



Seamless

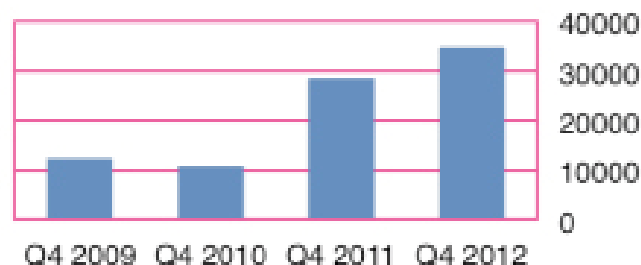
Interim Report
1 October
31 December
2012.

The fourth quarter was marked by a record rollout of SEQR in Sweden and a successful rights issue that was greatly oversubscribed. Funds from the new issue will primarily be used to continue a rapid rollout of SEQR in Sweden and, in particular, internationally. The record-speed rollout of SEQR has taken place within the Axfood-owned chains PrisXtra, Willys and Hemköp, where the service was rolled out in 13 days in more than 2,400 checkouts at more than 400 stores, demonstrating a high scalability at limited cost. In addition, a number of SEQR contracts were announced during, or shortly after the end of the quarter, with new clients including Kjell & Company (Scandinavia's widest range of accessories for home electronics), Modebolagen i Malmö AB (with store names such as Modekoncern med spirit, Marty and Esprit, etc.), and Dormy (Europe's largest golf department store). At the same time, SEQR has become something of the rapid payment solution of choice among fast food chains. The restaurant chains Max and Burger King have both signed contracts for SEQR trials in selected restaurants. With SEQR's strong market position and healthy cash balance, the groundwork has been laid for an interesting 2013.

Key figures in brief Q4

Net sales increased by 21% to	SEK 34,743 thousand (28,612)
Operating income amounted to	SEK -12,227 thousand (-951)
The operating margin remains negative	Neg (Neg)
Income after tax amounted to	SEK -10,159 thousand (-1,079)
Earnings per share before and after dilution	SEK -0.40 (-0.05)
Operating income amounted to	SEK -12,226 thousand (-951)

Sales Q4 2009 - 2012



CEO's comments

The fourth quarter has been very intensive for Seamless and particularly for SEQR – our payment service via mobile phones. We have expanded at record pace while continuing to take important orders, and at the beginning of third year we secured the financing for continued rapid expansion. Today customers in the Axfood-owned chain stores Hemköp, Willys, PrisXtra and Tempo can pay with SEQR in around 400 stores throughout Sweden. In just 13 working days our solution was installed in 2,400 checkout terminals. This has attracted a lot of attention, both domestically and internationally, since it proves that the rollout of our solution is both extremely fast and inexpensive. The introduction of mobile payments in Axfood's stores is likely the largest in the world, and certainly the fastest installation of its kind in Europe.

On top of this, we also installed SEQR with Webhallen, Kjell & Company, Dormy, Modebolagen and many other interesting clients during the fourth quarter.



Now that the installations are finished SEQR is producing its first revenues, although they are modest at first.

During the fourth quarter several contracts were signed including with the fast food chains Max and Burger King. The contract with Burger King was signed via Nordic Service Partners, the hamburger chain's largest franchisee in northern Europe.

We see considerable and growing interest among merchants, largely because SEQR offers significant savings by making it possible cut their card fees nearly in half. We enable merchants to avoid the card-issuing banks and the card networks' high fees. Moreover, merchants can get started quickly without any significant investments in hardware. All they need is a sticker at the checkout terminal.

The reception among consumers has exceeded expectations. Those who try SEQR for the first time are almost always surprised at how quick and easy it is to make a payment. This is proof that we have been able to live up to the high standards we set ourselves for SEQR. People almost always have their telephone with them, which means that they can pay even without a card or cash. With SEQR, they also have all their receipts collected in their phone.

In a broader perspective, we have every reason to be satisfied with our progress. Our first pilot installations were carried out in the middle of 2012 and, six months later, we have a firm grip on the Swedish market. SEQR is the only payment solution via mobile phone that has decisively left the pilot phase and is now in full production.

For Seamless, it is now about leveraging the momentum our solution has achieved to take as large a market share as possible in the historical shift that is now underway.

Taking full advantage of this window of opportunity also requires strong financial muscles. During December Seamless conducted a new issue with preferential rights for existing shareholders. It brought in SEK 102.4 million before issue costs. The fact that the new issue was oversubscribed by 24 per cent attests, if nothing else, to the high levels of interest and confidence that the company has generated.

Our shareholders' investments must now be managed in a smart way, including by continuing to invest in our organisation so that we can handle the forthcoming international expansion of SEQR.

Our original business, a transaction switch used by many large mobile operators, has developed steadily, and 2012 has been the most profitable year ever within this business area. Our customers have continued to purchase capacity for prepaid card top-ups at an increasing rate.

Overall, I am pleased with how 2012 has developed, and our position for 2013 is very favourable.

