



Seamless Distribution AB (publ) Annual Report

2016

Seamless

Corp. id. no: 556610-2660

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This English Annual Report is a translation of the Swedish original. If there are any discrepancies between the two versions, the Swedish original has precedence.

2016 HIGHLIGHTS

Seamless has three business segments: Transaction Switch, eProducts and Seqr.

From an overall perspective, P/L improved with 27 % and EBITDA improved with 33 %, from -95.8 MSEK to -64 MSEK. This positive trend is continuing.

Seamless Distribution Systems AB, previously known as Transaction Switch, continued in 2016 with solid growth in project and license sales, and also significantly improved its product range. The results achieved have implied that the already very positive profitability levels have been further improved and turnover increased.

With additional new mobile operator customers and an increase in the penetration of digital distribution in the majority of customers, the transaction volume increased to over USD 5.3 billion annually. Regular measurements of customer satisfaction also show increased confidence in Transaction Switch and our associated service provisions. The year's breakthrough on the American continent shows that our efforts with controlled growth on new markets are the right way to achieve market growth.

Through a continued focus on development capacity, we have established the basis for an increased rate of innovation primarily in order to progress our position with existing customers. We can utilize our confidence in the customer base to offer a wider product portfolio and thereby, meet customer needs and create continued profitable growth.

Over the year, the **eProducts** business area/distribution of electronic products has seen reduced turnover by 6%, but has improved its profits by 54%, thereby taking a huge step towards sustainable profitability. These are the effects of the unprofitable sales being eliminated, and are also due to processes and purchasing being streamlined/ automated. Over the year, cooperation agreements with further retail chains and independent stores have been signed in Sweden, Denmark and Latvia. The sale of mobile operator phone cards reduced slightly via retail, but remains stable through the banks. New products within telecoms will be launched on an ongoing basis in 2017, as well as constant development of new technology. Seamless estimates that the company's total market share will gradually increase over the period.

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

In July 2016, Seqr Payments acquired MeaWallet, a global leader in digital and mobile payments technology specializing in Host Card Emulation and Tokenisation. MeaWallet have a clear Business to Business proposition, providing payments technology and solutions to banks, card issuers and processors. With MeaWallet and Seqr, Seqr Payments now offers world class solutions on the B2B and B2C side of mobile payments.



Changes within the Company

The management team at Seamless remained the same throughout the year.

The management team consists of Peter Fredell (CEO), Tommy Eriksson (CEO, Seamless Distribution Systems), James Connelly as Global Sales Director (CSO), and Annika Blomé as Chief Product Officer (CPO).

The number of employees (annualized average) increased from 172 to 191. In addition to this, Seamless has retained approximately 100 consultants worldwide.

Hein Pretorius was re-elected as Chairman of the Board. Additionally, the Board of Directors consists of Peter Fredell, Kristin Berdan, Tomas Klevbo and Robin Saunders.

A FEW WORDS FROM THE CHAIRMAN

2016 continued to build on the strong current trend underway for Seamless. All of our business divisions reported improved net revenues which resulted in total group revenues growing by 27% compared with 2015.

Our business area Seamless Distribution Systems (SDS) increased sales by 6% to 96 MSEK and net earnings increased by 22% to 33.1 MSEK, compared with 2015.. The favorable development of the company continues with new additions to our product portfolio combined with a strong order pipeline in our traditional product mix. Several important developments took place during the year in the Seqr business. One of the most notable developments is that Seqr users can now pay with Seqr all over the world, wherever NFC enabled (contactless) card terminals exist. The development of this new technology meant that our acceptance network went from a few tens of thousands of stores to approximately 35 million Point-Of-Sales (POS) overnight. This development also removed Seqr's largest bottleneck which has been our limited acceptance network, and also means that Seqr doesn't have to continue to negotiate bilateral agreements with merchants in order to grow its acceptance network. If you, as a merchant, accept MasterCard, you accept Seqr.

Seqr also acquired the Norwegian company MeaWallet. MEA is a software company which has developed turn-key solutions for card issuers wanting to issue virtual cards through a mobile device. This is strategically important technology as we believe that in the future every existing and new card issuer in the world will embrace virtual card issuance through various mobile electronic devices. Currently, there are only a limited number of companies that can offer this technology, which gives a MEA (and by extension, Seamless) a favorable competitive environment.

2017 promises to be a very exciting year in which the technology and market trends would appear to support strong growth for this year and the future.



Hein Pretorius
Chairman of the Board of Directors

BUSINESS SEGMENTS

Seamless has three primary business and product segments, with Transaction Switch ERS 360 being the hub of the business operations.

Seamless Distribution Systems (SDS)/Transaction Switch

- Business Segment in: Seamless Distribution Systems AB
- Established: 2001
- Products include: Digital distribution, E-Top-Up, Value Added Services (VAS) and Managed Operations (MOPS)

Business segment in short

Seamless Distribution Systems, also known as Transaction Switch, provides a system for handling the distribution and sales of digital products. The majority of the digital products consist of value components for customers, such as talk time and data for prepaid cards. In addition to the basic logistic functions for product distribution, the system now has comprehensive support and tools for the distributors' and mobile operators' sales organizations, such as a sales promotion module to encourage retailers to make more sales.

At the core of the business is the internally-developed ERS 360° platform, continuously developed ever since its first installation around 15 years ago and currently in its fourth generation as it aims to provide for the market's increasing need of these types of services.

Our clients can be found all over the world, mainly in Africa and the Middle East, where telecommunications companies constitute our largest group of customers. The platform currently handles 5.3 billion transactions annually, at a total value of over USD 8 billion, across 28 markets.

Significant events during the year

2016 was characterized by excellent sales growth in program licenses and functional extensions, whilst the previous year's success with the WiPos sales terminal was not repeated. In total we have increased turnover and profitability thanks to the changed product mix for profitable program software licenses. In 2016, transactions in our customer database grew by two billion annually, which indicates the rapid rate of digitalization in our markets.

Significant events include projects with a number of new customers where we see our new customers on the American continent as a breakthrough for investment on this market.

Products, Services and Markets

Over the year, we have launched a number of new functions in conjunction with the ERS 360° platform, including a promotions system, sales team management and a number of new integrations to customer administrative systems.

Our network operations center (NOC) launched at the end of last year is currently the hub of our customer and operations services, and has resulted in almost perfection in how we meet our response time obligations and troubleshooting. The operations center also monitors proactive events in the customer system and can often solve problems long before they impact the business. As our system handles up to 97% of customers' sales and turnover, reliability is the key to our ability to retain customers and to win new ones.

During the year we have established a new development center in the Indian city of Hyderabad, one of India's most dynamic places for IT businesses.

Market position and opportunities

The market niche in which we work is characterized by many local parties, with a small number of international players. Seamless is one of very few parties that primarily focuses on the management of a distribution channel for mobile operators. With this as our focus, and after Seamless Distribution Systems AB was being founded in mid-2014, we are now one of the leading suppliers with a very competitive offering.

After rapid growth in 2015, we are now seeing constant growth with good profitability in 2016 and onward. With this increased development capacity, strengthened product management and newly-established business development function, we are well-equipped to invest in new offerings which can utilize our structural capital in the form of customers, and the ability to sell, deliver and be paid in what many see as 'difficult' markets.

Our customers continue to invest more in digital distribution with the aim of increasing their competitiveness. We can see that our vision has now become reality, to progress from being a supplier of a logistics solution to being the sales manager's best friend through increased involvement and competitiveness in their retailer network. We are continuing our efforts to increase the share of recurring income in the form of new function services and agreement models which provide ongoing revenue.

Distribution/eProducts

- Business Segment in: Seamless eProducts Latvia SIA, Seamless eProducts Denmark ApS and eProducts Sweden AB)
- Established: 2011
- Products include: physical and electronic distribution of Top-Up refill codes and other electronic products via retailers, banks and online channels

Business segment in short

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

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

Globally, there are two related but distinct distribution technologies for adding funds to mobile devices: eVoucher* and Direct Top-Up.** Seamless offers both of these solutions in one single technological platform.

Significant events during the year and forecast for 2017

Over the year, the eProducts business area/distribution of electronic products has reduced turnover by 6% but has improved profit by 54%, thereby taking a huge step towards sustainable profitability. These are the effects of unprofitable sales being eliminated, plus processes and purchasing being streamlined/ automated.

Over the year, cooperation agreements with further retail chains and independent stores have been signed in Sweden, Denmark and Latvia. The sale of mobile operator phone cards reduced slightly via retail but remains stable through the banks. New products within telecoms will be supplied on an ongoing basis in 2017, and there will be a constant development of new technology. Seamless estimates that the company's total market share will continue to gradually increase over the period.

Products and services

For merchants, eProducts provide the opportunity to increase sales and consumer inflows without the requirement of making a financial investment, tying up capital, needing to maintain an inventory or for the products to take up display space in the store. With the electronic distribution of these products, vouchers and stored value codes are delivered digitally, and the store does not incur any outlays until the product is sold.

Over the year, the product portfolio has expanded with a series of internet payment products from Paysafecard, the world-leading party within Prepaid Online Payments. The products are well-known and have an established market position within Gaming, Betting and eTrade. Paysafecard's products complement the existing customer groups and will provide new ones, in addition to giving an interesting increase in volume.

The plans for 2017 include further product launches within various market segments.

* "eVoucher" – a voucher with a unique code is distributed electronically and this voucher code is printed out from the reseller's card terminal or directly via the checkout register. The actual amount is credited to phone's account after the consumer enters the code in a special transmission to the wireless carrier via their phone.

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

Customers and markets

The distribution network consists of around 3,500 stores over four markets. Over the year, segments of the retailer network have been phased out and new ones introduced including both retail chains, as well as independent stores. This work will continue throughout 2017. Many more agreements with development potential have been signed.

The market presence has powerfully increased over the year and the activity level will continue to be high throughout 2016 regards sales work and marketing to new and connected stores.

Expansion to new markets in the local area has been studied, and as many of our retail customers are international, there is the opportunity to be established on new markets together with existing customers.

Seqr

Operations in: Seqr Payments, Seqr Nordics, Seqr Poland, Seqr Finland, Seqr BeNeLux, Seqr Portugal, Seqr USA, Seqr UK, Seamless Romania, MeaWallet Norway, MeaWallet Latvia

Established in: 2012

Products include: Seqr Mobile Payments (B2C), HCE & Tokenisation (B2B)

Business segment in short

Seqr's vision is to transform the payments industry and become the best, and most advanced mobile and digital payments company in the world, with a truly global product set.

The cornerstone of Seqr is the Seqr mobile app (launched in 2012), which is the consumer front end of Seqr, the most comprehensive mobile payments platform available anywhere in the world today. The Seqr proposition is primarily a B2C proposition focusing on end consumers, but also delivers innovative payment solutions to retailers and consumer goods companies wishing to partner with Seqr.

Seqr

Seqr is established in 16 international markets - Sweden, Finland, Romania, Belgium, Netherlands, Luxemburg, Portugal, Spain, Malta, France, Germany, Austria, Italy, the US, the UK and Ireland – amounting to an addressable population of over 750 million people. With the launch in July 2016 of NFC contactless payments, Seqr is now also accepted at more than 30 million Points of Sale globally.

As well as its geographic reach, the key to Seqr's success lies in the strength and breadth of its proposition. SEQR is the most comprehensive mobile payment solution available for consumers, catering for an unrivalled number of payment scenarios including:

- Retail Point of Sale – QR Code and NFC
- Online & In App payments – including Instant Check Out
- Instant Peer to Peer payments – Seqr user to Seqr user, domestically and internationally
- International Remittance – Seqr users can send money overseas to non-Seqr territories
- Parking and other unattended (Petrol & Vending)
- Shop Spot – turning any media into a check out opportunity
- Seqr Invoice – bill payments

To make use of all these payment scenarios Seqr customers simply connect their bank account to the Seqr app, or load money onto their Seqr Account prepaid account (a standard feature of the Seqr app), and they can, then, start making payments instantly.

When customers onboard with Seqr, they are automatically enrolled in the Seqr Rewards program, giving all customers up to 3% cashback on all of their purchases.

MeaWallet

MeaWallet was acquired by Seamless and integrated into the Seqr Payments business unit in the second half of 2016. MeaWallet is a one stop shop for mobile and digital payments providing the technology enabling Seqr users to “Tap & Pay” on any NFC enabled point of sale terminal.

Such was the success of Seqr Tap & Pay project, and so impressed was Seamless by MeaWallet’s unique technology and capabilities, that Seamless acquired the company. Acquiring MeaWallet not only allowed Seamless to bring in house technology critical to Seqr, it also enabled the group to tap into the demand from banks, credit card issuers and other financial institutions to develop their own mobile payment solutions.

MeaWallet products and services are not geographically limited and are deployable almost anywhere in the world. These include;

Mea Token Platform – enables bank apps and 3rd party wallets with tokenisation & HCE to MasterCard and Visa standards

- Mea Token Platform – enables bank apps and 3rd party wallets with tokenisation & HCE to MasterCard and Visa standards
- Mea Maserpass – securely hosted storage of card and user credentials for shopping with Masterpass
- Mea Converged Wallet – enables in-store (NFC), online and in-app payments in one single mobile experience
- Mea Token Platform for Wearables – transforms smart wearable devices into payment cards
- Mea Cloud Based Platform – enables HCE cloud-based payments and tokenization for local payment schemes

Seqr Payments is now uniquely placed, with the MeaWallet and Seqr offerings, to deliver a full set of business-to-business mobile payment services to prospective partners across the globe.

Significant events during the year (highlights in short, partnerships, new products, new markets)

It has been an incredibly busy year for Seqr Payments during which we grew significantly in terms of customer base, revenues, acceptance network and technical capabilities. In addition, Seqr Payments was granted its eMoney License, launched Seqr in 4 new countries (Luxembourg, Austria, Malta & Ireland) and acquired one of the global leaders in digital and mobile payments technology, MeaWallet.

Starting first with licensing, during the first half of 2016, Seqr Payments was granted an eMoney License by the Swedish Supervisory Authority enabling Seqr to issue electronic money. In practical terms, this meant that all Seqr users could, by default, be issued a prepaid Seqr Account into their Seqr app in which they could load and hold funds. This functionality that was deployed in the latter part of the year after the technical work was complete. Following deployment, Seqr users (once they had funds loaded into their Seqr Account), were able to transfer funds to each other, domestically and internationally, in real time.

Early in the second half of the year contactless NFC payment capability was launched firstly to all Swedish users, then very quickly to all Seqr users in Europe. Contactless NFC payments made it possible for customers to “Tap and Pay” with the Seqr app at any point of sale terminal supporting NFC, even if a retailer had no direct contract with Seqr. Whereas in the past acquiring merchants was a bottle neck in terms of expanding the Seqr acceptance network, overnight Seqr was now accepted at approximately 30 million points of sale worldwide.

Following the successful deployment of Tap & Pay NFC payments, Seqr customers could download Seqr, connect their bank account to the app and spend at any NFC terminal worldwide immediately. In certain markets this enabled Seqr consumers to benefit from contactless payments even before their banks had started issuing contactless debit and credit cards. Coupling this with the prepaid Seqr Account capability, Seqr users can transfer money instantly to any other Seqr user worldwide, who are then able to spend instantly at any NFC terminal.

International real time money transfer, with immediate spend capability, is a world first and an entirely unique Seqr proposition.

Late in 2016 Seqr also introduced a new International Remittance Service in conjunction with Xpress Money. Seqr is available in 16 countries and can readily facilitate international money transfer between Seqr users in these countries. However, we identified the need to enable Seqr users to send money internationally to countries in which Seqr isn’t

available on the receiving end. This would, in turn, provide Seqr with access to a much larger International Remittance market. Our first deployments enabled Seqr customers to remit funds to India, Thailand and Nigeria.

As well as Xpress Money, Seqr entered into multiple new partnerships in 2016, including Fintech companies, banks, retailers (as integrated merchants), parking operators and iGaming companies (a new sector for Seqr). Examples of these are Gocardless (enabling simple access to UK bank accounts), Dwolla (enabling P2P in US), Raifeissen (direct banking integration for Romania) and Informatica el Cortes Ingles (European retail technology provider). An important project that has been ongoing throughout the year is the initiative to have Seqr USA Inc. granted Money Transmitter Licenses across all US states. Holding MTLs in all US states would enable Seqr to deploy all of its technical payment capabilities in the US without reliance on any 3rd parties. At the end of 2016 Seqr USA Inc. had been granted or exempted MTLs in 21 of 50 US states.

Having completed the MeaWallet acquisition, we started, in the final part of the year to recognize MeaWallet revenues in group accounts for the first time. Key contributors of revenue were MeaWallet customers Fbank of Bulgaria and Fin domestic Bank of Serbia.

As well as existing customers, MeaWallet also completed development and closed contracts with new business partners Cross Gates, a payment solutions provider in South Africa, and Kombank, a Serbian bank.

Products and Services including targeted customers

Seqr Payments now has two market leading mobile payments propositions – Seqr, focused on business to consumer market and MeaWallet, focused on business to business market.

Seqr has historically targeted both merchants (to grow the acceptance network) and consumers (to grow the Seqr consumer base). With the launch of NFC contactless payments Seqr mobile app is now accepted for payment at 30 million Points of Sales worldwide, implying that we no longer need to target merchants to grow our acceptance. We will continue to work with new and existing merchant partners, however we will place a greater emphasis on targeting and acquiring end consumers during 2017.

Whilst Seqr will focus more on the consumer side, MeaWallet is a pure B2B proposition and will target banks, financial institutions, credit card issuers and processors. There is huge demand from all of these parties to deploy digital and mobile payments and MeaWallet is uniquely placed to tap into that demand. As one of only a handful of companies worldwide fully certified by MasterCard and Visa for digital payments, we have shifted sales resources from Seqr to MeaWallet to ensure these opportunities are realized.

Market Position and Opportunities

MeaWallet is recognized as a leader and pioneer in the field of mobile and digital payments; and mobile and digital payments; are just at the very start of their growth curve. Banks and credit card issuers the world over are looking to act now to deliver their mobile payment propositions. MeaWallet has the technology, the capability and the agility to deploy solutions quickly and efficiently irrespective of geography.

Opportunities are currently being assessed across Europe, in the US, Japan, Brazil, Australia and South Africa.

Today Seqr is the most comprehensive mobile payments product on the market, with more functionality, and available to more consumers in more markets, than any of the other more globally recognized new payment brands. The international nature of the Seqr product, and the breadth of capability, provides Seqr with a unique opportunity to establish a clear position as market leader and grow exponentially over the coming years.

However, Seqr will also not just be satisfied with what we have today. Fintech is a fast paced world, consumers are looking for new solutions and Seqr will continue to develop opportunities, whether this will be by opening up new customer segments, making the product available in new territories or by bringing key services in house.

Perhaps the biggest opportunity for Seqr in forthcoming years is the introduction of PSD2 in 2018. A key principle of the Directive is that banks will be required to provide 3rd party access to their customer accounts via open APIs. This gives consumers the option to have 3rd parties manage their finances. Today, Seqr customers are already using the Seqr app as the payment front end for their bank account. This is just the start. Seqr is an independent payment tool today, post-PSD2, and we will be in position to facilitate more than just payments.

THE SEAMLESS SHARE

Share capital and ownership

The share capital of Seamless amounts to SEK 29 382 653 with 58 765 305 shares outstanding. The quotient value per share is SEK 0.50. The shares have been issued pursuant to the Swedish Companies Act, and are denominated in Swedish kronor (SEK).

