

“

Not like the brazen giant of Greek fame,  
With conquering limbs astride from land to land;  
Here at our sea-washed, sunset gates shall stand  
A mighty woman with a torch, whose flame  
Is the imprisoned lightning, and her name  
Mother of Exiles. From her beacon-hand  
Glows world-wide welcome; her mild eyes command  
The air-bridged harbor that twin cities frame.

“Keep, ancient lands, your storied pomp!” cries she  
With silent lips. “Give me your tired, your poor,  
Your huddled masses yearning to breathe free,  
The wretched refuse of your teeming shore.  
Send these, the homeless, tempest-tost to me,  
I lift my lamp beside the golden door!

The New Colossus

# Seamless Interim Report

Fourth Quarter of  
2016

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**Seamless**

Corp. id. no: 556610-2660



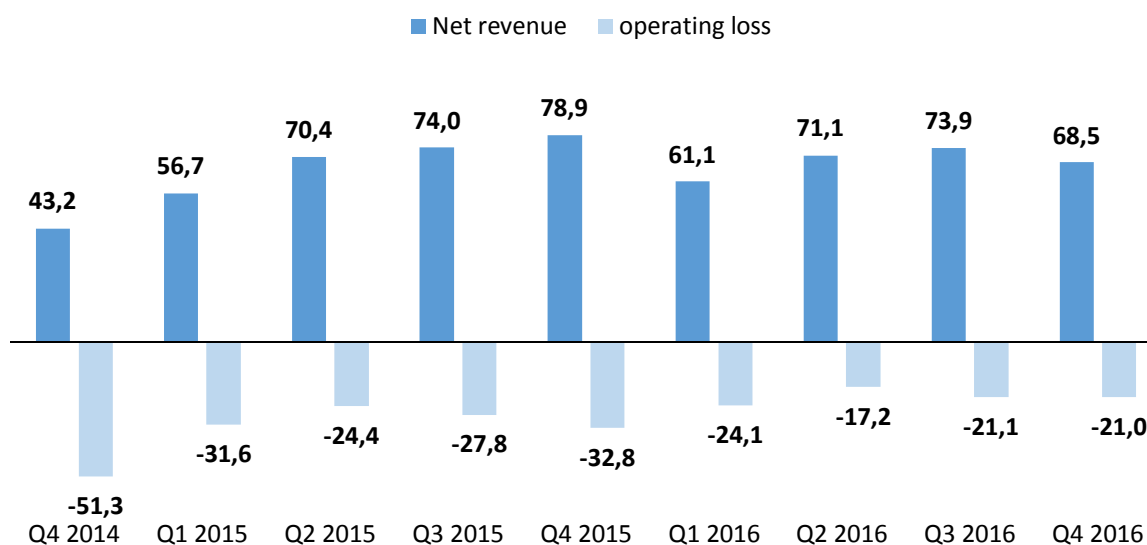
# INTERIM REPORT, FOURTH QUARTER OF 2016

October– December 2016

- The operating result for the period improved to SEK -21.0 million (-32.8), an improvement of 36%
- Loss after tax for the period improved with SEK 10.6 million, to SEK -23.0 million (-33.6), an improvement of 32%
- Earnings per share SEK -0.39 (-0.80), an improvement of 51%
- Cash flow before changes in working capital improved with SEK 19.3 million to -9.1 (-28.4), an improvement of 68%
- Net sales for the period SEK 68,5 million (78.9), a decrease of 13% compared to same period last year

<b>Overview</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net sales	68 453	78 873	274 549	279 997
Operating result	-21 048	-32 789	-83 460	-116 637
Financial net and taxes	-1 967	-830	-3 467	-2 671
Loss for the period	-23 015	-33 619	-86 927	-119 308
Balance sheet total	251 284	205 332	251 284	205 332
Earnings per share, basic and diluted*	-0.39	-0.8	-1.66	-2.84
Operating margin	neg	neg	neg	neg
Equity ratio	54%	50%	54%	50%
Capitalized development costs	15 763	5 161	35 009	18 244
Depreciation	-6 170	-4 712	-19 402	-20 780

## REVENUE AND PROFIT per Quarter 2014 to 2016



## Significant events during the period October – December 2016

- Vera&John is the first iGaming operator to offer Seqr as a payment tool to their customers. Initially customers can top up their accounts by using Seqr on their mobile. Moreover, new customers can register a gaming account at Vera&John in a very simple and fast way via the Seqr app.
- Seqr launched a peer-to-peer money transfer solution that enables users to instantly transfer money to each other regardless of where they are in the world. The service is now being rolled out for SEQR users in 14 countries.
- Seamless has obtained a Notice of Allowance (patent application no. 14/347,742) from the United States Patent and Trademark Office (USPTO) for its Seqr mobile payment solution. This implies that USPTO intends to announce the approval of the patent within three months following the payment of all fees.
- Seqr was elected as the payment solution on the international fair Web Summit, a fair which gathers 15 000 companies and 7 000 CEO's. The fair was held in Lisbon on November 7 – 10, and approximately 50 000 participants will pay with Seqr.
- Seqr launches Contactless Payments and Gocardless Service in the UK. Seqr customers in the UK are now able to quickly and easily link their bank account to the Seqr app and make payments directly from their bank account.