Peter Fredell
CEO



Seamless

Financial overview

SEK thousand	October-December		full year	
	2012	2011	2012	2011
Net sales	34,743	28,612	134,336	59,985
Operating income	-12,227	-951	-29,894	-6,264
Financial items, tax	2,068	-128	6149	1,355
Profit for the period	-10,159	-1,079	-23,745	-4,909
Balance sheet total	179,063	75,017	179,063	75,017
Earnings per share before and after dilution *	-0.40	-0.05	-0.96	-0.24
Operating margin %	neg	neg	neg	neg
Equity/assets ratio %	77%	57%	77%	57%
Capitalised development costs	12,369	3,584	12,369	3,584
Depreciation and amortisation	-555	-466	-2,112	-1,598

*At the end of the period Seamless had a share warrant programme outstanding of 1,000,000 share warrants with redemption in 15 December 2013 - 16 January 2014 which is "in the money". Since the results are negative no dilution effect arises from these warrants.

The Group

Sales

Seamless sales increased during the fourth quarter by 21 per cent to SEK 34,743 (28,612) thousand. Sales were distributed in the Transaction Switch business area with 44 (50) per cent and 56 (50) per cent in the Distribution business area. SEQR has been in the start up phase during 2012 and is reported under the Transaction Switch business area, but will separately reported as its own business area from 2013.

Results

- Consolidated operating income amounted to SEK -12,227 (-951) thousand during the fourth quarter.
- Net interest income/expenses for the fourth quarter amounted to SEK 66 (-118) thousand.
- Earnings per share amounted to SEK -0.40 (-0.50) for the quarter.

Employees

The number of employees in the Group at the end of the period was 88 (44). The Transaction Switch business area had 86 (40) employees and the Distribution business area 2 (2) employees. In addition to this, Seamless has consultants mainly in India, Ghana and Pakistan, a total of approx. 40 people. Seamless has continued to recruit key persons during the fourth quarter, primarily within development and sales. The workforce has thereby increased by 38% since the previous quarter, and by 100% compared with the corresponding period in the previous year.

Investments

During the quarter investments have been made at a value of SEK 4,590 thousand. Product development costs have been capitalised at a value of SEK 2,015 (953) thousand, while depreciation and amortisation amounted to SEK -555 (-466) thousand.

Cash flow and financial position

Cash flow from business activities amounted to SEK -7,086 (2,831) thousand for the fourth quarter. At the end of the quarter liquid assets cash and cash equivalents amounted to SEK 14,004 (8,558) thousand. Cash flow was positively impacted by a cash injection of SEK 10 million when Kinnevik New Ventures AB utilised their convertibles which were issued to them during 2011.

The Group has interest-bearing liabilities in the form of hardware leases amounting to SEK -3,258 (-1,405) thousand, divided into long-term liabilities of SEK -1,840 (-615) thousand and short-term liabilities of SEK -1,418 (-790) thousand. The company has no interest-bearing liabilities to banks. In addition to this, the company has an outstanding debt to the sellers of Lettel and deferred payment for hardware resold to customers. Otherwise the Group has no borrowings. Seamless continues to have a strong financial position with an equity/assets ratio of 78 (57) per cent. During the quarter Kinnevik New Ventures AB chose to utilise the convertibles issued to them in December 2011, which means that Kinnevik increased its holding in Seamless by 1,023,371 shares. This, in turn, means that Seamless received an additional SEK 10,000 thousand in cash payment, which increased share capital by SEK 511,685.50.

During November 2012 Seamless announced a rights issue to existing shareholders of a total of SEK 100 million. The new issue was conducted during December 2012 and was oversubscribed by 24 per cent. In total this brought to the company approx. SEK 102.4 million before emission costs. The number of shares and votes increased through the rights issue by 6,405,000. After Kinnevik's utilisation of the convertibles and the implementation of the rights

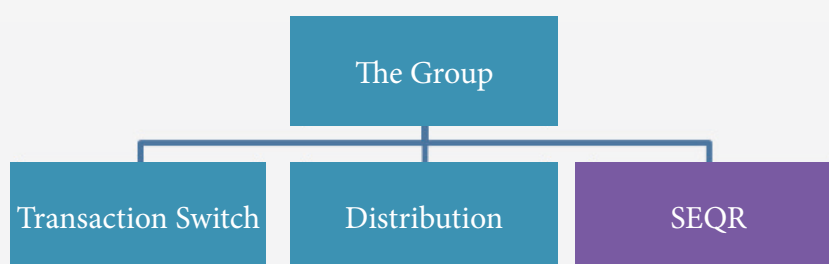
issue there were, as of 31 January 2013, a total of 33,048,374 shares and votes in Seamless. Because the new issue payment was not received during 2012 this is thus not reflected in the share capital or available funds for the period.

Parent company

The parent company's sales during the quarter amounted to SEK 15,341 (14,398) thousand and the result for the period amounted to SEK -9,937 (-712) thousand. The results for both the parent company and the Group are largely accountable to the new recruitments made during 2012 when Seamless increased its workforce by more than 100% during the year. The intensive rate of recruitment has been a clearly communicated strategy of investment in human capital in order to promote the development and launching of the company's service for mobile payments, SEQR. Net interest income/expense in the parent company was SEK 47 (-37) thousand and cash and equivalents at the end of the quarter amounted to SEK 1,719 (4,541) thousand. The number of employees in the parent company amounted to 80 (34) people at the end of the quarter.

Business area

Seamless at present has two main business and product areas in which the Transaction Switch ERS 360 forms the hub of the business. The third business area SEQR is in the start-up phase and was reported during 2012 in conjunction with the Transaction Switch business area. SEQR will be separately reported as its own business area during 2013.