Changes in share capital

Year	Event	Quota value	Change in the number of shares	Change in the share capital	Total number of shares	Total share capital
2001	Incorporation of the company	10.00	10,000	100,000.00	10,000	100,000.00
2001	Issuance of new shares	10.00	40,000	400,000.00	50,000	500,000.00
2001	Stock split	1.00	450,000	0.00	500,000	500,000.00
2002	Issuance of new shares	1.00	2,171,000	2,171,000.00	2,671,000	2,671,000.00
2004	New issue with warrants	1.00	667,750	667,750.00	3,338,750	3,338,750.00
2005	Issuance of new shares	1.00	1,112,916	1,112,916.00	4,451,666	4,451,666.00
2005	Reduction of share capital	0.50	0	-2,225,833.00	4,451,666	2,225,833.00
2005	Issuance of new shares	0.50	8,903,332	4,451,666.00	13,354,998	6,677,499.00
2006	Issuance of new shares	0.50	4,451,666	2,225,833.00	17,806,664	8,903,332.00
2007	New issue with warrants	0.50	445,166	222,583.00	18,251,830	9,125,915.00
2010	Issuance of new shares	0.50	2,281,478	1,140,739.00	20,533,308	10,266,654.00
2011	Issuance of new shares	0.50	1,428,570	714,285.00	21,961,878	10,980,939.00
2012	Issuance of new shares	0.50	2,300,000	1,150,000.00	24,261,878	12,130,939.00
2012	New issue with warrants	0.50	1,358,125	679,062.50	25,620,003	12,810,001.50
2013	Issuance of new shares	0.50	7,428,371	3,714,185.50	33,048,374	16,524,187.00
2013	Issuance of new shares	0.50	8,000,000	4,000,000.00	41,048,374	20,524,187.00
2014	New issue with warrants	0.50	861,900	430,950.00	41,910,274	20,955,137.00
2015	Issuance of new shares	0.50	3,532,222	1,766,111	45,442,496	22,721,248.00
2015	Issuance of new shares	0.50	116,959	58,479.50	45,559,455	22,779,727.50
2016	Issuance of new shares	0.50	3,075,966	1,537,983	48,635,421	24,317,710.50
2016	Issuance of new shares	0.50	5,555,556	2,777,778	54,190,977	27,095,488.50
2016	Capital increase through issue in kind	0.50	4,574,328	2,287,164	58,765,305	29,382,652.50

Shareholders

Owner	Number of shares and votes	Percentage of total share capital and votes
Danske Invest Fonder	5,403,395	9,19%
Goldman Sachs & Co	4,728,311	8,05%
Kinnevik	3,526,334	6,00%
Tikvah Management Llc	2,799,691	5,76%
Avanza pension	2,941,451	5,01%
Fredell & Co	2,892,775	4,92%
Goldman Sachs International LTD	2,693,369	4,58%
Credit Suisse AG Zurich	2,617,912	4,45%
Swedbank Försäkring	1,705,586	2,90%
Kas Bank Client ACC Winterflood	1,306,508	2,22%
Other shareholders	28,149,973	46,92%
Total, all shareholders	58,765,305	100%

The Market Place for Trading in the Seamless Share

Since June 2012, the Company's shares have been traded on the NASDAQ OMX Stockholm. Prior to that, the Company's shares were traded on NASDAQ OMX First North during the period from 2006 to 2012.

Share performance

The year high/low of the share price, over the last twelve months of trading, was SEK 11.15 and SEK 4.32 per share (closing prices). The average price over the past twelve months was SEK 7.74 per share, and at the closing price on December 30, 2016, the Company had a market capitalization of approx. SEK 337.9 million. The statistics for the yearly high and low for the year are also based on the closing price on December 30, 2016.

Trading volume

Over the past twelve months, the daily volume of trading in the shares has averaged approx. 114,820 shares per day. The statistics are per the close of trading on December 30, 2016.

Incentive plans

The Company has two ongoing warrants programs, which were approved by the Annual General Meeting on April 8, 2014 and by the AGM on April 21, 2016.

Warrants Program 2014/2017:1

At the Annual General Meeting on April 8, 2014, a decision was adopted on a new warrants program whereby a maximum of 2,000,000 warrants would be issued to the subsidiary, The Mollet AB, for further transfer to current and future employees of the Company, other than the Chief Executive Officer of the Company. It was decided that one warrant would entitle the holder to subscribe to one (1) new share, by which the Company's share capital may be increased by not more than SEK 1,000,000 upon full exercise of the warrants. The warrants was 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. The subscription price will amount to 200 percent of the volume weighted average trading price of the Company's shares during the period April 9, 2014 to April 25, 2014, however not less than the share's quota value. The subscription price is thus set at SEK 60.69. It was also resolved that the warrants may be exercised for the subscription of shares in the Company as from August 1, 2017 to August 31, 2017. For Series I warrants, employees will pay the corresponding market value for the warrants at the time of the time of subscription. The maximum amount of warrants is 150,000 per employee. As of yet, no warrants have been allotted and subscribed in the 2014/2017:1warrant program.

Warrants Program 2014/2017:2

The subscription price will amount to 150 percent of the volume weighted average trading price of the Company's shares during the period April 9, 2014 to April 25, 2014, however not less than the share's quotient value. The subscription price is thus set at SEK 45.52. It was also resolved that the warrants may be exercised for the subscription of shares in the Company as from August 1, 2017 to August 31, 2017. For the warrants in Series II, employees will receive a maximum of 3000,000 warrants free of charge. Regarding Employees employed outside of Sweden, acquisitions are subject to that acquisitions of warrants are legal and that it, according to the Board of Directors, is feasible with respect to reasonable administrative and economical effects. As of yet, no warrants have been allotted and subscribed in the 2014/2017:2 warrant program.

Employee stock options 2016/2018

The Annual General Meeting on 21 April 2016 decided on employee stock options with a maximum of 7,000,000 stock options to be allocated. The program is hedged by the warrants that may be issued to the subsidiary The Mollet AB. The employee stock options are divided into two series - Series I could include a maximum of 4,500,000 stock options and Series II a maximum of 2,500,000 stock options. The subscription price of the Series I stock options is 130 percent of the volume-weighted average trading price of the Company's shares during the period from April 22, 2016 to May 6, 2016. The subscription price is therefore established at SEK 12.45. It was also determined that the options will be vested the day after publication of the Company's quarterly report for the period January - March 2018, and may be utilized quarterly until publication of the Company's quarterly report for the period January - March 2020. For Series I, senior executives and other key persons may receive, free of charge, a maximum of 500,000 stock options.

Employee stock options 2016/2019

The subscription price of the Series II stock options is 140 percent of the volume-weighted average trading price of the Company's shares during the period from April 22, 2016 to May 6, 2016. The subscription price is therefore established at SEK 13.41. It was also determined that the options will be vested the day after publication of the Company's quarterly report for the period January - March 2019, and may be utilized quarterly until publication of the Company's quarterly report for the period January - March 2021. For Series II, senior executives and other key persons may receive, free of charge, a maximum of 350,000 stock options.

Summary of outstanding Warrants Programs

Program	Term	Total number	Subscription price (SEK)	Shares per warrant	Subscription period
2014/2017:1	- Aug 31, 2017	500,000	60.69	1	Aug 1, 2017 - Aug 31, 2017
2014/2017:2	- Aug 31, 2017	1,500,000	45.42	1	Aug 1, 2017 - Aug 31, 2017
2016/2018	- April, 2018	4,500,000	12.45	1	April, 2018 - April, 2020
2016/2019	- April, 2019	2,500,000	13.41	1	April, 2019 - April, 2021

Dilution for existing shareholders and the recapitalization of the Company

Subscription of shares through the exercise of the warrants may result in a decrease of the proportionate ownership and voting rights of the holders of shares of the Company. Since no warrants have been allotted and subscribed in the 2014/2017:2 warrant program, which means that the program will not lead to subscription for the shares. Upon full exercise all warrants, there will be an increase of 7,000,000 shares and the dilution effect will be about 12 percent for existing shareholders, based on 58,765,305 shares.

Pre-emption rights and treasury stock

The Company's Articles of Association does not contain any clauses concerning pre-emption rights (rights of first refusal). The Company owned 1,000,000 shares as per December 31, 2016.

Dividends Policy

As Seamless is a growth company as of yet it has not issued dividends to its shareholders. The basis for the decision on at what point dividends will become a company distributing dividends depends upon the Company's financial position, developments in regards to profitability, growth potential and investment requirements.

Authorization

The Annual General Meeting of the Company made the decision on April 21, 2016 to provide authorization to the Board of Directors to decide, on one or more occasions, with or without deviation from the shareholders pre-emption

rights, until the 2017 AGM, on the issuance of shares and/or warrants and/or convertibles. Such an issue or issues may result in an increase in the number of shares in the Company by a maximum of 15,000,000 shares. The authorization was utilized by an issue in kind of approximately SEK 42, 8 (4,574,328 shares) in July 2016 and by a directed share issue of 50, 0 MSEK (5,555,556 shares) in July 2016. The authorization was utilized further for a directed issue of convertible bonds of SEK 42, 0 million. The issue of convertible bonds will entail, upon full conversion, a dilution for the current shareholders of Seamless of approximately 7, 9 per cent after full dilution, based on 58,765,305 shares.

The same Annual General Meeting resolved to authorize the Board of Directors, on one or more occasions, until the 2017 AGM, to make a decision concerning the repurchase of the Company's shares. The Company may repurchase shares so that the Company's holding does not any time exceed 10 percent of all outstanding shares of the Company. The Board of Directors was further authorized, on one or more occasions, until 2017 AGM, to make a decision on transfers of the Company's shares. The transfer of the Company's own shares may take place on the NASDAQ OMX Stockholm or in connection with the acquisition of all or parts of companies or businesses operations, and may not exceed the number of shares that the Company holds at the time of the Board of Directors' decision concerning the transfer.

Miscellaneous

The Company is a Euroclear registered company, which means that all the shares are held in accounts by Euroclear. This means that Euroclear maintains the Company's shareholder register. The ISIN code for the shares is SE0000857369.

MANAGEMENT REPORT

The Board of Directors and the Chief Executive Officer of Seamless Distribution AB (publ.), org.no. 556610-2660 hereby submit the Company's and the Group's financial reports for the fiscal year January 1 to December 31, 2016. The Notes contained on pages 43 to 72 form an integral part of this Annual Report.

Business Operations

Seamless is a fast-growing global software development company, specializing in technology solutions for mobile carriers, banks, supermarkets and distributors. The Company's main business operations and products consist of:

- Seamless' Transaction Switch for mobile carriers where electronic replenishment of balances on prepaid cards, e-Top-Up, and value-added services, VAS, are offered.
- Seamless' own distribution channel of electronic products.
- Seamless' solution for mobile payments, Seqr.

Seamless' proprietary transaction switch ERS 360 is at the core of the business and each year handles over 5.3 billion transactions worldwide through 675 000 active resellers. It is the unique transaction platform developed by Seamless that is the foundation for Seqr. The service is now established in Sweden, Finland, Romania, Belgium, Netherlands, Luxembourg, Portugal, Spain, Malta, France, Germany, Italy, USA, Ireland and the UK. The Company's shares have been traded on the NASDAQ OMX Stockholm - Small Cap with the ticker symbol SEAM

The Company is headquartered in Stockholm, with local offices in the following cities: Accra, Atlanta, Brussels, Bucharest, Copenhagen, Kolkata, Helsinki, Hyderabad, Lahore, Lisbon, Mumbai, Riga, Lodz, London, Asker and Stockholm.

Five years in summary

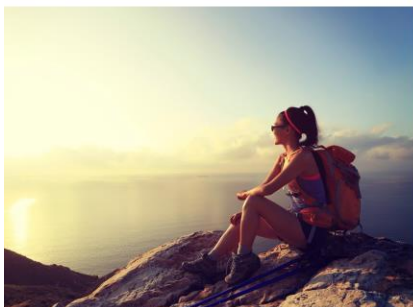
Amounts stated in SEK, thousands	2016	2015	2014	2013	2012
Net sales	274 549	279 997	170 754	161 273	134 337
Operating income	-83 460	-116 637	-164 997	-95 797	-29 894
Profit/loss for the year	-86 927	-119 308	-164 792	-79 946	-23 745
Balance sheet total	251 284	205 332	256 418	416 748	179 063
Shareholder equity	135 762	102 636	190 365	367 457	137 110
Equity ratio	54	50	74	88	78
Average number of employees	191	146	172	112	66

Seamless



Significant events occurring during 2016

- Seamless entered into a partnership with **Xpress Money**.
- Seamless has signed a contract with **Lambrechts**. (Belgium)
- Seqr launched **instant transfers** between Seqr users.
- Raiffeisen Bank** to launch Seqr in Romania.
- Seqr launched **contactless payments** that use NFC technology (Near Field Communication) in Europe.
- Seamless has acquired the Norwegian technology company **MeaWallet AS**.
- Vera&John** is the first iGaming operator to offer its customers Seqr as a payment method.
- Seamless signed an agreement with the fast-growing UK-based payment network **GoCardless**.
- Seqr was chosen as the payment method for the international trade fair **Web Summit**.
- Wayne's Coffee** in Sweden launched Seqr



Significant events occurring during the year

- Seamless entered into a partnership with Xpress Money. With the Seamless Seqr mobile payment platform, Xpress Money and Seamless can offer their customers secure and quick money transfer from one country to another.
- Seamless has received a new order from a leading African mobile operator on the Ivory Coast for installation of the company's Transaction Switch, at a value of USD 2 million.
- Seamless has signed a contract with Lambrechts, a family-owned wholesaler that supplies over 350 independent dealers, which strengthens its position on the Belgian market for the Seqr business sector.
- In February, Seamless Distribution AB (publ.) ('Seamless') carried out a directed new issue of 24.6 MSEK.
- Seamless has been authorized by the Swedish Financial Supervisory Authority to distribute electronic money. This means that Seqr users can send and receive money in real time around the world. This authorization also means that adolescents who are not yet of age can use Seqr. Received funds can immediately be used to pay anywhere in the world that accepting NFC payments (contactless). All Seqr users will be able to use this service once it is put into production.
- Raiffeisen Bank to launch Seqr in Romania. The agreement is a first step for the bank to offer its customers in Romania the opportunity to link Seamless' mobile payment solution Seqr to their bank account.
- Seamless has signed an agreement with the fast-growing UK-based payment network GoCardless, which offers direct payment from a bank account. The collaboration with GoCardless allows Seqr customers to link their bank account to the Seamless payment solution for mobiles, Seqr, regardless of their bank. The collaboration with GoCardless, combined with Seqr's imminent contactless solution means that anyone in the UK can easily link their bank account and pay at any one of the roughly 500,000 terminals in the country currently allowing contactless payments.
- Wayne's Coffee in Sweden has launched Seqr and the agreement means that Wayne's Coffee customers in Sweden can use Seqr to pay using their mobile phone.
- Seqr is established in Austria, Ireland, Malta and Luxembourg. This rapid expansion now means that consumers from 16 countries can pay using Seqr around the world.
- Seamless' mobile payment solution Seqr is now launching its previously-communicated remittance solution which enables international money transfer. Seqr users can now make international transfers of money to those who do not use Seqr. India and Thailand are the first countries that can apply this new service.
- Seqr is launching contactless payments that use NFC technology (Near Field Communication) in Sweden. Contactless allows payment with Seqr at all card terminals which have NFC, which is the case with the majority of modern terminals. It is now therefore possible to pay with Seqr in stores in Sweden and abroad who have this functionality, regardless of whether or not the trader themselves has signed an agreement with Seamless/Seqr.
- Seamless has acquired the Norwegian technology company MeaWallet AS through a non-cash issue and is also conducting a private placement. This purchase allows Seamless to control strategically important technology within the fast-growing area of contactless payments. The company has also conducted a directed share issue in a private placement of around 50 MSEK to private and institutional investors.
- Seamless receives its first order on the American continent. This is for a telecoms operator who has purchased the standard ERS360 system, allowing electronic distribution of filling prepayment cards for mobile phones. The order value for the first stage amounts to the equivalent of 5 MSEK.
- The Board of Directors decided on a directed issue of convertible bonds. The offer was fully subscribed and Seamless therefore issued convertible bonds at a value of 42 MSEK to private and institutional investors.
- Seqr users throughout Europe can now pay through contactless payment at all terminals around the world using NFC technology (Near Field Communication). Seqr users can therefore pay at around 30 million terminals globally. This is regardless of whether or not the trader themselves have signed an agreement with Seamless/Seqr.
- Seqr to launch Contactless Payments and Gocardless Service in the UK. Seqr customers in the UK can now quickly and easily link their bank accounts to Seqr and pay directly from that account.

- Seamless' mobile payment solution Seqr has been chosen as the payment method for the international trade fair Web Summit, a collection of 15,000 companies and around 7,000 CEOs. Inside the trade fair, taking place between 7-10 Novembers in the Portuguese capital Lisbon, the 50,000 participants will pay with Seqr.
- The American United States Patent and Trademark Office (USPTO) has granted a patent to Seamless for its mobile payment solution Seqr.
- Seamless' subsidiary Seqr is launching a service similar to Swish, allowing users to send money in real time to each other regardless of where they are in the world. The service is beginning to be available for Seqr users in 14 countries.
- Vera&John is the first iGaming operator to offer its customers Seqr as a payment method. Initially, customers can use their mobile to top up their gaming account. New customers can also register their gaming account at Vera&John very quickly and easily via the Seqr app.

Significant events after the close of the reporting period

- Seamless arranged loan financing of around SEK 30 million in January 2017.
- Seamless has entered into an agreement with the Portuguese company Facestore. This collaboration means that Facestore launches Seqr as its payment solution for its 25,000 online purchasers who are linked to their social commerce platform.
- MeaWallet technology has enabled customers of the Serbian bank Komercijalna banka, also called Kombank, to perform contactless transactions at POS terminals. The bank launched this new feature on the 2nd February, 2017 to their mobile banking application, KOMePay.
- MeaWallet partners with Crossgate to provide HCE/Cloud based mobile payments technology for their customers in Africa
- Swedes can pay contactless with their smartphone all over the world using Seqr

Sales Growth and Earnings

Income for the period January - December 2016 amounted to SEK 274,549 (279,997) thousand. This represents an annual decrease of 2 percent. Sales in 2016 for the Transaction Switch business segment totaled SEK 96,096 (90,486) thousand, SEK 169,093 (181,982) thousand for the Distribution business segment, and SEK 9,360 (7,529) thousand for the Seqr business segment. This means that the Transaction Switch business operations accounted for 36 (32) percent of sales, Distribution accounted for 60 (65) percent, and Seqr accounted for 4 (3) percent.

Operating income profit/loss amounted to SEK -83,460 (-116,637) thousand. The operating margin at the group level was negative in both 2016 and 2015. The Distribution business segment reported an operating result for the full year 2016 at SEK -2,230 (-4,827) thousand, an improvement of 54%. The Transaction Switch business segment reported an operating profit for the full year 2016 at SEK 33,129 (27,254) thousand, an improvement of 22%. The Seqr business segment reported an operating result for the full year 2016 at SEK -78,356 (-119,888) thousand, an improvement of 35%. The operating loss for non-distributable costs made a negative contribution to operating result in 2016 in the amount of SEK -36,003 (-19,176) thousand. Total operating expenses for all segments totaled SEK -361,005 (-397,171) thousand. Net financial gain/loss for the year amounted to SEK -2,750 (-2,187) thousand. Net loss for the year amounted to SEK -86,927 (-119,308) thousand.

