

28 February 2017

## Financial results for 2016

### Highlights for 2016

- Strong organic growth in net revenue of 7%, driven by strong growth in both Merchant Services and Financial & Network Services with organic growth of 13% and 10%, respectively. Corporate Services experienced organic growth of 2%
- EBITDA b.s.i. was up with 16.5%, equivalent to a margin expansion of 260 basis points to 35.5%
- Net profit of minus DKK 584 million, which as expected was significantly impacted by special items related to the transformation programme and one-off expenses related to the IPO and refinancing. Adjusted net profit amounted to DKK 997 million equivalent to an increase of 28.2% compared to 2015
- Capital expenditures amounted to DKK 668 million, which corresponds to a capital expenditure/revenue ratio of 9.0%
- Operating free cash flow was DKK 1,434 million up by 16%
- The IPO strengthened the capital structure with DKK 5.5 billion, which together with continued strong cash flow generation resulted in a significant deleveraging. Net interest-bearing debt / EBITDA b.s.i. was 3.2x at the end of 2016

### Financial performance

DKK m	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
Revenue, net	1,910	1,704	12.1%	7,385	6,836	8.0%
EBITDA before special items	676	558	21.1%	2,619	2,248	16.5%
Special items	(64)	(104)	(38%)	(606)	(538)	13%
Adjusted EBIT	564	493	14.4%	2,203	1,977	11.4%
Net profit	223	111	100.9%	(584)	119	n/a
Adjusted net profit	370	189	95.7%	997	778	28.2%
Capital expenditure/revenue	11.2%	8.1%	+3.1 pp	9.0%	7.9%	+1.1 pp
Net interest-bearing debt / EBITDA b.s.i.	3.2x			3.2x		
Organic growth	10%			7%		
EBITDA b.s.i. margin	35.4%	32.7%	+2.7 pp	35.5%	32.9%	+2.6 pp
EBITDA margin	32.0%	26.6%	+5.4 pp	27.3%	25.0%	+2.3 pp

### Bo Nilsson, CEO of Nets, said,

*"2016 was a year of continued accelerated financial performance. The strong organic growth of 7% was powered by transactions and volume increases across all business segments and we are pleased that we have delivered financial results in line with or better than we expected."*

*"We have successfully transformed Nets into a significantly more customer-focused and innovation-driven company. Today we have a strong foundation for future growth and for 2017 we expect solid growth in both revenue and earnings."*

### Outlook

Compared to the latest guidance for 2016, published in the Q3 2016 Report, Nets met or exceeded the expectations on all parameters.

Targets	Guidance 9 Nov 2016 FY 2016	Actual FY 2016	Guidance FY 2017
Organic revenue growth	6-7%	7%	5-6%
EBITDA b.s.i. margin	35-36%	35.5%	Above 36.0%
Special items (including IPO-related expenses)	DKK 630 million, of which approx. DKK 290 million is IPO-related	DKK 606 million, of which DKK 261 million is IPO-related	DKK 150 million, of which approx. DKK 30 million is IPO-related
Capital expenditure incurred (% of revenue)	Around 10%	9.0%	Around 8% excluding M&A activities
Net interest-bearing debt / EBITDA b.s.i.	At or below 3.4x	3.2x	Around 2.5x including effect of share buyback of approx. DKK 150 million to cover long-term incentive programme and assuming no additional M&A activities

## **Additional information**

### **Annual Report 2016**

Nets' annual report for 2016 is available on <https://investor.nets.eu>

### **Conference call**

In connection with the publication of the results for 2016, Nets will host a conference call on Tuesday, 28 February 2017, from 10:00 to 11:00 am CET. The conference call can be followed live via the company's website, <https://investor.nets.eu>

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### **Financial calendar**

- 22 March 2017: Annual General Meeting
- 9 May 2017: Interim Report for the First Quarter of 2017
- 17 August 2017: Interim Report for the First Half-year of 2017
- 9 November 2017: Interim Report for the Third Quarter of 2017

### **Forward-looking statements**

This report contains forward-looking statements, including, but not limited to, the statements and expectations contained in the outlook section. Forward-looking statements are statements (other than statements of historical fact) relating to future events and Nets' anticipated or planned financial and operational performance. The words 'may', 'will', 'will continue', 'should', 'expect', 'foresee', 'anticipate', 'believe', 'estimate', 'plan', 'predict', 'intend' or variations of these words, including negatives thereof, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Nets has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Nets. Although Nets believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect and actual results may materially differ, e.g. as the result of risks related to the industry in general or to Nets in particular, including those described in Nets Annual Report 2016.

Factors that may affect future results include, but are not limited to, global and economic conditions, including currency exchange rate and interest rate fluctuations, delay or failure of projects related to research and/or development, unexpected contract breaches or terminations, unplanned loss of patents, government-mandated or market-driven price decreases for Nets' products, introduction of competing products, reliance on information technology, Nets' ability to successfully market current and new products, exposure to product liability, litigation and investigations, regulatory developments, actual or perceived failure to adhere to ethical marketing practices, unexpected growth in costs and expenses, failure to recruit and retain the right employees, and failure to maintain a culture of compliance.

As a result, forward-looking statements should not be relied on as a prediction for actual results. Nets undertakes no obligation to update or revise any forward-looking statements, neither because of new information, nor because of future events or otherwise, except to the extent required by law.

### **Information on Nets**

Nets is a leading provider of digital payment services and related technology solutions across the Nordic region. Nets sits at the centre of the digital payments ecosystem and operates a deeply entrenched network, which connects merchants, corporate customers, financial institutions and consumers enabling them to make and receive payments as well as, increasingly, utilise value-added services to help them improve their respective activities.

