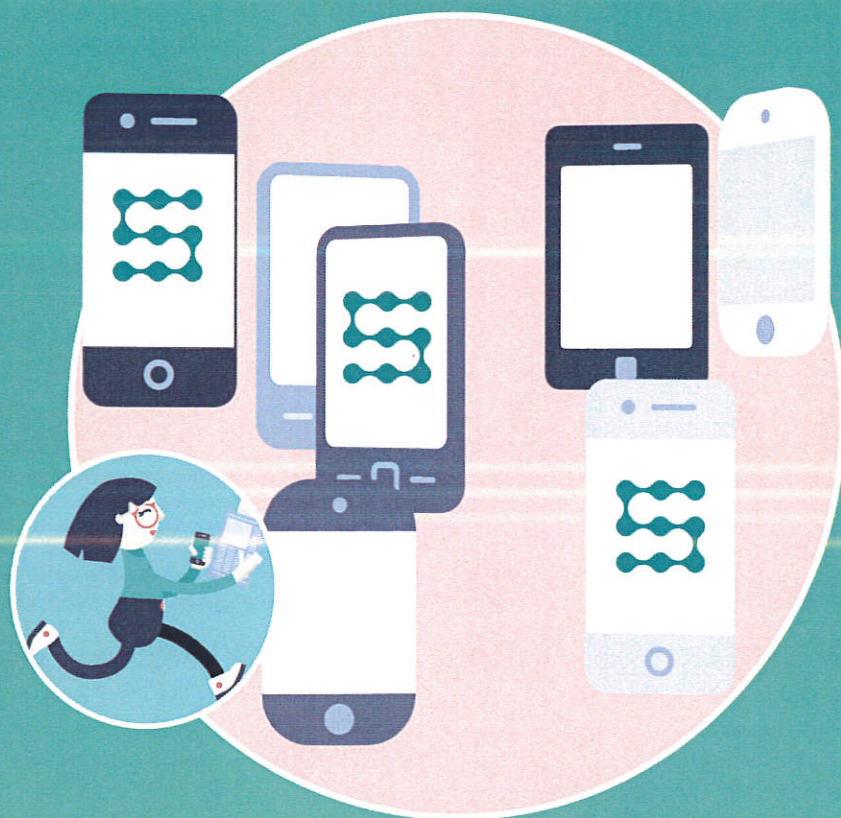
---

# SEAMLESS

## INTERIM REPORT Q3

---

July – September 2015



---

**Seamless**

Seamless Distribution AB (publ)  
Org.nr: 556610-2660



## INTERIM REPORT Q3

JULY – SEPTEMBER 2015

SEK thousands

	JUL-SEPT 2015	JUL-SEPT 2014	JAN-SEPT 2015	JAN-SEPT 2014
Net revenue	74 034	42 662	201 123	127 540
Operating profit	-27 775	-40 738	-83 848	-113 686
Operating margin	neg	neg	neg	neg
Profit/loss after tax	-29 392	-40 794	-85 688	-113 980
ERNINGS PER SHARE	-0,70	-0,97	-2,04	-2,72

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER

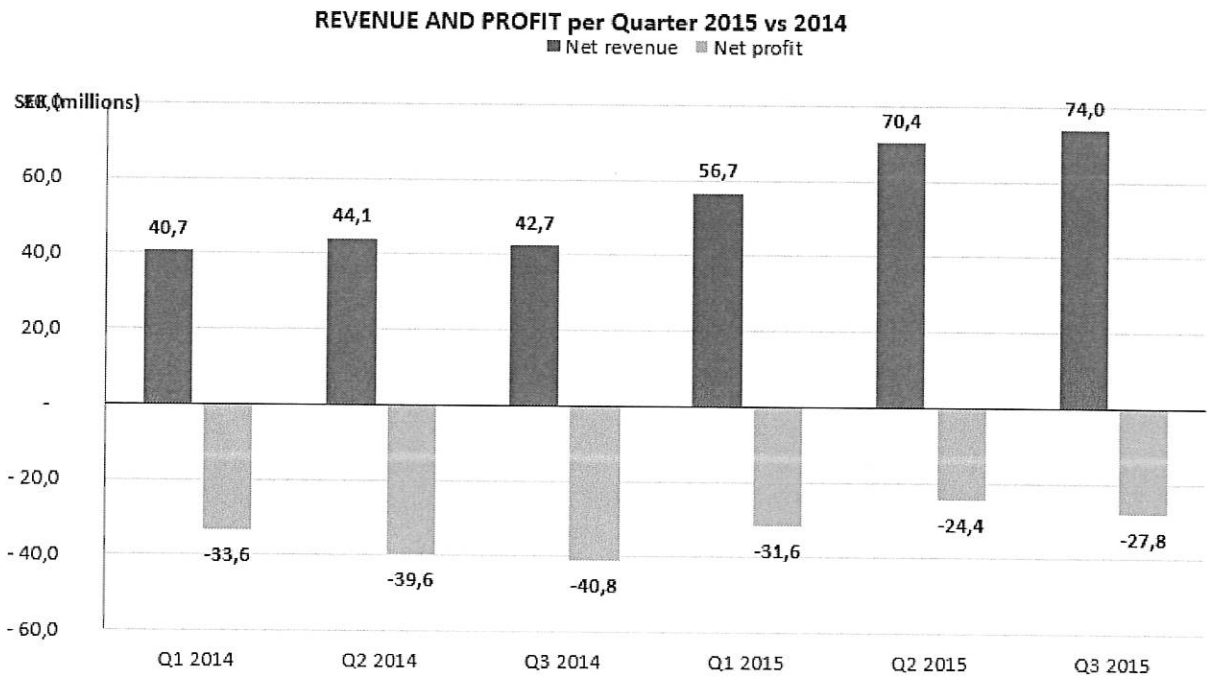
- Seamless' U.S. subsidiaries received licenses for payment services in the United States, known as a "Money Transmitter License," the expectation is that the remaining licenses will be approved within the next twelve months.
- Seamless issued SEK 29 million of convertible debentures. The board of directors of Seamless resolved to issue these bonds pursuant to the authorization granted at the latest annual general meeting of the company.
- Seamless launched tomorrow's digital cash register the new service is integrated into the SEQR app and is included under the MyShop section.
- SEQR is now available in all 134 Swedish JYSK stores.
- Seamless' transaction received a 1.7 MSEK order for Nigeria and Ghana from a leading African mobile operator group for the installation of its transaction switch. Seamless enters into the strategically very important Nigerian market, which is the largest economy in Africa, and is strengthening considerably its market position in Ghana.

