Listing Document

Nassa Topco AS (the Issuer)

€219,584,000 2.875% Senior Notes due 2024 (the Notes)

Application has been made to the Luxembourg Stock Exchange for the admission of the Notes to the Securities Official List of the Luxembourg Stock Exchange (the **SOL**). No application has or will be made for the Notes to be listed on any other stock exchange and the Notes will not be admitted to trading with the SOL.

The Notes are in registered form and in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof maintained in book-entry form.

The date of this Listing Document is 17 September 2018.

Important notices

This Listing Document includes particulars for the purpose of giving information with regard to the Notes and comprises this wrapper document (the **Wrapper Document**) together with the offering memorandum dated 30 March 2017 (the **Offering Memorandum**) (the Wrapper Document and Offering Memorandum to be considered together as the **Listing Document**). The Offering Memorandum should be read in conjunction with this Wrapper Document.

The distribution of this Listing Document and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Document comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to U.S. persons, except to "qualified institutional buyers" in reliance on the exemption from registration provided by Rule 144A of the Securities Act or to non-U.S. persons in offshore transactions in reliance on Regulation S of the Securities Act. This Listing Document may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Listing Document does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer that any recipient of this Listing Document should subscribe for or purchase any Notes. Each recipient shall be taken to have made its own investigation and appraisal of the financial condition of the Issuer.

Following admission to the SOL, the Issuer will cease its listing and admission to trading with Euronext Dublin.

Additional Information

The Issuer has incorporated by reference in this Listing Document certain information that it has made publicly available. The following information is incorporated by reference in this Listing Document:

- The consolidated financial statements of Nets A/S (the **Company**) for the three months ended March 31, 2017;
- The consolidated financial statements of the Company for the six months ended June 30, 2017;
- The consolidated financial statements of the Company for the nine months ended September 30, 2017;
- The audited consolidated financial statements of the Company for the year ended December 31, 2017; and
- The consolidated financial statements of the Company for the six months ended June 30, 2018 (collectively, the **Financial Statements**).

No other document is incorporated by reference in this Listing Document, except as expressly set forth above. The Financial Statements may be consulted at https://investor.nets.eu/reports-and-presentations. Other information contained on or accessible through the website of Nets A/S is not a part of this Listing Document. The Issuer does not prepare stand-alone financial statements.

We accept responsibility for the information contained in this Listing Document. To the best of our knowledge, except as otherwise noted, the information contained in this Listing Document is true and accurate in all material respects and we are not aware of any other facts, the omission of which would make this Listing Document or any statement contained herein misleading in any material respect. There has been no material adverse change in the prospects of the Issuer since the date of the Company's last published audited financial statements.

On 5 February 2018, Evergood 5 AS announced its decision to complete a compulsory redemption of the shares in Nets A/S held by minority shareholders (the **P2P**). The last day of trading and official listing of the shares in Nets A/S on Nasdaq Copenhagen A/S was 12 February 2018. Following the P2P, the Issuer made a change of control tender offer to holders of the Notes, after which an aggregate principal amount of €219,584,000 remained outstanding.

On 26 April 2018, pursuant to a supplemental indenture dated as of the date thereof, Evergood Lux 3 S.à r.l., Evergood Lux 4 S.à r.l., Evergood 1 ApS, Evergood 2 ApS, Evergood 3 ApS, Evergood 4 ApS, Evergood 5 AS and Nassa A/S acceded as additional guarantors under the Notes indenture, dated as of 6 April 2017, by and among, *inter alios*, the Issuer, the guarantors party thereto and Deutsche Trustee Company Limited, as trustee.

- Evergood Lux 3 S.à r.l. is a holding company with registered address at 5, rue Guillaume Kroll L-1882 Luxembourg.

- Evergood Lux 4 S.à r.l. is a holding company with registered address at 5, rue Guillaume Kroll L-1882 Luxembourg.

- Evergood 1 ApS is a holding company with registered address at c/o Kromann Reumert Sundkrogsgade 5, 21000 København, Denmark.

- Evergood 2 ApS is a holding company with registered address at c/o Kromann Reumert Sundkrogsgade 5, 21000 København, Denmark.

- Evergood 3 ApS is a holding company with registered address at c/o Kromann Reumert Sundkrogsgade 5, 21000 København, Denmark.

- Evergood 4 ApS is a holding company with registered address at c/o Nets A/S Lautrupbjerg 10, 2750 Ballerup, Denmark.

- Evergood 5 AS is a holding company with registered address at c/o Nets Branch Norway Haavard Martinsens vei 54 0978 OSLO, Norway

- Nassa A/S is a holding company with registered address at Lautrupbjerg 10, 2750 Ballerup, Denmark.

OFFERING MEMORANDUM

Nassa Topco AS
€400,000,000 2.875% Senior Notes due 2024

Nassa Topco AS, a private limited liability company incorporated under the laws of Norway (the "**Issuer**"), is offering €400.0 million in aggregate principal amount of its 2.875% Senior Notes due 2024 (the "**Notes**"). Interest on the Notes will be payable semi-annually in arrear on each January 15 and July 15, beginning on January 15, 2018. The Notes will mature on the Business Day immediately following April 6, 2024.

We will be entitled at our option to redeem all or a portion of the Notes (i) at any time prior to the date that is three months prior to the maturity of the Notes at a redemption price equal to 100 percent of the principal amount thereof, plus the applicable "make whole" premium as set forth in this offering memorandum (the "**Offering Memorandum**") and (ii) thereafter at a redemption price equal to 100 percent of the principal amount of the Notes, plus in each case accrued and unpaid interest and additional amounts, if any, to the date of redemption. Upon the occurrence of certain events constituting a change of control and a ratings event, the Issuer will be required to offer to repurchase the Notes at 101 percent of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100 percent of their principal amount, plus accrued and unpaid interest and additional amounts, if any.

The Notes will be the Issuer's general, senior unsecured obligations and will, upon issuance, (i) rank *pari passu* in right of payment with all of the Issuer's existing and future senior unsecured obligations that are not subordinated in right of payment to the Notes, including obligations under the Facilities Agreement; (ii) rank senior in right of payment to all of the Issuer's future obligations that are expressly subordinated in right of payment to the Notes, if any; (iii) be effectively subordinated to any existing and future secured obligations of the Issuer, the Parent Guarantor and the Subsidiaries of the Parent Guarantor to the extent of the value of the property and assets securing such obligations; (iv) be structurally subordinated to all obligations of the Parent Guarantor's Subsidiaries that do not guarantee the Notes; and (v) be guaranteed by the Guarantors (as defined below), subject to contractual limitations that reflect limitations under applicable law.

The Parent Guarantor and certain subsidiaries of the Parent Guarantor (together the "**Guarantors**") will, subject to contractual limitations that reflect limitations under applicable law, jointly and severally guarantee the Notes (the "**Guarantees**"). The Guarantees will be senior unsecured obligations of the Guarantors and will (i) rank *pari passu* in right of payment with all existing and future senior unsecured obligations of such Guarantor that are not expressly subordinated in right of payment to such Guarantor's Guarantee, including obligations under the Facilities Agreement; (ii) rank senior in right of payment to all future obligations of such Guarantor that are expressly subordinated in right of payment to such Guarantor's Guarantee, if any; and (iii) be effectively subordinated to all existing and future secured obligations of such Guarantor to the extent of the value of the property and assets securing such obligations. Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes.

This Offering Memorandum includes information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, covenants, events of default and transfer restrictions.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Irish Stock Exchange for trading on the Global Exchange Market of the Irish Stock Exchange.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 21.

Issue price for the Notes: 99.648%, plus accrued interest from the issue date, if any.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Notes and the Guarantees may not be offered or sold within the United States or to U.S. persons, except to "qualified institutional buyers" in reliance on the exemption from registration provided by Rule 144A of the U.S. Securities Act ("Rule 144A") or to non-U.S. persons in offshore transactions in reliance on Regulation S of the U.S. Securities Act ("Regulation S"). None of Nordea Bank AB (publ), Mizuho International plc or Nykredit Bank A/S is registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer or will participate in any offer or sale of the Notes within the United States or to any U.S. persons. For a description of certain restrictions on transfers of the Notes, see "*Plan of Distribution*" and "*Notice to Investors*."

The Notes will initially be issued in the form of global notes in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. We expect delivery of the Notes to be made in book-entry form through a common depositary of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking *societe anonyme* ("**Clearstream**") on April 6, 2017.

Joint Global Coordinators

Deutsche Bank **Nordea**

Joint Bookrunners

DNB Markets **Mizuho Securities** **Nykredit Bank** **SEB**

The date of this Offering Memorandum is March 30, 2017.

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IMPORTANT INFORMATION

You should rely only on, and base your decision to invest in the Notes solely on, the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or any of Deutsche Bank AG, London Branch, Nordea Bank AB (publ), DNB Markets, a division of DNB Bank ASA, Mizuho International plc, Nykredit Bank A/S and Skandinavisk Enskilda Banken AB (publ) (the "Initial Purchasers") have authorized anyone to provide prospective investors with different information, and you should not rely on any such information. You should assume that the information contained in this Offering Memorandum is accurate only as of the date on the front of this Offering Memorandum. We do not incorporate the information on our website into this Offering Memorandum and you should not consider any information appearing on, or that can be accessed through, our website as part of this Offering Memorandum.

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither we nor any of the Initial Purchasers are responsible for your compliance with these legal requirements.

We are offering the Notes, and the Guarantors are issuing the Guarantees, in reliance on (i) an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering and (ii) a transaction pursuant to Regulation S that is not subject to the registration requirements of the U.S. Securities Act. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Notice to Investors*." The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period.

The Notes are subject to restrictions on transferability and resale, which are described under the caption "*Notice to Investors*." By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. None of the Issuer, the Guarantors or the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither the Issuer nor any Guarantor makes any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain of the documents referred to herein will be made available to prospective investors upon request to us or set forth under the caption "*Available Information*."

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is true and accurate in all material respects and we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this Offering Memorandum and have had an opportunity to request, and have received all additional information that you need from us. No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this Offering Memorandum is accurate as of the date hereof. The Issuer's and the Guarantors' business, financial condition or other information contained in this Offering Memorandum may change after the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set out in this Offering Memorandum or in our business since the date of this Offering Memorandum.

The Initial Purchasers, the Trustee (as defined herein) and any other agents acting with respect to the Notes accept no responsibility for and make no representation or warranty, express or implied, as to the accuracy or completeness of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, or any other agents acting with respect to the Notes as to the past or the future. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, advisers and agents in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

We reserve the right to withdraw the Offering of the Notes at any time. We and the Initial Purchasers each reserve the right to reject any offer to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

By accepting delivery of this Offering Memorandum, you agree to the foregoing and agree not to use any information herein for any purpose other than considering an investment in the Notes. This Offering Memorandum may be used only for the purpose for which it was published.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry; Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

This Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to Investors*."

This Offering Memorandum is being provided (1) to U.S. investors that the Issuer reasonably believes to be QIBs under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not U.S. persons in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

CERTAIN CONSIDERATIONS REGARDING SALES INTO CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45 106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31 103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights, or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33 105 *Underwriting Conflicts* (NI 33 105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33 105 regarding underwriter conflicts of interest in connection with this Offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Notes to the public in that Relevant Member State may be made other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require us or any Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Norway

This Offering Memorandum has not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of June 29, 2007. Accordingly, neither this Offering Memorandum nor any other offering material relating to the Notes constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Notes may not be offered or sold, directly or indirectly, in Norway except:

(a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor, or in respect of Notes in minimum denominations of at least €100,000;

(b) to "professional investors," as defined in section 7-1 of the Norwegian Securities Regulation of June 29, 2007 no. 876;

(c) to fewer than 150 natural or legal persons in the Norwegian securities market (other than "professional investors," as defined in section 7-1 of the Norwegian Securities Regulation of June 29, 2007 no. 876); and

(d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Company or the Initial Purchaser of a prospectus pursuant to the Norwegian Securities Trading Act of June 29, 2007.

In no circumstances may an offer of Notes be made in the Norwegian market without the Notes being registered in the Norwegian Central Securities Depository in dematerialized form, to the extent such Notes shall be registered according to the Norwegian Securities Registry Act (Norwegian: *Verdipapirregisterloven*, 2002) and its regulations.

United Kingdom

This Offering Memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

Ireland

This Offering Memorandum has been prepared on the basis that any offer of Notes will be made pursuant to the exemptions in Regulation 9(1)(a), (b) or (d) of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Irish Prospectus Regulations**") from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in Ireland of Notes which are subject of the Offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchaser to publish a prospectus pursuant to Regulation 12 of the Irish Prospectus Regulations or supplement a prospectus pursuant to Regulation 51 of the Irish Prospectus Regulations, in each case, in relation to such offer. None of the Issuer or the Initial Purchaser has authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Initial Purchaser to publish or supplement a prospectus for such offer.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "project," "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to those relating to:

- Nets' ability to keep pace with changes in its industry;
- Nets' dependence on direct and sponsored membership in card schemes and reliance on financial institutions;
- increased competition between domestic card schemes and international card schemes;
- a decline in digital transactions;
- fraud by merchants, consumers, suppliers or others;
- compliance costs;
- economic, political and credit risk (including, but not limited to, chargeback risk);
- breakdowns of the Group's processing systems or software defects;
- security breaches;
- risks related to data privacy concerns and privacy regulations and requirements;
- competition law risks;
- Nets' ability to manage its own growth and change;
- Nets' dependence on its partners and its reliance on third-party vendors to provide certain licenses, products and services;
- Nets' ability to realize synergies and cost savings from its Transformation Program;
- Nets' ability to attract, integrate, manage and retain qualified personnel or key employees;
- risks associated with acquisitions of businesses, joint ventures and investments in associates;
- consolidation in the banking and financial services industry;
- fluctuations in foreign currency exchange rates and interest rates;
- risks relating to intellectual property rights;
- fluctuations in clearing working capital needs;
- changes in laws and regulation in the jurisdictions in which the Group operates; and
- other factors discussed or referred to in this Offering Memorandum.

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this Offering Memorandum, including the sections entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*," for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Any forward-looking statements are only made as of the date of this Offering Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under "*Risk Factors*."

CERTAIN DEFINITIONS

In this Offering Memorandum, unless the context otherwise requires:

"**CAGR**"	compound annual growth rate
"**CMS**"	card management services
"**Clearing Working Capital Facilities**"	the bank lines available to the Group for clearing working capital purposes on both a committed and uncommitted basis; see "*Description of Certain Financing Arrangements*"
"**Clearstream**"	means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency
"**Company**" or "**Parent Guarantor**"	Nets A/S
"**Danish FSA**"	Danish Financial Supervisory Authority
"**Danish Guarantor**"	means each of the Parent Guarantor, Nets Denmark A/S, Nets Holding A/S and Teller A/S
"**DKK**" or "**Danish kroner**"	Danish kroner, the lawful currency of Denmark
"**EBITDA**"	as calculated by the Company represents operating profit before depreciation and amortization
"**EEA**"	European Economic Area
"**EU**"	European Union
"**EU IFR**"	the Regulation of the European Parliament and of the Council on Interchange Fees for card-based payment transactions 2015/751
"**euro**," "**EUR**" or "**€**"	euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community
"**Euroclear**"	Euroclear Bank SA/NA
"**Executive Committee**"	the Executive Management and the Key Employees
"**Executive Management**"	the executive management of the Company as registered with the Danish Business Authority
"**Facilities Agreement**"	the IPO facilities agreement dated July 6, 2016, among, *inter alios*, Nets A/S, as parent, the mandated lead arrangers and bookrunners, lead arrangers and co-arrangers listed therein, and Nordea Danmark, filial af Nordea Bank AB (publ), Sverige (formerly Nordea Bank Danmark A/S), as agent, as amended, supplemented or otherwise modified from time to time; See "*Description of Certain Financing Arrangements*"
"**Group**" or "**Nets**"	as of any date prior to July 9, 2014, the Operating Group, as of any date thereafter but prior to September 21, 2016, the Issuer together with its consolidated subsidiaries, and thereafter, Nets A/S together with its consolidated subsidiaries
"**Guarantor**"	each of the Parent Guarantor, Nets Holding A/S, Teller A/S, Nets Denmark A/S and Nets Oy, collectively the "**Guarantors**"

"**IFRS**"	International Financial Reporting Standards, as adopted by the EU
"**Indenture**"	the indenture governing the Notes, to be dated as of the Issue Date, between, *inter alios*, the Issuer, the Guarantors and the Trustee
"**Initial Purchasers**"	Deutsche Bank AG, London Branch, Nordea Bank AB (publ), DNB Markets, a division of DNB Bank ASA, Mizuho International plc, Nykredit Bank A/S and Skandinavisk Enskilda Banken AB (publ)
"**Issue Date**"	April 6, 2017
"**Issuer**"	Nassa Topco AS
"**Loan Facilities**"	the facilities under the Facilities Agreement
"**MLD4**"	the Fourth Anti-Money Laundering Directive, which entered into force on June 25, 2015
"**Nasdaq Copenhagen**"	Nasdaq Copenhagen A/S, CVR no 19 09 26 77
"**Nets Acquisition**"	the Issuer's acquisition of Nets Holding A/S on July 9, 2014
"**NOK**" or "**Norwegian kroner**"	Norwegian kroner, the lawful currency of Norway
"**Nordic region**"	Denmark, Norway, Sweden and Finland
"**OCES**"	Public Certificates for Electronic Services ("*Offentlig Certifikat for Elektronisk Services"*)
"**OEM**"	original equipment manufacturer
"**Operating Group**"	Nets Holding A/S, together with its consolidated subsidiaries
"**Overdraft Facility**"	the €75 million overdraft facility of the RCF
"**PCI DSS**"	the PCI (Payment Card Industry) Data Security Standards
"**POS**"	point-of-sale
"**PSD1**"	the Directive on Payment Services in the Internal Market 2007/64/EC that entered into force in December 2007
"**PSD2**"	the Directive on Payment Services in the Internal Market 2015/2366 published in the Official Journal on December 23, 2015
"**PwC**"	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
"**QIBs**"	qualified institutional buyers within the meaning of Rule 144A
"**RCF**"	the €475 million revolving working capital and overdraft credit facility with a final maturity date of September 27, 2021
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Rule 144A**"	Rule 144A under the U.S. Securities Act
"**SEPA**"	the Single Euro Payments Area
"**Subsidiary Guarantors**"	Nets Denmark A/S, Nets Holding A/S, Nets Oy and Teller A/S

"**Term Facilities**"	(i) a €485 million term facility (redenominated into three loans—DKK 2,028 million, NOK 1,767 million and €18.9 million) with a final maturity date of September 27, 2019 and (ii) a €485 million term facility (redenominated into three loans—DKK 2,034 million, NOK 1,767 million and €18.15 million) with a final maturity date of September 27, 2021
"**Transformation Program**"	the transformation program initiated by the Issuer's previous shareholders following their acquisition of Nets in 2014; See "*Business—Transformation Program*"
"**Trustee**"	Deutsche Trustee Company Limited
"**U.S.**" or "**United States**"	United States of America
"**U.S. dollar**," "**USD**" or "**$**"	United States dollar, the lawful currency of the United States of America
"**U.S. Exchange Act**"	U.S. Securities Exchange Act of 1934, as amended
"**U.S. Securities Act**"	U.S. Securities Act of 1933, as amended
"**Visa Transaction**"	the acquisition of Visa Europe from its European members announced on November 2, 2015, amended on April 21, 2016, and closed on June 21, 2016; See "*Business—Visa Transaction*"

PRESENTATION OF FINANCIAL INFORMATION

We present in this Offering Memorandum financial information for the Parent Guarantor, the Issuer, Nets Holding A/S and their respective consolidated subsidiaries. We have included in this Offering Memorandum:

- the audited consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2016, which have been audited by PwC as stated in their report appearing therein (the "**Parent Guarantor 2016 Audited Financial Statements**");
- the audited consolidated financial statements of the Issuer as of and for the year ended December 31, 2015, which have been audited by PricewaterhouseCoopers AS, Norway, as stated in their report appearing therein (the "**Issuer 2015 Audited Financial Statements**"); and
- the audited consolidated financial statements of the Issuer as of and for the period beginning February 3, 2014 and ended December 31, 2014, covering operating activities from July 1, 2014 to December 31, 2014, and which have been audited by PricewaterhouseCoopers AS, Norway, as stated in their report appearing therein (the "**Issuer 2014 Audited Financial Statements**").

The Parent Guarantor was formed on February 5, 2016 for the purpose of acquiring the Issuer (which is in turn the former ultimate holding company of Nets Holding A/S). The Parent Guarantor's only material assets are its interests in the issued and outstanding shares of the Issuer.

The Issuer was formed on February 13, 2014 for the purpose of the Nets Acquisition.

The comparative figures as of and for the year ended December 31, 2015 included in the Parent Guarantor 2016 Audited Financial Statements have been derived from the consolidated financial statements for 2015 contained in the Issuer 2015 Audited Financial Statements.

We also present in this Offering Memorandum income statement information in respect of Nets Holding A/S for the year ended December 31, 2014 (the "**Operating Group 2014 Income Statement Information**"). The Operating Group 2014 Income Statement Information has not been adjusted to reflect the impact of any changes to the income statement that occurred as a result of the application of purchase accounting adjustments applied as a result of the Nets Acquisition. Therefore, the Operating Group 2014 Income Statement Information is not directly comparable with the income statement data contained in the Issuer 2015 Audited Financial Statements, including in particular differences in amortization and depreciation expenses, fair value adjustments, net financial income and expenses and financial expenses.

The Operating Group 2014 Income Statement Information has been derived from the audited consolidated financial statements of Nets Holding A/S for 2014 published on March 24, 2015.

The functional currency of each entity of the Group is translated into Danish kroner. Financial information that Nets has previously published for any financial year can differ from subsequently published financial information due to the retrospective implementation of changes in accounting policies and other retrospective adjustments made in accordance with IFRS.

Non-GAAP/Non-IFRS Financial Measures

The non-GAAP financial measures presented are not measures of financial performance under IFRS as adopted by the European Union, but measures used by management to monitor the underlying performance of the Group. Further, they may not be indicative of Nets' historical operating results, nor are such measures meant to be predictive of Nets' future results. Nets has presented these non-GAAP measures in this Offering Memorandum because it considers them an important supplemental measure of its performance and believes that they are widely used by investors in comparing performance between companies.

However, not all companies may calculate the non-GAAP financial measures in the same manner or on a consistent basis, and, as a result, Nets' presentation thereof may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-GAAP financial measures contained in this Offering Memorandum and they should not be considered as a substitute for revenue, EBIT, cash and cash equivalents or other financial measures computed in accordance with IFRS as adopted by the European Union.

The following financial measures included in this Offering Memorandum are not measures of financial performance or liquidity under IFRS as adopted by the European Union:

Organic Revenue Growth

Organic revenue growth, as calculated by Nets, represents the percentage change in organic revenue in the period presented compared to the respective prior period. Organic revenue, as calculated by Nets, represents revenue, net of interchange fees and processing fees, excluding changes attributable to businesses acquired or divested business activities or services ceased as a result of acquisitions or discontinued and the effect of changes in foreign exchange rates.

EBITDA b.s.i

EBITDA b.s.i., as calculated by Nets, represents EBITDA adjusted for special items (which are costs or income, net, that are recognized in the income statement and cannot be attributed directly to the Group's ordinary activities).

Adjusted EBIT

Adjusted EBIT, as calculated by Nets, represents EBIT adjusted for amortization of business combination intangibles & impairment losses and special items.

Adjusted Net Profit

Adjusted net profit, as calculated by Nets, represents net profit for the period before amortization of business combination intangibles & impairment losses and special items, less net financial income, less the tax effect of these adjustments.

Own Cash

Own cash, as calculated by Nets, represents a measurement of cash and cash equivalents as of December 31 of any given year, excluding clearing-related balances and pass through Visa share proceeds.

Operating Free Cash Flow

Operating free cash flow, as calculated by Nets, represents cash flow from EBITDA b.s.i. adjusted for change in narrow working capital and purchase of intangible assets and plant & equipment and capitalized development projects for the year, excluding acquisition of subsidiaries.

Operating Free Cash Flow Conversion

Operating free cash flow conversion, as calculated by Nets, represents operating free cash flow defined as cash flow from EBITDA b.s.i., less capital expenditure, excluding change in narrow working capital, and divided by EBITDA b.s.i.

Constant Currency Basis

With respect to year-on-year comparisons of certain income statement line items, Nets presents certain financial data not only as reported under IFRS, but also on a constant currency basis, which excludes the effects of changes in currency variation from Nets' reported results under IFRS as adopted by the European Union. Constant exchange rates for the years ended December 31, 2016, 2015 and 2014 are determined by using the average exchange rates during 2016. The Group believes that this measure facilitates an understanding of the underlying economic performance of Nets' operations.

For a reconciliation of the non-GAAP/non-IFRS financial measures presented in this Offering Memorandum to the nearest IFRS measures, please see footnote 2 to the table under "*Summary—Summary Historical Consolidated Financial Data—Other Operating, Financial and as Adjusted Financial Information*."

Rounding Adjustments

Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Presentation of Compound Annual Growth Rate

The compound annual growth rates ("**CAGR**") presented in this Offering Memorandum represent the CAGR between stated dates or for a period.

MARKET AND INDUSTRY DATA

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Nets' business and markets. Unless otherwise indicated, such information is based on Nets' analysis of multiple sources, including a market study the Group commissioned from First Annapolis International, Inc. (the "**Company Market Study**").

While Nets can confirm that information from external sources has been accurately reproduced, Nets has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Offering Memorandum that was extracted or derived from these external sources. As far as Nets is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

Nets understands from First Annapolis International, Inc. that the Company Market Study is based on experience across the Nordic region, interviews conducted with industry experts and participants, its secondary market research, internal financial and operational information supplied by, or on behalf of, Nets, information obtained from data providers, including central banks and cards data service providers, industry associations and country organizations, and publicly available information from other sources, such as information publicly released by its competitors.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

Unless otherwise indicated in this Offering Memorandum, any references to or statements regarding the Company's competitive position have been based on the Company's own assessment and knowledge of the market, regions and countries in which it operates. Additionally, unless otherwise indicated in this Offering Memorandum, any references to or statements regarding customer perception of the Company have been based on the Company's own assessment and knowledge, including customer surveys.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Offering Memorandum (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described under "*Risk Factors*" and elsewhere in this Offering Memorandum.

TRADEMARKS AND TRADE NAMES

Nets owns or has rights to certain trademarks, trade names or service marks that it uses in connection with the operation of its business. Nets asserts, to the fullest extent under applicable law, its rights to its trademarks, trade names and service marks. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its holder.

Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum are listed without the TM, ® and © symbols.

EXCHANGE RATE AND CURRENCY INFORMATION

Unless otherwise indicated, references in this Offering Memorandum to "sterling," "pounds sterling," "GBP" or "£" are to the lawful currency of the United Kingdom, references to "US$," "$," "USD," "dollars" or "U.S. dollars" mean the lawful currency of the United States, references to "euro," "EUR" or "€" mean the lawful currency of the European Union, and references to "DKK," "kr." or "Danish kroner" are to the lawful currency of Denmark.

DKK/EUR

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end euro buying rates expressed in Danish kroner per one euro, such data having been provided by Bloomberg. On March 21, 2017, the exchange rate published by Bloomberg for transfers between Danish kroner and EUR was DKK 7.4364 per €1.00.

	Danish kroner per €1.00			
Calendar Year(1)	**High**	**Low**	**Average**	**Period End**
2012	7.4617	7.4303	7.4438	7.4608
2013	7.4634	7.4522	7.4580	7.4603
2014	7.4667	7.4370	7.4548	7.4451
2015	7.4743	7.4313	7.4588	7.4629
2016	7.4647	7.4329	7.4453	7.4350
Monthly(2)				
January 2017	7.4378	7.4337	7.4356	7.4361
February 2017	7.4381	7.4328	7.4348	7.4337
March 2017 (through March 21)	7.4364	7.4330	7.4341	7.4364

(1) The figure in the "Average" column represents the average exchange rate on the last business day of each month during the relevant period.

(2) The figure in the "Average" column represents the average exchange rate for each business day during the relevant period.

DKK/USD

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end dollar buying rates expressed in Danish kroner per one dollar, such data having been provided by Bloomberg. On March 21, 2017, the exchange rate published by Bloomberg for transfers between Danish kroner and USD was DKK 6.8798 per $1.00.

	Danish kroner per $1.00			
Calendar Year(1)	**High**	**Low**	**Average**	**Period End**
2012	6.1723	5.5233	5.7929	5.6532
2013	5.8356	5.4033	5.6167	5.4101
2014	6.1533	5.3596	5.6214	6.1533
2015	7.1078	6.1980	6.7264	6.8683
2016	7.1588	6.4559	6.7297	7.0496
Monthly(2)				
January 2017	7.1294	6.8958	6.9905	6.8958
February 2017	7.0498	6.8949	6.9880	7.0081
March 2017 (through March 21)	7.0751	6.8798	6.9929	6.8798

(1) The figure in the "Average" column represents the average exchange rate on the last business day of each month during the relevant period.

(2) The figure in the "Average" column represents the average exchange rate for each business day during the relevant period.

SUMMARY

This summary highlights selected information about Nets and about the offering of the Notes contained elsewhere in this Offering Memorandum. The following summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum. Before making an investment decision, you should read this entire Offering Memorandum carefully, including the consolidated financial statements and the notes thereto and the operating and financial information contained in this Offering Memorandum, the risks described under "Risk Factors," the terms of the Notes and the tax and other considerations, which are important to your decision to invest in the Notes. Certain defined terms used herein are defined elsewhere in this Offering Memorandum.

Overview

Nets is a leading provider of digital payment services and related technology solutions across the Nordic region. Nets sits at the center 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, utilize value-added services. Nets operates across the entire value chain from payment capture and authorization to processing, clearing and settlement. Nets provides services for those wanting to receive payments (such as merchants and corporate customers) and those seeking to make payments (such as card issuers and consumers) and, in some instances, Nets also operates the payment scheme that sits between these two groups. Headquartered in Denmark, Nets operates primarily in the Nordic region where it has a leadership position, with a growing presence in the Baltic countries. For the year ended December 31, 2016, Nets reported revenue of DKK 7,385 million and EBITDA b.s.i. of DKK 2,619 million.

Nets enables digital payments across all major channels—in person, online, and over a mobile device—and all major types of digital payments, including national debit card schemes in Denmark and Norway (i.e., Dankort and BankAxept), international debit/credit card schemes (e.g., Visa and MasterCard), alternative payment methods (e.g., mobile and digital payment acceptance solutions such as apps, wallets, etc.), recurring payments systems, and credit transfers. Nets has been driving innovation across many of these payment types throughout the Nordic region for nearly 50 years and has been instrumental in creating the modern payment infrastructure seen today.

As such, Nets offers a broad portfolio of solutions to enable card-based payments, account-based payments, clearing, digital identities, security solutions, and other related products and services.

These products and services are provided to a diverse range of customers, including merchants, corporate customers, financial institutions and the public sector. As of December 31, 2016, Nets' customers included more than 300,000 merchants (including over 30,000 e-commerce merchants (i.e., merchants which operate partly or wholly online)), more than 240,000 corporate customers and more than 240 banks. In the year ended December 31, 2016, Nets processed approximately 7.7 billion total card transactions across its Merchant Services and Financial & Network Services segments, processed transactions initiated by 35 million cards, and managed approximately 8.3 million digital identities.

Nets serves its customers through its three customer-facing operating segments:

- Merchant Services comprises Nets' merchant acquiring business, point-of-sale, e-and m-commerce and omni-channel payment acceptance solutions. Nets' Merchant Services segment provides in-store, online and mobile payment acceptance solutions to merchants across the Nordic region from large corporate chains to small- and medium-size enterprises ("**SMEs**") and micro merchants. Nets serves merchants through a broad set of distribution channels, including partnership relationships such as via bank referrals, value-added resellers and web developers as well as through a direct sales force. The breadth of service, payment type and geographic coverage allows Nets to be a one-stop-shop for merchants in the countries in which Nets operates. For the year ended December 31, 2016, Merchant Services acquired approximately 1.8 billion card transactions from international branded cards with card turnover of DKK 475 billion and comprised 31% of Nets' revenue, and generated EBITDA b.s.i. of DKK 792 million, comprising 30% of Nets' EBITDA b.s.i.

- 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 CMS, fraud and dispute solutions, and mobile wallet technology. The Financial & Network Services segment also processes Dankort, the national debit card network in Denmark that is owned and operated by Nets, and BankAxept, the national debit card network in Norway that is operated by Nets. For the year ended December 31, 2016, Financial & Network Services processed 5.2 billion transactions and comprised 31% of Nets' revenue, and generated EBITDA b.s.i. of DKK 893 million, comprising 34% of Nets' EBITDA b.s.i.
- Corporate Services comprises Nets' account-based payments business, and provides the payment platform for recurring payments and credit transfer transactions for more than 240,000 corporate customers primarily in Denmark and Norway. At the center of this business is the ability to provide seamless and integrated solutions for recurring payments to corporate customers and consumers (e.g., the Danish Betalingsservice and Norwegian AvtaleGiro recurring payments systems). It also includes solutions for real-time clearing and settlement (including a new contract to manage real-time clearing for Italian payments business ICBPI) providing instant payments across bank accounts, Digital ID, and value-added digitization services. For the year ended December 31, 2016, Corporate Services processed 870 million transactions and comprised 38% of Nets' revenue, and generated EBITDA b.s.i. of DKK 934 million, comprising 36% of Nets' EBITDA b.s.i.

In addition to the three customer-facing operating segments, Nets is supported by the technology and operations units that operate across the business segments. In the year ended December 31, 2016, Nets generated revenue as follows (based on the location of the legal entities and branches in the Group): 48% in Denmark, 31% in Norway, 12% in Finland, 7% in Sweden and other countries. Approximately 70% of Nets' revenue for the year ended December 31, 2016 was generated on a per transaction basis and approximately 30% was generated from fees resulting from a combination of development projects, e-ID solutions, mobile wallet, digitization solutions, point of sale ("**POS**") solutions and value-added services. As of December 31, 2016, the Group had approximately 2,400 full-time employees ("**FTEs**") located in six countries.

Our Competitive Strengths

Nets' management believes that the Group has unique competitive advantages that position Nets as a leading digital payments provider in the Nordic region and that will help Nets drive growth in the future. In particular, the management believes that the business benefits from the following key strengths:

A Leadership Position in the Nordic Region

For almost half a century, Nets has been delivering payment solutions to Nordic banks, merchants, corporate customers and consumers. Nets' pan-Nordic presence was created through the merger of PBS of Denmark and BBS and Teller of Norway in 2010 and the acquisition of leading Finnish payments provider Luottokunta in 2012, as well as several acquisitions in the Nordic region in 2014 to 2016. Due in part to its long history and expansion in the Nordic region, Nets now operates in a central position within the digital payments landscape in the region. For example, Nets is now one of the leading digital payments providers in Europe in terms of both revenue and the number of transactions processed, a very large provider of payment solutions in Denmark, Norway, and Finland and a large provider of payment solutions in Sweden.

Nets forms a backbone of the Nordic digital payments ecosystem, with its solutions touching people's everyday lives. Many of its products and services are deeply embedded in Nordic society. For example, Nets operates Dankort and BankAxept, the only national debit card networks in Denmark and Norway, respectively. In Finland and Sweden there are no national debit card networks and hence most card-based transactions are with MasterCard and Visa debit cards. Nets estimates that at least one of its services was utilized in approximately 98% of Danish merchant payments, approximately 88% of Norwegian domestic card transactions, more than 60% of Norwegian e-commerce payments, and more than 85% of transactions initiated on cards issued in Finland in 2015. In addition, Nets estimates that more than 90% of Danish households use its recurring payments system (Betalingsservice) to pay utility and other recurring bills in Denmark, and approximately 95% of Danes and 80% of Norwegians use its national e-ID solutions (NemID and Bank ID, respectively). Nets is also the only provider of national bank clearing services in Norway, via the Norwegian Interbank Clearing System ("**NICS**"), and in Denmark, via DK Clearing.

