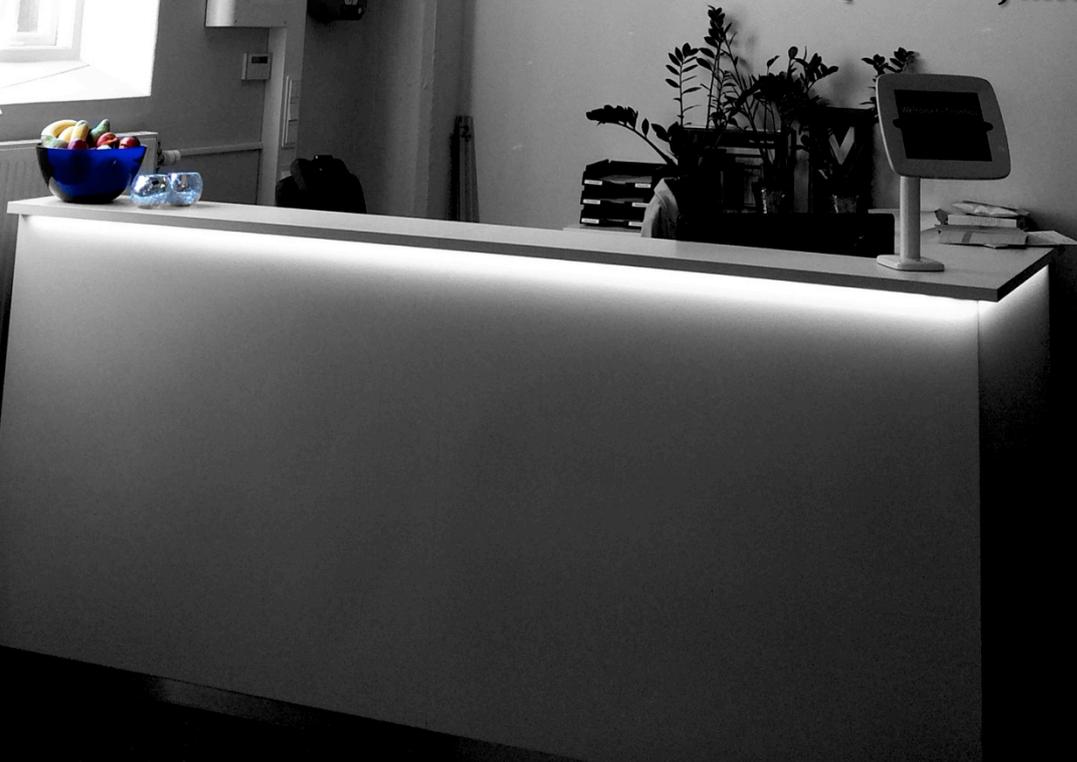




Seamless

Interim Report April 1 - June 30 2014



Seamless

Second Quarter 2014 – Summary

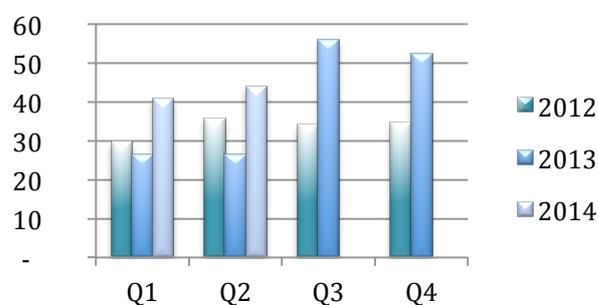
During the second quarter, as the first operator in the world, SEQR has enabled the possibility of mobile payments via SEPA (Single Euro Payment Area) in Belgium, providing customers throughout the Eurozone the possibility to connect SEQR directly to their bank account for payment. A series of important agreements in two key markets for Seamless for SEQR, the United States and the United Kingdom, have been entered into during the quarter with i.a. InComm, PCMS, Optimal Payments and Contis, all leading players within different areas related to payments and to loyalty, gift and stored value cards.

The rollout and expansion into new markets continues at a fast pace, and this is the explanation for the fact that the group continues to show a negative financial result as the costs for the establishment and expansion into these markets must be reported before there is an opportunity for income to be generated. At the same time we see that the transaction revenues and the transaction volumes for SEQR are increasing substantially while non-recurring income decreases. This is positive and lays the foundation for a stable recurring revenue base for SEQR.