### SIGNIFICANT EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

- As SEQR should fund for long term growth, Seamless intends to bring in a strategic equity partner as co-investor in the subsidiary SEQR by a directed equity placement. Awaiting the completion of such transaction, in order to cover negative cash flow Seamless intends to, by means of the existing authorization from the general meeting, raise capital by a private placement of shares or convertibles in Seamless of approximately 25 MSEK.
- Seamless has secured a new order in Africa for its proprietary wireless POS terminal. The order is worth USD 2.4 million and is the latest in a series of orders that the Transaction Switch division has received during the third quarter in the rapidly growing African market. In total, Seamless has now received orders valued at USD 5.3 million in Africa.

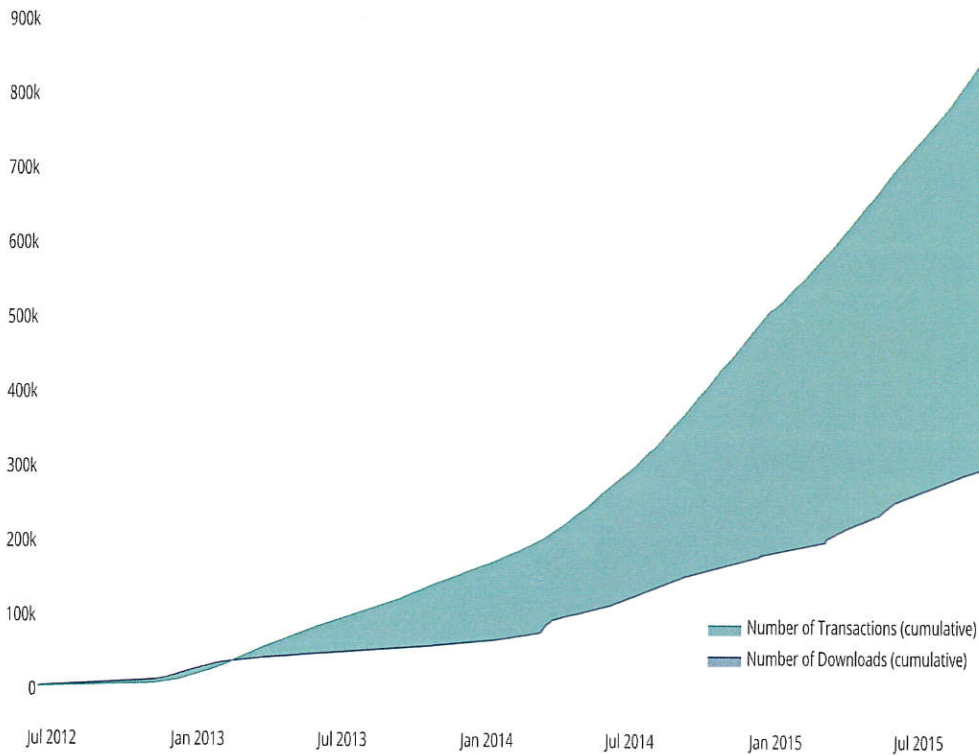
# Seamless

- Belgium's leading pharmaceutical supplier Febelco has signed an agreement with Seamless to introduce the company's SEQR mobile payment solution. Initially, SEQR is now being introduced as a payment method in some 150 webstores of a total of 2,000 that can comprise Febelco's online solution Febelnet.
- SEQR's new reward for its loyal users - 25 SEK reward to SEQR customers each time they recommend the service to a new user. In addition to receiving cashback on all purchases, users will also be rewarded for recommending friends and family.
- NFC technology included in SEQR – during the first quarter of 2016 the SEQR consumers will be able to make payments using anyc NFC card terminal. Number of card terminals supporting the NFC technology is forecasted to 24 million in 2015.
- Seamless is planning to implement a private placement in its subsidiary SEQR. The proposed transaction structure would create a beneficial situation for Seamless shareholders.





Cumulative Downloads and Transactions Worldwide for SEQR



## CEO's Comment

The third quarter has been especially intense for Seamless – both in terms of financial growth and product development. Our revenues continue to rise sharply and reached approximately SEK 75 million at the end of this quarter, an increase of 75 percent compared to the same period last year. After the quarter's close, we launched some of our most significant product innovations for SEQR. In addition, we have begun the process of finding one or more co-investors for SEQR.



All three of our divisions performed exceptionally well. The Transaction Switch and the Distribution divisions grew significantly – up 217 and 53 percent respectively for our mobile payment service SEQR, revenues have remained largely unchanged over the first nine months, this despite a steady increase in the number of merchants who are offering SEQR as a payment solution.

It is not infrequent that I am asked how it is possible that revenues for SEQR are not rising when we have such a strong

# Seamless

growth in the number of new stores that have adopted our mobile payment solution. The explanation is quite simple. We often offer a reduced fee for a period of time to facilitate the decision to introduce SEQR as a payment solution. Therefore, there will be a lag in revenues, even though the number of transactions are substantially increasing, which itself is an indicator of future income.

