



DIBS Interim report
January – September 2011

DIBS
Payment Services



Functional, secure and innovative payments



Interim report

I January – 30 September, 2011

DIBS Payment Services is the Nordic region's leading supplier of functional, secure and innovative payment services for commerce via Internet. DIBS manage transactions for about 15 000 customers on a daily basis. DIBS has offices in Stockholm, Gothenburg, Oslo and Copenhagen. DIBS is traded on the First North marketplace with Erik Penser Bankaktiebolag as Certified Advisor.

Condensed January – September 2011

- Sales growth in local currency + 5 %
- Net sales MSEK 111.4 (109.4) + 2 %
- Sales of services (excl products) + 11 % at local currency and + 8 % in SEK
- Operating profit MSEK 20.4 (33.2) - 39 %
- Profit after tax MSEK 14.9 (25.5) - 42 %
- Profit after tax per share SEK 1.56 (2.66) - 42 %
- Portion of recurring income 89 % (86 %)
- Net inflow of customers 1 318 (1 797) - 27 %
- Number of customers 15 617 (13 607) + 15 %
- Customers' collective transaction value BSEK 60.7 (52.7) + 15 %
- EBITDA MSEK 24.9 (36.7) - 32 %
- EBITDA margin 22 % (34 %)

Condensed July – September 2011

- Sales growth in local currency + 4 %
- Net sales MSEK 38.0 (36.9) + 3 %
- Sales of services (excl products) + 15% at local currency and + 9 % in SEK
- Operating profit MSEK 7.2 (10.6) - 39 %
- Profit after tax MSEK 5.5 (8.3) - 34 %
- Profit after tax per share SEK 0.57 (0.87) - 34 %
- Portion of recurring income 90 % (89 %)
- Net inflow of customers 399 (467) - 15 %
- Customers' collective transaction value BSEK 19.4 (16.7) + 16 %
- EBITDA MSEK 8.8 (12.0) - 27 %
- EBITDA margin 23 % (33 %)

”The trend in the second quarter gained traction as our sales of services increased by 15% in local currency during the third quarter. We are starting to benefit from the strengthened sales organisation and technology platform. In this quarter, we have attracted several strategic clients and we are looking forward to a range of product launches in e-commerce via mobiles planned for the fourth quarter,” says Eric Wallin, CEO of DIBS.

CEO's comments

Faster growth in core business

Sales for the quarter increased by 4% in local currency and by 3% in SEK. EBITDA margin was 23%. The positive trend we experienced in the second quarter was further strengthened in the third quarter, but revenues and earnings are still below our expectations.

Our core business is services, which increased 15% calculated in local currency and 8% in SEK in the third quarter. The corresponding figure in local currency was equivalent to 11% for the first quarter and 14% for the second quarter compared to the corresponding quarters last year.

Sales of services exclude the sales of terminals to physical stores that we had in previous years, which was of non-recurring nature, mainly. Growth in local currency within our core business has thus increased quarter by quarter, during this year.

The trend is clearly positive and is due to our investment program that we initiated at the beginning of the year. The positive effects of our investments in a strengthened sales organization and technology platform can now be discerned, which is important to meet our long-term financial goals. In the

short term, our investments have had a negative impact on profitability, particularly through increased personnel costs. In the first half of this year, we increased our sales and development resources by about 30%. Thus, we built an organization that is well dimensioned for continued growth and in the third quarter, we have not had the need to recruit additional staff.

New strategic customers

The strengthening of the sales organization has helped us to increase the average revenue for new customers with over 30% since the beginning of this year. We have won several new strategic customers including security company Falck, KappAhl's new webshop, CDON's shopping club members, Garmin, Sportsmann which is a Norwegian catalogue sales company and several brands within Coop in Denmark.

Our customers' overall sales increased 16% in the third quarter. Despite the economic turmoil, customer transaction value continues to grow rapidly. This shows that e-commerce growth is structural and is not affected by economic fluctuations to any great extent.



Increased interest in commerce via mobiles

Commerce via mobile phones, known as m-commerce, is starting to take off. It is a major strategic intent for us to be involved in this process. Our technical platform is suited for mobile transactions and we have since some time now developed various mobile services to meet our customers' needs. Since the latter part of the third quarter, some 20 selected customers pay to use our solution. The full commercial launch is planned for the fourth quarter of this year. Our offering is developed together with partners from the payment industry, the mobile industry and leading consumer brands.