Through its products and services, Nets digitally connects Nordic society, including consumers, central banks, merchants, banks, corporate entities and government agencies. This connectivity has helped Nets achieve an unparalleled reach in the Nordic region. As of December 31, 2016, Nets served a network of more than 300,000 merchants (including over 30,000 e-commerce merchants), more than 240,000 corporate customers and more than 240 banks. In the year ended December 31, 2016, Nets serviced transactions relating to approximately 35 million payment cards and processed approximately 7.7 billion issuing and acquiring transactions, making it one of the leading European payment processors.

Nets strives to monetize its scale and reach in order to maintain its position by cost-effectively leveraging its fixed costs of technology and operations infrastructure, which can help to generate high operating margins and strong and resilient operating cash flow.

Economies of scale also help Nets maintain its position through efficiently developing, acquiring, distributing, and commercializing next-generation technologies, helping it to service its customers who require solutions that enable them to operate in an increasingly complex technology, security, and regulatory environment.

An End-to-end Provider of All Types of Digital Payments in the Nordic Region

Nets' solutions have been used for decades across the Nordic region, where Nets has become an integral part of the payments ecosystem. Nets participates throughout the entire Nordic card- and account-based payments ecosystem, providing a comprehensive array of digital payment solutions to merchants, financial institutions, corporations and government agencies across the region. Conversely, outside the Nordic region, the payments value chain is generally much more fragmented across a multitude of service providers.

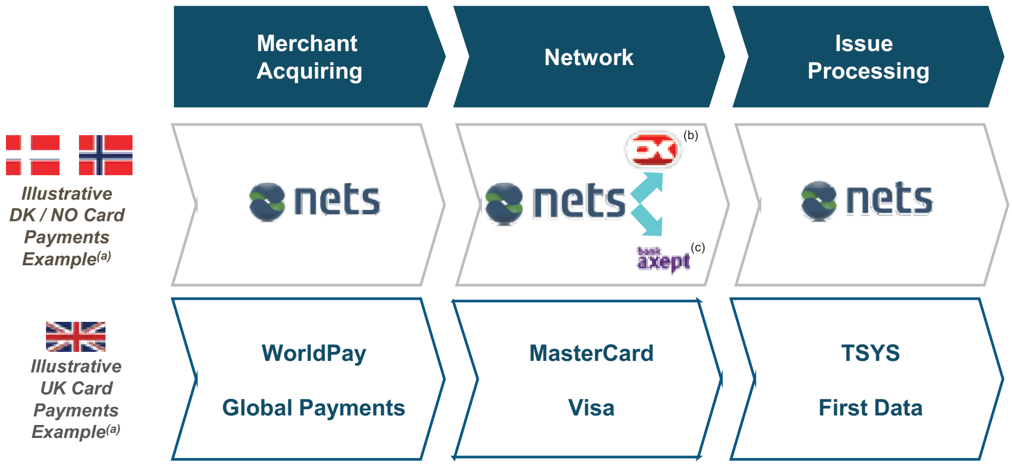
For example, the card payments value chain in the United Kingdom is comprised of multiple providers, and a typical card transaction is acquired by a merchant acquirer, such as Worldpay or Global Payments, is routed, cleared and settled through a card scheme, such as Visa or MasterCard, and is then processed on behalf of the card issuer by an outsourced provider of card processing services, such as TSYS or First Data.

By contrast, in Denmark and Norway, Nets handles (1) acquiring transactions and performing the required acquirer related processing, (2) routing and clearing transactions through Dankort and on behalf of BankAxept (the national debit card networks Nets operates) and (3) then processing the transactions on behalf of card issuers.

In addition, Nets has similar end-to-end capabilities for account-based payments and, as such, is agnostic with respect to which payment method is used by consumers to make payments.

Being an integrated, end-to-end payment provider across the entire value chain allows Nets to capture significant value across the digital payments ecosystem and to take a holistic approach that enables it to provide integrated solutions that benefit from the full range of its capabilities. As a result, solutions are optimized for merchants, card issuers such as banks or financial institutions, as well as corporate entities and government agencies that require interlinked digital network and payments solutions.

A comparison of card payments value chain in Denmark/Norway and the UK



(a) Illustrative examples for presentation purposes only. Other payment providers also operate in each of the respective countries.

(b) Nets owns and operates Dankort in Denmark. International card network operators (e.g., Visa and MasterCard) are also present in Denmark and accounted for 22% of the total number of payments in Denmark made using debit and credit cards issued in Denmark in 2015. Nets also routes and clears Visa and MasterCard transactions.

(c) Nets operates but does not own the BankAxept scheme in Norway. However, Nets owns the IT system and operates BankAxept on behalf of the Norwegian banking sector. International card network operators (e.g., Visa and Mastercard) are also present in Norway and accounted for 12% of the total card payments transactions in Norway in 2015. Nets also routes and clears Visa and MasterCard transactions.

Nets' broad expertise across both card- and account-based payments enables it to provide a variety of different types of payment acceptance solutions to merchants, which, in turn, allows them to accept card- or account-based payment capabilities. For example, Nets offers a wide range of options to capture digital payments (including traditional and contactless terminals, mobile point-of-sale solutions, mobile and online payments) and enables acceptance of key domestic and international payment methods (e.g., Dankort, BankAxept, Visa, MasterCard, Amex, JCB, UnionPay, certain private label cards, e- and m-wallets, integrated e-invoices or online account-based payments).

Nets' presence across the value chain enables it to connect a multitude of new and existing market participants across the Nordic region, including merchants, banks, corporate customers, government agencies, central banks, consumers, households, distributors and online merchants. This network of connected market participants provides significant synergies for all parties involved and helps Nets to successfully develop and roll out new solutions with the support of multiple participants in the digital payments ecosystem. To maintain and further expand this network, Nets has a large dedicated regional sales force that is focused on direct sales to large accounts and key accounts as well as SMEs, and Nets partners with leading banks, merchant integrators, development partners and value-added services providers in order to deliver its solutions.

Nets' ability to act as a single-source provider of multiple payments solutions is valuable to its customers, as they can reduce the complexity of the payment ecosystem by utilizing Nets to provide and service all of their payment needs.

A Robust Operating and Technology Platform

Nets owns and operates technology solutions. The majority of these technology solutions are developed in-house, which provides Nets with a wide range of capabilities that help to distinguish it in the Nordic region. Nets' platform can help it to differentiate its operations and offering on the basis of its scale, scalability, innovative product development and high degree of control over its technology profile. Nets' operating and technology platforms are strategically positioned in the Nordic digital payments ecosystem, designed to meet the needs of its large, diversified customer base and support its regional operations.

Nets' technology platforms have a good track record of reliability and stability. In 2016, Nets' technology platforms, including Dankort and BankAxept, were running on average approximately 99.97% of the time (99.99% for Dankort and BankAxept), excluding scheduled downtime and maintenance windows, processing 7.7 billion acquiring and issuing payments transactions.

Over the past two years, Nets has substantially increased investments in the security of its platforms, which has helped it to further strengthen the security of its operating environment, protect business critical data and operations and adapt to new evolving threats.

Nets has a strong track record of innovation due to its accelerated IT delivery model, which drives agility and faster time to market. The launch by the Group of more than fifteen new products in the last twenty-four months is a testament to its ability to innovate. A recent example is the launch of contactless Dankort cards, which was fully implemented by August 2015 within eight months of product approval. In the year ended December 31, 2016, contactless Dankort cards amounted to 54% of total issued Dankort cards. Since the launch of contactless Dankort cards, the number of contactless transactions on such cards has increased significantly. In the month of December 2016, 15% of the transactions at physical merchants were contactless. In fall 2016, Nets rolled out the architecture for Mobile Dankort, which will allow consumers to make payments through Dankort using their smartphone in the same way they would make payments with their contactless Dankort card. Mobile Dankort will be launched for consumers in spring 2017.

In addition, Nets has over 50 research and development projects (at various stages of Nets' concept and research process) in its innovation pipeline, including, for example, within its Merchant Services segment, value-added services like digital receipts and invoicing at POS, one-stop-shop settlement and accepting alternative payments; within Financial & Network Services, services which enable secure real-time infrastructure for multi-card mobile wallet solutions; and within Corporate Services, accessing new markets by creating application programming interfaces for banks. Capitalized development projects amounted to DKK 391 million, DKK 394 million and DKK 264 million for the years 2016, 2015 and 2014, respectively.

Nets has over 200 applications in total, approximately 66% of which are core applications. Approximately 75% of these core applications are developed in-house, which helps Nets control the stability, security and scalability of its platforms, with excess capacity to expand its services. For example, the current card platform processes peak volumes of approximately eight times the current normal hourly transaction volume, and the real time clearing platform is tested to process up to approximately forty times the transaction volume per second that it currently processes.

An Attractive Financial Profile

Nets has a well-diversified business model across multiple operating segments, products, customer bases and the Nordic region and an attractive financial profile, with a combination of organic growth, visible revenue streams, operating leverage and high cash generation.

The Group has a stable and predictable revenue model, with significant repeat business from existing customers and a high customer retention rate. The Group maintains long-term relationships with many customers, and nine out of its top ten customers have been customers of the Group for over 30 years. Nets' business model is also resilient to economic cycles and benefits from structural industry trends. Many of the Group's products and services (including, for example, Dankort, the processing of BankAxept transactions and Betalingsservice) have demonstrated continued growth in the number of transactions during economic downturns.

Nets' organic revenue growth for 2016 and 2015 was 7% and 6%, respectively, reflecting solid underlying volume growth, increased focus on growth, product development and customer retention initiatives, improved sales force effectiveness and new product launches.

Furthermore, Nets has acquired seven businesses since its change of ownership in 2014 to facilitate its growth by complementing its existing products and services and addressing opportunities. The Group's business model has significant operating leverage, which, together with the Transformation Program, contributed to an expansion of EBITDA b.s.i. margin from 25.4% in 2014 to 35.5% in 2016. EBITDA b.s.i. increased from DKK 1,663 million for the year ended December 31, 2014 to DKK 2,619 million for the year ended December 31, 2016. This margin expansion primarily resulted from Nets' ability to effectively execute the Group's business model by leveraging the Group's scale and the successful and ongoing execution of its Transformation Program.

The business model is also characterized by a resilient cash flow, which, combined with capital expenditure and working capital requirements over which management has a high degree of visibility, results in strong operating free cash flow conversion (defined as EBITDA b.s.i. less capital expenditure, less increase in narrow working capital, divided by EBITDA b.s.i.). Nets' operating free cash flow conversion was 78% in 2016.

A Highly Experienced Management Team with Proven Track Record of Execution

Nets has built a management team that has extensive operating experience in the financial services, payments and technology sectors and a track record of execution at leading publicly-listed companies.

The management team has had a significant impact on Nets' performance since 2014, driving strong revenue growth, executing the Transformation Program, which included, e.g., investing in its technology platform and completing strategic acquisitions.

Our Strategy

Nets' competitive strengths have positioned it favorably to take advantage of the underlying growth in the attractive digital payments industry and, by remaining at the forefront of payment technologies in the Nordic region, Nets is well positioned to capture opportunities within higher growth pockets of the wider payment sector. Nets' ambition is to continue its expansion in the Nordic region with a strategy based on the following pillars:

Powering Digital Payments in the Nordic Region

Nets' strategic vision of "Powering Digital Payments" places payments at the core of everything Nets does. The digital payments industry has evolved at a rapid pace over the last few years and Nets has been, and aims to remain, at the forefront of new technologies and product innovation.

The Nordic region has attractive characteristics for a payment provider due to widespread digitization of societies, advanced technological adoption by consumers, outsourcing trends and the stable macroeconomic environment. The region has among the highest adoption of digital payments in the world further supported by political push towards a digital society.

As digital payments become even more prevalent in the Nordic region, Nets' central role within the digital payments ecosystem and end-to-end capabilities across the value chain will continue to form the basis for execution of its strategic initiatives. Nets will continue to focus on powering the digital payments ecosystem in the Nordic region.

Expanding Value Proposition to Customers through Integrated Solutions

Nets approaches payments from a holistic perspective rather than from a product or business unit perspective, and believes that it offers its customers a greatly enhanced value proposition through its integrated solutions. Nets' customers strive to remain abreast of the latest trends in technology and consumer behavior, and Nets maintains an open dialogue with its customers in order to ensure that it remains focused on their overall payment needs, identifies areas of development and creates and delivers effective solutions as a partner to its customers. This approach helps Nets create customized solutions that are designed specifically to address customers' needs, which can help to strengthen Nets' relationships with its customers.

Nets will continue to focus on being the one-stop-shop of solutions for its partners and customers and will focus on opportunities to drive revenue growth by up-selling and cross-selling additional products and services to its existing base of more than 300,000 merchants and its financial institution, corporate and public sector customers. Given the large existing customer base and the number of solutions that Nets offers, these up-selling and cross-selling possibilities represent a significant growth opportunity. For example, Nets believes that there is significant scope for banks to further outsource their payments and cards-related infrastructure, and Nets has developed its CMS platform and fraud prevention platform, which have already gained strong traction across card issuers (which are primarily existing clients), to address this opportunity.

Furthermore, Nets is focused on the expansion of its customer base, product development and customer retention initiatives. Nets will maintain this focus by increasing its value proposition to customers and developing new integrated solutions.

Innovating to Drive Growth and to Continue to be at the Forefront of Payment Technologies

Nets has a strong track record of product development and innovation. Nets has typically driven innovation through a combination of developing solutions internally, partnering with other technology innovators, and selectively pursuing capability enhancing acquisitions. Nets expects to continue to invest in technologies, products and research and development to develop advanced digital payments solutions for its customers. Nets will seek to capitalize on existing, and develop further, long-term relationships with large merchants and banks as their businesses undergo comprehensive digital transformations, thus creating and capturing opportunities within higher growth payment segments. Payments technologies are constantly evolving and, in developing new and advanced payment solutions designed to satisfy customer requirements, Nets draws on its experience and expertise across the digital payments ecosystem and regarding all payment types.

Nets' management believes that mobile payments present an attractive growth opportunity, and that Nets is well positioned to facilitate and benefit from a strong mobile payments ecosystem. In addition, the Nordic region is expected to achieve 80% smartphone penetration by the end of 2017. While a number of competing mobile payment initiatives deploy proprietary solutions, Nets focuses on international standards in order to promote the scalability and rapid adoption of its solutions by ecosystem participants. Nets' management believes that Nets is a natural partner for participants seeking leading mobile payment solutions in the Nordic region, and Nets is focused on developing its products and infrastructure to capture the expected upside growth in the mobile payments ecosystem. For example, Nets launched tokenization services in March 2016, whereby cardholders' sensitive data is substituted with non-sensitive equivalents, referred to as "tokens." With the launch of tokenization services (which will allow for tokenization of both international and domestic card schemes), Nets' management believes that it will be well positioned to benefit from the expected growth in mobile payments across all segments. As part of its continuing focus on remaining at the forefront of technological innovation, Nets has entered into a partnership with Coinify ApS, the leading facilitator of blockchain payments in Europe, in order to assess and identify business opportunities enabled by blockchain technology.

Nets' management also believes that Nets is well positioned to help its customers optimize their businesses via data analytics. For example, through its My Teller data analytics portal, Nets provides a large supermarket chain customer with a platform to view and investigate transactions by volume and value and other data tools. In addition, Nets is currently exploring commercial opportunities regarding use of existing data to offer additional services and it aims to leverage its industry knowledge regarding merchants and the financial sector across the Nordic region in order to facilitate the use and development of data to create actionable insights and add business value for both customers and consumers. For example, Nets has made significant investments in business intelligence and analytics platforms, such as enhanced fraud and dispute solutions to support predictive fraud-prevention analytics and automated alerts and spend trend analysis for merchants across purchase criteria (such as value, volume and geographic locations). Building on these investments, Nets' management expects to bring new products to market across its operating segments.

Nets' management also expects to continue to innovate and further develop its product suite in the areas of real-time clearing, instant payments, consumer and merchant financing, and value-added services, which management believes present growth opportunities for the Group.

Leveraging Extensive Distribution Capabilities

Nets has an extensive distribution network in the Nordic region, which will allow it to leverage the development of new products and integrated solutions described above. In addition to its dedicated in-house sales force of more than 200 FTEs, Nets has developed strong partnerships over the years with banks, other financial institutions, technology vendors and other solution providers who have naturally strong relationships with merchants and corporations, thereby enhancing its distribution capabilities. A recent example of this is the development and launch of contactless Dankort cards, where Nets brought merchants and banks together in driving the development of the product and used its distribution network to drive adoption at the merchant level. Nets has deployed dedicated key account managers to allow it to bring together subject-matter experts from across its business to better serve its customers and the wider digital payments ecosystem.

Enhancing Operating Efficiencies

Nets' focus on operating efficiency and associated cost optimization will remain a persistent part of its culture as demonstrated by its track record. In 2014, Nets initiated its Transformation Program, one part of which is aimed at improving operational efficiency across the Group. Nets' management team is successfully executing this program and has significantly contributed to EBITDA b.s.i. margin expansion from 25.4% in 2014 to 35.5% in 2016. Nets expects to further leverage the operating expertise and experience of its management team to continue to improve operating efficiencies, and continue to leverage the technology and operations infrastructure as the business grows.

Nets expects to continue to execute its strategy by implementing ongoing initiatives, including:

- *Operational Excellence*: Nets has an ongoing program to identify and implement opportunities for productivity improvements through process redesign, capacity optimization, automation, overhead optimization and technology rationalization.
- *Procurement Excellence*: Nets expects to continue to optimize its procurement processes by reviewing its inventory of vendors, optimizing terms and enhancing its demand management processes.
- *Off-shoring and Near-shoring*: Nets expects to continue to strengthen its current offshoring and nearshoring programs and partnering with select third parties to further improve quality and productivity and decrease cost.

Pursuing Strategic Acquisitions

Nets has proven M&A capabilities with a demonstrable track-record of successful acquisitions that have helped accelerate its growth and enhance its platform. Nets' M&A strategy has been focused on enhancing scale, expanding its footprint and accessing technologies, products and expertise that enhance its solutions. Nets is highly disciplined and has a well-defined set of evaluation criteria that it follows in order to maximize value from any acquisition. A number of Nets' historical acquisitions have included an earn-out component in order to ensure alignment between selling shareholders, key personnel and Nets.

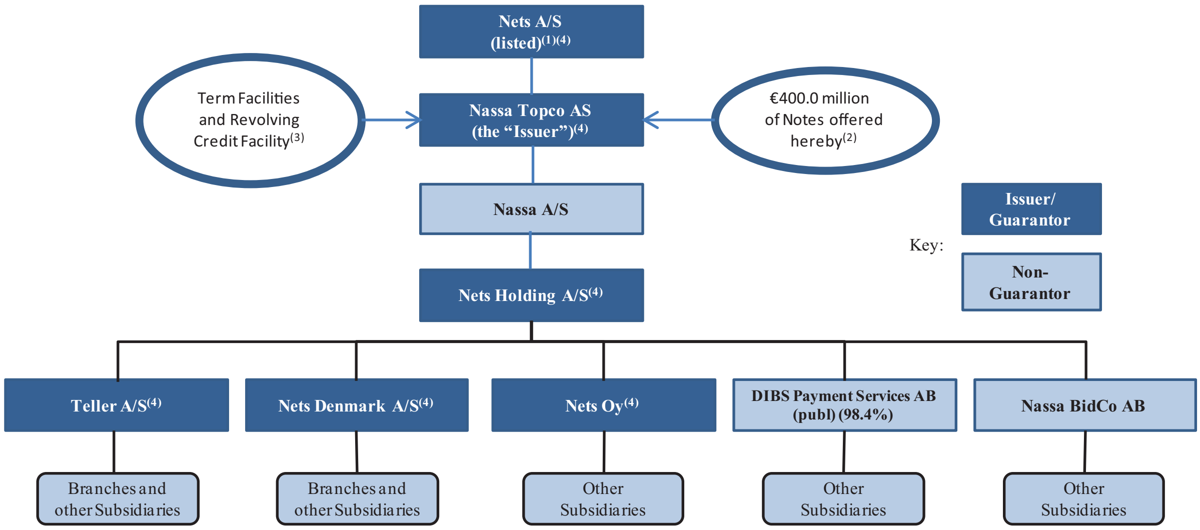
Nets is actively pursuing and intends to continue to focus on selected M&A opportunities that its management believes have potential to enhance, complement or expand its product and service offerings and strengthen its value proposition to customers. Nets' M&A strategy will continue to largely focus on the Nordic region in the short-to-medium-term.

Nets has a well-defined strategic plan to deliver on its vision of powering digital payments in the Nordic region. Nets aims to remain a partner of choice for digital payments ecosystem participants delivering scale, enhanced solutions, services and innovation to develop the payment solutions of tomorrow.

As digital payments become even more prevalent in the Nordic region, Nets' role as a center of the digital payments ecosystem and with end-to-end capabilities across the value chain is expected to become ever more strategic. Nets will continue to focus on powering the digital payments ecosystem in the Nordic region.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram gives a simplified summary of our corporate structure and principal indebtedness after giving effect to the offering of the Notes and the use of proceeds therefrom. Please see "Use of Proceeds" and "Capitalization." For a summary of debt obligations referred to in this chart, see "Capitalization," "Description of Certain Financing Arrangements" and "Description of the Notes."



(1) The Parent Guarantor is publicly listed on the Nasdaq Copenhagen. For additional information about our shareholders, please see "*Principal Shareholders*."

(2) The Notes offered hereby will be senior unsecured obligations of the Issuer and will, upon issuance, (i) rank *pari passu* in right of payment with all of the Issuer's existing and future senior unsecured obligations that are not subordinated in right of payment to the Notes, including obligations under the Facilities Agreement; (ii) rank senior in right of payment to all of the Issuer's future obligations that are expressly subordinated in right of payment to the Notes, if any; (iii) be effectively subordinated to any existing and future secured obligations of the Issuer, the Parent Guarantor and the Subsidiaries of the Parent Guarantor to the extent of the value of the property and assets securing such obligations; (iv) be structurally subordinated to all obligations of the Parent Guarantor's Subsidiaries that do not guarantee the Notes; and (v) be guaranteed by the Guarantors, subject to contractual limitations that reflect limitations under applicable law.

(3) The Facilities Agreement provides three-year term loans (in the amounts of DKK 2,028 million, NOK 1,767 million and €18.9 million), five-year term loans (DKK 2,034 million, NOK 1,767 million and €18.15 million) and a five-year, multi-currency revolving credit facility (the "**RCF**") under which €475.0 million (equivalent) is available for drawing , of which €75.0 million has been carved out as an ancillary overdraft facility (the "**Overdraft Facility**"). As of December 31, 2016, €266.0 million was drawn under the RCF. The Issuer and the Guarantors are each obligors under the Facilities Agreement. Subsidiaries of the Parent Guarantor are able to accede as borrowers under the Facilities Agreement subject to certain conditions contained in the Facilities Agreement. In addition, the Group has separate bank lines available for clearing working capital purposes and a number of intra-day facilities available. For additional information, see "*Description of Certain Financing Arrangements*."

(4) The Notes will be, subject to contractual limitations that reflect limitations under applicable law, guaranteed, jointly and severally, on a senior, unsecured basis, by each Guarantor and each existing and future subsidiary of the Parent Guarantor that is required to become a Guarantor pursuant to the terms of the Indenture. As of the issue date of the Notes, the Guarantors will include the Parent Guarantor, Nets Holding A/S, Teller A/S, Nets Denmark A/S and Nets Oy. Each Guarantee of each Guarantor will (i) be a senior obligation of such Guarantor; (ii) rank *pari passu* in right of payment with all existing and future senior unsecured obligations of such Guarantor that are not expressly subordinated in right of payment to such Guarantor's Guarantee, including obligations under the Facilities Agreement; (iii) rank senior in right of payment to all future obligations of such Guarantor that are expressly subordinated in right of payment to such Guarantor's Guarantee, if any; and (iv) be effectively subordinated to all existing and future secured obligations of such Guarantor to the extent of the value of the property and assets securing such obligations. Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to their parent entity. For the year ended December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 78% of the Group's revenues and 77% of the Group's EBITDA. As of December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 88% of the Group's total assets (excluding investments in subsidiaries, intangibles arising on business combination, intercompany balances as well as clearing-related assets). See "*Description of the Notes—Note Guarantees*." For additional information on the Guarantors, see "*Listing and General Information—Issuer and Guarantor Information—The Guarantors.*"

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THE OFFERING

The following is a brief summary of certain terms of this offering of the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes and the Guarantees, including certain definitions of terms used in this summary, please see "Description of the Notes."

Issuer . . . . Nassa Topco AS.

Notes Offered . . . . 2.875% Senior Notes due 2024.

Issue Date . . . . April 6, 2017.

Issue Price . . . . 99.648% (plus accrued and unpaid interest from the Issue Date).

Maturity Date . . . . The Business Day immediately following April 6, 2024.

Interest Rate . . . . Interest on the Notes will accrue from the Issue Date at a rate of 2.875% per annum. Interest on the Notes will be payable in cash.

Interest Payment Dates . . . . Interest is payable semi-annually in arrear on January 15 and July 15 of each year, commencing on January 15, 2018.

Form and Denomination . . . . The Issuer will issue the Notes in global form in minimum denominations of €100,000 and integral multiples of €1,000 above €100,000. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes . . . . The Notes will be general, senior unsecured obligations of the Issuer and will:

- rank *pari passu* in right of payment with all of the Issuer's existing and future senior unsecured obligations that are not subordinated in right of payment to the Notes, including obligations under the Facilities Agreement;
- rank senior in right of payment to all of the Issuer's future obligations that are expressly subordinated in right of payment to the Notes, if any;
- be effectively subordinated to any existing and future secured obligations of the Issuer, the Parent Guarantor and the Subsidiaries of the Parent Guarantor to the extent of the value of the property and assets securing such obligations; and
- be structurally subordinated to all obligations of the Parent Guarantor's Subsidiaries that do not guarantee the Notes.

Guarantors . . . . Nets A/S, Nets Holding A/S, Teller A/S, Nets Denmark A/S and Nets Oy.

Guarantees . . . . The Notes will be, subject to contractual limitations that reflect limitations under applicable law, guaranteed, jointly and severally, on a senior, unsecured basis, by each of the Guarantors.

The Guarantees may be released without the consent of the holders of the Notes under certain circumstances. See "*Description of the Notes—Note Guarantees*" and "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*."

	Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to their parent entity. For the year ended December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 78% of the Group's revenues and 77% of the Group's EBITDA. As of December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 88% of the Group's total assets (excluding investments in subsidiaries, intangibles arising on business combination, intercompany balances as well as clearing-related assets). For additional information on the Guarantors, see "*Listing and General Information—Issuer and Guarantor Information—The Guarantors.*"
Ranking of the Guarantees	Each Guarantee will be, subject to contractual limitations that reflect limitations under applicable law, a senior, unsecured, joint and several obligation of the relevant Guarantor and will: • be a senior obligation of such Guarantor; • rank *pari passu* in right of payment with all existing and future senior unsecured obligations of such Guarantor that are not expressly subordinated in right of payment to such Guarantor's Guarantee, including obligations under the Facilities Agreement; • rank senior in right of payment to all future obligations of such Guarantor that are expressly subordinated in right of payment to such Guarantor's Guarantee, if any; and • be effectively subordinated to all existing and future secured obligations of such Guarantor to the extent of the value of the property and assets securing such obligations. The Guarantees are subject to the limitations as set forth in "*Description of the Notes—Note Guarantees*" and "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*."
Optional Redemption	The Issuer may redeem the Notes: • in whole or in part at any time prior to the date that is three months prior to the maturity of the Notes at a redemption price equal to 100 percent of the principal amount thereof, plus the applicable "make whole" premium as set forth in this Offering Memorandum under the caption "*Description of the Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; and • in whole or in part at any time on or after the date that is three months prior to the maturity of the Notes at a redemption price equal to 100.0% of the principal amount thereof as set forth in this Offering Memorandum under the caption "*Description of the Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Optional Redemption*."
Withholding Taxes; Tax Redemption	All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or any Guarantee (as applicable)

	will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes except to the extent required by law. If such withholding or deduction is required by law in any relevant taxing jurisdiction, subject to certain exceptions and limitations, the Issuer or relevant Guarantor will pay such additional amounts as may be necessary so that the net amount received by each holder of Notes after such withholding or deduction will not be less than the amount such holder would have received if such withholding or deduction had not been required. See "*Description of the Notes—Withholding Taxes*." In the event of certain developments affecting taxation that become effective after the Issue Date, the Issuer may redeem all, but not less than all, of the Notes at 100.0% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	Upon the occurrence of certain events constituting a "change of control" and a "ratings event," the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101.0% of the principal amount thereof on the date of repurchase, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control Repurchase Event*."
Certain Covenants	The Indenture contains certain covenants that limit, among other things, the ability of the Parent Guarantor and its subsidiaries to: • enter into guarantees with respect to the Facilities Agreement, certain syndicated facilities or certain public indebtedness without concurrently guaranteeing the Notes; and • incur liens on their principal properties to secure indebtedness. The Parent Guarantor and the Issuer are limited in their ability to undertake certain mergers, consolidations or sales of all or substantially all of their respective assets and the Parent Guarantor is required to make available periodic financial reports under the Indenture. These covenants are subject to important exceptions and qualifications. For a more detailed description of these covenants, see "*Risk Factors—Risks Relating to the Notes and the Group's Structure*" and "*Description of the Notes—Certain Covenants*."
Use of Proceeds	The Issuer intends to use the proceeds from the offering of the Notes (i) to repay and/or refinance borrowings under the Facilities Agreement, and (ii) to pay costs, fees and expenses incurred in connection with the offering of the Notes, including underwriting and/or arranging commissions and fees for legal, accounting, ratings advisory and other professional services. See "*Use of Proceeds*."
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Notice to Investors*" and "*Plan of Distribution*."

No Prior Market	The Notes will be new securities for which there is no existing market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so, and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Listing	Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to admit them for trading on the Global Exchange Market thereof. There is no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market, or that such listing will be maintained.
Governing Law for the Notes, Guarantees and the Indenture	New York.
Trustee	Deutsche Trustee Company Limited.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Listing Agent	Walkers Listing Services Ltd.

Risk Factors

Investing in the Notes involves substantial risks. Please see the section of this Offering Memorandum captioned "*Risk Factors*" for a discussion of certain risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer was incorporated as a private limited liability company under the laws of Norway on February 13, 2014, with registration number 913295552. The registered address of the Issuer is Haavard Martinsensvei 54, 0978 Oslo, Norway.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary historical consolidated financial information for the periods ended and as of the dates indicated below. We have extracted the summary historical consolidated financial information for the 2016 financial year from the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum, the consolidated financial information for the year ended December 31, 2015 from the Issuer 2015 Audited Financial Statements included elsewhere in this Offering Memorandum from the Operating Group 2014 Income Statement Information the consolidated income statement and cash flow statement information for the year ended December 31, 2014 from the Issuer 2014 Audited Financial Statements included elsewhere in this Offering Memorandum, the consolidated balance sheet information as of December 31, 2014 from the Issuer 2014 Audited Financial Statements included elsewhere in this Offering Memorandum and the consolidated income statement and cash flow statement information for the year ended December 31, 2014.

The Operating Group 2014 Income Statement Information has not been adjusted to reflect the impact of any changes to the income statement that occurred as a result of the application of purchase accounting adjustments applied as a result of the Nets Acquisition. Therefore, the Operating Group 2014 Income Statement Information is not directly comparable with the income statement data contained in the Issuer 2015 Audited Financial Statements, including in particular differences in amortization and depreciation expenses, net financial income and expenses and financial expenses.

We present below certain non-IFRS measures and ratios that are not required by, or presented in accordance with, IFRS, including organic revenue growth, EBITDA b.s.i., adjusted EBIT, adjusted net profit, own cash, operating free cash flow and certain leverage and coverage ratios, among others. The Non-IFRS Metrics are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. The Non-IFRS Metrics as presented in this Offering Memorandum may differ from and may not be comparable to similarly-titled measures used by other companies. The calculations for the Non-IFRS Metrics are based on various assumptions. There can be no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations for the periods presented and should not be relied upon when making an investment decision. See "*Presentation of Financial Information*."

The following summary financial information set forth below should be read in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Selected Historical Financial and Other Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our financial statements and notes thereto, included elsewhere in this Offering Memorandum.

Consolidated Income Statement

	Year ended December 31,		
	Operating Group	**Issuer**	**Parent Guarantor**
	2014	**2015**	**2016**
	DKK millions		
Revenue, gross	8,607	9,040	10,084
Interchange fees and processing fees	(2,061)	(2,204)	(2,699)
Revenue, net of interchange fees and processing fees	**6,546**	**6,836**	**7,385**
Cost of sales	(1,081)	(983)	(963)
External expenses	(1,846)	(1,732)	(1,769)
Staff costs	(1,956)	(1,873)	(2,034)
Operating profit before depreciation and amortization (EBITDA) b.s.i.	**1,663**	**2,248**	**2,619**
Special items	(411)	(538)	(345)
Special items—IPO related costs	—	—	(261)
Operating profit before depreciation and amortization (EBITDA)	**1,252**	**1,710**	**2,013**
Amortization of business combination intangibles and impairment losses	(110)	(627)	(654)
Underlying depreciations and amortizations	(298)	(271)	(416)
Operating profit (EBIT)	**844**	**812**	**943**
Profit from associates after tax	13	(3)	4
Profit from divestment of business	45	—	—
Fair value adjustment of Visa shares	—	2,428	413
Fair value adjustment on liability related to Visa shares	—	(1,913)	(448)
Fair value adjustment of VISA shares related to Teller Branch Norway	—	—	185
Financial income and expenses, net	82	(801)	(1,055)
Financial expenses—refinancing costs	(51)	—	(738)
Net financials	**89**	**(289)**	**(1,639)**
Profit before tax	**933**	**523**	**(696)**
Income taxes	(281)	(404)	112
Net profit for the year	**652**	**119**	**(584)**
Profit is attributable to:			
Owners of Operating Group (2014), Issuer (2015), Parent Guarantor (2016)	656	97	(601)
Non-controlling interests	(4)	22	17

Consolidated Balance Sheet

	As of December 31,		
	Issuer		Parent Guarantor
	2014	2015	2016
	DKK millions		
Goodwill	13,423	14,646	14,720
Other intangible assets	4,468	4,722	4,198
Plant and equipment	278	263	383
Investment in associates	240	227	231
Derivative financial instruments	—	—	27
Deferred tax asset	97	205	376
Total non-current assets	**18,506**	**20,063**	**19,935**
Inventories	84	67	66
Trade and other receivables	670	832	801
Clearing-related assets	5,092	3,705	4,477
Prepayments	184	153	194
Other financial assets	—	2,428	957
Cash and cash equivalent	2,163	2,310	1,869
Total current assets	**8,193**	**9,495**	**8,364**
Total assets	**26,699**	**29,558**	**28,299**
Share capital	50	50	200
Reserves	4,875	4,266	9,405
Equity, owners of Issuer (2014 and 2015), Parent Guarantor (2016)	**4,925**	**4,316**	**9,605**
Non-controlling interests	21	664	201
Total equity	**4,946**	**4,980**	**9,806**
Borrowings	12,526	14,573	9,106
Pension liabilities, net	69	59	66
Deferred consideration for business combinations	21	163	284
Derivative financial instruments	30	24	—
Deferred tax liabilities	920	1,480	851
Total non-current liabilities	**13,566**	**16,299**	**10,307**
Borrowings	1,506	—	223
Bank overdraft	—	—	91
Trade and other payables	1,751	1,863	1,614
Clearing-related liabilities	4,902	4,483	5,135
Other financial liabilities		1,913	1,064
Current tax liabilities	28	20	59
Total current liabilities	**8,187**	**8,279**	**8,186**
Total liabilities	**21,753**	**24,578**	**18,493**
Total equity and liabilities	**26,699**	**29,558**	**28,299**

Consolidated Statement of Cash Flows

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Net cash from operating activities	(476)	2,094	(806)
Net cash from investing activities	120	(2,081)	67
Net cash flows from financing activities	205	582	212
Net cash flow	**(151)**	**595**	**(527)**

Other Operating, Financial and as Adjusted Financial Information

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions, except for percentages and ratios		
EBITDA[(1)]	1,252	1,710	2,013
EBITDA b.s.i.[(2)]	1,663	2,248	2,619
EBITDA b.s.i. margin[(3)]	25.4%	32.9%	35.5%
Adjusted EBIT[(4)]	1,365	1,977	2,203
Adjusted Net Profit[(4)]		778	997
Operating Free Cash Flow[(5)]	1,433	1,773	2,040
Organic Revenue Growth[(6)]		6%	7%
Own Cash[(7)]	1,919	1,532	703
As adjusted net financial indebtedness[(8)]			8,550
As adjusted cash interest expense[(9)]			272
Ratio of as adjusted net financial indebtedness to EBITDA b.s.i.			3.27x
Ratio of EBITDA b.s.i. to as adjusted cash interest expense			9.62x

(1) EBITDA is defined as operating profit before depreciation and amortization.