SEQR has further consolidated its position as the most technologically powerful mobile payment solution. At the beginning of next year SEQR users will be able to automatically pay by means of Near Field Communication (NFC). It will then not matter whether a retailer has signed a contract with SEQR or not; but rather it will be sufficient that the store has a payment terminal that supports NFC. This technology is expected to find widespread acceptance, as it is the solution Apple has chosen. Already by the end of the year, the number of POS terminals that support NFC technology is expected to reach 24 million. We regard Apple's entrance into the market for mobile payments as something positive, as it will hasten the transition to this method of payment.

The other major development of our services is that we have introduced a remittance service, which makes it possible to make international payments between SEQR users. The recipient receives the money in their local currency. Initially, the service is free of charge. The charge for this type of service is on average 8 percent of the amount transferred. Our assessment is that this customer segment is price sensitive, which we believe will have a positive impact on the interest in our solution. The market for remittance services is extremely large and has generated revenues of approximately \$600 billion in 2014.

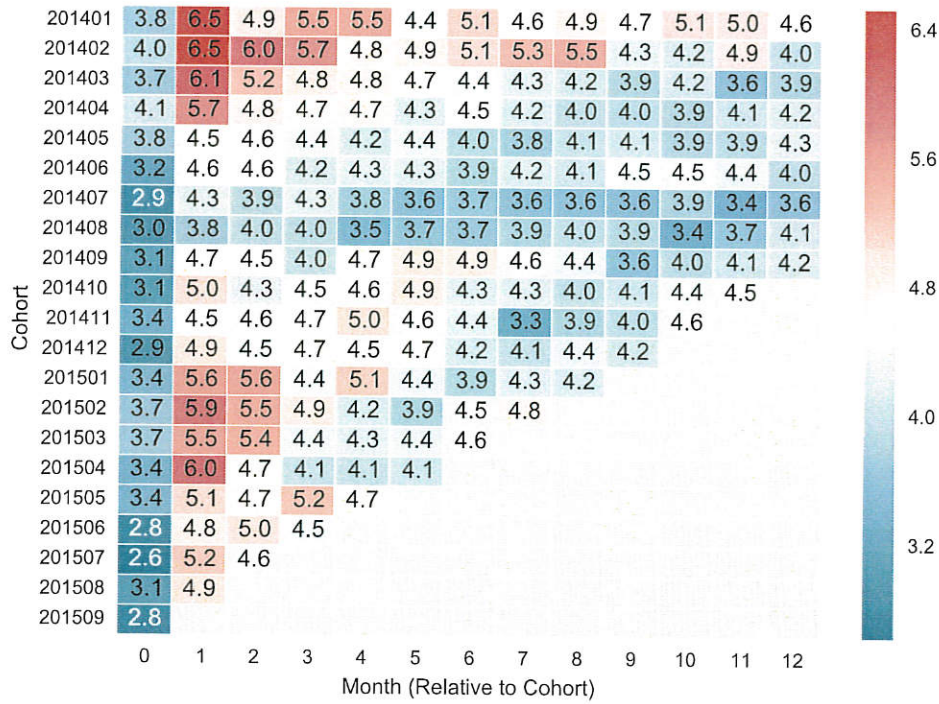
Perhaps the most exciting news for our shareholders that we are now seeking strategic co-investors for SEQR, which today is a wholly-owned subsidiary. With the assistance of our financial advisors, who have broad international expertise and reach, our ambition is to bring in enough capital in order to be able to leverage our technological advantage and expand without being hampered by restrictions in terms of financial resources. With this co-investment, Seamless shareholders will continue to receive the benefit of the value contained in SEQR and additionally acquire a market valuation of what we have achieved with our mobile payment service, without having to engage in further financing rounds. Meanwhile Seamless owns 100 percent of the fast growing and profitable Transaction Switch and Distribution divisions.

Peter Fredell  
CEO

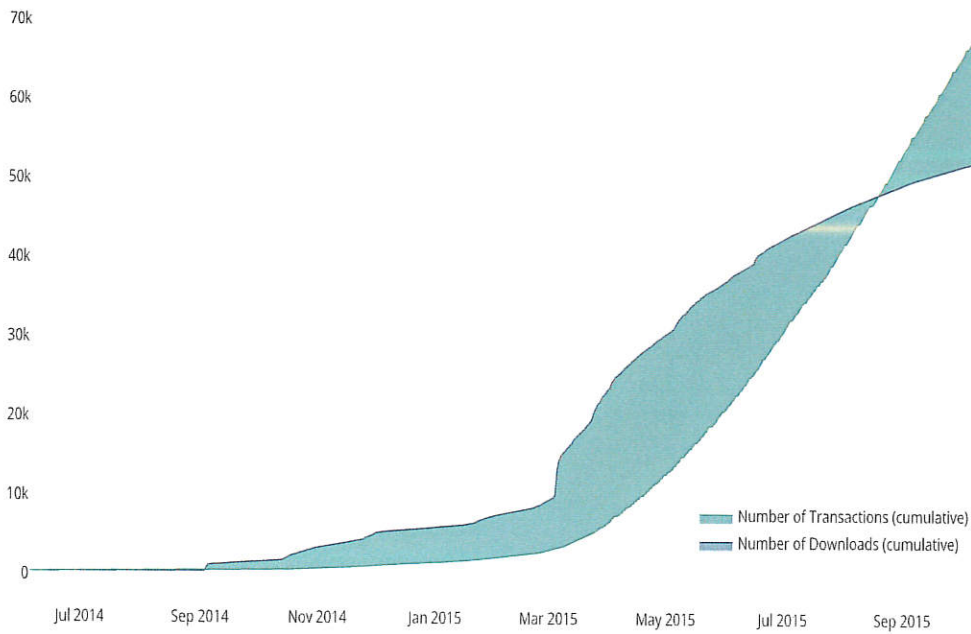
# Seamless

Graph shows when a cohort-group registered for SEQR, and how many transactions that cohort has made on average with SEQR every month.