Business Area, Transaction Switch

- Business activities of: Seamless Distribution AB (publ) and the wholly-owned subsidiary Seamless Private Limited
- Started: 2001
- Products include: E-TopUp, Value Added Services (VAS) and Managed Operations (MOPS)



E-TopUp

E-TopUp comprises the greater part of the Transaction Switch business area. ERS 360 is a system that is primarily sold to mobile operators. Through ERS 360 operators can offer their customers a diverse range of electronic products. Historically, the largest area of application for ERS 360 has been direct prepaid charging via mobile phones, known as TopUp. Previously, mobile customers purchased physical scratch codes for prepaid charging. It is, however, more cost efficient and secure for operators to allow their customers to buy call time directly via their mobile phone. Distribution costs are minimised, the risk of lost or falsified codes is significantly reduced, and management and monitoring are simplified considerably. In developing countries mobile customers top up their mobiles with extremely small denominations. This makes it difficult to achieve good profitability through the sale of physical scratch codes. With electronic charging the size of the amount no longer matters. Seamless' recharging technology works on all mobile units and is independent of the technical functionality of the mobile phone itself.

Value Added Services (VAS)

VAS, which is also based on ERS 360, consists of other value added services such as mobile payments. VAS is a resale, meaning that all customers who have VAS have also

purchased the E-TopUp product. With VAS a customer can deposit money on a mobile, transfer money back and forth between mobiles in different countries and pay for different types of services. This system is also primarily aimed at developing countries where few people have their own bank account and where the transaction sizes are small. The reason why mobile payment solutions are important for mobile operators in developing countries is partly because they create new revenue streams and partly because they lead to strong customer loyalty.

Managed Operations (MOPS)

One of the most important selection criteria when a mobile operator chooses a technology provider is a reliable and stable support service. Many operators choose to outsource the operation of the system in order to reduce their costs while benefitting from the expertise of the provider. By using Seamless Managed Operations the mobile operator focuses on its customers while Seamless takes responsibility for maintenance and operation of the platform. The services include controls, both remotely and on site, as well as ongoing operation and management of the platform. Like VAS, MOPS is a resale, meaning that all customers who have MOPS have also purchased the E-TopUp product.

Market development during Q1-Q4 2012

Transaction volumes for electronic prepaid charging managed by Seamless Transition Switch have increased sharply during the year. This increase is driven partly by the growth of subscriptions in the markets in which Seamless customers are active and partly by migration to electronic recharging from traditional physical vouchers. This has resulted in increased revenues from software licences and substantially increased revenues from support services for the new traffic licences.

During 2012 Seamless has received a number of orders from existing customers, mainly within two areas. Some customers have purchased increased licence capacity in their systems since the transfer to electronic TopUp is steadily increasing in these countries, whereas others have purchased system upgrades from ERS 3 to ERS 4. The majority of the systems that are in operation using Seamless' previous generation of software, ERS 3, have been replaced. The total order value of these upgrades has amounted to SEK 11 million. The margins on licence expansions and upgrades are almost 100%, which is why 2012 has been one of the most profitable years for the transaction switch. The fact that this is not reflected in the year's net profits for the transaction switch is because the majority of the cost increases, in the form of recruitments and other activities that Seamless carried out during the year in relation to the rolling out of SEQR, are included under the costs for the transaction switch since SEQR is not yet separately reported as its own segment.

These upgrades strengthen, simplify and streamline Seamless' support and maintenance services. At the same time, the upgrades provide a better foundation and increased capacity for Seamless customers to manage greater transaction volumes.

During the year Seamless has delivered a number of services with its mobile operator customers that have been very well received, such as support, maintenance and what Seamless calls Managed Operations, in which Seamless has full responsibility for man-

aging the operation of the customer's platform. Thanks to the management of larger transaction volumes and renegotiations of certain contracts, orders for support have increased significantly. This will result in substantially higher recurring annual revenues during 2013 and beyond, approx. SEK 4-6 million annually. This is a clear sign of the value the Seamless platform provides for operators, as well as evidence that the services Seamless delivers meet customer expectations.

Market outlook

As a result of meeting these basic needs, Seamless' customers have sought new ways to broaden their offer for the market. This applies to mobile operators as well as distributors, and has occurred primarily in two ways:

- By offering new services across the existing platform, as well as
- increasing the number of products distributed within each channel.

For mobile operators who decide to manage the distribution through their own channels, it is important to be able to build and administer a distribution network easily while providing end customers with several options to buy and refill their mobile accounts. Generally, the market for electronic prepaid recharging has increasingly evolved from being a single product to becoming an ecosystem of electronic services and products. The ability to manage different types of electronic products through the same distribution channel and technical platform is a strong competitive advantage that is enormously valuable for Seamless' existing and potential customers.

Meets new needs with total functionality

The development described above places greater demands on the technical platform that will manage an ecosystem of electronic products and services.

Seamless Transaction Switch is a technical platform that offers total functionality in terms of integration and management of different players in the ecosystem (mobile operators, distributors, retailers, banks, etc.). In addition, Seamless Transaction Switch has the proven capacity and documented performance that is needed to manage the rapidly increasing transaction flow.