## Significant events after the close of the reporting period

- Seamless arranged a fixed income debt financing amounting to app. 30 MSEK in January 2017



## CEO's COMMENT

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Dear Shareholders,

We can now look back on a very active and successful year for Seamless. Our P/L improved with 27% and our EBITDA improved with 33%, from -95.8 MSEK to -64 MSEK. This positive trend is continuing.

Sales for the group were slightly down with a 2% decrease. This decrease stems in full from our business area E-products where we actively purged non profitable sales. This strategy was right as the net result for this subsidiary increased with 54% during the period.

Our business area Seamless Distribution Systems (SDS) increased sales with 6% to 96.0 MSEK and net earnings increased with 22% to 33.1 MSEK. The favorable development of the company continues with new additions to our product portfolio in addition to a strong order pipeline in our traditional product mix.

Our business area Seqr increased sales during 2016 with 28% to 9.4 MSEK and the net result improved with 35% to a loss of 78 MSEK. Transactions through the system increased with 75%. We see a continued accelerated growth going forward due to some very important developments during 2016. The most important of the new features is that Seqr users now can pay with Seqr all over the world where NFC enabled (contactless) card terminals exist. The development of this new technology meant that our acceptance network went from a few ten thousand stores to approximately 35 million Point-Of-Sales (POS) overnight. This development also removed Seqr's largest bottleneck which has been our limited acceptance network, and it also means that Seqr doesn't have to continue to negotiate bilateral agreements with merchants in order to grow the acceptance network. If you as a merchant accept MasterCard, you accept Seqr.

In another very important development we added real time transfers between users regardless of currency, global location, or nationality. This is a unique service to users that is not matched by any other industry participant.

In 2016 Seqr acquired the Norwegian company MeaWallet. MEA is a software company that has developed turn-key solutions for card issuers that wants to issue virtual cards through the mobile, just as Seqr has done.

This is a strategically important technology because we believe that in the future every existing, and new, card issuer in the world will embrace virtual card issuance through various electronic devices. Currently there are only a limited number of companies that can offer this technology which gives a MEA a favorable competitive environment.

Seqr is looking forward to a very interesting 2017 where general tech and market conditions will be favorable for Seqr. Seqr is now a truly global service which can be used in shops everywhere. It is therefore our expectation that we will see accelerating growth in both transactions and revenue in 2017.

Best Regards,

Peter Fredell

## CONSOLIDATED

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### Revenue and result

Seamless' revenues amounted to SEK 68 453 thousand (78 873) for the fourth quarter, which is a decrease of 13% compared to the same period previous year. The sales are distributed between the various business segments, with 36 percent (39) from the SDS/Transaction Switch business segment, 60 percent (58) from the Distribution business segment, and 4 percent (3) from the Seqr business segment.

The consolidated operating loss amounted to SEK -21 048 thousand (-32 789) for the fourth quarter. Financial items for the fourth quarter amounted to SEK -1 405 thousand (-537). Earnings per share amounted to SEK -0.39 (-0.80) SEK for the quarter.

### Personnel

The Group had a total of 200 (158) employees at end of the quarter. In addition to this, Seamless has retained approximately 100 consultants – primarily in India, Ghana and Pakistan.

### Investments

During the quarter, investments have been made in a total amount of SEK 18 978 thousand (3 752). Product development costs have been capitalized at a value of SEK 15 763 thousand (5 161), while depreciation taken and amortization amounted to SEK -6 170 thousand (-4 712).

### Cash flow and financial position

Cash flow from operating activities amounted to SEK 2 459 thousand (-30 688) for the fourth quarter. Bank deposits and cash equivalents at the end of the quarter amounted to SEK 8 663 thousand (23 005). 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. 9.1 MSEK.

The Group has interest bearing liabilities in the form of leases for hardware amounting to SEK -411 thousand (-1 360), divided between long-term debt of SEK -240 thousand (-571) and short-term debt of SEK -171 thousand (-789). An interest-bearing liability in the form of a convertible loan amounts to SEK 42 million with an annual interest rate of 7 percent. The interest during the quarter amounted SEK 743 thousand. The convertible loan will mature in 364 days after the date of issue, on August 28, 2017.

During the period the Company had no interest-bearing liabilities to banks or other credit institutions apart from the convertible loan.