## Financial highlights and key figures

DKK <sup>m</sup>	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
<b>Income statement</b>						
Revenue, net	1,910	1,704	12.1%	7,385	6,836	8.0%
EBITDA before special items	676	558	21.1%	2,619	2,248	16.5%
EBITDA	612	454	34.8%	2,013	1,710	17.7%
Special items	(87)	(104)	16.3%	(345)	(538)	35.9%
Special items - IPO Related costs	23	0	n.a.	(261)	0	n.a.
Adjusted EBIT	564	493	14.4%	2,203	1,977	11.4%
EBIT	324	247	31.2%	943	812	16.1%
Net profit	223	111	100.9%	(584)	119	n.a.
Adjusted net profit	370	189	95.7%	997	778	28.2%
<b>Financial position</b>						
Total assets	28,299	29,558	(4%)	28,299	29,558	(4%)
Goodwill	14,720	14,646	1%	14,720	14,646	1%
Clearing-related balances, net	(658)	(778)	15%	(658)	(778)	15%
Own cash	703	1,532	(54%)	703	1,532	(54%)
Net interest-bearing debt	8,503	13,319	(36%)	8,503	13,319	(36%)
Equity	9,806	4,980	97%	9,806	4,980	97%
<b>Cash flow</b>						
Net cash from operating activities excl. clearing-related balances	(10)	390	(103%)	(686)	1,105	(162%)
Change in clearing related balances	(318)	334	n.a.	(120)	989	n.a.
Net cash from investing activities	(817)	(1,583)	(48%)	67	(2,081)	(103%)
Net cash from financing activities	393	914	(57%)	212	582	(64%)
Net cash flow for the period	(529)	55	n.a.	(527)	595	n.a.
Net change in own cash	653	(266)	(345%)	(829)	(394)	(110%)
Operating free cash flow	456	465	(2%)	1,434	1,235	16%
<b>Growth in Revenue, net</b>						
Reported	12.1%			8.0%		
Organic	10%			7%		
<b>Capital structure</b>						
LTM EBITDA before special items	2,619			2,619		
Net interest-bearing debt / LTM EBITDA before special items	3.2x			3.2x		
<b>Other ratios</b>						
EBITDA before special items margin	35.4%	32.7%	+2.7 pp	35.5%	32.9%	+2.6 pp
EBITDA margin	32.0%	26.6%	+5.4 pp	27.3%	25.0%	+2.3 pp
Capital expenditure/revenue	11.2%	8.1%	+3.1 pp	9.0%	7.9%	+1.1 pp
Capitalised development costs (EBITDA b.s.i. impact)/revenue	4.2%	3.9%	+0.3 pp	3.9%	3.9%	+0.0 pp
Cash conversion ratio	77%	105%	-28 pp	78%	79%	-1 pp
Equity ratio	34.7%	16.8%	+17.9 pp	34.7%	16.8%	+17.9 pp
<b>Share information</b>						
Number of shares ('000)	200,411			200,411		
Earnings per share, basic, DKK	1.0			(3.0)		
Earnings per share, diluted, DKK	1.0			(3.0)		
Share price at the end of the period, DKK	123.6			123.6		
<b>FTE</b>	<b>2,427</b>	<b>2,413</b>	<b>0.6%</b>	<b>2,427</b>	<b>2,413</b>	<b>0.6%</b>

This report has been prepared in accordance with IAS 34 and additional Danish regulations. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report 2016 for Nets A/S. The above numbers are presented on a comparable basis, i.e. historic numbers are based on Nassa Topco AS' financial statements.

# Performance for Q4 2016

## Revenue

Net revenue in Q4 2016 was DKK 1,910 million, up 12.1% from DKK 1,704 million in 2015. The reported revenue is positively impacted by the acquisition of Nordea's merchant acquiring business, which closed in December 2015 and, hence, was only partially included in Q4 2015. Changes in currencies had a positive net effect, primarily related to the development in Norwegian kroner.

Organic growth<sup>1</sup> was 10%, driven by a strong performance in Merchant Services and Financial & Network Services, with organic growth rates of 17% and 11%, respectively, and strong organic growth in Corporate Services, which delivered 4%.

Organic growth was positively impacted by an increase in the number and value of transactions. Revenue related to value-added services also showed a strong development. Organic growth was particularly strong in Sweden.

In Merchant Services, growth was driven by both higher value of transactions processed and point-of-sale and related solutions. Organic growth was also positively impacted by the implementation of the EU regulation on interchange fees for card-based transactions.

In Financial & Network Services, key drivers were higher volumes in card payment transactions and value added services within fraud and dispute solutions and Consumer Management Services. Organic growth was also supported by implementation revenue related the Mobile Dankort.

Growth in Corporate Services was primarily driven by solid growth in direct debit volumes and strong growth in clearing services, including implementation revenues from ICBPI in Italy.

## Operating expenses

The total operating expenses in Q4 2016 were DKK 1,234 million compared to DKK 1,146 million in the same period in 2015.

## Cost of sales

Cost of sales amounted to DKK 243 million (12.7% of revenue) compared to DKK 246 million in Q4 2015 (14.4% of revenue). Cost of sales is mainly related to external vendors in Corporate Services, like payments to the Danish banks for work done in connection with Betalingsservice and to the POS business in Merchant Services.

## External expenses

External expenses in Q4 2016 amounted to DKK 456 million (23.9% of revenue), compared to DKK 443 million (26.0% of revenue) in the same period in 2015. Other external expenses include consulting fees related to IT, cost related to sourcing partners and spending on hardware/software. The increase in external cost was driven by sourcing partnership

related to technology development and increased marketing activities, while continued optimisation of IT sourcing mix, optimisation of operational processes and improved procurement impacted external expenses positively.

## Staff cost

Staff cost in Q4 2016 amounted to DKK 535 million (28.0% of revenue), compared to DKK 457 million (26.8% of revenue) in 2015. The increase in staff cost was primarily driven by the full-year impact from acquired companies (primarily Kortaccept Nordic AB, acquired in December 2015), a lower level of capitalisation of staff costs compared to Q4 2015 and new incentive programmes put in place after the IPO.

Nets had 2,427 FTE (full-time equivalent) by Q4 2016, which is 34 FTEs less than in Q3 2016 and 14 FTEs more than in Q4 2015.

## Capitalised development costs

Capitalised development costs were 4.2% of revenue, compared to 3.9% for Q4 2015. For the full year 2016, capitalised development costs were 3.9% in line with 2015. In Q4 2016, the capitalised costs were especially related to development of the Mobile Dankort.

## EBITDA before special items (b.s.i.)

EBITDA b.s.i. grew by 21.1% to DKK 676 million, compared to DKK 558 million in the same period in 2015.

The improvement in EBITDA b.s.i. was driven by operating leverage from the revenue growth as well as improved efficiency related to the continued implementation of the transformation programme.

The improvement resulted in an EBITDA b.s.i. margin expansion of 270 basis points to 35.4%.