The timing of this m-commerce launch seems to be well chosen. DIBS E-Commerce Survey 2011 showed that 21% of the European e-merchants plan to soon launch e-commerce via mobile phones. Meanwhile, 17% of European consumers between 15 and 34 years old have engaged in e-commerce, in particular media, travel and other services. Sweden, Denmark and Poland are at the forefront. We view this as a clear sign that mobile commerce is reaching its breakthrough.

International expansion

It is important that we continue to grow outside the Nordic region, to build long-term critical mass of customers and revenues and to be proactive in our customers' internationalization. We achieve this with existing customers and in partnership with various international actors in the e-commerce value chain. The work is long-term, but we have already won customers in Poland and France.

E-commerce is growing rapidly in Europe

DIBS E-Commerce Survey in 2011 showed that e-commerce in Europe has grown by 11% and Sweden by 17% since 2010 calculated in SEK. Based on consumers' own estimates of their e-commerce, the market is estimated to amount to BSEK 228 in the Nordic countries and BSEK 1 940 in nine studied countries.

Germany, Britain, France, and Spain are the largest markets followed by Poland, Sweden, Norway, Denmark and Finland. One important factor is that the change in purchasing behaviour continues and consumers are shopping online more frequently. The number of purchases per consumer has increased from 6.6 to 7.4 per six months, compared to a year ago. This is slightly more than one purchase per month and consumption online is still only a small fraction of total household consumption.



Strong finances and high dividend

DIBS developments provide a continued stable cash flow and the company has a very good financial position. Cash flow from operations amounted to MSEK 14.5 in the second quarter. After having distributed SEK 2 per share for 2010, totalling MSEK 19.2, we had MSEK 43.8 in cash at end quarter and our equity ratio amounted to 82% (84).

DIBS has delivered strong growth over the years, we have reached a strong market position and we have a business model with good leverage. During the past years of rapid growth, we have not invested enough in technology and organisation. Therefore it was necessary to strengthen our technology platform and sales organization. We see this as an important step towards achieving our long-term financial goals.