The losses experienced were due to the expansion phase that the company is currently in, where the major increases in expenses are attributable to establishing Seqr in new markets as well as personnel costs and consultancy costs. Operating result increased with app. 30 percent. The improvement of operating result is due to various positive factors. Transaction Switch increased turnover and profitability thanks to the significantly increased product range. In e Products the unprofitable sales have been cut away, plus processes and purchasing have been streamlined/automated. The business area Seqr in turn has shown growth in customer base, but also on the revenues and technical capacity.

Investments and depreciation

Capital expenditures for the year amounted to SEK 35,283 (28,024) thousand, of which capitalized development costs amounted to 35,052 (18,244) thousand. Depreciation increased to SEK -20,780 (-20,780) thousand. Depreciation during 2016 amounted to SEK -15,845 thousand primarily related to depreciation of

capitalized development costs related to Seqr and foremost depreciation of activated costs for development. Write downs in 2016 related to goodwill and customer contracts amounted to 0 (0).

Cash flow and financial position

The cash flow from operating activities totaled SEK -65,702 (-114,083) thousand. The cash flow from operating activities before changes in operating capital was SEK -67,477 (-99,413) thousand; the cash flow attributable to changes in operating capital was SEK -1,775 (-14,670) thousand.

The cash flow in 2016 from investing activities amounted to SEK -35,283 (-28,024) thousand. Cash and cash equivalents totaled SEK 8,663 (23,005) thousand at year end. The Group has a convertible loan that amounts to a nominal value of SEK 42,000 thousand and carries an annual rate of seven (7) percent. The interest cost due to the convertible loan amounts to SEK 1001 thousand for 2016. The convertible loan will mature 364 days after the date of issue, i.e. on August 28, 2017, unless conversion or distribution has occurred prior to this date. Seamless has an equity ratio of 54 percent (50).

The cash flow from financing activities amounted to SEK 84,988 (59,121) thousand. As Seqr should fund for long term growth, Seamless has looked into different ways of achieving that. In order to cover negative cash flow Seamless has, by means of the existing authorization from the general meeting, raised capital by a private placement in Seamless of approximately 24.6 MSEK in February 2016 and one in July of approximately 50 MSEK. The board continually assesses the funding situation for the group and can use various methods for financing the current cash flow. Seamless arranged a fixed income debt financing amounting to app 30 MSEK in January 2017. Considering the current negative cash flow from operating activities and the convertible loan of 42 million SEK that will mature on August 28, 2017, additional funding will be needed during 2017.

Acquisition

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

MeaWallet is a Norwegian technology company with 19 employees, based in Norway and Latvia. Through the acquisition Seamless controls important technology in the rapidly growing field of contactless payments. The amount of acquisition related costs amounts to SEK 152 thousand on December 31 and are recognized as other external costs in the statement of comprehensive income. From the acquisition date to the end of the reporting period the revenue of MeaWallet amounts to 2.4 MSEK. If consolidation had occurred at the beginning of the year, the company would have brought the Group an additional 2.9 MSEK in revenue and -6.7 MSEK in loss after tax. The goodwill of 7.7 MSEK refers to personnel and expected synergies.



Parent Company

The net sales for the parent company, Seamless Distribution AB (publ.), for 2016 amounted to SEK 4,260 (7,848) thousand and pre-tax profits stood at SEK -127,017 (-108,061) thousand. Net losses in the parent company from financial activities amounted to SEK -115,544 (-95,892) thousand. Cash and cash equivalents totaled SEK 24,979 (5,231) thousand. The parent company's investments totaled SEK 0 (0) thousand. The parent company had total of 2 (2) employees at the close of the year.

Employees

The Group had 200 (158) employees at the end of the year. Additionally, Seamless had contracted consulting services on a full-time basis in inter alia Ghana, and Pakistan, with an approximate total of 100 consultants. The annualized average number of employees was 191 (146).

Guidelines for compensation to senior management

The proposed guidelines for compensation to senior management are reported in detail in the section "Corporate Governance," on page 29.

The Seamless share

As of December 31, 2016, the registered share capital was 58,765,305 shares with a quotient value of SEK 0.50. There is only one class of shares. Each share entitles the holder to one vote at a shareholder meeting and all shares have equal rights to a share in the profits and equal rights to share any surplus in the event of liquidation. In addition, each share carries an equal right to preference in the event of new issuance of shares, warrants and convertible bonds.

A differentiation in the shareholder's entitlement to vote according to their shares and rights as regards the Company assets and profits requires that the Articles of Association be amended, which requires a decision by a super majority of shareholders. The determination of the distribution of any dividends is made by the Annual General Meeting.

The Company's share register is maintained by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. All transactions with the Company's shares are made electronically via authorized banks and securities dealers. Newly issued shares will be registered to the individual in electronic form.

Shareholders with the highest representation of the voting shares of the Company:

Danske Invest Fonder (a total of 9.19% of the share capital and votes)

Goldman Sachs & Co (a total of 8.05% of the share capital and votes)

Kinnevik (a total of 6.00% of the share capital and votes)

The 2016 Annual General Meeting authorized the Board of Directors, until the AGM in 2017, to be able, on one or more occasions, to decide to issue new shares and/or convertible bonds and/or warrants, with or without preferential rights for existing shareholders. The Board of Directors is empowered to decide that the shares and/or convertible bonds and/or warrants shall be paid for consideration other than in cash or otherwise be subject to conditions referred to in Chapter 2, §5 (2), 1-3 and 5 of the Swedish Companies Act, or that the shares and/or convertible bonds and/or warrants shall have set-off rights. The Board of Directors' decision to issue shares and/or convertible bonds and/or warrants may result in an increase of the total number of shares of the Company by a maximum of 15,000,000 shares (if fully subscribed, the basis of such warrants and/or full conversion of such convertible bonds and before any conversion in accordance convertible bond's terms or conditions or the terms or conditions of the warrants). The issuance of new shares may be made for financing purposes, the financing of the acquisition of companies, parts of companies, or mergers. In the event of a decision to make a private placement of shares, the issue price of the new shares shall be established at an amount that closely corresponds to the Company's share price quoted on the stock exchange at the time of the issuance of the new shares. With a decision concerning a private placement of convertible bonds and/or warrants, the pricing of and the terms and conditions for the convertible bonds must be the current market price and prevailing market terms. The Board of Directors were also authorized, taking into consideration the above conditions, to make a decision concerning such other terms and conditions as the Board of Directors deems appropriate and/or required in order to implement the issuance(s).

The reason for the right to deviate from the shareholders' preferential rights is to enable the Company to be able, in a quick and efficient manner, to finance the acquisition of a company, part of a company, or mergers.

Risks and management of risk

Seamless' business operations are affected by a number of external circumstances in which different risk factors can affect the Company. These risk factors may impact the Company's ability to achieve its targeted goals. The risks Seamless has identified as significant for its business operations are as follows:

Market risks

Seamless has customers in more than 30 countries, including in 12 countries in Africa. Many of these countries have been experiencing a democratic upheaval process in recent years, which has created uncertainty and have led to the delay of many investments and planned projects. This is a factor Seamless cannot influence but instead must constantly adapt to. Continuous monitoring is performed in order to estimate the level of risk as well as to minimize the level of risk these projects entail. To date, Seamless has not encountered a situation where it has been unable to complete a project due to these uncertainties. Projects have at times been delayed however, due to market conditions.

The customers Seamless has had have traditionally been the major mobile carriers around the world. Each project completed for a new customer often constitutes a significant share of the current year's sales. Delays in projects or a project being cancelled or otherwise uncompleted, raises the risk of a default, which would mean that operating income could be materially affected. Seamless actively works to broaden its product line as well as diversify its customer base in order to reduce any potential impact on earnings on any individual project and as well in order to capture market share.

Since 2011, the Company has been engaged in the distribution of airtime for mobile telecommunications for its own account. The Company orders airtime from the mobile carrier (based on a framework agreement), which is then stored electronically in the Company's IT system until one of the resellers with which the Company has an agreement with places an order. This results in an inventory risk for the Company, in the event that the airtime which is activated from the telephone carriers loses its value before it is able to be sold and delivered to the reseller, for example as a result of the insolvency of a mobile carrier or an irretrievable loss of data in the Company's IT system. This setup also results in a risk to the Company's cash and cash equivalents, in the event that the sub ordered and activated airtime from the mobile carrier cannot be quickly sold to the reseller, or while the invoice is outstanding and not yet paid.

Operational risks

Seamless goes through an expansion phase, where the new services and new technologies being introduced could place new demands on the Company's organization and technology. The Company historically has also expanded geographically to strengthen its position and competitiveness, a trend that is likely to continue.

Any future changes, such as an expansion in existing or entering new markets, or restructuring measures, may involve difficulties in relation to employees, suppliers, cooperation partners and customers, and could result in complications associated with such changes. In addition, there is also no guarantee that the Company's existing infrastructure, systems and organization has the capability to cope with the additional load that may result from an expansion. The Company may be required to implement additional, yet unknown, investments in order for any expansion to be successful. Therefore there can be no guarantee that any particular structural measure or expansion will be successful, and these factors may negatively impact the Company's financial position and earnings.

Part of Seamless strategy is to enter into contracts for licensing and revenue sharing. The Company's income under such agreements will depend in large part on the work and efforts of Seamless' counterparts to increase volume vis-à-vis end customers. Internal changes in priorities, an economic crisis, and personnel problems at the Company's partners, may individually or collectively have a negative effect on the partner's willingness or ability to market and sell the Company's products. Lack of co-operation with, or involvement of, the Company's

partner and the inability to enter into or renew cooperation agreements on terms that are acceptable to Seamless could have a material adverse effect on the Company's operations, profits and financial condition.

Availability of sufficient personnel and equipment

Seamless ability to attract and retain qualified personnel is of great importance for the Company's future development, and if key personnel were to leave the Company this could therefore have a negative impact on the business operations. In the event Seamless concludes agreements with major customers, Seamless may find it difficult to meet its commitments if recruiting cannot be done at the pace required and consequently the necessary capacity is not achieved. Although management is of the view that the Company is well positioned to attract as well as retain qualified personnel, there can be no assurance that this will occur on satisfactory terms and conditions considering the competition from other companies in the industry or related industries for available labor.

Financial risks

The Group's activities expose it to a variety of financial risks such as market risk, liquidity risk, capital risk, interest rate risk and credit risks. A description of these risks follows, and they are also discussed in Note 3 in a more detailed form.

Currency risk

The Company is based in Sweden, but the business operations are global and encompass countries in Europe, Africa, Asia and South America. The business operations are therefore exposed to several different currencies, such as the Euro and USD.

Foreign exchange risk arises almost exclusively from future commercial transactions, where the Company's operations in these countries are almost exclusively comprised of sales. The Company has a negligible amount of net assets which are exposed to currency fluctuations and no liabilities in currencies other than Swedish kronor. Accounts receivable arise continuously in foreign currencies. The currency in which receivables are generated depends upon the currency in which the sales of the Company's products are denominated. These assets (receivables) are subject to currency fluctuations. The Board has decided that these assets are not to be hedged, primarily due to the uncertainty regarding the timing of the payments.

Liquidity risk and capital risk

Liquidity risk is the risk that Seamless has a deficiency of available cash for the payment of its obligations related to financial liabilities. In order to ensure adequate liquidity for its business operations, a weekly liquidity forecast analysis is maintained for the upcoming quarters

Seamless' goal in terms of capital structure is to safeguard the Group's ability to continue its business operations so that it can continue to provide returns to shareholders, including benefits for other stakeholders, and to maintain an optimal capital structure in order to reduce the cost of capital. In order to maintain the capital structure, Seamless works with both issuing new shares and with stock option programs. Beyond legal requirements regarding the capital structure, Seamless does not work with any explicit quantitative targets.

At December 31, 2016, Group liquidity amounted to SEK 8,663 (105,273) thousand, consisting of funds on deposit in banks.

To maintain Swedish e-money license, the Company according to Financial Supervisory Authority is required an own funds requirement of about 4 million. For the US market, the liquidity should be equivalent to the average daily transaction volume .

Seamless reported a loss for 2016. As mentioned earlier in this Annual Report, the loss was attributable to the Company's expansion, which meant that the company has grown geographically going in to new markets, foremost due to the launch of Seqr in several European markets as well as in the USA. During 2016 the expansion has continued, with decreased costs. The preparations have already been made and costs have already been taken, especially when it comes to costs for building infrastructure and improvements in the technical platform. As Seqr should fund for long term growth, the board continually analyses a number of

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

Interest rate movement risks

Seamless has no interest-bearing financial liabilities, thus changes linked to market interest rates do not affect earnings and cash flow from current operations. The interest rate risk is the risk that changes in overall market interest rates negatively affects the Group's net profits. Interest rate risk would arise for Seamless from long-term borrowings. Borrowings which are made at floating or variable interest rates would expose the Group to interest rate risk concerning cash flows, which would partially be offset by cash assets earning variable interest rates.

The Group has a convertible loan that amounts to a nominal value of SEK 42,000 thousand and carries an annual rate of seven (7) percent. The interest cost due to the convertible loan amounts to SEK 1001 thousand for 2015. The convertible loan will mature 364 days after the date of issue, i.e. on August 28, 2017, unless conversion or distribution has occurred prior to this date. The conversion rate has been set to SEK 9 and the issue of convertible debentures will entail, upon full conversion, a dilution for the current shareholders of Seamless of approximately 7.94 per cent after full dilution.

Credit risks

Credit risk or counterparty risk is the risk that the counterparty to a financial transaction does not fulfill its obligations when due. The credit risks Seamless is exposed to include its funds kept in bank accounts and accounts receivable. With regard to money on deposit with banks, it is estimated that the credit risk is low given that the counterparties are major established banks in Sweden with high credit ratings. The Group's major financial risk is the credit risk associated with outstanding accounts receivable.

The Company has credit risks in the outstanding accounts receivable. The credit risks in accounts receivable relates primarily to companies within the telecommunications sector, where credit risk is deemed as low due to that the counterparties are major, well-established mobile carriers or suppliers of telecommunications equipment. For this reason, no credit guarantees have been required in connection with accounts receivable exposures. During 2016 we have strengthened our exposure assessment methods regarding new and existing counterparties. Partially as a result of this effort we have increased the amount of pre-paid billing within the Seamless Distribution Systems division. The credit losses Seamless have experienced have historically been low.

CORPORATE GOVERNANCE

Seamless Governance Report for 2016

Seamless Distribution AB is a Swedish public company listed on NASDAQ OMX Stockholm. Corporate governance within the Seamless Group is based on Swedish legislation and regulations along with the rules and recommendations issued by relevant organizations such as the Kollegiet för svensk bolagsstyrning/Swedish Corporate Governance Board, NASDAQ OMX, Aktiemarknadsnämnden/Swedish Securities Council, among others. Corporate governance, management, and supervision of Seamless is divided between the shareholders at the Shareholders Meeting, the Board of Directors, and the Chief Executive Officer of the Company in accordance with the Swedish Companies Act and the Board of Directors' rules of procedure.

Reporting structure in Seamless

Examples of external rules and regulations:

- Swedish Companies Act
- Applicable accounting and auditing legislation
- International Financial Reporting Standards (IFRS)
- NASDAQ OMX Stockholm's rules and regulations for issuers of shares (beginning with the time of listing)
- The Swedish Corporate Governance Code

Examples of internal rules and governing procedures:

- The Articles of Association
- Directives and rules of procedure for the Board of Directors and for the CEO
- Internal policies, manuals and handbooks, and guidelines

The Swedish Corporate Governance Code

The Swedish Corporate Governance Code is based on the principle of "comply or explain." This means that a company is allowed to deviate from a rule in the Code of Corporate Governance, *provided that* any deviation from the rules is clearly reported and that the reasons for the departure from the rules are explained. Seamless presents, with this Annual Report, its first corporate governance report pursuant to the Swedish Corporate Governance Code. Seamless is also expected to specify in the corporate governance report in what respects the Code has not been applied, if this is the case, and specifically explain the reasons for this. During the fiscal year, Seamless has complied with the Corporate Governance Code and is not reporting any departures from the rules of the Code for the 2016 fiscal year.

Shareholders

Seamless is listed on NASDAQ OMX Stockholm, where trading in the shares began in 2012. The share capital at the end of the calendar year amounted to SEK 29,382,653, divided among a total of 58,765,305 shares. The Company has only one class of shares (and thus no A or B class shares). At the end of 2016, Seamless had a total of approximately 3,900 shareholders, according to statistics from Euroclear Sweden. The ten largest shareholders held 53.08% of the votes and capital. The largest shareholders as per December 31, 2016 were Danske Invest Fonder 9.19 percent of the shares, Goldman Sachs & Co with 8.05 percent of the shares, and Kinnevik with 6 percent of the shares.

Shareholder Meetings

The Shareholder Meeting is the highest decision-making body in Seamless and must be convened in Stockholm once per year, before the end of June. The time and place is announced publicly in connection with the issuance of the third quarter report. The notice and invitation to attend an ordinary shareholder meeting is to be published no earlier than six weeks and no later than four weeks prior to the meeting, and for an extraordinary shareholder meeting no earlier than six and no later than three weeks prior to the date for the meeting. A notice of an extraordinary shareholder meeting at which an amendment of the Articles of Association is to be dealt with must be issued no earlier than six and no later than four weeks prior to the date

for the meeting. The notice and invitation to attend must always be given by announcement in the Swedish Post- och Inrikes Tidningar. That the notice has been given must be advertised in Dagens Industri. All of the documents required for the shareholder meeting are available on the Seamless website.

Shareholders that wish to participate in the Annual General Meeting must give notice before 12.00 pm of the day that is announced in the notice of convening the Annual General Meeting.

The Annual General Meeting makes decisions concerning the Articles of Association, elects the Board of Directors and Chairman of the Board of Directors, appoints the Auditor, adopts the Profit & Loss Statement and Balance Sheet and decides on the allocation of profits and discharge of liability for the Directors, makes decisions concerning the Nominating Committee, principles for the compensation to the CEO and other members of senior management, among other responsibilities and authorities. Most decisions at the shareholder meetings are taken by simple majority. In certain cases, the Swedish Companies Act proscribes that certain decisions require a supermajority, for example, the decision to amend the Articles of Association, which requires that shareholders with at least two-thirds of both the votes cast as well as the shares represented at the meeting approve the decision.

In order to have an item considered at an Annual General Meeting, a shareholder must submit a written request to the Board of Directors in sufficient time in advance so that matter can be included in the notice and invitation to the shareholders meeting. Information concerning the latest time for such a request is available on the Seamless website.

The Company's Articles of Association contain no restrictions on how many votes each shareholder may cast at the shareholder meeting. All shareholders who are registered in Euroclear Sweden's shareholder register and who have notified the Company sufficiently in advance of their intended participation are entitled to attend the shareholder meeting and vote for their total holdings of shares. An advisor for a shareholder may also accompany the shareholder to the shareholder meeting if the shareholder submits prior notification to this effect.

Annual General Meeting 2016

The Annual General Meeting for the fiscal year 2015 was held on April 21th. The location of the shareholder meeting was St Eriksgatan 121 in the city of Stockholm. The notice of the meeting and invitation to attend was published on the Company's website March 21, 2016 and placed Mars 23, 2016 in the Post- och Inrikes Tidningar, and the information that the notice was made has been advertised in Dagens Industri on the same date. At the Annual General Meeting, 17 shareholders, representatives or advisors were present, who collectively represented 28.4 percent of the votes.

The Seamless Board of Directors and the Auditor were present.