(2) EBITDA b.s.i. excludes certain special items. The following table provides a reconciliation of EBITDA and EBITDA b.s.i. to profit:

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Revenue, gross	8,607	9,040	10,084
Interchange fees and processing fees	(2,061)	(2,204)	(2,699)
Revenue, net of interchange fees and processing fees	**6,546**	**6,836**	**7,385**
Cost of sales	(1,081)	(983)	(963)
External expenses	(1,846)	(1,732)	(1,769)
Staff costs	(1,956)	(1,873)	(2,034)
EBITDA b.s.i.	**1,663**	**2,248**	**2,619**
Special items[(A)]	(411)	(538)	(345)
Special items—IPO-related costs[(A)]	—	—	(261)
Operating profit before depreciation and amortization (EBITDA)	**1,252**	**1,710**	**2,013**
Amortization of business combination intangible & impairment losses	(110)	(627)	(654)
Underlying depreciations and amortization	(298)	(271)	(416)
Operating profit (EBIT)	**844**	**812**	**943**
Profit from associates after tax	13	(3)	4
Fair value adjustment of Visa Shares	45	2,428	413
Fair value adjustment on liability related to Visa Shares	—	(1,913)	(448)
Fair value adjustment of Visa Shares related to Teller Branch Norway	—	—	185
Financial income and expenses, net	82	(801)	(1,055)
Financial expenses—refinancing costs	(51)	—	(738)
Net financials	**89**	**(289)**	**(1,639)**
Profit before tax	**933**	**523**	**(696)**
Income taxes	(281)	(404)	112
Net profit for the year	**652**	**119**	**(584)**

(A) Special items are costs or income that are recognized in the income statement which cannot be attributed directly to the Group's ordinary activities. Such costs and income include the cost of extensive restructuring or processes and fundamental structural adjustment and IPO-related costs. These are separately disclosed to allow a more comparable view of underlying trading performance. Special items are presented below:

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Reorganization and restructuring costs	109	159	113
Costs associated with business set-ups, acquisitions and disposals	181	44	14
Transformation program	124	353	219
IPO-related costs affecting the income statement	—	—	261
Other costs and income, net	(3)	(18)	(1)
Total special items, income statement	**411**	**538**	**606**
IPO-related costs affecting equity	—	—	170
Total special items	**411**	**538**	**776**

(3) Represents EBITDA b.s.i. over revenue, net of interchange fees and processing fees.

(4) Adjusted EBIT Represents EBITDA B.s.i., minus underlying depreciation and amortization. Adjusted Net Profit for the Year represents Adjusted EBIT adjusted for financial income and expenses, excluding the impact from foreign exchange gains and losses and adjusted for an effective tax rate of 23%. The following table presents a reconciliation of Adjusted EBIT and Adjusted Net Profit to operating profit (EBIT):

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Operating profit (EBIT)	**844**	**812**	**943**
Amortization of business combination intangibles & impairment losses	110	654	627
Special items	411	538	345
Special items—IPO-related costs	—	—	261
Adjusted EBIT	**1,365**	**1,977**	**2,203**
Adjusted net financials(A)		(967)	(908)
Adjusted tax, 23%(B)		(232)	(298)
Adjusted net profit for the year		**778**	**997**

(A) Reflects estimated foreign exchange gains of DKK 166 million and DKK 147 million for the years ended December 31, 2015 and 2016, respectively.

(B) Based on assumed 23% effective tax rate for each of the years ended December 31, 2015 and 2016.

(5) Represents cash flow from EBITDA adjusted for change in narrow working capital and purchase of intangible assets and plant & equipment and capitalized development projects for the year, excluding acquisition of subsidiaries. The following table presents a reconciliation of operating free cash flow to EBITDA b.s.i. (which has been reconciled to revenue under footnote (2)):

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
EBITDA b.s.i.	**1,663**	**2,248**	**2,619**
Capital expenditure(A)	(403)	(539)	(646)
Change in narrow working capital(B)	173	64	67
Operating Free Cash Flow	**1,433**	**1,773**	**2,040**

(A) Capital expenditure represents purchase of intangible assets and plant & equipment and capitalized development projects for the year, excluding acquisition of subsidiaries.

(B) Narrow working capital comprises inventory (primarily terminals, spare parts, etc.), trade receivables, prepayments and other receivables and trade and other payables. See Note 3.1 to the Parent Guarantor 2016 Audited Financial Statements.

(6) Represents the year-on-year increase in revenue, net of interchange fees and processing fees, excluding changes attributable to businesses acquired or divested business activities or services ceased as a result of acquisitions or discontinued and the effect of changes in foreign exchange rates:

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
		%	
Organic revenue growth[A]		**6%**	**7%**
Change in impact of acquisitions, divestments, businesses ceased as a result of acquisitions and Finland merchant acquiring business		1%	2%
Currency FX adjustments		(2)%	(2)%
Growth in reported revenue, net of interchange fees and processing fees		**4%**	**8%**
Revenue, net of interchange fees and processing fees (DKK millions)	**6,546**	**6,836**	**7,385**

(A) Represents the percentage change compared to prior year's organic revenue. Assumed exchange rates used are equal to DKK 80.20, DKK 78.55 and DKK 744.54 per 100 units of NOK, SEK and EUR, respectively.

(7) Represents cash and cash equivalents at the relevant year-end, excluding clearing-related balances and received Visa proceeds in cash to be passed through. The following table presents a reconciliation of own cash to cash and cash equivalents:

	As of December 31,		
	Issuer		Parent Guarantor
	2014	2015	2016
	DKK millions		
Cash and cash equivalents	1,726	2,310	1,869
Bank overdraft (clearing related balances)	—	—	(91)
Net cash and cash equivalents	**1,726**	**2,310**	**1,778**
Clearing-related assets	5,092	3,705	4,477
Clearing-related liabilities	(4,902)	(4,483)	(5,135)
Cash related to pass through Visa proceeds	—	—	(194)
Borrowings (clearing-related)	3	—	(223)
Own cash	**1,919**	**1,532**	**703**

(8) Represents drawings under the Term Facilities, RCF (gross of unamortized debt costs) and the Notes after giving effect to the issuance of the Notes and the use of proceeds therefrom, less own cash as of December 31, 2016. This excludes financial leases in the amount of DKK 22 million as of December 31, 2016, and does not give effect to any repayment made on amounts outstanding under the RCF after December 31, 2016. The increase in the ratio of as adjusted net financial indebtedness to EBITDA b.s.i. compared to that reported as of December 31, 2016, is the result of the fees and expenses being paid in connection with the offering of the Notes—in other words, less than all the proceeds of the Notes will be used to repay existing indebtedness. See "*Use of Proceeds*" and "*Capitalization*."

(9) Represents estimated cash interest expense that would have been payable on borrowings under the Facilities Agreement and the Notes after giving effect to the issuance of the Notes and the use of proceeds therefrom as if all such instruments had been outstanding on January 1, 2016.

RISK FACTORS

An investment in the Notes involves a high degree of financial risk. You should carefully consider all information in this Offering Memorandum, including the risks described below, before you decide to buy the Notes. This section addresses both general risks associated with the industry in which the Group operates and the specific risks associated with its business. If any such risks were to materialize, the Group's business, results of operations, financial condition and/or prospects could be materially and adversely affected, resulting in a decline in the value of the Notes and a loss of part or all of your investment. Further, this section describes certain risks relating to the offering of the Notes and the Notes which could also adversely impact the value of the Notes.

The risks and uncertainties discussed below are those that Nets' management currently views as material, but these risks and uncertainties are not the only ones that it faces. Additional risks and uncertainties, including risks that are not known to Nets at present or that its management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Notes and a loss of part or all of your investment. The following risk factors are not listed in any particular order of priority as to significance or probability.

Risks Relating to the Digital Payments Industry

If the Group fails to keep pace with changes in its industry, including new challenges presented by traditional and non-traditional competitors, or fails to continue to provide attractive and innovative products and services, the use of the Group's products and services could decline, reducing its revenues and earnings.

The international digital payment and digital services industry in which the Group competes is subject to rapid and significant technological change, new product and service introductions, evolving industry standards, rules and regulations, changing customer needs and preferences and the entrance of non-traditional competitors. In order to remain competitive, the Group needs to anticipate and respond to these changes, which requires continued investment in, and time spent on, innovation and research and development. The Group is optimizing its technological solutions, including its multi-channel offerings and its payment processing and other IT platforms, to best position it to profit from market growth and newly developed services. If the Group fails to identify and keep pace with these changes or to continue to develop and introduce attractive and innovative products and services, the use of its products and services could decline. Any delay in offering new products and services, or failure to differentiate the Group's products and services or accurately predict and address market trends and demand, could render the Group's products and services less desirable to its customers or even obsolete, which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Moreover, the projects that the Group undertakes in order to enhance its technological solutions and respond to evolving market trends require significant investments, and there can be no assurances that the trends, products or services such enhancements are designed to address will develop as expected or that the Group's undertakings will be successful. If the Group invests in acquisitions and/or research and development to target new products, services and solutions for markets or trends that do not develop as anticipated or at all, the Group could have difficulty recovering the costs that it has incurred in relation to any acquisitions or in researching and developing these new products, services and solutions and, to the extent that such investments have been capitalized, incur significant write-offs.

As a number of the products and services the Group expects to be a source of future growth are new and address market opportunities that are not yet fully developed, no assurance can be given that these markets will develop as expected, that the Group's new products or services will secure wide customer or consumer acceptance or be consistent with developing industry-wide standards, that the Group will succeed in gaining market share in these new markets, or that the Group will fully recover the investments it has made in acquisitions and/or to develop such products and services. For example, although e-commerce applications and associated payment processing are an important element of the Group's strategy, no assurance can be given that completing payment transactions using mobile phones and other mobile devices will develop as quickly or as successfully as research and consulting firms expect. Additionally, while the Group expects innovative solutions, such as those developed to address the growing importance of multi-channel offerings in the industry and the ongoing digital transformation of retailers and other businesses, to comprise an important and increasing component of the Group's products and services portfolio going forward, the Group cannot be certain that businesses will continue to pursue their "digital transformation" or adopt new technologies as swiftly or in the same manner as they have in recent years or that the Group will be able to launch new and successful products to address their needs on a timely basis or at all.

Providers of payment solutions, including the Group, depend on both direct and sponsored membership in card schemes and compliance with card scheme rules. If the Group fails to comply with the requirements of those schemes, those card schemes could terminate or suspend the Group's access or impose fines.

As of December 31, 2016, approximately 64% of the card transactions processed by Nets are from international credit and debit card transactions run by the major card scheme operators such as Visa and MasterCard. In order to access the international card schemes' networks to provide merchant acquiring and issuing processing services, merchant acquirers and processors, including Nets, must have, among other things, the relevant geographically based operating licenses or memberships. As part of its registration with card schemes, Nets and its customers are subject to operating rules, including mandatory technology requirements, promulgated by the card schemes that could subject Nets and its customers to a variety of fines and penalties, as well as suspension and termination of membership or access. Furthermore, to access the international card scheme networks, Nets and other merchant acquirers must pay card scheme membership fees. From time to time, the card schemes change both the interchange fees and card scheme fees that they charge Nets and other merchant acquirers. As a result of competitive pressures, merchant expectations, or for other reasons, Nets may be unable to pass all such fee increases along to its customers through corresponding increases in its merchant service charge, which could result in Nets' absorbing a portion or all of such increases in the future. In particular, Nets may be unable to or may not fully pass on any higher costs or lower rebates resulting from the recent acquisition of Visa Europe (of which Nets is a member) by Visa Inc. In addition, regulators are subjecting interchange and other fees to increased scrutiny, and new regulations impose a cap on interchange fees and require greater pricing transparency of the breakdown in fees which could lead to increased price-based competition, lower margins and higher rates of customer attrition.

In some cases, the major card scheme operators compete with Nets, or other operators of national debit card networks, and the major card scheme operators' access to market data and ability to change their rules unilaterally may provide them with a competitive advantage in selling or developing services that may compete, directly or indirectly, with certain of Nets' products. For example, the Group operates national debit card networks in Denmark (Dankort) and Norway (BankAxept) that compete with other card schemes, including the international credit and debit card schemes of Visa and MasterCard. Furthermore, as certain Dankort and BankAxept cards are co-badged with Visa as Visa/Dankort cards, or Visa/BankAxept cards, Nets is exposed to risks related to competition with, changes to and an increase in use of or preference for, Visa's card scheme in Denmark or Norway, which are two of Nets' key countries of operation. See "*—The prevalence of domestic card schemes in Europe has changed and could be phased out and replaced by international card schemes*." Such competition has increased as a result of requirements under Article 8 of EU regulation no. 2015/751 on interchange fees for card-based transactions ("**EU IFR**") which became effective as of June 9, 2016 and provide payers and payees with the ability to select their preferred payment brand or application when engaging in payment transactions that involve co-badged payment instruments. Pursuant to this requirement, Nets must ensure that the terminal products and services it offers can facilitate this. Failure to do this could expose Nets to the risk of litigation from international card schemes.

In addition, each card scheme may alter rules or policies in a manner that may be detrimental to participants, including acquirers and issuers which must comply with scheme rules as well as terminal suppliers, e-commerce merchants and payment service providers which must comply with terminal, transaction and card data storage security rules. Moreover, as the card schemes become more dependent on proprietary technology and seek to provide value-added services to issuers and merchants, there is heightened risk that rules and standards may be governed by the self-interest of the schemes, or of those with influence over the schemes. Changes in the business models or strategies of card scheme operators, including any resulting changes to their respective card scheme rules or the failure of Nets to retain or renew its membership to their respective card schemes, could have a material adverse effect on Nets' ability to compete and on its business, financial condition, results of operations and prospects.

Nets must comply with any changes to card scheme rules within the required time frame or risk being fined or otherwise penalized for violation. Such fines and penalties could increase Nets' operating costs, and Nets may be unable to pass along those costs to customers, which could result in lower profit margins. Additionally, if a violation is sufficiently material, there is a risk of damaging the relationship that Nets has with the card schemes to such an extent that any willingness the card schemes had to expand their business relationships in markets and sectors and regarding new products and/or services with Nets is restricted. Furthermore, failure to comply with the card scheme rules could also result in the restriction, suspension or termination of Nets' licenses to acquire payment transactions in various jurisdictions. If this were to occur, Nets would be unable to process transactions using the relevant card scheme in the relevant jurisdiction, which could have a material adverse effect on Nets' ability to compete and on its business, financial condition, results of operations and prospects.

If the Group is unable to effectively respond to competition, demand for its services may be adversely affected.

The Group is exposed to significant competition in the various countries in which it operates. Given the diversity of the Group's product and services portfolio, the Group's primary competitors vary depending on business line and product or service type. Accordingly, the Group's competitors include payment processing providers, merchant acquirers, e-commerce software providers, payment terminal suppliers, alternative mobile payments services providers, telecommunications and information technology companies and start-ups.

Some of the Group's competitors may offer a wider range of products and services than the Group, including, for example, solutions capable of interfacing with mobile devices more robustly than those of the Group, and may have a greater ability than the Group to develop, and to devote financial and operational resources to the research, development, marketing and/or acquisitions of new technologies and services. The Group's competitors may also introduce new products to rival or even replace certain products the Group offers, including those that generate a significant percentage of the Operating Group's revenue and earnings. In addition, the Group's competitors may use more effective advertising and marketing strategies, may have or achieve broader brand recognition or merchant acceptance than the Group or may develop better security solutions and/or more competitive pricing arrangements than the Group. Moreover, competitors may also introduce more innovative programs, products and services than the Group's.

The Group faces heightened competition from traditional payment participants, in particular from international card network operators like Visa and MasterCard. These companies may adopt increasingly aggressive strategies to expand their market share in the geographic, product and service markets in which the Group operates, for instance by exploiting new regulations, the Group's dependence on maintaining operating licenses or memberships with them, or the Group's dependence on the use of certain technology they may control. See "*—The prevalence of domestic card schemes in Europe has changed and could be phased out and replaced by international card schemes*," "*—Risks Relating to the Group's Business—The Group's business may suffer if it is sued for infringing the intellectual property rights of third parties, if it is unable to obtain rights to third-party intellectual property on which it depends or if it is unable to protect its own intellectual property*" and "*—Providers of payment solutions, including the Group, depend on both direct and sponsored membership in card schemes and compliance with card scheme rules. If the Group fails to comply with the requirements of those schemes, those card schemes could terminate or suspend the Group's access or impose fines*." We have had and continue to have ongoing discussions with Visa, and similarly we have periodic discussions with MasterCard and others, regarding each of our respective business practices and joint arrangements, including various licensing agreements. No assurance can be given that these discussions and the outcomes thereof will not destabilize our current relationships with Visa, MasterCard or others, which, in addition to heightened competition, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may also face heightened competition from other competitors that do not currently operate in the geographies in which Nets operates, particularly in the Nordic region (comprising Denmark, Norway, Sweden and Finland), but that may expand their business and reach into these geographies. The Group also faces heightened competition in its e-commerce and mobile payments businesses, as a wide range of payment platforms offered by an increasing range of participants, including banks and telecommunication companies, co-exist in the various countries in which the Group operates.

If the Group is unable to respond effectively to competition, demand for its services may materially decrease, which could have a material adverse effect on its business, financial condition, results of operations or prospects. Moreover, given the level of competition the Group contends with across the countries in which it operates, the Group faces significant, and might experience even higher, price pressure on its products and services, which could also materially and adversely affect its business, financial condition, results of operations and prospects. Additionally, to the extent that the Group's competitors or new industry participants more effectively capitalize on potential consolidation trends within the currently fragmented payment services industry, the competitive landscape, including the nature and scale of the Group's competitors, may change significantly, possibly reducing certain competitive advantages from which the Group currently benefits.

In addition, the digital payment industry is facing new competition emerging from non-traditional competitors which may offer alternative payment methods, types, currencies, technologies and databases that generally bypass the traditional systems. Such non-traditional competitors include, for example, providers of blockchain solutions (or, relatedly, bitcoin solutions), which do not rely on traditional card schemes or banking networks to process digital payments. Blockchain solutions facilitate payments without the need to go through a third party, by processing transactions via a network of computers that continuously records transactions processed through it. Moreover, these non-traditional competitors may have considerable financial resources, robust networks, and may be highly regarded by consumers. These new technologies may affect one or more aspects of the digital payments ecosystem in which the Group participates and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The prevalence of domestic card schemes in Europe has changed and could be phased out and replaced by international card schemes.

Following the implementation of the Directive 2007/64/EC on Payment Services in the Internal Market ("**PSD1**") which provides the legal foundations for the Single Euro Payments Area ("**SEPA**") cards framework, domestic card schemes in the UK, Ireland, Luxembourg, the Netherlands and Finland have been phased out and replaced by international card schemes such as Visa Debit and Debit MasterCard. Domestic card schemes in other jurisdictions such as Denmark, Norway, Belgium, France, Spain and Italy have adapted their models and continue competing with internationally branded cards and/or offer co-badged cards. The Group operates national debit card networks in Denmark (Dankort) and Norway (BankAxept), and in 2013 agreed with Danish banks to renew and continue the Dankort national debit card network through 2019.

The implementation of Directive 2015/2366 on Payment Services in the Internal Market ("**PSD2**"), which facilitates account-based payments and has the primary objectives of contributing to a more integrated and efficient EU market, creating a more level playing field for payment service providers (including new participants), making payments safe and more secure, and encouraging lower prices for payments, may have a further impact on the landscape and potentially impact the future competitive position of domestic card schemes vis-a-vis international card schemes.

Further, as of June 9, 2016, the EU IFR requires that payers and payees have the possibility to decide which payment brand or application they prefer to use when conducting a payment transaction with co-badged payment instruments. As a result, national card schemes will no longer be the default processor of domestic transactions made with co-badged cards. See "*Regulation—Regulatory Authorities—Denmark—The Danish Payment Services Act*." Given that the vast majority of cards issued under Dankort are co-badged with Visa, and the vast majority of cards issued under BankAxept are co-badged with Visa or MasterCard, most Dankort and BankAxept cards are now capable of being used either as domestic debit cards and processed through the relevant domestic card scheme, or as Visa or MasterCard cards and processed through the international credit and debit card schemes of these card scheme operators, which could significantly decrease the transaction volumes on the Dankort and BankAxept networks. Moreover, Visa may be attempting to exploit this regulatory change by providing financial incentives to banks to issue Visa-only cards, as opposed to Visa/Dankort or Visa/BankAxept co-badged cards, thereby removing the possibility that payments made with those cards could be processed through Dankort or BankAxept, respectively. In addition to Visa, other international card schemes including MasterCard may attempt to do the same. Dankort and BankAxept accounted for a significant minority of the Group's Financial & Network Services revenue in 2016. Should competition with the Group's national debit card networks continue to increase, should national debit card networks be phased out, or should there be a material decrease in the transactions processed through Dankort or BankAxept, in each case whether as a result of competitive, legislative, regulatory (including following the introduction of the EU IFR) or other initiatives or market acceptance, there could be a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the regulatory impact of EU regulations, including interchange fee caps, could have a significant adverse impact on the Group's business, financial condition, results of operations and prospects to the extent such regulations make it less attractive to issue or to accept domestic cards as payment as this may reduce the total number of cards in issue and therefore potentially also reduce the volume of card payments made and could also have a material adverse effect on the Group's pricing strategies. Any failure to comply with the EU regulations, and competition law, could expose Nets to the risk of litigation. See "*—Providers of payment solutions, including the Group, depend on both direct and sponsored membership in card schemes and compliance with card scheme rules. If the Group fails to comply with the requirements of those schemes, those card schemes could terminate or suspend the Group's access or impose fines*."

A decline in digital payment transactions, including the use of recurring and one-time account-based payments and credit or debit cards as a payment mechanism for consumers, or adverse developments with respect to the digital payments industry in general could have a material adverse effect on the Group.

If the number of digital payment transactions does not continue to grow or if consumers or businesses do not continue to adopt Nets' products and services, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. As Nets operates in the Nordic region, which has been an early adopter of digital payment transactions and related solutions, the risk of declining growth due to real or perceived market saturation may be more prevalent than for companies operating outside of the Nordic region, and there can be no assurances that the digital payment transactions market or payment processing industry will continue to grow or evolve in a manner beneficial to Nets.

Further, if consumers do not continue to use credit or debit cards, or other digital payment methods, as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, credit and debit cards and other payment forms that is adverse to the Group, or if Nets is unable to continue to expand the number of agreements with merchants in its markets at current or historical levels, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. A substantial part of the Group's business is linked to credit and debit card payments, and a significant portion of the Group's business is linked to digital payments by means other than card payments. The facilitation of direct access to accounts as a result of PSD2 may result in increased competition and opportunities for traditional and non-traditional payment providers (including those which compete with the Group) which offer alternative payment methods and may result in growth in account-based payments more broadly. For example, peer-to-peer payment platforms such as MobilePay in Denmark could shift from card-based payments to account-based payments which could have an adverse effect on the Group's revenues and earnings.

To the extent that the overall card-based payment market decreases and such decrease outstrips or occurs faster than the increase in the market for digital payments effected through account-based payments, the Group's revenues, earnings and prospects could also be adversely affected. In addition, if margins are lower in these new areas, then the Group's profitability could further decrease, at least temporarily and until such margins increase and/or the initial development expenses are absorbed. Moreover, if there is an adverse development in the credit or debit card payment processing industry in general, such as new legislation or regulation that makes it more difficult for the Group's customers to do business or for consumers to use credit or debit cards as a payment mechanism for their transactions, or if consumers or businesses do not continue to adopt Nets' products and services, the Group's business, financial condition, results of operations and prospects may be adversely affected.

Fraud by merchants, consumers, suppliers or others could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Nets has potential financial liability, and could also suffer reputational damage, for fraudulent digital payment transactions, credits initiated by merchants or others, or fraudulent sales of goods or services, including fraudulent sales by Nets' suppliers. Examples of merchant fraud include instances in which a merchant or other party sells counterfeit goods or knowingly uses a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sale or credit transaction, processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud, and failure to effectively manage risk and prevent fraud could increase Nets' chargeback liability or cause Nets to incur other liabilities, including sanctions and fines. The Group's business and reputation could also suffer as a result of fraudulent activities carried out by its employees. Although Nets has comprehensive screening and detection systems to alert its transaction monitoring and risk teams of potential fraud, it is possible that incidents of fraud could increase in the future. In general, the risk of incidents of fraud may be greater in card-not-present, contactless and other new transactions than in more traditional types of transactions. Increases in chargebacks or other liabilities could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes to payment card industry ("PCI") standards and card scheme rules could require significant costs to ensure compliance.

The security standards established by PCI bodies (specifically the PCI (payment card industry) Data Security Standards ("**PCI DSS**")) are designed to enhance card payment data security by promoting the broadest possible dissemination and implementation of specific standards relating to the various components of card payment transactions. These standards specifically require that stored consumer data and sensitive transaction data are always processed in a fully secure manner by systems and databases that are structured to properly safeguard such information. Such industry standards entail specific technical requirements and a certification process.

Updates to these standards involving changes to existing requirements are managed by the founding members of the PCI Security Standards Council—Visa, MasterCard, JCB, American Express and Discover—

together with stakeholders from across the digital payment industry (e.g., hardware industry stakeholders, regulators, merchants, banking associations and banks transaction processors).

Changes to the PCI DSS may require changes to the Group's processes, hardware, products, embedded software, networks or servers, which could require significant capital expenditure and, in the event of frequent changes to PCI DSS, may be difficult to implement on a timely basis. Even upon receipt of PCI DSS certification, there is a risk that once in use, certain of the Group's products and services might reveal defects that could subsequently prompt loss of PCI DSS certification. In the event of a withdrawal of PCI DSS certification, the Group may experience reputational damage, loss of customers and consequent loss of revenues and earnings.

In addition, Nets is subject to card scheme requirements. The card schemes can change (and have in the past changed) their rules, including changes to technology system requirements, with little notice to their members, frequently in response to (or in anticipation of) regulatory changes. Compliance with such requirements could entail significant costs which could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

Nets is exposed to risks in relation to its rights and obligations in connection with the Visa Transaction.

In connection with its business in Europe, Nets is a principal member of Visa Europe, a mutually owned card scheme. On November 2, 2015, Visa Inc. announced that they had reached an agreement to acquire Visa Europe from European members (the "**Visa Transaction**"). On April 21, 2016, Visa Inc. announced amended terms to the Visa Transaction, which closed on June 21, 2016. The purchase price consists of cash and shares of preferred stock and was distributed to each principal member based on the principal member's respective net qualifying fees paid to Visa Europe for the relevant periods. The shares of preferred stock element was introduced to manage ongoing and future litigation risks as a result of certain existing and potential litigation relating to the setting of multilateral interchange fee rates in the Visa Europe territory. The shares of preferred stock will be subject to restrictions on transfer and may become convertible in stages based on developments in the existing and potential litigation. The shares of preferred stock will become fully convertible at the latest on the twelfth anniversary of closing of the Visa Transaction, subject only to a holdback to cover any then-pending claims. By virtue of historical transaction agreements, Nets has an obligation to pass on the proceeds relating to the principal membership shares held by Teller A/S and Nets Oy, net of tax and costs, as applicable, to the relevant sellers under the share purchase agreements for the acquisition of Luottokunta (now Nets Oy) and Nets Holding A/S (the "**Relevant Sellers**") and/or to certain other parties. Nets is in discussions regarding the implementation of the distribution of Visa proceeds with the Relevant Sellers. As a result of the transaction structure, Nets might be obliged to hold and manage preferred stock on behalf of third parties. Claims or other demands could be imposed upon Nets if the future administration of preferred stock is not managed appropriately or if Nets does not pass on proceeds in a timely manner under the terms of the share purchase agreement with the Relevant Sellers or if Nets fails to adhere to the terms of and manage taxation matters in respect of the proceeds received and passed on as part of the Visa Transaction. Moreover, Nets may be exposed to the risk that one or more Relevant Sellers may claim (i) that Nets has failed to take due care of the interests of the Relevant Sellers or (ii) that Nets should have put itself in a position to pay the Visa proceeds to the Relevant Sellers earlier than what appears to be possible as of the date hereof.

As of the date of this Offering Memorandum, there is no uncertainty as to the aggregate portion of the proceeds received from Visa Inc. that are to be passed on to the Relevant Sellers as a group; there is, however, uncertainty as to the portion of proceeds that each Relevant Seller and/or any subsequent third party is respectively entitled to under the terms of the Luottokunta and Nets Holding A/S share purchase agreements, and Nets may, as a result of the transaction structure, be required to become involved in subsequent disputes between one or more Relevant Seller relating to such Relevant Seller's respective share of the aggregate entitlement to proceeds from the Visa Transaction. Subject to the development of the discussions with the Relevant Sellers and certain other parties, Nets currently has no intention to distribute the disputed proceeds until such uncertainty is resolved or an agreement with the Relevant Sellers has been reached on terms reasonably satisfactory to Nets as to the appropriate split of proceeds that Nets is required to pass on.

The Group is subject to economic and political risk, business cycles and credit risk of its customers and the risk of an overall decline in consumer, business and government spending, and is dependent on the success of its customers.

The merchant services, digital payments, payment processing and digital services industries are influenced by the overall level of individual consumer, business and government spending. Nets offers payment and information systems, merchant acquiring, issuer processing, merchant solutions and e-security services in Denmark, Norway, Finland, Sweden, Estonia and other Baltic countries. The Group's revenues derived from these and other operations are subject to risks, including those resulting from social and geopolitical instability and unfavorable political or diplomatic developments, which may include the exit of one or more member states from the European Union, all of which could negatively impact the Group's financial results and prospects. See "*—Risks Relating to the Group's Business—Adverse events affecting the stability and standing of the European Union as a single market may have a negative effect on global economic conditions, financial markets and the Group's business, which could diminish the price of the Notes and investors' ability to resell them*."

The Group is exposed to general economic conditions that affect consumer confidence, consumer and government spending, consumer discretionary income and/or changes in consumer purchasing habits. A renewed deterioration in macroeconomic conditions in key countries where the Group operates may adversely affect the Group's financial performance by reducing the number and/or average size of transactions made using payment card and digital payments. A reduction in the amount of consumer spending could result in a decrease in the Group's revenue and earnings. If cardholders make fewer transactions with their payment cards, the Group's merchants make fewer sales of their products and services using digital payments, consumers using internet banking and other non-card payment methods make fewer payments or people spend less money per transaction, the Group will have fewer transactions to process and smaller average payment sizes, resulting in a potentially significant decrease in revenue and earnings. An economic downturn in the Nordic region may increase credit risk and, eventually, defaults among the Group's customers and its customers' customers. In addition, disruptions to the Group's business, including due to strikes, labor disputes or other disruptions to the Group's workforce, which may be more likely during an economic downturn, could have an adverse effect on the Group's results of operations. Additionally, the Group's customers and their customers, with less disposable income, might be less likely to opt for the Group's digital services offerings and other value-added solutions, which comprise an increasingly significant portion of the Group's services offerings and component of its growth strategy. Moreover, during economic downturns, Nets' existing and prospective customers may be more reluctant to renew their IT hardware and software, which may adversely impact sales of the Group's product and services upgrades. Furthermore, where the Group provides, and/or develops jointly with, its customers, services and platforms that are then on-sold by its customers to consumers, the Group is dependent on the ability of its customers to effectively market and sell these products to their customers, the success of which the Group cannot control.

More generally, a weakening of the economies in the key countries in which the Group operates could increase the Group's sensitivity to price pressure vis-a-vis its competitors and to potential credit losses, including as a result of default of major financial institutions or other customers. Additionally, credit card issuers might reduce credit limits and be more selective with regard to whom they issue credit cards, resulting in fewer and smaller transactions and therefore lower revenues and earnings for the Group. In the event of a closure of a merchant due to adverse economic conditions, the Group may not receive its fees for all transactions processed for that merchant in its final weeks of operation, and such fees may not be insured against or fully covered through any insurance maintained by the Group, which would negatively impact the Group's business, financial condition and results of operations. The Group's merchant customers and the other participants in the digital payment system, including payment service providers, are liable for any fines or penalties that may be assessed by the card payment networks. Card payment network standards could require the Group to compensate consumers for services and products purchased but not provided following a merchant's bankruptcy. In the event that the Group is not able to collect such amounts, due to fraud, breach of contract, insolvency, bankruptcy or any other reason, the Group may find itself liable for any such charges, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks Relating to the Group's Business

Breakdowns of the Group's processing systems or software defects, and those of third parties, could damage customer relations and subject the Group to liability.

The Group depends heavily on the efficient and uninterrupted operation of numerous systems, including its computer systems, software, servers and data centers. The services the Group delivers are designed to securely and reliably process very complex transactions—very often in real time—and provide reports and other information on those transactions, all at very high volumes and processing speeds. Any failure to deliver an effective and secure service or performance issues that result in significant processing or reporting errors or service outages, whether due to planned IT changes, inefficient system monitoring or other reasons, could have a material adverse effect on a potentially large number of users, the Group's business, and, ultimately, its reputation. In addition, due to Nets' important role in the Danish payment ecosystem, the potential consequences for Nets of such performance issues could be material. The Group has experienced operational issues with its platforms in the past, including, for example, operational issues resulting in downtime in the use of products such as Dankort and NemID, and may continue to experience operations and other platform stability issues going forward, including in other areas such as interbank clearing.

The Group operates various services that involve the collection, accounting and management of cash inflows and outflows for different parties operating across the payment services chain. A technical defect, errors in the application or interpretation of contractual rules within systems, or even undetected fraud, could result in cash flow accounting errors which could adversely affect the Group's financial condition, given the Group's role as systems operator, should the Group be unable to take corrective measures to redistribute such cash flows. To successfully operate its business, the Group must therefore be able to protect its systems from interruption, including from events that may be beyond its control.

Additionally, the Group's employees could cause significant operational breakdowns or failures, either as a result of human error, ineffective segregation of duties and access with respect to management of the Group's systems or deliberate sabotage or fraudulent manipulation of its operations or systems. Third parties with which the Group does business and which provide critical support for the Group's computer systems, software servers and data centers or on which the Group relies for certain outsourced functions could also be sources of operational risk to it, including as a result of breakdowns or failures of such parties' own systems or products or actions by the parties' employees. Similarly, software and software updates may contain undetected errors that degrade their performance. In addition, the Group's technology infrastructure and payments platforms may be vulnerable to natural disasters, including floods and fires, power loss and telecommunications failures, as well as the risk of terrorist attacks or other accidents. The Group's redundancy and backup plans for its key technology infrastructure may not function as planned in the event of an emergency.