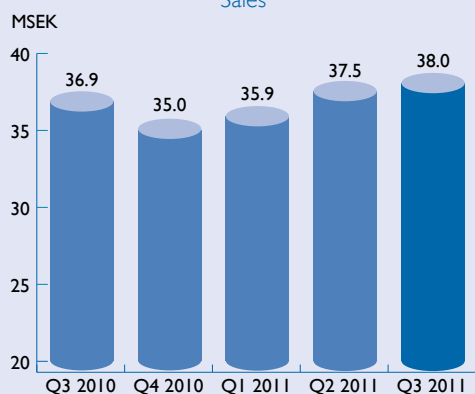
Stockholm, November 4, 2011

Eric Wallin, CEO

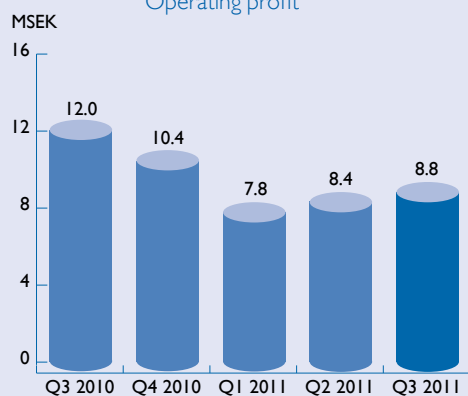


Comments on the report period

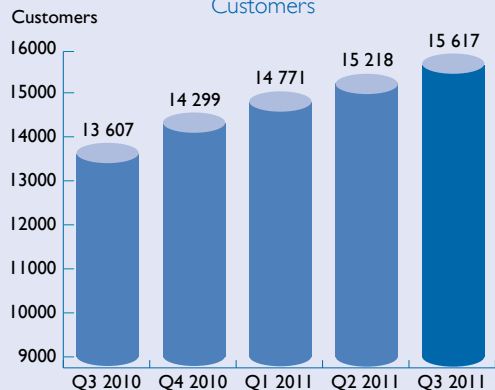
Sales



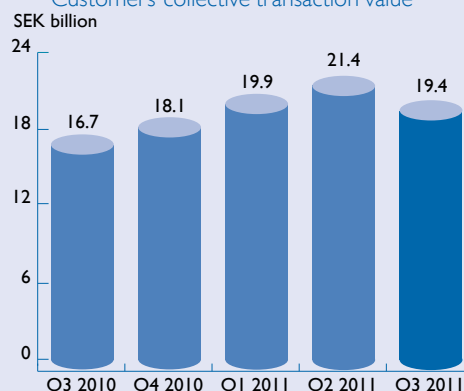
Operating profit



Customers



Customers' collective transaction value



January - September 2011

Net sales amounted to MSEK 114.4 (109.4) for the first nine months. Most of DIBS business is in Swedish, Danish and Norwegian kronas. Any fluctuations between these currencies impacts DIBS earnings, which is calculated in SEK. In local currencies the sales growth was 5 %.

Sales of services, excluding sales of terminals, amounted to MSEK 109.9 (101.3) for the nine months, an increase of 8%.

Recurring revenues amounted to 89 % (86) for the period. In total, the recurring revenues amounted to MSEK 99.7 (93.8), whereof 58 % was subscription revenues and 42 % was transaction revenues.

Net sales per geographic market

Country	Sales 2011 Jan-Sep	Sales 2010	in % 2011 Jan-Sep	in % 2010
Sweden	56 050	66 898	51%	46%
Denmark	38 342	57 761	35%	40%
Norway	17 015	20 146	15%	14%
Total	111 407	144 805	100%	100%

Recruitment of sales personnel and developers and other new ventures resulted in an increase in the operating costs to MSEK 91.0 (76.1). EBITDA decreased with 32% to MSEK 24.9 for the period and the EBITDA-margin amounted to 22% (34).

Operating profit decreased with 39% to MSEK 20.4 (33.2) and profit after tax decreased by 42% to SEK M14.9 (25.5) for the first nine months.

Net inflow of customers amounted to 1 318 (1 797). The customer base increased by 15% to 15 617 at the end of this period. The transaction value in the period increased to BSEK 19.4, that is 16 % compared to last year.



Liquidity and investments

Cash flow from operating activities totalled MSEK 23.7 (33.6) for the third quarter. The cash position at the end of the quarter amounted to MSEK 49.1 (56.0). The equity/assets ratio was 84 % (82). The Group's investments of MSEK 11.1 pertain primarily to the purchase of hardware and software MSEK 3.5 and activated development costs MSEK 7.6.

Shareholders' equity

The Group's shareholders' equity at the end of the period amounted to MSEK 105.1. In total, shareholders' equity increased by MSEK 3.0 during the quarter. In addition the company has paid out a dividend of MSEK 19.2.

Employees

DIBS has recruited several new employees during the last year. At the end of the third quarter, the number of employees totalled 100 (76). The employees include 60 employees in sales, customer care and marketing, 29 in operations and technical development and 11 in management, administration and accounting.

Tax

The Group's tax amount to an expense of MSEK 5.6 (7.5). The carrying amount of deferred tax asset amounts to MSEK 7.2 and is attributable to the value of tax losses carried forward.

Risk

External risks, such as data security, are thoroughly revised on a yearly basis by Visa and MasterCard in a so-called PCI DSS accreditation. DIBS has been accredited since 2005 and obtained its last PCI DSS certificate in May 2011.

Internal risks such as computer breakdowns and dependency on key personnel with specialist know-how are estimated to be acceptable. DIBS estimates that no significant risks have emerged, other than those mentioned in the annual report. The overall business risk of DIBS remains low. Our model relies on data processing and we do not act as a financial counterpart, hence we take no financial transaction risks.

DIBS has a large portion of recurring revenues. The revenues are considered to be well diversified between many customers, as no single customer accounts for more than two per cent of the revenues. See note 16 in the Annual Report for more information on financial risks.

Outlook

The growth of e-commerce continues and the total value of DIBS customers' sales increased by 16 % in this quarter compared to last year. Consumers changing purchasing patterns and e-merchant strategies to meet the customers via multiple channels fuel the development. Another important driver for e-commerce is that the consumers' online buying behaviour is migrated into non-commercial areas. This includes the public sector, organisations and non-profit businesses. The basis for growth is thereby further broadened to include other online services and the public sector.