The AGM made decisions concerning:

- Resolution concerning the income- and balance statement as well as group income- and balance statement for 2015 fiscal year.
- Resolution concerning the distribution of the profit/loss, where the profit/loss was brought forward.
- Discharge of liability for the members of the Board and the CEO for the 2015 fiscal year.
- Decision that the Board of Directors is to consist of five members.
- Determination of remuneration for the members of the Board of Directors and Auditor.
- Election of members of the Board of Directors and Chairman of the Board
- Directives for remuneration to Group Management and CEO.
- Directives for how the election committee is to be elected for the 2017 AGM.
- Resolution concerning the authorization to issue shares and/or warrants and/or convertible bonds.
- Authorization to repurchase and conveyance of the Company's own shares.
- Decision about an employee incentive program based on warrants.

The Annual General Meeting 2017 will be held in Stockholm on April 20, 2017.

Nominating Committee

The Annual General Meeting shall appoint the Nominating Committee's members or indicate how these are to be appointed. Prior to the 2017 Annual General Meeting, the Nominating Committee was appointed via that

the Chairman of the Board contacted the four shareholders holding the largest number of registered shares (or largest shareholders known by other means) as of 1 August 2016 and urged them to appoint one member each to the Nominating Committee. The Nominating Committee consists of these four members together with the Chairman of the Board, thus it has a total of five members. If a member of the Nominating Committee leaves before its work is completed, if necessary, a replacement of the member is appointed by the shareholder who appointed the resigning representative, or, if this shareholder is no longer one of the four largest registered shareholders, the largest shareholder of the four largest registered shareholders who has not appointed any member to the Nominating Committee.

The Nominating Committee shall elect a chairman from among its members; the Chairman of the Board or other members of the Board of Directors may not be appointed chairman of the Nominating Committee. The Nominating Committee shall submit recommendations concerning the Chairman and other members of the Board of Directors, as well as concerning director's fees and other remuneration for each of the members of the Board of Directors. The Nominating Committee shall also submit recommendations for the appointment and remuneration of the Auditor. The mandate of the Nominating Committee shall run until a new Nominating Committee has been appointed. No financial compensation is to be paid to the Nominating Committee's members.

The Nominating Committee's obligations and responsibilities in preparation of the 2017 Annual General Meeting concerning the 2016 fiscal year are:

- Recommendation for chairman of the AGM
- Recommendation for members of the Board of Directors
- Recommendation of the Chairman of Board of Directors
- Recommendation for remuneration to the members of the Board of Directors
- Recommendation the Auditor's fee
- Recommendation concerning the composition of the Nominating Committee in preparation of the 2017 Annual General Meeting.

Shareholders may submit proposals to the Nominating Committee. Such proposals or recommendations should be sent via e-mail to: valberedning@seamless.se

Board of Directors

The Board of Directors' practices and procedures

The Board of Directors is the highest decision-making body of the Company during the period between the annual general meetings. The rules of procedure of the Board of Directors are governed pursuant to the Swedish Companies Act and the Company's Articles of Association. The Board of Directors shall annually adopt written rules of procedure for its work. The Board of Directors shall also state, in the written instructions, the division of tasks and responsibilities between the Board of Directors, the CEO, and the committees established by the Board. The Board of Directors shall make decisions on matters related to:

- Strategies, business plan and financial budget
- Annual reports, interim financial reports and the Company's annual financial statements
- Significant changes in the Company's organization and business operations, internal controls and risk management
- Major capital expenditures, acquisitions, and other changes in corporate structure
- Loans and other financing matters of a significant nature
- The Company's compliance with applicable rules and regulations

The work of the Board of Directors follows the rules of procedure established annually by the statutory Board of Directors meeting which follows after the AGM. The rules of procedure govern decision-making within Seamless, the rules for the Board of Directors meetings, and the division of tasks and responsibilities between the Board of Directors, the Chairman of the Board, Board Committees, and the CEO. The rules of procedure is a complement to the Swedish Companies Act and the Company's Articles of Association. In addition to the rules of procedure and directives, there are policies that specify the purpose, framework, and responsibilities for the various work areas and units.

The Chief Executive Officer has the responsibility to oversee the operational management in accord with the Board of Directors' guidelines and directions. The division of responsibilities between the Board of Directors and the CEO is determined in written instructions. The Board of Directors' rules of procedure with directives for the division of tasks and responsibilities between the Board and the CEO, and for financial reporting, are updated and approved annually. The updating is based partly on the evaluation of the work of individuals on the Board and collective Board work that the Board of Directors performs.

Chairman of the Board

The Chairman of the Board leads the work of the Board of Directors and ensures that the Board performs its duties and responsibilities. In addition, the Chairman represents the Board vis-à-vis the owners, i.e. the shareholders, as well as maintains regular contact with the shareholders. The Chairman of the Board also has the responsibility for taking the initiative to ensure that the annual evaluation of the work of the Board of Directors and the CEO is properly conducted. The Chairman of the Board ensures that the Board receives adequate information and supporting documents in order to be able to carry out their responsibilities and that the members receive whatever education/training may be required in order that the work of the Board will be able to function effectively. The Chairman also has the responsibility to ensure that the Board's decisions are properly implemented.

The Composition of the Board of Directors

In accord with the Company's Articles of Association, the Seamless' Board of Directors is to consist of four to eight members, with a maximum of five alternative members. The members of the Board are elected annually at the Annual General Meeting, for a term ending at the end of the following Annual General Meeting. For 2016 the Board of Directors consists of five individuals, whose work is headed by the Chairman Hein Pretorius. The secretary is Martin Schedin, who is also CFO. The current Board of Directors was elected at the AGM on April 21, 2016 and consists of Hein Pretorius (Chairman), Peter Fredell (CEO), Kristin Berdan, Tomas Klevbo and Robin Saunders.

Name	Year of birth	Title	Year elected	Dep.	Committee work	Independent* in relationship to		Presence on the Board	Fee (in SEK thousands)
						The Company	Largest shareholder		
Hein Pretorius	1971	Chairman	2015	-	Nominating Committee Audit Committee Remuneration Committee	Yes	Yes	13/13	500
Kristin Berdan	1968	Director	2015	-	Remuneration Committee Audit Committee	Yes	Yes	13/13	400
Peter Fredell	1965	Director/ CEO	2009	-		No	No	13/13	0
Robin Saunders	1962	Director	2013	-	Remuneration Committee Audit Committee	Yes	Yes	13/13	400
Tomas Klevbo	1965	Director	2016	-	Remuneration Committee	Yes	Yes	9/13	400

*independent as defined according to the Swedish Corporate Governance Code.

Hein Pretorius was elected Chairman of the Board of Seamless in 2015. Hein has over 21 years of experience in the Internet industry. He started his career on the infrastructure side of the Internet consulting on and project managing the installation of corporate VPN's and networks. Hein's career evolved into the services aspect of the industry with specific focus on B2B networks and later more specifically into the eBusiness sector.

Hein was the founder of the first eCommerce company based in South Africa, which is still today the leading B2C company on the African continent.

Hein moved to China in 2004 where he led the Naspers Group's initiatives in business development within the Internet sector as Business Development Director, which culminated in various investments made by the group

across the BRIC countries (Mail.ru in Russia; Allegro Group in CEE/CIS; Gadu-Gadu in Poland; Nimbuzz in Holland; Buscape in LatAm). In 2007 Hein moved to the Netherlands to manage the portfolio of businesses across Europe, first as COO and in September 2008 as CEO of MIH Internet Europe.

From 2007-2013 Hein was responsible for all of the acquisitions made within the Allegro Group which included Markafoni (Turkey), Fashion Days (CEE), Netretail (Czech Republic) and eMag in Romania to name a few. In 2012 Hein also took on the role as CEO of the Allegro Group and was a member of the Global Transaction eCommerce Board (Naspers). Currently Hein is an independent advisor. He does not own any shares of the Company

Peter Fredell has been a Director of Seamless since 2009. Currently, in addition to assignments in the Seamless Group, Peter holds Directorships in Fredell & Co. SF. Ltd., Fredell & Co AB, Fredell & Co Invest AB, and Europeloan Finance SA. Additionally, he is a partner in Outback Financial Inc. and Fredell & Co Invest AB.

Over the past five years, Peter Fredell has not been a member of the administrative, management or supervisory bodies, or a partner in any companies, other than those stated above.

Peter Fredell majored in Economics at Stockholm University. He indirectly holds 2,892,775 shares of Seamless stock via a company.

Kristin Berdan became a Director of Seamless in 2015. Kristin Berdan is a Director in the Legal Department at Google, with primary responsibilities in the areas of cybersecurity and computing infrastructure. Since joining Google in 2004, Kristin has been an advisor to management on internet infrastructure legal and policy issues globally. Prior to joining Google, Kristin held legal positions at Sun Microsystems and Lawrence Berkeley National Laboratory. Kristin received her BA in Peace and Conflict Studies at UC Berkeley, with an Area of Concentration in extremist politics and international terrorism in the Middle East. She has a minor in Near Eastern Studies from UC Berkeley. Kristin received her law degree from UC Davis. Kristin lives in Oakland, California. She does not own any shares of the Company

Robin Saunders became a Director of Seamless in 2013. Robin is the Managing Partner of Clearbrook Capital Partners LLC, a Visiting Fellow at the Saïd Business School, University of Oxford, and member of the board of directors of the Hawk Group and the Sadlers Wells Dance Theatre.

Over the past five years, Robin Saunders has been a director of Harbourmaster Capital Holdings Limited, however no longer holds that position.

Robin Saunders earned a bachelor's degree in Finance from Florida State University. Robin does not own any shares of the Company.

Tomas Klevbo has been a Member of the Board at Seamless since 2016. Tomas Klevbo currently has a Board position in his wholly-owned company Klevco AB and is also the company's Managing Director. Both privately and by association, he owns 75,940 shares in the company. In addition, he owns through endowment insurance 997 000 shares in the company.

In the last five years, Tomas Klevbo has not been a member of an administrative, management or supervisory body, nor a partner, of companies other than as stated above.

For additional information pertaining to the Board of Directors, contact them via their address at:

The Board of Directors
c/o Seamless Distribution AB
P.O. Box 6234
SE-102 34 Stockholm

Except as described above, during the last five years none of the members of the Board of Directors has been a member of an administrative, management or supervisory body, nor a partner, of a company that went into liquidation, declared bankruptcy, or initiated a debt restructuring.

None of the individuals on Seamless' Board of Directors has, over the last five years, been convicted in relation to fraudulent offenses. None of the individuals on Seamless' Board of Directors during the past five years been a representative of companies that have been the subject of allegations or sanctions by authorities or organizations representing a particular profession which is regulated by public law, or imposed disqualification. There is no family relationship between the persons of Seamless Board of Directors or in relation to any of the Company's management. There is, as far as Seamless is aware of, know of no conflicts of interest within the administrative, management or supervisory bodies or other persons in positions of responsibility. As stated above two of the members of the Board of Directors have financial interests in the Company through share ownership.

Board Meetings

In 2016, the Board of Directors held a total of 13 meetings. At the meeting of the Board, in addition to reporting and monitoring of ongoing operations and profitability trends, including targets and strategies for the business operations, acquisitions and significant investments, larger organizational issues and matters relating to the capital structure are dealt with. The Board of Directors discusses the Company's interim reports quarterly and decides on its adoption and publication. The CEO participates in the Board of Directors' meetings. Other senior management of Seamless participates as needed and present reports on business plans and strategic issues. The CFO of Seamless takes the Board's minutes. The Board of Directors conducts an annual day for the review of the Group's strategy, in which all members of the Group management participate. The CEO, CFO and senior management lead the effort to develop the Company's strategy, which is then reviewed, challenged constructively, and approved by the Board of Directors during the strategy review day.

The Board of Directors also receives annually reports from Seamless' Auditor regarding findings from the audits and assessments which have been conducted. At least once a year, the Auditor meets with the Company's Board of Directors without the CEO or any other members of senior management in attendance. Auditing and compensation matters are prepared by the respective committees.

In order to ensure that the Board of Directors fulfills the demands which are placed upon it, a systematic and structured process is implemented in order to evaluate the work of the Board and its members. The evaluations occur individually concerning the Board of Directors' work and the need for experience and expertise. The results of the evaluations are discussed collectively within the Board of Directors. The Chairman of the Board presents the results at a meeting of the Nominating Committee.

The tasks and responsibilities, and rules of procedure, for the Committees are established by the Board of Directors in written instructions. The Committees' primary task is to prepare matters which are then submitted to the Board of Directors for a decision.

2016 was characterized by a high level of activity for the Board of Directors, with many strategic discussions and decisions concerning foremost expansion plans and plans for establishing Seqr in new markets. The Board of Directors has also addressed issues related to personnel, such as hiring, compensation policy for members of senior management, and matters relating to investments and acquisitions.

Committees

The Audit Committee

The primary responsibility of the Audit Committee is to take the Board of Director's mandate and applicable rules and regulations, and examine Seamless' administration and management, internal controls, and financial information, and to prepare questions in these areas prior to Board decisions.

The Audit Committee also prepares the quality assurance of the financial reports prior to the Board of Directors' decision concerning the financial reporting, regularly meets with the Seamless Auditors, informing themselves about the focus and scope of the audit, and discusses views regarding the risks the Company is exposed to.

The Audit Committee also has the task of evaluating the external auditing activities, informing the Board about the results, and assisting in preparing a recommendation for the selection of Auditor(s). The Audit Committee currently consists of Hein Pretorius, Robin Saunders and Kristin Berdan. During 2016, the Audit Committee met on three occasions. The Board of Directors has made an evaluation concerning the need for an internal audit unit and has determined that the follow-up described above is sufficient to ensure that the internal controls are effective. The need for an internal audit function is reviewed annually by the Board.

The Remuneration Committee

The Remuneration Committee's primary responsibility is to prepare proposals concerning the principles for compensation and other terms of employment for members of senior management prior to the Board's recommendations and decision of the Annual General Meeting. The compensation to be paid to the CEO is decided upon by the Board of Directors based on the Remuneration Committee's recommendation. Compensation other members of senior management is determined by the Chief Executive Officer after consultation with the Remuneration Committee. Compensation to members of senior management is to be competitive market terms. The compensation consists of an established base salary, variable compensation, pension contributions and other benefits as specified. The base salary, which is individual and differentiated taking into consideration each individual's responsibilities and performance, is determined based on market principles, and is revised annually. The category "other members of senior management" consists of members of the Company's executive management team.

The Remuneration Committee reviews the compensation structures and compensation levels within the Company. The Remuneration Committee is made up of all members of the Board of Directors except for Peter Fredell (as he is the CEO). During 2016, the Remuneration Committee met on one occasion.

Auditor

Öhrlings PricewaterhouseCoopers AB are the company's auditors. At the AGM 2013, PwC was elected to be the company's auditors for the coming four year period. The chief auditor is the certified public accountant, Niklas Renström. In addition to being the Auditor for Seamless Distribution AB, Niklas is auditor for Eltel AB (publ.), Enea AB (publ.) and Vitec Software Group AB (publ), among others. The auditor examines the corporate governance including the management, administration, financial statements, internal procedures and the control system, as well as the quarterly and annual financial statements. This also includes the review of the Company's quarterly report as of Q3 and the Annual Report. During 2016 one quarterly report has been audited. The Board of Directors meets with the Auditor annually for a presentation regarding whether the Company's organization is appropriately structured in such a manner so that the accounting and administration is supervised in a satisfactory manner. For fiscal year 2016, the Auditor made a report to the Audit Committee on three occasions.

Chief Executive Officer

Peter Fredell is President and CEO of Seamless, and additionally sits on the Board of Directors. The CEO has the responsibility for the day-to-day management and supervision of the Group's business operations. The Directives for the CEO are adopted annually in conjunction with the statutory Board of Directors' meeting where the division of responsibilities between the Board of Directors' and the CEO are defined. The CEO reports to the Board regularly concerning the business operations and the developments concerning the various different products, and implements the strategy and decisions made by the Board of Directors.

Guidelines for remuneration

The members of the Board of Directors elected at the Annual General Meeting receive a director's fee. The determination of the director's fee and the amount the fees to the Auditor takes place at the AGM. For 2016, the total costs for remuneration to the members of the Board of Directors was SEK 1,826 (2,234) thousand. At the 2016 Annual General Meeting, it was decided, in accordance with the Nominating Committee's recommendation, that fees were to be paid to the Chairman of the Board in the amount of SEK 500,000, and the other Directors who are not employees of the Company in the amount of SEK 400,000. The Auditor's fees are to be paid pursuant to an itemized statement of account.

According to the guidelines for compensation to members of senior management adopted in 2016, the compensation to these individuals must be on competitive market terms. Compensation consists of an established base salary, variable compensation, pension contributions and other benefits as specified. The

category “other members of senior management” consists of members of the Company’s executive management team.

None of the members of the Board of Directors or senior management have entered into agreements with the Company concerning benefits after the end of their position.

Base salary and variable compensation

The base salary, which is individual and differentiated taking into consideration each individual’s responsibilities and performance, is established based on market principles and is revised annually. The variable compensation is linked to predetermined and measurable criteria based on the Company’s sales and net profits. These criteria are designed with the purpose of encouraging the creation long-term value. Variable compensation is conditional upon fulfillment of targets determined annually. Targets are related to the Company’s net profits and to measurable targets within the individual’s area of responsibility. The annual variable salary may not exceed 100 percent of the base annual salary. Variable compensation may also be paid in the form of shares of the Company through participation in a share-based incentive program comprising an offer for the acquisition of stock options and/or warrants.

Pensions and other employment benefits

The basic principle concerning pension arrangements is that the terms and conditions are in accordance with market practice in the country where the senior executive is normally resident. The retirement age for members of senior management varies depending upon local practice. For the CEO, the Company is required to allocate an amount equal to 10 percent of the CEO’s pensionable annual salary for pension and insurance solutions. Pensions and benefits for all others in senior management positions are to comply with local custom and practice in terms of pension agreements or equivalent provisions. Other pension allocations are made in accordance with local custom and practice, after approval by the human resources department and the CEO. Other benefits such as a company-provided car, health and medical care insurance, etc., shall be determined by what is considered reasonable in relation to local market practice and, where such benefits exist, only as a limited portion of total compensation.

Advance notice period for termination of employment and severance pay

For the CEO, the required advance notice period for termination of employment is 12 months, and for other employees in senior management positions, four to nine months. Upon termination by the Company, the CEO is not entitled to any severance pay. Nor are other employees in senior management positions entitled to severance pay upon termination. The Board of Directors has the right however to deviate from these guidelines in individual cases if special reasons exists.

Internal supervision and controls

In accordance with the Swedish Companies Act, Swedish Annual Accounts Act, and the Swedish Corporate Governance Code, the Board of Directors has the responsibility for the internal supervision and governance of the Group and is required to continually remain informed about, and evaluate, the Company’s internal supervisory systems. The Board of Directors has the task and responsibility to report on the effectiveness of the internal supervision and controls with regards to how the financial reporting is organized, and if the company does not have any internal auditing, to evaluate the need for such a unit and to justify their decision. The description below is limited to internal supervision concerning the financial reporting and the Board of Directors motivated position.

Control Environment

The basis of control and supervisory system pertaining to financial reporting is the guidelines and governing policy documents that the Company has, which includes the rules of procedure for the Board of Directors and CEO, as well as guidelines outlining the division of responsibilities and authority concerning the Company’s organization. The CEO, together with senior management, has operational responsibility for the internal supervision and management on the basis of the Board’s guidelines, along with the legislation and rules regarding financial reporting establishing the division of roles and responsibilities for the employees who are working on financial reporting within the Group. The CEO regularly reports to the Board of Directors, as mentioned above, regarding the financial reports and direction the business is heading. In addition, the Board of Directors and the CEO receive a report from the Company’s Auditor.