The Group's property and business interruption insurance may not be adequate to compensate it for all losses or failures that may occur. Breakdowns in the Group's systems or those of third parties, defects in the Group's systems, errors or delays in the processing of and/or clearing of payment transactions or other difficulties could result in, for example:

- loss of revenues;
- increased costs;
- loss of customers and/or contracts;
- loss of sensitive merchant, consumer and other data;
- fines imposed by card schemes;
- contractual penalties or trade concessions;
- damage to the hardware or software of the Group's customers;
- harm to the Group's business or reputation resulting from negative publicity;
- exposure to fraud losses or other liabilities;
- additional operating and development costs (notably in connection with the imposition of additional security measures and remediation efforts);
- legal proceedings being brought against the Group; and/or
- diversion of technical and other resources.

Any one or more of the foregoing could have an adverse effect on the Group's business, financial condition, results of operations and prospects. Similarly, service outages could prevent the Group's merchant customers from being able to process card payments for the duration of the outage. Any of these developments could materially and adversely affect the Group's reputation for reliability or its reputation generally, and hence its business, financial condition, results of operations and prospects.

Security breaches could disrupt the Group's business and damage its reputation.

The Group's visibility, or the visibility of the brands for which it processes data, in the Nordic and Baltic payment and digital services industry may attract cyber security attacks on its servers, other information systems and databases, which could compromise the security of its data or could cause interruptions in the operations of its businesses. The cyber security landscape constantly changes, but currently includes hostile governments, organized criminal groups, organized hacker collectives and others. As part of its business, the Group receives, processes, stores and transmits sensitive information. Depending on the type of product or service offered by the Group, the Group receives, processes, stores and transmits a significant amount of business information, including, but not limited to, names, addresses, sales data and bank account details, and personal consumer information, including, but not limited to, names, addresses, credit and debit card numbers, bank account details, cardholder data and payment transaction data. The Group also produces and maintains encryption keys, certificates and algorithms for producing one-time passwords for NemID and PINs. Exposure of such keys, certificates and algorithms would have a materially negative effect on the security of Nets' operations and on Nets' reputation. The security, confidentiality and integrity of the business and consumer information that is processed and stored by the Group's servers and other information systems is critical to the successful operation of its business. Accordingly, the Group must have and maintain adequate security, backup and recovery systems and procedures. The costs of such systems and procedures, including the Group's Distributed Denial of Service ("**DDoS**") defense protection shield and others, could increase and therefore reduce the Group's profitability. Notwithstanding these safeguards, cyber security breaches, internal security breaches, physical security breaches or other unauthorized or accidental access to the Group's servers, other information systems or databases could result in tampering with, or the theft or publication of, sensitive business information or personal consumer information or the deletion or modification of records, or could otherwise cause interruptions in the Group's operations.

There is also a risk of mishandling or misuse of information. For example, information may be erroneously provided to parties who are not permitted to have the information, whether due to ineffective segregation of duties and access with respect to management of the Group's systems, a fault in the Group's systems, employees or subcontractors acting contrary to the Group's policies, or where such information is intercepted or otherwise improperly obtained by third parties. Such an incident came to light in 2014, when Nets learned that, in the period from 2008 to 2012, an IBM employee (who was a subcontractor of Nets at the time and was a former employee of Nets) leaked highly sensitive card information from Nets to a journalist from the Danish magazine, *SE og HØR*. In addition to the reputational impact caused by the leak, the Group was required to implement costly and time-consuming safeguarding measures and to enhance its internal processes and control measures. The Group is still in the process of implementing certain of these measures. Confidentiality obligations and other safeguarding measures designed to prevent such violations may be ineffective and there is a possibility that such violations may not be detected until well after the violation has occurred.

The tampering with, disruption to, or the theft or publication of, business information or personal consumer information or the deletion or modification of records held either in the Group's systems or the systems of others to which the Group has access, could subject the Group to increased costs, litigation, the risk of losing regulatory certifications including PCI certification, which could expose Nets to inspections by certain card schemes and other liabilities. Any such litigation could be protracted and result in the payment of damages and costly upgrades to the Group's safeguards. Furthermore, an information breach in the system and loss of confidential information, such as credit card numbers and related information, could have a longer and more significant impact on the Group's business operations than a hardware failure and could result in claims against the Group for misuse of personal information, such as identity theft. The loss of confidential information could result in the payment of damages and reputational harm and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

An ordinary IT inspection was conducted by the Danish FSA in the autumn of 2014 and the public report from the inspection was published May 13, 2015. The inspection resulted in six enforcement notices and an indication of four other matters requiring attention which, in total, resulted in 27 internal mitigating actions by Nets relating to, among other things, security, risk management, outsourcing and recovery plans. All internal mitigating actions were closed by the end of 2016. Another IT inspection, which is a follow-up to the 2014 inspection, was conducted in early 2017. Nets does not expect any material enforcement notices to result from this follow-up inspection.

The Group's exposure to the risk of cyber security breaches, internal security breaches or other unauthorized or accidental access to the servers, other information systems or databases to which the Group controls or has access is heightened when the Group transmits information over the internet and when the Group introduces new, or makes changes or upgrades to existing, products and services or servers, other information systems or databases. Furthermore, the introduction of, or changes to existing, cyber security rules and regulations may impose new or stricter security standards that require changes that would be costly for the Group to implement.

The Group's financial exposure from the items referenced above may either not be insured against or not fully covered through any insurance maintained by the Group and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There is currently ongoing rapid change and significant growth in the Group's business, and if the Group cannot adequately manage this change or growth, its operations may suffer.

Nets has experienced rapid change since the merger of Danish PBS Holding A/S and Norwegian Nordito AS in 2010, and has experienced significant growth, with eight acquisitions since 2010 (seven of which were completed in the last three years), adding approximately 700 full-time employees and significantly increasing the number of payments it processes on a daily basis and the number of jurisdictions in which its customers operate, as well as the number and complexity of payment methods it provides. Nets faces risks relating to the integration of its acquisitions. See "*—The Group may be unable to realize anticipated synergies in relation to its acquisitions, may be unable to successfully integrate acquired businesses and may have unanticipated liabilities in connection with acquired businesses*." In addition, the Group faces the risk that the pace of change in the types of products and services it offers, the number of jurisdictions in which it operates, technology and regulation, will mean that Nets' management and employees may not have the capacity or ability to engage appropriately with all required change initiatives across the business. Moreover, certain of Nets' management and technology staff may lack capacity and time to adequately manage all critical issues, resulting in a focus on certain initiatives to the detriment of others.

As a result of the rapid change and significant growth in the business, Nets' risk management policies and procedures may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, or be fully effective to identify, monitor, manage and remediate key risks. Additionally, the Group's risk detection systems may be subject to "false positive" risks being detected, potentially making it difficult to identify real risks in a timely manner or potentially resulting in a shift away from card usage by customers who are repeatedly inconvenienced by the procedures required to address such false positives. Further, as the Group's business has grown and its product and services offering has evolved, certain of its on-boarding, invoicing and reporting processes and systems have continued to rely on manual inputs which are more prone to errors and faults than more automated processes. There is a risk that the pace of the Group's automation and systematization of these manual processes will be insufficient to prevent significant operational, reporting and regulatory errors.

If Nets fails to successfully identify and manage any of the above or other significant changes facing the business, or to identify and manage the risks to which it is or may be exposed, or successfully respond to technological developments in the industry, it may experience a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to risks relating to its ability to manage ongoing changes to its payments platforms.

Nets' operations are dependent on numerous payments platforms in respect of its products, which are located in a number of jurisdictions. Operating multiple payments platforms in a number of jurisdictions results in significant costs for Nets. In addition, these platforms are subject to constant change and upgrades in line with product and service innovation, as well as technological developments and industry practice, which have been driven in part by mandatory card scheme and regulatory changes. If Nets is unable to manage upgrades, developments or changes within its payments platforms, its business could be subject to operational disruption, reputational damage, regulatory scrutiny, in particular with respect to any regulatory changes, and significant additional costs.

The Group relies on various financial institutions in connection with its clearing and settlement activities.

Nets' clearing and settlement activities are dependent on the financial institutions which participate to form a clearing and settlement network. Although Directive 98/26/EC of the European Parliament and of the Council of May 19, 1998 on settlement finality in payment and securities settlement systems as well as certain international standards provides regulatory guidance to avoid a failure of this network in the event of technological or system failures or any other form of institutional distress, a technical malfunction by any participant is still possible and would lead to Nets facing difficulty in processing payments and remitting funds to its customers. The impact of such a technical malfunction would be more pronounced as to real-time clearing than it would for other clearing, including intraday, due to the immediacy of real-time clearing. Such difficulties could indirectly cause significant reputational damage to Nets, resulting in lower revenues and earnings and undermining the Group's ability to execute certain aspects of its strategy.

The Group is dependent on third-party vendors to provide certain licenses, products and services, and its business and operations could be disrupted by any problems with its significant third-party vendors.

Nets utilizes a number of third-party suppliers and service providers to supply certain of the IT hardware, software and other components used in the development and operation of Nets' services and products. Among material suppliers are IBM and Ingenico. IBM has been used for the operation of platforms, including operation of Nets' mainframe, and has been used for outsourcing since 2007. Ingenico is the primary supplier of the POS terminals Nets offers to its merchant customers. As of the date of this Offering Memorandum, the greater portion of POS terminals Nets supplied to its merchant customers were sourced from Ingenico. In addition, Nets' mobile digital payment solutions require the use of third-party technology, including technology owned by international card scheme operators. Nets relies upon these suppliers to produce and deliver products on a timely basis and at an acceptable cost or to otherwise meet Nets' product demands. Printing services have been outsourced since 2008. Nets has in the past experienced disruptions to operations as a result of services provided by third parties, including disruptions to its platforms resulting in downtime in the use of products such as Dankort and NemID. Disruptions to the business, financial stability or operations of these suppliers and service providers, including due to strikes, labor disputes or other disruptions to the workforce, or to their willingness and ability to license, produce or deliver the products and provide the services Nets requires in accordance with Nets' and its customers' requirements, could affect the Group's ability to fulfil customer demand on a timely basis, which could materially harm its revenues and results of operations. If these suppliers and service providers were unable to continue providing their products or services in the manner expected or at all, or if they simply denied Nets' access to their products or services for any reason, Nets could encounter difficulty finding alternative suppliers. Even if the Group was able to secure alternative suppliers in a timely manner, the Group's costs could increase significantly. Any of these events could adversely affect the Group's business, financial condition, results of operations and prospects.

Failure to renew agreements with customers on acceptable terms or termination of such agreements by customers could harm the Group's business.

Failure to renew customer contracts could negatively impact the Group's business. The Group's customer contracts typically vary in length from three to five years in the case of Nets' public sector customers and its larger financial institution customers with which it has entered into framework agreements. Certain contracts, for example, merchant acquiring contracts within Merchant Services' SME segment, are terminable on short notice. Moreover, certain contracts with customers, including, but not limited to, customers within the financial services industry regarding, among other things, operation and maintenance of certain infrastructure systems, are subject to change of control provisions that may grant the respective counterparties the right to terminate the relevant contracts as a result of a change of control, which in certain but not all contracts may shorten the termination or contract period originally contemplated under the contract. The change of control provisions in some of the Group's more significant customer contracts, i.e., customer contracts with major Nordic banks, require that control is obtained by a competitor or a third party in order to be triggered. At the end of a contract's term, the Group's customers have a choice to either renegotiate their contract with the Group, increase or decrease its scope, seek out the Group's competitors to provide the same or similar services or cease outsourcing of the relevant activity. Customers may seek price reductions from the Group when seeking to renew or extend contracts, or when the customers' business experiences significant volume changes. Further, certain customers may seek to lower prices previously agreed with the Group due to pricing competition or other economic needs or pressures being experienced by the customer. Customers may also seek more integrated or "bundled" offerings with a simplified pricing structure. In addition, because the Group's contracts generally do not contain any exclusivity or minimum spend provisions, its customers could shift business away from the Group without necessarily terminating the contract. If the Group's contracts are terminated by its customers—for example, as a result of a change of control event being triggered—or if the Group's customers shift business away from the Group, or if the Group is unsuccessful in retaining high renewal rates and contract terms that are favorable to it, the Group's business and/or the Group's respective operating segments, financial condition, results of operations and prospects may be adversely affected.

The Group's overall revenue is spread among a relatively large number of customers and no single customer represented more than 10% of the Group's total revenue in 2016. However, the loss of certain key customers could have a significant impact on the Group's business. If the Group loses key customers in its newer business lines, it could have a material adverse effect on the Group's ability to successfully develop these new businesses.

If the Group is unsuccessful in negotiating these and other contracts on acceptable terms, or at all, the Group's business, financial condition, results of operations and prospects may be adversely affected. In addition, if the Group loses any of its large customers or agreements with the banking sector, if any of them significantly reduces or delays purchases from the Group, if the Group is required to sell products to them at reduced prices, or if contracts are renegotiated on terms that are less favorable to it, the Group's revenues and earnings could be materially and adversely affected, and the Group's ability to consolidate and expand its presence, sell its services (including cross-offerings) and implement its strategy could be hindered.

Failure to renew license agreements with card scheme operators and agreements with certain other partners on acceptable terms or termination of such agreements by the contract party could harm the Group's business.

In connection with the Group's merchant acquiring business, Nets has entered into license agreements with major card schemes operators such as Visa, MasterCard, JCB and others. The Group's license agreements with card scheme operators generally include provisions which, in the event of termination, require that the Group (i) assign all merchant agreements to the card scheme operator, (ii) cancel, suspend or terminate all agreements with cardholders, merchants and agents, (iii) notify all merchants of the termination of the agreement with the card scheme operator, and/or (iv) take all necessary actions to wind up the business with the card scheme operator. Such requirements may have a negative impact on the Group's ability to facilitate international payment transactions and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Nets' licensing agreements with Amex were terminated by Amex with effect as of the end of 2016 (as permitted by the agreement) due to a change in its business model. As a consequence of the termination, Nets is obligated to assign all of its merchant customers under this agreement back to the card scheme operator. Discussions with Amex regarding a new cooperation model whereby the parties will work together to bring acquiring services to merchants are ongoing but a new cooperation agreement with Amex has not yet been finalized.

Certain of the Group's partner contracts are subject to expiration and, therefore, renegotiation within the next several years, which include contracts subject to automatic annual renewal, contracts that expire within the next 12 months, contracts that expire between December 2017 and December 2020 and contracts that expire after January 2021. For example, the Group's current contract for BankID may be terminated by BankID to expire at the end of 2019. In addition the Group's current contract for NemID has been extended and is due to expire in 2018. In addition to this extension it is expected that the contract will be further extended according an intermediate contract which is to run until the new solution/next-generation of NemID has been developed and implemented, which is expected to be in 2020. The new solution will be subject to a joint tender between the Danish Agency of Digitization in partnership with the Danish Bankers Association. Nets is contemplating to bid for this tender. As another example, the Group's infrastructure agreement with BankAxept related to the execution of payments with BankAxept-instruments may be terminated after June 2018 subject to a minimum prior notice period of 18 months. Accordingly, the BankAxept agreement may become subject to renegotiation at such point in time.

If the Group's license agreements are terminated by card scheme operators—for example, as a result of a change of control event being triggered—or if certain of the Group's agreements with other partners are terminated or are not extended upon expiration, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

The Group's business may suffer if it is sued for infringing the intellectual property rights of third parties, if it is unable to obtain rights to third-party intellectual property on which it depends or if it is unable to protect its own intellectual property.

Third parties may in the future assert claims that the Group's systems or products infringe their proprietary rights. Such infringement claims, even if without merit, may cause Nets to incur significant costs in defending those claims. Nets may be required to discontinue using any infringing technology and selling any related services, to expend resources to develop non-infringing technology, or to purchase licenses or pay royalties for other technology. Similarly, the Group depends on its ability to license intellectual property from third parties. These or other third parties may become unwilling to license intellectual property that is necessary to Nets' business on terms that are acceptable. In either case, Nets may be unable to acquire licenses for other technology on satisfactory commercial terms or at all. As a result, Nets may find that it is unable to continue to offer the products and services upon which its business depends.

Furthermore, Nets may not be able to protect its proprietary technology, which could enable competitors to develop services that compete with Nets' own. Nets relies on copyright, trademark and trade secret laws, as well as confidentiality, licensing and other contractual arrangements to establish and protect the proprietary aspects of Nets' solutions. If Nets is unable to prevent misappropriation of its technology, competitors may be able to use and adapt such technology to the detriment of Nets. Any such failure to protect Nets' technology could diminish the Group's competitive advantage and cause it to lose customers to competitors.

Nets may also lose its ability to use certain brands in the future. For example, pursuant to an agreement Nets entered into at the time of acquisition, Nets is required to stop using the Payzone brand in 2017. In addition, Nets and the Danish Agency for Digitization have joint ownership to the NemID trademark. The joint ownership is regulated by an agreement which states that the NemID trademark can only be used for the current solution. When the agreement governing the current solution expires, the parties must decide on the future use of the trademark. The Group's contract for NemID is due to expire in 2017 but it is expected that the contract will be extended to run until the new solution/next-generation of NemID has been developed and implemented, which is expected to be in 2019. In addition, Nets is currently discussing a new comprehensive master agreement covering Nets' use of Visa's intellectual property rights and technology and related services, including co-badging rights and the use of certain contactless card payment technology, including Visa payWave, and discussions between the Group and Visa are ongoing. The failure to formalize this agreement on terms favorable to Nets or at all might destabilize our current relationship with Visa and have an adverse effect on the Group's business. In addition, certain of the Group's contracts are subject to expiration and, therefore, renegotiation within the next several years. This includes contracts subject to automatic annual renewal, contracts that expire within the next 12 months, contracts that expire between December 2017 and December 2020 and contracts that expire after January 2021. Please see "*—Failure to renew license agreements with card scheme operators and agreements with certain other partners on acceptable terms or termination of such agreements by the contract party could harm the Group's business*."

If Nets is unable to secure or continue to use the intellectual property of third parties, or protect its own intellectual property, such circumstances could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

The Group is subject to potential chargeback risk and other types of credit risk from its customers.

In the event that a dispute between a cardholder and a merchant is not resolved in favor of the merchant, the transaction is normally "charged back" to the merchant and the purchase price is credited or otherwise refunded to the cardholder. In the context of Nets' merchant acquiring business, if Nets is unable to collect such amounts from the merchant's account, or if the merchant refuses or is unable, due to closure, bankruptcy or any other reason, to reimburse Nets for a chargeback, Nets bears the loss for the amount of the refund paid to the cardholder. Chargeback risk is greater with respect to transactions relating to certain industries, such as the airline, travel and transport industries, and when there is a longer period between the date on which the transaction is processed and the delivery of the product or service, for example, purchases of airline tickets for some future date.

Although Nets has put in place policies to manage merchant-related credit risk (including by, as necessary, requesting collateral and setting caps for monthly processing), it may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by Nets' merchants or customer defaults on any other obligations to Nets could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's Transformation Program may not produce the synergies and cost savings expected.

As part of its Transformation Program commenced in 2014, Nets has implemented certain measures aimed at improving its profitability and maintaining flexibility in its capital resources, including reorganization efforts to align the business with its strategic objectives and the introduction of cost savings initiatives. For example, Nets is in the process of implementing initiatives to optimize its workforce across jurisdictions and to increase its focus on efficiency within the Merchant Services segment (including with respect to the segment's procurement, technology and operations), and to streamline cross-group responses to selected strategic items and implement a new corporate strategy. Nets has forecasted cost savings from these initiatives based on a number of assumptions and expectations and these initiatives are intended to improve its profitability and cash flows from operating activities. However, investments in the Transformation Program are not expected to be completed until the end of 2017 and there can be no assurance that the expected results, including synergies and cost savings, will be achieved. In addition, these and any future spending reductions may negatively impact Nets' other initiatives or its efforts to grow its business, which may negatively impact its future results of operations and prospects as well as increase the burden on management, systems and resources.

The Group may not be able to attract, integrate, manage and retain qualified personnel or key employees.

The success of Nets' business depends on its ability to adapt successfully to rapidly changing technological, social, economic and regulatory developments. This necessitates a range of specialist personnel, particularly in the areas of technology engineering, technical support, finance and control, sales, administration, and operations, and requires Nets to retain, recruit and develop the necessary personnel who can understand the value chain and provide the needed expertise across the entire spectrum of Nets' business and operations. The market for qualified personnel, particularly with "FinTech" expertise, is competitive and Nets may not succeed in recruiting additional personnel in line with the rapid growth of its business, or it may fail to effectively replace current personnel who depart with qualified or effective successors. Nets' effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect its profitability. In addition, Nets is dependent on its ability to retain its senior management, including its chief executive officer, chief financial officer and operating segment heads. Nets cannot assure that key personnel, including its senior management, will continue to be employed or that it will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be unable to realize anticipated synergies in relation to its acquisitions, may be unable to successfully integrate acquired businesses and may have unanticipated liabilities in connection with acquired businesses.

The acquisition and integration of businesses, services or technologies involve significant risks, including valuation risks (the risk that the Group is unable to negotiate a suitable price for the business based on inherently limited diligence) and integration risks (the risk that the Group is unable to manage the complex process of integrating the acquired company's people, products, technology and other assets so as to realize the projected value of the acquired company and the synergies projected to be realized in connection with the acquisition), as well as risks related to acquired liabilities. Nets may, from time to time, evaluate acquisition opportunities. There is a risk that Nets may not be able to find attractive acquisition opportunities on favorable terms or at all, and Nets may face competition for attractive acquisition targets which may increase the price of the target. In addition, Nets could fail to appropriately value acquired businesses, services or technologies, which may result in Nets' paying more than the worth of such business, service or technology, and subsequently would result in impairment charges or significant write-downs in the value of acquired assets. Nets may also fail to successfully integrate any businesses, services or technologies that it acquires or with which it forms a partnership or joint venture, or comply with applicable regulatory, service level, data security or other requirements.

Since June 2014, Nets has completed seven acquisitions, four of which were structured as an initial purchase of a controlling stake with a subsequent earn-out period of between two and five years with options to assume full ownership. The operation of these business entities may entail additional costs and Nets is dependent on retaining existing management to run the operations of these companies in the short term. Nets' contractual arrangements with the minority shareholders of acquired businesses provide for Nets to acquire the remaining minority interest within a specified period of time, even if the business' results of operations decline. After the business is fully acquired, Nets may find it difficult to retain management and other qualified personnel at these companies. In addition, once Nets acquires full control, Nets may not be in a position to integrate these businesses within the Group, which could result in its inability to fully realize the anticipated synergies of the acquisition.

Even if Nets is in a position to integrate its acquired businesses, it may be unable to do so successfully. Integration of acquired businesses involves risks, including, for example, managing geographically separated organizations, systems, and facilities, integrating personnel with diverse business backgrounds and organizational cultures, complying with foreign regulatory requirements, fluctuations in currency exchange rates, enforcement of intellectual property rights in some foreign countries, difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of those new markets, and general economic and political conditions. If Nets fails to integrate successfully and efficiently any acquisition, it could be subject to increased financial costs, additional burdens on management time or degradation in the quality of Nets' products and services, particularly with respect to the products and services offered by the acquired entity. Moreover, the Group may acquire liabilities in connection with its acquired businesses, including legal risks related to the compliance practices of such acquired business, such as anti-money laundering, anti-bribery and other sanctions controls; in addition, the Group may be subject to credit risk for certain acquisitions with earnouts. In the event the Group is not fully indemnified for such liabilities, or if indemnities that the Group has received from the previous owners of the acquired business prove to be unenforceable, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group depends on its relationships with its partners to grow its business.

The Group has long-standing relationships with its partners, which include financial institutions, web developers, telecommunications companies, resellers and distributors and hardware integrators. Banks and other institutions generally provide clearing, and settlement services and typically act as a merchant referral source when the institution has an existing banking or other relationship with such merchant. Nets relies on these relationships to enhance its customer base and referral network as well as to enhance its distribution network. Nets' partnership with the Norwegian banking sector through the Norwegian bankers' trade group, Finance Norway, enables it to offer certain services to Norwegian banks, which in turn offer those services to their customers. The most important of these services include NICS, BankAxept and BankID. Nets also relies on partnerships to provide common operational services in Denmark. Should the Norwegian or Danish banks, corporate customers, government agencies or other key constituents decide to shift away from these common operational services or to seek a partner other than Nets to provide them, it could have a materially negative impact on Nets' transaction volume. The Group relies on these relationships to grow its business and there can be no assurance that it will be able to maintain these relationships in the future. The loss by the Group of its relationships with its partners could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with joint ventures and investments in associates.

Nets has made, and may in the future make investments in joint ventures and associates. In October 2009, Nets entered into a joint venture agreement with Post Danmark A/S concerning a 50% ownership stake in e-Boks A/S (which, prior to that time, was jointly owned by KMD A/S, Post Danmark A/S, and Nets). The shareholders agreement contains customary terms regarding shared decision-making provisions (including Nets and Post Danmark A/S taking turns to appoint the chairman of the board of directors to two-year terms), decisions that must be approved unanimously, preemption rights, restrictions on transfer of shares, valuation, deadlock provisions, non-compete obligations and confidentiality provisions. Investments in joint ventures or associates over which the Group has partial or joint control are subject to the risk that the other shareholders of the joint venture or associate, who may have different business or investment strategies than the Group or with whom the Group may have a disagreement or dispute, may have the ability to block business, financial or management decisions (such as the decision to distribute dividends or appoint members of management), which may be crucial to the success of the Group's investment in the joint venture or associate, or they could otherwise implement initiatives, which may be contrary to the Group's interests. The Group's partners may be unable, or unwilling, to fulfil their obligations under the relevant joint venture agreements and shareholder agreements, for example by non-contributing working capital or other resources, or may experience financial, operational or other difficulties that may adversely impact the Group's investment in a particular joint venture or associate. In addition, the Group's partners may lack sufficient controls and procedures which could expose the Group to risk. In addition, the Group may be reliant on the founders of its investments in associates in order to continue to develop the business and any failure of such founders to perform their obligations in a diligent manner could also adversely impact the Group. If any of the foregoing were to occur, such occurrence could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Consolidation in the banking and financial services industry could adversely affect the Group's revenues by reducing the number of its existing or potential customers and making it more dependent on a more limited number of customers.

Mergers and consolidations of financial institutions reduce the number of the Group's customers and potential customers, which could adversely affect its revenues or lead to the non-renewal of existing contracts. Namely, the Group faces the risk that its customers may merge with entities that are not the Group's customers, the Group's customers may sell business operations to entities that are not the Group's customers or the Group's financial institution customers may otherwise cease to exist or migrate to other platforms operated by the Group's competitors or managed internally, thereby adversely impacting the Group's existing agreements and projected revenues and earnings with these customers. Revenues generated from processing and card management systems ("**CMS**") and similar services, which will be affected if a decline based on the number of issued cards would result from such consolidation, the purchasers of which include major Nordic banks and other financial institutions. Further, if the Group's customers fail or merge with or are acquired by other entities that are not the Group's customers, or that use fewer of the Group's services, they may discontinue or reduce their use of the Group's services. It is also possible that the larger banks or financial institutions resulting from mergers or consolidations would have greater leverage in negotiating terms with the Group or could decide to perform in-house some or all of the services which the Group currently provides or could provide. In addition, consolidation in the banking and financial services industry may lead larger banking institutions to favor their own financial products or to develop new products that compete with the Group in one or more areas. In 2016, over 40% of the Group's revenue originated from financial institutions. Any of these developments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's results of operations may be adversely affected by changes in foreign currency exchange rates.

The bulk of the Group's revenues, expenses and obligations are denominated in Danish kroner, Norwegian kroner, Swedish krona and Euro. As such, the Group is primarily exposed to exchange-rate risks from Norwegian kroner and Swedish krona. The Group has minor exposure to currencies other than those mentioned above. For the year ended December 31, 2016, 48%, 31%, 8% and 13% of the Operating Group's revenues were denominated in DKK, NOK, SEK, and EUR, respectively. Foreign currency transactions are translated into Danish kroner, the Group's functional currency, using the exchange rates prevailing at the dates of the transactions. In addition, financial information of the Group's non-Danish subsidiaries is translated into Danish kroner at the exchange rates prevailing at the end of the reporting period for assets and liabilities and at average exchange rates for consolidated income statement and other comprehensive income items. Nets' revenues and earnings will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. Nets does not currently utilize foreign currency forward contracts or other derivative instruments to mitigate the cash flow or market value risks associated with foreign currency denominated transactions. Any of these factors could decrease the value of revenues and earnings that Nets derives from its non-Danish operations and have a material adverse impact on its business, financial condition, results of operations and prospects. In addition, certain figures included and discussed in this Offering Memorandum are presented on a constant currency basis and thus assume an exchange rate equal to (i) the average exchange rates during 2016 with respect to the figures for the years ended December 31, 2014, 2015 and 2016. As a result, these constant currency figures do not reflect the Group's exposure to foreign currency exchange rates or macroeconomic developments and thus may differ materially from the Group's reported results. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Exchange Rate and Currency Information*."

The Danish kroner is currently pegged to the euro at an exchange rate of 7.46 Danish kroner per euro and, pursuant to a policy of the Danish Central Bank, fluctuations are allowed only within a +/-2.25% band. In the last three years, there has been significant exchange rate volatility, including in respect of certain of the currencies that are relevant to the Group's business. Recently announced quantitative easing by the European Central Bank has had a significant effect on the euro and, as a result of the peg, a similar effect on the Danish kroner. In addition, the Danish Central Bank could modify or eliminate its pegging policy with respect to the euro. In such an event, the Group would face exposure to the euro.

The Group's business is subject to fluctuations and requires periodic funding for its clearing working capital needs.

The Group is exposed to seasonal fluctuations in its business and must have access to sufficient funding in order to manage its clearing working capital needs. Nets' clearing-related balances comprise the aggregate of receivables from card-issuing banks and settlement assets less the aggregate of merchant creditors, settlement obligations. The Group experiences working capital outflow when, for example, it becomes liable to merchants for transactions that have been processed but that have not yet settled. Settlement obligations are settled after the incoming settlement receivables. Clearing working capital typically has a positive effect; however, there a few days in the year, for example in December and during the summer peak and Easter periods, where the Group experiences higher transaction volumes due to the increase in consumer shopping volume during peak holiday periods and, accordingly, there can be greater need for funding to manage fluctuations in working capital. Any failure by the Group to secure adequate funding on reasonable terms could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

The Group is subject to the risk of litigation and other claims.

Nets is from time to time involved in various litigation matters and governmental or regulatory investigations, including investigations from the Danish FSA and competition authorities, prosecutions or similar matters arising out of its current or future business. Nets cannot accurately anticipate the liabilities which may adversely affect its business, and its insurance or indemnities may not cover all claims that may be asserted against it, and any claims asserted against it, regardless of merit or eventual outcome, may harm Nets' reputation. As described further in "*—Risks Relating to Laws and Regulation—The Group is exposed to competition law risks and subject to competition laws in the jurisdictions in which it operates*" and "*Business—Legal Proceedings and Investigations*," Nets has in the past been subject to investigations by the Danish Competition Consumer Authority, including in connection with fees for online Dankort transactions: A follow-on class action (*Foreningen* for Dankortsag) and two separate claims have been brought before the Civil Court of Glostrup claiming damages related to this, but are currently stayed until at least October 2017. In addition, the Danish Competition and Consumer Authority is currently analyzing certain aspects of the Group's merchant acquiring activities.

There is no guarantee that Nets will be successful in defending itself in its current known or future unknown litigation or similar matters under various laws. Should the ultimate judgments or settlements in any such current or future litigation or investigation significantly exceed Nets' insurance coverage, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may require additional capital in the future, which may not be available to it on commercially favorable terms, or at all.

In response to changes to its strategy, or to unanticipated changes to the regulatory or competitive environment, the Group may need to raise this additional capital in order to:

- take advantage of expansion or growth opportunities;
- acquire, form joint ventures with or make investments in complementary businesses or technologies;
- develop new products or services; or
- respond to competitive pressures.

The Group may seek to raise new capital in the future through public or private debt or equity financings by issuing additional ordinary or preferred financing shares, debt or equity securities convertible into ordinary shares, or rights to acquire these securities, and exclude the preemption rights pertaining to the then-outstanding shares.

Any additional financing that the Group may need may not be available on favorable terms or at all, which could adversely affect the Group's future plans and its ability to execute its strategy and could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

The Group is exposed to interest rate risks that could cause fair values, financial income and expenditure, cash flow and/or profits to vary as a result of changes in market interest rates.

Interest rate risk is the risk that changes to market interest rates cause financial income and expenditure, as well as the values of financial instruments, to fluctuate. Interest rate risk can lead to changes in fair values, changes in cash flows and fluctuations in the Group's profit. The Group's interest rate risk mainly derives from long-term borrowing. Changes in interest rates could adversely affect the Group's operations, financial position and results.

Pursuant to the Facilities Agreement (see "*Description of Certain Financing Arrangements*" below) the Group currently has the following facilities (the "**Loan Facilities**"): the Term Facilities, RCF and Overdraft Facility.

As of December 31, 2016, the drawdowns under the Loan Facilities were €1,238 million (DKK 9,206 million), and the net indebtedness of the Company was 3.2 times EBITDA b.s.i. for the last twelve months ended as at that date.

The interest rate payable on a loan under each Loan Facility for each interest period is the applicable floating rate (by reference to the currency of that loan) plus a margin. Hence, the applicable rate for each DKK-denominated, euro-denominated and NOK-denominated Facility will be the CIBOR rate, the EURIBOR rate, and the NIBOR rate, respectively. All of the DKK and NOK term loans have been swapped to fixed interest rates until maturity, leaving only the euro denominated term loans, the RCF and the Overdraft Facility at variable interest rate.

The Group's consolidated balance sheet includes significant amounts of goodwill and intangible assets in connection with acquisitions and faces the risk of impairment of a significant portion of these assets.

Nets' consolidated balance sheet includes goodwill and intangible assets that represent 67% of its total assets at December 31, 2016. These assets consist primarily of goodwill and customer intangible assets associated with Nets' acquisitions. Nets also expects to engage in additional acquisitions, which may result in its recognition of additional goodwill and intangible assets. Under current accounting standards, Nets is required to amortize certain intangible assets over the useful life of the asset, while goodwill and certain other intangible assets are not amortized. On a regular basis, Nets assesses whether there have been impairments in the carrying value of goodwill and certain intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes in tax laws or their interpretations, or becoming subject to additional taxes that cannot be passed through to the Group's customers, could reduce the Group's profits and cash flows.

The Group is subject to tax laws in the jurisdictions where it does business. The Group often relies on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with the Group's interpretation of these laws. Changes in tax laws or their interpretations could decrease the amount of cash the Group receives, the value of any tax loss carry forwards and tax credits recorded on its balance sheet and the amount of the Group's free cash flow and net cash flow. The Group often relies on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with the Group's interpretation of these laws. If the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that the Group currently does not collect or pay or increase the Group's cost of operations or the Group's effective tax rate. Furthermore, Nets may be required to add value-added tax ("**VAT**") to its services and may become subject to incremental taxation in various tax jurisdictions. If the Group is required to pay additional taxes and is unable to pass the tax expense through to its customers, its costs would increase and its profits and cash flows would be reduced. The occurrence of any of the foregoing could have a material adverse impact on its business, financial condition, results of operations and prospects.

The Group's future results may differ materially from what is expressed or implied by the financial targets presented in this Offering Memorandum, and investors should not place undue reliance on these targets.