Transaction Switch in brief

SEK thousand	October-December		full year	
	2012	2011	2012	2011
Net sales	15,254	14,398	51,680	45,771
Growth, %	6%	33%	13%	-9%
Operating income	-11,941	-916	-29,443	-5,710
Operating margin	neg	neg	neg	neg

Business area Distribution

- Business activities of: SIA Lettel
- Started: 2011
- Products include: Physical distribution of mobile topup/refill codes and other electronic products via retailers, banks and online channels.

Background

Prepaid topup is one of the world's most sold services. Throughout the world distribution has shifted from physical distribution of so-called "scratch cards" to electronically distributed refills. Seamless has one of the most developed technical solutions for this. Within the framework of the Distribution business area, the Seamless platform is delivered to distributors in Europe and Asia as well as to mobile operators/banks. In addition, it is now used in building up Seamless' own distribution operation.

Market

Having focussed on delivery of the technical platform for distribution and services surrounding this, Seamless is now taking the step towards becoming a complete distributor in several countries. This means a vertical integration in markets where we are already highly knowledgeable after twelve years as a technical provider to this area. That Seamless is taking the step to becoming a distributor means increased sales and is taking place through direct distribution contracts with mobile operators and resellers within a number of industries. This provides a strong position when other e-products and payment services, such as SEQR, are to be introduced in the resale chain. Furthermore, this takes place in a situation where many chains procure services in cross-border contracts covering many countries.

During 2011 Seamless acquired the Latvian distributor Letten, which sells prepaid refills and other e-products for mobile telephony. Negotiations are in progress in additional markets for further acquisitions as a part of the construction of a European distribution organisation.

Central Europe is a priority area for acquisition since markets here are about to be consolidated. The majority of markets are highly fragmented, and the many distributors purchase technology and all related services from third parties. Seamless' strength is in the ownership of the technology, something that allows us to make rapid changes and integrations while offering the possibility to combine service for resellers in areas such as merchandise trade, with a broader range of services. The offering combines existing services within topup with new e-services such as a payment solution in the form of SEQR and related services like "Bill payment", which offers the possibility to pay invoices via a mobile phone and create targeted offerings to the consumer.

For Seamless this means that it will be possible to rapidly launch new products, since Seamless can manage the product range and launch its own products at a faster rate. Having the distribution operations internal is a key advantage compared with many competitors, since technical and business development take place internally and are highly connected with one other. In addition, a segment of the distribution chain is re-

moved, thereby streamlining operations and leading to a higher margin per sold product.

Market outlook

Negotiations on acquisitions, joint ventures or own establishment have been initiated in several markets during the year. The initial results of this work will hopefully bear fruit and show results during 2013. An organisation for managing both the domestic market and foreign companies has also been built up.

Electronic distribution

With electronic distribution the operator digitally delivers refill codes, which are distributed to the resale level with or without intermediaries. The electronic code is first physically printed, for example from a checkout system, in connection with the consumer's purchase. Topping up of prepaid mobiles thus takes place when the consumer purchases a refill code (e-voucher) or makes a purchase by so-called direct refill of a mobile telephone number via the operator (e-topup).

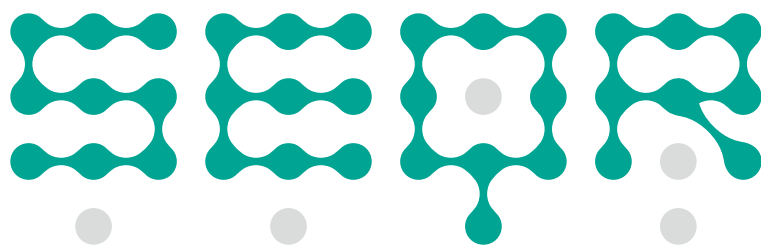
An e-voucher code can be used directly, saved for later use or given to another person. When an E-topup is used it always results in an immediate refill of the user's account with the operator.

Distributors and resellers

Distributors and resellers of physical vouchers are often traditional points of sale for tobacco, food, sweets, newspapers, magazines and accessories for mobile phones, but also major chains within the grocery trade. They often have a well-functioning logistics organisation and a network of points of sale. All of the players above may themselves offer electronic distribution, however there are also service providers who lack a distribution background but offer the technical solution to distributors and chains at the resale level. In more developed countries chains of local shops, kiosks, supermarkets, fast food restaurants and banks are the dominant players as resellers. In many other countries the infrastructure is less developed, and the resale route largely consists of small, family-owned stores.

Distribution in brief

SEK thousand	October-December		full year	
	2012	2011	2012	2011
Net sales	19,489	14,276	82,657	14,276
Growth, %	37%	-	479%	-
Operating income	-286	-35	-451	-554
Operating margin	neg	neg	neg	neg



SEQR

- Business activities of: Seamless Distribution AB
- Started: 2012
- Products include: Mobile payments

The largest order for mobile payments in Sweden

The report period has continued to be intensive and busy for the Seamless mobile payment solution, SEQR. Besides additional contracts with significant players, the most important event for SEQR occurred during November when Axfood chose to introduce the system in approx. 400 stores throughout the country, constituting the largest order to date for mobile payments in Sweden. Another focus during the quarter was the preparations being made for the international launch of SEQR.

Looking back over the year, we can conclude that the market has moved from simply talking about mobile payments to finally making them a reality. The SEQR solution is clearly at the forefront of this development.