Cohort Analysis - Average Number of Transactions per User



SEQR Downloads and transactions in emerging market Belgium



## Business Segments

	Net Sales, SEK thousand					Growth, Net Sales compared to same period previous year				
	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full Year 2014	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full Year 2014
Transaction Switch	20 750	6 754	59 563	26 834	38 415	207%	neg	122%	neg	neg
Distribution	51 494	33 752	136 084	94 849	124 571	53%	neg	43%	32%	11%
SEQR	1 790	2 156	5 476	5 857	7 768	neg	neg	neg	neg	neg
Non-distributable	0	-	0	-	-	-	neg	-	-	-
<b>Seamless Group</b>	<b>74 034</b>	<b>42 662</b>	<b>201 123</b>	<b>127 540</b>	<b>170 754</b>	<b>74%</b>	<b>neg</b>	<b>58%</b>	<b>17%</b>	<b>6%</b>

	Operating result					Operating Margin				
	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full Year 2014	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full Year 2014
Transaction Switch	3 590	-847	22 074	2 810	9 741	17%	neg	37%	10%	26%
Distribution	-3 255	-1 476	-3 659	-5 572	-11 763	neg	neg	neg	neg	neg
SEQR	-24 984	-36 013	-89 321	-94 688	-135 555	neg	neg	neg	neg	neg
Non-distributable	-3 126	-2 405	-12 942	-16 237	-27 420	-	-	-	-	-
<b>Seamless Group</b>	<b>-27 775</b>	<b>-40 741</b>	<b>-83 848</b>	<b>-113 687</b>	<b>-164 997</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>

### Transaction Switch

- Operations in: Seamless Distribution Systems AB
- Established in: 2001
- Products include: E-TopUp, Value-Added Services (VAS) and Managed Operations (MOPS)

#### Background

#### What is the "Transaction Switch" business?

Seamless supplies the system for the management of the distribution networks which though primarily offering electronic replenishing of prepaid cards also offer other eProducts extending from gift cards to prepaid debit cards to mobile banking.

The system is more effective and secure alternative to the former physical vouchers (scratch cards) containing a top-up/reloading code. The system increases the range of products the reseller to offer, without taking up valuable shelf space, and facilitates a much faster distribution in the marketplace. This offers a huge competitive advantage for distributors who operate in countries where infrastructure and security is a



# Seamless

challenge. The system additionally offers the customers of our mobile network operators the possibility to establish, administer and monitor a network of resellers, something which ensures that, firstly, the subscriber base is increased, and secondly that their consumption of cellular airtime is supplied in a timely and efficient manner.

Since the initial installation, some 15 years ago, the development of the Seamless ERS 360 platform has followed along with the new needs and constantly increasing market demands as more and more products and services are introduced electronically, and ERS 360 is now in its fourth generation of technology.

Further development and improvements have focused primarily on increased performance, security, and ease of use for the user. Presently an even greater scalability in terms of rapid delivery has been prioritized. The Seamless ERS 360 platform, which is installed and in operation at several mobile network operators, handles massive volumes of transactions and significant amounts of money, and maintains a comfortable capacity in order to be able to manage further growth.

## **Market developments in Q3 2015**

Earnings for the quarter has exceeded even our internal sales targets, and thus all expectations in terms of order intake.

The quarter's major strategic events is the entry into the largest market in Africa - Nigeria - with a record contract for \$US 1.7 million. In addition to the delivery to Nigeria, this order also includes the delivery of Seamless' systems to Ghana, where Seamless is already established. However, we are significantly strengthening our position with this new installation.

Seamless' newly developed terminal, the WiPos product, which enables a carrier to quickly and cost-effectively grow and broaden its distribution networks, has received a very positive reception in several markets.

We consolidated the success of the WiPos product with two additional major contracts totaling \$US 3.6 million, of which we delivered one-third during the third quarter. The remainder we plan to deliver in Q4 with a small remaining part during Q1 2016.

We thus prove our ability to break into new and large markets, as well as to innovate and broaden our role among our existing customers.

We have established our sales and revenues at a significantly higher level than ever before and have shown our ability to successfully execute at this level.

Overall existing customers have seen very good growth in transactions during the quarter, which resulted in an additional license upgrade but also increased the appetite to invest in new features which will be a positive spiral in the coming quarters, both for customers and for Seamless.

The quarter has largely met our expectations in terms of revenues and we continue to build the pipeline and take orders at a good pace while maintaining positive cash flow. Since the receipt of some large orders during the quarter meant a resultant immediate demand on resources to implement the deliveries, this has had an impact on the quarter's net margin and profit in comparison with the previous quarter.

## **Market outlook**

We note with satisfaction that our offerings to the market have been received remarkably well. We note a trend in the markets where we operate to broaden in the use of a platform that performs transactions for replenishing prepaid cards, to also support other types of transactions, such as certain finance-related services



# Seamless

that can be performed by a user via one's smartphone. This opens up new opportunities for Seamless, both in our engagements with existing customers, as well as with new potential customers, in telecommunications as well as in new industries.

The new orders received show an excellent trend for the past year and we are at full utilization of capacity.

The steady and growing income stream from billing for ongoing support is supported by new sales, with a certain lag. We plan to further sharpen our offering within "Managed Operations," which primarily ensures customer satisfaction but also in the long term lays the foundation for new products in terms of services.