The financial targets set forth in this Offering Memorandum are the Group's expectations for the medium term, including organic revenue growth, EBITDA b.s.i. margin, special items, capital expenditure and net debt/ EBITDA b.s.i. The actual results of the Group may differ materially from what is expressed or implied by the medium-term financial targets. These targets may not be achievable in the short term or at any time. These financial targets are based upon a number of assumptions, which are subject to significant business, operational, economic and other risks, many of which are outside of the Group's control. While the Group has detailed the key assumptions which management has made when setting its medium-term targets, including, *inter alia*, that the Group is able to achieve revenue growth at a level slightly above expected growth of digital payments in the Nordic region, these assumptions may not continue to reflect the commercial, regulatory and economic environment in which the Group operates. Accordingly such assumptions used for settling the Group's financial targets may change or may not materialize at all. In addition, unanticipated events may have a material adverse effect on the actual results that the Group achieves in future periods whether or not its assumptions otherwise prove to be correct. As a result, the Group's actual results may vary materially from these targets and investors should not place undue reliance on them. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook 2017 and Medium-Term Guidance—Medium-Term Financial Targets*" for a description of the Group's medium-term financial targets and the assumptions underlying these targets.

Adverse events affecting the stability and standing of the European Union as a single market may have a negative effect on global economic conditions, financial markets and the Group's business, which could diminish the price of the Notes and investors' ability to resell them.

Nets is a company headquartered in Denmark that operates principally in Europe. Adverse events affecting European economies, including sovereign debt and economic crises in certain European Union member states, and, more recently, the June 2016 United Kingdom referendum to withdraw from the European Union (referred to as "**Brexit**"), have raised a number of questions regarding the stability and overall standing of the European Union as a single economic and monetary area.

Despite measures taken by member states in the European Union and the European Central Bank to alleviate credit risk in light of the recent sovereign debt crises, concerns persist with respect to the overall stability and suitability of the euro as a single currency. Moreover, although it is advisory and subject to a negotiation period that could last at least two years following a formal request by the United Kingdom for withdrawal, the Brexit referendum creates significant uncertainty about the post-Brexit relationship between the United Kingdom and the European Union, including whether the United Kingdom will be able to continue to benefit from the European Union's free trade and similar agreements and the potential divergence of national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate, including laws applicable to financial regulation. The uncertainty before, during and after the period of negotiation is also expected to cause increased volatility and potentially have a negative economic impact on the markets, particularly in the European Union. Moreover, Brexit could also raise concerns relating to the future standing of the European Union overall, as other European Union member states could similarly consider withdrawal.

These developments, or the perception that any of them could occur, have had and are likely to continue to have a material adverse effect on global economic conditions, exchange rates and on the stability of global financial markets, particularly in the European Union. Asset valuations, currency exchange rates and credit ratings may be subject to increased market volatility (see "*—The Group's results of operations may be adversely affected by changes in foreign currency exchange rates*" for further details on the effects of fluctuations in currency exchange rates on the Group). If the United Kingdom and the European Union are unable to negotiate acceptable Brexit terms or if other European Union member countries, including Denmark, pursue withdrawal, the Group's business, financial condition, results of operations and prospects could be adversely affected, which could materially diminish the price of the Notes and investors' ability to resell them.

Risks Relating to Laws and Regulation

Changes in applicable laws and regulation in the jurisdictions in which the Group operates may have a material adverse effect on the Group's business, financial condition, results of operations and prospects, including by imposing operational restrictions and compliance obligations on the Group's business, reducing the Group's revenue or increasing the Group's expenses.

The Group is subject to a wide array of laws and regulations in the jurisdictions in which it operates, including, but not limited to, Denmark, Norway, Finland, Sweden and Estonia, among other Baltic countries, and changes in such laws and regulations may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Such changes, which are unpredictable and outside of the Group's ability to control, may cause the Group to incur significant compliance or other expenses, revise or stop some of its operations, products and services, or strategy, divert managerial attention from operational matters, or adopt new technologies and procedures in order to comply with new laws or regulations. For example, legislators, regulators and other policy-making bodies in certain of the jurisdictions in which the Group operates have proposed and, in some cases, adopted a range of legislative and regulatory requirements that may impose significant operational restrictions on the acquisition and operation of payments businesses, including the Group. In addition, the possible restructuring of regulatory bodies and the creation of new regulatory authorities in the jurisdictions in which the Group operates could lead to regulatory fragmentation, lack of coordination among regulators or the emergence of inconsistencies in regulatory approaches applicable to the Group's operations. The Group expects that any further such legal or regulatory changes in its current jurisdictions, or in such jurisdictions as the Group may choose to operate in the future, could materially and adversely affect the Group's future business, financial condition, results of operations and prospects.

In particular, changes in the following laws in the EU are expected to have an impact on Nets' operations:

- **EU Payment Services Directives**: On December 23, 2015, PSD2 was published in the Official Journal. The main objectives with PSD2 are to contribute to a more integrated and efficient EU market, creating a more level playing field for payment service providers (including new participants), make payments safer and more secure, protect consumers, and encourage lower prices for payments. The scope and range of regulated services will be expanded by PSD2, along with significant changes to conduct of business requirements for payment service providers. EU Member States are required to transpose PSD2 into national law no later than January 13, 2018. PSD2 also confers on the European Banking Authority ("**EBA**") the development of six regulatory technical standards ("**RTS**") and five sets of guidelines, including RTS on strong customer authentication and secure communication. The specific impact on the Group's business of the local implementation of PSD2 as supplemented by EBA-issued RTS is not ascertainable at this stage. However, as PSD2 will facilitate direct access to accounts, this may have an impact on, among others, the Group's Merchant Services product offerings, including merchant acquiring, as well as its Corporate Services product offerings, including recurring payments systems. In addition, the facilitation of direct access to accounts may result in increased competition and opportunities for traditional and non-traditional payment providers (including those which compete with the Group) which offer alternative payment methods and may result in growth in account-based payments more broadly. For example, peer-to-peer payment platforms such as MobilePay in Denmark could shift from card-based payments to account-based payments which could have an adverse effect on the Group's revenues and earnings. The implementation of PSD2 is expected to result in additional compliance and systems costs, including as a result of its requirements in respect of:

- *Information security reporting*: PSD2 imposes annual reporting requirements, and reporting requirements in respect of breaches, on Nets in respect of reports to regulatory authorities in relation to security, resulting in additional compliance and systems costs, as well as the potential for additional regulatory scrutiny and the associated additional costs;
- *Interoperability of systems*: If the requirement to achieve systems interoperability between account servicing payment providers, on the one hand, and payment initiation services and account information services providers, on the other hand, imposes interoperability standards the requirements of which Nets' then-existing business and payments platforms do not meet, the Group could be required to incur significant additional costs or initiate substantial changes to its information technology infrastructure and systems; and
- *Safeguarding requirements*: PSD2 requires payment service providers to safeguard all funds which have been received from the payment service users or through another payment service provider for the execution of payment transactions either by adhering to certain requirements regarding separation of funds or by having the funds covered by an insurance policy or a similar form of guarantee from an insurance company or credit institution which does not belong to the same group as the payment service provider. Nets may incur compliance costs relating to the safeguarding requirements under PSD2.

- **Anti-Money Laundering**: The recently adopted Fourth Anti-Money Laundering Directive ("**MLD4**") came into force on June 25, 2015 and must be transposed into the national laws of EU Member States by June 26, 2017. Nets may incur additional costs to establish new controls and procedures to review its customer due diligence and onboarding processes and enhance its general compliance with money laundering and terrorist financing requirements with respect to local and alternative payment methods such as electronic money. MLD4 introduces certain minimum requirements on sanctions levels, e.g., maximum administrative pecuniary sanctions of at least twice the amount of benefit derived from the breach where that benefit can be determined, or at least EUR 1 million. Specifically for financial institutions and credit institutions, the maximum administrative pecuniary sanction is set to at least EUR 5 million or 10% of the total annual turnover.
- **Interchange Fee Regulation**: The EU IFR came into force on June 8, 2015, with certain transitional provisions which came into effect in December 2015 and others which came into effect in June 2016, and is likely to have an impact on the business of the Group.

  As of December 9, 2015, the EU IFR introduced caps on the level of interchange fees that can be paid from acquirers to issuing banks in relation to consumer debit card transactions and consumer credit card transactions. The implementation of such caps on interchange fees have generally reduced the costs for acquirers of card-based payments. The Group has made price adjustments in relation to agreements with certain of its Merchant Services customers and it may enter into further such negotiations (including as part of discussions focused on providing bundled solutions to its customers). It is also possible that in the future there are additional indirect effects from the reduction in interchange fees, including the possibility that customers within the Financial & Network Services segment who are issuers (and who are now receiving lower levels of interchange) may seek to reduce their costs and, as part of this, may seek to reduce their fees paid to Nets so as to offset their decline in revenues.

  As of June 9, 2016, the EU IFR introduced a requirement concerning separation of payment card schemes and processing entities in terms of accounting, organization and decision-making processes. As the Dankort national debit card network and Nets' processing business were within the same legal entity, Nets implemented changes to its organizational or legal structure in order to comply with the new requirements. These changes are not expected to result in any significant additional costs.

  In addition, as of June 9, 2016 and pursuant to the EU IFR requirements, payers and payees now have the ability to select their preferred payment brand or application when engaging in payment transactions that involve co-badged payment instruments, such as co-badged Visa/Dankort cards. Accordingly, EU IFR has increased competition between Dankort and Visa with respect to the co-badged Visa/Dankort cards. Pursuant to this requirement, Nets must also ensure that the terminal products and services that it offers to terminal vendors and merchants support and can facilitate the ability of payers and payees to select their preferred payment brand or application. If payers and payees do not select payment brands or applications owned and operated or preferred by Nets, or if Nets is unable to ensure that its terminal products and services can facilitate the selection of payment brands or applications by payers and payees, Nets may experience a significant decrease in transaction volume and revenue generated via such transactions, which could materially and adversely affect the Group's business, financial condition and results of operations.

These or other provisions of the EU IFR are likely to result in increased competition, costs and additional operational and commercial complexity, and could disrupt the Group's operations.

- **General Data Protection Regulation**: The EU Directive on Protection of Personal Data 95/46/EC has been implemented in the EU Member States and is currently subject to deviations in respect of EU Member States' implementation of the requirements under the directive. In January 2012 the EU Commission put forward its proposal for a new data protection regulation, the General Data Protection Regulation, which will establish a uniform set of rules to be complied with across the European Union. The final text of the General Data Protection Regulation was finally adopted by the EU Parliament and EU Council in April 2016, and the General Data Protection Regulation will begin to apply on May 25, 2018.

  Nets processes personal consumer data and merchant data as part of its business, and therefore must comply with strict data protection laws in the jurisdictions in which it operates, and the General Data Protection Regulation may have an impact on Nets in this regard, including increased costs relating to compliance, security and technical systems. The fines for serious infringements of the General Data Protection Regulation may be up to 4% of the annual worldwide turnover of an undertaking (potentially comprising Nets, its subsidiaries and affiliates over which Nets has decisive influence) or, if higher, EUR 20 million. In addition, the General Data Protection Regulation imposes new data breach notification requirements, such as the duty to notify the relevant authority of a data breach within 72 hours. In addition, the General Data Protection Regulation imposes additional obligations on the undertakings to implement self-verification tools and records. Violations of the General Data Protection Regulation could result in fines which could have a material adverse effect on the Group's results of operations.

- **Digital Single Market**: The Digital Single Market Strategy promulgated by the European Union, which is intended to simplify and promote access to digital content and online sales across the European Union, may enable the development and marketing of competing products which could have a material adverse effect on the Group's business.

The Group faces risks related to data privacy concerns and failure to comply with privacy regulations and industry security requirements relating to personal consumer data.

The Group's systems receive, process, store and transmit vast quantities of business information and personal consumer information, including payment transaction data, and part of the Group's strategy is to expand certain of its value-added services, some of which are designed to analyze this information and data in order to allow merchants, financial institutions and other customers to make informed business decisions based on data driven analyses. The Group, and its ability to receive, store, transmit or otherwise process this information and data, is subject directly (or indirectly through its customers) to data protection laws, privacy requirements and other regulatory restrictions, including industry standards and limitations, in the various jurisdictions in which the Group operates. Restrictions on the Group's use of business information and personal consumer data may follow from requirements under applicable national personal data regulation or provisions in other regulation, including the Danish Payment Services Act (as defined herein), which prohibits, with only certain exceptions, the processing of information that can be used to show: (i) where the payers have used their payment instruments and (ii) what they have purchased. Furthermore, in instances in which the Group acts as a data processor for its customers, the Group may only process data in accordance with the data instructions as agreed and/or contracted to with the customer.

The Group's failure to keep apprised of, and comply with, privacy, data use and security laws, standards and regulations could result in the suspension or revocation of the Group's licenses or registrations, the limitation, suspension or termination of services or the imposition of administrative, civil or criminal penalties, including fines which may, after the General Data Protection Regulation becoming applicable in May 2018, be as high as or up to 4% of the annual worldwide turnover of an undertaking (potentially comprising Nets, its subsidiary and affiliates over which Nets has decisive influence) or, if higher, EUR 20 million for serious infringements. In addition, such failure or non-compliance may cause existing or potential customers to be reluctant to do business with the Group, and could damage the Group's reputation and brand. User and regulator attitudes toward privacy and data protection are evolving, and there could be adverse changes or developments in user or regulatory concerns regarding the extent to which business and personal information and data are stored, processed or shared with advertisers or other third parties. In addition, to the extent more restrictive laws, rules or industry security requirements relating to business and personal information and data are adopted in the future in the various jurisdictions in which the Group operates or by specific industry bodies, such changes could have an adverse impact on the Group by increasing its costs or imposing restrictions on its business processes. For example, the Group may be required to expend significant capital and other resources in order to comply with mandatory privacy and security standards required by international standards and law or industry standards, or to adapt its contracts. Accordingly, the Group's failure to keep apprised of, and comply with, privacy, data use and security laws, standards and regulations, and any adverse changes or developments regarding user or regulatory concerns towards privacy and data protection or otherwise in the regulatory or legal landscape could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects, and on the feasibility or marketability of certain of its value-added services. The Group's financial exposure to any actual or alleged breach of such regulations or standards may either not be insured against or not fully covered through any insurance maintained by the Group.

The Group is exposed to competition law risks and subject to competition laws in the jurisdictions in which it operates.

As a participant in the international payment and digital services industries, the Group is exposed to competition law risks. In particular, contractual conditions and price arrangements in agreements that are used in the Group's operations (including in customer agreements, the terms of which may vary based on a number of factors, including the size of the customer) may be subject to restrictions under such competition laws. Competition authorities have the power to initiate procedures pursuant to existing regulations, and can require a party to cease applying contractual terms and prices that are found to be anti-competitive. Sanctions include fines and other sanctions and remedies as a result of non-compliance with relevant regulatory requirements, including, in certain jurisdictions, the denial of permission to consummate acquisitions and order to dispose of certain parts of the Group's business. While the Group has adopted internal procedures and policies to ensure, and thus believes, that it is in compliance with competition laws (including with respect to its customer contracts), there have been findings of infringements of competition laws in the past and given, among other things, the dynamic nature of competition laws, it is possible that the Group may be found to have infringed competition laws in the future. As a result of prior investigations and merger reviews by competition authorities, the Group is currently subject to two multi-year commitments, one in Denmark and one in Norway. In Denmark, the commitments fall into two categories: first, a new price model with a price cap on acquirer processing services and, second, an obligation on Nets to always price in accordance with competition law and practice. In addition, monitoring obligations were put in place. The commitments were made binding in May 2014 and will be in force for five years (except for the price cap commitment, which expired at the end of August 2016). In Norway, conditions of a ten-year commitment issued by the competition authorities in July 2007 in relation to the BBS and Teller merger included non-discriminatory access to Nets' processing infrastructure and protection of competitively sensitive information. A trustee, who monitors Nets' adherence to the conditions of the Norwegian agreement, makes annual reports on compliance, including as to technical specifications for interfaces to Nets' platforms and routines regarding exchange and protection of competitively sensitive information. No orders have been issued against Nets for non-compliance with the commitments.

To the extent that the Group is found to have infringed applicable competition laws, it may be adversely affected by regulatory sanctions and remedies as well as inability to enforce contractual terms that are found to be anti-competitive. From time to time, the Group has received and may continue to receive notices from competition authorities to indicate that certain aspects of the Group's business are being analyzed for compliance with applicable law. For example, the Danish Competition and Consumer Authority is currently analyzing certain aspects of the Group's merchant acquiring activities. In late 2015, the Danish Competition and Consumer Authority notified Teller of its preliminary concerns that some of Teller's acquiring agreements may have contained rebate and exclusivity clauses which infringe competition rules. The Danish Competition and Consumer Authority has initiated a market investigation in order to examine the assumed exclusivity clauses. Depending on the outcome of the market investigation, the Danish Competition and Consumer Authority may further its examination of the assumed exclusivity clauses. This procedure is ongoing but may ultimately lead to a finding of infringement of applicable competition laws, with fines and damages claims.

In addition, in January 2016, under the Danish Payment Services Act, the Danish Competition and Consumer Authority set forth new principles regarding the calculation of costs related to the Dankort network. The Danish Competition and Consumer Authority advised Nets that it would conduct its own review and determination of the pricing and cost structure related to the Dankort network, marking a departure from prior years in which Nets was permitted to make this determination and cost study internally. This cost study forms the basis for the prices that Nets sets regarding subscription fee to the Dankort network in 2016 and 2017.

Any action by competition law authorities may be accompanied or followed by lawsuits brought by civil plaintiffs and there may be significant civil damages as a consequence. Potential fines and damages claims could have a material adverse effect on the Group's business, financial conditions, results of operations and prospects. Furthermore, while the Group considers and classifies Europe as the market in which the Group operates, the Group's position in certain countries, regions or other smaller potential markets may result in the Group being considered by the regulatory authorities to have significant market power. Significant market power in one or more markets may result in regulatory restrictions on the Group's ability to act freely in these markets, price its products and services, maintain its existing operations, and operating segments and grow through acquisitions, which could have a material adverse effect on its business, financial condition, results of operations and prospects, and on the Group's ability to achieve its financial targets, which could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to many other forms of legal and regulatory risk.

Nets is also exposed to many forms of legal and regulatory risk which may arise in a number of ways, including:

- **Ongoing supervision and regulation**: Nets conducts its business subject to ongoing regulation by a range of regulatory and governmental bodies in numerous jurisdictions, including in relation to anti-money laundering, anti-bribery, anti-corruption, price regulation mechanisms for payment services and economic sanctions. The various regulatory regimes require Nets to be in compliance across many aspects of its activities in respect of capital requirements, safeguarding, training, authorization and supervision of personnel, systems, processes and documentation and Nets continues to implement and update its internal policies and procedures in connection with compliance with such regimes. If Nets fails to comply with any relevant regulations or applicable economic sanctions, it risks reputational damage, potential civil and criminal sanctions, fines, or other action imposed by regulatory or governmental authorities;
- **Consequences of breach**: Certain aspects of Nets' business may be determined by an appropriate regulator, quasi-regulatory body or the courts as not being conducted in accordance with applicable laws or regulations. If Nets fails to comply with any relevant regulations, there is a risk of an adverse effect on its business and reputation due to sanctions, fines or other actions imposed by the regulatory authorities which could adversely affect Nets' financial position and performance;
- **Indirect contraventions**: Nets may breach or face allegations of having breached legal and regulatory requirements in respect of business originated by it, by the businesses that it has acquired or by the merchants that are its customers. These requirements include, but are not limited to, conduct requirements, data protection, money laundering and anti-terrorism financing requirements. If Nets is found to have indirectly contravened any such requirements, either through its acquisitions or otherwise, it could be required to pay fines or other significant damages;
- **Regulatory proceedings and litigation**: Nets may be subject to proceedings and private litigation arising out of regulatory investigations, penalties and enforcement actions or otherwise (brought by individuals or groups of plaintiffs). Nets also faces both financial and reputational risk where legal or regulatory proceedings are brought against it or members of its industry generally;
- **Data transmission regulations**: In certain jurisdictions, Nets is also subject to regulations relating to transmittal of data by electronic means, which may result in operational restrictions and additional costs; and
- **Anti-corruption**: Nets' customers include certain governmental agencies including the Danish Agency for Digitization regarding NemID and Danish municipalities which use products such as Betalingsservice and Dankort. In addition, Nets delivers BankID to the Norwegian public sector, Nets delivers information/archiving services to national authorities in Norway and Finnish governmental agencies and municipalities use Nets' acquiring services in order to accept payment cards. Dealings with governmental agencies may pose a heightened risk of non-compliance with applicable anti-corruption regulations.

In addition, failure to manage the above risks adequately could cause significant reputational damage and adversely impact Nets' relations with its customers as well as take a significant amount of management time and resources away from the implementation of Nets' strategy.

Anti-money laundering regulations, including "know your customer" requirements, impose considerable obligations on the Group and a failure to comply with them may have a material adverse effect on the Group's business.

The Group's activities that are subject to the Danish Payment Services Act are or may be subject to a complex variety of regulations, including "know your customer" ("**KYC**") requirements, in various jurisdictions, and compliance with law (including any recent or future changes in law), or its interpretation and application by regulators, could impose operational restrictions on Nets, increase the Group's expenses, result in penalties or enforcement actions and/or have a material adverse effect on the Group's operations and businesses. Nets operates in a large number of jurisdictions and may be required to submit applications for authorization, approval, licensing or permission to carry out its business. Failure to obtain the relevant authorization, approval, license or permission could materially impact Nets' ability to carry out business in that jurisdiction and have a material adverse effect on the Group's operations and business Nets has conducted reviews of the KYC records of certain of its customers, including records of onboard customers as a result of acquisitions. The Danish FSA conducted an inspection in 2013 of Nets' compliance with relevant KYC requirements and identified incomplete and missing KYC records regarding a number of the Group's customers. As a result of this inspection, the Danish FSA set a deadline for Nets to provide these missing KYC records. Nets was not able to collect or complete the KYC records for all of the relevant customers by this deadline because many customers did not deliver correct or complete information and certain customers did not deliver any information or records at all. Nets has notified the Danish FSA of the fact that the KYC records for a number of its customers remain incomplete or are missing and continues to work to complete the KYC records. Nets continues to transact with these customers but does not permit the modification or expansion of the relevant customer agreements until the related KYC records are complete. As of the date of this Offering Memorandum, KYC records for fewer than 5% of Nets' customers may be incomplete or missing.

The MLD4 provides that a relevant entity being subject to the KYC requirements therein shall be required to terminate a customer relationship should it not be possible to complete the required customer due diligence measures. Pursuant to general AML principles, the extent of the customer due diligence measures should be based on a risk assessment of the individual customer.

The Danish FSA has stated in the bill implementing the MLD4 into Danish law, which is currently undergoing first reading in the Danish Parliament, that the implementation of MLD4 will contain a requirement to the effect that if a customer has not properly provided his KYC documentation, the entity to which he should provide such documentation has an obligation to determine whether it may be obtained in another manner.

It is stated in the bill that due to the material effect that a termination of the customer relationship may have on the customer in question, the option of terminating a customer relationship must be weighed against the customer's interest in maintaining the relationship.

It is further stated that the bill should only regulate situations in which a relevant entity has a duty to terminate a customer relationship if there is a risk of the relevant entity being used for the purpose of money laundering or financing of terrorism. Therefore, Nets is continuously attempting to find the relevant KYC records if not submitted by the customers and based on the aforementioned, Nets does not assess that it would be required to terminate a significant number of customer relationships with customers whose KYC records are currently incomplete or missing; however, there can be no assurance that such assessment will be accurate or that the Danish FSA will not impose fines or other penalties related to such incomplete or missing KYC records.

The regulation and legality of internet gambling varies from jurisdiction to jurisdiction, is subject to uncertainties in many jurisdictions, and approaches to enforcement vary from jurisdiction to jurisdiction. The involvement of Nets' customers in any ethically questionable or even illegal activities could expose Nets to risk.

In 2016, 0.5% of Nets' revenue was from customers that operate internet gambling services, approximately 85% of which are authorized by the Danish, Norwegian or Finnish governments.

The regulation and legality of internet gambling varies from jurisdiction to jurisdiction, ranging from open licensing regimes to official criminal or regulatory sanctions or prohibitions, and in many jurisdictions there is no clearly applicable legislation. Certain jurisdictions in which Nets conducts its business have conflicting laws or regulations, conflicting interpretations of applicable laws, divergent approaches by enforcement agencies and/or inconsistent enforcement policies in respect of gambling. Where regulated, the provision of internet gambling often is subject to extensive laws, regulations and, often, licensing requirements. These laws, regulations and licensing requirements vary from jurisdiction to jurisdiction. In the European Union, particularly, many are recent and subject to change at any time and/or the interpretation of the regulatory regime by the competent authorities may change at any time. Moreover, the legality of internet gambling is subject to uncertainties arising from differing approaches among jurisdictions as to the determination of where gambling activities take place, which authorities have jurisdiction over such activities or over those who participate in or facilitate them, and whether domestic law applies to services offered from abroad.

Nets' operations in respect of its customers in the gambling industry may result, in any given jurisdiction where Nets provides its services, in either direct application of laws that limit or prohibit payment processing related to gambling, or in a secondary offence (e.g., aiding and abetting of illegal gambling) under specific laws or rules aimed at prohibiting payment processing related to gambling.

There is a significant risk that Nets' practices or regulatory interpretation may not always accurately predict the likelihood of one or more jurisdictions taking enforcement or adverse action against Nets, its customers or its third-party suppliers. Any such action may result in the activity undertaken by Nets, its customers, its third-party suppliers and/or customers of gambling websites being adjudged contrary to applicable law. Liability, if established, may be criminal or administrative (e.g., claims asserted by regulatory authorities on a non-judicial basis), and may be brought against Nets and/or Directors, senior managers and employees. Any such proceedings would potentially have cost, resource and reputational implications, and could have an adverse effect on the results of operations, financial performance and future prospects of Nets and on the ability of Nets to retain, renew or expand its portfolio of licenses. In addition, a number of issuing banks, retail banks or credit card companies may from time to time reject payments to Nets that are attempted to be made by their customers as a result of changes in those banks' or companies' policies and approaches to transacting internet gambling business or for other reasons.

Additionally, the involvement of Nets' customers in gambling and other ethically questionable or even illegal activities (e.g., relating to weapons and adult content) could expose Nets to reputational and legal risks.

Risks Relating to the Notes and the Group's Structure

The Group's substantial debt service obligations could adversely affect its business and prevent it from fulfilling its obligations with respect to the Notes.

The Group uses debt to finance its operations. As adjusted for the offering of the Notes and the use of proceeds therefrom, the Group's net indebtedness (excluding settlement obligations and obligations under clearing-related facilities), amounted to €1,149 million (DKK 8,550 million) as of December 31, 2016. See "*Capitalization*." The Group's substantial debt could have important consequences for its business and operations and for holders of the Notes, including, but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to the Notes;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, developments or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which it operates;
- limiting the Group's ability to borrow additional funds and increasing the cost of any such borrowing; and
- limiting the Group's ability to upstream cash from its non-Guarantor subsidiaries to help meet its obligations under the Notes.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, including under the Notes. The terms of the Indenture do not prohibit the Group's subsidiaries from incurring additional indebtedness, including additional indebtedness incurred by non-Guarantor subsidiaries of the Parent Guarantor. All of the debt of such non-Guarantor subsidiaries would rank structurally senior to the Notes. If the Group incurs new debt in addition to its current debt level, the related risks that it now faces, as described above and elsewhere in these "*Risks Related to the Notes and the Group's Structure*," could intensify.

Restrictions imposed by the Indenture and certain of the Group's other outstanding debt agreements limit its ability to take certain actions.

The Indenture and other outstanding debt agreements limit the Group's flexibility to operate its business. For example, certain of these agreements restrict the Issuer's and certain of its subsidiaries' ability to, among other things:

- create certain liens;
- guarantee indebtedness; or
- merge, consolidate or sell, lease or transfer all or substantially all of the Parent Guarantor's or the Issuer's assets.

In addition, the Indenture will limit, among other things, the ability of the Parent Guarantor's subsidiaries to enter into guarantees with respect to certain types of indebtedness without guaranteeing the Notes, the ability of the Parent Guarantor and certain of its subsidiaries, including the Issuer, to create certain liens on their respective principal properties and the ability of the Parent Guarantor and certain of its subsidiaries, including the Issuer, to secure indebtedness. The operating and financial restrictions and covenants in the Facilities Agreement, the Indenture and certain of the Group's other credit facilities may adversely affect its ability to finance its future operations or capital needs or engage in other business activities that may be in the Group's interest. In addition to limiting the Group's flexibility in operating its business, a breach of the covenants in the Facilities Agreement and the Indenture could cause a default under the terms of each of those agreements, causing all the debt under those agreements to be accelerated. If this were to occur, the Group may not have sufficient liquid assets to repay its debt.

The Issuer's ability to pay principal and interest may be affected by the Group's organizational structure. The Issuer is dependent upon payments from other members of the Group to fund payments to you on the Notes. The Parent Guarantor, the Issuer and certain other Guarantors are holding companies, each of which is dependent upon cash flow from its respective subsidiaries to meet its obligations under the Notes and the Guarantees.

The Issuer does not conduct any business operations and does not have any assets or sources of income, other than intercompany loans and, the equity interests in its subsidiaries and dividends. As a result, the Issuer's ability to make payments on the Notes is dependent directly upon other payments it receives from other members of the Group.

The Parent Guarantor and the Subsidiary Guarantors will guarantee the Notes. The Parent Guarantor is a holding company with no business operations or material assets other than the equity interests in, and any intercompany receivables from, its subsidiaries. The Parent Guarantor is dependent upon the cash flow from its operating subsidiaries in the form of dividends, loans, interest and payments on intercompany loans or other distributions to meet its obligations, including its obligations under its Guarantee as Parent Guarantor. Similarly, certain Guarantors are holding companies and will be wholly dependent upon arrangements with their respective subsidiaries to meet their respective obligations under the Guarantees.

The ability of certain of the Guarantors' subsidiaries to make distributions or other payments to the Guarantors will depend upon their respective cash flows and earnings, as well as applicable law. Furthermore, the Guarantors' subsidiaries will also be restricted by the terms of their present and future indebtedness in their ability to make distributions or advance upstream loans to enable the Issuer and the Guarantors to make payments in respect of the Notes or the Guarantees, as the case may be. In addition, applicable tax laws may subject such payments to further taxation, and may limit the amounts that some of the Group's subsidiaries will be permitted to pay as dividends or distributions on their equity interests or even prevent such payments. Therefore, there can be no assurance that the dividend and distribution capacity will be adequate to fund distributions in amounts and at times sufficient for the Issuer to pay its obligations as they become due under the Notes. For more information about limitations on distributions, see "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*."

The Notes and the Guarantees will be structurally subordinated to all of the debt and liabilities of the Parent Guarantor's subsidiaries that are not Guarantors and effectively subordinated to the extent of collateral to all secured creditors.

The Notes and the Guarantees will be structurally subordinated to all of the debt and liabilities of the Parent Guarantor's subsidiaries that do not guarantee the Notes. The terms of the Indenture do not prohibit the Parent Guarantor's non-Guarantor subsidiaries from incurring additional indebtedness. Generally, claims of creditors of a subsidiary that does not provide a Guarantee, including trade creditors and claims of other shareholders (if any) of such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the Parent Guarantor's subsidiaries that do not provide a Guarantee, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and the Guarantees will be structurally subordinated to the creditors (including trade creditors) and other shareholders (if any) of the Parent Guarantor's subsidiaries that do not provide a Guarantee. The Parent Guarantor's subsidiaries may not have sufficient funds to pay (or receive sufficient funds to pay) all their respective creditors, and you may not receive any payment on the Notes or receive less, rateably, than the holders of debt of the Parent Guarantor's subsidiaries and other liabilities. Subject to certain limitations, the Parent Guarantor's subsidiaries will be permitted to incur additional debt and liabilities in the future under the terms of the Indenture. The non-Guarantor subsidiaries of the Parent Guarantor were the obligors under DKK 801 million of the Group's total liabilities (excluding intercompany balances and clearing-related balances) as of December 31, 2016.

Claims by any secured creditors of the Parent Guarantor, the Issuer or the Subsidiary Guarantors will have priority with respect to the assets securing their indebtedness over the claims of the holders of the Notes. As such, any claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Parent Guarantor, the Issuer or the Subsidiary Guarantors.

Your right to receive payments on the Notes will be effectively subordinated to the rights of our existing and future secured creditors. Further, the Guarantees will be effectively subordinated to all of the Guarantors' existing and future secured indebtedness.

The Notes and the Guarantees will be general unsecured obligations. Lenders under our existing or future secured indebtedness will have claims that are prior to your claims as holders of the Notes to the extent of the value of the assets securing that other indebtedness. The Notes will be effectively subordinated to such secured indebtedness and any other secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of such secured indebtedness will have a prior claim to those of our and the Guarantors' assets that constitute their collateral, and will be entitled to be paid in full from such collateral before any payment is made on the Notes. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of the Notes may receive less than the amounts due under the Notes or nothing at all.

As of December 31, 2016, on a *pro forma* basis to give effect to the offering of the Notes and the use of proceeds therefrom, we and our subsidiaries would have had no secured indebtedness outstanding. We will be permitted to incur substantial additional indebtedness, including secured debt, in the future under the terms of the Indentures governing the Notes. While the Indenture includes restrictions on the incurrence of certain liens on our principal property or on shares of stock of any subsidiary of the Parent Guarantor to secure indebtedness for money borrowed, such restrictions are subject to various permissive baskets and *de minimis* thresholds, do not apply to other forms of indebtedness and do not capture liens on assets that do not fall within the definition of "Principal Property" or which, in the opinion of a responsible financial or accounting officer of the Parent Guarantor, is not of material importance to the total business conducted by the Parent Guarantor and its Subsidiaries taken as a whole.

The Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes, and impair its ability to operate its business.

The Group may incur substantial additional debt in the future. Additionally, the Indenture will not contain any restriction on the incurrence of additional debt. Moreover, the debt the Group may incur in the future could be structurally senior to the Notes, could mature prior to the Notes or may be secured by collateral. In addition, the Indenture will not prevent the Group from incurring obligations that do not constitute debt under those agreements, including settlement obligations. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

The Group's failure to comply with the covenants under the Indenture or its other outstanding debt agreements, including as a result of events beyond its control, could result in an event of default which could materially and adversely affect the Group's financial condition and results of operations.

The Indenture will require the Parent Guarantor and certain of its subsidiaries, including the Issuer, to comply with various covenants, and the Facilities Agreement requires the Parent Guarantor and certain of its subsidiaries to comply with various covenants, including certain financial covenants, which require the Parent Guarantor and certain of its subsidiaries to maintain specified financial ratios, satisfy specified financial tests and comply with operational parameters and certain other undertakings. See "*Description of the Notes—Certain Covenants*" and "*Description of Certain Financing Arrangements*." The Parent Guarantor's and its relevant subsidiaries' ability to meet these financial ratios and financial tests could be affected by deterioration in the Group's operating results, as well as by events beyond the Group's control, including unfavorable economic conditions, and there can be no assurance that the Parent Guarantors and its relevant subsidiaries will be able to meet these financial ratios and financial tests. Moreover, the Facilities Agreement includes certain events of default (such as breaches of representations, warranties and undertakings and if the Parent Guarantor or certain of its subsidiaries fail to make payment when due on certain other debt) that are different from the events of default set forth in the Indenture. If an event of default occurs under the Facilities Agreement, the Indenture or any of the Group's other debt instruments and is not cured or waived, the holders of the defaulted debt could terminate their commitments and declare all outstanding debt, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under the Group's debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand as a result of an event of default under the Facilities Agreement or other debt instruments. In these circumstances, the Group's assets and cash flow may not be sufficient to repay in full the defaulted debt and its other debt, including the Notes then outstanding. If some or all of these instruments were accelerated, the Group could be forced into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

To service its indebtedness, the Group requires a significant amount of cash, and its ability to generate cash will depend on many factors beyond its control.