The board continually assesses the funding situation for the group and can use various methods for financing the current negative cash flow. Although the cash flow is continually improving, the group will be in need of further funding during the year ahead. Seamless has raised capital by two private placements, one in February of approximately 24.6 MSEK and one in July 2016 of approximately 50 MSEK. In August a directed issue of convertible debentures was issued, of a nominal value of SEK 42 million. In January 2017 the group received a loan amounting approximately 30 MSEK. During 2017 the group will be in need of additional funding.

Seamless has an equity ratio of 54 (50) percent.

## Acquisition

The acquisition of MeaWallet AS was completed on July 20, 2016. The purchase price amounts to approximately SEK 42,8 million and payment is made through an issue in kind of 4,574,328 new shares in Seamless to existing holders of shares, shareholder loans and convertible debentures in MeaWallet, where 2,637,968 shares was paid with shares in MeaWallet and 1,936,360 shares was paid with shareholder loans and convertible debentures.

MeaWallet is a Norwegian technology company with 19 employees, based in Norway and Latvia. Through the acquisition Seamless controls important technology in the rapidly growing field of contactless payments.

The amount of acquisition related costs amounts to SEK 152 thousand on December 31 and are recognized as other external costs in the statement of comprehensive income. From the acquisition date to the end of the reporting period the revenue of MeaWallet amounts to SEK 2.4 million. If consolidation had occurred at the beginning of the year, the company would have brought the Group an additional 2.9 million in revenue and -6.7 million in loss after tax. The goodwill of 7.7 million refers to personnel and expected synergies.

Acquisition analysis	Fair value reported in Group
Intangible fixed assets	44 481
Tangible fixed assets	166
Short-term receivables	3 687
Liquid assets	526
Deferred tax liability	-6 247
Long-term liabilities	-17 720
Short-term liabilities	-6 178
<b>Net identified assets and liabilities</b>	<b>18 715</b>
Goodwill	7 665
<b>Total</b>	<b>26 380</b>
<b>Purchase price</b>	<b>26 380</b>
<b>Calculation Net cash outflow</b>	
Purchase price	-26 380
-financed through issue in kind	26 380
Acquired liquid assets	526
<b>Net cash outflow</b>	<b>526</b>

## Parent Company

The parent company's net sales for the quarter amounted to SEK 1 650 thousand (1 959) and net financial result amounted to a loss of SEK -37 584 thousand (-25 053). Net gains/losses in the parent company from financial items amounted to SEK -35 438 thousand (-20 428). A write-down of shares in subsidiaries have had a one-time effect of SEK -34.5 million and the parent company had bank deposits/cash on hand in the amount of SEK 25 thousand (5 231). The parent company had 2 (2) employees at the close of the quarter.

## 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 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. The board continually assesses the funding situation for the group and can use various methods for financing the current negative cash flow. Although the cash flow is continually improving, the group will be in need of further funding during the year ahead. Seamless has raised capital by two private placements, one in February of approximately 24.6 MSEK and one in July 2016 of approximately 50 MSEK. In August a directed issue of convertible debentures was issued, of a nominal value of SEK 42 million. In January 2017 the group received a loan amounting approximately 30 MSEK. During 2017 the group will be in need of additional funding.

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.

The Parent Company has an ongoing tax litigation with the Swedish Tax Authorities. The maximum exposure is SEK 6 million. The amount is paid in and an appeal has been sent in by the Company. One of the subsidiaries of the Group has an ongoing tax audit.

For further reference, please refer to the statement in the latest Annual Report on its pages 20-22 and 71.

## BUSINESS SEGMENTS

	Net Sales, SEK thousand				Growth, Net Sales compared to last year			
	Oct-Dec 2016	Oct-Dec 2015	Full-Year 2016	Full-Year 2015	Oct-Dec 2016	Oct-Dec 2015	Full-Year 2016	Full-Year 2015
SDS/Transaction Switch	24 956	30 922	96 096	90 486	neg	167%	6%	136%
eProducts	40 894	45 898	169 093	181 982	neg	54%	neg	46%
Seqr	2 632	2 053	9 360	7 529	28%	7%	24%	neg
Group functions	-29	-	-	-	-	-	-	-
<b>Seamless Group</b>	<b>68 453</b>	<b>78 873</b>	<b>274 549</b>	<b>279 997</b>	<b>neg</b>	<b>83%</b>	<b>neg</b>	<b>64%</b>

	Operating Result, SEK thousand				Operating Margin			
	Oct-Dec 2016	Oct-Dec 2015	Full-Year 2016	Full-Year 2015	Oct-Dec 2016	Oct-Dec 2015	Full-Year 2016	Full-Year 2015
SDS/Transaction Switch	7 215	5 180	33 129	27 254	29%	17%	34%	30%
eProducts	-643	-1 169	-2 230	-4 827	neg	neg	neg	neg
SEQR	-18 631	-30 567	-78 356	-119 888	neg	neg	neg	neg
Group functions	-8 989	-6 234	-36 003	-19 176	neg	neg	neg	neg
<b>Seamless Group</b>	<b>-21 048</b>	<b>-32 790</b>	<b>-83 460</b>	<b>-116 637</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>