Strategically, we are currently working on increasing the economies of scale by simplifying and shortening the customer delivery of existing functionality. An important additional consequential impact is that we thereby free up resources for new development and to proactively pursue a road map in order to increase our product's customer value.

Our rapid expansion in the markets where we operate requires active receivables management and financing. We are therefore strengthening the finance function in order to ensure our good cash flow and accrual accounting of revenue.

Our focus on product development and related investment means that we continue to launch innovative strategic products and features. The products increase our customers' capability of expanding their electronic channels, which in turn results in license expansions for us. We see specific opportunities in other verticals, in addition to our traditional involvement in the telecom sector. In the markets where we operate, there is a quite visible need for fast and cost-effective solutions to handle other types of transactions and at the same time coordinating and controlling a network of field agents or sales representatives.

## Distribution

- Operations in: Sia Lettel, SEQR Nordics AB and SEQR Denmark ApS, a subsidiary within Seamless Payments.
- 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 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 the requirement of making a financial investment, and as well, it avoids tying up capital or the need to maintain an inventory where the products take up valuable display space in the store. With the electronic distribution of these products, vouchers and stored value codes are delivered digitally, and the store does not incur any financial outlays until the product is sold.

## Technology

Two distribution technologies are available globally for mobile TopUp.

- “eVoucher” – where a voucher with a unique code is distributed electronically with this voucher code being 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 based on the stated amount. Adding funds to a cellular phone account takes place directly at the mobile network operator and the consumer receives 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, the typical situation is that 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 Developments in 2014 and 2015

In 2014, revenues rose by 11% in comparison with the previous year and during the third quarter Seamless took the opportunity to announce a purchase agreement with Ingram Micro whereby Seamless acquired Ingram Micro’s business operations in electronic distribution. The acquisition did not affect revenues or earnings in 2014 as customer migration was commenced first in Q1 2015, resulting in an increase of sales in Q2.

The acquisition has had an impact in Q3 on both the number of affiliated stores as well as transaction volume. Transaction volumes have increased significantly. The acquisition was made with a contingent-price provision and this acquisition has been a success in terms of market penetration and will provide a positive impact on

# Seamless

both our balance sheet and profits. A number of renowned chains, as well as a significant number of independent stores, have now gone over to become customers of Seamless.

Growth during Q3 – 2015

## Sweden

We have seen a continued increase in the number of contracted stores. Among the new customers, we would like to highlight The Phone House. The transaction volume is more than 50% higher compared to Q1, and the number of stores has more than doubled.

## Denmark

The Danish subsidiary became fully operational in Q1 and the establishment of Seamless' distribution of eProducts is proceeding as planned. Negotiations with several chains are in progress and an agreement was signed with Expert in Q3.

## Latvia

Distribution revenues in Lettel has gradually declined since 2013 partly due to the decrease usage of prepaid phones and due to the loss of Lettel's main customer PlusPunkts which accounted for approximately 30% of Lettel's revenues. Work is underway to regain the lost volumes, but revenues in 2015 will remain at a lower level than previously. During Q3, the transaction volume has stabilized.

## Bank Top-up

The partnership with mobile carriers and banks in the Swedish market, where Seamless ties together all mobile carriers and banks so that the consumer will be able to buy recharging of stored-value cards via the bank's channels (mobile banking, Internet banking, and telephone banking) has been expanded during the first quarter with the inclusion of Danske Bank. The integration with Danske Bank has now been completed and sales in the bank's channels have commenced.

## SEQR

- Operations in: Seamless Payments, Seamless Remittance, Seamless Romania, SEQR Finland, SEQR BeNeLux, SEQR Nordics, SEQR Portugal, SEQR USA, SEQR UK
- Established in: 2012
- Products include: Mobile Payments

It has been another quarter of significant progress for SEQR and our vision for it to become the world's most used mobile wallet. Having established SEQR in 12 international markets - Sweden, Finland, Romania, Belgium, Netherlands, Portugal, Spain, France, Germany, Italy, the US and the UK – with an addressable population of over 600 million people, the focus shifted from international expansion to growing the SEQR acceptance network and increasing number of SEQR customers and SEQR transaction volumes within our existing markets.

The key to ensuring SEQR succeeds in these areas lies in the strength of its proposition. SEQR is the most comprehensive mobile payment solution available for consumers, catering for an unrivalled number of payment scenarios including:



# Seamless

- Retail Point of Sale
- eCommerce & mCommerce – including Instant Check Out
- Shop on the Spot
- SEQR Invoice
- Unattended – such as parking, petrol and vending
- Peer to Peer payments

In addition, the SEQR rewards program offers up to 3% cashback on all SEQR purchases providing the customer with a rich incentive to pay with SEQR. This is unique in the mobile payments market.

However, as well as payments, with the inclusion of MyShop and the launch of the new digital cash register in Q3, SEQR has evolved into a complete financial eco-system allowing SEQR customers to buy and sell goods and services.

From a large merchant and partner perspective SEQR offers an omnichannel mobile payment solution that helps them address key objectives of improving customer experience, increasing sales, reducing basket abandonment, lowering costs and increasing loyalty.

With MyShop and the new digital cash register solution, small enterprises and private individuals are now able to sell goods and receive payment without the need for a physical card reader or incurring high transaction costs. There is no requirement to investment in hardware, or go through a complicated merchant application process, and payments are settled quickly into the seller's account.

During the quarter, through the strength of the SEQR proposition, we have continued to expand the SEQR network by contracting major new partners and completing the roll out of national retailers, most notably in our most mature markets of the Nordics and Benelux.

In the Nordics the roll out of SEQR acceptance to Jysk and Tekniset-Euronics physicals stores and webshops were completed, whilst we signed new contracts with major national partners including The Swedish Tourist Federation and L-Fashion Group. These partners will add more than 600 additional stores to the SEQR network in the region.