Record speed rollout

In October Axfood made the decision, following a pilot project with SEQR in stores in Stockholm, to introduce SEQR in the Hemköp, Willys, PrisXtra and Tempo chains. In just 13 working days Seamless rolled out the system to approx. 2,400 checkout terminals. It took just over a month to go from signing the contract to offering customers throughout the country the ability to pay using a mobile phone – a clear demonstration of how easy it is for merchants to get started with SEQR. Apart from receiving a very positive response from both merchants and users, the rollout has attracted a great deal of media attention.

New contracts signed during the report period

The interest among merchants in SEQR continues. During the past period several key contracts have been concluded, among them Kjell & Company, with 63 stores throughout the country, and Dormy which, with its eight department stores and internet trade, has Europe's widest range of products for golfers. Modebolagen i Malmö, the fashion group behind store names such as Spirit Stores, Marty, Esprit and Malmströms & Co, has also chosen to offer its customers the option to pay with SEQR in all of its 23 stores.

Interest in SEQR among fast food restaurants remains strong. In addition to McDonald's existing SEQR offering in a number of restaurants in and around Stockholm, pilot project contracts have also been signed during the period with both Max Hamburger restaurants and Nordic Service Partners, which runs 55 Burger King restaurants and owns the Taco Bar brand.

The simple system behind SEQR makes it possible for both large store groups and small business owners of, for example, pizzerias and cafés, to offer their customers the option to pay via mobile phone. Regardless of the size of the business, there are large sums to be saved on transactions when customers choose to pay via SEQR, rather than by card.

International launch of SEQR

Seamless has previously signed several contracts linked to international initiatives. One example is the contract signed during the third quarter with Garanti Bank. The bank is one of Europe's strongest, and the collaboration with Seamless means that SEQR will be introduced in Romania at a number of major retail chains.

During the fourth quarter Seamless conducted a new issue with the aim of financing both the expansion of SEQR in Sweden and a more extensive international launching of the payment solution. Foreign companies are continuously contacting Seamless and expressing interest in acquiring the mobile payment solution, despite the fact that Seamless has not actively started any international marketing of SEQR.

Market outlook

Interest in mobile payment solutions has also continued to increase rapidly during the fourth quarter. The media are now regularly reporting about new solutions entering the market, both in Sweden and elsewhere around the world. In fact, magazines such as Mobil have predicted that 2013 will be the year of mobile payments.

A collaboration between a number of major Swedish banks on a joint mobile payment solution is the latest in a number of new systems which were launched during the period. Thus far, however, this solution only makes it possible to send money in real time to private individuals. The service also costs money, which means that SEQR continues to be the only mobile payment solution that is entirely free for the user when sending money to other private individuals.

SEQR is also the only complete mobile solution that is currently operational in the market. Besides offering the ability to send money between individuals, it also makes it possible to pay both physically in stores and on the internet. In addition, SEQR is alone in bringing about lower costs for merchants and, in the long run, probably for consumers as well.

In essence, it is Seamless' own-developed transaction switch that provides the major benefits. The switch makes it possible to make payments without involving companies like Visa and Mastercard. This means that merchants can avoid the card-providing banks and the high fees charged by the card networks. For ten years Seamless has used the transaction switch for refills of prepaid mobile phones, which makes it capable of handling a very large number of transactions, currently more than 3.1 billion annually.

Due to the increased focus on mobile payments, more and more market surveys have been conducted showing how consumers perceive this type of payment. For example, a survey by PFM Research shows that eight out of ten Swedes would consider paying via their mobile phone. Another survey by Yougov shows that 47 per cent of people between 18 and 44 years of age have at some time found themselves in a situation where they have wanted to buy something but, as they only had their mobile phone with them, were unable to make the purchase.

The forecast for mobile payments in the near future is that they will continue to make

a strong impact all over the world. It is therefore very timely that Seamless is now investing more heavily in an international launch. The research company IDC predicts that the world's mobile payments will amount to one trillion dollars in 2017. However, this is equivalent to just 2.7 per cent of the potential number of mobile transactions that could be made. A further report from Berg Insight shows that 381 million people in growth markets are expected to pay with their mobile phone in 2017. One year ago the number of users of mobile payments in these regions was 61 million, a figure that, in other words, is expected to increase by an average of 36 per cent annually.

How SEQR works

SEQR is the market's simplest system for payment via mobile phone. The system provides large savings for merchants and, by extension, probably for consumers as well. To pay, all the customer needs to do is use their smartphone and the SEQR application to scan a QR code and, with a PIN code, approve the payment to be deducted from an invoice account. The QR code is unique and linked to the checkout, and the code is in turn connected to the Seamless transaction platform.

The technology behind SEQR means that the merchant does not need to invest in expensive hardware or complex installations to offer their customers payments via mobile phone. Through bypassing the high fees of banks and card companies, the system makes it possible for the merchant to save large sums through lower transaction costs.

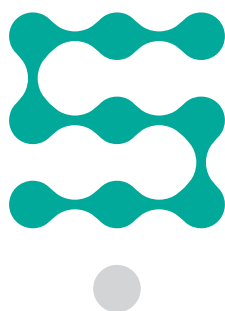
With SEQR payments are not limited to those via mobile phones in stores. If a paper invoice is provided with a QR code linked to SEQR, it is also possible to pay this using a mobile phone. In a similar way, one can easily pay via mobile phone both for e-commerce and, for instance, via direct mailings through traditional post.