## SEQR

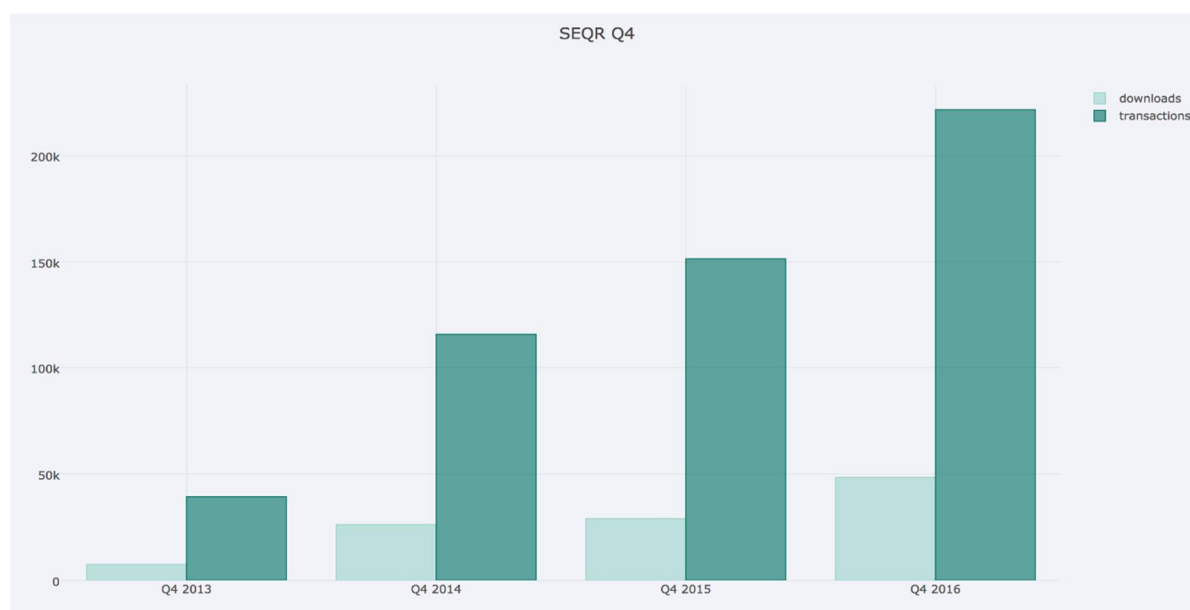
The Seqr business segment encompasses a payment platform with a financial ecosystem that among other things enables payments in physical checkouts, online and on mobile devices, money transfers between users domestically and internationally, as well as an advertising platform and sales channel. The technology is a development of the Transaction Switch platform and has operations in Sweden, Finland, Romania, Belgium, the Netherlands, Germany, Portugal, Spain, France, Italy, Austria, Luxemburg, Malta, the USA and the UK & Ireland.

In July 2016 Seamless announced the acquisition of MeaWallet, a Norwegian technology company that specializes in Host Card Emulation (HCE) and Cloud Based Payments. MeaWallet has operations in Oslo, Norway and Riga, Latvia. MeaWallet will continue to operate under its own brand, but will form part of the SEQR Payments business segment.

### Financial Results

Seqr finished 2016 with another record quarter in terms of revenue with Q4 revenues higher than Q3 at 2,632 MSEK. This represents an almost 30% growth versus Q4 2015. Full year revenues for Seqr closed at 9,360 MSEK representing 25% year on year growth.

Year to date, key Seqr consumer metrics including transaction volume and customer downloads continue to show impressive double-digit growth versus 2015. Transaction volume is 75% higher and customer downloads 53% higher than in the same period in 2015.



The figure show the number of downloads of the Seqr app (for the iOS and Android platform) and transactions within the SEQR platform in the fourth quarter 2013 – 2016.

### Activities and Market Outlook

It was a very busy quarter for Seqr, with both Seqr on the business-to-consumer side and MeaWallet on the business-to-business side making significant steps forward in terms of both product & market development and business performance.

Within the quarter we announced 3 major new launches in Seqr, opening up the product up to millions more customers, adding new unique money transfer functionality and entering an entirely new market sector.

In October in the UK we launched the capability for customers to directly connect their bank account to the Seqr app. Previously in the UK customers have enjoyed the benefits of the Seqr pre-paid account functionality, however enabling customers to connect their bank account opens Seqr up to millions of customers who prefer direct payment over a pre-paid option. Launching this functionality brings the UK in line with other Seqr markets in Europe and the US where bank account linking is already established.

In conjunction with bank account linking, we also launched contactless NFC Tap & Pay payments in the UK. The UK is Europe's 2nd largest economy and with over half a million contactless NFC terminals in place, one of the most advanced in the world in terms of contactless payment acceptance. Now that all UK consumers can directly connect their bank account to Seqr and enable Tap & Pay in a few simple steps, we are now well placed for rapid growth in the UK.