## Special items

In total, special items were DKK 64 million, which includes a reversal of expenses relating to the IPO.

Non-IPO-related special items were reduced by DKK 17 million to DKK 87 million compared to same period 2015. Special items in Q4 2016 were mainly related to the transformation programme and severance costs following adjustment of the organisation within areas like Technology, Customer Services and the CFO area.

## EBITDA

The improved operating performance, together with lower special items, resulted in an improvement of DKK 158 million, or an increase of 34.8% in EBITDA, to DKK 612 million. Subsequently, the EBITDA margin improved by 540 basis points to 32.0%.

<sup>1</sup> Organic growth is calculated on a constant business scope (e.g. excluding the effect of M&A) and a constant currency basis

## Depreciation and amortisation

In Q4 2016, underlying depreciation and amortisation were DKK 112 million, up from DKK 65 million in Q4 2015. The increase was primarily due to the increased investment level over the recent years, whereas revised useful lifetime on certain development assets impacted underlying depreciation and amortisation with a non-recurring effect of approximately DKK 15 million.

The amortisation of business combination and impairment losses amounted to DKK 176 million compared to DKK 142 million in Q4 2015. The change primarily relates to the acquisition of Nordea's acquiring business in December 2015.

## EBIT

EBIT amounted to DKK 324 million, up by 31.2% compared to the same period in 2015, equivalent to an EBIT margin expansion of 250 basis points to 17.0%.

Adjusted EBIT calculated as EBITDA b.s.i. minus underlying depreciation and amortisation was DKK 564 million, which is an improvement of DKK 71 million or a 14.4% increase compared to the same period 2015.

## Net financials

Net financials were an expense of DKK 36 million compared to an income of 298 million in Q4 2015. Both in 2016 and 2015, net financials were impacted by the Visa transaction (see details under events in the period). Adjusted for the effects of this, net financials were negative with DKK 41 million compared to DKK 217 million in Q4 2015.

Net financial expenses were DKK 46 million in Q4 2016 compared to DKK 214 million in Q4 2015, whereof foreign exchange adjustments contributed positively with DKK 37 million and DKK 34 million, respectively.

The significant reduction in financial expenses is a result of both lower leverage and significantly reduced average funding costs following the refinancing completed in connection with the IPO in September 2016.

## Tax

Taxes amounted to DKK 65 million in the quarter, corresponding to an effective tax rate of 23%. In Q4 2015, taxes amounted to DKK 434 million, of which DKK 515 million related to the Visa transaction (see details under events in the period).

## Net profit

Net profit in the quarter was DKK 223 million, which is DKK 112 million or 100.9% higher than in the same period in 2015.

## Adjusted net profit

Adjusted net profit was DKK 370 million in Q4 2016, which is an increase of DKK 181 million or 95.7% compared to the same period in 2015.

## Balance sheet and cash flow

### Cash flow

Net cash flow from operating activities, excluding clearing working capital and the effects from the Visa transaction of DKK 452 million (see details under events in the period), was DKK 442 million in Q4 2016, up by DKK 52 million compared to 2015.

In Q4 2016, operating cash flow was positively affected by DKK 36 million related to the change in narrow working capital (NWC). The positive change primarily related to trade and other payables, partly offset by the payment of IPO accruals.

Cash flow from investing activities amounted to DKK 817 million in Q4 2016 compared to DKK 1,584 million in Q4 2015. In Q4 2016, investments were impacted by the payment to former shareholders in Nets related to the Visa transaction of DKK 625 million (see details under events in the period), while investments in Q4 2015 were impacted by the acquisition of Nordea's merchant acquiring business of DKK 1,463 million.

Capital expenditures in Q4 2016 amounted to DKK 214 million, including DKK 22 million in financial leases, compared to DKK 138 million in the same period in 2015, equivalent to a capital expenditure/revenue ratio of 11.2% and 8.1%, respectively. The higher ratio was primarily driven by the ongoing network segregation and the establishment of a third data centre in Norway.

Net cash flow from financing activities, excluding clearing-related balances in Q4 2016, was positive with DKK 393 million.

### Cash conversion ratio

The cash conversion ratio<sup>2</sup> was 77% in Q4 2016 compared to 105% in Q4 2015. In Q4 2016, cash conversion was impacted by the higher capital expenditure level.

### Clearing working capital

On 31 December 2016, clearing-related assets (clearing debtors) amounted to DKK 4,477 million, and clearing-related liabilities amounted to DKK 5,135 million, leading to a clearing working capital (CWC) of minus DKK 658 million (positive funding), which represents a reduction of DKK 318 million compared with CWC at the end of Q3 2016, driven by day-of-month-end and normal seasonality.

### Net interest-bearing debt

As of 31 December 2016, net interest-bearing debt amounted to DKK 8,503 million or 3.2x EBITDA b.s.i.

Net interest-bearing debt includes DKK 703 million of own cash, but excludes the deferred consideration of DKK 284 million related to future earnout payments in relation to past acquisitions, since this amount is non-interest-bearing. The net interest-bearing debt to EBITDA, b.s.i. ratio, was 3.4x if the deferred consideration of DKK 284 million is included.

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<sup>2</sup> Calculated as EBITDA b.s.i. adjusted for the change in NWC and capital expenditure divided by EBITDA b.s.i.

## Events in the period

### Visa transaction

The pass-through of proceeds from Visa Europe to the previous owners of Nets impacted the financial performance in both Q4 2016 and Q4 2015. The financial effects from this transaction are listed in the tables below.

DKKm	Q4 2016	Q4 2015
<b>Effects on the income statement</b>		
Value adjustments of Visa share	24	2,428
Value adjustment of liability related to Visa share	-19	-1,913
<b>Net financials</b>	<b>5</b>	<b>515</b>
<b>Tax</b>	<b>-5</b>	<b>-515</b>

DKKm	Q4 2016	Q4 2015
<b>Effects on cash flow</b>		
Paid taxes	-452	0
Payment of proceeds from Visa shares	-625	0
Transaction costs	-10	0
<b>Total cash flow effect</b>	<b>-1,087</b>	<b>0</b>

By the end of Q3 2016, Nets was holding DKK 1,281 million in cash from Visa Europe proceeds. In Q4 2016, this amount was reduced to DKK 194 million through payments to the previous owners amounting to DKK 625 million, taxes totaling DKK 452 million and transaction costs amounting to DKK 10 million.