DIBS business model is partly based on the number of transactions, which means that we benefit from the fact that more and more outlets launch online payments and that consumers increase their frequency of online purchases. The strong underlying growth of e-commerce leads to consolidation amongst the companies in the e-commerce value chain, including platform providers, payment gateways (such as DIBS) and financial companies. The market is consolidating both in the Nordics and internationally.

DIBS has a favourable view on consolidation in the market for e-commerce related services and possesses both the resources and competences to pursue acquisitions should the company see favourable opportunities.

Financial targets

The board's long-term target is to achieve an annual sales growth of above 20 % yearly. The target is considered to be realistic given the long-term structural growth of e-commerce and the company's strong position. The target for profitability is that the average EBITDA-margin shall exceed 25 %. The board's dividend policy is to annually pay out at least 60 % of the profit after tax.



Group consolidated income statement

(SEK 000s)	2011 Jul-Sep	2010 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Net sales					
Sales of services	37 547	34 298	109 864	101 348	135 635
Sales of goods	490	2 564	1 543	8 014	9 170
Total net sales	38 037	36 862	111 407	109 362	144 805
Operating expenses					
Cost of goods sold	- 411	- 2 262	- 1 090	- 6 090	- 7 645
Other external expenses	- 7 817	- 7 039	- 28 412	- 23 134	- 33 186
Staff cost	- 20 986	- 15 552	- 56 892	- 43 393	- 56 793
Depreciation of tangible and intangible assets	- 1 649	- 1 126	- 4 550	- 3 453	- 4 782
Other operating income	18	51	149	168	89
Other operating expenses	- 49	- 68	- 230	- 215	- 124
Total operating expenses	- 30 894	- 25 996	- 91 024	- 76 117	- 102 441
Operating profit	7 143	10 866	20 382	33 245	42 364
Result from financial items					
Financial income	214	44	484	293	1 535
Financial expenses	- 91	- 360	- 348	- 483	- 833
Total result from financial items	123	- 316	136	190	702
Profit before income taxes	7 266	10 550	20 518	33 055	43 066
Tax for the period	- 1 774	- 2 227	- 5 582	- 7 545	- 10 228
Net profit for the period	5 492	8 323	14 936	25 510	32 838
Profit per share, before dilution	0.57	0.87	1.56	2.66	3.43
Profit per share, after dilution	0.57	0.87	1.56	2.66	3.43

Statement of comprehensive income group

(SEK 000s)	2011 Jul-Sep	2010 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Profit for the period	5 492	8 323	14 936	25 510	32 838
Other comprehensive income					
Foreign exchange gains/losses in foreign subsidiaries	399	- 908	1 190	- 3 255	- 4 870
Other comprehensive income, net after tax	399	- 908	1 190	- 3 255	- 4 870
Total comprehensive income for the period	5 891	7 415	16 126	22 255	27 968
Total comprehensive income for the period					
Comprehensive income for the period attributable to owners of the parent company	5 891	7 415	16 126	22 255	27 968
Comprehensive income for the period attributable to subsidiaries outside decisive control	-	-	-	-	-
Total	5 891	7 415	16 126	22 255	27 968



Group consolidated balance sheet (summary)

(SEK 000s)	2011 Sep	2010 Sep	2010 Dec
ASSETS			
Non-current assets			
Goodwill	17 345	17 343	17 339
Other intangible assets	17 657	6 743	11 143
Tangible assets	8 850	6 430	8 784
Other financial assets	873	295	295
Deferred tax assets	7 189	13 383	12 042
Total non-current assets	51 914	44 194	49 603
Current assets			
Inventories	475	744	603
Receivables	10 473	9 160	11 354
Other current assets	2 235	1 877	1 904
Prepayments and accrued income	10 348	12 325	11 390
Total current assets (short-term)	23 531	24 106	25 251
Cash and bank	49 106	56 025	55 842
Total current assets	72 637	80 131	81 093
TOTAL ASSETS	124 551	124 325	130 696
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2 395	2 395	2 395
Other capital	31 171	31 171	31 171
Other reserves	- 3 263	- 2 838	- 4 453
Retained earnings	74 780	71 676	79 004
Total shareholders' equity	105 083	102 404	108 117
Non-current liabilities			
Deferred tax liabilities	742	1 003	1 408
Total non-current liabilities	742	1 003	1 408
Current liabilities			
Payables	1 703	6 157	6 376
Tax liabilities	-	1 749	1 097
Other liabilities	4 441	3 798	4 264
Accrued expenses and deferred income	12 582	9 214	9 435
Total current liabilities	18 726	20 918	21 171
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	124 551	124 325	130 696