Second Quarter April 1 – June 30, 2014

Sales in SEK Millions Q1 2012 – Q2 2014

Net sales increased by 67% to	SEK 44,104 thousand (26,424)
Operating Profit amounted to	SEK -39,502 thousand (-20,906)
The Operating Margin remained negative	Neg (Neg)
The after-tax financial results amounted to	SEK -39,631 thousand (-17,480)
Earnings per share before and after dilution	SEK -0.95 (-0.53)



Summary, SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net sales	44 104	26 424	84 878	52 809	161 273
Operating result	-39 502	-20 906	-72 946	-43 176	-95 798
Financial items, tax	-129	3 426	-238	6 882	15 852
Profit for the period	-39 631	-17 480	-73 184	-36 293	-79 946
Total assets	349 498	152 473	349 498	152 473	416 748
Earnings per share, basic and diluted*	-0,95	-0,53	-1,75	-1,11	-2,35
Operating margin	neg	neg	neg	neg	neg
Equity ratio	84%	66%	84%	66%	88%
Capitalized development costs	5 514	6 530	11 033	10 752	19 192
Depreciation	-4 138	-2 135	-7 596	-3 888	-12 136

Seamless

A few words from the CEO



Seamless continues to break new ground in mobile payments. The second quarter saw us successfully roll out the carpet for the expansion of SEQR in a number of key markets, enter into several strategic agreements with major retailers in Sweden, and that saw a substantial increase in payments using SEQR. During Q2, Seamless has reached and continued moving beyond several important international milestones. As the first operator in the world, SEQR has enabled the possibility of mobile payments via Single Euro Payment Area (SEPA) in Belgium, providing customers throughout the Eurozone the possibility to connect SEQR directly to their bank account to make a payment. The gateway to the North American market has opened in earnest via the signing of a global agreement with InComm, which distributes gift and loyalty cards to more than 500 partners Seamless now provides InComm's customers the possibility, via SEQR, to move their existing loyalty cards to the mobile device, in a market with sales of billions of dollars.

The rollout on the new markets is occurring as planned with a continued rapid pace. During Q2, we launched SEQR in Finland via a partnership with the nation's largest hamburger chain, Hesburger, and strengthened its presence in Romania via a strategic partnership with EuroGSM. A new global agreement with the world's leading cash register and EPoS solutions provider, PCMS, who counts such retailers as Marks & Spencer and Walgreens among its customers, provides us with additional access to the British and North American markets. At the same time, new opportunities in e-commerce have arrived as a result of our working relationship with Ingenico Payment Services, a world leading global provider of digital service platforms. In June, SEQR for Windows Phone was launched, which is a prerequisite for global establishment.

On the Swedish market at home, we have consolidated our position as a market leader via two strong framework agreements. This concerns the Swedish trade organization Svensk Handel, with its 12,000 member companies, and the cooperative partner organization Butikerna, who, with the newly signed framework agreement, joins the ranks of national stakeholders who are taking an active stand for a change in the payment market.

An important agreement was also concluded with restaurant operator Sodexo, who is moving in into SEQR with its 80,000 users of the Rikslunchen Pass. In combination with increased investment advertising and a growing interest in "Ads & Offers" this has led to a sharp increase in SEQR transactions in the second quarter.

We are still in the development and establishment phase with SEQR, a job that involves teaching consumers a new behavior and changing an entire industry from the ground up. But we are already approaching a situation where we have acquired the customer base that is needed in order to make this possible. Of the five revenue streams that we envision for SEQR, as of yet we have only activated two – transaction fees and digital offerings from merchants and producers. Held back in readiness, what remains is an activation of brokerage fees when mediating invoice customers to our account providers, fee outtake from retailers and producers for offers they want to promote, i.e. digital coupons, and "big data." Thus, there is room for new sources of revenue as the product becomes more widely established and the offers increase.

Finally, the results from the Swedish Data Inspection Board's security audit of the largest Swedish payment services companies put a feather in our cap. This is particularly pleasing as security and user integrity have been the two of the primary focuses in the development of SEQR. Our payment app was ranked the best in security, and was the only service that was approved without negative comments or reservations!

In summary, I can say that we have had a very eventful second quarter. Our expansion and investments in the North American and European markets require a great deal of resources, but we have however been able to stay within our financial plan for Q2 and are one big step closer to broad implementation in key markets. With great confidence, I look forward over the remaining part of the year to an interesting continuation of the progress we have been making.

Peter Fredell
CEO

Seamless

The Group

Revenues

Seamless' revenues for the second quarter totaled SEK 44,104 thousand (26,424), which is a 67 percent increase over the same quarter last year. The sales are distributed between the various business segments, with 25 (34) percent from the Transaction Switch business segment, with 71 percent (58) from the Distribution business segment, and 4 (8) percent from the SEQR business segment.

Financial Results

- The consolidated operating loss amounted to SEK -39,502 thousand (-20,906) in the second quarter.
- Net losses from financial items for the second quarter amounted to SEK -129 thousand (16).
- Earnings per share amounted to SEK -0.95 (-0.53) for the quarter.

Employees

We had a total of 160 (120) employees at conclusion of the quarter. In addition to this, Seamless has retained approximately 35 consultants – primarily in India, Ghana and Pakistan.

Investments

During the quarter, investments have been made in an amount of SEK 1,107 thousand (11,245). Product development costs have been capitalized at a value of SEK 5,514 thousand (6,530), while depreciation taken amounted to SEK -4,138 thousand (-2,135).