The Group's ability to make payments on and to refinance its indebtedness, and to fund planned capital expenditures depends in part on its ability to generate cash in the future. This depends on the success of its business strategy and on general economic, financial, competitive, legislative, regulatory and other factors, as well as the other factors discussed in these "*Risks Related to the Notes and the Group's Structure*," many of which are beyond the Group's control.

There can be no assurance that the Group will generate sufficient cash flow from operations, that it will realize operating improvements on schedule or that future borrowings will be available to it in an amount sufficient to enable it to service and repay its indebtedness or to fund its other liquidity needs. Furthermore, applicable law and future contractual arrangements may impose restrictions on certain of the Parent Guarantor's subsidiaries' ability to make payments to the Parent Guarantor, which could impact the Parent Guarantor's ability to pay its obligations as they mature or to fund its liquidity needs.

If the Group is unable to satisfy its debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring its indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There can be no assurance that any refinancing or debt restructuring would be possible, or if possible, that it would be on similar terms to those of the Group's debt instruments existing at that time, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales would be favorable to the Group or that additional financing could be obtained on acceptable terms. Disruptions in the capital and credit markets, as have been seen in recent years, could adversely affect the Group's ability to meet its liquidity needs or to refinance its indebtedness, including its ability to draw on its existing credit facilities or enter into new credit facilities. Banks that are party to the Group's existing credit facilities may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Group and other borrowers within a short period of time.

The Indenture will contain limited restrictive covenants and will not restrict our ability to make investments, incur indebtedness, pay dividends, repurchase capital stock or enter into affiliate transactions.

The Indenture will contain limited restrictive covenants and the Indenture will not restrict our ability to:

- make capital expenditures;
- invest in affiliates, associates or non-Guarantor Subsidiaries (including by servicing indebtedness at such affiliates, associates or non-Guarantor Subsidiaries), repurchase ordinary or preferred stock, make distributions or issue dividends;
- issue preferred securities or incur unsecured indebtedness; or
- enter into transactions with affiliates.

Our taking such actions under the Indenture could adversely affect our ability to pay amounts due on the Notes.

The Issuer may be unable to repurchase the Notes as required upon a Change of Control Repurchase Event.

Upon the occurrence of a Change of Control Repurchase Event (as defined under "*Description of the Notes—Certain Definitions*"), the Issuer would be required to make an offer to repurchase all outstanding Notes at a price of 101%, of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. However, the Issuer may be unable to do so because it may not have enough available funds, particularly since a Change of Control Repurchase Event could in certain circumstances cause part or all of the Group's other debt to become due and payable. In addition, restrictions in the Group's then-existing contractual obligations, including the Facilities Agreement, may not allow it to make such required repurchases upon the occurrence of certain events constituting a change of control. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control Repurchase Event.*"

The Group's variable rate indebtedness subjects it to interest rate risks, which could cause its debt service obligations to increase significantly.

The Group's borrowing obligations under the Facilities Agreement are indexed to variable rates and expose the Group to interest rate risks that could lead to a material increase in its obligations. In the event of an interest rate increase, the Group's unhedged variable-rate debt service obligations would increase, even if the amount borrowed remained the same, and the Group's net operating profits and available cash flows to service the debt, including debt securities such as the Notes, would decrease, thus reducing the funds available to finance operations and future commercial opportunities.

If interest rates increase significantly, the Group could be unable to service its indebtedness. Furthermore, there can be no assurance that the Group will, or will be able to, hedge its full exposure or that its hedging transactions will be effective. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with the Group's ordinary business. Depending on market conditions and movements in interest rates, the Group's use of hedging transactions could enhance or harm its overall performance compared to that of its competitors. In addition, the Group will be subject to the creditworthiness of the counterparties under its hedging transactions, and it will be exposed to the risk of insolvency or default on the part of its hedge counterparties. The Group's business, financial condition and results of operations could be materially and adversely affected in the event that one or more of these risks materialize. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure About Market Risk—Interest Rate Risk*."

Relevant insolvency laws in Denmark, and other jurisdictions may provide you with less protection than U.S. bankruptcy law or the bankruptcy laws of other jurisdictions with which you are familiar.

The Notes will be issued by the Issuer, a company which is incorporated under the laws of Norway, and will be guaranteed by the Parent Guarantor and the Subsidiary Guarantors, which are incorporated under the laws of Denmark and Finland. The insolvency laws of certain of these jurisdictions may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuer, the Parent Guarantor, the Subsidiary Guarantors or any other of the Parent Guarantor's subsidiaries experience financial difficulty, it may not be possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. A brief description of certain aspects of insolvency law in Denmark, Norway and Finland is set out under "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*."

Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer, a company which is incorporated under the laws of Norway, and will be guaranteed by the Parent Guarantor and the Subsidiary Guarantors, which are incorporated under the laws of Denmark and Finland. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in the jurisdictions mentioned above. Such multi- jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative, examinership and other laws of the Issuer's, the Parent Guarantor's and the Subsidiary Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in those jurisdictions or limit any amounts that you may receive. See "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*" with respect to some of the jurisdictions mentioned above.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these subsidiaries to guarantee debt of a related company. See "*—Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees.*"

The Guarantee of the Notes furnished by the Parent Guarantor will be contractually limited to an insubstantial amount.

The Guarantee of the Parent Guarantor and the amounts recoverable thereunder will be contractually limited to the same extent as the limitation of the Parent Guarantor's guarantee of obligations under the Facilities Agreement, namely limited to the EBITDA of the Parent Guarantor on a stand-alone basis as set out in its most recent audited financial statements. For the year ended December 31, 2016, the Parent Guarantor on a stand-alone basis had EBITDA of less than zero, and it is likely that the EBITDA of the Parent Guarantor will not exceed zero in the future. Therefore, by virtue of this contractual limitation, the Parent Guarantor's obligations under its Guarantee will be significantly less than amounts payable in respect of the Notes, and likely nil. See "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees—Denmark—Challenges to Guarantees*."

There are circumstances other than repayment or discharge of the Notes under which Guarantees may be released, without your consent or the consent of the Trustee.

Under various circumstances, Guarantees may be released, including:

- in connection with any sale or other disposition of all or substantially all of the assets of a subsidiary Guarantor (including by way of merger or consolidation) to a person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a subsidiary of the Parent Guarantor;
- in connection with any sale or other disposition of capital stock of a subsidiary Guarantor or its direct or indirect parent entity to a person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a subsidiary of the Parent Guarantor, if the subsidiary Guarantor ceases to be a subsidiary as a result of the sale or other disposition;
- upon the release of its guarantee by a Subsidiary Guarantor under the Facilities Agreement (including, without limitation, upon repayment of obligations outstanding under the Facilities Agreement); provided that no other indebtedness is at that time guaranteed by the relevant subsidiary Guarantor that would have otherwise given rise to an obligation to guarantee the Notes pursuant to the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Subsidiaries*" had the relevant subsidiary not already been a subsidiary Guarantor; provided further that should such subsidiary Guarantor thereafter guarantee obligations under the Facilities Agreement (or such guarantee under the Facilities Agreement is reinstated or renewed), then such subsidiary Guarantor will guarantee the Notes on the terms and conditions set forth in the Indenture;

- with the consent of Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding; or
- upon the release of the guarantee that gave rise to the requirement to guarantee the Notes pursuant to the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Issuance of Guarantees of Indebtedness by Subsidiaries*," so long as no event of default exists at the time of such release or would arise as a result thereof, and so long as no other indebtedness is at that time guaranteed by the relevant subsidiary Guarantor that would have otherwise given rise to an obligation to guarantee the Notes pursuant to such covenant had the relevant subsidiary not already been a subsidiary Guarantor.

Interest costs could be subject to limitations on tax deductibility.

Interest deduction limitation rules may apply under Norwegian law if security or guarantees are provided by related parties of the debtor. Under Norwegian law, net interest costs exceeding NOK 5 million could be denied if the net interest costs exceed 25% of a tax EBITDA of the debtor. The rules providing for this limitation were recently adopted and their scope is subject to interpretation and further development. It has been proposed by the Norwegian government that the limitation rules on interest deductions will also be extended to cover external debt under certain circumstances and with certain limitations. The Ministry of Finance of the Norwegian government has stated that it is currently preparing a public consultation paper regarding amendments to the interest deduction limitation rules in connection with tax reform in Norway in accordance with the proposed extension of the interest deduction limitation rules, possibly in combination with a group ratio rule or an equity escape rule.

You may be unable to serve process on the Issuer, the Parent Guarantor, the Subsidiary Guarantors or their respective directors and officers in the United States and enforce U.S. judgments based on the Notes.

The Issuer, the Parent Guarantor and the Subsidiary Guarantors are organized under the laws of Denmark, Norway and Finland and do not have any assets in the United States. Nearly all of the directors and executive officers of the Issuer, the Parent Guarantor and the Subsidiary Guarantors are not residents of the United States, and all or a majority of the assets of the Issuer, the Parent Guarantor and the Subsidiary Guarantors will be located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors or their directors and executive officers, or to enforce any judgments obtained in U.S. courts, predicated upon the civil liability provisions of U.S. securities laws. In addition, the Issuer, the Parent Guarantor and the Subsidiary Guarantors cannot assure you that the civil liabilities provided for in U.S. federal securities laws will be enforceable in Denmark, Norway and Finland, as applicable. See "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees.*"

Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these entities to guarantee debt of a related company. These limitations arise under various provisions or principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a Guarantee on account of a direct or indirect parent company's debt need to be reasonable and economically and operationally justified from the Guarantor's perspective, as well as thin capitalization and fraudulent transfer principles. If these limitations are not observed, the Guarantees by these Guarantors could be subject to legal challenge. In accordance with the applicable laws of these jurisdictions, the Guarantees will contain language limiting the amount of debt guaranteed so that applicable local law restrictions will not be violated. Accordingly, if you were to enforce the Guarantees by a Guarantor in one of these jurisdictions, your claims are likely to be limited. In some cases, where the amount that can be guaranteed is limited by reference to the net assets and legal capital of the Guarantor or by reference to the outstanding debt owed by the relevant Guarantor to the Issuer under intercompany loans, that amount might have reached zero or close to zero at the time of any insolvency or enforcement. In addition, in certain cases regulatory requirements may limit the value of the Guarantee of a Guarantor which is a regulated entity, as its ability to assume risk, such as give a guarantee. Therefore the Guarantee provided by such a Guarantor will contain language limiting the Guarantor's obligations and liabilities not to include any obligations and liabilities to the extent those would be contrary to the applicable laws or regulatory requirements. Further, though the Group believes that the Guarantees will be validly given by the Guarantors, in accordance with local law restrictions, there can be no assurance that a third-party creditor would not successfully challenge the Guarantees in legal proceedings.

Similarly, the laws of certain jurisdictions in which the Guarantors are organized prohibit, under certain conditions and unless available exemption procedures were carried out, so-called "financial assistance" such as direct or indirect, and whether by means of a loan, guarantee, the provision of security or otherwise, financial assistance for or in connection with a purchase of or subscription from that company's shares or shares of its direct or indirect controlling entity. The consequence of a breach of the financial assistance prohibition would be the absolute invalidity or ineffectiveness of the respective transactions. In these jurisdictions, the Guarantees will contain language excluding certain types of obligations from the scope of such Guarantees which, in turn, may limit the amount guaranteed or secured thereunder.

In addition, certain Guarantors are also borrowers under the Facilities Agreement, and these limitations may not apply to borrowings under the Facilities Agreement obtained by any of those Guarantors. Accordingly, the ability of the lenders under the Facilities Agreement to recover the amount of loans made to any of those Guarantors would be superior to the ability of the holders of the Notes to enforce the Guarantees of any of those Guarantors to the extent these limitations apply to those Guarantees. See "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees.*"

Insolvency laws and other limitations on the Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer's obligations under the Notes will be guaranteed by the Parent Guarantor and the Subsidiary Guarantors. The Parent Guarantor is organized under the laws of Denmark. The Subsidiary Guarantors are organized under the laws of Denmark and Finland. Although laws differ among these jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and, in the case of the Guarantees, limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of a Guarantee against a Guarantor. A court may also in certain circumstances void a Guarantee where a Guarantor is close to or in the vicinity of insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- void or invalidate or declare ineffective all or a portion of a Guarantor's obligations under its Guarantee;
- direct that holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to you.

If the Issuer cannot satisfy its obligations under the Notes and any Guarantee is found to be a fraudulent transfer or conveyance or an improper transfer of assets or is otherwise set aside, there can be no assurance that the Issuer can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability. Also, there is a possibility that the entire Guarantee may be set aside, in which case, the entire liability may be extinguished.

In order to initiate any of these actions under fraudulent or improper transfer or other applicable principles, courts may need to make findings that, at the time the Guarantees were issued, a Guarantor:

- issued such Guarantee with the intent or knowledge of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- was aware of the fact that some creditors were disadvantaged over other creditors by these actions;
- issued such Guarantee in a situation where a prudent businessman as a shareholder of such Guarantor would have contributed no equity to such Guarantor; or
- received less than reasonably equivalent value for incurring the debt represented by the Guarantee on the basis that the Guarantee was incurred for the Issuer's benefit, and only indirectly for the

Guarantor's benefit, or some other basis and (1) was insolvent or rendered insolvent by reason of the issue of the Guarantee, or subsequently became insolvent for other reasons; (2) was engaged, or about to engage, in a business transaction for which the Guarantor's assets were unreasonably small; or (3) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

However, less-stringent requirements may be provided under the laws of certain jurisdictions.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a Guarantee if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although the Group believes that the Issuer, the Parent Guarantor and the Subsidiary Guarantors are solvent, and will be so after giving effect to the offering of the Notes, there can be no assurance which standard a court would apply in determining whether a Guarantor was "insolvent" as of the date the Guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

For an overview of the enforceability issues as they relate to the Guarantees, see "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees*" with respect to some of the jurisdictions mentioned above.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not initially be sold in the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A, and may not be offered or sold except to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Description of the Notes—Transfer and Exchange*" and "*Notice to Investors*."

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new issues of securities for which there is currently no established trading market. There can be no assurance as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Group's operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of the Group's prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Notes after completing the offering of the Notes. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

The Notes may not be listed or remain listed on the Irish Stock Exchange.

Although the Issuer has applied to have the Notes listed on the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market, the Issuer cannot assure you that the Notes will be listed and admitted to trading or remain listed. If the Issuer cannot maintain the listing on the Official List of the Irish Stock Exchange and the admission to trading on the Global Exchange Market or it determines that it will not maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another recognized stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances.

Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream, will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent for the Notes, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary, or its nominee, for Euroclear and Clearstream, the Issuer, the Trustee and the paying agent will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form*."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and are subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and is subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of the Group's financings and could adversely affect the value and trading of the Notes.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euros. An investment in the Notes denominated in a currency other than the currency by reference to which you measure the return on your investments will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to other relevant currencies because of economic, political or other factors over which the Group has no control. Depreciation of the euro against other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. Holders (as defined in "*Tax Considerations—Certain United States Federal Income Tax Considerations*") may also have tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax Considerations—Certain United States Federal Income Tax Considerations*."

If certain changes to tax law were to occur, the Issuer would have the option to redeem the Notes.

If certain changes in the law of any relevant tax jurisdiction, as described under "*Description of the Notes—Withholding Taxes*," become effective that would impose withholding taxes or other deductions on the payments on the Notes and as a result the Issuer or Guarantor is required to pay additional amounts, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. In addition, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as may be necessary in order that the net amounts received in respect of such payments by the holder of the Notes after such withholding or other deduction equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction. Such additional amounts may be substantial and result in a sudden material increase in the Parent Guarantor's contractual commitments and the Issuer may not have enough available funds to comply with its obligation to pay such additional amounts. The Issuer is unable to determine whether such changes to any tax laws will be enacted, however, it is expected that withholding tax on interest payments will be implemented in Norway although it is uncertain how and when such withholding tax will be implemented. If such changes in the law do occur in Norway, or similar changes occur in any other jurisdiction, the Notes will be redeemable at the Issuer's option.

Investors in the Notes may have limited recourse against the Group's independent auditors.

See "*Independent Auditors*" for a description of the independent auditors' reports, including language limiting the accountants' scope of responsibility in relation to such reports and the financial statements to which they relate. In particular, in respect of the audit reports relating to the 2014, 2015 and 2016 financial year, reproduced herein, PricewaterhouseCoopers has stated such reports were made solely to the Parent Guarantor's members as a body and are subject to important explanations and disclaimers regarding PricewaterhouseCoopers's responsibilities, published on PricewaterhouseCoopers's website, which are incorporated into the independent auditors' reports as if set out in full and should be read to provide an understanding of the purpose of the reports, the work PricewaterhouseCoopers has undertaken and the basis of its opinions.

Investors in the Notes should understand that in making these statements, PricewaterhouseCoopers confirmed that it does not accept or assume any liability to parties, such as the purchasers of the Notes, other than to the Parent Guarantor and its members as a body, with respect to the reports and to the independent auditors' audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a reported under the U.S. Exchange Act. If a U.S. court, or any other court, were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes will be used (i) to repay and/or refinance borrowings under the Facilities Agreement, and (ii) to pay costs, fees and expenses incurred in connection with the offering of the Notes, including underwriting and/or arranging commissions and fees for legal, accounting, ratings advisory and other professional services.

Sources	Amount (€ in millions equivalent)	Uses	Amount (€ in millions equivalent)
Notes offered hereby[(1)]	400.0	Repayment of borrowings under Facilities Agreement[(2)]	393.2
		Fees, expenses and OID[(3)]	6.8
Total Sources	**400.0**	**Total Uses**	**400.0**

(1) Represents €400.0 million in aggregate principal amount of Notes to be issued.

(2) Represents amounts repaid under the Facilities Agreement in euros using an exchange rate of €0.1344 to DKK 1, which was the exchange rate at the close of trading on March 29, 2017.

(3) Represents estimated fees, expenses and original issued discount (OID) in connection with the offering of the Notes and use of proceeds therefrom. Actual amounts paid may vary from this estimate.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our consolidated capitalization as of December 31, 2016 on an actual basis and as adjusted to give effect to the offering of the Notes as if it had occurred on December 31, 2016. The information provided on an actual basis was extracted from our audited consolidated financial statements as of December 31, 2016 and should be read in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and the financial statements and notes thereto included elsewhere in this Offering Memorandum.

	As of December 31, 2016 Actual	Adjustments	As of December 31, 2016 As Adjusted
	(DKK in millions equivalent)		
Own cash(1)	**703**	**—**	**703**
Financial liabilities:			
Term Facilities(2)	7,148	(2,893)	4,255
RCF(3)	1,936	—	1,936
Notes offered hereby(4)	—	2,976	2,976
Clearing-Related Facilities(5)	314	—	314
Finance leases	22	—	22
Capitalized transaction costs(6)	—	(40)	(40)
Total financial liabilities	**9,420**		**9,463**
Share capital and reserves attributable to owners of the Parent Guarantor	9,605	—	9,605
Non-controlling interest	201	—	201
Total equity	**9,806**		**9,806**
Total capitalization	**19,226**		**19,269**

(1) The as adjusted column represents own cash of the Group as of December 31, 2016.

(2) Represents outstanding indebtedness under the Term Facilities, converted to DKK at an exchange rate of €0.1345 to DKK 1, and NOK 12.2220 to €1, which were the exchange rates at the close of trading on December 30, 2016, net of unamortized debt costs of DKK 81 million, of which DKK 32 million are expected to be refinanced in connection herewith. The as adjusted column represents the use of proceeds to repay borrowings under the Facilities Agreement using an exchange rate of €0.1344 to DKK 1, which was the exchange rate at the close of trading on March 29, 2017. In connection with repayment of floating rate obligations under the Term Facilities using the proceeds from the offering of the Notes, we expect to terminate certain interest rate hedging arrangements, the termination of which we expect on a net basis to result in no costs to the Group.

(3) Represents outstanding indebtedness under the RCF as of December 31, 2016, converted to DKK at an exchange rate of €0.1345 to DKK 1, and NOK 12.2220 to €1, which were the exchange rates at the close of trading on December 30, 2016, net of unamortized debt costs. As of February 28, 2017, we had repaid DKK 558 million under the RCF. We may draw additional funds in accordance with the terms of the RCF.

(4) Represents €400.0 million in aggregate principal amount of Notes issued in this offering. The Notes have been converted to DKK at an exchange rate of €0.1344 to DKK 1, which was the exchange rate at the close of trading on March 29, 2017. In order to maintain our currency hedging policy, we may choose to enter into currency hedging agreements in respect of some amount of the proceeds of the Notes, which will be required as euros.

(5) Represents amounts outstanding under bilateral credit lines available for clearing working capital purposes. See "*Description of Certain Financing Arrangements—Clearing Working Capital Facilities*."

(6) As adjusted capitalized transaction costs represent the estimated advisor fees, financing fees, discounts and commissions incurred in connection with the offering of the Notes that are expected to be capitalized.

SELECTED HISTORICAL FINANCIAL AND OTHER INFORMATION

The following tables set forth our selected historical consolidated financial information for the periods ended and as of the dates indicated below. Except as otherwise noted, we have extracted the selected historical consolidated financial information for the 2014, 2015, and 2016 financial years from the audited consolidated financial statements of the Company and its subsidiaries and the Issuer and its subsidiaries, which are included elsewhere in this Offering Memorandum.

The following selected financial information set forth below should be read in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Summary—Summary Historical Consolidated Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our financial statements and notes thereto, included elsewhere in this Offering Memorandum.

Consolidated Income Statement

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Revenue, gross	8,607	9,040	10,084
Interchange fees and processing fees	(2,061)	(2,204)	(2,699)
Revenue, net of interchange fees and processing fees	**6,546**	**6,836**	**7,385**
Cost of sales	(1,081)	(983)	(963)
External expenses	(1,846)	(1,732)	(1,769)
Staff costs	(1,956)	(1,873)	(2,034)
Operating profit before depreciation and amortization (EBITDA) b.s.i.	**1,663**	**2,248**	**2,619**
Special items	(411)	(538)	(345)
Special items—IPO related costs	—	—	(261)
Operating profit before depreciation and amortization (EBITDA)	**1,252**	**1,710**	**2,013**
Amortization of business combination intangibles and impairment losses	(110)	(627)	(654)
Underlying depreciations and amortizations	(298)	(271)	(416)
Operating profit (EBIT)	**844**	**812**	**943**
Profit from associates after tax	13	(3)	4
Profit from divestment of business	45	—	—
Fair value adjustment of Visa shares	—	2,428	413
Fair value adjustment on liability related to Visa shares	—	(1,913)	(448)
Fair value adjustment of VISA shares related to Teller Branch Norway	—	—	185
Financial income and expenses, net	82	(801)	(1,055)
Financial expenses—refinancing costs	(51)	—	(738)
Net financials	**89**	**(289)**	**(1,639)**
Profit before tax	**933**	**523**	**(696)**
Income taxes	(281)	(404)	112
Net profit for the year	**652**	**119**	**(584)**
Profit is attributable to:			
Owners of Operating Group (2014), Issuer (2015), Parent Guarantor (2016)	656	97	(601)
Non-controlling interests	(4)	22	17

Consolidated Balance Sheet

	As of December 31,		
	Issuer		Parent Guarantor
	2014	2015	2016
	DKK millions		
Goodwill	13,423	14,646	14,720
Other intangible assets	4,468	4,722	4,198
Plant and equipment	278	263	383
Investment in associates	240	227	231
Derivative financial instruments	—	—	27
Deferred tax asset	97	205	376
Total non-current assets	**18,506**	**20,063**	**19,935**
Inventories	84	67	66
Trade and other receivables	670	832	801
Clearing-related assets	5,092	3,705	4,477
Prepayments	184	153	194
Other financial assets	—	2,428	957
Cash and cash equivalent	2,163	2,310	1,869
Total current assets	**8,193**	**9,495**	**8,364**
Total assets	**26,699**	**29,558**	**28,299**
Share capital	50	50	200
Reserves	4,875	4,266	9,405
Equity, owners of Issuer (2014 and 2015), Parent Guarantor (2016)	**4,925**	**4,316**	**9,605**
Non-controlling interests	21	664	201
Total equity	**4,946**	**4,980**	**9,806**
Borrowings	12,526	14,573	9,106
Pension liabilities, net	69	59	66
Deferred consideration for business combinations	21	163	284
Derivative financial instruments	30	24	—
Deferred tax liabilities	920	1,480	851
Total non-current liabilities	**13,566**	**16,299**	**10,307**
Borrowings	1,506	—	223
Bank overdraft	—	—	91
Trade and other payables	1,751	1,863	1,614
Clearing-related liabilities	4,902	4,483	5,135
Other financial liabilities		1,913	1,064
Current tax liabilities	28	20	59
Total current liabilities	**8,187**	**8,279**	**8,186**
Total liabilities	**21,753**	**24,578**	**18,493**
Total equity and liabilities	**26,699**	**29,558**	**28,299**

Consolidated Statement of Cash Flows

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Net cash from operating activities	(476)	2,094	(806)
Net cash from investing activities	120	(2,081)	67
Net cash flows from financing activities	205	582	212
Net cash flow	**(151)**	**595**	**(527)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain information in the discussion and analysis set forth below and elsewhere in this Offering Memorandum includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Offering Memorandum. This discussion and analysis should also be read in conjunction with the financial statements described above and appearing elsewhere in this Offering Memorandum, including the notes thereto, the "Selected Historical Financial and Other Information" and "Summary—Summary Historical Consolidated Financial Data."

Overview

Nets is a leading provider of digital payment services and related technology solutions across the Nordic region. Nets sits at the center 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, utilize value-added services. Nets operates across the entire value chain from payment capture and authorization to processing, clearing and settlement. Nets provides services for those wanting to receive payments (such as merchants and corporate customers) and those seeking to make payments (such as card issuers and consumers) and, in some instances, Nets also operates the payment scheme that sits between these two groups. Headquartered in Denmark, Nets operates primarily in the Nordic region where it has a leadership position, with a growing presence in the Baltic countries. For the year ended December 31, 2016, Nets reported revenue of DKK 7,385 million and EBITDA b.s.i. of DKK 2,619 million.

Nets enables digital payments across all major channels—in person, online, and over a mobile device—and all major types of digital payments, including national debit card schemes in Denmark and Norway (i.e., Dankort and BankAxept), international debit/credit card schemes (e.g., Visa and MasterCard), alternative payment methods (e.g., mobile and digital payment acceptance solutions such as apps, wallets, etc.), recurring payments systems, and credit transfers. Nets has been driving innovation across many of these payment types throughout the Nordic region for nearly 50 years and has been instrumental in creating the modern payment infrastructure seen today.

As such, Nets offers a broad portfolio of solutions to enable card-based payments, account-based payments, clearing, digital identities, security solutions, and other related products and services.

These products and services are provided to a diverse range of customers, including merchants, corporate customers, financial institutions and the public sector. As of December 31, 2016, Nets' customers included more than 300,000 merchants (including over 30,000 e-commerce merchants (i.e., merchants which operate partly or wholly online)), more than 240,000 corporate customers and more than 240 banks. In the year ended December 31, 2016, Nets processed approximately 7.7 billion total card transactions across its Merchant Services and Financial & Network Services segments, processed transactions initiated by 35 million cards, and managed approximately 8.3 million digital identities.

Nets serves its customers through its three customer-facing operating segments:

- Merchant Services comprises Nets' merchant acquiring business, point-of-sale, e-and m-commerce and omni-channel payment acceptance solutions. Nets' Merchant Services segment provides in-store, online and mobile payment acceptance solutions to merchants across the Nordic region from large corporate chains to small- and medium-size enterprises ("**SMEs**") and micro merchants. Nets serves merchants through a broad set of distribution channels, including partnership relationships such as via bank referrals, value-added resellers and web developers as well as through a direct sales force. The breadth of service, payment type and geographic coverage allows Nets to be a one-stop-shop for merchants in the countries in which Nets operates. For the year ended December 31, 2016, Merchant Services acquired approximately 1.8 billion card transactions from international branded cards with card turnover of DKK 475 billion and comprised 31% of Nets' revenue, and generated EBITDA b.s.i. of DKK 792 million, comprising 30% of Nets' EBITDA b.s.i.
- 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 CMS, fraud and dispute solutions, and mobile wallet technology. The Financial & Network Services segment also processes Dankort, the national debit card network in Denmark that is owned and

operated by Nets, and BankAxept, the national debit card network in Norway that is operated by Nets. For the year ended December 31, 2016, Financial & Network Services processed 5.2 billion transactions and comprised 31% of Nets' revenue, and generated EBITDA b.s.i. of DKK 893 million, comprising 34% of Nets' EBITDA b.s.i.

- Corporate Services comprises Nets' account-based payments business, and provides the payment platform for recurring payments and credit transfer transactions for more than 240,000 corporate customers primarily in Denmark and Norway. At the center of this business is the ability to provide seamless and integrated solutions for recurring payments to corporate customers and consumers (e.g., the Danish Betalingsservice and Norwegian AvtaleGiro recurring payments systems). It also includes solutions for real-time clearing and settlement (including a new contract to manage real-time clearing for Italian payments business ICBPI) providing instant payments across bank accounts, Digital ID, and value-added digitization services. For the year ended December 31, 2016, Corporate Services processed 870 million transactions and comprised 38% of Nets' revenue, and generated EBITDA b.s.i. of DKK 934 million, comprising 36% of Nets' EBITDA b.s.i.

In addition to the three customer-facing operating segments, Nets is supported by the technology and operations units that operate across the business segments. In the year ended December 31, 2016, Nets generated revenue as follows (based on the location of the legal entities and branches in the Group): 48% in Denmark, 31% in Norway, 12% in Finland, 7% in Sweden and other countries. Approximately 70% of Nets' revenue for the year ended December 31, 2016 was generated on a per transaction basis and approximately 30% was generated from fees resulting from a combination of development projects, e-ID solutions, mobile wallet, digitization solutions, point of sale ("**POS**") solutions and value-added services. As of December 31, 2016, the Group had approximately 2,400 full-time employees ("**FTEs**") located in six countries.

Factors Affecting Our Results of Operations

We consider the following factors, which are discussed further below, as the key factors affecting our results of operations:

- industry dynamics, including the shift to digital payments, technology investments, regulatory change and increased competition;
- the Group's Transformation Program;
- acquisitions;
- divestments;
- investments in associates;
- foreign currency translation;
- general economic conditions;
- seasonality;
- contract renewal cycles;
- the Visa Europe transactions and the accounting treatment thereof; and
- factors affecting the comparability of the periods discussed.

Industry Dynamics

The Group's industry is characterized by continuing change, which is primarily driven by technological innovation continuing to drive growth in digital payments and evolving international regulation. The factors and trends set out below have had and may continue to have a significant impact on the performance of the Group's business.

Shift to Digital Payments

The Group generates its revenue from the processing of digital payment transactions charged primarily on a per transaction basis (based on the number of transactions processed) or, with respect to our Merchant Services acquiring business, on an *ad valorem* basis (based on a percentage of transaction value). Consumer acceptance of the digitization of money and the shift from cash to digital payments has been and continues to be driven by a number of factors, including increased acceptance of digital payments by consumers and merchants in stores, growth in e-commerce and mobile commerce transactions and government initiatives to encourage digital payments. This shift in payments away from cash has resulted in a significant increase in the number of transactions processed by the Group and, accordingly, has had a positive impact on revenue and our results during the period under review. In addition, new digital payment methods such as mobile wallets and person-to-person e-wallets are creating new non card-based methods for digital payments that we believe will help to drive an increase in the number of transactions going forward. The rate of such increases in the number of transactions are, however, expected to decrease as the potential for digital transactions reaches its natural limits.

The Group is also positively affected by a shift towards making business processes paperless, including increased digitization of invoices and other official business communications which were previously on paper. This has had a positive impact on EBITDA in the Corporate Services segment during the periods under review and provides additional revenue and cost savings opportunities across all operating segments, in particular within the Corporate Services segment.

Our key performance indicators for the years ended December 31, 2014, 2015, and 2016, for its operating segments are as follows:

	As of December 31,		
	2016	**2015**	**2014**
Merchant Services—Card turnover (DKK billion)(1)	475	306	301
Financial and Network Services—Transaction volumes (DKK billion)(2)	5.2	4.9	4.6
Corporate Services—Transaction volumes (DKK billion)(3)	0.87	0.83	0.78

(1) Represents the total aggregated transaction value of acquired retail digital card transactions in the Merchant Services segment adjusted on a constant currency basis for the years ended December 31, 2016, 2015 and 2014 based on 2016 average foreign exchange rates. This includes the Finland merchant acquiring business which was in decline in the periods presented. Excluding this business, growth in card turnover would have been in line with market growth.

(2) Represents the total number of aggregated transactions processed for the Financial & Network Services segment in relation to BankAxept, Dankort and issuer processing.

(3) Represents the total number of aggregated transactions for the Corporate Services segment, primarily in relation to recurring payments and invoicing products, excluding clearing transactions.

Technology Investments

Technology is integral to all the operating segments within the Group, and strategic investments in technology have been a core feature of the Transformation Program. We therefore make significant investments in order to maintain secure, stable and scalable platforms across all of our operating segments. In 2016, the Group's capital expenditure was DKK 646 million, of which DKK 478 million related to investments in its operating platforms. In 2015, the Group's capital expenditure was DKK 539 million, of which DKK 376 million related to investments in its operating platforms. In 2014, the Group's capital expenditure was DKK 403 million, of which DKK 217 million related to investments in its operating platforms.

We also invest in the development of diverse and innovative technologies, such as tokenization systems, real-time clearing systems for account-based payments, cloud services, Bluetooth and contactless technology, CMS and customer analytics systems. These developments have the potential to drive additional growth for the Group by accelerating a shift from cash to digital payments as described above and by allowing the provision of adjacent value-added services to our customers. We continually invest in technology and expect to continue to do so in accordance with market developments and regulatory requirements.

By way of example, since its launch in Denmark in November 2014, the Group's real-time clearing system has experienced a significant growth with over 115 million transactions processed in 2016. The system is based on international standards and has the potential for use in other countries. Further, in autumn 2016, Nets started to test the Dankort Mobile contactless infrastructure, which enables use of mobile wallets to initiate contactless payment transactions using virtualized Dankort cards stored on a mobile phone and tokenization to secure the transaction data. This was made possible because of a joint agreement among all Danish banks, merchants accepting Dankort and the Group as the acquirer, scheme owner and issuer processer of Dankort. The commercial launch of Dankort Mobile is expected in the spring of 2017.

The Group's results could be affected by any operational down time and costs related to managing and maintaining e-security and cyber security. Spending on information security amounted to DKK 82 million, DKK 83 million and DKK 27 million in 2016, 2015 and 2014, respectively. Any security incidents such as data theft, loss of sensitive or confidential personal and business critical data, or any failure of IT systems, such as reduced or lost capability and IT outages, may have an impact on our net profit. Operational down time, for example, may result in a loss of revenue and increased costs for the Group. See "*Risk Factors—Risks Relating to the Group's Business—Security breaches could disrupt the Group's business and damage its reputation*."

Regulatory Changes

Our revenue is impacted by the level of interchange and processing fees the Group is required to pay to card schemes and card issuing banks. Regulatory changes in Europe have significantly decreased interchange fees which has had an immediate positive impact on our revenue and increased the ability of payment institutions to access all of Europe and not just the member state in which they have a license (i.e., a license from Visa/ MasterCard or another card scheme) to undertake merchant acquiring activities. We believe that the reduction in interchange fees, by reducing the cost per transaction, will drive additional growth in transactions and in revenue recorded by the Group.

However, a portion of this reduction in interchange fees may be passed on to merchant customers, and therefore the increase in revenue we experience may not directly correspond to the reduction in interchange fees. For example, the Group has made price adjustments in relation to agreements with certain of its Merchant Services customers and it may enter into further such negotiations (including as part of discussions focused on providing bundled solutions to its customers). It is also possible that in the future there are additional indirect effects from the reduction in interchange fees, including the possibility that customers within the Financial & Network Services segment who are issuers (and who are now receiving lower levels of interchange) may seek to reduce their costs and, as part of this, may seek to reduce their fees paid to us so as to offset their decline in revenues. The Group also expects that it may be affected by the changes in relation to PSD2 in 2018. See "*Regulation*" and "*Risk Factors—Risks Relating to Laws and Regulation*."