Assessment of risks

The identification, evaluation, and management of the Company's risks and how they may affect the business operations and its financial reporting, is conducted regularly. The Board of Directors of Seamless approves principles and guidelines for risk management, and the CEO and senior management have operational responsibility in this regard. Within the framework of the Seamless monthly reporting, continual risk assessments are made by each respective unit manager, where measures are implemented as required. The primary risks are related to financial risks such as currency exchange rate risk and liquidity risk, and the risk of a misstatement in the financial statements.

Supervisory activities

Supervisory activities are designed to manage the risks that the Board of Directors and the Company's management determine to be essential for the internal supervision of the financial statements. Supervisory activities which are designed to prevent, detect, and correct errors and discrepancies are evaluated. The division of responsibilities and the organization constitute the structure of the supervision. Follow-up takes place within each area of responsibility as well as for the organization as a whole. The distribution attestation and authority constitute the structure for supervisory tasks, as do clearly defined rules and guidelines regarding decisions on investments, sales, purchasing and the signing of contracts. Supervisory activities are also based on the business concept, strategies and targets, i.e. what is critical for the business operations. A high level of IT security is a prerequisite for effective internal supervision of the financial reporting. External financial reporting, with subsequent follow-up, occurs quarterly, while internal financial reporting occurs on a monthly basis. During 2016, governance has been made through a budget for the Seamless group, approved by the Board of Directors. The budget is revised during the year and becomes forecasts with comparisons between actuals, forecasted and budgeted numbers.

When the reporting is made, analyses and comments concerning the developments in relation to established goals will be included. Supervision related to research and development projects is managed through continuous project monitoring and tracking including the reporting of sub-projects. Efforts expended and financial expenditures are linked to plans and budgets, and the anticipated project expenditures remaining until the completion of the project are to be reported. Follow-up regarding liquidity and cash flow is undertaken continuously, with updating of the forecasts together with the accompanying liquidity planning.

The continuous analysis of the financial statements at various levels is essential in order to ensure that the financial statements do not contain any material errors or misstatements. Supervisory activities are embedded throughout the financial reporting process.

In 2016, Seamless' Auditors carried out a review in conjunction with the third quarter financial statements, and they submitted their audit report as part of the January 1 - September 30, 2016 Interim Report including an audit of the financial statements, wherein the Company's Auditor submitted their auditor statement as part of the 2016 Annual Report. In light of the scale and limited complexity of the business operations, in combination with existing Board of Directors' reporting and the reporting to the Audit Committee, the Board of Directors has made the determination that it is not financially feasible to establish a separate internal audit unit. The internal supervision which is described above is deemed to be sufficient and adequate in order to ensure the quality of financial reporting.

The table below shows the name, year of birth, position, years of employment, as well as holdings of shares and warrants in Seamless.

Seamless Group Management					
Name	Year of birth	Current position	Employed by Seamless since	Shareholdings (including holdings by closely-related parties and via legal entities)	Holdings of warrants (including holdings by closely-related parties and via legal entities)
Peter Fredell	1965	President, CEO	2011	2 892 775	-
Annika Blomé	1974	Chief Operating Officer	2012	600	-
Tommy Eriksson	1961	Chief Operating Officer	2009 ¹	65 062	,
James Connelley	1974	Vice President, Sales	2014	-	-

PROPOSED APPROPRIATION OF NET LOSS FOR THE YEAR

The following funds are available for disposition by the parent company (SEK):

Share premium reserve	576 293 779
Retained earnings	-388 025 255
Net profit/loss for the year	-127 016 798
Total	61 251 726

The Board of Directors proposes that the funds be appropriated so that SEK 61,251,726 is carried forward to the following year. Regarding the Company's profits/losses and its overall financial position, reference is made to the Profit & Loss Statements, Balance Sheets, and Cash Flow Statements with their accompanying Notes. The financial statements were authorized for release by the parent company's Board of Directors on March 14, 2017.

¹ Retained as a consultant

FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts stated in SEK, thousands	Note	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Operating income			
Net sales	5, 6	274 549	279 997
Other operating income		2 995	537
Total operating income		277 544	280 534
Operating expenses			
Expenses for materials		-184 568	-220 572
Other external costs	8	-73 281	-78 803
Personnel expenses	9	-77 380	-74 809
Depreciation and write-down	15, 16	-19 402	-20 780
Other operating expenses	10, 14	-6 373	-2 207
Total operating expenses		-361 004	-397 171
Operating income		-83 460	-116 637
Financial income		345	54
Financial expenses		-3 095	-2 241
Financial items, net gain/loss	11	-2 750	-2 187
Loss, before income taxes		-86 210	-118 824
Income tax	12, 17	-717	-484
Net loss for the year		-86 927	-119 308
Other comprehensive income that can later be returned to the Profit & Loss Statement			
Foreign exchange gains and losses		3 418	386
Total comprehensive income attributable to the owner of the Parent Company shareholders		-83 509	-118 922
Earnings per share based on total comprehensive income attributable to the Parent Company shareholders (SEK)			
Earnings per share - basic weighted average, and diluted	13	-1,66	-2,84
Average number of shares before and after dilution	13	58 765 305	42 001 504

The Notes on pages 43 to 72 form an integral part of this year's annual report with its accompanying financial statements including consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Amounts stated in SEK, thousands	Note	2016-12-31	2015-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	15		
Goodwill		14 344	5 791
Capitalized development expenditures		80 510	36 760
Customer Agreements		697	900
Other intangible fixed assets		22 835	1 599
Total intangible fixed assets		118 386	45 050
Tangible fixed assets	16		
Leasehold improvements		6 179	6 581
Fixtures and fittings		8 701	8 242
Total tangible fixed assets		14 880	14 823
Financial fixed assets			
Other long-term receivables		3 115	4 980
Deferred tax liabilities	17	27 849	27 846
Total financial fixed assets		30 964	32 826
Total fixed assets		164 230	92 699
Current assets			
Inventories	20	4 115	6 165
Accounts receivable	21	35 810	49 483
Other receivables		21 399	20 883
Prepaid expenses and accrued income	22	17 067	13 097
Total short-term receivables		78 391	89 628
Cash and cash equivalents	23	8 663	23 005
Total current assets		87 054	112 633
TOTAL ASSETS		251 284	205 332

CONSOLIDATED BALANCE SHEET, cont'd

Amounts stated in SEK, thousands	Not	2016-12-31	2015-12-31
SHAREHOLDER EQUITY			
Shareholder equity which can be attributed to the parent company's shareholders			
Share capital	24	29 383	22 780
Other paid-in capital	24	576 910	466 878
Retained earnings including net comprehensive income		-470 531	-387 022
Total shareholder equity		135 762	102 636
LIABILITIES			
Long-term liabilities			
Reserves		889	635
Other liabilities	25, 28	380	746
Deferred tax liabilities	17	6 322	336
Total long-term liabilities		7 591	1 717
Short-term liabilities			
Accounts payable		40 264	34 365
Current income tax liabilities		2 224	945
Other short-term liabilities	26, 28	47 166	31 390
Deferred expenses and prepaid income	27	18 277	34 279
Total short-term liabilities		107 930	100 979
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		251 284	205 332
Contingent liabilities			
	34	See note	See note

THE GROUP'S STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

	Note 24	Share Capital	Unregistered share capital	Other paid-in capital	Reserves	Retained earnings	Total share- holder equity
Opening balance, 1 Jan 2015		20 955	0	437 511	-14	-268 087	190 365
Net loss for the year						-119 308	-119 308
Other comprehensive income					386		386
Total comprehensive income		0	0	0	386	-119 308	-118 922
Issuance of new shares		1 825		30 965			32 790
Expenses related to the issuance of new shares				-1 080			-1 080
Repurchase of shares				-517			-517
Total contributions by and distributions to shareholders, recorded directly to shareholder equity		1 825	0	29 368	0	0	31 193
Closing balance, 31 Dec 2015		22 780	0	466 879	372	-387 395	102 636
Opening balance, 1 Jan 2016		22 780	0	466 879	372	-387 395	102 636
Net loss for the year						-86 927	-86 927
Other comprehensive income					3 418		3 418
Total comprehensive income		0	0	0	3 418	-86 927	-83 509
Issuance of new shares		6 603		112 643			119 245
Expenses related to the issuance of new shares				-3 228			-3 228
Options program				601			601
Reclassification				16			16
Total contributions by and distributions to shareholders, recorded directly to shareholder equity		6 603	0	110 032	0	0	116 634
Closing balance, 31 Dec 2016		29 383	0	576 910	3 790	-474 322	135 762

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Cash flow from operating activities			
Operating income before financial items		-83 461	-116 637
Depreciation	15, 16	19 401	20 780
Other non-cash items	29	-626	324
Interest earned and received		345	54
Interest paid		-3 095	-2 242
Income taxes paid		-11	-1 692
Cash flow from operating activities before changes in operating capital		-67 477	-99 413
Cash flow from changes in operating capital			
Increase/decrease of inventories		2 202	2 257
Increase/decrease of operating receivables		13 741	-24 945
Increase/decrease of operating liabilities		-14 168	8 018
Total changes in operating capital		1 775	-14 670
Cash flow from operating activities		-65 702	-114 083
Cash flow from investment activities			
Investments in intangible fixed assets	15	-34 427	-20 105
Investments in tangible fixed assets	16	-3 591	-2 896
Investments in financial assets		—	-5 023
Cash flow from investment activities		-35 283	-28 024
Cash flow from financing activities			
Borrowings		13 011	27 927
Amortization		-17 662	
Repurchase of own shares		—	-517
Subscribed warrants		601	-
New Issue		116 017	31 710
Cash flow from financing activities		84 988	59 121
Cash flow for the year		-15 997	-82 986
Increase/decrease of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		23 005	105 273
Exchange rate gains/losses in cash and cash equivalents		1 654	718
Cash and cash equivalents at year end		8 663	23 005

PROFIT & LOSS STATEMENT – PARENT COMPANY

Amounts stated in SEK, thousands	Note	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Operating income			
Net sales	5	4 260	7 848
Other operating income		1 274	70
Total operating income	7	5 534	7 918
Operating expenses			
Other external costs	8	-10 837	-10 660
Personnel expenses	9	-6 165	-8 981
Depreciation and write-down		0	-7
Other operating expenses	10, 14	-5	-439
Total operating expenses	7	-17 007	-20 087
Operating income		-11 473	-12 169
Income from ownership interests in Group companies	18	-113 200	-94 200
Interest income		74	291
Interest expenses		-2 418	-1 983
Financial items, net	11, 14	-115 544	-95 892
Loss, before tax		-127 017	-108 061
Income tax	12, 17	-	-
Net loss for the year		127 017	-108 061

The parent company has no other comprehensive income and hence total comprehensive income of the parent company is in line with the Net profit/loss of the year.

BALANCE SHEET - PARENT COMPANY

Amounts stated in SEK, thousands	Note	2016-12-31	2015-12-31
ASSETS			
Financial fixed assets			
Shares in group companies	18	300	300
Receivables from group companies		4 286	10 763
Deferred tax	17	12 225	12 225
Total financial fixed assets		16 811	23 288
Total fixed assets		16 811	23 288
Long-term receivables		165	-
Long-term receivables		165	-
Short-term receivables			
Accounts receivable	21	-	165
Receivables from group companies		156 418	102 908
Prepaid income taxes/tax credits		439	439
Other receivables		6 171	6 306
Prepaid expenses and accrued income	22	903	220
Total short-term receivables		163 931	110 038
Cash at bank and in hand	23	25	5 231
Total current assets		164 121	115 269
TOTAL ASSETS		180 932	138 557

BALANCE SHEET - PARENT COMPANY, cont'd

Amounts stated in SEK, thousands	Note	2016-12-31	2015-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity			
Restricted shareholder equity			
Share capital	24	29 382	22 780
Total restricted shareholder equity		29 382	22 780
Unrestricted shareholder equity			
Share premium reserve	24	576 294	466 878
Retained earnings		-388 025	-299 189
Net profit/loss for the year		-127 017	-108 061
Total unrestricted shareholder equity		61 252	59 628
Total shareholder equity		90 634	82 408
Short-term liabilities			
Accounts payable		4 300	3 726
Other short-term liabilities	26	42 634	28 917
Short-term debt to Group companies		38 573	18 000
Deferred expenses and prepaid income	27	4 791	5 505
Total short-term liabilities		90 298	56 148
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		180 932	138 557
Contingent liabilities	34	See note	See note

CHANGES IN SHAREHOLDER EQUITY - PARENT COMPANY

SEK, thousands

	Note 24	Share Capital	Un-registered share capital	Share premium reserve	Retained earnings	Total shareholder's equity
Opening balance, 1 Jan 2015		20 955	0	437 510	-313 949	144 516
Net loss for the year					-108 061	-108 061
<i>Transactions with shareholders</i>						
Issuance of new shares		1 825		30 965		32 790
Expenses related to the issuance of new shares				-1 080		-1 080
Repurchase of shares				-517		-517
Received group contribution				100	14 760	14 760
Balance, 1 Jan 2016		22 780	0	466 878	-407 250	82 408
Net loss for the year					-127 017	-127 017
<i>Transactions with shareholders</i>						
Issuance of new shares		6 603		112 643		119 245
Expenses related to the issuance of new shares				-3 228		-3 228
Received group contribution					19 225	19 225
Closing balance, 31 Dec 2016		29 383	0	576 292	-515 042	90 634

CASH FLOW STATEMENT – PARENT COMPANY

	Note	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Cash flow from operating activities			
Operating income before gains/losses from financial items		-11 473	-12 169
Depreciations			7
Taxes paid			-
Interest earned and received		74	291
Interest paid		-2 418	-1 983
Cash flow from operating activities before changes in operating capital		-13 817	13 854
Cash flow from changes in operating capital			
Increase/decrease of operating receivables		-42 929	-34 402
Increase/decrease of operating liabilities		19 783	4 400
Total change in operating capital		-23 146	-30 002
Cash flow from operating activities		-36 963	-43 855
Cash flow from investment activities			
Investments in tangible fixed assets		-	-7
Investments in financial assets		-117 486	-93 900
Cash flow from investment activities		-117 486	-93 907
Cash flow from financing activities			
Borrowings		14 000	28 000
Group contribution received		19 225	14 760
Repurchase of shares		0	-517
Issuance of new shares		116 017	31 710
Cash flow from financing activities		149 243	73 953
Cash flow for the year		-5 206	-63 809
Decrease/increase of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		5 231	69 041
Cash and cash equivalents at year end		25	5 231

Notes with accounting policies and comments to the financial statements

Note 1 General Information

Seamless Distribution AB (publ), the parent company and its subsidiaries, specialize in solutions for payment systems for mobile phones such as the transfer of money between mobile phones (Mobile Money) and prepaid-card refilling (Top-Up). Worldwide, the Seamless transaction platform ERS 360 handles more than 3.7 billion transactions annually. The Group has established offices in Accra, Atlanta, Brussels, Bucharest, Calcutta, Copenhagen, Helsinki, Hyderabad, Lahore, Lisbon, Mumbai, Riga, Lodz, London and Stockholm.

Seamless Distribution AB (publ) was established in 2001 and is traded on the NASDAQ OMX in Stockholm under the ticker symbol SEAM. The registered address for the Company's headquarters is: Box 6234, SE-102 34 Stockholm.

The Annual Report with its accompanying consolidated financial statements and those of the parent company were approved by the Board of Directors for public release on March 14, 2017.

All amounts in the financial statements are stated in thousands of kronor (tSEK), unless otherwise stated. The amounts in parentheses relate to the previous year.

Note 2 Summary of significant accounting policies

The most important accounting principles applied in these consolidated financial statements are set out below. These principles have been consistently applied to all years presented, unless otherwise noted.

2.1 Basis for the preparation of the report

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS issued by the International Accounting Standard Board (IASB)). The consolidated financial statements have been prepared in accordance with IFRSs, as adopted by the European Union, RFR 1 Supplementary Accounting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared under the historical cost method. The principal accounting policies applied in these consolidated financial statements are set out below.

In the preparation of the Annual Report, RFR 2 Accounting for Legal Entities and the Annual Accounts Act has been applied. Cases where the parent company applies accounting principles other than the group are specified separately at the end of this note.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that the management exercise its judgment in applying the Group's accounting policies; see Note 4 concerning these estimates and judgments.

2.1.2 Changes in accounting policies and disclosures.

New and amended standards adopted by the Group

None of the IFRS or IFRIC interpretations that are mandatory for the for the first time for the fiscal year beginning January 1, 2016 had a significant impact on the consolidated financial reports.

New standards, amendments and interpretations to existing standards that have not been subject to an early adoption by the Group

A number of new standards and amendments to existing standards and interpretations will become effective for the fiscal year beginning after January 1, 2016, and have not been applied in preparing the consolidated financial statements. None of these are expected to have a material impact on the consolidated financial statements except, for the following:

IFRS 9 - 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15 - 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16 Leases - In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also applied. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

No other IFRS or IFRIC interpretations that have not yet become effective are expected to have any material impact on the Group.

2.2 Consolidated Financial Statements

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating strategies and policies (controlling interest) in a manner that usually accompanies a shareholding of more than half of the voting rights. Subsidiaries are included in the consolidated financial reports as of the date on which controlling interest is obtained by the Group. They are removed from the consolidated financial reports as of the date that controlling interest ceases.

The acquisition method is used to report the Group's acquisitions. The consideration paid for the acquisition of a subsidiary is the market value of the transferred assets, liabilities, and shares issued by the Group. The consideration paid also includes the market value of all assets and liabilities that are the result of an agreement on contingent consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a merger are initially measured at their market values on the date of acquisition. For each acquisition, the Group determines whether or not any non-controlling interest in the acquired company is to be reported either at market value or at the proportional share of the acquired company's net assets.

The amount of the purchase price, any non-controlling interest, and the market value at the acquisition date of previous shareholdings which exceeds the market value of the Group's share of the identifiable net assets

acquired, is recognized as goodwill. If this amount is less than the market value of the acquired subsidiary's assets, in other words in the event of a so-called "bargain purchase," the difference is recognized directly in the Consolidated statement of comprehensive income.

Intercompany transactions, balances sheet items, and unrealized gains and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries have been changed where necessary to ensure a consistent application of the Group's accounting policies.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest decision-making individual/entity in the Company. The highest decision-making individual/entity in the Company function responsible for the allocation of resources and the assessment of the performance of the operating segments. Within the Group, this function is identified as the CEO, who makes strategic decisions. Seamless' internal reporting is divided on the basis of the business activities of the Transaction Switch, eProducts/Distribution, and Seqr operating segments. Sales between segments are made on market terms.

2.4 Translation of foreign currencies

Functional currency and presentation currency

The various units have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which the entity primarily operates. The consolidated financial statements are presented in Swedish kronor (SEK), which is the Company's functional currency and presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the close of the reporting period are recognized in operating income in the Profit & Loss Statement.

Translation of foreign subsidiaries

The profits/losses and financial position of all Group entities that have a functional currency which differs from the presentation currency are translated into the presentation currency. Assets and liabilities for each Balance Sheet are translated from their functional currency into the Group's reporting currency (SEK) at the exchange rate prevailing on the close of the reporting period. Income and expenses for each Profit & Loss Statement are translated to SEK at the average exchange rate prevailing at each transaction date. Exchange rate gains/losses arising with the translation foreign currencies that are a part of foreign business operations are recognized in "Other consolidated profit/loss."