Cash Flow and Financial Position

For the second quarter, the cash flow from operating activities amounted to SEK -27,822 thousand (-26,633). Bank deposits and cash on hand at the end of the quarter amounted to SEK 224,807 thousand (44,092).

The Group has interest-bearing liabilities in the form of leases for hardware amounting to SEK -3,152 thousand (-2,868), divided into long-term debt of SEK -1,231 thousand (-1,582) and short-term debt of SEK -1,921 thousand (-1,286). 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 84 percent (66).

Parent company

The parent company's net sales for the quarter amounted to SEK 0 (-2) thousand and net financial results amounted to a loss of SEK -6,270 thousand (-5,399). Net financial gains/losses in the parent company was SEK -52 thousand (1) and bank deposits/cash on hand amounted to SEK 198,758 thousand (19,417) at the end of the quarter. The parent company had 5 (9) employees at end of the quarter.

Seamless

Business Areas

	Net Sales, SEK thousand					Growth, Net sales compared to same period previous year				
	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full Year 2013	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full Year 2013
Transaction Switch	10 936	9 044	20 080	20 107	41 115	21%	neg	neg	neg	neg
Distribution	31 396	15 243	61 098	29 220	111 761	106	neg	109%	neg	35%
SEQR	1 772	2 137	3 700	3 482	8 398	neg	-	6%	-	-
Non-distributable	-	-	-	-	-	-	-	-	-	-
Seamless Group	44 104	26 424	84 878	52 809	161 273	67%	neg	61%	45%	20%

	Earnings, SEK thousand					Operating Margin				
	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full Year 2013	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full Year 2013
Transaction Switch	2 411	3 198	3 657	4 631	5 506	22%	35%	18%	23%	13%
Distribution	-1 885	-1 899	-4 095	-3 098	-10 622	neg	neg	neg	neg	neg
SEQR	-32 325	-16 585	-58 675	-33 556	-70 178	neg	neg	neg	neg	neg
Non-distributable	-7 702	-5 620	-13 833	-11 153	-20 504	neg	neg	neg	neg	neg
Seamless Group	-39 502	-20 906	-72 946	-43 176	-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)

Seamless delivers an electronic system for adding funds to prepaid SIM cards, which is a more efficient and safer alternative to the traditional physical vouchers (scratch cards) that contain a TopUp/refill code. The ERS 360 platform has followed the new needs and market demands which have constantly increased with the introduction of more and more products and services being introduced electronically, and ERS 360 is now in its fourth generation.

Market trends in the first half-year of 2014

During the first half of 2014, Seamless has completed delivery to a new customer in Africa (Glo Mobile Benin, part of the mobile operator group Glo), and the service has been successfully launched on the market.

All Seamless platforms serving mobile operators around the world for electronic distribution of prepaid and stored value cards have been upgraded during the first half of the year to the latest version of the Seamless platform, ERS software version 4. This now provides a consistent and coordinated installed base for all of Seamless' operator customers, thus enabling a faster time-to-market. It also facilitates the development of new functions and features, and provides a more cost-effective management of operations and maintenance services.

During the first half of 2014, the recurring revenue from support agreements and revenues from transaction fees has contributed to a situation where the total revenues from the Transaction Switch segment's sales to mobile operators and distributors has increased, primarily because of two reasons: renegotiated and expanded agreements with existing customers and increased volumes of transactions.

Seamless

During the first half of 2014, a market growth for the electronic distribution of TopUp for prepaid and stored value cards has occurred where the total transaction volumes grew and the need for high capacity increased.

As a consequence of this, in the first half of the year, with growing intensity in Q2 2014, Seamless was invited to participate in several tenders and formal request for price quotations from major carriers in Latin America, Africa, and Central and Eastern Europe, and did so. The outcome of these tenders and ongoing negotiations are difficult to predict, as lead times for decisions by the operators often are long, but the market trend with increased activity in the Transaction Switch side looks quite positive for Seamless.



Seamless

Distribution

Operations in: Sia Lettel, Seamless Payments AB

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.

The concept eProducts encompasses a range of products such as mobile TopUp/refill codes, electronic gift cards, and prepaid cards. For merchants, eProducts provide the opportunity to increase sales and consumer inflows without any 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, typically both technologies are used in parallel as they satisfy different needs and address different consumer behaviours. Seamless offers both of these solutions in one single technological platform.

Growth during Q2

Sweden

We are seeing a general trend where the sales volume of TopUp at the store level is declining. The mobile carriers are working hard to encourage customers to switch to a pre-established price with monthly subscriptions (post-pay) instead of using prepaid cards. It's a strategy that they are having success with.

The stores are seeing their sales falling and they are looking to find other services they can sell. In order to counter the fall in sales, Seamless is working on integrating additional electronic products in its range of product offerings, such as gift cards and experiences, which stores can sell in a manner similar to TopUp.

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 results during the first half of the year, 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 second half of 2014.