Transformation Program

Nets Holding A/S was acquired by the funds and investment vehicles managed by Advent International Corporation, Bain Capital Private Equity and Arbejdsmarkedets Tillægspension in July 2014. Subsequently, an assessment was made of the Group's commercial approach, customer centricity, technology priorities, cost structure and its future opportunities for operational efficiency and potential growth. In autumn 2014, we launched a Transformation Program, which focused on several areas, including commercialization, reorganization around the customer, scalability, procurement, technology, security, innovation and resource optimization. The Transformation Program has been a driver of revenue growth through the focus on growth (including e-commerce), commercialization across the business, product development and customer retention initiatives (including, for example, through investment in sales infrastructure, increased customer service, and the pursuit of selected strategic and value-creating acquisitions (see "*—Acquisitions*" below)). It has also led to the accelerated delivery of product innovation. The Transformation Program has therefore contributed to a significant increase in revenue and EBITDA b.s.i. during the period under review. The ongoing implementation of the Transformation Program has also generated significant recurring cost savings and operational efficiencies, for example, by optimizing the use of business data for commercial decision making within Merchant Services, reducing vendor prices as a result of procurement initiatives, enhancing efficiencies associated with running our technology platforms, improving the cost of application of development and maintenance (partly driven by a more cost-efficient sourcing mix) and initiating projects focused on strengthening stability and security, which have positively impacted the financial performance of all three operating segments.

Costs relating to the Transformation Program, mainly external management consultants, amounted to DKK 219 million, DKK 353 million and DKK 124 million for the years ended December 31, 2016, 2015 and 2014, respectively. Additional costs related to employee severance costs in connection with implementation of the Transformation Program amounted to DKK 113 million, DKK 159 million and DKK 109 million for the years ended December 31, 2016, 2015 and 2014, respectively. For more information, see "*—Results of Operations—Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014—Special Items*." Costs related to the Transformation Program are expected to reduce significantly in 2017 and 2018.

Acquisitions

The Group has historically driven innovation through a combination of in-house research and development, partnering with other technology innovators, and selectively pursuing acquisitions. The Group may look to use acquisitions as a way to expand or enhance the range of products and services that it offers to customers as well as its technological capabilities and to improve its presence in certain strategic geographies. Since 2014, the Group has completed seven acquisitions. The following table presents a list of the acquisitions, including the percentage of current ownership, the closing date and strategic rationale for the acquisition:

Acquisition	Ownership as of December 31, 2016	Closing Date	Strategic Rationale
Merchant Services			
Storebox ApS	72.7%	January 2016	Enhance value-added services in Nordic region (in this case loyalty solutions and e-receipts)
Kortaccept Nordic AB	100.0%	December 2015	Increase acquiring volume in Nordic region (particularly Sweden) and establish longer term strategic partnership with the seller, Nordea Bank AB, the largest bank in the region
DIBS Payment Services AB (publ)	98.4%*	December 2014	Increase e-commerce volume in the Nordic region (particularly in Sweden)
Paytrail Oyj	80.0%	December 2014	Increase e-commerce volume in Finland and product innovation capabilities
Payzone Nordic AB	100.0%	July 2014	Increase POS capabilities in Sweden, particularly in retail, hotel and restaurant industries
Corporate Services			
Signaturgruppen A/S	51.0%	July 2015	Enhance e-Security value-added services
EDIGard AS	100%**	June 2014	Enhance capabilities to benefit from digitization trends

* The current ownership of 98.4% was obtained in 2015. The process to acquire the remaining interest has been initiated in accordance with chapter 22 of the Swedish Companies Act (in Swedish: *Aktiebolagslagen*) (2005:551), governing mandatory redemption of minority shares (the "**Squeeze out rules**").

** On January 31, 2017, the Group acquired the remaining 42.3% of the shares in EDIGard AS, meaning that EDIGard AS at that time became fully owned by the Group.

Five of the above seven acquisitions have been in the Merchant Services segment. This was due to our strategy to enhance this segment's product and capability set and strengthen its presence in certain strategic geographies in order to drive future growth.

All material integration costs relating to the acquisitions have been incurred. For a discussion of the costs related to these acquisitions, see "*—Results of Operations—Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014—Special Items*."

The Company has certain contractual rights and obligations, including put and call options, in relation to four prior acquisitions (EDIGard AS, Paytrail Oyj, Signaturgruppen A/S and Storebox ApS) to acquire any remaining and outstanding shares within a certain period of time. The price for the remaining shares of the respective acquisitions are dependent on future performance, but all include a minimum and maximum payment. As of December 31, 2016, the total future earn-outs amount to between approximately DKK 220 million and approximately DKK 380 million payable within one to five years depending on the achievement of certain performance targets. As of December 31, 2016, a liability in the amount of DKK 284 million were recognized in this respect.

Divestments

The following table presents a list of the Group's divestments of our non-core assets during the period under review:

Divestments	Date	Strategic Rationale
Merchant Services		
Cryptera A/S	July 1, 2014	Disposal of non-core business supplying secure pin pads e.g., for ATM and petrol pump manufacturers. All the shares were sold to Diebold Nixdorf.
Financial Services		
Eurocard	April 1, 2014	Disposal of a Eurocard customer portfolio and other related assets in Finland to SEB. Following this disposal, the Group ceased acting as a financial issuer of Eurocard in Finland.
Prepaid	January 8, 2014	Disposal of customer portfolio of prepaid products (primarily lunch vouchers) and other related assets in Finland to Edenred. Following this disposal, the Group ceased acting as financial issuer of prepaid card or equivalent products.

Revenue from these divestments for the years ended December 31, 2016, 2015 and 2014 amounted to nil, nil and DKK 147 million, respectively. The Group has now completed its planned divestments of business currently considered non-core.

Investments in Associates

The Group holds a 50% ownership stake in the Danish entity e-Boks A/S. The other 50% stake is held by Post Danmark A/S. e-Boks A/S provides corporate customers, financial institutions and public authorities solutions for electronically sending, presenting and archiving invoices, documents, letters, pay slips, bank statements and other items. e-Boks A/S has over 11 million users and handled over 300 million documents in 2016. In 2016, e-Boks A/S had net revenue of DKK 179 million and profit for the year of DKK 14 million (of which DKK 7 million was Nets' share). As of December 31, 2016, the total carrying amount on the balance sheet for e-Boks A/S amounted to DKK 231 million at the Group level.

Foreign Currency Translation

Our reporting currency is the Danish kroner, but our revenue and expenses are denominated in the local currencies of the jurisdictions in which we operates (the functional currencies). The geographical breakdown of revenue is based on the location of the legal entities and branches in the Group.

The following table presents the percentage breakdown of the Group's revenue by currency reflecting the reporting currency of the entity.

	Year ended December 31,											
	2016				2015				2014			
	DKK	NOK	SEK	EUR	DKK	NOK	SEK	EUR	DKK	NOK	SEK	EUR
	%											
Revenue	48	31	8	13	49	33	6	13	49	35	3	13

A change in the average DKK/NOK, DKK/SEK by 10% and DKK/EUR rates (which are pegged) by 1% would have had an impact on the Group's revenue of DKK 225 million, DKK 73 million and DKK 9 million, respectively, for the year ended December 31, 2016, DKK 223 million, DKK 54 million and DKK 9 million, respectively, for the year ended December 31, 2015. A hypothetical 10% change in NOK, SEK and 1% in EUR would have a total impact of foreign currency translation of DKK 121 million on the Group's EBITDA for full-year 2016.

We do not currently utilize foreign currency forward contracts or other derivative instruments to mitigate the cash flow or market value risks associated with foreign-currency-denominated transactions but has used currency hedging in the past and may decide to do so going forward. A portion of the Group's balances in foreign currency is naturally hedged by underlying business activities.

General Economic Conditions

During economic downturns, consumers typically reduce spending, and card issuers often reduce credit limits and tighten their card issuance rates, which can have a negative effect on the overall number and value of transactions generated by consumers and the number of cards in issue. Although this effect exists, it has been outweighed in recent years by the secular shift to digital payments, particularly among Nordic consumers, who have been early adopters of new technologies and digital payments. Also, while consumers reduce spending during downturns, consumers may make smaller but more frequent transactions. Because a majority of our revenue is generated on the basis of the number of transactions that take place, this helps reduce the effect that overall spending declines have on revenue streams which are more closely related to the value of transactions completed. In addition, the Group's Dankort, Betalingsservice and AvtaleGiro transactions have shown resilience in economic downturns, exceeding the national GDP growth rates of Denmark and Norway, respectively, over the same period. Management believes that these growth rates are likely primarily driven by the shift away from cash, as discussed above.

Most of our revenue is generated in the Nordic region (particularly Denmark and Norway) and, to a substantially lesser extent, the Baltics, and it is therefore the economic conditions in these geographies which is most relevant to our performance. The percentage of our revenue generated in other areas outside the Nordic region and the Baltics was less than 1% for the year ended December 31, 2016.

Seasonality

Although the Group's operations typically do not show strong seasonal variations, during the last month of the year as well as the Easter and summer holiday periods, we experience higher revenue from a higher number of transactions as spending increases during peak holiday periods. A range of other factors could cause or contribute to period-to-period fluctuations, including non-renewals of significant customer contracts in a given period. See "*Risk Factors—Risks Relating to the Group's Business—The Group's business is subject to fluctuations and requires periodic funding for its clearing working capital needs*."

We have a high fixed cost base (with fixed costs (defined as costs related to staff, hardware, software, outsourcing and administrative costs) which we estimate represents 68% of total costs for the year ended December 31, 2016). Consequently, EBITDA b.s.i. of the Group on a quarterly basis is expected to be impacted by the seasonal development in revenue. This means that EBITDA b.s.i. margins are expected to be lower in the first quarter and higher in the third quarter than the average of EBITDA b.s.i. margins for the calendar year.

Contract Renewal Cycles

Our revenue and profitability can be affected by contract renewal cycles and the composition of our book of customers. Our contracts vary in length across the three operating segments and there is a wide range of different contractual frameworks in place. Within Financial & Network Services and Corporate Services, contracts typically range from three to five years for our public sector customers as well as our financial institution customers with whom we have entered into framework agreements (which cover the terms of provision for a range of services). Contracts within Merchant Services, for example merchant acquiring contracts, are typically renewed or renegotiated between one to three years and are terminable on short notice. Because our contracts generally do not contain any exclusivity or minimum spend provisions, some of our customers could shift business away from the Group without necessarily terminating the contract, although doing so would entail cost and complexity for the customer and overall is not commonly experienced. We expect to continue to offer competitive pricing on any new potential agreements. Generally, we have seen that downward pressure on the fee has often been offset by increased volumes and sale of value-added services. Depending on the relative size and type of the agreement in question, the shift of business away from the Group can have an impact on our revenue or the revenue of an operating segment in any given period.

Failure to renew customer contracts could negatively impact our business. The Group has a good track record of contract renewals which we believe is largely attributable to the broad range of high quality products and services we deliver to our customer, its scale relative to its competitors in the region (and the associated cost advantage), our ability to cross-sell new products and services to existing customers, and our trusted position at the heart of the Nordic digital payments ecosystem. This can be evidenced by the fact that nine out of the Group's top ten customers have been with us for the last 30 years. In 2016, our ten largest customers generated around 32% of our total revenue across a number of different types of contracts and relating to a wide range of different services. Although our business is spread across a large number of different types of agreements and no single customer represented more than 10% of the Group's revenues in 2016, the relative weight of a particular customer can be higher within an operating segment. For example, within Financial & Network Services, one customer comprised 10% of the segment's total revenue for the year ended December 31, 2016, although this revenue was spread across several different agreements. We provide several services across our portfolio and business units to our largest customers; for instance, we have entered into more than twenty contracts of different terms and duration with each of our three largest customers. Furthermore, a number of significant agreements will reach the end of their term during the 2017-2018 period. See "*Risk Factors—Risks Relating to the Group's Business—Failure to renew agreements with customers on acceptable terms or termination of such agreements by customers could harm the Group's business*" for more information about the Group's customer concentration levels.

Visa Europe

On November 2, 2015, Visa Inc. and Visa Europe Ltd. ("**Visa Europe**") announced that they had reached an agreement for Visa Inc. to acquire Visa Europe, an association owned and operated by member banks and other payment service providers. On April 21, 2016, Visa Inc. and Visa Europe announced that they had reached a preliminary agreement for revised terms of the transaction, pending final agreement and regulatory approval. The revised terms consist of total consideration of up to €18.37 billion, net of costs (the "**Visa Transaction**"). Visa Inc. agreed to pay (i) up-front consideration of €17.25 billion, consisting of €12.25 billion in cash and approximately €5 billion in preferred stock, and (ii) an additional cash payment of €1.12 billion (including interest) payable on the third anniversary of the closing of the transaction. The Visa Transaction closed on June 21, 2016.

The Visa Inc. preferred stock carries no voting rights, has economic rights equal to Visa Inc.'s class A common stock and is subject to restrictions on transfer to any party who is not eligible to receive preferred stock or is a group member of the recipient or holder of the preferred stock. The preferred stock will be converted into Visa Inc. common stock and is fully convertible at the latest 12 years after the closing of the Visa Transaction, subject to any potential hold-back for unsettled legal claims. The conversion rate of the preferred stock is subject to adjustments to compensate Visa Europe for any losses incurred in relation to future litigation claims as defined in the transaction agreement entered into between Visa Inc. and Visa Europe.

Principal members of Visa Europe ("**Principal Members**") are eligible to receive a share of the proceeds from the Visa Transaction. Nets Oy and Teller A/S, wholly owned subsidiaries of Nets, are Principal Members. Each Principal Member's share of the consideration is based on the Principal Member's respective net qualifying fees paid to Visa Europe for the relevant period being from October 2012 to September 2015.

As part of the transaction entered into in 2012 between Nets Holding A/S and Suomen Luotto-osuuskunta Cooperative ("**SLOK**") relating to the acquisition of Luottokunta (now Nets Oy), Nets Holding A/S is obligated to pass on proceeds received from the Visa Transaction as a result of the Principal Member share held by Nets Oy. Furthermore, as part of the transaction entered into between Nassa A/S and 186 banks, including affiliates of Danske Bank A/S and Nordea Bank AB, relating to the acquisition of Nets Holding A/S in 2014, Nassa A/S is obligated to pass on proceeds received from the Visa Transaction as a result of the Principal Member shares held in Nets Oy and Teller A/S, respectively. The sellers entitled to such proceeds from the Visa Transaction are hereafter referred to as the "Relevant Sellers." The obligations under the share purchase agreements mean the proceeds from the Visa Transaction are to be passed on as soon as possible after receipt net of tax and external costs as applicable. Due to the transfer restrictions on the preferred stock, the transfer of this element of the proceeds cannot be easily executed, resulting in the Group potentially holding all or some of the preferred stock until it is converted or an alternative solution has been found. As of December 31, 2016, not yet passed through cash, preliminarily adjusted for related costs, amounted to DKK 194 million.

The upfront consideration was transferred from Visa to Teller A/S and Nets Oy on June 21, 2016. We are working to mitigate any risks related to the Visa Transaction, including by requesting binding rulings from the relevant tax authorities ("*bindende svar*") on the tax treatment of the pass-through arrangement and refraining from paying out any proceeds before binding tax rulings are obtained and a release has been received from the Relevant Sellers stating that such payment is in full discharge of any obligations.

Accounting Treatment of the Visa Transaction in the Group

The Visa shares and contingent considerations held by Nets Oy and Teller A/S are designated as fair value through the income statement in order to present both the fair value gain of the assets and the value adjustment on the related liability to pass on the proceeds to the former owners of the Group in the income statement.

The fair value adjustments of the Visa shares and contingent consideration (assets) and the obligation to pass on any proceeds (liability) have been measured based on available information and Executive Management's best estimate at year-end.

Comparability of Periods

The Operating Group 2014 Income Statement Information presented herein has not been adjusted to reflect the impact of any changes to the income statement that occurred as a result of the application of purchase accounting adjustments applied as a result of the Nets Acquisition. Therefore, the Operating Group 2014 Income Statement Information is not directly comparable with the income statement data contained in the Issuer 2015 Audited Financial Statements. In particular, differences in amortization and depreciation expenses, net financial income and expenses and financial expenses render comparisons of these line items between 2015 and 2014 of limited value. See "*Presentation of Financial Information*."

Key Components of Our Income Statement

Revenue

The Group earns revenue from its customers predominantly on a transactional basis and on a non-transactional basis:

Transactional based revenue—includes revenue generated through a combination of (a) a fee per transaction processed (which represents the primary revenue model in the Corporate Services and the Financial & Network Services segments) and (b) an *ad valorem* fee based on the value of transactions acquired (which represents the primary revenue model of the Merchant Services segment).

Non-transaction-based revenue—includes revenue generated through provision of subscription-based fees related to the sale and rental of POS and related solutions and fees related to the sale of value-added services and revenue from development projects across all three operating segments.

Due to the nature of our business, some of the gross revenue cash flow from our customers is passed on to other parties in the ecosystem. This particularly applies to the acquiring business in Merchant Services and for international card schemes and the acquiring of Dankort in Financial & Network Services. These cash flows (e.g., interchange fees) are normally set by the card schemes or as part of the business agreement between the parties and thus result in a given cash outflow per transaction and/or as a percentage of card spend. Nets therefore focuses its reporting on revenue (i.e., revenue, net of interchange fees and processing fees), as this reflects the effect of a decreasing or increasing spread due to lower or higher gross prices as well as any changes in paid fees due to changes in the terms of the business agreement between the parties or changes in interchange fee rates.

Interchange Fees and Processing Fees

Interchange fees and processing fees predominantly consist of interchange fees that we pass through to card issuing banks, as well as card scheme franchise, membership and processing fees for each transaction that we processes through the third-party card schemes (such as, by way of example, Visa and MasterCard), and other third-party processing fees, sales commission and other fees.

Cost of Sales

Cost of sales is the total of all costs directly attributable to products and services sold in the period. This mainly represents the cost related to the sale of POS solutions to merchants, postage costs and fees paid to banks primarily in relation to integrated invoicing and payment solutions.

External Expenses

External expenses incurred in generating the revenue for the year include the costs associated with the outsourced provision of certain IT-related services, operating leases for software, maintenance and development costs, premises-related expenses, and other marketing, sales and distribution costs, loss and fraud.

Immaterial other gains and losses of a nature secondary to the main activities of the Group are recognized within external expenses.

Staff Costs

Staff costs include wages, salaries, pension contributions, social security contributions, annual leave and sick leave, and bonuses recognized in the year in which the associated services are rendered by employees of the Group.

Special Items

Special items are costs or income, net, that are recognized in the income statement and cannot be attributed directly to our ordinary activities. They are therefore separately disclosed to allow a more comparable view of underlying operating performance. The use of special items entails management judgment in the separation from other cost items in the income statement. Management carefully considers changes to ensure the correct distinction between the operating activities of the Group and non-recurring expenses incurred to enhance the future earnings potential of the Group, with only the latter comprising special items.

Special items costs are split into five main categories: (i) reorganization and restructuring costs, (ii) costs associated with business set-up, acquisitions and disposals, (iii) Transformation Program costs, (iv) IPO-related costs and (v) other costs and income. Reorganization and restructuring costs include extraordinary severance costs related to the implementation of the Transformation Program and costs related to the launch of the existing management investment program. Costs associated with business set-up, acquisitions and disposals include extraordinary costs related to acquisitions and disposals executed during the last three years. Transformation Program costs include extraordinary costs related to the launch and execution of the Transformation Program. These costs relate to the development of a target operating model, the development of the corporate strategy, and investments in security and stability programs as well as the implementation of cost optimization programs related to technology, operations and procurement. The cost of third-party consultants represents the majority of the costs relating to the Transformation Program. IPO-related costs consists of costs for external advisors in connection with the IPO, including fees to bookrunners, lawyers, auditors and other advisors, as well as transaction bonuses, employee share bonuses and retention bonuses and consulting and other advisory fees paid to the Pre-IPO Shareholders.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses are presented in the income statement as (i) amortization of business combination intangibles & impairment losses and (ii) underlying depreciation and amortization. Underlying depreciation and amortization is depreciation and amortization adjusted for amortization of business combination intangibles & impairment losses.

Amortization of business combination intangibles includes the amortization of intangible assets acquired, but not booked in the acquired accounts, in business combinations and recognized separately from goodwill, including customer agreements and development projects. The useful life of customer agreements is determined based on periodic assessments of customer churn or actual useful life and the intended use for those assets. At each reporting date, the Group assesses whether there is any indication that its intangible assets or plant and equipment are impaired. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss (if any). If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable amount of an intangible asset or plant and equipment is less than its carrying value, an impairment loss is recognized immediately in the consolidated income statement.

Underlying depreciation and amortization include the amortization of internal development projects meeting capitalization criteria in accordance with IAS 38, as well as the depreciation of acquired leaseholds, terminals leased by the Group to third parties under operational lease agreements, and plant and machinery. The useful life of development projects is determined based on periodic assessments of actual useful life and the intended use for those assets. Such assessments are completed or updated when new events occur.

Profit from Associates after Tax

Profit from associates after tax relates to the Group’s investment in e-Boks A/S and reflects the Group’s share of the results of operations of the associate.

Profit from Divestment of Business

Profit from divestment of business relates to the Group's gain on the divestment of assets and liabilities related to Prepaid and Eurocard activities from Nets Oy in Finland, and Cryptera A/S from Nets Norway AS (which has since been merged into Nets Denmark A/S and is now Nets Branch Norway) in Denmark.

Fair Value of Visa Europe Share and Related Liabilities

The Visa Europe shares held by Nets Oy and Teller A/S were designated as fair value through the income statement in the financial statements for 2015 and 2016 in order to present both the fair value gain of the shares and the value adjustment on the liability to pass on the proceeds in the income statement. Additional proceeds to be received through the Group's branches in Sweden and Norway will be retained by Nets.

Financial Income and Expenses

Financial income and expenses comprise interest income and expenses, amortization of capitalized finance costs, realized and unrealized gains, and dividends, losses on transactions denominated in foreign currencies and securities and subsequent changes to contingent acquisitions costs.

Income Taxes

Tax for the year comprises current income tax, change in deferred tax and adjustments from prior years. Tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or equity.

Nets and its Danish subsidiaries are jointly taxed. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognized in the consolidated income statements. The tax saving as a result of losses is also refunded proportionately. The companies in the Group are taxed under the on-account tax scheme. Interest/refunds relating to the tax payment are included in interest income and expense and similar items.

Results of Operations

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

The following tables set out income statement items and percentage change in those items from our audited consolidated financial statements for the 2015 financial year of the Issuer and 2016 financial year of the Parent Guarantor on a reported currency basis:

	Year ended December 31,		Percentage change
	Issuer	Parent Guarantor	
	2015	2016	2016 vs. 2015
	DKK millions		%
Revenue, gross	9,040	10,084	11.5
Interchange fees and processing fees	(2,204)	(2,699)	22.5
Revenue, net of interchange fees and processing fees	**6,836**	**7,385**	**8.0**
Cost of sales	(983)	(963)	(2.0)
External expenses	(1,732)	(1,769)	2.1
Staff costs	(1,873)	(2,034)	8.6
Operating profit before depreciation and amortization (EBITDA) b.s.i.	**2,248**	**2,619**	**16.5**
Special items	(538)	(345)	(35.9)
Special items—IPO related costs	—	(261)	—
Operating profit before depreciation and amortization (EBITDA)	**1,710**	**2,013**	**17.7**
Amortization of business combination intangibles and impairment losses	(627)	(654)	4.3
Underlying depreciations and amortizations	(271)	(416)	53.5
Operating profit (EBIT)	**812**	**943**	**16.1**
Profit from associates after tax	(3)	4	233.3
Fair value adjustment of Visa shares	2,428	413	83.0
Fair value adjustment on liability related to Visa shares	(1,913)	(448)	76.6
Fair value adjustment of VISA shares related to Teller Branch Norway	—	185	—
Financial income and expenses, net	(801)	(1,055)	31.7
Financial expenses—refinancing costs	—	(738)	—
Net financials	**(289)**	**(1,639)**	**467.1**
Profit before tax	523	(696)	233.1
Income taxes	(404)	112	127.7
Net profit for the year	**119**	**(584)**	**590.8**
Profit is attributable to:			
Owners of Nets A/S	97	(601)	719.6
Non-controlling interests	22	17	(22.7)

Gross Revenue

Group gross revenue increased by DKK 1,044 million, or 11.5%, from DKK 9,040 million for the year ended December 31, 2015, to DKK 10,084 million for the year ended December 31, 2016.

Interchange Fees and Processing Fees

Interchange fees and processing fees increased by DKK 495 million, or 22.5%, from DKK 2,204 million for the year ended December 31, 2015, to DKK 2,699 million for the year ended December 31, 2016. The increase was mainly driven by increased card turnover in the Merchant Services segment and an increase in fees paid to Dankort card issuers due to a change in the revenue model for Dankort.

Revenue, Net of Interchange Fees and Processing Fees

Revenue increased by DKK 549 million or 8.0%, from DKK 6,836 million for the year ended December 31, 2015, to DKK 7,385 million for the year ended December 31, 2016. The increase was mainly due to higher volumes, strengthened commercialization of the business including increased sales force effectiveness, and through acquisitions. Especially in the Swedish market, performance was very strong, increasing revenue to DKK 542 million, up by DKK 201 million, compared to the prior year.

Group organic revenue growth for the year ended December 31, 2016, compared to the year ended December 31, 2015, was 7%. The organic growth was driven by a strong performance in Merchant Services and Financial & Network Services with organic growth rates of 13% and 10% respectively, and a solid organic growth in Corporate Services of 2%.

The following table sets forth organic revenue growth by operating segment for the year ended December 31, 2016, compared to the year ended December 31, 2015:

	Percentage change 2015-2016
	%
Merchant Services	13%
Financial & Network Services	10%
Corporate Services	2%
Organic revenue growth	**7%**

Revenue by Operating Segment

Merchant Services segment revenue increased by DKK 451 million, or 24.2%, from DKK 1,866 million for the year ended December 31, 2015, to DKK 2,317 million for the year ended December 31, 2016. The increase was driven by growth across the business, where all products and customer segments contributed. Growth was also supported by the implementation of new interchange regulation (MIF). Organic growth was particularly strong in Sweden.

Financial & Network Services segment revenue increased by DKK 67 million, or 3.0%, from DKK 2,206 million for the year ended December 31, 2015, to DKK 2,273 million for the year ended December 31, 2016. The increase was mainly driven by higher volumes in card payment transactions and value added services within fraud and dispute solutions and Consumer Management Service showed strong performance. Organic growth was also supported by implementation revenue related to the Mobile Dankort.

Corporate Services segment revenue increased by DKK 31 million, or 1.1%, from DKK 2,764 million for the year ended December 31, 2015, to DKK 2,795 million for the year ended December 31, 2016. The increase was mainly driven by solid growth in direct debit and strong growth in clearing services.

Cost of Sales

Cost of sales decreased by DKK 20 million, or 2.0%, from DKK 983 million for the year ended December 31, 2015, to DKK 963 million for the year ended December 31, 2016. The decrease reflected improved operational procurement, lower costs for distribution and passage as well as a mix shift in the POS solutions business.

External Expenses

External expenses increased by DKK 37 million, or 2.1%, from DKK 1,732 million for the year ended December 31, 2015, to DKK 1,769 million for the year ended December 31, 2016, mainly driven by sourcing partnership related to technology development and increased marketing activities, while continued optimization of the IT sourcing mix, operational processes and improved procurement impacted external expenses positively.

Staff Costs

Staff costs increased by DKK 161 million, or 8.6%, from DKK 1,873 million for the year ended December 31, 2015 to DKK 2,034 million for the year ended December 31, 2016, primarily driven by full year impact from acquired companies (primarily Kortaccept AB acquired in December 2015), new incentive programs put in place after the IPO and lower capitalization levels compared to 2015.

EBITDA b.s.i. (Non-IFRS)

EBITDA b.s.i. increased by DKK 371 million, or 16.5%, from DKK 2,248 million for the year ended December 31, 2015 to DKK 2,619 million for the year ended December 31, 2016. The improvement in EBITDA b.s.i. was primarily driven by operating leverage from revenue growth, as well as improved efficiency related to the continued implementation of the Transformation Program.

Segment EBITDA b.s.i. (Non-IFRS)

The following table presents EBITDA b.s.i. by operating segment for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31,		Percentage change
	2015	2016	2016 vs. 2015
	DKK millions		%
Merchant Services	559	792	41.7
Financial & Network Services	810	893	10.2
Corporate Services	879	934	6.3
EBITDA b.s.i. (non-IFRS)	**2,248**	**2,619**	**16.5**

The following table presents EBITDA b.s.i. margin by operating segment for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31,		Percentage point change
	2015	2016	2016 vs. 2015
Merchant Services	30.0%	34.2%	4.2
Financial & Network Services	36.7%	39.3%	2.6
Corporate Services	31.8%	33.4%	1.6

Segment EBITDA b.s.i. for Merchant Services increased by DKK 233 million, or 41.7%, from DKK 559 million for the year ended December 31, 2015 to DKK 792 million for the year ended December 31, 2016. EBITDA b.s.i. margin for Merchant Services increased 4.2 percentage points from 30.0% in 2015 to 34.2% in 2016. This increase was mainly due to increased revenue, supported by operating leverage and a positive effect from the new interchange regulation.

Segment EBITDA b.s.i. for Financial & Network Services increased by DKK 83 million, or 10.2%, from DKK 810 million for the year ended December 31, 2015 to DKK 893 million for the year ended December 31, 2016. EBITDA b.s.i. margin for Financial & Network Services increased 2.6 percentage points from 36.7% in 2015 to 39.3% in 2016. This increase was mainly due to operational improvements leading to reduced complexity and an increase in automated processes.

Segment EBITDA b.s.i. for Corporate Services increased by DKK 55 million, or 6.3%, from a profit of DKK 879 million for the year ended December 31, 2015 to DKK 934 million for the year ended December 31, 2016. EBITDA b.s.i. margin for Corporate Services increased 1.6 percentage points from 31.8% in 2015 to 33.4% in 2016. This increase was primarily attributable to strong growth in profitability driven by the effects from the Transformation Program.

Special Items

The following table presents information concerning special items for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31,	
	2015	2016
	DKK millions	
Reorganization and restructuring costs(1)	159	113
Costs associated with business set-ups, acquisitions and disposals	44	14
Transformation Program	353	219
IPO-related costs	—	261
Other costs and income, net	(18)	(1)
Total special items, Income Statement	**538**	**606**

(1) Primarily includes employee severance costs relating to implementation of the Transformation Program.

Special items were DKK 606 million for the year ended December 31, 2016 and DKK 538 million for the year ended December 31, 2015. Of the amount for the year ended December 31, 2016, DKK 261 million constituted IPO-related costs. Total IPO costs amounted to DKK 431 million, including IPO-related costs recognized directly into equity of DKK 170 million. Non-IPO-related special items were DKK 345 million, a decrease of DKK 193 million compared to 2015. Special items were mainly related to the Transformation Program and severance costs following restructuring of the organization within areas such as technology, customer services and the CFO area.

Underlying Depreciation and Amortization

Underlying depreciation and amortization were DKK 416 million for the year ended December 31, 2016, up from DKK 271 million for the year ended December 31, 2015. This increase was primarily due to an increased investment level in recent years, whereas revised useful lifetime on certain development assets, and fully amortized at year-end, impacted underlying depreciation and amortization by approximately DKK 60 million.

EBIT

EBIT increased by DKK 131 million, or 16.1%, from DKK 812 million for the year ended December 31, 2015, to DKK 943 million for the year ended December 31, 2016.

The improvement in EBIT was a combination of increased revenue, effects from the Transformation Program and strong cost control which were partly offset by increased depreciations and amortizations.

Amortization of Business Combination Intangible and Impairment Losses

Amortization of business combination amounted to DKK 654 million compared to DKK 627 million in 2015. The increase was primarily due to the full year impact of the acquisition of Kortaccept AB (Nordea's acquiring business) in December 2015.

Fair Value Adjustment of Visa Europe Share and Related Liabilities

For the year ended December 31, 2016, the fair value adjustment of Visa shares to be passed through amounted to DKK 413 million (DKK 2,428 million in 2015), and value adjustments related to contingent liabilities amounted to DKK 448 million (DKK 1,913 million in 2015). Within the value adjustments of the liability, DKK 115 million consisted of reclassification of tax expenses recognized in 2015 due to a tax ruling obtained in Finland on deductibility of payments to be passed through. Value adjustments of Visa shares in Teller Branch Norway, consisting of proceeds belonging to the Group, amounted to DKK 185 million. See note 7.2 to the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum.

Financial Income and Expenses, Net

Financial income and expenses, decreased by DKK 254 million, or 31.7%, from negative DKK 801 million for the year ended December 31, 2015, to negative DKK 1,055 million for the year ended December 31, 2016. The decrease was due to a reduction in total financial income, exclusive of refinancing costs from 2015 to 2016, and an increase in net foreign exchange loss, particularly offset by a decrease in interest expense on external loans.

Financial expenses—refinancing costs increased by DKK 738 million from nil for the year ended December 31, 2015, for the year ended December 31, 2016. The increase was mainly due to extraordinary amortization of transaction costs in connection with refinancing, payment in kind interest paid in connection with the early settlement of the Issuer's PIK loan and settlement of interest swaps.

Income Taxes

Income tax expense decreased by DKK 516 million, or 127.7%, from an expense of DKK 404 million for the year ended December 31, 2015, to a credit of DKK 112 million for the year ended December 31, 2016.

The effective tax rate for 2016 was 16.1% compared to 77.3% in 2015. The deviation from the applicable corporate income tax rate in Denmark of 22% for 2016 was primarily due to the tax effect from fair market value adjustment of Visa shares and related non-deductible contingent considerations liability (10 percentage points), deviation in foreign subsidiaries' tax rates (one percentage point), partly offset by certain tax adjustments related to previous years, and in particular, Nets' successful appeal with the Finnish tax authorities for deductibility of amortization on intangibles related to the acquisition of Nets Oy in 2012 (negative four percentage points). For 2015, the effective tax rate was significantly impacted by non-deductible costs related to the sale of the Group. For 2016, Nets paid taxes amounting to DKK 653 million which was significantly impacted by the Visa Transaction.

Net Profit for the Year

Net profit for the year decreased by DKK 703 million, from positive DKK 119 million for the year ended December 31, 2015, to negative DKK 584 million for the year ended December 31, 2016, as a result of the factors described above.

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

The following table sets out income statement line items and the percentage change in those items, using amounts presented in respect of the year ended December 31, 2015, income statement information extracted from the Issuer 2015 Audited Financial Statements and, for amounts presented in respect of the year ended December 31, 2014, the Operating Group 2014 Income Statement Information. The Operating Group 2014 Income Statement Information has not been adjusted to reflect the impact of any changes to the income statement that occurred as a result of the application of purchase accounting adjustments applied as a result of the Nets Acquisition. Therefore, the Operating Group 2014 Income Statement Information is not directly comparable with the income statement data contained in the Issuer 2015 Audited Financial Statements. In particular, differences in amortization and depreciation expenses, net financial income and expenses and financial expenses render comparisons of these line items between 2015 and 2014 of limited value. In each case, these figures are presented on a reported currency basis, so as a result fluctuations in exchange rate may also impact the comparability between the two periods.