## Events after the end of the reporting period

### EDIGard AS

On 31 January, Nets purchased the remaining 42.3% shares in EDIGard AS for a cash consideration of DKK 37 million. The share purchase was funded by Nets' own cash and existing credit facilities.

## Segment information

### Merchant Services

**Merchant Services** provides in-store, online and mobile payment acceptance solutions to more than 300,000 merchants across the Nordic region, from large corporate chains to small and medium-sized enterprises (SMEs) and micro-merchants. We serve our merchants through a broad set of distribution channels, including indirect partnership relationships such as bank referrals, value-added resellers and web developers as well as through our direct sales force. Our breadth of service, payment type and geographic coverage allow us to be a one-stop shop for merchants in the countries in which we operate.

DKKm	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
Revenue, net	609	477	27.7%	2,317	1,866	24.2%
<i>Organic growth</i>	17%			13%		
EBITDA b.s.i.	198	138	43.5%	792	559	41.7%
<i>EBITDA b.s.i. margin</i>	32.5%	28.9%	+3.6 pp	34.2%	30.0%	+4.2 pp

#### Recent development

Merchant Services expanded on the strong momentum build in previous quarters and delivered strong organic growth broadly supported across product areas and geographies.

Sales in Sweden saw strong progress, and especially the small and medium-sized enterprises' part of the business had a high momentum. The sales teams were strengthened during Q4 2016 to further speed up the penetration and growth in the Swedish market.

Nets has also seen strong traction in Finland with several new contracts. Three of the most significant agreements were with the national postal service, with the Finnish treasury to deliver online payment solutions and, in January 2017, with the Finnish national railway company choosing Nets as their multi-channel payment service provider.

A number of digital loyalty programmes were designed and launched for leading merchants in their sectors. In October 2016, Nets launched the new card storage service, where consumers only need CVC/CVV security digits when shopping. The offering leverages Nets' market-leading position and scale in the Nordic region. A significant number of online merchants was enrolled during Q4 2016.

#### Revenue

Revenue in Merchant Services grew by 27.7% and amounted to DKK 609 million compared to DKK 477 million

in Q4 2015. The organic growth was 17% and continued the strong momentum built over the last two years. Q4 especially benefitted from strong organic growth in financial acquiring and in e-commerce.

Organic growth was positively impacted by the implementation of the EU regulation on interchange fees for card-based transactions in the EU as of 9 December 2015 and in Norway as of 1 September 2016.

Point-of-sale and related solutions were supported by a continued push towards a higher proportion of rented terminals. Consequently, the development is partly offset by a decrease in the number of terminals sold.

The difference in Q4 2016 between reported revenue growth of 27.7% and organic growth of 17% was mainly due to the acquisition of Nordea's merchant acquiring business that closed in December 2015.

#### EBITDA before special items

EBITDA b.s.i. for Q4 2016 was DKK 198 million, equivalent to a margin of 32.5%, up 360 basis points compared to Q4 2015. The growth in profitability is primarily driven by the increased top line and operating leverage. Partly offsetting this is cost for mobile acceptance technology related to the launch of the Mobile Dankort.



## Financial & Network Services

**Financial & Network Services** provides outsourced processing services to more than 240 issuers of payment cards, primarily banks, across the Nordic region as well as complementary services, including Consumer Management Systems (CMS), fraud and dispute solutions and mobile wallet technology. This business area also operates and processes the national debit card schemes in Denmark and Norway, branded Dankort and BankAxept, respectively.

DKKm	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
Revenue, net	594	551	7.8%	2,273	2,206	3.0%
<i>Organic growth</i>	11%			10%		
EBITDA b.s.i.	235	219	7.3%	893	810	10.2%
<i>EBITDA b.s.i. margin</i>	39.6%	39.7%	-0.1 pp	39.3%	36.7%	+2.6 pp

### Recent development

Financial & Network Services saw solid growth in processed transactions in Q4 compared to the same period 2015. The increase was seen on both the two national debit card schemes in Denmark and Norway and on international branded cards. The Dankort saw a 5.3% increase, reaching 344 million transactions in Q4 2016. The number of BankAxept transactions grew by 3.1% and reached 407 million transactions in Q4 2016.

The contactless Dankort continued to see strong penetration, and in December 2016, 15% of the Dankort transactions used at the point of sale were contactless. A key factor behind this is the ease of use. The contactless card has a high level of security; especially as the risk of fraudulent shoulder surfing is reduced significantly.

Since Q4 2016, Nets has been pilot testing the Mobile Dankort, which is a virtualised version of the physical Dankort. The mobile solution mirrors the high ease of use experienced with the contactless Dankort.

The Mobile Dankort is an open infrastructure allowing the payment mechanism of Dankort to be incorporated in third-party wallet solutions. Close to 60 Danish countrywide and local banks have launched a wallet that will make Dankort available on mobile phones. In order to make the Mobile Dankort available to all consumers, the retail sector in Denmark has expressed a strong wish that Nets develops a separate app so that Dankort remains the preferred method of payment in stores. Nets will launch the app this spring.

Nets estimates that below 1% of the in-store transactions in 2016 in Denmark were mobile-initiated, but expects a significant increase with the launch of the Mobile Dankort.

There is a continued development around the mobile wallet offerings across all Nordic countries with the current traction related mainly to peer-to-peer use. Today, for a large part, these transactions run on the card network, but an increased share of the peer-to-peer transactions is expected to move to account-to-account.

Services related to fraud prevention and dispute solutions continued to see strong growth. Card fraud has shifted from the payment terminals environment to online attacks and hacking. Automated network attacks require a new and

faster way to react to prevent fraud. In December 2016, the majority of the Finnish banks decided to implement Nets' real-time card fraud prevention system, making the system available in all of the Nordic countries.

In Q4 2016, Financial & Network Services signed a contract with Sparebank 1 in Norway for risk-based authentication. This is an e-commerce-based solution providing extra security for issuers and cardholders. This was also implemented for DNB earlier in the year.

### Revenue

Revenue in Financial & Network Services in Q4 2016 grew by 7.8% to DKK 594 million, which is equivalent to strong organic growth of 11%, supported by all major product areas.