Seamless

SEQR

Operations in: Seamless Payments AB, Seamless Romania

Established in: 2012

Products include: Mobile Payments

The market situation for SEQR

With SEQR, Seamless is the only commercially viable comprehensive solution for mobile payments that is available at thousands of retailers throughout Europe. The solution is the only one where the consumer can pay with both in-store and online. In addition to this, the users can also send money, save receipts digitally, connect to customer loyalty clubs, pay car parking and enjoy digital coupons and special offers.

The second quarter has been an eventful one. Stores and Retail Chains continue to sign agreements on a regular basis for implementation of SEQR for their customers. A number of agreements have also been entered into with other strategic partners.

Important breakthroughs have occurred in two of the key markets for SEQR, the United States and the United Kingdom. An agreement was signed during the quarter with PCMS, a leading global provider of software and services for retail trade, which has a strong position in two of SEQR's strategic markets: Great Britain and the United States. PCMS is an important EPoS solution provider for the largest retail chains in the U.S. and the UK including Marks & Spencer, John Lewis, Waitrose, Walgreens, Arcadia and Waterstones. The agreement opens up PCMS's large customer base in both markets.

A joint cooperation agreement has been signed with InComm, a leading distributor of loyalty, gift and stored value cards, concerning SEQR. The agreement means that InComm's comprehensive product portfolio of gift cards, stored value cards and loyalty cards can be moved into the SEQR app. This rechargeable card works like a debit account in the SEQR app and the U.S. will be the first market where the solution will be introduced. InComm distributes gift cards and loyalty cards to more than 500 co-branded partners. The partnership opens up InComm's large customer database and allows the stores to move the cards to the mobile platform, via SEQR.

A consumer survey conducted by InComm in November 2013 shows that 46% of Americans are interested in collecting digital gift cards in their mobile device, and 40% prefer to have their digital gift cards scanned from their mobile device rather than carry around a printed copy from their e-mail. Through this partnership, consumers will be able to buy gift cards, music, movies, and books directly via their debit account in SEQR

In addition, Seamless has teamed up with Optimal Payments, who is a global leader in online payment services and mobile, 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 SEQR, meaning that consumers can pay by mobile device at any merchant that accepts SEQR as a means of payment.

In addition to the payments, merchants have the benefit of an improved interaction with the consumers via that can to 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.

The fees charged directly related to SEQR transactions are steadily increasing. In 2013, mainly, we used to have more revenues of a one time, non-recurring kind, why the trend, and shift to more recurring sales figures for SEQR is positive. Especially as the trend for these revenues is steadily increasing. With the above taken into consideration, together with the development of SEQR in general, we will see a substantial increase in revenues for SEQR in Q3 compared to Q2.

Seamless

SEQR - Security

The Swedish Data Inspection Board/Datainspektionen has conducted a review of how the four payment service companies SEQR, Trustly, WyWallet and Klarna collect and manage their users' personal data. The results of the review were presented in June, and SEQR was the only service that was approved without negative comments or reservations. The Data Inspection Board has examined which information was collected and retained from those who use the services and how this information was used. The technology SEQR uses ensures that no user information will end up in the wrong hands. It also shows from the Data Inspection Board's report that the agency has made the assessment that the security found with the SEQR meets the requirements of the Swedish Personal Data Act.

Sweden, Finland, Belgium and Romania

In Sweden, the success of SEQR continues, which is a trend that should maintain itself considering that each year it is costing Swedish merchants SEK 10 billion to accept payments by card, of which SEK 7 billion is simply transaction fees paid to the banks. An unnecessarily high cost that impacts both businesses and consumers. As a step in challenging the banks and offering alternative payment solutions to reduce costs, Svensk Handel, the Swedish Trade Federation, has signed a framework agreement with SEQR. In a research survey conducted by HUI Research, 90% of the merchants surveyed indicated that credit card transaction fees are one of their biggest expenses. The agreement with SEQR represents an opportunity for halved transaction fees for the 12,000 companies throughout Sweden who are members of the Swedish Trade Federation. An additional eight industry associations invest in mobile payments with SEQR, when the framework agreement was signed with Butikerna – the cooperative organization for small and medium-sized stores in the retail trade and convenience store industry in Sweden. Butikerna has a total of 4,500 members divided among its eight industry associations – Cykel Motor och Sporthandlarnas riksförbund (Swedish Cycling, Motor and Sport Merchants Federation), Leksaksbranschen (Swedish Toy Association), Sveriges Bagare och konditorer (Association of Swedish Bakers & Confectioners), Svensk Servicehandel & Fast Food (Swedish Convenience & Fast Food), Zoobranschens Riksförbund (Swedish Pet Trade Association), Sveriges bowlinghallars förbund (Sweden's Bowling Alley's Association), Svenska Antikvariatföreningen (Swedish Antiquarian Booksellers' Association).