In November we announced the launch of our global instant peer-to-peer money transfer service. This is a unique proposition enabling Seqr users to instantly transfer money to each other regardless of where they are in the world. Following implementation, all Seqr users automatically received a Seqr Account, effectively a pre-paid account, within their Seqr app. The Seqr Account enables customers to send money from and receive money into this account in real time.

This service has now been rolled out to Seqr users in 14 countries and, together with Tap & Pay, means that Seqr is now the only payments system in the world where money can be sent, received and used for payment instantly. Even those considered world leaders in international remittance and money transmission services are unable to compete with this proposition.

Finally in December, we entered an exciting new sector with Seqr – iGaming – through a new partnership with Vera & John in Sweden. Vera & John become the first iGaming operator to implement Seqr as a payment tool. In addition to payment acceptance, we are also using the Seqr platform to drive customer acquisition for Vera & John in a simple and effective way creating a strong revenue opportunity for Seqr.

Our first joint campaign activity in December exceeded all expectations and we anticipate the iGaming sector to deliver significant additional revenues for Seqr throughout 2016.

More generally in terms of Seqr performance, following launch of Tap & Pay across Europe at the end of summer we have seen a significant increase in customer acquisition and transaction volumes across all our key markets. Of particular note is Germany, Europe's largest economy, where we have seen particularly high uptake. Interestingly, we have achieved these results without any aggressive marketing activity, just as a result of some simple "test & learn" campaigns.

In 2017 we intend to increase our investment in marketing, both in terms of campaign activity and in marketing personnel, to deliver exponential growth in customer acquisition and usage of Seqr.

Turning briefly to MeaWallet, as well as providing the technology which is driving SEQR Tap & Pay growth, as Seqr business-to-business proposition, MeaWallet delivered a strong revenue performance Q4 from both existing and new clients. Key contributors of revenue were Fbank of Bulgaria and Findomestic Bank of Serbia. Revenue from these accounts will continue to grow quarter on quarter and, through operational fees, will provide a strong source of repeat revenue throughout 2017.

From a new customer perspective, in Q4 a contract was signed with CrossGates, a payment solutions provider in South Africa which will deliver significant long-term revenue, whilst development was completed Kombank ahead of launch early in 2017.

From an operational perspective, we completed the integration of the Seqr and MeaWallet sales teams in December, resulting in a significant increase in the level of sales activity related to the MeaWallet products and services. As a result of the increased sales activity we are building a huge pipeline of opportunities for MeaWallet across Europe, the US and the rest of the world. We expect to close a number of high value contracts in Q1 and for the pipeline to deliver significant revenue growth throughout 2017.

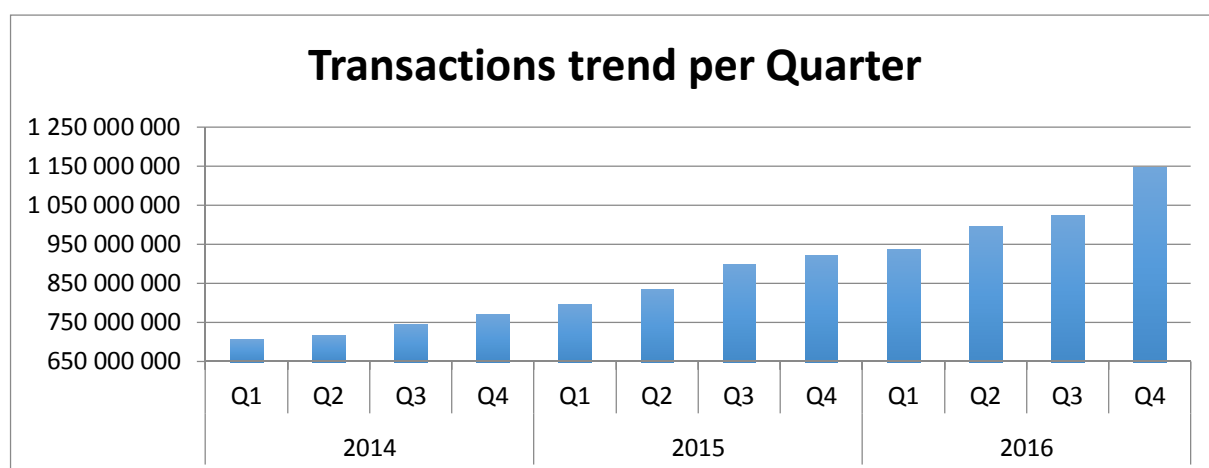
In summary, on both the B2C and B2C sides of the business, we have had a good end to the year in terms of revenue and product & market development, setting us up nicely for 2017.