Financial & Network Services experiences a positive development in issuer processing services and domestic card schemes (Dankort and BankAxept), all supported by the underlying growth in the number of card transactions.

Nets' value/added services within fraud prevention and dispute solutions and Consumer Management Services solution saw high organic growth in Q4 2016.

The development revenue related to the Mobile Dankort also supported organic growth in Q4 2016.

The difference between reported revenue growth of 7.8% and organic growth of 11% in Q4 2016 was mainly due to Nets' acquisition of Nordea's acquiring business. Previously, these services were included in Financial & Network Services as services provided to third parties, but following the acquisition, this portfolio is included fully in Merchant Services.

### EBITDA before special items

In Q4 2016, EBITDA b.s.i. was DKK 235 million compared to DKK 219 million in Q4 2015. The margin decreased by 10 basis points to 39.6%.

The slight decrease in margin in Q4 2016 was due to higher costs, primarily due to extraordinary high activity related to development projects within mobile services.



## Corporate Services

**Corporate Services** provides the payment platform for recurrent bill payments and credit transfer transactions for more than 240,000 corporations, primarily in Denmark and Norway. At the centre of this business is the ability to provide a seamless and integrated solution for recurring bill payments to corporations and consumers (e.g. Leverandørservice and Betalingsservice). It also includes solutions for real-time clearing providing instant payments across bank accounts as well as the national digital ID systems in Denmark and Norway.

DKKm	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
Revenue, net	707	676	4.6%	2,795	2,764	1.1%
<i>Organic growth</i>	4%			2%		
EBITDA b.s.i.	243	201	20.9%	934	879	6.3%
<i>EBITDA b.s.i. margin</i>	34.4%	29.7%	+4.7 pp	33.4%	31.8%	+1.6 pp

### Recent development

Q4 2016 demonstrated solid growth in volumes in Nets e-bill payment solutions (Betalingsservice in Denmark and services like eFaktura and AvtaleGiro in Norway). The volume growth came from both a higher frequency and a higher proportion of statements.

Clearing services showed strong growth, especially within real-time clearing. In June 2016, Nets entered into a cooperation agreement with ICBPI to establish an instant payment solution in Italy. The implementation is developing according to plan.

At the end of the quarter, Nets signed a three-year agreement with Nordea on digitisation, according to which Nets will support Nordea's digital transformation efforts by delivering digital signing, identification and document distribution services.

### Revenue

Revenue in Corporate Services grew by 4.6% to DKK 707 million, equivalent to an organic growth of 4%.

Increased volumes in e-bill payments supported the organic growth in the quarter. Revenues related to digitisation also saw good traction in the quarter.

Clearing services showed strong growth, which in Q4 2016 related to more clearing transactions and implementation revenues from the contract with ICBPI in Italy.

Digital identity solutions delivered strong growth primarily driven by implementation revenue related to NemID.

### EBITDA before special items

EBITDA b.s.i. for Q4 2016 was DKK 243 million, and the margin increased by 470 basis points to 34.4%.

Cost was reduced in Q4 2016, compared to Q4 2015. The reduction in cost primarily related to continued positive effects from the transformation programme partly offset by higher transaction/related expenses.

## Outlook 2017 and medium-term guidance

Targets	Guidance for 2017	Medium-term (unchanged)
Organic revenue growth	5-6 %	5-6% p.a.
EBITDA b.s.i. margin	Above 36.0%	High 30s
Special items (including IPO-related expenses)	DKK 150 million, of which approx. DKK 30 million is IPO-related	IPO-related retention costs expected at DKK 30 million for 2018
Capital expenditure incurred (% of revenue)	Around 8% excluding M&A activities	6-8% excluding M&A activities
Net interest-bearing debt / EBITDA b.s.i.	Around 2.5x including effect of share buyback of approx. DKK 150 million to cover long-term incentive programme and assuming no additional M&A activities	2.0x-2.5x assuming no M&A activities

### Guidance for 2017

#### Organic revenue growth

The expected organic growth of 5-6% is based on an assumed structural growth in both value and number of transactions across all three segments. In addition organic growth is expected to be fuelled by further growth from the four strategic growth areas: mobile, outsourcing, value-chain-expansion and Nordic growth. We expect to continue expanding our position in Sweden in 2017 and to continue the up- and cross-selling of value-added services supported by the strengthening of our sales force implemented during 2016.

Revenue growth will not be as positively impacted by the changed regulation on interchange fees compared to the effect reflected in the 2016 growth. The guidance also reflects a lower expected implementation revenue in Financial & Network Services.

#### EBITDA b.s.i. margin

EBITDA margin b.s.i. is expected to be above 36.0%, driven by a continued positive impact from operating leverage and benefits from the transformation programme.

#### Special items

As previously communicated, special items are expected to be around DKK 150 million, whereof DKK 120 million relates to the transformation programme and approximately DKK 30 million relates to IPO retention costs.

#### Capital expenditure

Capital expenditure is expected to be impacted by the completion of investments initiated in 2016, primarily related to the data centre in Norway and network segregation. In addition, investments are expected related to PSD2, mobile and product innovation.

#### Net interest-bearing debt / EBITDA b.s.i.

Expected net interest-bearing debt / EBITDA b.s.i. is based on an assumption of no M&A activities other than the acquisition of the remaining shares in EDIGard AS for a total consideration of DKK 37 million, which was completed in January 2017.

The expectations include the effect of a share buyback programme, which is expected to be initiated to cover the obligations under the long-term incentive programme to be issued in March of 2017, amounting to approximately DKK 150 million.

#### Medium-term financial targets

The medium-term targets remain unchanged compared to the expected levels communicated in connection with the IPO. As previously communicated, the assumptions on which the targets are based, include that:

- We are able to achieve revenue growth at a level slightly above the expected growth of digital payments in the Nordic region and through the execution of our strategy
- We will continue to execute on the transformation programme
- We are able to further develop the current margins as a result of revenue growth, the positive effect of operational leverage and the ongoing implementation of the transformation programme
- In preparing our medium-term financial targets, we have assumed that no major adverse effects shall be forthcoming with significant changes, including without limitation larger changes in the competitive landscape or our ability to continue to successfully deliver services.

# Statement of the Board of Directors and Executive Management

Today, the Board of Directors and Executive Management considered and approved the audited consolidated financial statements in the Annual Report of Nets A/S for the financial year ended 31 December 2016.