Statement of changes in equity

2010		Attributable to owners of the parent company			
(SEK 000s)	Share capital	Other share capital	Reserves	Retained earnings	Total
Shareholders' equity 1 January 2010	2 371	27 595	417	57 662	88 045
Net profit for the period	-	-	-	25 510	25 510
Other comprehensive income	-	-	- 3 255	-	- 3 255
New share issue	24	3 576	-	-	3 600
Dividends	-	-	-	- 11 496	- 11 496
Shareholders' equity 30 June 2010	2 395	31 171	- 2 838	71 676	102 404

2011		Attributable to owners of the parent company			
(SEK 000s)	Share capital	Other share capital	Reserves	Retained earnings	Total
Shareholders' equity 1 January 2011	2 395	31 171	- 4 453	79 004	108 117
Net profit for the period	-	-	-	14 936	14 936
Other comprehensive income	-	-	1 190	-	1 190
Dividends	-	-	-	- 19 160	- 19 160
Shareholders' equity 30 June 2011	2 395	31 171	- 3 262	75 128	105 083



Consolidated cash flow

(SEK 000s)	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Operating activities			
Result before tax	20 519	33 055	43 066
Items included in result with no cash flow effect	4 550	3 453	4 835
Income tax paid	- 1 785	- 2 107	- 4 436
Cash flow from operating activities before changes in working capital	23 284	34 401	43 465
Cash flow from changes in working capital			
Increase/Decrease in inventories	127	- 744	- 602
Increase/Decrease of receivables	1 642	- 218	- 1 586
Increase/Decrease in payable	- 1 350	164	1 068
Cash flow from operating activities	23 703	33 603	42 345
Cash flow from investing activities			
Investments in tangible assets	- 3 539	- 3 127	- 6 407
Investments in intangible assets	- 7 563	-	- 4 886
Cash flow from investing activities	- 11 102	- 3 127	- 11 293
Cash flow from financing activities			
New share issue	-	3 600	3 600
Dividends to owners of parent company	- 19 160	- 11 496	- 11 496
Cash flow from financing activities	- 19 160	- 7 896	- 7 896
Cash flow for the period	- 6 559	22 580	23 156
Cash and cash equivalents at beginning of period	55 842	35 545	35 545
Currency effect in cash reserves	- 177	- 2 100	- 2 859
Cash and cash equivalents at end of period	49 106	56 025	55 842

Consolidated key ratio

	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Sales growth in local currency, %	5	21	20
Sales growth (ex. sales of goods) in local currency, %	11	12	13
Sales growth, %	2	16	13
Operating margin, %	18	30	29
Profit margin, %	13	23	23
Equity/assets ratio, %	84	82	83



Consolidated data per share

(SEK 000s)	2011 Jul-Sep	2010 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Earnings per share, (SEK)	0.57	0.87	1.56	2.66	3.43
Shareholders' equity per share, (SEK)	10.97	10.69	10.97	10.69	11.29
Number of shares on closing day	9 580 000	9 580 000	9 580 000	9 580 000	9 580 000

Consolidated quarterly data

	Year	Q1	Q2	Q3	Q4	Full-year
Group consolidated						
Net sales (MSEK)	2011	35.90	37.47	38.04		
	2010	35.37	37.12	36.87	35.44	144.8
EBITDA (MSEK)	2011	7.79	8.35	8.79		
	2010	12.22	12.51	12.01	10.44	47.2
EBITDA margin	2011	22	22	23		
	2010	35	34	33	29	33
Operating profit (MSEK)	2011	6.39	6.85	7.14		
	2010	11.08	11.30	10.86	9.12	42.36
Earnings per share (SEK)	2011	0.48	0.50	0.57		
	2010	0.89	0.91	0.87	0.76	3.43
Average number of shares (thousands)	2011	9 580	9 580	9 580		
	2010	9 513	9 580	9 580	9 580	9 572
Number of employees at end of the period	2011	95	98	100		
	2010	68	73	76	86	86