With a national network of SEQR acceptance already established in Belgium through major partners such as Colruyt Group and McDonald's, Benelux continues to be a hugely successful market for SEQR with very strong demand for products and services. In the quarter a number of major new agreements were signed including with Bitler, providing access to a 2,000 pharmacy webshops, Kreatos a national chain of hairdressers, Jetairfly (part of the TUI group), as well as POS providers Centric, ATX and Mercator.

The expansion of the SEQR network along with continued focus from existing partners lead to a doubling of transaction volume in Benelux versus Q2.

In our newer markets, following launch in Q2, we have continued to take significant steps forward in establishing SEQR in each market.

- In the US we put our first merchants live in Minneapolis and are in the process of completing integration with LOC Software, a major Point of Sale provider which will give us access to 1000's of supermarket locations.

# Seamless

- SEQR Payments US has also been successful in its application for Money Transmitter Licenses in 6 US states during the quarter.
- In the UK we have contracted with a major new partner, Sonic, which will significantly increase the number of Shop on the Spot products available to SEQR customers in all European markets.
- We have signed our first partner agreement in Italy with Consorzio Primum, which will provide access to merchants and Point of Sales providers.
- Our first merchant agreements are in place in Italy, France and Germany.

With strong momentum in SEQR's more mature markets and significant steps being taken in its newer ones, we expect to see a significant increase in the size of the SEQR merchant base in Q4 and into 2016.

The SEQR Shop Spot service, which has the potential to turn any media type into a sales channel, also delivered great progress during the quarter as the number of products sold through Shop on the Spot doubled. This is very important as Shop on the Spot sales generate a channel margin, which is typically 10-15% of the product value, and not just the transaction fee income. With more Shop on the Spot partners contracted, and by presenting more opportunities for consumers to "Shop on the Spot", this is an area of great future potential.

From a market perspective, whilst SEQR is typically seen as operating within 'mobile payments', the SEQR proposition is much broader than that of the headline makers in the sector. As stated, SEQR is now an entire financial eco-system, enabling consumers and merchants the ability to buy and sell goods and services in an unrivaled number of scenarios, as well as transfer money, attach loyalty schemes and redeem offers.

In summary, major steps forward were made during the quarter, and with such a strong proposition and wide geographic reach, SEQR is well placed for continued success during the remainder of the year.

## CONSOLIDATED

### Revenue

Seamless' revenues increased during the third quarter by 74 percent to SEK 74 034 thousand (42 662). The sales are distributed between the various business segments, with 28 percent (16) from the Transaction Switch business segment, 70 percent (76) from the Distribution business segment, and 2 percent (5) from the SEQR business segment.

### Financial Result

The consolidated operating loss amounted to SEK -27 775 thousand (-40 738) in the second quarter.

Second quarter net losses from financial items amounted to SEK -1 575 thousand (-27).

Earnings per share amounted to SEK -0.70 (-0.97) for the quarter.

### Personnel

We had a total of 154 (160) employees at end of the quarter. In addition to this, Seamless has retained approximately 50 consultants – primarily in India, Ghana and Pakistan.

### Investments

During the quarter, investments have been made in a total amount of SEK 1 303 thousand (10 998). Product development costs have been capitalized at a value of SEK 4 393 thousand (5 587), while depreciation taken and amortization amounted to SEK -3 983 thousand (-5 014).

### Cash flow and financial position

Cash flow from operating activities amounted to SEK -25 843 thousand (-35 627) for the third quarter. Bank deposits and cash equivalents at the end of the quarter amounted to SEK 28 109 thousand (175 050). The company needs a liquidity fund of 2 MSEK in the Swedish operations to maintain its money transmitter license from the Financial Supervisory Authority. Corresponding liquidity base for the US market is appr. \$ 1 million when starting up the business. A total of appr. 10.5 MSEK.

The Group has interest bearing liabilities in the form of leases for hardware amounting to SEK -1 602 thousand (-2 396), divided between long-term debt of SEK -757 thousand (-979) and short-term debt of SEK -845 thousand (-1 417). An interest-bearing liability in the form of a convertible loan amounts to SEK 29 million with an annual interest rate of 7 percent. The interest during the third quarter amounted 445 tkr.

As SEQR should fund for long term growth, Seamless intends to bring in a strategic equity partner as co-investor in the subsidiary SEQR by a directed equity placement. Awaiting the completion of such transaction, in order to cover negative cash flow Seamless intends to, by means of the existing authorization from the general meeting, raise capital by a private placement of shares or convertibles in Seamless of approximately 25 MSEK.

The Company has no interest-bearing liabilities to banks or other credit institutions.

Seamless has an equity ratio of 51 (85) percent.



# Seamless

## Acquisition of customers

As of February 2015 customer lists were purchased. When the final settlement was signed the seller was obliged to repay the purchase price plus approximately SEK 600 thousands in accordance with the settlement agreement. The additional SEK 600 thousands is accounted for as Other Income.

## PARENT COMPANY

The parent company's net sales for the quarter amounted to SEK 1 963 thousand (5 393) and net financial result amounted to a loss of SEK -77 306 thousand (-275). A write-down of shares in subsidiaries have had a one-time effect of SEK -74 million. Net gains/losses in the parent company from financial items amounted to SEK -75 464 thousand (-103), and the parent company had bank deposits/cash on hand in the amount of SEK 326 thousand (150 482) at the close of the quarter. The parent company had 4 (5) employees at the close of the quarter.