In November 2013, an agreement was signed between Hesburger, Finland's largest hamburger chain, and Seamless, for the introduction of SEQR to Hesburger's restaurants. On 27 May 2014, the system started up operations and guests at Hesburger can pay for their hamburger with their mobile device, as well as link their loyalty card and receive special offers in the SEQR app. Hesburger has a total of 280 restaurant outlets in Finland, and presently SEQR has been launched at their 120 corporate-owned restaurants. Before the end of the year, there will be a roll-out to the fast-food chain's franchised restaurants. Finland has also become SEQR's first market for Windows Phone users. SEQR for Windows has been developed in parallel for three markets, and was launched in Finland on May 27. The first version of Windows Phone is now available for downloading and it contains all the same functionalities as with iPhone and Android, and as with the other apps they remain under continual development. Everything we can do in order to offer the best functionality and ease of use.

Belgium becomes the first market for Seamless to use SEPA. In June, McDonald's in Belgium began the rollout of SEQR in the country and Belgium will be the first market where Seamless makes use of the Single Euro Payments Area (SEPA). Consumers in the entire Eurozone may decide for themselves whether money should be deducted from their bank account when they pay with SEQR, irrespective of bank.

SEPA Direct Debit is a pan-European Direct Debit system that allows merchants to accept payments in Euros from bank accounts in the 34 SEPA member states. Seamless has adapted its proprietary technology especially to be able to use SEPA. This allows for more rapid international expansion of SEQR in the Eurozone.

In Romania, the telecom giant Orange's main partner in the country – the telecom reseller EuroGsm – signed an agreement with Seamless. The agreement concerns the introduction of SEQR where customers will be able to pay in EuroGsm's 90 shops and also on www.eurogsm.ro.

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This is how the SEQR system works

Users of SEQR save time and money via an easy to use, fast, and secure service. SEQR makes it possible for anyone with a smartphone to pay in the store, restaurant, or for their car parking, as well as send and receive money for without fees, join customer loyalty clubs, digitally gather together all of one's receipts, and receive special offers – all directly in one's mobile or smartphone. There is no charge for using SEQR and payments are safer and faster than payments by traditional credit/debit cards.

To get started, one downloads the SEQR app via Google Play or the App Store to their smartphone (also available for Windows Phone 2014). Then one receives an invoice account that is associated with the app. In order to pay, the customer scans a QR code at checkout using the SEQR app, and approves the payment with a PIN code. If the user has its SEQR account linked to his or hers bank account, then the money will be immediately withdrawn from that account. If the SEQR user has an invoice account, at the end of the month, the cooperative partner sends a single collective invoice with all SEQR payments. SEQR is also adapted to Near Field Communication (NFC) technology.

Secure

When paying with SEQR, no sensitive information is sent between the mobile phone and the merchant's checkout, therefore there is no exposure of credit card data or personal ID numbers. This means that no third party has direct access to the user's data. Additionally, unlike credit or other payment cards SEQR does not have a magnetic strip or card number exposing the cardholder to the risk of information being obtained by an unauthorised party, thus eliminating the risk of misuse of one's account. In order to implement a payment, the physical presence of the mobile phone and the PIN code is required. The SEQR app that is downloaded to the mobile device is associated to each individual mobile phone via the user's registration, and it is not possible to copy or transfer it to any other mobile device. The payment is also secured via an encrypted connection with SEQR's own transaction system and the customer's acceptance with the PIN code.

As a merchant, one does not need to invest in any expensive hardware or software in order to be able to receive SEQR payments. It is sufficient to put up a decal with a unique QR code at the checkout, or alternatively use a SEQR WebTerminal. With the SEQR WebTerminal, the merchant is seamlessly paid via their smartphone, tablet computer or personal computer. One benefit for the merchant is that with SEQR, they can cut their transaction costs in half compared with traditional credit card payments. With the Seamless proprietary transaction switch that we have developed, the existing payment systems are circumvented with alternative options. Due to that it there is an additional advantage in that is possible to pay more quickly with SEQR than with a credit/debit card, the queuing time at checkout is reduced and with e-commerce the check-out process us significantly simplified.



Seamless

Significant events during the reporting period

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

The Annual General Meeting for Seamless was held on April 8, 2014 in the city of Stockholm at S:t Eriksgatan 121. At the Annual General Meeting, the shareholders, in accordance with the recommendations for decision, decided upon the following:

Adoption of the Profit & Loss Statements and Balance Sheets, and the discharge of liability for the Directors and the CEO

The Annual General Meeting adopted the Profit & Loss Statements and the Balance Sheets, and gave its assent to the unappropriated profits of SEK 404,538,757 being carried forward to the following accounting period.

The Members of the Board of Directors and the CEO were granted a discharge of liability for the 2013 fiscal year.

Board of Directors, Directors' fees and Auditor

The re-election of Peter Fredell, Robin Saunders, Omar M Cordes and Martin Børresen for the period until the next AGM. In addition, Michael Sundin was also re-elected to the position of Chairman of the Board.

The Annual General Meeting decided that Directors' Fees shall be paid to the Members of the Board of Directors in accordance with the Nominating Committee's Recommendation.

Nominating Committee

The Annual General Meeting approved the proposed instructions and by-laws for the Nominating Committee.