The Board of Directors and Executive Management also considered and approved the interim report for Nets A/S containing financial information for Q4 2016 and condensed financial information for the financial year ended 31 December 2016. The interim report has not been audited or reviewed by the company's independent auditors.

The consolidated financial statements in the annual report have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. We consider the accounting policies applied to be appropriate and the accounting estimates reasonable, and in our opinion, the consolidated financial statements in the annual report give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's operations and cash flows.

The unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in Nets Annual Report 2016.

We further consider that the Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, together with a description of the principal risks and uncertainties that the Group faces in accordance with Danish disclosure requirements for listed companies.

Ballerup, 28 February 2017

## Executive Management:

**Bo Nilsson**  
*CEO*

**Klaus Pedersen**  
*CFO*

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## BOARD OF DIRECTORS:

**Inge K. Hansen**  
*Chairman*

**Jeff Gravenhorst**  
*Vice Chairman*

**Monica Caneman**  
*Board Member*

**James Brocklebank**  
*Board Member*

**Robin Marshall**  
*Board Member*

**Per-Kristian Halvorsen**  
*Board Member*

## **Condensed financial statements and notes**

### **Financial statements**

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### **Basis of preparation**

Note 1 – Significant accounting policies

### **Income Statement**

Note 2 – Segment information

## Income statement

Consolidated income statement		Q4	Q4	FY	FY
DKK m	Note	2016	2015	2016	2015
Revenue, gross		2,545	2,299	10,084	9,040
Interchange fees and processing fees		(635)	(595)	(2,699)	(2,204)
<b>Revenue, net of interchange fees and processing fees</b>	2	<b>1,910</b>	<b>1,704</b>	<b>7,385</b>	<b>6,836</b>
Cost of sales		(243)	(246)	(963)	(983)
External expenses		(455)	(443)	(1,769)	(1,732)
Staff costs		(536)	(457)	(2,034)	(1,873)
<b>Operating profit before depreciation and amortisation (EBITDA) before special items</b>		<b>676</b>	<b>558</b>	<b>2,619</b>	<b>2,248</b>
Special items		(87)	(104)	(345)	(538)
Special items - IPO related costs		23	-	(261)	-
<b>Operating profit before depreciation and amortisation (EBITDA)</b>		<b>612</b>	<b>454</b>	<b>2,013</b>	<b>1,710</b>
Amortisation of business combination intangibles and impairment losses		(176)	(142)	(654)	(627)
Underlying depreciation and amortisation		(112)	(65)	(416)	(271)
<b>Operating profit (EBIT)</b>		<b>324</b>	<b>247</b>	<b>943</b>	<b>812</b>
Profit from associates after tax		4	(3)	4	(3)
Fair value adjustment of Visa Europe share		24	2,428	413	2,428
Fair value adjustment on liability related to Visa Europe share		(19)	(1,913)	(448)	(1,913)
Fair value adjustment of Visa Europe share related to Teller Branch Norway		1	-	185	-
Financial income and expenses, net		(46)	(214)	(1,055)	(801)
Financial expenses - refinancing costs		-	-	(738)	-
<b>Net financials</b>		<b>(36)</b>	<b>298</b>	<b>(1,639)</b>	<b>(289)</b>
<b>Profit/(loss) before tax</b>		<b>288</b>	<b>545</b>	<b>(696)</b>	<b>523</b>
Income taxes		(65)	(434)	112	(404)
<b>Net profit/(loss) for the period</b>		<b>223</b>	<b>111</b>	<b>(584)</b>	<b>119</b>
Profit/(loss) is attributable to:					
Owners of Nets A/S		203	99	(601)	97
Non-controlling interests		20	12	17	22
		<b>223</b>	<b>111</b>	<b>(584)</b>	<b>119</b>
<b>Earnings per share per share for profit attributable to the ordinary equity holders of the Company (DKK)</b>					
Basic and diluted earnings per share		1.0	194.0	(3.0)	171.1

<b>Non-GAAP performance measures</b>					
Operating profit before depreciation and amortisation (EBITDA) b.s.i.		<b>676</b>	<b>558</b>	<b>2,619</b>	<b>2,248</b>
Underlying depreciation and amortisation		(112)	(65)	(416)	(271)
<b>Adjusted EBIT</b>		<b>564</b>	<b>493</b>	<b>2,203</b>	<b>1,977</b>
Adjusted net financials		(83)	(248)	(908)	(967)
Adjusted tax, 23%		(111)	(56)	(298)	(232)
<b>Adjusted net profit for the period</b>		<b>370</b>	<b>189</b>	<b>997</b>	<b>778</b>

## Statement of comprehensive income

Consolidated statement of other comprehensive income		Q4	Q4	FY	FY
DKKm		2016	2015	2016	2015
<b>Net profit for the period</b>		<b>223</b>	<b>111</b>	<b>(584)</b>	<b>119</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified subsequently to the consolidated income statement:</i>					
Actuarial gains/(losses) on defined benefit pension plans		(6)	3	(6)	3
Tax		-	-	-	-
<b>Total items not to be reclassified to the consolidated income statement</b>		<b>(6)</b>	<b>3</b>	<b>(6)</b>	<b>3</b>
<i>Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:</i>					
Currency translation adjustments, foreign enterprises		(55)	41	(25)	(119)
Reclassification of interest swap to the consolidated income statement		-	-	15	-
Net gains/(losses) on cash flow hedges		41	1	36	6
<b>Total items that may be reclassified to the consolidated income statement subsequently</b>		<b>(14)</b>	<b>42</b>	<b>26</b>	<b>(113)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>(20)</b>	<b>45</b>	<b>66</b>	<b>(110)</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>203</b>	<b>156</b>	<b>(564)</b>	<b>9</b>
Total comprehensive income for the period is attributable to:					
Owners of Nets A/S		169	144	(586)	(13)
Non-controlling interests		34	12	22	22
		<b>203</b>	<b>156</b>	<b>(564)</b>	<b>9</b>