2.5 Intangible fixed assets

Capitalized development expenditures

Development costs that are directly attributable to the development and testing of identifiable and unique IT platforms which are controlled by the Group are recognized as intangible fixed assets when the following criteria are met:

- It is technically feasible to complete the platform so that it is useable
- The Company's intention is to complete the platform and put it into use
- There is potential to use the platform
- It can be shown how the platform will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use the platform are available, and
- The expenditures attributable to the platform during its development can be reliably measured.

Intangible assets are stated at cost less accumulated amortization. The cost of an internally generated intangible asset is the total of the expenditures incurred from the date when the intangible asset first meets the capitalization criteria as outlined above.

The capitalized costs are internally generated and includes the direct costs for the work performed. Directly attributable costs that are capitalized as part of the business system include expenses incurred for employees. Activities during the feasibility study stage, as well as maintenance activities and training costs, are expensed as incurred, as is the further development of existing functionality.

Depreciation commences when the asset is ready for use. The useful life is assessed based on the period of the expected benefits are expected to calculate accrue to the company. The useful life is estimated to be 5 years and linear depreciation is taken over this period. Depreciation is recognized in the depreciation item in the Profit & Loss Statement.

Expenditures on development activities that do not meet the above criteria, are expensed as they are incurred. Expenditures on development activities previously expensed are not recognized as an asset in subsequent periods.

Goodwill

Goodwill represents the amount the acquisition value exceeds the market value of the Group's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill arising in connection with the acquisition of subsidiaries is recognized as an intangible asset. Goodwill is always considered to have an indefinite useful life and therefore tested is annually for impairment instead of being regularly amortized. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units, determined in accordance with the Group's operating segments, which are expected to benefit from the in which the goodwill arose.

Customer Agreements

The Group's customer agreements that have been acquired as part of an acquisition are recognized at market value at the acquisition date. Customer agreements have a finite useful life and are carried at market value at the acquisition date less accumulated amortization in subsequent periods. Amortization is applied to allocate the cost of customer agreements over the estimated useful life of eleven years. The amortization period is based on the average customer churn.

Other intangible assets

The Group's other intangible assets consist primarily of patents. Seamless is committed to strengthening the commercial protection of its products by via filing patents.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditures are added to the asset's book value or recognized as a separate asset, as appropriate, depending upon what is appropriate, only when it is probable that future financial benefits associated with the item will flow to the Group and the acquisition value of the asset can be reliably measured. The book value of a replaced part is derecognized. All other repairs and maintenance are expensed in the Profit & Loss Statement in the period in which they are incurred.

The tangible fixed assets are systematically depreciated over the estimated useful life of the asset. For equipment, the amortization period is five years.

The residual values and useful lives of the assets are reviewed at each reporting date and adjusted if necessary. The book value of the asset amount is written down immediately to its recoverable amount if the asset's book value exceeds its estimated recoverable amount. The recoverable amount is the higher of a) an asset's market value less selling expenses or b) its value in use.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds with the book value and are recognized in "Other operating income and Other operating expenses."

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, or intangible assets not yet ready for use (capitalized development costs), are not amortized but rather are tested annually for impairment. Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. Assets are assessed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of a) an asset's market value less selling costs or b) its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment testing for goodwill is assessed at the operating segment level.

2.8 Financial instruments

2.8.1 Classification

The Group classifies its financial assets and liabilities into the following categories: loans and receivables and other financial liabilities. The classification depends upon the purpose for which the financial asset or liability was acquired.

Loans and accounts receivable from customers

Loans and receivables are financial assets that are not derivatives that have fixed or determinable payments and that are not quoted in an active financial market. They are included in current assets, except for terms greater than twelve months after the close of the reporting period, in which case they are classified as fixed assets. The Group's loans and receivables consist of accounts receivable, cash and cash equivalents, and financial instruments recognized as "Other receivables" (see Not 2.9 and 2.10).

Other financial liabilities

The Group's other long-term liabilities; accounts payable and the portion of the entries in other current liabilities relating to financial instruments are classified as "Other financial liabilities."

2.8.2 Reporting and valuation

Purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase or to sell the asset. Financial instruments are initially recognized at market value plus transaction costs. Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards associated with ownership. Financial liabilities are de-recognized when the contractual obligations have been completed or otherwise terminated.

Loans and receivables and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.8.3 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet only when there is a legally enforceable right to offset the recognized amounts and an intention to settle them on a net basis or to realize the asset and settle the liability.

2.8.4 Impairment of financial instruments

Assets carried at amortized cost (loans and receivables)

At each reporting date, the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and is written down

only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The impairment is calculated as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's book value is written down and the impairment amount is recognized in the consolidated statement of comprehensive income as other external costs. If the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the Profit & Loss Statement as Other external costs.

2.9 Accounts receivable

Accounts receivable are amounts due from customers for products sold in the ordinary course of business. If payment is expected within one year or less, they are classified as current assets. If not, they are reported as fixed assets.

Accounts receivable are recognized initially at market value and subsequently valued at amortized cost using the effective interest method, less provision for impairment. The market value and subsequent amortized cost corresponds to the face value of the receivables because this item is short-term in nature.

2.10 Cash and cash equivalents

Cash and cash equivalents are included in the Balance Sheet as well as in the Cash Flow Statements, as "Liquid assets cash and cash equivalents."

2.11 Accounts payable

Accounts payable are obligations to pay for goods and services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are reported as non-current liabilities.

Accounts payable are recognized at face value. The book value of accounts payable presumed to correspond to their approximate market value, as this item is short-term in nature. The market value and subsequent amortized cost corresponds to the nominal amounts of accounts payable because this post is short-term in nature.

2.12 Current and deferred income tax

Tax expense consists of current and deferred income tax. The current tax expense is calculated on the basis of the income taxes that have been enacted as at the close of the reporting period or have substantively been enacted in countries where the parent and its subsidiaries operate and generate taxable income.

Deferred tax is recognized using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities and their book value in the consolidated financial statements. The deferred tax is not recognized if it arises from a transaction that constitutes the initial recognition of an asset or liability in a merger that at the time of the transaction affects neither the accounting nor the tax outcome. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the close of the reporting period and are expected to be applicable when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred tax assets on tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the losses can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same

taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances through net payments.

2.13 Employee Benefits

Pension plans

The Group only has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

The contributions are recognized as an employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

Bonus plans

The Group recognizes a provision for bonus plans when there is a legal or constructive obligation as a result of previous practice.

2.14 Share-based compensation

The Group has offered to employees the right to subscribe for warrants (equity instruments) where the employee has paid a consideration which is less than the market value of the warrants, where the difference between the amount paid and the market value of the warrants represents share-based compensation under IFRS 2. This program means that employees have the right to subscribe for new shares (equity instruments) where the employee is remunerated given the opportunity to subscribe for shares at a given price during the subscription period. The market value of the options granted is estimated using the Black & Scholes model and is expensed on the grant date when it is not present any vesting.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (quota value) and other paid-in capital when the options are exercised.

The social insurance contributions that arise in the issuance of warrants is considered an integral part of the award, and the cost is treated as a cash-settled share-based payment.

2.15 Recognition of income

Income is recognized at the market value of the consideration received, or that will be received, and represents the amounts received for goods and services sold less discounts/rebates and VAT.

Agreements containing the sale of goods and services

Seamless enters into customer agreements covering the sales of various components. A contract is typically for the sale of services related to customized software (including licenses), support, and hardware. Each component in a contract is negotiated separately and income is distributed according to each component's relative market value. The various components are recognized as follows.

Services related to customized software

Services related to customized software are performed in all cases under fixed-price contracts, and the income is calculated by the degree of completion for the specific installation, determined based on the expenses incurred during the reporting period in relation to total estimated costs. Income is recognized only when it is probable that the financial benefits associated with the installation will accrue to the Company. These services require, in most cases, that the customer approve various elements of the project before it can be guaranteed that the financial benefits will accrue to the Group. In cases where approval is required by the customer for project parts related to customized software, income is recognized only for the part of the project that has been approved by the customer and the corresponding expenses are capitalized.

Support

Income from Support relates to the sale of either Managed Operations, in which the Group takes responsibility for the operation and control of the ERS platform, or support where Seamless provides systems support as needed. Both the income from Managed Operations and from Support are accrued linearly over the term of the contract. Discounts attributable to Support and Managed Operations are accrued on a straight line basis over the term of the contract.

Sales of goods

The Group is engaged in the sale of products, such as of hardware (typically servers). Income from product sales is recognized at the market value of the consideration received, or what will be received, and represents the amounts received for goods sold less discounts and VAT. Income is recognized to the extent that it is probable that the financial benefits will accrue to the Company and the income can be reliably measured. Income from the sales of hardware is recognized when goods are delivered to the customer.

License and expansion packs

Income from the sale of a license for extended capacity is recognized when the customer has access to the increased number of transactions.

Discounts'/rebates' impact on revenue recognition

Discounts occur partly in the form of a one-time discount/rebate that occurs directly from sales, and partly in the form of free services, such as support. In the cases where support is provided free of charge, income received is accrued over the contract term (including the time when free support is obtained).

Distribution income

Income from Distribution is reported at gross income in the Profit & Loss Statement when the Group acts as a principal in the transactions. This means that the amount for the purchase of services/goods from a partner/supplier is also presented gross, as an expense in the Profit & Loss Statement. The assessment that the Group acts as principal to the end customer is done via a comprehensive analysis by the Group: the primary responsibility for delivering goods and services to the end customer, standing inventory risk, determines rates and content of services and goods, and where appropriate carries the credit risk. If the analysis of a relationship/distribution agreement shows however that the Group acts as an agent in transactions, this means that only the part of the income stream that represents an increase in shareholders' equity net of the amounts charged for a partner/principal income is recognized as income in the Profit & Loss Statement. This can be equated to a commission where only that one fee is recognized as income, i.e. the Group's sales consists in these cases of the transaction's net proceeds as the costs are deducted from the gross proceeds of sales. So far Seamless has not entered into an agreement where the company acts as an agent, but since the probability is considered to be fairly high that such an agreement might be entered into, it is worth mentioning.

SEQR income

Seamless has identified six revenue streams for Seqr, four of which have been activated. This means that no revenues from "Big Data" has occurred, but most probably will be a revenue stream for Seqr.

1. Revenue from transaction sale of which Seamless receives a certain percentage or fixed amount per completed transaction. Revenue is recognized when the service is used, i.e. when a transaction is carried out and reported at fair value received by Seamless and to be received by a reconciliation of the number of transactions completed during the period and the percentage of compensation, or fixed sum per transaction that Seamless is entitled to.
2. Sale of advertising space related to the transaction "Transaction ad". After each completed transaction a picture is displayed with the confirmation of the transaction. This is an area Seamless has the opportunity to sell get revenue from. There are two kinds of revenue; Seamless can either charge per ad shown, where revenue is recognized when the service is used, i.e. when a transaction is carried out and the ad appeared. Revenue is recognized at the fair value received by Seamless after reconciliation of the number of transactions completed during the period multiplied by the fixed charge per transaction. Or Seamless can charge a fixed amount for advertising to take place during a certain period of time. I.e., the amount is not tied to the number of transactions, but to a limited time period. Revenue is recognized based upon the contracted period.

3. Sale of promotions / coupons from retailers and producers. There is a one-time registration fee for traders / producer. Revenue is recognized when the coupon / offer has been posted.
4. "Shop on the Spot" – direct sales of goods through ads. The consumer makes a purchase by scanning a QR-code at the ad space, a space that could be a newspaper ad, a billboard, a TV-commercial or a picture/banner online. Seamless receives a fee for creating the Seamless Seqr-QR-code on the ad, and a channel margin of the product/service that is sold. The channel margin is a percentage of the value of the goods or service and is recognized on the time of the transaction. Seamless is not acting as a reseller of the goods, but as an agent of the ad. The unique thing is that the ad in itself becomes a sales channel since the QR-code contains information about the price of the product. The consumer gets the goods sent to his or her address after the purchase has been approved and verified through a pin code.
5. Brokerage fee's when mediating invoice/credit customers
6. "Big Data" - anonymized and depersonalized usage statistics. A service of interest to traders and producers of goods, in order to see what different groups in the population buys certain goods / services, and when those purchases are made. The revenue model could be an ongoing subscription service, where revenue is accrued over the contract period
7. Remittance services, money transfers between private individuals to countries that have not yet SEQR, currently India and Thailand. Seamless has the opportunity to take a fixed charge, alternatively a surcharge on the exchange rate as payment for the service. Revenue is recognized when the service is used, i.e. when a transaction is carried out and reported at fair value received by Seamless and to be received by a reconciliation of the number of transactions completed during the period and the percentage of compensation, or fixed sum per transaction that Seamless is entitled to.
8. SMS notifications to partners, particularly in parking. At every Parking paid with SEQR user receives an SMS confirmation and a reminder SMS when parking time is about to expire. Seamless receives a fixed amount for each text message sent. Revenue is recognized at actual value of what Seamless will receive, by a reconciliation of the number of transactions completed during the period multiplied by the fixed compensation, per transaction as seamless entitled to.

Interest income

Interest income is recognized over the duration of the contract using the effective interest method.

2.16 Leasing

The Group has entered into both financial leases and operating lease agreements.

The Group holds leases on servers. Through these agreements, the Group carries substantially all the risks and rewards of ownership of the property, and therefore all agreements are classed as financial leases. At the lease term, the financial leases are capitalized at the lower of the leased asset's market value and the present value of the minimum lease payments. Each lease payment is allocated between the balance due liability and the finance charges. The corresponding payment obligation, net of finance charges, are included in the Balance Sheet item Borrowings (long-term or short-term). The interest component of the finance cost is recognized in the Profit & Loss Statement over the term of the lease so that each accounting period is charged by an amount equal to a fixed interest rate for the balance of the liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit & Loss Statement over the term of the lease.

2.17 Cash Flow Statements

The cash flow statements are prepared using the indirect method. This means that operating income is adjusted for transactions that do not result in cash payments during the period and for any eventual income or expenses associated with investments or financing cash flows.

2.18 The parent company's accounting policies

In connection with the preparation of the annual report with its accompanying financial statements, the parent company applied RFR 2 - Accounting for Legal Entities and the Swedish Annual Accounts Act.

The parent company applies accounting policies other than the Group, in the cases listed below.

Presentation format

The Profit & Loss Statement and Balance Sheet follow the presentation format found in the Swedish Annual Accounts Act. The statement of changes in equity follows the Group's presentation format but should also include the columns specified in the Annual Accounts Act. These standards require differences in terminology, as compared with the consolidated financial statements, particularly in respect of financial income and expenses, provisions, and shareholder equity.

Ownership interests in subsidiaries

Investments in subsidiaries are carried at cost less any impairment losses. Cost includes acquisition-related costs and any additional consideration.

When there is an indication that the investment in a subsidiary has decreased in value, an estimate of the recoverable value is determined. If this is lower than the book value, an impairment loss is recognized. Impairment losses are reported in "Income from ownership interests in Group companies."

Leasing agreements

All leases, whether they are financial or operational lease, are classified as operating leases.

Group contributions and shareholder contributions

Group contribution is recognized in accordance with the RFR 2 main principle, which means that group contributions paid and received are reported directly to equity, for both the rendering and receiving party.

Shareholder contributions are reported directly in shareholders' equity of the receiving party and are capitalized in shares and participations of the rendering party, to the extent that there is no need to recognize impairment.

Financial instruments

IAS 39 is not applied in the parent company and financial instruments will continue to be recognized at acquisition cost.

Note 3 Management of Financial Risks

3.1 Financial risk factors

The Group's business activities expose it to a wide variety of financial risks: market risk (including exchange rate risk and interest rate movement risk), credit risks, and liquidity risk. The table below shows the various risks for which Seamless has exposures.

a) Market risks

Currency and exchange rate risk

The Company is based in Sweden however its business operations are global, encompassing seven countries in Europe, Africa, Asia and South America. The business operations are thus exposed to several different currencies such as the Euro, US dollar, and Thai baht.

Foreign exchange risk arises almost exclusively from future commercial transactions, where the Company's operations in these countries are almost exclusively comprised of sales. The Company has a negligible amount of net assets which are exposed to currency fluctuations and no liabilities in currencies other than Swedish kronor. Accounts receivable arise continuously in foreign currencies. The currency in which receivables are generated depends upon the currency in which the sales of the Company's products are denominated. These

assets (receivables) are subject to currency fluctuations. The Board has decided that these assets are not to be hedged, primarily due to the uncertainty regarding the timing of the payments.

Transaction risks

Transaction risk is the risk of impact on the consolidated net income and cash flow due to changes in the value of commercial flows that are denominated in foreign currencies, change when exchange rates change.

Seamless is exposed to currency risk through both purchases and sales in currencies other than SEK. Purchases and sales are denominated in SEK, EUR and USD. In addition to these currencies, there are also purchases and sales denominated in GBP.

The Group has the following balance sheet exposure of financial assets in foreign currencies.

	2016-12-31	2015-12-31
EUR	10 846	779
USD	10 697	28 641
Total	21 543	29 421

The total exposure of financial liabilities denominated in foreign currencies are as follows:

	2016-12-31	2015-12-31
EUR	1 107	286
USD	5 790	1 403
Other currencies	533	93
Total	7 430	1 782

Risk related to the translation of currencies

The Group is exposed to a risk with the translation of the net assets of foreign subsidiaries and branches to the consolidation currency, Swedish kronor (SEK). Foreign subsidiaries have been established in India (INR), Poland (PLN), Rumania (RON), Great Britain (GBP), USA (USD), Belgium, Finland, Latvia and Portugal (EUR), Norway (NOK) and Denmark (DKK), and the Group is exposed given that these are translated into SEK.

At December 31, 2016, the exchange rate gains/losses recognized in other consolidated income amounted to SEK 3 418 (386) thousand.

If the Swedish kronor had weakened/strengthened by 10 percent in relation to the various currencies, with other variables being constant the impact on net income and shareholders' equity would be as follows:

	2016
Net profit/loss for the year, before tax	
EUR	-974
USD	491
	2015
Net profit/loss for the year, before tax	
EUR	-49
USD	2 724

b) Credit risk

Credit risk or counterparty risk is the risk that the counterparty to a financial transaction does not fulfill its obligations when due. The credit risks Seamless is exposed to include its funds kept in bank accounts and accounts receivable. With regard to money on deposit with banks, it is estimated that the credit risk is low given that the counterparties are major reputable banks in Sweden with high credit ratings. The Group's major financial risk is the credit risk associated with outstanding accounts receivable.

The Company has a credit risk in the outstanding accounts receivable that have arisen due to invoicing with open payment terms to its customers. The credit risks in accounts receivable within the Transaction Switch business segment primarily relate to companies within the telecommunications sector. The credit risk in this regards is considered to be low due to that the counterparties are major, well-established mobile carriers or suppliers of telecommunications equipment. For this reason, no credit guarantees have been required in connection with accounts receivable exposures. During 2016 we have strengthened our exposure assessment methods regarding new and existing counterparties. Partially, as a result of this effort we have increased the amount of pre-paid billing within the Seamless Distribution Systems-Transaction Switch segment. The credit losses Seamless have experienced have historically been low. The credit risk in accounts receivable in the Distribution and Seqr business segments are primarily companies in the convenience store sector. Seamless conducts credit checks of customers within these business segments.

Regarding the Group's credit losses, see Note 21.