Guidelines for remuneration to senior management

The Annual General Meeting approved the proposed guidelines for remuneration to senior management.

Authorisation to issue shares and/or warrants and/or convertible bonds, and regarding the repurchase/transfer of treasury shares

The Annual General Meeting resolved to authorise the issuance of up to 10,000,000 shares and/or warrants and/or convertibles.

It was further resolved to authorise the repurchase and the transfer in respect to treasury shares. The repurchases may take place on NASDAQ OMX Stockholm within the prevailing registered share price range, and so that the maximum number of shares that the Company, after any repurchases, holds a maximum of 10 percent of the total shares of the Company. The transfers may take place on NASDAQ OMX Stockholm or in connection with the acquisition of all or part of companies or business operations with maximum number of shares held by the Company at the time of the Board of Director's decision regarding the transaction. Transactions on the NASDAQ OMX Stockholm may only occur at a price within the current price spread, or in connection with the acquisition of all or parts of companies or business enterprises, on market terms and conditions, however not at a price below the current share price quoted on the exchange.

Incentive scheme for employees

The Annual General Meeting decided on an incentive program for employees of the Company based on warrants that are transferred at market price or granted without cash payment (see below for more details). A maximum of 2,000,000 warrants may be issued.

The warrants may be issued in two series (Series I and II) with a maximum of 500,000 warrants in Series I and a maximum of 1,500,000 warrants in Series II. Each employee in Sweden may purchase a maximum of 150,000 Series I warrants at the market price and each employee in the UK and US shall receive a maximum of 300,000 Series II warrants without payment of financial consideration. The exercise price of the Series I warrants is 200 percent of the volume-weighted average trading price of the Company's shares during the period from April 9, 2014 to April 25, 2014, however, not less than the quota value of the shares. The exercise price of the Series II warrants is 150 percent of the volume-weighted average trading price of the Company's shares during the period from April 9, 2014 to April 25, 2014, however, not less than the quota value of the shares. All warrants may be exercised to subscribe for shares during the month of August in 2017.

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The full details of each recommendation adopted by the Annual General Meeting can be downloaded from the Seamless website: www.seamless.se

Significant events during the reporting period

- A framework agreement was signed between Svensk Handel/Swedish Trade Federation and SEQR. The agreement represents an opportunity for halved transaction fees for the 12,000 companies throughout the country who are members of the Swedish Trade Federation.
- In November 2013, an agreement was signed between Hesburger, Finland's largest hamburger chain, and Seamless, for the introduction of SEQR to Hesburger's restaurants. On 27 May 2014, the system started up operations and guests at Hesburger can pay for their hamburger with their mobile device, as well as link their loyalty card and receive special offers in the SEQR app.
- An additional eight industry association invest in mobile payments with SEQR, when the framework agreement was signed with Butikerna – the cooperative organization for small and medium-sized stores in the retail trade and convenience store industry in Sweden. Butikerna has a total 4,500 members divided among its eight industry associations – Cykel Motor och Sporhandlarnas riksförbund (Swedish Cycling, Motor and Sport Merchants Federation), Leksaksbranschen (Swedish Toy Association), Sveriges Bagare och konditorer (Association of Swedish Bakers & Confectioners), Svensk Servicehandel & Fast Food (Swedish Convenience & Fast Food), Zoobranschens Riksförbund (Swedish Pet Trade Association), Sveriges bowlinghallars förbund (Sweden's Bowling Alley's Association), Svenska Antikvariatföreningen (Swedish Antiquarian Booksellers' Association).
- Belgium becomes the first market for Seamless to use SEPA. In June, McDonald's in Belgium began the rollout of SEQR in the country and Belgium will be the first market where Seamless makes use of the Single Euro Payments Area (SEPA). Consumers in the entire the Eurozone may decide for themselves whether money should be deducted from their bank account when they pay with SEQR, irrespective of bank.
- SEQR launches the new app for Windows Phone 8. The app is especially designed for Windows-based smart phones and contains the exact same functionality as with the iPhone and Android versions.
- During the quarter, the telecom giant Orange's main partner in Romania – the telecom reseller EuroGsm – signed an agreement with Seamless. The agreement concerns the introduction of SEQR where customers will be able to pay in EuroGsm's 90 shops and also on www.eurogsm.ro.
- Sodexo, a leading provider of lunch cards, has signed an agreement to integrate SEQR as a payment option in their Rikslunchen Pass app. This means that 80,000 Rikslunchen Pass users also can pay with their mobile device. The agreement initially covers the Swedish market, with the common goal being to integrate SEQR in Sodexo's international markets in phase two.
- The Swedish Data Inspection Board/Datainspektionen has conducted a review of how the four payment service companies SEQR, Trustly, WyWallet and Klarna collects and manages their users' personal data. The results of the review were presented in June, and SEQR was the only service that gets approved without negative comments or reservations. The Data Inspection Board has examined which information was collected and retained from those who use the services and how this information was used.
- A global agreement was signed with PCMS, a leading world-wide provider of software and services for the retail trade which has a strong position in two of SEQR's strategic markets: Great Britain and the United States.
- InComm, a leading distributor of loyalty, gift and stored value cards, has signed a joint cooperation agreement concerning SEQR. The agreement means that InComm's comprehensive product portfolio of gift cards, stored value cards and loyalty cards can be moved into the SEQR app. This rechargeable card works like a debit account in the SEQR app and the U.S. will be the first market where the solution will be introduced.