With SEQR it is also possible to send money directly, and at no cost, into private persons' usual bank accounts, regardless of the bank's affiliation. This works, for example, when transferring money in connection with a purchase on an online auction site such as Blocket, or when splitting a restaurant bill. To send money, all the user need to do is specify the receiver's mobile number. In order to receive money, the recipient must use the SEQR app to specify which bank account the money is to be paid into. The solution means that neither the sender nor the receiver is required to reveal sensitive information, such as personal identification numbers or bank account numbers, to one another.

For companies, a service is available that makes it possible to target an offering directly toward customers who choose to pay with SEQR. For smaller companies, the SEQR Mobile Checkout service is available, which means that craftspeople, market vendors or café owners can use their smartphone, tablet or computer to securely and easily accept mobile payments. It is completely free to get started, and the transaction fees are considerably lower than those associated with card payments. In this way, it is easy to avoid cash without investing in expensive card terminals.

SEQR Invoice Account

The ability to pay with SEQR is carried out in collaboration with the finance company Collector and SEQR Invoice Account. The service functions exactly like a credit card



wherein all purchases are collected in a single invoice with up to 60 days interest-free credit and the possibility of payment in installments.

Significant events during the period

The following events of a significant nature have occurred during the period:

- Kjell & Company and Seamless have signed a contract in which Kjell & Company's customers will be able to pay with SEQR in stores via their smartphone. The contract means that Seamless has a share of the sales made via SEQR.
- A breakthrough order for mobile payments whereby Axfood and Seamless sign a contract for a national rollout of SEQR in Axfood's Hemköp, PrisXtra and Willys stores in Sweden.
- An Extraordinary General Meeting authorises the Board to issue new shares. The Board uses this authorisation and carries out a rights issue to existing shareholders, which brings the company approx. SEK 102.4 million before issue costs.
- Seamless signs a contract with Europe's biggest golf department store, Dormy, through which Dormy's customers will be able to pay with SEQR both in stores and online.
- SBAB chooses not to continue with the mobile payments pilot project, which Seamless and SBAB jointly and successfully implemented. SBAB wishes to focus its efforts on becoming a consumer bank.
- Seamless and Max Hamburgerrestauranger AB sign a contract to conduct a pilot project related to mobile payments in a number of Max restaurants throughout Sweden.
- Nordic Service Partner AB (NSP), which runs 55 Burger King restaurants and owns the Taco Bar brand, signs a contract with Seamless related to SEQR. The contract enables NSP to offer its restaurant customers the option to quickly and simply pay for their meal via mobile phone and SEQR.
- Kinnevik New Ventures AB utilises the convertibles that the company had accrued since December 2011. The utilisation of the convertibles entails Kinnevik receiving 1,023,371 new shares, and Seamless brings in SEK 10 million in cash. After the utilisation of the convertibles Kinnevik holds 3,898,371 shares in Seamless, which is equivalent to 11.8 per cent of votes and capital.

Events after the end of the report period

During 2012 Seamless won the contract to manage Västtrafik AB's ticket system for SMS tickets, which was brought into use on 1 February 2013. The system means that all of Västtrafik's passengers can make use of the Seamless system to pay their SMS tickets for public transport.

Seamless has, as of the first of January 2013, moved the main operation down to the wholly owned subsidiary Seamless Payments AB. The Board, Group management and costs attributable to the stock exchange will remain in Seamless Distribution AB. All per-

sonnel, costs and revenues from January 2013 will otherwise be reported in Seamless Payments.

Transactions with related parties

Lan-Ling Milo Wolff Fredell, wife of CEO, board member and largest shareholder in the Company, Peter Fredell, has represented Seamless in a few international meetings during 2012. No compensation for the services has been paid by Seamless, but a total of 2,475.27 USD in travel costs have been paid.

Other

Redemption of convertibles

The convertibles that Kinnevik New Ventures AB received in connection with an agreement in December 2011 have during the year been used by Kinnevik to subscribe to 1,023,371 new shares in Seamless Distribution AB. This has resulted in an increase of SEK 511,685.50 and Seamless bringing in SEK 10 million in cash. After the use of the convertibles the number of shares and votes in Seamless amounted to a total of 26,643,374.

Rights issue

During the year, the convertibles that Kinnevik New Ventures AB received in connection with an agreement in December 2011 have been used by Kinnevik to subscribe to 1,023,371 new shares in Seamless Distribution AB. This has resulted in an increase of SEK 511,685.50 and Seamless bringing in SEK 10 million in cash. After the use of the convertibles the number of shares and votes in Seamless amounted to a total of 26,643,374.

Accounting principles

This Interim Report is prepared in accordance with IAS 34, Interim Reporting, which complies with Swedish law through the application of the Swedish Financial Reporting Board, RFR 1, Supplementary Accounting Rules for Groups and RFR 2, Accounting for Legal Persons, regarding the parent company. All accounting principles, definitions concerning key figures and calculation methods have been applied in the latest annual financial statements both for the Group and for the parent company, unless otherwise specified below,

Acquisitions

On 27 October 2011, the Group acquired 100 per cent of the share capital in the Latvian company Lettel for SEK 10 million. The acquisition contributes to increasing to the Group's presence in Baltic markets, which helps Seamless to rise up the value chain, closer to the end consumer.