## Balance sheet

Consolidated balance sheet DKK m	31 Dec 2016	31 Dec 2015
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	14,720	14,646
Other intangible assets	4,198	4,722
Plant and equipment	383	263
Investment in associates	231	227
Derivative financial instruments	27	-
Deferred tax asset	376	205
<b>Total non-current assets</b>	<b>19,935</b>	<b>20,063</b>
<b>Current assets</b>		
Inventories	66	67
Trade and other receivables	801	832
Clearing-related assets	4,477	3,705
Prepayments	194	153
Other financial assets	957	2,428
Cash and cash equivalent	1,869	2,310
<b>Total current assets</b>	<b>8,364</b>	<b>9,495</b>
<b>Total assets</b>	<b>28,299</b>	<b>29,558</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	200	50
Reserves	9,405	4,266
<b>Equity, owners of Nets A/S</b>	<b>9,605</b>	<b>4,316</b>
Non-controlling interests	201	664
<b>Total equity</b>	<b>9,806</b>	<b>4,980</b>
<b>Non-current liabilities</b>		
Borrowings	9,106	14,573
Pension liabilities, net	66	59
Deferred consideration for business combinations	284	163
Derivative financial instruments	-	24
Deferred tax liabilities	851	1,480
<b>Total non-current liabilities</b>	<b>10,307</b>	<b>16,299</b>
<b>Current liabilities</b>		
Borrowings - Clearing related balances	223	-
Bank overdraft - Clearing related balances	91	-
Bank overdraft - Own cash	-	-
Trade and other payables	1,614	1,863
Clearing-related liabilities	5,135	4,483
Other financial liabilities	1,064	1,913
Current tax liabilities	59	20
<b>Total current liabilities</b>	<b>8,186</b>	<b>8,279</b>
<b>Total liabilities</b>	<b>18,493</b>	<b>24,578</b>
<b>Total equity and liabilities</b>	<b>28,299</b>	<b>29,558</b>



## Statement of cash flow

Consolidated statement of cash flows for the period DKKm	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating profit (EBIT)	324	247	943	812
Depreciation, amortisation and Impairment losses	288	207	1,070	898
Other non-cash items	6	-	6	(21)
Change in narrow working capital	36	149	67	64
Interest and similar items, net	(66)	(139)	(2,119)	(568)
Tax paid	(598)	(74)	(653)	(80)
<b>Net cash flow from operating activities excluding clearing-related balances</b>	<b>(10)</b>	<b>390</b>	<b>(686)</b>	<b>1,105</b>
Change in clearing-related balances	(318)	334	(120)	989
<b>Net cash from operating activities</b>	<b>(328)</b>	<b>724</b>	<b>(806)</b>	<b>2,094</b>
Purchase of intangible assets	(85)	(113)	(391)	(394)
Purchase of plant and equipment	(107)	(25)	(255)	(145)
Proceeds from sale of plant and equipment	-	-	-	-
Proceeds from sale of investments	-	18	-	18
Purchase of investments	-	(1,463)	(70)	(1,570)
Proceeds from Visa shares	-	-	2,070	-
Payment of proceeds from Visa shares	(625)	-	(1,287)	-
Dividends received	-	-	-	10
<b>Net cash from investing activities</b>	<b>(817)</b>	<b>(1,583)</b>	<b>67</b>	<b>(2,081)</b>
Proceeds from capital increase	-	25	-	25
Proceeds from primary	-	-	5,500	-
Base fee in connection with primary	-	-	(70)	-
Proceeds from borrowings	393	1,447	9,040	1,636
Repayment of borrowings	-	(558)	(14,466)	(1,079)
Settlement of interest swap	-	-	(15)	-
Dividends paid	-	-	-	-
<b>Net cash flows from financing activities excluding clearing-related balances</b>	<b>393</b>	<b>914</b>	<b>(11)</b>	<b>582</b>
Proceeds from borrowings (clearing related)	223	-	223	-
<b>Net cash flows from financing activities</b>	<b>616</b>	<b>914</b>	<b>212</b>	<b>582</b>
<b>Net cash flow for the period</b>	<b>(529)</b>	<b>55</b>	<b>(527)</b>	<b>595</b>
Cash and cash equivalents at the beginning of the period	2,310	2,242	2,310	1,730
Exchange gains/(losses) on cash and cash equivalents	(3)	13	(5)	(15)
<b>Net cash and cash equivalents at the end of the period</b>	<b>1,778</b>	<b>2,310</b>	<b>1,778</b>	<b>2,310</b>
Bank overdraft (clearing-related balances )	91	-	91	-
Bank overdraft (own cash)	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,869</b>	<b>2,310</b>	<b>1,869</b>	<b>2,310</b>
<b>Non-GAAP performance measures</b>				
<b>Cash and cash equivalents at the end of the period</b>	<b>1,778</b>	<b>2,310</b>	<b>1,778</b>	<b>2,310</b>
Clearing-related assets at the end of period	4,477	3,705	4,477	3,705
Clearing-related liabilities at the end of period	(5,135)	(4,483)	(5,135)	(4,483)
Cash related to pass through Visa proceeds	(194)	-	(194)	-
Borrowings (clearing related balances)	(223)	-	(223)	-
Bank overdraft (own cash)	-	-	-	-
<b>Own cash at the end of the period</b>	<b>703</b>	<b>1,532</b>	<b>703</b>	<b>1,532</b>
<b>Own cash at the beginning of the period</b>	<b>50</b>	<b>1,798</b>	<b>1,532</b>	<b>1,926</b>
Net cash flow from operating activities excluding clearing related balances	(10)	391	(686)	1,105
Net cash from investing activities in the year	(817)	(1,584)	67	(2,081)
Net cash flows from financing activities in the year excluding clearing related items	393	914	(11)	582
Net cash flow from pass through Visa proceeds and related tax payments	1,087	-	(194)	-
Exchange gains/(losses) on cash and cash equivalents	-	13	(5)	-
<b>Own cash at the end of the period</b>	<b>703</b>	<b>1,532</b>	<b>703</b>	<b>1,532</b>