## Transaction Switch/Seamless Distribution Systems

Seamless Distribution Systems, also referred to as Transaction Switch, supplies the system for the management of the distribution network of primarily electronic adding of funds to prepaid value cards/SIMs, along with other eProducts extending from gift cards to prepaid debit cards to mobile banking. The system increases the range of products the reseller has to offer, without taking up valuable shelf space, and facilitates a much more rapid distribution in the marketplace. The hub of the operations is the internally developed proprietary ERS 360° platform, which remains continually under further development in order to respond to the needs of the market since its initial installation some 15 years ago. Our clients can be found all over the world, but are mainly in Africa and the Middle East, where telecommunications companies constitute our largest group of customers. Currently, the platform handles 5.3 billion transactions annually with a total value of USD 8 billion, divided among 28 markets.

### Financial Results

Our clients have had success with our platform for digital distribution. Several of them have increased their transaction volume significantly in 2016 and we see particular growth in this quarter as a new major client has gone into production. The growth from Q4 of 2015 to Q4 of 2016 was a massive 2 billion transactions to 5.3 billion transactions on an annual basis, which has meant that several clients have also upgraded their capacity license this quarter.



We are particularly proud of having successfully gone into production with our new clients in the Americas where we have, among other things, provided a smartphone app. Smartphone is an addition to all the channels we already offer retailers. A client also launched our app in Africa as smartphone penetration is currently showing rapid growth in several markets.

Furthermore, we have continued to sell additional functions to a number of clients which has further strengthened the range that we offer. Unlike 2015, we have not sold WiPos terminals to any extent, which is reflected in lower sales in the fourth quarter of 2016 compared with 2015. However, replacing the hardware sales with software is very satisfying even if the turnover between the years is unchanged.

### Activities and Market Outlook

Our marketing activities continue to grow. Our offers are being met with a very positive reception and we see great potential in our new markets. In Africa, where our canvassing of new customers has intensified, we are getting an exceptionally good response. The sales cycles are long but we have increased the quality of our interaction and our pipeline projects stability. In the Americas, where we delivered and launched our system during this quarter, we now have a strong reference point in our new market. Continued variation in sales between the quarters, depending on when we secure major deals, is however also expected in the coming years.

Regular surveys of customer satisfaction yield consistently high results for everything from product functionality and stability to the quality of our customer dialogue. We see that our relationships entail that we are meeting old clients in new places and that knowledge and trust in Seamless is consistently good and open to new opportunities.

The business area now has a few years behind it to catch up with the demand from existing and several new clients. We are now investing heavily in expanding the range of products and services that will enable additional sales to existing clients and the potential to attract new clients in situations where our existing product portfolio is not gaining traction. Our newly launched smartphone app is an example of how we are taking further steps towards the digitization of the entire process of handling vouchers.

We are now focusing to a greater degree on business models that, instead of project sales, involve profit sharing or a price per transaction in order to achieve a long-term increase in the proportion of recurring revenue so that we can create a more stable revenue stream over time.

### eProducts/Distribution

Seamless eProducts Sweden (with its subsidiaries Seamless eProducts Latvia and Seamless eProducts Denmark) encompasses physical and electronic distribution of eProducts such as TopUp (adding funds/voucher codes for mobile devices) and other digital products (gift cards/prepaid cards) via merchants, banks and online channels.

Seamless connects together all wireless carriers and banks so that the consumers will be able to add additional funds to their stored-value card or mobile wallet via the bank's channels: mobile device banking, Internet banking, and telephone banking.

Globally, there are two distribution technologies for adding funds to mobile devices: eVoucher\* and Direct TopUp\* - where Seamless offers both in one technical platform.

### Financial Results

Earnings for the business segment improved considerably compared with the same quarter 2015 despite a decrease in sales. The volume of transactions has a normal seasonal variation with a slightly decrease in sales in the fourth quarter compared to the third quarter.

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\*"eVoucher" – 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 checkout register.

\*"Direct TopUp" – funds are added to the consumer's prepaid SIM by stating the telephone number and the desired amount to be credited. Adding funds to a pre-paid cellular phone account takes place directly at the wireless carrier and the consumer receives an SMS confirming the transaction.

### Sweden

The number of contracted stores has continued to increase, albeit at a slower pace than previously, and now takes place through organic growth by continuous sales and market activities.

### Denmark

The Danish subsidiary became operational in 2015 and the establishment in the market of Seamless distribution of eProducts is progressing according to plan. Negotiations are under way with several chains. Contracts have been signed with TeleGreenland, TelePost, Expert, Fotokaden and WH Smith.

### Latvia

Transaction volumes are lower than for the corresponding period in 2015. Activities are being done to strengthen volume and earnings, e.g. through changed product mix and intensified sales.

### Bank Top-up

The partnership with Mobile Carriers and Banks in the Swedish market means that Seamless has created technology and communication solutions for all parties so that the consumer will be able to add additional funds to their stored-value card/mobile wallet via the banks' sales channels (mobile device banking, Internet banking, and telephone banking). The volume of transactions via the banks is stable.