Lettel started the transfer to digital distribution of prepaid refills in the Baltic States. The Latvian company LETEL, whose operations consist of offering the retail trade terminals for electronic services, commissioned Seamless in 2005 to implement ERS 360 in the local store chain PlusPunkts. During 2008 the company changed its name to Lettel.

In 2011 the company turned over SEK 90 million with an operating margin of approx. 2.5 per cent. Since the start, Lettel has taken a market share of approx. 40 per cent in Latvia for so-called refill codes. The acquisition is not expected to increase Seamless' profits in the coming twelve months, in spite of a sharp increase in sales. This is because the results are assumed to be burdened by the costs of integration as a consequence of the acquisition. Thereafter, however, the acquisition is expected to reduce the Group's costs through synergy effects.

The Goodwill of SEK 7,971 thousand that arose through the acquisition accounts for the purchase price exceeding the market value of identifiable assets. Goodwill refers to synergy effects that are expected to arise through the consolidation of the Group's and Lettel's activities.

No part of the reported Goodwill is expected to be deductible for income tax. The table below summarises the paid purchase price for Lettel and the fair value of acquired assets and assumed liabilities that were reported on the day of the acquisition.

Purchase price as of 27 October 2011	2011
<i>Equity instruments (1,428,570 ordinary shares)</i>	5,000
<i>Conditional purchase price</i>	5,000
Total paid purchase price	10,000
Reported amount of identifiable acquired assets and assumed liabilities	2011
<i>Customer contracts</i>	2
	713
<i>Fixed assets</i>	116
<i>Inventories</i>	2,205
<i>Trade receivables</i>	7,754
<i>Cash and cash equivalents</i>	964
<i>Trade payables</i>	-10,666
<i>Deferred tax</i>	-407
<i>Other short-term liabilities</i>	-650
Total identifiable net assets	2,029
Goodwill	7,971
Total paid purchase price	10,000

Acquisition-related costs of SEK 375 thousand are included in other external costs in the consolidated income statement for the 2011 financial year. Fair value of the 1,428,570 ordinary shares that were issued as a part of the purchase price which was paid for Lettel (SEK 5,000 thousand) is based on an agreed share price amounting to SEK 3.50 per share on 27 July 2011.

According to the agreement on conditional purchase price, Seamless must pay an additional SEK 5,000 thousand in the form of SEK 2,500 thousand in cash and SEK 2,500 thousand in shares (the number of shares depends on the stock market at time of payment). The additional purchase price must be paid two years after the contract is completed. The additional purchase price must be paid if Lettel meets or exceeds the set turnover goal and if the cooperation agreement with the sales chain PlusPunkts has not been terminated on the date that the additional purchase price is to be paid.

Significant risks and uncertainties in the business

Seamless' business is affected by a number of factors in the business environment where various risk factors can impact the company. These risk factors can involve an impact on the company's ability to achieve its business objectives. Since no significant changes have taken place during the quarter relating to significant risks and uncertainty factors, refer to the statements in the latest Annual Report on pages 14-15.

This report contains future-oriented information based on the Seamless management's present expectations. Even if the management considers that the expectations shown in such future-oriented information are reasonable, no guarantee can be provided that these expectations will prove to be correct. Accordingly, the actual future outcome can vary considerably compared with what is shown in the future-oriented information depending on, among other things, changed conditions relating to the economy, market and competition, changes in the legal requirements and other political measures, variations in exchange rates and other factors.

During the fourth quarter of 2012 the Riksdag (Swedish Government) has decided to reduce the corporate tax rate from 26.3% to 22% from 1 January 2013. For Seamless the change in the tax rate means approx. SEK 2.4 million in reduced deferred tax assets.



Financial reports in summary

Consolidated statement of comprehensive income

Amount in SEK thousand	October-December		full year	
	2012	2011	2012	2011
Net sales	34,743	28,612	134,337	59,985
Other operating income	14	-	43	-
Material costs	-19,501	-15,616	-83,202	-18,246
Other external expenses	-15,340	-6,575	-45,432	-21,043
Staff costs	-11,847	-6,629	-33,317	-24,536
Depreciation and amortisation	-555	-466	-2,112	-1,598
Other operating expenses	259	-277	-211	-826
Operating income	-12,227	-951	-29,894	-6,264
Net interest income/expenses	66	-118	-512	-128
Profit before tax	-12,161	-1,069	-30,406	-6,392
Income tax	2,002	-10	6,661	1,483
Profit for the period	-10,159	-1,079	-23,745	-4,909
Other comprehensive income				
Exchange rate differences	192	-252	-1,033	-348
Total comprehensive income attributable to parent company's shareholders	-9,967	-1,331	-24,778	-5,257

Group's balance sheet

Amount in SEK thousand	31 Dec	31 Dec
	2012	2011
ASSETS		
Intangible fixed assets	22,137	14,227
- of which goodwill	7,653	7,971
- of which capitalised development costs	12,369	3,584
- of which customer contracts	2,115	2,672
Tangible fixed assets	2,761	615
Other long-term receivables	-	278
Deferred tax assets	12,225	5,579
Stocks of finished goods	1,807	1,850
Ongoing work on behalf of others	-	-
Trade receivables	17,767	22,505
Other receivables	102,905	18,767
Prepaid expenses and accrued income	5,457	2,638
Cash and cash equivalents	14,004	8,558
Total assets	179,063	75,017
EQUITY AND LIABILITIES		
Equity	137,110	42,359
Other long-term liabilities	7,077	5,025
Deferred tax liability	342	401
Trade payables	17,185	11,393
Current tax liabilities	115	931
Other short-term liabilities	5,474	1,448
Accrued expenses and deferred income	11,760	13,460
Total equity and liabilities	179,063	75,017