## Statement of changes in equity

Consolidated statement of changes in equity							
DKK m	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	Equity, owners Nets A/S	Non-controlling interests	Total equity
<b>2016</b>							
Equity 1 January	50	(39)	(227)	4,532	4,316	664	4,980
Net profit for the period	-	-	-	(601)	(601)	17	(584)
Actuarial losses related to defined benefit pension plans	-	-	-	(6)	(6)	-	(6)
Currency translation adjustments, foreign enterprises	-	-	(24)	-	(24)	(9)	(33)
Net gain/(loss) on cash flow hedges	-	36	-	-	36	-	36
Settlement of interest swap	-	15	-	-	15	-	15
Other comprehensive income for the year	-	51	(24)	(6)	21	(9)	12
<b>Total comprehensive income for the year</b>	-	51	(24)	(607)	(580)	8	(572)
Capital increase (share exchange) <sup>1</sup>	113	-	-	358	471	(471)	-
Capital increase (sale of primary) <sup>1</sup>	37	-	-	5,463	5,500	-	5,500
IPO related costs	-	-	-	(170)	(170)	-	(170)
Capital increase (employee share bonus)	-	-	-	60	60	-	60
Share based payments	-	-	-	8	8	-	8
<b>Total changes in equity</b>	150	51	(24)	5,112	5,289	(463)	4,826
<b>Equity as at 31 December</b>	200	12	(251)	9,644	9,605	201	9,806

1. The share capital of Nets A/S was established on 5 February 2016. In 2016, four capital increases were conducted in connection with the IPO to a total number of shares of 200,411,094, with each share of a nominal value of DKK 1 giving a share capital of DKK 200 million.

Consolidated statement of changes in equity							
DKK m	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	Equity, owners Nets A/S	Non-controlling interests	Total equity
<b>2015</b>							
Equity 1 January	50	(45)	(110)	5,030	4,925	21	4,946
Net profit for the year	-	-	-	97	97	22	119
<b>Other comprehensive income for the year</b>							
Actuarial losses related to defined benefit pension plans	-	-	-	3	3	-	3
Tax	-	-	-	-	-	-	-
Currency translation adjustments, foreign enterprises	-	-	(117)	-	(117)	(2)	(119)
Net gain/(loss) on cash flow hedges	-	6	-	-	6	-	6
Other comprehensive income for the year	-	6	(117)	3	(108)	(2)	(110)
<b>Total comprehensive income for the year</b>	-	6	(117)	100	(11)	20	9
Non-controlling interests from business combination	-	-	-	(623)	(623)	623	-
Capital increase	-	-	-	25	25	-	25
<b>Total changes in equity</b>	-	6	(117)	(498)	(609)	643	34
<b>Equity as at 31 December</b>	50	(39)	(227)	4,532	4,316	664	4,980

## Note 1 Significant accounting policies

The condensed consolidated interim financial statements of Nets A/S for the period 1 January - 31 December 2016 comprise Nets A/S and its subsidiaries (together referred to as 'the Group') and associates.

### Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and additional Danish disclosure requirements.

The accounting policies applied to by the Group in these condensed consolidated interim financial statements are consistent with those applied to by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. A full description of the Group's accounting policies is included in the consolidated financial statements for 2016 for Nets A/S.

### Key accounting estimates and judgements

The preparation of the Group's interim financial statements requires the Executive Management to make assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the financial period.

Estimates and judgements used in the determination of reported results are continuously being evaluated and are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Except for the judgements and estimates commented on in the notes of this interim report, the significant judgements made by the Executive Management in applying to the Group's accounting policies and the key sources of estimation uncertainty were the same as those applying to the consolidated financial statements as at and for the year ended 31 December 2016.

## Note 2 - Segment information

### Description of segments

Nets is a leading provider of digital payment services and related technology solutions across the Nordic region. Nets sits at the centre of the digital payments ecosystem and operates a deeply entrenched network, which connects merchants, corporate customers, financial institutions and consumers enabling them to make and receive payments as well as, increasingly, utilise value-added services to help them improve their respective activities

The Executive Management considers the business from a business unit perspective and has identified three reportable segments:

**Merchant Services** provides in-store, online and mobile payment acceptance solutions to more than 300,000 merchants across the Nordic region, from large corporate chains to small and medium-sized enterprises (SMEs) and micro-merchants. We serve our merchants through a broad set of distribution channels, including indirect partnership relationships such as bank referrals, value-added resellers and web developers as well as through our direct sales force. Our breadth of service, payment type and geographic coverage allow us to be a one-stop shop for merchants in the countries in which we operate.

**Financial & Network Services** provides outsourced processing services to more than 240 issuers of payment cards, primarily banks, across the Nordic region as well as complementary services including consumer management systems (CMS), fraud and dispute solutions and mobile wallet technology. This business area also operates and processes the national debit card schemes in Denmark and Norway, branded Dankort and BankAxept, respectively.

**Corporate Services** provides the payment platform for recurrent bill payments and credit transfer transactions for more than 240,000 corporations, primarily in Denmark and Norway. At the centre of this business is the ability to provide a seamless and integrated solution for recurring bill payments to corporations and consumers (e.g. Leverandørservice, Betalingsservice, eFaktura and AvtaleGiro). It also includes solutions for real-time clearing providing instant payments across bank accounts as well as the national digital ID systems in Denmark and Norway.

### Segment information provided to the Executive Management

The segment information provided to the Executive Management for the reportable segments for the full year 2016 is as follows:

FY 2016				
DKKm	Merchant Services	Financial & Network Services	Corporate Services	Group
<b>Income statement</b>				
Revenue	2,317	2,273	2,795	7,385
Reported growth	24.2%	3.0%	1.1%	8.0%
Organic growth	13%	10%	2%	7%
EBITDA before special items	792	893	934	2,619
EBITDA b.s.i. margin	34.2%	39.3%	33.4%	35.5%
<i>Reconciliation of EBITDA before special items to profit before tax:</i>				
Special items				(606)
Amortisations, depreciation and impairment losses				(1,070)
Finance items - net				(1,639)
<b>Profit before tax</b>				<b>(696)</b>

FY 2015				
DKKm	Merchant Services	Financial & Network Services	Corporate Services	Group
<b>Income statement</b>				
Revenue	1,866	2,206	2,764	6,836
EBITDA before special items	559	810	879	2,248
EBITDA b.s.i. margin	30.0%	36.7%	31.8%	32.9%
<i>Reconciliation of EBITDA before special items to profit before tax:</i>				
Special items				(538)
Amortisations, depreciation and impairment losses				(898)
Finance items - net				(289)
<b>Profit before tax</b>				<b>523</b>

The Executive Management uses revenue, organic growth and EBITDA before special items as measures to assess the performance of the segments. This excludes significant items of costs and income that cannot be attributed directly to the ordinary activities in the segments.