	2016-12-31	2015-12-31
Accounts receivable from customers		
Counterparties without an external credit rating		
Group 1	15 473	15 937
Group 2	20 249	33 300
Group 3	-	-
Group 4	88	246
Total counterparties without external credit ratings	35 810	49 483
Total accounts receivable without provision for impairment	35 810	49 483

- Group 1 – new customers/related parties (customer relationship duration less than 6 months)
- Group 2 – existing customers/related parties (customer relationship duration longer than 6 months) with no history of serious past due payments or defaults.
- Group 3 – new customers/related parties (customer relationship duration less than 6 months) with some history of prior defaults. All defaults have been paid up in full.
- Group 4 – existing customers/related parties (customer relations longer than 6 months) with some history of prior defaults. All defaults have been paid up in full.

c) Liquidity Risk

Liquidity risk is the risk that Seamless has a deficiency of available cash for the payment of its obligations related to financial liabilities. In order to ensure adequate liquidity for its business operations, a weekly liquidity forecast analysis is maintained for the upcoming quarters.

At December 31, 2016, Group liquidity amounted to SEK 8 663 (23 005) thousand, consisting of funds on deposit in banks.

As Seqr should fund for long term growth, Seamless intends to bring in a strategic equity partner as co-investor in the subsidiary Seqr through a directed equity placement. Awaiting the completion of such transaction, in order to cover negative cash flow Seamless has, by means of the existing authorization from the general meeting, raised capital by two private placements, one in February of approximately 24.6 MSEK and one in July 2016 of approximately 50 MSEK. In August a directed issue of convertible debentures was issued, of a nominal value of SEK 42 million.

The board continually assesses the funding situation for the group and can use various methods for financing the current negative cash flow. In January 2017 the group received a loan amounting approximately 30 MSEK.

Although the cash flow is continually improving, the group will be in need of further funding during the year ahead.

	2016-12-31	2015-12-31
Bank deposits and short-term certificates of deposit		
AAA	770	312
AA	4 037	20 638
A	1 767	1 777
B	2 089	278
	8 663	23 005

Seamless has no credit lines.

The table below shows the contractual undiscounted cash flows from the Group's financial liabilities allocated according the maturity of the remaining contractual term as per the close of the reporting period.

At December 31, 2016

(SEK thousand)	< 1 year	1-2 years	2-5 years	> 5 years
Accounts payable and other liabilities	86 532	110	-	-

At December 31, 2015

(SEK thousand)	< 1 year	1-2 years	2-5 years	> 5 years
Accounts payable and other liabilities	66 125	-	-	-

3.2 Capital risk management

The objective Seamless has regarding the capital structure is to safeguard the Group's ability to continue its business operations in order to continue to provide returns to shareholders, including benefits for other stakeholders, and to maintain an optimal capital structure in order to reduce the cost of capital. In order to maintain the capital structure, Seamless works with the issuance of new shares and with stock option programs.

Note 4 Significant estimates and assessments

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are regarded to be reasonable under prevailing circumstances.

Significant estimates and assumptions for accounting purposes

The Group makes estimates and assumptions concerning the future. The estimates for accounting purposes that result from these, by definition, seldom correspond to actual results. The estimates and assumptions that have a significant risk of material adjustments to the book values of assets and liabilities within the following fiscal year are outlined below.

Impairment testing of goodwill

The Group tests annually whether there is any impairment of goodwill, in accordance with the accounting policy described in Note 2. The recoverable amounts of cash-generating units have been determined based on value in use. These calculations require the use of estimates. The impairment test is carried out at the operating segment level.

The impairment tests on goodwill completed prior to December 31, 2016 did not result in impairment provisions for goodwill. See Note 15.

Capitalized development expenditures

Seamless capitalizes costs related to development to the extent they are deemed to meet the criteria of IAS 38 p. 57 (see 2.5 Intangible Assets). For the assessment of the impairment of capitalized development costs, several assumptions and a variety of conditions and estimates of parameters have been made.

To determine whether there is any indication regarding impairment or impairment testing, the recoverable amount is currently based on a fair value less costs to sell from an implied valuation of that part of the business that the capitalized development expenditure relates to. In Seamless case is it considered to be the whole business, excluding the Latvian business.

The value of the intangible assets can be defended through an analysis of corporate value based on market price. Given the share price on December 31, 2016 (5,75 SEK per share) and the number of shares outstanding (58,8 million), total market capitalization of 337,9 million. Adjusted for the company's cash position and the estimated value of Lettel (5, 8 million on a debt free basis) is the implicit value of the business (EV or enterprise value) in Seamless (excl. Lettel operations) to about 324 million. Book value of the operational assets (fixed assets and net working capital) in Seamless per 31 December 2016 amounted to SEK 48 million, which implicit with that there is an overall surplus value of SEK 164 million for operations excl. Lettel-operation from a marketing perspective.

Seamless has conducted a sensitivity analysis of key assumptions in which management has concluded that no reasonable changes in assumptions result in impairment as of December 31, 2016.

Valuations of loss carry forwards

Recognized deferred tax assets of the Group amounted to SEK 27, 8 (27.7) million and relates to deferred taxes on loss carry forwards related to Swedish companies, which have no maturity date. The reason for the recent negative results is primarily our investment in Seqr with large marketing and sales costs. This investment is something the company can control, which means that if we want to, we can suspend cost flow and just focus on our established segments Transaction Switch and Distribution. Group management has carefully examined the value of the deferred tax assets and estimates that based on historical and expected positive results from the Transaction Switch and Distribution in the coming years, it convincingly indicates that the company will be able to utilize the deferred tax assets and thereby justify the amount carried forward. Unrecognized tax loss carry forwards within the Group amounts to about SEK 522 million. The outlook for the transaction Switch business looks more promising than in a long time. The management's estimation is that the revenues from the business area will increase, as will the margins. This judgement is based on the existing order inflow as well as the potential new sales, where both factors combined makes the outlook promising for the coming years.

Note 5 Distribution of net sales

Net sales consist of two types of income, distributed between the two as follows:

Consolidated	2016	2015
Sales of goods	2 531	40 609
Sales of services	272 017	239 388
Consolidated total	274 548	279 997
Parent company	2016	2015
Sales of goods	-	-
Sales of services	4 260	7 848
Parent company total	4 260	7 848

Note 6 Segment information

The operating segments have been established based on the information used by the highest decision-making authority in order to make strategic decisions. The highest decision-making authority within Seamless has been identified as the CEO. The CEO is of the following view considering the business operations based on operating segments: the Transaction Switch operations, the Distribution operations, and the Seqr operations. Non distributable costs are costs for Group Management, Board of Directors and Stock exchange costs.

The CEO determines the operating segments' total income.

The segment information for the **2016** fiscal year is as follows:

	Transaction Switch	eProducts/ Distribution	Seqr	Group Function	Total
Net sales by segment	96 096	169 093	9 360	0	274 549
Net sales between segments					
Net sales from external customers	96 096	169 093	9 360	0	274 549
Depreciation	-975	-662	-15 845	-1 919	-19 401
Operating income	33 129	-2 230	-78 356	-36 003	-83 460
Financial net					-2 750
Income tax					-717
Loss for the year					-86 927

The segment information for the **2015** fiscal year is as follows:

	Transaction Switch	eProducts/ Distribution	Seqr	Group Function	Summa
Net sales by segment	90 486	181 982	7 529	0	279 997
Net sales between segments	-	-	-	-	-
Net sales from external customers	90 486	181 982	7 529	0	279 997
Depreciation	-541	-972	-18 235	-1 032	-20 780
Operating income	27 254	-4 827	-119 888	-19 176	-116 637
Financial net					-2 187
Income tax					-484
Loss for the year					-119 308

The company is based in Sweden. Income from external customers in Sweden amounted to SEK 139 350 (159 264) thousand and total income from external customers in other countries amounted to SEK 135 198 (120 733) thousand.

Total fixed assets other than financial instruments and deferred tax assets that are located in Sweden amounted to SEK 102 371 (48 846) thousand and the total of such fixed assets located in countries other than Sweden amounted to SEK 29 993 (13 840) thousand.

Note 7 Parent company's sales to and purchases from Group companies

During the year, the parent company has invoiced subsidiaries SEK 4 260 (7 848) thousand for strategic management. The parent company purchased services from Group companies amounting to a total of SEK 0 (0) thousand relating to administrative expenses.

Note 8 Remuneration to Auditors

The Group	2016	2015
PwC		
Audit assignment	850	623
Other audit assignments in addition to the primary audit assignment	-	-
Tax consultancy services	-	-
Other services	99	766
Total	949	1 389
Other		
Audit assignment	133	174
Other audit assignments in addition to the primary audit assignment	-	-
Tax consultancy services	177	26
Other services	15	142
Total	325	342
Total for the Group	1 274	1 731

Parent company	2 016	2 015
PwC		
Audit assignment	730	450
Other audit assignments in addition to the primary audit assignment	-	-
Tax consultancy services	-	-
Other services	99	683
Total	829	1 133

Note 9 Payment of salaries and benefits to employees and others

Group	2016	2015
Salaries, benefits, and other compensation	55 183	55 746
Social insurance contributions	12 896	14 062
Pension costs - defined contribution plans	2 570	2 929
Other personnel costs	6 731	2 960
Capitalized personnel costs	0	-888
Group total	77 380	74 809

Salaries, Directors Fees, and other compensation including social insurance contributions

	2016	2015
	Salaries, Directors Fees, and other compensation	Salaries, Directors Fees, and other compensation
Board Members, CEO, and other members of senior management	6 165	8 981
Other employees	71 215	65 828
Group total	71 380	74 809

Gender distribution in the Group (including subsidiaries) for Board Members and other members of senior management

	2016		2015	
	Number at year-end	of which, women	Number at year-end	of which, women
Board Members	5	2	5	2
CEO and other senior management	4	1	4	1
Group total	9	3	9	3

Parent company	2016	2015
Salaries and other compensation	3 876	6 218
Social insurance contributions	1 714	2 116
Pension costs - defined contribution plans	864	505
Other personnel costs	-289	142
Parent company total	6 165	8 981

Salaries and other compensation including social insurance contributions	2016	2015
	Salaries, Directors Fees, and other compensation	Salaries, Directors Fees, and other compensation
Board Members, CEO, and other senior management	6 165	8 981
Other employees	-	-
Parent company total	6 165	8 981

	2016		2015	
Average number of employees with geographical breakdown by country	Number of employees	of which, women	Number of employees	of which, women
Sweden	2	1	5	2
Total parent company	2	1	5	2

Subsidiaries				
Belgium	7	6	6	4
Denmark	-	-	-	-
Finland	2	2	2	2
India	50	5	35	3
Latvia	12	1	2	1
Norway	9	1	-	-
Poland	50	8	43	3
Portugal	3	2	3	2
Romania	2	1	2	1
Great Britain	4	1	2	-
Sweden	49	21	44	20
USA	1	1	2	1
Total subsidiaries	189	47	141	37
Group, total	191	48	146	39

Gender distribution in the parent company

	2016		2015	
	Number at year-end	of which, women	Number at year-end	of which, women
Board Members	5	2	5	2
CEO and other senior management	2	1	2	1
Parent company total	7	3	7	3

Note 10 Other operating expenses

	Consolidated		Parent Company	
	2016	2015	2016	2015
Other operating expenses				
Losses on foreign exchange	-276	-1 647	-	-439
Expense Withholding Tax	-6 040	-550	-	-
Other operating expenses	-57	-10	-5	-
Other operating expenses	-6 373	-2 207	-5	-439

Note 11 Financial income and expenses/Interest income and interest expense

	Consolidated		Parent Company	
	2016	2015	2016	2015
Financial income/ Interest income				
Interest income on bank deposits	273	46	-	2
Interest income on accounts receivable from customers	-	-	-	2
Gains on foreign exchange	-	-	-	-
Other financial income	72	8	74	287
Financial income	345	54	74	291

	Consolidated		Parent Company	
	2016	2015	2016	2015
Financial expenses/ Interest expense				
Interest expense lines of credit	-9	-7	-	-
Interest expense related to financial leasing liabilities	-113	-120	-	-
Other interest expense	-	-	-2 418	-1 983
Other financial expenses	-2 973	-2 114	-	-
Write-downs of ownership interests in subsidiaries	-	-	-113 200	-94 200
Financial expenses	-3 095	-2 241	-113 200	-96 183
Financial items, Consolidated – net	-2 750	-2 187	-115 544	-95 892

Note 12 Corporate Income Tax

	Consolidated		Parent Company	
	2016	2015	2016	2015
Current income tax:				
Current income tax on net profit/loss for the year	-1 462	-544	-	-
Adjustments relating to prior years	99	-3	-	-
Total current income tax	-1 363	-547	-	-
Deferred tax (see Note 17)	646	63	-	-
Income tax	-717	-484	-	-

The income tax on profit/loss differs from the theoretical amount that would arise when using the weighted average tax rate for profit/loss of the consolidated companies as follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Profit/loss before taxes	-86 211	-118 824	-127 017	-108 061
Expenses related to the issuance of new shares that are not included in the Profit & Loss Statement	3 228	1 080	3 228	1080
Income tax calculated according to national tax rates applicable to income in each respective country. 22% for the parent company.	-1 212	-381	-	-
Tax effects of:				
- Non-taxable income	35	18	3	3
- Non-deductible expenses	-86	-118	-113 406	-94 328
- Revaluation of deferred tax - change in tax rate	-	-1	-	-
- Deferred tax related to temporary differences	646	-	-	-
- Utilization of previously unrecognized tax losses	-	-	113 406	94 325
Adjustments in respect to prior years	-99	-2	-	-
Tax expense	-717	-484	-	-

The weighted average tax rate for the consolidated income is 23 (24) percent and for the Parent Company 22 (22) percent. No income tax has been recognized in shareholder equity in 2016 or 2015.

Note 13 Earnings per share

a) Before dilution

Earnings per share before dilution are calculated by dividing the profit/loss attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period.

	2016	2015
Profit/loss attributable to the parent company's shareholders	-86 927	-119 308
Weighted average number of shares outstanding, before dilution	52 223 924	42 001 504

a) After dilution

For the calculation of earnings per share after dilution, the weighted average number of shares outstanding is adjusted for the effects of all dilutive potential shares. The parent company has one category of potential ordinary shares with dilutive effect: stock option programs. For 2015 and 2016, the Group's results were negative and therefore no difference in earnings per share after dilution exists during this period.

Note 14 Foreign exchange gains and losses

The gains and losses from changes in currency exchange rates are recognized in the Profit & Loss Statement as follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Other operating income and expenses– net (Note 10)	-276	-1 647	1 269	-439
Financial income and expenses – net (Note 11)	-	-	-	-
	-276	-1 647	1 269	-439

Note 15 Intangible fixed assets

Consolidated	Goodwill	Capitalized development expenditures	Customer Agreements	Other intangible assets	Total
2015 Fiscal year					
Opening book value	6 032	34 362	1 198	39	41 631
Foreign exchange gains and losses	-241	-1	-46	-30	-317
Purchases/improvements	-	18 245		1 859	20 105
Depreciation	-	-15 846	-252	-269	-16 368
Closing book value	5 791	36 760	900	1 599	45 050
At December 31, 2015					
Acquisition cost	7 971	81 452	2 713	1 932	94 068
Foreign exchange gains and losses	69	-1	-218	-29	-179
Accumulated depreciation	-	-44 691	-1 096	-304	-46 091
Accumulated amortization	-2 249	-	-499	-	-2 748
Book value	5 791	36 760	900	1 599	45 050
2016 Fiscal year					
Opening book value	5 791	36 760	900	1 599	45 050
Foreign exchange gains and losses	888	1 465	63	-58	2 359
Purchases/improvements	7 665	50 921		21 639	80 226
Depreciation	0	-8 636	-267	-346	-9 250
Closing book value	14 344	80 510	697	22 835	118 386
At December 31, 2016					
Acquisition cost	15 636	132 354	2 713	23 594	174 297
Foreign exchange gains and losses	957	1 464	-155	-87	2 180
Accumulated depreciation	-	-53 308	-1 364	-672	-55 343
Accumulated amortization	-2 249	-	-499	-	-2 748
Book value	14 344	80 510	697	22 835	118 386

Impairment testing of goodwill

Goodwill is allocated to the Group's cash generating units (CGU) identified by business segment. Consolidated goodwill is allocated to the eProducts/Distribution operating segment and Seqr.

The recoverable amounts for a CGU are determined based on estimates of value in use. These calculations are based on estimated future cash flows before tax based on financial budgets approved by management and cover a five year period. The cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term growth rate for the industry in which the eProducts/Distribution/Seqr business segment operates.

The key assumptions that have been used in the calculation of the value in use:

	2016	2015
Rate of growth *	2.0%	2.0%
Discount rate **	14.1%	14.1%

* Weighted average rate of growth used to extrapolate the cash flows beyond the budget period.

** Pretax discount rate used in calculating the present value of projected future cash flows.

These assumptions have been used to analyze the cash-generating unit. Management has determined the budgeted gross margin based on past performance and its expectations for the growth of the market. The discount rates used are pre-tax and reflect specific risks relating to the particular business segment.

The impairment test made during the fourth quarter did not result in a write down of Goodwill.

Note 16 Tangible fixed assets

Consolidated	Leasehold improvements	Equipment and, Fixtures and fittings	Total
2015 Fiscal year			
Opening book value	6 638	9 742	16 380
Foreign exchange gains and losses	-4	-37	-41
Purchases	316	2 580	2 896
Depreciation	-369	-4 043	-4 412
Closing book value	6 581	8 242	14 823
Per December 31, 2016			
Acquisition cost	7 642	18 362	26 004
Foreign exchange gains and losses	-18	-99	-117
Accumulated depreciation	-1 043	-10 021	-11 064
Book value	6 581	8 242	14 823
2015 Fiscal year			
Opening book value	6 581	8 242	14 823
Foreign exchange gains and losses	10	336	346
Purchases	11	919	930
Depreciation	-423	-796	-1 219
Closing book value	6 179	8 700	14 880
Per December 31, 2016			
Acquisition cost	7 653	19 281	26 934
Foreign exchange gains and losses	-8	235	228
Accumulated depreciation	-1 466	-10 816	-12 283
Book value	6 179	8 700	14 880

Note 17 Deferred tax

	Consolidated		Parent Company	
	2016	2015	2016	2015
Deferred tax related to temporary differences	646	63	-	-
Total deferred tax in the Consolidated statement of comprehensive income	646	63	-	-

Deferred tax assets and liabilities are allocated as follows:

	Consolidated		Parent Company	
Deferred tax assets	2016	2015	2016	2015
Deferred tax assets that are to be utilized after more than 12 months	27 849	27 846	12 225	12 225
Total deferred tax assets	27 849	27 846	12 225	12 225

	Consolidated		Parent Company	
Deferred tax liabilities	2016	2015	2016	2015
Deferred tax liabilities that are to be paid after more than 12 months	6347	336	-	-
Total deferred tax liabilities	6347	336	-	-

Changes in deferred tax assets and liabilities - liabilities for the Group during the year, without taking into account any offsets made within the same tax jurisdiction, are shown below:

Deferred tax assets and tax liabilities	Tax deficit
At January 1, 2015	27 488
Foreign exchange gain/losses	-
Recognized in the Profit & Loss Statement	63
At December 31, 2015	27 511
Foreign exchange gain/losses	4
Reduction through business acquisition	-6098
Recognized in the Profit & Loss Statement	86
At December 31, 2016	21 503

Changes in deferred tax assets and tax liabilities for the parent company during the year, without taking into account any offsets made within the same tax jurisdiction, are shown below:

Deferred tax assets	Tax deficit
At January 1, 2015	12 225
Recognized in the Profit & Loss Statement	-
At December 31, 2015	12 225
Recognized in the Profit & Loss Statement	-
At December 31, 2016	12 225

Deferred tax assets are recognized for tax loss carry forwards to the extent that it is probable that they can be utilized against future taxable profits. Seamless has tax loss carry forwards amounting to SEK 522 460 thousand without an expiry date.