### Activities and Market Outlook

In Sweden, the on-going work with stores and other outlets, as well as a general effort with automating processes, continues. Changes that see breakthroughs first in Sweden, and then in other markets. Distribution of products from the wireless carrier Hallon and Paysafecard are increasing.

Continuing changes in the Danish market in the Carrier side provides an interesting potential for growth for Seamless.

In Latvia, we see again a negative impact on the distribution of TopUp and prepaid cards from the Mobile carrier's price competition in subscription sales. This clearly benefits the consumer, as they receive more calls/data time for money, but disadvantages other parties. Non carrier-related products/services are in development in order to create alternative stable revenue and Paysafecard has been introduced by Seamless to Latvian resellers during the period.

### eProducts

The eProducts concept includes a range of products, such as direct TopUp, voucher codes, adding funds to mobile wallets, and electronic gift cards/prepayments of various kinds. For merchants, eProducts provide the opportunity to increase sales and consumer inflows without the requirement of making a financial investment, tying up capital, needing to maintain an inventory or for the products to take up 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 outlays until the product is sold.



## FINANCIAL INFORMATION - CONSOLIDATED

<b>Group report over total earnings</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net Sales	68 453	78 873	274 549	279 997
Other operating income	2 784	370	2 995	538
Material costs	-45 076	-64 035	-184 569	-220 573
Other external costs	-15 743	-23 856	-73 281	-78 803
Personnel costs	-23 949	-17 655	-77 380	-74 809
Depreciation	-6 170	-4 712	-19 402	-20 780
Other operating costs	-1 347	-1 774	-6 373	-2 207
<b>Operating result</b>	<b>-21 048</b>	<b>-32 789</b>	<b>-83 460</b>	<b>-116 637</b>
Financial net	-1 405	-537	-2 750	-2 187
<b>Profit before tax</b>	<b>-22 453</b>	<b>-33 326</b>	<b>-86 210</b>	<b>-118 824</b>
Income tax	-562	-293	-717	-484
<b>Loss for the period</b>	<b>-23 015</b>	<b>-33 619</b>	<b>-86 927</b>	<b>-119 308</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Currency translation differences	2 469	-187	3 418	386
<b>Total comprehensive income attributable to parent company shareholders</b>	<b>-20 546</b>	<b>-33 806</b>	<b>-83 509</b>	<b>-118 922</b>

<b>Consolidated Balance Sheet</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>SEK thousand</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Intangible assets	118 386	45 050
- of which goodwill	14 344	5 791
- of which capitalized development costs	80 510	36 760
- of which customer agreements	697	900
- of which other intangible assets	22 835	1 599
Tangible fixed assets	14 880	14 823
Deferred tax	27 849	27 846
Other long-term receivables	3 115	4 980
Inventories of finished goods	4 115	6 165
Accounts receivables	35 810	49 483
Other receivables	21 399	20 883
Prepaid expenses and accrued income	17 067	13 097
Cash and cash equivalents	8 663	23 005
<b>Total assets</b>	<b>251 284</b>	<b>205 332</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	135 762	102 636
Appropriation	889	635
Other non-current liabilities	380	746
Deferred tax liability	6 322	336
Trade accounts payable	40 264	34 365
Current tax liability	2 224	945
Other current liabilities	47 166	31 390
Accrued expenses and deferred income	18 277	34 279
<b>Total Equity and Liabilities</b>	<b>251 284</b>	<b>205 332</b>



<b>Consolidated statement of changes in equity,</b> SEK thousand	<b>Oct-Dec</b> <b>2016</b>	<b>Oct-Dec</b> <b>2015</b>	<b>Full-Year</b> <b>2016</b>	<b>Full-Year</b> <b>2015</b>
<b>Balance at start of period</b>	<b>155 723</b>	<b>105 737</b>	<b>102 636</b>	<b>190 365</b>
Comprehensive income for the period	-20 546	-33 806	-83 509	-118 922
New share issue	-	32 790	119 245	32 790
Transaction costs	-24	-1 080	-3 227	-1 080
Reclassification	8	-	16	-
Options program	601	-1 005	601	-
Share repurchase	-	-	-	-517
<b>As per end of the period</b>	<b>135 762</b>	<b>102 636</b>	<b>135 762</b>	<b>102 636</b>

<b>Consolidated statement of cash flows,</b> SEK thousand	<b>Oct-Dec</b> <b>2016</b>	<b>Oct-Dec</b> <b>2015</b>	<b>Full-Year</b> <b>2016</b>	<b>Full-Year</b> <b>2015</b>
Cash flow from operations before changes in working capital	-9 138	-28 417	-67 477	-99 413
Change in working capital	11 597	-2 271	1 775	-14 670
Cash flow from operating activities	2 459	-30 688	-65 702	-114 083
Cash flow from investing activities	-18 978	-3 752	-35 283	-28 025
Cash flow from financing activities	-5 143	29 444	84 988	59 121
<b>Cash flow during the period</b>	<b>-21 662</b>	<b>-4 995</b>	<b>-15 997</b>	<b>-82 987</b>
Cash and cash equivalents at beginning of period	29 243	28 109	23 005	105 273
Exchange difference of cash and cash equivalents	1 082	-108	1 655	719
<b>Cash and cash equivalents at end of period</b>	<b>8 663</b>	<b>23 005</b>	<b>8 663</b>	<b>23 005</b>