Income statement parent company (summary)

(SEK 000s)	2011 Jul-Sep	2011 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Net sales					
Sales of services	15 973	14 485	47 963	41 638	56 112
Sales of goods	235	-	235	-	25
Total net sales	16 208	14 485	48 198	41 638	56 137
Operating expenses					
Cost of goods sold	- 185	-	- 185	-	- 21
Other external expenses	- 2 602	- 2 691	- 11 014	- 9 104	- 13 598
Staff costs	- 4 813	- 4 329	- 13 217	- 12 282	- 18 444
Depreciation of tangible and intangible assets	- 131	- 80	- 385	- 232	- 354
Other operating income	1	15	13	78	1
Other operating expenses	- 4	- 16	- 16	- 89	- 21
Total operating expenses	- 7 734	- 7 101	- 24 804	-21 629	- 32 437
Operating profit	8 474	7 384	23 394	20 009	23 700
Result from financial items					
Financial income	202	18	445	52	873
Financial expenses	- 30	- 62	- 134	- 63	- 850
Total result from financial items	172	- 44	311	- 10	23
Profit after financial items	8 646	7 340	23 705	19 999	23 723
Tax for the period	- 2 274	- 1 921	- 6 223	- 5 356	- 6 388
Net profit for the period	6 372	5 419	17 482	14 643	17 335



Balance sheet parent company (summary)

(SEK 000s)	2011 Sep	2010 Sep	2010 Dec
ASSETS			
Tangible non-current assets			
Tangible assets			
Equipment	895	1 015	1 216
Total tangible non-current assets	895	1 015	1 216
Financial assets			
Shares in subsidiaries	33 305	33 305	33 305
Other non-current financial assets	295	295	295
Deferred tax asset	3 539	10 794	9 762
Total financial non-current assets	37 139	44 394	43 362
Total non-current assets	38 034	45 409	44 578
Inventories	-	-	21
Total current assets			
Current receivables			
Receivables	4 530	3 725	3 626
Receivables from subsidiaries	6 100	6 187	23
Other assets	1 618	283	250
Prepaid costs and accrued income	3 552	3 495	4 020
Total current assets (short-term)	15 800	13 690	7 919
Cash and Bank	21 968	18 625	27 752
Total current assets	41 454	32 315	35 671
TOTAL ASSETS	75 802	77 724	80 270
Shareholders' equity and liabilities			
Shareholders' equity			
Restricted Capital			
Share capital	2 395	2 395	2 395
Restricted Reserves	1 072	1 072	1 072
Unrestricted Capital			
Share premium reserve	30 639	30 639	30 639
Retained earnings	31 790	30 776	33 468
Total Shareholders' Equity	62 429	64 882	67 574
Current liabilities			
Payables	729	1 458	897
Liabilities to subsidiaries	2 150	5 305	5 015
Deferred tax liabilities	-	63	205
Other liabilities	2 530	2 239	2 320
Accrued expenses and deferred income	4 497	3 777	4 259
Sum current liabilities	9 906	12 842	12 696
TOTAL SHAREHOLDERS' EQUITY LIABILITIES	75 802	77 724	80 270
Pledged assets	None	None	None
Contingent liabilities	None	None	None



Accounting principles

DIBS applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Companies Act and the financial reporting recommendation RFR 2, Accounting for Legal Entities. There have not been any changes in group accounting and valuation principles compared with the recognition and measurement principles described in note 1 of the Annual Report for 2010.

This report has not been reviewed by the company's auditors.

Stockholm, November 4, 2011

Eric Wallin, CEO

Calendar

2012-02-17: Full-year report 2011
2012-04-18: Publish Annual Report
2012-05-04: Interim report for the first quarter 2012
2012-05-09: Annual General Meeting
2012-08-09: Interim report for the second quarter 2012
2012-11-01: Interim report for the third quarter 2012

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This is an unauthorised English translation of the original Swedish version of the interim report. In the event of a difference in meaning between the Swedish version and the English version, the original Swedish version shall prevail.

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