Note 18 Shares in Group companies

Parent company	2016-12-31	2015-12-31
Opening book value	300	11 364
Acquisition	26 380	96
Divestment	-26 380	-11 161
Shareholder contributions	106 700	94 200
Write-downs of ownership interests	-106 700	-94 200
Closing book value	300	300

The Parent Company holds ownership interests in the following subsidiaries:

Name	Country	Company registration no	Book value	
			2016-12-31	2015-12-31
Seamless Distribution Systems AB	Sweden	556979-4562	50	50
Seamless Payments AB	Sweden	556876-3477	50	50
Seqr Group AB	Sweden	559029-2602	50	50
Seqr Nordics AB	Sweden	556966-2082	50	50
The Mollet AB	Sweden	556757-4339	100	100
Summa			300	300

The parent company provides a capital adequacy guarantee for the Swedish subsidiary that is operating at a loss. The share of voting rights corresponds to the equity shares.

In December 2015 Seamless reorganized the Group, to reflect the operational segments. Seamless Group has now three sub-groups. The Parent Company Seamless Distribution has thus sold its shares in subsidiaries to the sub-groups.

Note 19 Financial instruments by category

Consolidated	
Assets in the Balance Sheet	Loans and accounts receivable
2016-12-31	
Accounts receivable and other receivables	57 209
Cash and cash equivalents	8 663
Total	65 872

2015-12-31	
Accounts receivable and other receivables	70 365
Cash and cash equivalents	23 005
Total	93 371

Consolidated	
Liabilities in the Balance Sheet	Other financial liabilities
2016-12-31	
Liabilities related to financial leasing	411
Accounts payable	40 264
Other liabilities	3 842
Total	44 517

2015-12-31

Liabilities related to financial leasing	1 360
Accounts payable	34 365
Other liabilities	3 241
Total	38 967

Note 20 Inventories

Inventories consist of purchased but not yet sold vouchers for airtime for mobile phones.

Note 21 Accounts receivable

Consolidated	2016-12-31	2015-12-31
Accounts receivable	35 974	51 824
Less: provision for doubtful receivables	-164	-2 340
Accounts receivable – net	35 810	49 483

The distribution of these accounts receivable by age is as follows:

	2016-12-31	2015-12-31
1-30 days	3 941	16 117
31-60 days	4 409	2 783
> 61 days	6 819	1 481
Total past due accounts receivable	15 169	20 381

Changes in the allowance for impaired accounts receivable are as follows:

	2016	2015
At January 1		
Provision for impaired receivables	-213	-2 356
Receivables written off during the year as uncollectible	49	16
At December 31	-164	-2 340

Parent company	2016-12-31	2015-12-31
Accounts receivable	-	165
Accounts receivable – net	-	165

Note 22 Prepaid expenses and deferred income

Consolidated	2016-12-31	2015-12-31
Prepaid rent	274	591
Accrued income	11 282	9 695
Other items	5 511	2 811
Consolidated total	17 067	13 097

Parent company	2016-12-31	2015-12-31
Prepaid rent	-	-
Accrued income	-	-
Other items	903	220
Parent company total	903	220

Note 23 Cash and equivalents

Cash and cash equivalents in the Balance Sheets and Cash Flow Statements encompass the following items:

Consolidated	2016-12-31	2015-12-31
Cash and equivalents	8 663	23 005
Consolidated total	8 663	23 005

Parent company	2016-12-31	2015-12-31
Cash and equivalents	25	5 231
Consolidated total	25	5 231

Note 24 Share capital and other capital contributions

	Number of shares	Share capital	Other paid-in capital contributions	Total
At January 1, 2015	41 910 274	20 955	437 510	458 465
Issuance of new shares	3 649 181	1 825	30 965	32 790
Option program			-1 080	-1 080
Repurchase of shares			-517	-517
At December 31, 2015	45 559 455	22 780	466 878	489 658
Issuance of new shares	13 205 850	6 603	112 643	119 246
Expenses related to the issuance of new shares that are not included in the Profit & Loss Statement			-3 227	-3 227
Reclassification			16	16
At December 31, 2016	58 765 305	29 383	576 309	605 692

The share capital consists of 58 765 305 shares. The shares have a voting ratio of one vote per share.

Note 25 Other long-term liabilities

	Group		Parent Company	
Other long-term liabilities	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Long-term liabilities financial leases	240	571	-	-
Other long-term liabilities	140	175	-	-
Total Other long-term liabilities	380	746	-	-

Note 26 Other short-term liabilities

	Group		Parent Company	
Other long-term liabilities	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Short-term liabilities financial leases	171	789	-	-
Other short-term liabilities	46 995	30 601	42 269	28 917
Total Other long-term liabilities	47 165	31 390	42 269	28 917

The Group has a convertible loan that amounts to a nominal value of SEK 42,000 thousand and carries an annual rate of seven (7) percent. The interest cost due to the convertible loan amounts to SEK 1001 thousand for 2016. The convertible loan will mature 364 days after the date of issue, i.e. August, 28, 2017, unless conversion or distribution has occurred prior to this date. The conversion rate has been set to SEK 9 and the issue of convertible debentures will entail, upon full conversion, a dilution for the current shareholders of Seamless of approximately 7.94 per cent after full dilution.

Note 27 Deferred expenses and prepaid income

Consolidated	2016-12-31	2015-12-31
Deferred vacation pay obligations	3 194	2 587
Deferred social insurance contributions	511	614
Prepaid income	3 098	13 995
Other items	11 473	17 083
Consolidated total	18 277	34 279

Parent company	2016-12-31	2015-12-31
Deferred vacation pay obligations	269	222
Deferred social insurance contributions	84	70
Prepaid income	-	-
Other items	4 438	5 213
Parent company total	4 791	5 505

Note 28 Leasing Agreements

Operational leases

The Group's operating leases relate primarily to lease payments for the leasing of premises for offices. There is no subleasing.

Future minimum lease payments, under non-cancellable operating leases, currently valid at the closed of the reporting period, are due for payment as follows:

The Group	2016-12-31	2015-12-31
Within 1 year	1 421	1 966
Later than 1 year but within 5 years	1 582	3 002
Later than 5 years	-	-
Group, total	3 003	4 968

The expenses for operating leases in the Group during the fiscal year amounted to SEK 3 003 (4 968) thousand.

Parent Company	2016-12-31	2015-12-31
Within 1 year	256	224
Later than 1 year but within 5 years	171	266
Later than 5 years	-	-
Parent Company, total	427	490

The expenses for operating leases in the Parent Company during the fiscal year amounted to SEK 427 (490) thousand.

Financial leasing

The Group's financial leases are related to company cars and servers. A portion of the leased servers are sold to customers, the remainder are reported as a tangible fixed asset. There is no subleasing.

Liabilities related to financial leasing

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of non-payment.

Gross liabilities related to financial leasing – Future minimum lease payments:

	2016-12-31	2015-12-31
Within 1 year	181	833
Between 1 and 5 years	251	647
More than 5 years	-	-
	432	1 480
Future financial expenses related to financial leasing	-21	-120
Total	411	1 360

Present value of lease liability

	2016-12-31	2015-12-31
Within 1 year	239	1 077
Between 1 and 5 years	172	283
More than 5 years	-	-
Total	411	1 360

Note 29 Other non-cash items

Consolidated	2016-12-31	2015-12-31
Foreign exchange gains and losses	-791	357
Other items	165	-33
Consolidated total	-626	324

Note 30 Acquisition

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

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

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

Förvärvsanalys	Verkligt värde redovisat i koncernen
Immateriella anläggningstillgångar	44 481
Materiella tillgångar	166
Kortfristiga fordringar	3 687
Likvida medel	526
Uppskjuten skatteskuld	-6 247
Långfristiga skulder	-17 720
Kortfristiga skulder	-6 178
Netto identifierbara tillgångar och skulder	18 715
Koncerngoodwill	7 665
Totalt	26 380
Koncernens anskaffningsvärde	26 380

Beräkning av netto kassautflöde	
Koncernens anskaffningsvärde	-26 380
Varav finansierat via apportegendom	26 380
Förvärvade likvida medel	526
Netto kassautflöde	526

Note 31 Share-related compensation

The Company has two ongoing warrants programs, which were approved by the Annual General Meeting on April 8, 2014 and the Annual General Meeting on April 21, 2016. Since no warrants have been allotted and subscribed in the 2014/2017:2 warrant program, which means that the program will not lead to subscription for the shares.

Changes in the number of outstanding warrants and their weighted average exercise prices are as follows:

	2016	2015
	Warrants (thousands)	Warrants (thousands)
At January 1	1861	2 161
Granted, Warrants Program 2016:1	4500	
Granted, Warrants Program 2016:2	2500	
Warrants forfeited during the year	-1861	-300
At December 31	7 000	1 861

The outstanding warrants (in thousands) at year-end have the following expiry dates and exercise prices:

Program	Term	Total number	Subscription price (SEK)	Shares per warrant	Subscription period
2014/2017:1	- Aug 31, 2017	500,000	60.69	1	Aug 1, 2017 - Aug 31, 2017
2014/2017:2	- Aug 31, 2017	1,500,000	45.52	1	Aug 1, 2017 - Aug 31, 2017
2016/2018	- April, 2018	4 500,000	12,45	1	April 2018- April 2020
2016/2019	- April, 2019	2,500,000	13,41	1	April 2019- April 2021

Note 32 Transactions with closely related parties

	Base salary/ Director's fees		Variable compensation		Other benefits		Other compensation		Pensions- costs		Share-based payments	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Previous Board Members												
Omar Cordes	-	526	-	-	-	-	-	-	-	-	-	-
Current Board Members												
Hein Pretorius	500	657	-	-	-	-	-	-	-	-	-	-
Robin Saunders	400	526	-	-	-	-	-	-	-	-	-	-
Peter Fredell	-	-	-	-	-	-	-	-	-	-	-	-
Tomas Klevbo	526	-	-	-	-	-	-	-	-	-	-	-
Kirstin Berdan	400	526	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer												
Peter Fredell	2 762	2 473	-	-	213	106	-	-	790	232	-	-
Total	4 588	4 707	-	-	213	106	-	-	790	232	-	-
Other members of senior management												
Employed 3 (4)	4 950	4 953	-	-	-	47	14	20	400	636	-	-
<i>of whom, 1 (1) consultant</i>												
Total	9 538	9 660	-	-	213	153	14	20	1190	868	-	-

For the CEO, the required advance notice period for termination of employment is 12 months, and for other employees in senior management positions, three to six months. Upon termination by the Company, the CEO is not entitled to any severance pay. Nor are other employees in senior management positions entitled to severance pay upon termination. The Board of Directors has the right however to deviate from these guidelines in individual cases if special reasons exists.

Note 33 Significant events after the close of the reporting period

- Seamless arranged loan financing of around SEK 30 million in January 2017.
- Seamless has entered into an agreement with the Portuguese company Facestore. This collaboration means that Facestore launches Seqr as its payment solution for its 25,000 online purchasers who are linked to their social commerce platform.
- MeaWallet technology has enabled customers of the Serbian bank Komercijalna banka, also called Kombank, to perform contactless transactions at POS terminals. The bank launched this new feature on the 2nd February, 2017 to their mobile banking application, KOMePay.
- MeaWallet partners with Crossgate to provide HCE/Cloud based mobile payments technology for their customers in Africa
- Swedes can pay contactless with their smartphone all over the world using Seqr

Note 34 Contingent liabilities

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

In October 2013 Accumulate filed a summons application with the Stockholm District Court against the Company regarding patent infringement. In the summons Accumulate required that the Company should stop to use and provide the mobile payment solution Seqr. The Company has rejected the allegations about patent infringement as unfounded. The Company has based its standpoint on a thorough analysis of Accumulate's

Seamless

patent and its scope. In August 2014 the Company filed a summons application with the Stockholm District Court against Accumulate regarding invalidity whereby the Company claims that Accumulate's patent should be declared invalid. The two cases are still pending.

The acquired in 2016 company MeaWallet AS has been sued in Norway by Petroservice AS. The dispute concerns the utilization of source code. Petroservice AS seeks compensation but has not specified any amount. The goal is ongoing in the courts of Norway.

Assurance by the Board of Directors

The Group's financial statements will be submitted to the Annual General Meeting on April 20, 2017 for adoption.

The Board of Directors and the Chief Executive Officer of the Company certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and accurate picture of the Group's financial position and profits/losses. The Annual Report with its accompanying financial statements have been prepared in accordance with generally accepted accounting principles and gives a true and accurate picture of the financial position and profits/losses.

The Report from Management for the Group and Parent Company provides an accurate overview of the developments of the Group's and the Parent Company's business operations, financial position and profits/losses, and describes material risks and uncertainties facing the Parent Company and the other companies making up the Group.

Stockholm, March 14, 2017

Hein Pretorius
Chairman of the Board

Peter Fredell
President and CEO

Kristin Berdan
Member of the Board of Directors

Tomas Klevbo
Member of the Board of Directors

Robin Saunders
Member of the Board of Directors

Our Auditor's Opinion was submitted on March 15, 2017

Niklas Renström
Chartered Accountant
Öhrlings PricewaterhouseCoopers AB

Auditor's report

To the general meeting of the shareholders of Seamless Distribution AB (publ), corporate identity number 556610-2660

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Seamless Distribution AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 23-32 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the Key audit matter

We refer to Notes 4 Important estimations and judgments in applying accounting principles and 15 Intangible assets.

Intangible fixed assets amounted to MSEK 118 as at 31 December 2016 which is equivalent to 47% of the group's total assets. Capitalised expenditure for development costs amounted to MSEK 80 and the remaining portion refers primarily to goodwill and other intangible fixed assets referring to acquired product rights in conjunction with the acquisition of MeaWallet AS undertaken in June 2016.

All assets, with the exception of Goodwill which is tested annually for impairment, are subject to ongoing depreciation.

Capitalised expenditure for development work refers to the development of the company's mobile payment service, SEQR, and the Transaction Switch services. The valuation of these assets has taken place through an implicit market valuation in which the starting point was the group's total stock exchange value.

Other intangible fixed assets are valued based on the assessed future cash flows of the respective cash-generating unit which require a large degree of judgment on behalf of company management. Consequently, there is a risk that the future assessed cash flows will not be equivalent to the book values of goodwill and other intangible fixed assets and that, as a result a risk for impairment may exist.

Seamless' conclusion is that there was no impairment requirement regarding the above mentioned assets as at 31 December 2016.

In assessing the assumptions, as reported in Note 15, and in verifying to ensure that the applied models agree with IFRS, our audit activities have been executed primarily to ensure the valuation and correctness of the items, and have included the following:

- We have tested and evaluated management's assumptions regarding the discount rate, growth and margins. These assessments involve a significant degree of subjectivity.
- Seamless' assumptions regarding growth in sales, cost development and margins and cash flow, were tested against the adopted budgets and business plans.
- We have evaluated management's assumptions on the basis of what is included in the budget and business plans, the results of the units, our knowledge of Seamless' development and verifiable information, such as newly signed agreements. In conjunction with the audit, we regularly meet with Seamless' management which provides us with a good understanding of the earnings development in the company, which also provides us with information in conjunction with the testing of intangible assets. This includes the follow-up of the certainty of the forecasts for historical periods. This provides us with the basis to test the assumptions regarding future development.
- We have also assessed the disclosures provided in the annual account to determine if they are correctly reported in accordance with IFRS, based on our executed tests of valuations.

After undertaking our audit activities, we deem that intangible fixed assets have been reported in accordance with Seamless' accounting principles and in accordance with applicable accounting standards.

Items impacted by management's judgments, primarily as regards the valuation of deferred tax

We refer to Notes 2.12 Current and deferred tax and 17 Deferred tax

The recoverable for deferred tax fiscal deficits amounted to MSEK28 as at 31 December 2016. The group has, in its entirety, reported losses during recent years which is due to the strategy to develop the business area, SEQR. The business area Transaction Switch has reported a profit in recent years and it is the assessed future profits from these operations which provide the basis for the valuation

In our audit, we have verified the valuation of the loss carry forwards and that the reported deferred tax on these have been calculated in accordance with applicable regulations. The executed audit activities include, amongst other things, a valuation of management's assumptions regarding assessed future results, in conjunction with the review and analysis of budgets and forecasts regarding future earnings development, as this is a significant assumption based on the amount of available loss carry forwards the management deems to be able to utilise. This assessment also involves a significant degree of subjectivity.

of tax recoverables.

In accordance with IAS 12, Seamless has assessed the portion of the loss carry forward deduction for fiscal losses in the group companies which the group can utilise against assessed future profits within the segment, Transaction Switch.

There is a risk that the future assessed results in Transaction Switches will, due to a variety of reasons, decline, or that the right to utilise the loss carry forward amounts will be lost, temporarily or permanently, as a result of the restructuring within the group and the acquisition and sale of operations.

Management contracts legal or fiscal expertise in order to handle the tax audits which are significant in nature. There is also a risk that political decisions will change the regulations which, in turn, impacts the assessment and/or calculation of deferred tax.

Particularly important assumptions in assessing deferred tax based on loss carry forwards include the management's assessment of future earnings. The risk refers primarily to the valuation of loss carry forwards.

The audit also includes the follow up of any possible ongoing tax audits or disputes which can impact the loss carry forward deductions.

After executing our audit activities, we deem that deferred tax is reported on the basis of the information currently available and in accordance with applicable accounting standards.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-13. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process. Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website:

www.revisorsinspektionen.se/rn/showdocument/documents/

[rev dok/revisors_ansvar.pdf](#). This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Seamless Distribution AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions

that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website:

www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 23-32 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Emphasis of matter

Without impacting our opinions stated above, we wish to bring attention to the fact that in the administration report, under paragraph "Cash flow and financial position", it is stated that the financial situation is of such a nature that the company requires further external financing in order to finance the next 12 months of operations. In order to secure the company's going concern status, it is decisive that the measures described in the administration report be implemented.

Stockholm, 15 March 2017

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Account
Auditor-in-Charge

INFORMATION FOR THE SHAREHOLDERS

Annual General Meeting 2017

The Annual General Meeting for 2017 will be held April 20, 2017, between 10:00 and 12:00 in the premises of Elite Palace Conference, located at Elite Palace Hotel, St. Eriksgatan 115, 100 31 Stockholm. Shareholders wishing to attend the AGM must be registered in the shareholder register maintained by Euroclear Sweden AB no later than April 12, 2017. Participants must also submit a notification of their intention to attend to Seamless Distribution AB no later than 12:00 April 12, 2017.

Notification of attendance is to be sent to

Seamless Distribution AB (publ), Box 6234, SE-102 34 Stockholm
By e-mail to info@seamless.se

The notification is to include the name, personal ID number or corporate registration number, address, telephone number, and the number of shares held.

Financial Reports Calendar – 2017

March 15, 2017	Annual Report 2016
April 20, 2017	Annual General Meeting
April 25, 2017	Q1 Interim Report
July 19, 2017	Q2 Interim Report
November 15, 2017	Q3 Interim Report

All financial information is made publically available via the Seamless website www.seamless.se

Financial reports can also be ordered directly from Seamless Distribution AB, Box 6234, SE-102 34 Stockholm, or via e-mail: info@seamless.se

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All information will be publically available on www.seamless.se immediately after its release for publication.