<b>Key figures</b>	<b>Oct-Dec</b> <b>2016</b>	<b>Oct-Dec</b> <b>2015</b>	<b>Full-Year</b> <b>2015</b>	<b>Full-Year</b> <b>2015</b>
Return on equity	neg	neg	neg	neg
Earnings per share, basic and diluted, SEK	-0.39	-0.8	-1.66	-2.84
Operating income, SEK thousand	-21 048	-32 789	-83 460	-116 637
Growth Net sales (compared to the same period last year)	neg	83%	58%	64%
Operating margin	neg	neg	neg	neg
Average number of shares, basic and diluted	58 765 305	42 275 192	52 223 924	42 001 504
Liquidity	77%	146%	77%	146%
Equity ratio	54%	50%	54%	50%
Equity, SEK thousand	135 762	102 636	135 762	102 636
Equity per share, SEK	2.31	2.25	2.31	2.25
Number of employees at end of period	200	158	200	158

<b>Quarterly overview</b>	<b>Q4 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>Q1 2016</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>
Net sales	43 214	56 679	70 411	74 034	78 873	61 063	71 145	73 888	68 453
Operating result	-51 312	-31 651	-24 422	-27 775	-32 789	-24 136	-17 202	-21 074	-21 048
Earnings per share, basic and diluted*	-1.21	-0.76	-0.58	-0.7	-0.8	-0.55	-0.36	-0.38	-0.39
Growth Net sales (compared to prev. quarter)	1%	31%	24%	5%	7%	-23%	17%	0%	-7%
Liquidity	248%	245%	153%	149%	146%	100%	82%	103%	77%
Equity ratio	74%	77%	67%	51%	50%	50%	39%	59%	54%
Equity, SEK thousand	190 365	158 127	133 971	105 738	102 636	99 646	82 621	155 723	135 762
Equity per share, SEK	4.54	3.77	3.2	2.52	2.25	2.05	1.7	2.65	2.31

## FINANCIAL INFORMATION – PARENT COMPANY

<b>Parent company income statement</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net sales	1 650	1 959	4 260	7 848
Other operating income	1 265	70	1 274	70
Operating expenses	-5 061	-6 654	-17 007	-20 087
<b>Operating result</b>	<b>-2 146</b>	<b>-4 625</b>	<b>-11 473</b>	<b>-12 169</b>
Net financial items	-35 438	-20 428	-115 544	-95 892
<b>Earnings before tax</b>	<b>-37 584</b>	<b>-25 053</b>	<b>-127 017</b>	<b>-108 061</b>
Income tax	-	-	-	-
<b>Income for the period</b>	<b>-37 584</b>	<b>-25 053</b>	<b>-127 017</b>	<b>-108 061</b>

<b>Parent company balance sheet</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>SEK thousand</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Fixed assets	16 811	23 288
Current assets	163 756	115 269
<b>Total Assets</b>	<b>180 567</b>	<b>138 557</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	90 634	82 408
Long-term liabilities	-	28 000
Short-term liabilities	89 933	28 149
<b>Total equity and liabilities</b>	<b>180 567</b>	<b>138 557</b>
Pledged assets	-	-
Contingent liabilities	None	None

## Seamless share Oct-Dec 2016

Price trend third quarter	-28.57%
Ticker symbol	SEAM
Market Cap (per 31 Dec)	SEK 337.9 million
High	SEK 8.4
Low	SEK 4.32
Total no of shares (per 31 Dec)	58 765 305

### FINANCIAL CALENDAR

15 Mar 2017	Annual report 2016
20 Apr 2017	Annual General meeting
25 Apr 2017	Interim report Q1
19 July 2017	Interim report Q2

## About Seamless

Seamless is one of the world's largest suppliers of payment systems for mobile phones. Founded in 2001 and active in 39 countries, Seamless handles more than 5.3 billion transactions annually through 675 000 active sales outlets. Seamless has three main business areas including the SDS/transaction switch, the technology provider for the distribution of e-products and the mobile payment platform SEQR. Seamless shares are traded on NASDAQ OMX Stockholm. [www.seamless.se](http://www.seamless.se)

The Seamless interim report for the period October – December 2016 has been approved for publication by the Board of Directors, by its decision on February 8, 2017. This financial report has not been 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 February 8, 2017

Hein Pretorius  
Chairman of the Board of Directors

Kristin Berdan  
Member of the Board

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

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