## SIGNIFICANT EVENTS DURING THE PERIOD JANUARY – SEPTEMBER 2015

- Seamless' U.S. subsidiary received licenses for payment services in the United States, known as a "Money Transmitter License".
- Seamless issued SEK 29 million of convertible debentures. The board of directors of Seamless resolved to issue these bonds pursuant to the authorization granted at the latest annual general meeting of the company.
- Seamless launched tomorrow's digital cash register, the company's SEQR payment solution. All SEQR users will have access to the digital cash register, which becomes a standard feature of the SEQR app.
- SEQR now available in all 134 Swedish JYSK stores.
- Seamless' transaction received a substantial order for Nigeria and Ghana from a leading African mobile operator group for the installation of its transaction switch.
- SEQR launches MyShop – the service that allows everyone to start-up a mobile e-commerce shop. The new MyShop feature in the SEQR app provides all users their own shop with a simple, secure and free of charge payment solution.
- SEQR is available in more than 500 Colruyt, Okay, Bio-Planet, Cru, Dreamland, Dreambaby stores as well as independent Spar stores.
- SEQR releases Instant Checkout and strengthens in e-commerce.
- SEQR goes live in Great Britain and the United States during the quarter, and is now available in 12 different countries.
- Seamless Vice President Ingrid Lindström will be leaving her position in autumn 2015.
- SEQR advertised the best rebate program in the market and connects the service directly to one's bank account.
- In the spring of 2015, SEQR was rolled out at Q-Park's 2500 payment machines around the country.
- Seamless has developed plug-ins for some of the world's largest e-commerce platforms such as Magento, OpenCart, PrestaShop and WooCommerce. This investment means that hundreds of thousands of online merchants will be able to connect SEQR to their web shops and offer their customers the possibility of payment by mobile device.
- The migration of Ingram Micro's customers. The anticipated annual revenues for the customers who migrate to Seamless amounts to about SEK 70-75 million.

- Annika Blomé, Chief Product Officer, became a new member of Group Management. At the same time, Anders Forssten resigned as Chief Marketing Officer.

## **TRANSACTIONS WITH CLOSLEY 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 via 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. Seamless is in need of additional liquidity. As SEQR should fund for long term growth, Seamless intends to bring in a strategic equity partner as co-investor in the subsidiary SEQR by a directed equity placement. Awaiting the completion of such transaction, in order to cover negative cash flow Seamless intends to, by means of the existing authorization from the general meeting, raise capital by a private placement of shares or convertibles in Seamless of approximately 25 MSEK.

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. For further reference, please refer to the statement in the latest Annual Report on its pages 16-17.

## FINANCIAL INFORMATION

Group report over total earnings SEK thousand	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full-Year 2014
Net Sales	74 034	42 663	201 123	127 540	170 754
Other operating income	-1 247	597	167	1 662	1 566
Material costs	-62 525	-35 837	-156 538	-105 313	-141 627
Other external costs	-17 758	-21 615	-54 947	-59 153	-84 844
Personnel costs	-16 168	-21 175	-57 153	-64 911	-92 125
Depreciation	-3 983	-5 014	-16 069	-12 610	-17 639
Other operating costs	-127	-357	-432	-902	-1 082
<b>Operating result</b>	<b>-27 775</b>	<b>-40 738</b>	<b>-83 848</b>	<b>-113 686</b>	<b>-164 997</b>
Financial net	-1 575	-27	-1 650	-212	482
<b>Profit before tax</b>	<b>-29 350</b>	<b>-40 765</b>	<b>-85 499</b>	<b>-113 898</b>	<b>-164 515</b>
Income tax	-42	-29	-190	-81	-276
<b>Profit for the period</b>	<b>-29 392</b>	<b>-40 794</b>	<b>-85 688</b>	<b>-113 980</b>	<b>-164 792</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Currency translation differences	155	101	574	419	609
<b>Total comprehensive income attributable to parent company shareholders</b>	<b>-29 237</b>	<b>-40 693</b>	<b>-85 115</b>	<b>-113 560</b>	<b>-164 183</b>

Consolidated Balance Sheet SEK thousand	Sept 30 2015	Sept 30 2014	Dec 31 2014
<b>ASSETS</b>			
Intangible assets	42 844	39 842	41 631
- of which goodwill	5 966	5 820	6 032
- of which capitalized development costs	34 275	32 779	34 362
- of which customer agreements	993	1 198	1 198
- of which other intangible assets	1 610	45	39
Tangible fixed assets	15 834	15 007	16 379
Deferred tax	27 817	27 768	27 787
Other long-term receivables	7 515	470	2 094
Inventories of finished goods	9 010	1 704	8 472
Accounts receivables	41 825	21 262	25 048
Other receivables	21 532	13 472	23 532
Prepaid expenses and accrued income	10 936	3 938	6 203
Cash and cash equivalents	28 109	175 050	105 273
<b>Total assets</b>	<b>205 421</b>	<b>298 513</b>	<b>256 419</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	105 738	253 998	190 365
Appropriation	633	403	654
Other non-current liabilities	29 952	979	423
Deferred tax liability	345	317	339
Trade accounts payable	30 714	14 930	29 381
Current tax liability	453	519	232
Other current liabilities	4 364	11 832	15 827
Accrued expenses and deferred income	33 223	15 535	19 198
<b>Total Equity and Liabilities</b>	<b>205 421</b>	<b>298 513</b>	<b>256 419</b>



Consolidated statement of changes in equity, SEK thousand	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full-Year 2014
<b>Balance at start of period</b>	<b>133 971</b>	<b>294 691</b>	<b>190 365</b>	<b>367 457</b>	<b>367 457</b>
Comprehensive income for the period	-29 237	-40 694	-85 115	-113 560	-164 183
New share issue	0	-	0	-	0
Transaction costs	0	-	0	-	0
Conducted new share issue	0	-	0	-	0
Options program	1 005	-	1 005	100	100
Share repurchase	0	-	-517	-	-13 009
<b>As per end of the period</b>	<b>105 738</b>	<b>253 997</b>	<b>105 738</b>	<b>253 997</b>	<b>190 365</b>