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Events after the close of the reporting period

- Ingenico Payment Services, formerly known as Ogone, which delivers digital service platforms and solutions for e-commerce, signs 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.
- After the close of the second 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.
- After end of the reporting period, an agreement with the UK 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.

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	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net Sales	44 104	26 424	84 878	52 809	161 273
Other operating income	37	918	103	927	1 356
Material costs	-37 349	-15 148	-69 475	-29 958	-122 844
Other external costs	-19 549	-14 066	-36 973	-30 352	-51 870
Personnel costs	-22 382	-17 623	-43 736	-33 593	-71 320
Depreciation	-4 138	-2 136	-7 596	-3 888	-12 136
Other operating costs	-224	725	-147	879	-257
Operating result	-39 502	-20 906	-72 946	-43 176	-95 798
Financial net	-108	16	-185	-67	295
Profit before tax	-39 609	-20 890	-73 132	-43 243	-95 503
Income tax	-21	3 410	-52	6 949	15 556
Profit for the period	-39 631	-17 480	-73 184	-36 294	-79 946
OTHER COMPREHENSIVE INCOME					
Currency translation differences	239	209	318	-165	37
Total comprehensive income attributable to parent company	-39 392	-17 271	-72 866	-36 459	-79 909

Consolidated Balance Sheet SEK thousand	Jun 30 2014	Jun 30 2013	Dec 31 2013
ASSETS			
Intangible assets	38 146	29 341	31 378
- of which goodwill	5 829	7 731	5 671
- of which capitalized development costs	31 003	19 377	24 291
- of which customer agreements	1 262	2 233	1 350
- of which other intangible assets	51	-	66
Tangible fixed assets	14 796	13 197	13 452
Deferred tax	27 760	19 278	27 773
Other long-term receivables	493	-	428
Inventories of finished goods	1 952	4 122	3 402
Accounts receivables	29 716	27 332	22 335
Other receivables	7 336	6 932	5 034
Prepaid expenses and accrued income	4 493	8 179	10 181
Cash and cash equivalents	224 807	44 092	302 765
Total assets	349 498	152 473	416 748
EQUITY AND LIABILITIES			
Equity	294 692	100 651	367 458
Appropriation	386	117	76
Other non-current liabilities	1 231	1 582	912
Deferred tax liability	305	334	285
Trade accounts payable	23 025	25 697	24 909
Current tax liability	591	364	352
Other current liabilities	6 156	10 072	11 484
Accrued expenses and deferred income	23 112	13 656	11 272
Total Equity and Liabilities	349 498	152 473	416 748

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Financial Information – The Group continued

Consolidated statement of changes in equity, SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Balance at start of period	334 083	117 923	367 457	137 110	137 110
Comprehensive income for the period	-39 392	-17 271	-72 866	-36 458	-79 909
New share issue	-	-	-	-	320 000
Transaction costs	-	-	-	-	-14 882
Conducted new share issue	-	-	-	-	714
Options program	-	-	100	-	4 424
As per end of the period	294 691	100 652	294 691	100 652	367 457

Consolidated statement of cash flows, SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Cash flow from operations before changes in working capital	-35 312	-18 031	-65 022	-38 475	-83 746
Change in working capital	7 490	-8 602	1 687	-2 314	-1 219
Cash flow from operating activities	-27 822	-26 633	-63 335	-40 789	-84 965
Cash flow from investing activities	-7 356	-11 245	-15 234	-21 528	-37 191
Cash flow from financing activities	-377	-504	541	92 405	411 004
Cash flow during the period	-35 555	-38 382	-78 028	30 088	288 847
Cash and cash equivalents at beginning of period	260 320	82 474	302 766	14 004	14 004
Exchange difference of cash and cash equivalents	42	-	68	-	-85
Cash and cash equivalents at end of period	224 807	44 092	224 807	44 092	302 765