Change in equity

Amount in SEK thousand	October-December		full year	
	2012	2011	2012	2011
At the start of the period	39,406	20,111	42,359	24,037
Total profit for the period	-9,967	-1,331	-24,778	-5,257
New issue	-	5,091	9,606	5,091
Issue costs	-4,809	-	-4,809	-
New issue in progress	112,480	16,100	112,480	16,100
Options programme	-	2,388	2,252	2,388
At the end of the period	137,110	42,359	137,110	42,359

Consolidated statement of cash flow

Amount in SEK thousand	October-December		full year	
	2012	2011	2012	2011
Cash flow from operating activities before change in working capital	-11,414	-32	-28,158	-4,076
Change in working capital	4,328	2,863	7,205	59
Cash flow from operating activities	-7,086	2,831	-20,953	-4,017
Cash flow from investment activities	-4,590	-351	-12,211	-1,057
Cash flow from financing activities	11,564	1,233	38,610	1,233
Cash flow for the period	-112	3,713	5,446	-3,841
Cash and cash equivalents at the beginning of the period	14,116	4,845	8,558	12,399
Cash and cash equivalents at the end of the period	14,004	8,558	14,004	8,558

Parent company's income statement

Amount in SEK thousand	October-December		full year	
	2012	2011	2012	2011
Net sales	15,341	14,398	52,035	45,771
Other operating revenues	-	-	19	-
Operating expenses	-27,282	-15,147	-81,965	-52,249
Operating income	-11,941	-749	-29,911	-6,478
Net interest income/expenses	47	-37	-75	-89
Profit before tax	-11,894	-786	-29,986	-6,567
Income tax	1,957	74	6,652	1,567
Profit for the period	-9,937	-712	-23,334	-5,000

Parent company's balance sheet

Amount in SEK thousand	31 Dec	31 Dec
	2012	2011
ASSETS		
Fixed assets	40,273	21,896
Total current assets	131,113	43,933
Total assets	171,386	65,829
EQUITY AND LIABILITIES		
Equity	138,648	42,455
Long-term liabilities	5,705	5,000
Short-term liabilities	27,033	18,374
Total equity and liabilities	171,386	65,829
Pledged securities	6,000	6,000
Contingent liabilities	None	None



Key figures

Amount in SEK thousand	October-December		full year	
	2012	2011	2012	2011
Return on Equity in %	neg	neg	neg	neg
Earnings per share before and after dilution	-0.40	-0.05	-0.96	-0.24
Operating income	-12,227	-951	-29,894	-6,264
Net sales growth (compared with same period in previous year)	21%	164%	124%	19%
Operating margin in %	neg	neg	neg	neg
Average number of shares before and after dilution	25,620,003	21,485,688	24,636,097	20,771,403
Liquidity ratio	406%	193%	406%	193%
Equity/assets ratio	77%	57%	77%	57%
Equity	137,110	42,359	137,110	42,359
Equity per share	4,15	1,93	4,15	1,93
Number of employees at end of period	88	44	88	44

About Seamless

Seamless is specialised in solutions for payment systems for mobile phones such as the transfer of funds between mobile phones (Mobile Money) and prepaid refills. The Seamless transaction platform ERS 360° annually handles more than 3.1 billion transactions worldwide at over 525,000 points of sale. Seamless provides systems for electronic prepaid refills and mobile trade for more than 40 operators in 26 countries on four continents. SEQR, the Seamless solution for mobile payments in stores and online, is patent pending with a total of 41 different patent criteria. Seamless was founded in 2001 and since the 13th of June 2012 has traded on Nasdaq OMX Stockholm, abbreviated name SEAM.



Seamless has offices in: Accra, Calcutta, Lahore, Mumbai, Riga and Stockholm.



Seamless share Jan - Dec 2012

Share price trend 62.9%
Short name SEAM
Stock exchange value (31 Dec) SEK 445 million
Highest price 28.50
Lowest price 7.70
Total number of shares (31 Dec) 26,643,374

Future reports

14 March 2013 Annual Report
24 Apr 2013 Interim Report Quarter 1
26 Apr 2013 Annual General Meeting, 10.00am, Stockholm
20 Aug 2013 Interim Report Quarter 2
13 Nov 2013 Interim Report Quarter 3



The Seamless Interim Report for the period October - December 2012 has been approved for publication in accordance with the decision of the Board on 19 February 2012. This Interim Report has not been examined by Seamless auditors.

Certification

The Board and Chief Executive Officer of Seamless Distribution AB (publ) assures that the Interim Report gives a fair overview of the company's and Group's activities, position and results and describes the material risks and uncertainty factors that the company and the companies included in the Group face.

Stockholm 19 February 2013

Seamless Distribution AB (publ) corporate identity number 556610 - 2660

Gunnar Jardelöv

Chairman of the Board

Voria Fattahi

Board member

Peter Fredell

Board member/
Chief Executive Officer

Johan Kyllerman

Board member

Per Sondén

Board member

Dan Walker

Board member

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