Consolidated statement of cash flows, SEK thousand	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full-Year 2014
Cash flow from operations before changes in working capital	-25 843	-35 627	-70 997	-100 649	-147 348
Change in working capital	4 451	-2 750	-12 399	-1 063	-1 383
Cash flow from operating activities	-21 392	-38 377	-83 396	-101 712	-148 731
Cash flow from investing activities	-1 212	-10 998	-24 272	-26 232	-35 740
Cash flow from financing activities	29 587	-754	29 676	-213	-13 628
<b>Cash flow during the period</b>	<b>6 983</b>	<b>-50 129</b>	<b>-77 991</b>	<b>-128 157</b>	<b>-198 099</b>
Cash and cash equivalents at beginning of period	21 020	224 807	105 273	302 766	302 765
Exchange difference of cash and cash equivalents	107	372	827	440	607
<b>Cash and cash equivalents at end of period</b>	<b>28 109</b>	<b>175 050</b>	<b>28 109</b>	<b>175 050</b>	<b>105 273</b>

Key figures	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full-Year 2014
Return on equity	neg	neg	neg	neg	neg
Earnings per share, basic and diluted, SEK	-0,70	-0,97	-2,04	-2,72	-3,94
Operating income, SEK thousand	-27 775	-40 738	-83 848	-113 685	-164 997
Growth Net sales (compared to the same period last year)	74%	-24%	58%	17%	6%
Operating margin	neg	neg	neg	neg	neg
Average number of shares, basic and diluted	41 910	41 910	41 910	41 859	41 871
Liquidity	771	771	771	198	967
Equity ratio	149%	499%	149%	499%	248%
Equity, SEK thousand	51%	85%	51%	85%	74%
Equity, SEK thousand	105 738	253 998	105 738	253 998	190 365
Equity per share, SEK	2,52	6,06	2,52	6,06	4,54
Number of employees at end of period	154	160	154	160	166

# Seamless

Parent company income statement SEK thousand	Jul-Sept 2015	Jul-Sept 2014	Jan-Sept 2015	Jan-Sept 2014	Full Year 2014
Net sales	1 963	5 393	5 888	5 397	18 452
Other operating income	303	1 066	-167	1 066	6 055
Operating expenses	-4 108	-6 286	-13 266	-18 801	-22 749
<b>Operating result</b>	<b>-1 842</b>	<b>172</b>	<b>-7 544</b>	<b>-12 338</b>	<b>1 759</b>
Net financial items	-75 464	103	-75 464	51	-270 110
<b>Earnings before tax</b>	<b>-77 306</b>	<b>275</b>	<b>-83 008</b>	<b>-12 287</b>	<b>-268 351</b>
Income tax	0	0	0	0	0
<b>Income for the period</b>	<b>-77 306</b>	<b>275</b>	<b>-83 008</b>	<b>-12 287</b>	<b>-268 351</b>

Parent company balance sheet SEK thousand	Sept 30 2015	Sept 30 2014	Dec 31 2014
<b>ASSETS</b>			
Fixed assets	51 949	227 193	32 407
Total current assets	58 076	205 264	135 857
<b>Total Assets</b>	<b>110 026</b>	<b>432 457</b>	<b>168 264</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	61 996	413 590	144 516
Long-term liabilities	29 000	-	-
Short-term liabilities	19 030	18 867	23 748
<b>Total equity and liabilities</b>	<b>110 026</b>	<b>432 457</b>	<b>168 264</b>
Pledged assets	-	-	-
Contingent liabilities	None	None	None



## 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 2015 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.

#### **Emphasis of matter**

Without impacting our conclusion as stated above, we wish to bring attention to the fact that the interim report states that the financial situation is strained and that the company requires further external financing in order to finance its operations during the next 12 months. In order to ensure the company's going concern status, it is decisive that those measures described in the interim financial report be implemented.

Stockholm 11 November 2015

Öhrlings PricewaterhouseCoopers

Niklas Renström

Authorized Public Accountant

# Seamless

## SEAMLESS SHARE

Jul – Sep 2015

Price trend	-31.00%
Ticker symbol	SEAM
Market Cap (per 30 Sept)	331.09 MSEK
High	18.60 SEK
Low	6.65 SEK
Total no of shares (per 30 Sep)	41 910 274

## FINANCIAL CALENDAR

11 Nov 2015	Interim report Q3
17 Feb 2016	Interim report Q4
17 Mar 2016	Annual report 2015
21 Apr 2016	Annual General meeting in Stockholm Sweden
22 Apr 2016	Interim report Q1
15 Juli 2016	Interim report Q2

## 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 from the Mobile Money Global Awards. Seamless shares are traded on NASDAQ OMX Stockholm, under the ticker symbol SEAM. [www.seamless.se](http://www.seamless.se) Seamless has offices in: Accra, Atlanta, Brussels, Bucharest, Calcutta, Helsinki, Lahore, Lisbon, Mumbai, Riga, Lodz, London and Stockholm.

The Seamless quarterly report for the period July - September 2015 has been approved for publication by the Board of Directors, by its decision on Wednesday, November 11, 2015.

## 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, Wednesday November 11, 2015

Hein Pretorius  
Chairman of the Board of Directors

Kristin Berdan  
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)  
Corporate identification no. 556610 – 2660  
Box 6234  
102 34 STOCKHOLM  
[info@seamless.se](mailto:info@seamless.se)  
[www.seamless.se](http://www.seamless.se)

All information is published on [www.seamless.se](http://www.seamless.se) immediately after public release.

## CONTACT DETAILS

For further information, please contact:

Peter Fredell, CEO  
[Peter.fredell@seamless.se](mailto:Peter.fredell@seamless.se)  
+46 8 564 878 00