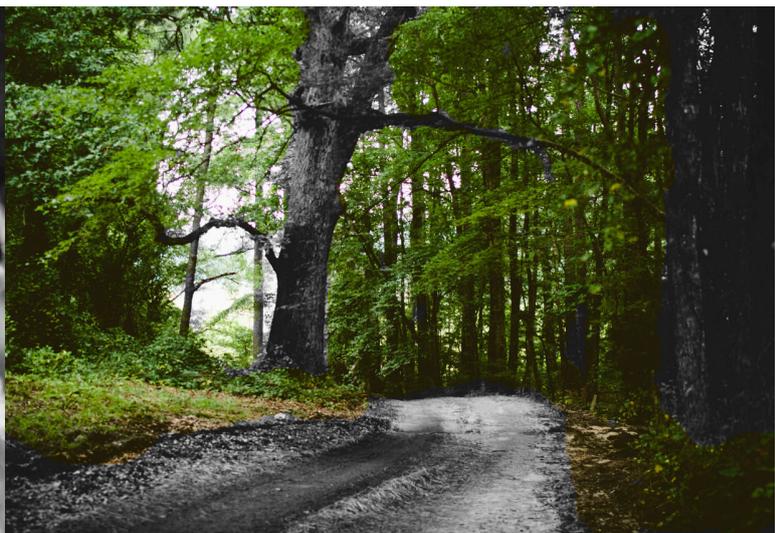
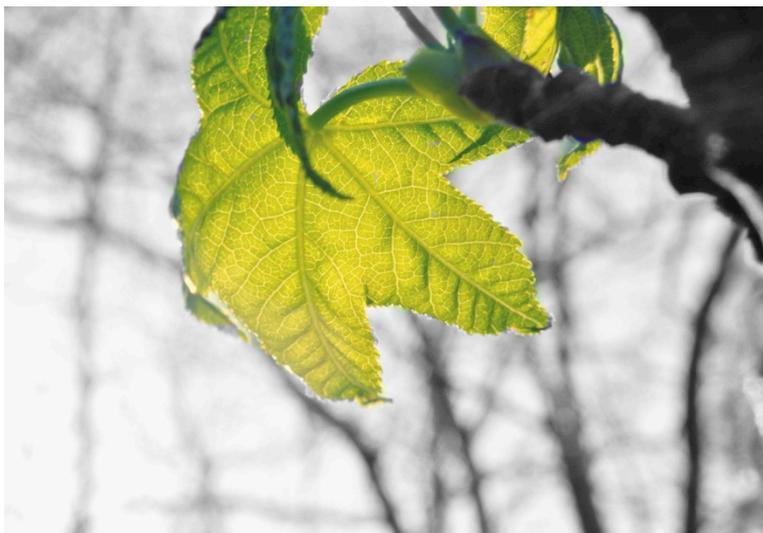
Key figures	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Return on equity	neg	neg	neg	neg	neg
Earnings per share, basic and diluted, SEK	-0,95	-0,53	-1,75	-1,11	-2,35
Operating income, SEK thousand	-39 502	-20 906	-72 946	-43 176	-95 798
Growth Net sales (compared to the same period last year)	67%	neg	61%	neg	20%
Operating margin	neg	neg	neg	neg	neg
Average number of shares, basic and diluted	41 910 274	33 048 374	41 833 661	32 635 687	34 064 253
Liquidity	504%	174%	504%	174%	709%
Equity ratio	84%	66%	84%	66%	88%
Equity, SEK thousand	294 692	100 651	294 692	100 651	367 457
Equity per share, SEK	7,03	3,05	7,03	3,05	8,95
Number of employees at end of period	160	120	160	120	143

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Financial Information – The Mother company

Parent company income statement SEK thousand	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net sales	-	-2	4	-2	42
Other operating income	-	-	-	-	7
Operating expenses	-6 218	-5 398	-12 514	-10 876	-21 101
Operating result	-6 218	-5 400	-12 509	-10 878	-21 051
Net financial items	-52	1	-53	-18	-2 076
Earnings before tax	-6 270	-5 399	-12 562	-10 895	-23 127
Income tax	-	-	-	-	-
Income for the period	-6 270	-5 399	-12 562	-10 895	-23 127

Parent company balance sheet SEK thousand	Jun 30 2014	Jun 30 2013	Dec 31 2013
ASSETS			
Fixed assets	166 974	34 840	81 857
Total current assets	263 660	30 919	350 156
Total Assets	430 634	65 759	432 012
EQUITY AND LIABILITIES			
Equity	413 315	40 916	425 777
Long-term liabilities	-	5 000	-
Short-term liabilities	17 319	19 843	6 235
Total equity and liabilities	430 634	65 759	432 012
Pledged assets	-	-	-
Contingent liabilities	Inga	Inga	Inga



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The Seamless share Jan-Jun 2014

Price Trend	-39.2%
Ticker	SEAM
Market Cap (Jun 30)	1 257 MSEK
Highest share price	49.50
Lowest share price	26.80
Total number of shares	41,910,274

Upcoming financial reports

Nov 11 2014	Interim Report – Q3
Feb 16 2015	Interim Report – Q4

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, a launch is planned in Belgium as well as in 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, Calcutta, Lahore, Mumbai, Riga, Lodz, London, and Stockholm.

The Seamless interim report for the period April - June 2014 has been approved for publication by the Board of Directors, by its decision on July 28, 2014. This financial report has not reviewed 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, July 28, 2014

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

Michael Sundin
Chairman of the Board

Martin Börressen
Board Member

Omar Cordes
Board Member

Peter Fredell
Board Member/ Chief
Executive Officer

Robin Saunders
Board Member

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

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