	Year ended December 31,		
	Operating Group	**Issuer**	**Percentage change**
	2014	**2015**	**2015 vs. 2014**
	DKK millions		**%**
Revenue, gross	8,607	9,040	5.0
Interchange fees and processing fees	(2,061)	(2,204)	6.9
Revenue, net of interchange fees and processing fees	**6,546**	**6,836**	**4.4**
Cost of sales	(1,081)	(983)	(9.1)
External expenses	(1,846)	(1,732)	(6.2)
Staff costs	(1,956)	(1,873)	(4.2)
Operating profit before depreciation and amortization (EBITDA) b.s.i.	**1,663**	**2,248**	**35.2**
Special items	(411)	(538)	30.9
Special items—IPO related costs	—	—	—
Operating profit before depreciation and amortization (EBITDA)	**1,252**	**1,710**	**36.6**
Amortization of business combination intangibles and impairment losses	(110)	(627)	470.0
Underlying depreciations and amortizations	(298)	(271)	(9.1)
Operating profit (EBIT)	**844**	**812**	**(3.8)**
Profit from associates after tax	13	(3)	(123.1)
Profit from divestment of business	45	—	
Fair value adjustment of Visa shares	—	2,428	—
Fair value adjustment on liability related to Visa shares	—	(1,913)	—
Fair value adjustment of VISA shares related to Teller Branch Norway	—	—	—
Financial income	82	196	239
Financial expenses	(51)	(997)	N/A
Net financials	**89**	**(289)**	**(424.7)**
Profit before tax	**933**	**523**	**(43.9)**
Income taxes	(281)	(404)	43.8
Net profit for the year	**652**	**119**	**(81.7)**
Profit is attributable to:			
Owners of Nassa Topco AS	656	97	(85.2)
Non-controlling interests	(4)	22	(650.0)

Gross Revenue

Group revenue increased by DKK 433 million, or 5.0%, from DKK 8,607 million for the year ended December 31, 2014 to DKK 9,040 million for the year ended December 31, 2015.

Interchange Fees and Processing Fees

Interchange fees and processing fees increased by DKK 143 million, or 6.9%, from DKK 2,061 million for the year ended December 31, 2014 to DKK 2,204 million for the year ended December 31, 2015. The increase was mainly driven by the increase in card turnover in Merchant Services and by an increase in the fees paid to Dankort card issuers due to a change in the revenue model for Dankort. This increase in fees paid to Dankort issuers largely offset the increased gross revenue received from merchants in respect of Dankort transactions.

Revenue, Net of Interchange Fees and Processing Fees

Revenue increased by DKK 290 million or 4.4%, from DKK 6,546 million for the year ended December 31, 2014, to DKK 6,836 million for the year ended December 31, 2015. The increase was mainly due to growth in the Merchant Services segment, driven by an increase in transaction value and e-commerce solutions provided to merchants primarily due to the acquisitions of DIBS Payment Services AB (publ) and Paytrail Oyj. The Financial & Network Services segment also contributed to the growth due to an increased number of transactions and a change to the Dankort revenue model which resulted in increased fees paid by merchants and higher interchange paid to the banks. Group organic revenue growth for the year ended December 31, 2015, compared to the year ended December 31, 2014, was 6%.

The following table sets forth organic revenue growth by operating segment for the year ended December 31, 2015, compared to the year ended December 31, 2014:

	Percentage change 2014-2015
	%
Merchant Services	7%
Financial & Network Services	11%
Corporate Services	1%
Organic revenue growth	**6%**

Revenue by Operating Segment

Merchant Services segment revenue increased by DKK 179 million, or 10.6%, from DKK 1,687 million for the year ended December 31, 2014 to DKK 1,866 million for the year ended December 31, 2015. Organic revenue growth was 7%, primarily driven by an increase in transaction value and number of transactions in 2015 driven by increased focus on growth especially within the e-commerce segment, and the launch of customer retention initiatives. Adjusting for the Kortaccept acquisition which closed on December 10, 2015 and the Storebox acquisition which closed on January 7, 2016, Merchant Services segment revenue for the year ended December 31, 2015, would have been DKK 2,047 million.

Financial & Network Services segment revenue increased by DKK 109 million, or 5.2%, from DKK 2,097 million for the year ended December 31, 2014 to DKK 2,206 million for the year ended December 31, 2015. Organic revenue growth was 11%, mainly driven by growth in the volume of transactions processed both across international card schemes and national debit card schemes and an increase in revenue from value-added services, including fraud prevention, CMS and contactless card services. Adjusting for the Kortaccept acquisition, Financial & Network Services segment revenue for the year ended December 31, 2015 would have been DKK 2,103 million.

Corporate Services segment revenue increased by DKK 2 million, or 0.1%, from DKK 2,762 million for the year ended December 31, 2014 to DKK 2,764 million for the year ended December 31, 2015. Organic revenue growth was 1%, mainly driven by growth in the volume of underlying transactions being substantially offset by the non-recurrence of one-off revenue related to the implementation of new contracts which had been recorded in 2014. Adjusting for the Signaturgruppen acquisition which closed on July 2, 2015, Corporate Services segment revenue for the year ended December 31, 2015 would have been DKK 2,778 million.

Cost of Sales

Cost of sales decreased by DKK 98 million, or 9.1%, from DKK 1,081 million for the year ended December 31, 2014 to DKK 983 million for the year ended December 31, 2015. The decrease reflected improved operational procurement, lower costs for distribution and postage, and a mix shift in POS solutions business.

External Expenses

External expenses decreased by DKK 114 million, or 6.2%, from DKK 1,846 million for the year ended December 31, 2014 to DKK 1,732 million for the year ended December 31, 2015, mainly due to the ongoing Transformation Program, including cost savings related to procurement and project portfolio optimization.

Staff Costs

Staff costs decreased by DKK 83 million, or 4.2%, from DKK 1,956 million for the year ended December 31, 2014 to DKK 1,873 million for the year ended December 31, 2015, due in part to improved operational efficiency. On a constant currency basis, staff costs decreased by DKK 30 million despite the impact of the Nordic salary inflationary effects for the year.

EBITDA b.s.i. (Non-IFRS)

EBITDA b.s.i. increased by DKK 585 million, or 35.2%, from DKK 1,663 million for the year ended December 31, 2014 to DKK 2,248 million for the year ended December 31, 2015. The improvement in EBITDA b.s.i. was driven by a combination of growth in revenue and improved operational efficiency related to the implementation of the Transformation Program. EBITDA b.s.i. margin increased 7.5 percentage points from 25.4% in 2014 to 32.9% in 2015.

Segment EBITDA b.s.i. (Non-IFRS)

The following table presents EBITDA b.s.i. by operating segment for the years ended December 31, 2015 and December 31, 2014:

	Year ended December 31,		Percentage change
	2014	2015	2015 vs. 2014
	DKK millions		%
Merchant Services	426	559	31.2
Financial & Network Services	517	810	56.7
Corporate Services	719	879	22.3
EBITDA b.s.i. (non-IFRS)	**1,663**	**2,248**	**35.2**

The following table presents EBITDA b.s.i. margin by operating segment for the years ended December 31, 2015 and December 31, 2014:

	Year ended December 31,		Percentage change
	2014	2015	2015 vs. 2014
	%		
Merchant Services	25.3	30.0	4.7
Financial & Network Services	24.7	36.7	12.0
Corporate Services	26.0	31.8	5.8

Segment EBITDA b.s.i. for Merchant Services increased by DKK 133 million, or 31.2%, from DKK 426 million for the year ended December 31, 2014 to DKK 599 million for the year ended December 31, 2015. EBITDA b.s.i. margin for Merchant Services increased 4.7 percentage points from 25.3% in 2014 to 30.0% in 2015. The increase was mainly due to (i) increasing volumes, including resulting from the acquisitions of DIBS Payment Services AB (publ), Payzone Nordic AB, Paytrail Oyj and Kortaccept Nordic AB offset by the impact from the divestment of Cryptera A/S (although the divestment did result in improvements to margins for the segment and improved topline momentum) and (ii) the ongoing execution of the Group's Transformation Program resulting in operational efficiencies including lower costs of goods sold, business unit staff costs for IT development and maintenance projects.

Segment EBITDA b.s.i. for Financial & Network Services increased by DKK 293 million, or 56.7%, from DKK 517 million for the year ended December 31, 2014 to DKK 810 million for the year ended December 31, 2015. EBITDA b.s.i. margin for Financial & Network Services increased 12.0 percentage points from 24.7% in

2014 to 36.7% in 2015. The increase was mainly due to higher revenues, an overall lower net cost base due to cost control and higher efficiency stemming from the Group's Transformation Program, primarily relating to lower allocated costs for IT development and maintenance projects, IT operations, customer service and fraud and disputes services. Increased project capitalization also contributed to the margin increase.

Segment EBITDA b.s.i. for Corporate Services increased by DKK 160 million, or 22.3%, from a profit of DKK 719 million for the year ended December 31, 2014 to DKK 879 million for the year ended December 31, 2015. EBITDA b.s.i. margin for Corporate Services increased 5.8 percentage points from 26.0% in 2014 to 31.8% in 2015. This was primarily attributable to higher revenue and the ongoing execution of the Group's overall transformation and efficiency initiatives, including in relation to decreasing costs for IT development and maintenance projects, IT operations and postage and print.

Special Items

The following table presents information concerning special items for the years ended December 31, 2015 and December 31, 2014:

	Year ended December 31,	
	Operating Group	Issuer
	2014	2015
	DKK millions	
Transformation Program	124	353
Reorganization and restructuring costs[(1)]	109	159
Costs associated with business set-up, acquisitions and disposals	181	44
Other costs and income, net	(3)	(18)
Total special items	**411**	**538**

(1) Primarily includes employee severance costs relating to implementation of the Transformation Program.

Special items were DKK 538 million for the year ended December 31, 2015 and DKK 411 million for the year ended December 31, 2014. Costs relating to the Group's Transformation Program, mainly related to external consultants, amounted to DKK 353 million in 2015 compared to DKK 124 million in 2014. Costs of reorganization and restructuring, including employee termination costs relating to implementation of the Transformation Program, amounted to DKK 159 million in 2015 compared to DKK 109 million in 2014. Costs associated with business set-up, acquisitions and disposals amounted to DKK 44 million in 2015 compared to DKK 181 million in 2014. Costs associated with business set-up, acquisitions and disposals for 2015 included costs related to the purchase of additional shares in DIBS Payment Services AB (publ) and costs related to the acquisitions of Kortaccept Nordic AB, Paytrail Oyj, Signaturgruppen A/S and Storebox ApS. Costs associated with business set-up, acquisitions and disposals for 2014 included the acquisition of the Group by the Pre-IPO Shareholders, costs related to the acquisitions of DIBS Payment Services AB (publ), Payzone Nordic AB and Paytrail Oyj and costs related to the divestments of Eurocard and Prepaid.

Underlying Depreciation and Amortization

Underlying depreciation and amortization decreased by DKK 27 million, or 9.1%, from DKK 298 million for the year ended December 31, 2014 to DKK 271 million for the year ended December 31, 2015, mainly as a result of the amortization of intangible assets and the impact of foreign exchange fluctuations.

EBIT

EBIT decreased by DKK 32 million, or 3.8%, from DKK 844 million for the year ended December 31, 2014 to DKK 812 million for the year ended December 31, 2015.

Adjusted EBIT (Non-IFRS)

Adjusted EBIT increased by DKK 612 million, or 45.0%, from DKK 1,365 million for the year ended December 31, 2014 to DKK 1,977 million for the year ended December 31, 2015.

Amortization of Business Combination Intangible and Impairment Losses

Amortization of business combination intangible and impairment losses increased from DKK 110 million for the year ended December 31, 2014 to DKK 627 million for the year ended December 31, 2015, driven in part by the impairment of one development project amounting to DKK 43 million and amortization on new acquisitions (for the Operating Group in respect of 2014).

Profit from Divestment of Business

Profit from divestment of business was DKK 45 million for the year ended December 31, 2014. There was no profit or loss from divestment of business for the year ended December 31, 2015.

Fair Value Adjustment of Visa Europe Share and Related Liabilities

The Visa Europe share was designated as fair value through the income statement in order to present both the fair value gain of the shares and the value adjustment on the liability to pass on the proceeds in the income statement. Fair value adjustment of the Visa Europe share amounted to DKK 2,428 million for the year ended December 31, 2015. Fair value adjustment on contingent consideration liability related to the Visa Europe share amounted to DKK 1,913 million for the year ended December 31, 2015. This was measured based on information available and management's estimates as of December 31, 2015.

Financial Income and Expenses

Financial income was DKK 196 million for the year ended December 31, 2015 and DKK 82 million for the year ended December 31, 2014. The increase was due to an increase in net foreign exchange gains, which amounted to DKK 63 million in 2015 (2014: nil), offsetting lower income from securities and short-term deposits contributing by DKK 3 million in 2015 (2014: DKK 45 million).

Financial expenses were DKK 997 million for the year ended December 31, 2015 and DKK 51 million for the year ended December 31, 2014. The increase was mainly due to an increase in interest expense on bank loans and other fees, which was partially offset by lower amortization from transaction costs.

Income Taxes

Income tax expense increased by DKK 123 million, or 43.8%, from DKK 281 million for the year ended December 31, 2014 to DKK 404 million for the year ended December 31, 2015.

The effective tax rate for 2015 was 77.3% compared to 30.1% in 2014. For 2015, the effective tax rate was significantly impacted by tax on fair value adjustments of shares and contingent liability.

Net Profit for the Year

Net profit for the year decreased by DKK 533 million, or 81.7%, from DKK 652 million for the year ended December 31, 2014 to DKK 119 million for the year ended December 31, 2015.

Liquidity and Capital Resources

General

The Group is exposed to seasonal fluctuations in its business and requires sufficient funding in order to manage its clearing working capital needs. The Group's working capital comprises "narrow" working capital (excluding clearing-related balances) and clearing-related balances. Liquidity management is executed on a daily basis, with a view to securing the Group's required liquidity by appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities. The Group primarily funds its liquidity needs through cash from operating activities, and funds available under the RCF and Overdraft Facility under the Facilities Agreement. Clearing-related liquidity needs are funded through the Group's Clearing Working Capital Facilities. See "*Description of Certain Financing Arrangements*." Additionally, intraday facilities are in place to finance intraday movements of clearing-related balances. The Group has established cash pooling arrangements to ensure cost-efficient and secure cash management. The Group continuously monitors actual and future cash flows to make sure that there are enough capital resources to meet future obligations.

The board of directors of Nets A/S proposed, and our shareholders resolved, to allocate net result for the year ended December 31, 2016, to retained earnings. We may in the future pay dividends to our shareholders, including in 2018 on the basis of our financial results for the year ending December 31, 2017, and pending board and shareholder approval. The board of directors of Nets A/S is authorized for the period until September 1, 2021, to approve repurchases of the shares of Nets A/S on one or more occasion, subject to certain parameters, including that such shares not exceed a total nominal value of 10% of the share capital of Nets A/S from time-to-time, that holdings of treasury shares not exceed 10% of the then-outstanding share capital and that the consideration paid in connection with any such share repurchases does not deviate by more than 10% from a specified quoted price on Nasdaq Copenhagen. Within these parameters, the board of directors may from time-to-time use cash purchases on the open market or in privately negotiated transactions to effect such repurchases, if any. Such repurchases, if any, will depend upon prevailing market conditions, the liquidity requirements of the Group, any contractual restrictions that may limit the ability to make such repurchases and other factors. In addition, we expect that any such repurchases will be in line with the achievement of the Group's financial targets as then stated. Any shares acquired in such repurchases may be retired, resold, held in treasury or distributed to management under one or more management incentive plans. See "*Risk Factors—Risks Relating to the Notes and the Group's Structure—The Indenture will contain limited restrictive covenants and will not restrict our ability to make investments, incur indebtedness, pay dividends, repurchase capital stock or enter into affiliate transactions*."

In the opinion of the Group, cash generated from operating activities and funds available under the RCF and Overdraft Facility will be sufficient to cover our liquidity needs over the next twelve months. We further expect to manage our liquidity reserves and undrawn funding commitments, as well as our capital resources, in ways that are consistent with the medium-term financial targets adopted by our board of directors, as described under "*Outlook 2017 and Medium-Term Guidance*."

Narrow Working Capital

Narrow working capital comprises inventory trade receivables, prepayments and other receivable and trade and other payables, with trade receivables and payables the most significant components. A breakdown of total change in the Group's narrow working capital for the years ended December 31, 2016, 2015 and 2014 is presented in the table below.

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Inventories	15	17	(8)
Trade receivables	(67)	(162)	34
Prepayments and other receivables	57	30	(41)
Trade and other payables	168	179	82
Total change in narrow working capital	**173**	**64**	**67**

For the years ended December 31, 2016, 2015 and 2014, changes in narrow working capital contributed positively to cash flow by DKK 67 million, DKK 64 million and DKK 173 million, respectively. In 2016, the positive contribution was a result of lower trade receivables due to improved dunning procedures, partially offset by lower trade and other payables due to optimization of payment terms. In 2015, the positive contribution was driven by the Group achieving longer payment terms from creditors as well as a positive impact from outstanding creditors in acquired businesses in 2015, partly offset by higher trade receivables due to higher activity level, including outstanding from ongoing implementation activities and receivables in acquired businesses in 2015. In 2014, the positive movement reflected in trade and other payables was driven by an increase in the cost base including costs related to the Transformation Program. In 2013, narrow working capital was DKK (55) million. See note 3.1 to the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum for further details.

Clearing-related Balances

Clearing-related balances comprises the aggregate of receivables from cardholders and settlement assets less the aggregate of merchant creditors, settlement obligations and prepayments from cardholders, as these balances have a tendency to offset each other, except for receivables from cardholders. The carrying amount of clearing-related balances is, in general, driven by a combination of card turnover and settlement days. Changes in clearing-related balances for the years ended December 31, 2016, 2015 and 2014 are presented in the table below.

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Change in settlement assets	(39)	166	(772)
Change in settlement obligations	(86)	—	96
Change in cardholder receivables	(16)	1,221	—
Change in cardholder prepayments	(491)	(14)	—
Change in merchant creditors	(932)	(384)	556
Total change in clearing-related balances	**(1,564)**	**989**	**(120)**

Cash flow from clearing-related balances for the year ended December 31, 2016 amounted to DKK (120) million compared to DKK 989 million for the year ended December 31, 2015 and DKK (1,564) million for the year ended December 31, 2014. Year-end clearing-related balances are impacted heavily by which day of the week the accounts are closed and the transaction volume in the days prior to closing. The decreased development in cash from 2015 to 2016 was to a large extent driven by the Group's exit of the co-issuing business in Finland. The decrease from 2013 to 2014 was partly driven by the sale of the Finnish prepayment business, partly by the change in business model in Finland resulting in lower merchant balances and partly by the weekday settlement flow over Christmas.

Cash Flow Analysis

The following table presents the primary components of the Group's cash flow for the years ended December 31, 2016, 2015 and 2014:

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Cash flow from operating activities excluding clearing-related balances	1,088	1,105	(686)
Change in clearing-related balances	(476)	989	(120)
Net cash from investing activities in the year	120	(2,081)	67
Net cash flows from financing activities in the year	205	582	212
Net cash flow for the year	**(151)**	**595**	**(527)**

Cashflow from Operating Activities Excluding Clearing Working Capital

For the year ended December 31, 2015, net cash flow from operating activities excluding clearing-related balances was minus DKK 686 million, which was significantly impacted by IPO-related interest payments, including the early settlement of the payment in kind loan of DKK 1,616 million and payment of taxes related to the Visa Transaction of DKK 452 million. Excluding these two items, net cash flow from operating activities excluding clearing-related balances would have been DKK 1,383 million in 2016, compared to DKK 1,105 million in 2015.

For the year ended December 31, 2015, cash flow from operating activities excluding clearing-related balances was DKK 1,105 million, including positive change in narrow working capital of DKK 64 million, and interest, net of negative DKK 568 million and tax payments of DKK 80 million. The lower tax payments compared to the accounting tax expense of DKK 445 million was mainly due to tax accruals on the Visa Europe shares.

For the year ended December 31, 2014, cash flow from operating activities excluding clearing-related balances was DKK 1,088 million, including positive change in working capital excluding clearing-related balances of DKK 173 million and interest and tax payments of DKK 311 million.

Cash Flow from Investing Activities

For the year ended December 31, 2016, cash flow from investing activities amounted to positive DKK 67 million, including net proceeds from the Visa Transaction of DKK 783 million. Excluding the Visa Transaction, cash flow from investing activities amounted to minus DKK 716 million, compared to DKK 2,081 million in 2015, which included the acquisition of Kortaccept Nordic AB for DKK 1,570 million.

For the year ended December 31, 2015, net cash flow from investing activities was DKK (2,081) million, including purchase of investments of DKK 1,570 million and investments in intangibles, mainly development projects, of DKK 394 million and purchase of plant and equipment of DKK 145 million and received dividend from e-Boks A/S of DKK 10 million.

For the year ended December 31, 2014, net cash flow from investing activities was DKK 120 million including cash from divestments and the sale of securities which contributed DKK 1,259 million, purchase of plant and equipment and intangible assets of DKK 403 million, investments of DKK 731 million, payments for currency hedge of DKK 15 million and received dividend from e-Boks A/S of DKK 10 million.

Cash Flow from Financing Activities

For the year ended December 31, 2016, net cash flow from financing activities was positive DKK 212 million compared to positive DKK 582 million in 2015. Key components in 2016 were proceeds from the IPO of DKK 5,430 million net of fees and proceeds from new borrowings of DKK 9,040 million, offset by repayment of existing borrowings and settlement of interest swaps of DKK 14,481 million.

For the year ended December 31, 2015, net cash flow from financing activities was positive DKK 582 million, including proceeds from new borrowings of DKK 1,636 million in connection with acquisitions, partially offset by repayments of borrowings of DKK 1,079 million.

For the year ended December 31, 2014, net cash flow from financing activities was DKK 205 million including proceeds from new borrowings of DKK 1,703 million in connection with acquisitions, offset by repayment of loans of DKK 1,000 million related to the acquisition of Nets Oy in 2012 and intra-group dividend payments of DKK 498 million.

Capital Expenditure

The following table presents a breakdown of the Group's capital expenditure not related to acquisitions for the years ended December 31, 2016, 2015 and 2014:

	Year ended December 31,		
	Operating Group	Issuer	Parent Guarantor
	2014	2015	2016
	DKK millions		
Development projects(1)	264	394	391
Purchase of point-of-sale equipment	85	95	117
Purchase of plant & machinery(2)	32	44	109
Purchase others	22	6	29
Capital expenditure, net	**403**	**539**	**646**

(1) Development project costs are directly attributable to the design and testing of identifiable and unique projects including software products controlled by the Group. Development projects in progress are tested for impairment at least annually.

(2) Excludes financial leases of DKK 22 million in 2016.

In addition, we incurred development costs (comprising internal and external costs which are captured and allocated to specific development projects within the Group's project management system) for intangibles that do not qualify for capitalization of DKK 422 million, DKK 337 million and DKK 347 million in the years ended December 31, 2016, 2015, and 2014, respectively. In connection with the Transformation Program, the Group has benchmarked its accounting judgment for capitalization of IT development projects, including software. Consequently, the process has been updated to reflect industry standards. The adjusted accounting judgment has resulted in an increased ratio of capital expenditure to revenue, the vast majority of which relates to the Financial and Network Services segment.

Capital expenditure for the year ended December 31, 2016 increased by DKK 129 million compared to the year ended December 31, 2015, primarily due to the ongoing network segregation and the establishment of a third data center in Norway.

Capital expenditure for the year ended December 31, 2015 increased by DKK 136 million compared to the year ended December 31, 2014, primarily due to the significant investment in and development of the Group's card management platform. Capital expenditure for the year ended December 31, 2014 increased by DKK 76 million compared to the year ended December 31, 2013, also due to various development projects in progress. The Group's ratio of capital expenditure to revenue for 2015 was 7.9% compared to 6.2% in 2014.

Future capital expenditure is expected to be financed through cash generation from ordinary business performance and available liquidity. Investments in a new data center in Norway and in further network segregation will continue in 2017. Nets is also committed towards certain IT vendors in relation to the use of software and/or development work in development projects.

Contractual Obligations

The total contractual obligations as of December 31, 2016, after giving effect to the issuance of the Notes and the use of proceeds thereof, can be specified as follows:

	Less than 1 year	1-2 years	3-4 years	More than 5 years	Total
			DKK millions		
Term Facilities(1)	131	131	798	3,699	4,759
RCF(1)	7	7	15	1,624	1,653
Notes	—	—	—	2,976	2,976
Clearing Working Capital Facilities(1)	314	—	—	—	314
Trade and other payables	1,613	1	—	—	1,614
Merchant creditors(2)	2,622	—	—	—	2,622
Settlement obligations(2)	2,513	—	—	—	2,513
Deferred consideration for business combinations	41	47	197	0	285
Finance leases	6	11	6	—	22
Operating leases	100	149	69	206	524
Total contractual obligations	**7,346**	**346**	**1,085**	**8,505**	**17,282**

(1) The maturity analysis is based on undiscounted cash flows, including estimated interest (other than for the Notes). Interest (other than for the Notes) is included based on current rates.

(2) The Group's merchant acquiring business has a short-term settlement cycle where card schemes (predominantly Visa/MasterCard) remit cash and the Group pays merchants from these remittances. These settlement activities can result in a significant increase in cash balances or a significant decrease in cash balances at a given time. Liquidity is needed only when merchants are remitted prior to funds being so received; however, these settlements are normally completed within a few days.

Operating lease commitments are related to non-cancellable operating leases primarily pertaining to premises, cars and office equipment. Operating lease payments recognized as an expense amounted to DKK 107 million in 2016. At December 31, 2016, the Group's operating lease obligations amounted to DKK 524 million, and preliminary analyses show that the majority of these costs would be recognized in the balance sheet as an asset and liability, if IFRS 16 was applicable at December 31, 2016. See "*—Critical Accounting Estimates and Judgments—IFRS 16 Leases*" below.

Off-Balance Sheet Arrangements

As of December 31, 2016, the Group did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on the Group's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Outlook 2017 and Medium-Term Guidance

The guidance and targets described below constitute forward-looking statements that are based upon a number of estimates and assumptions and are subject to risks and uncertainties. Such statements do not assure actual future results, and the Group's actual results may differ materially from those described in these forward-looking statements due to a variety of factors, certain of which are outside of the Group's control. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not the assumptions stated below prove to be correct. See also "*Forward-Looking Statements*" and "*Risk Factors*," including "*Risk Factors—Risks Relating to the Group's Business—The Group's future results may differ materially from what is expressed or implied by the financial targets presented in this Offering Memorandum, and investors should not place undue reliance on these targets*" and those specifically referenced at the end of this subsection.

Targets	Guidance for 2017	Medium-Term Guidance
Organic revenue growth:	5-6%	5-6% per annum
EBITDA b.s.i. margin:	Above 36.0%	High 30s
Special items (including IPO-related expenses):	DKK 150 million, of which approximately 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 approximately DKK 150 million to cover long-term incentive program and assuming no additional M&A activities	2.0x-2.5x assuming no M&A activities
Dividends:	None	First dividend may be paid in 2018 on the basis of 2017 results, with targeted payout ratio of 20-30%

Assumptions in Relation to Guidance for 2017

The assumptions on which the guidance for 2017 are based included that:

- *Organic Revenue Growth:* The expected organic revenue 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 fueled 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 2016 growth. The guidance also reflects a lower expected implementation revenue in Financial & Network Services.

- *EBITDA b.s.i. Margin*: EBITDA b.s.i. margin is expected to be above 36.0%, driven by a continued positive impact from operating leverage and benefits from the Transformation Program.

- *Special Items*: Special items are expected to be around DKK 150 million, whereof DKK 120 million relates to the Transformation Program 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 center in Norway and network segregation. In addition, investments are expected related to PSD2, mobile solutions and product development.

- *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 program, which is expected to be initiated to cover the obligations under the long-term incentive program to be issued in March 2017, amounting to approximately DKK 150 million.

Assumptions in Relation Medium-Term Financial Targets

The assumptions on which the medium-term financial targets of the Group are based included 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 Program;
- We are able to further develop current margins as a result of revenue growth, the positive effect of operational leverage and the ongoing implementation of the Transformation Program; and
- 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.

With respect to the assumptions in relation to guidance for 2017 and the assumptions in relation to Medium-Term Financial Targets listed above, see in particular the following from "*Risk Factors*":

- "*—If the Group fails to keep pace with changes in its industry, including new challenges presented by traditional and non-traditional competitors, or fails to continue to provide attractive and innovative products and services, the use of the Group's products and services could decline, reducing its revenues and earnings*";
- "*—A decline in digital payment transactions, including the use of recurring and one-time account-based payments and credit or debit cards as a payment mechanism for consumers, or adverse developments with respect to the digital payments industry in general could have a material adverse effect on the Group*";
- "*—The Group's Transformation Program may not produce the synergies and cost savings expected*";
- "*—The Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes, and impair its ability to operate its business*";
- "*—If the Group is unable to effectively respond to competition, demand for its services may be adversely affected*";
- "*—The prevalence of domestic card schemes in Europe has changed and could be phased out and replaced by international card schemes*";
- "*—Failure to renew agreements with customers on acceptable terms or termination of such agreements by customers could harm the Group's business*"; and
- "*—Changes in applicable laws and regulation in the jurisdictions in which the Group operates may have a material adverse effect on the Group's business, financial condition, results of operations and prospects including by imposing operational restrictions and compliance obligations on the Group's business, reducing the Group's revenue or increasing the Group's expenses*."

Critical Accounting Estimates and Judgments

For a discussion of the Group's critical accounting estimates and judgments, see the notes to the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum.

For the standards and interpretations which have been issued, but are not yet effective, up to the date of issuance of the Group's audited financial statements, and which are considered to have an effect on the Group, see note 7.4 to the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum.

New standards and amendments which are not yet effective and which are not considered to have an impact on the Group are not disclosed. The Group intends to adopt these standards, if applicable, when they become effective.

Quantitative and Qualitative Disclosure about Market Risk

The Group is exposed to various market risks, including foreign exchange risk, interest rate risk and credit risk and liquidity and financing risk associated with its underlying assets, liabilities, foreign exchange transactions and financial commitments. See "*Risk Factors*" for further details on these and other risks the Group faces.

Foreign Currency Risk

The Group operates predominantly in northern Europe and is primarily exposed to exchange rate fluctuations from revenues and liabilities in NOK and SEK, and to a minor degree USD, GBP and ISK. EUR-based exposure is considered low, given the de facto fixed rate policy that the Danish Central Bank has maintained since the introduction of the euro.

The Group's exposure to foreign currency fluctuations is summarized in the following tables. The following table presents the percentage breakdown of the Group's revenue and EBITDA by currency reflecting the reporting currency of the entity. See "—*Factors Affecting Our Results of Operation*" and note 2.5 to the Parent Guarantor 2016 Audited Financial Statements included elsewhere in this Offering Memorandum.

Interest Rate Risk

The Group is exposed to interest rate risk on loans, credits and cash balances as well as mismatches on maturities between loans and cash, resulting in floating interest cash flows. The Group's loan arrangements are based on floating basis interest rates. Cash held at floating rates partly offset risk arising from changing interest rates on the Group's loans and credits. See footnote 5.2 to the Parent Guarantor's Audited Financial Statements included elsewhere in this Offering Memorandum.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to chargebacks that arise where customers may not have received the goods or services for which they have paid and seek recompense from the card issuer. Whilst the financial responsibility for a chargeback lies with the merchant, in the event that the merchant is no longer in business, the Group has a liability to re-compensate the card scheme or the issuing bank. In addition, the Group is exposed to the risk of unpaid merchant service charges where a customer ceases to trade. To manage this risk, the Group maintains credit risk exposure in line with approved appetite for risk whilst achieving appropriate risk-versus-reward performance and ensuring that customers will be able to meet their obligations to the Group.

The Group was also previously exposed to credit risk through the co-issuing model that the subsidiary Nets Oy was running in Finland with four banks. In this business model, Nets Oy was exposed to the banks' private clients' non-payment of credit card debt and a subsequent prolonged debt-collection process. This business was closed down during 2015.

Liquidity and Financing Risk

Liquidity management is executed on an ongoing daily basis, with a view to securing required liquidity of the Group by appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities. The Group has established cash pooling arrangements to ensure cost-efficient and secure cash management. The Group continuously monitors actual and future cash flows to match the maturity profiles of financial assets and liabilities. A part of the Group's liquidity positions relates to its settlement activities (settlement cash). The Group ensures that it has sufficient liquidity at any time to meet its settlement payment obligations as they fall due. This is achieved by holding significant cash balances and maintaining sufficient credit lines. See "—*Liquidity and Capital Resources*."

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of sources as listed in "Industry Overview." Such information has been accurately reproduced, and, as far as the Company is aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Key Industry Themes

There are a number of key themes that impact digital payments and that are likely to influence the future of commerce in the Nordic region and how the ecosystem will evolve:

- The Nordic region is attractive for digital payment providers.
- Continued steady growth is expected in digital payments with some faster growing pockets.
- Technological changes are accelerating the development and adoption of innovative payment solutions.
- European-wide regulatory changes are creating additional opportunities and competition.

Based on management estimates of the number of card payment transactions processed or acquired in 2016, Nets believes that it is the leading provider of digital payment services and related technology solutions in Denmark, Norway and Finland, and the second largest provider in Sweden.

The Nordic Region is Attractive for Digital Payment Providers

The Nordic region is one of the most attractive regions for digital payment providers in Europe driven by the high technological adoption rate and wider political push for digitization, underpinned by a stable macroeconomic environment.

Consumers in the Nordic region have exhibited a high propensity to adopt new technologies and a high general trust and acceptance in electronic solutions for payments and identification. Online buyers, defined as internet users who have made at least one online transaction in the last three months, grew as a percentage of total internet users to 61% in 2014 from 50% in 2010. In addition, spending via e- and m-commerce as a percentage of overall C2B (consumer to business) spending increased from 7% in 2010 to 10% in 2014. Similarly, as of 2014, smartphone ownership in the Nordic region is among the highest in Europe with 66% of mobile phones being smartphones, as compared to smartphone ownership in single country markets such as the Netherlands (65%), Germany (56%), Spain (56%), France (53%) and Italy (49%). The smartphone ownership in the Nordic region is further expected to increase to 80% by the end of 2016. The increasing use of smartphones supports the structural migration to mobile commerce (i.e., where a transaction is initiated using a mobile device), which is gaining momentum and is expected to contribute up to 30% in overall e- and m-commerce in the Nordic region by the end of 2016.

The local governments in the Nordic countries have been supportive of the digitization of the Nordic society. In Denmark, the Danish Central Bank has established a Danish Payments Council as the framework for the future collaboration on the payments of consumers and firms. Other key initiatives taken by the Danish government include: (1) electronic invoices have been made mandatory for the public sector since 2011; (2) the public sector uses only electronic ID platforms to verify the identity of its citizens; (3) all communications sent by the public sector are in a secure electronic form; and (4) citizens are being encouraged to pay taxes via the internet using payment cards. Similarly, in Norway, the Norwegian government published a "Digital Agenda for Norway" and delegated responsibility for the coordination of the Information and Communications Technology ("**ICT**") policy to the Ministry of Government Administration, Reform and Church Affairs, which involves acting as a driver for key areas related to the information society, responsibility to identify and follow up cross-sectoral issues, and responsibility to initiate and coordinate cross-sectoral initiatives. Other key initiatives taken by the Norwegian government include: (1) the public sector requiring all vendors to send invoices electronically; (2) all communications sent by the public sector towards citizens being digitized and sent to either e-Boks or Digipost, Norway Post's digital mailbox service; and (3) tax returns being made electronically available for review and update.

Finally, the attractiveness of the Nordic region is further supported by strong underlying macroeconomic fundamentals. According to the World Bank, nominal GDP grew at 2.9% CAGR per annum over 2006 to 2014 and is further expected to grow at 1.9% CAGR over 2014-2020. Consumer spending outgrew nominal GDP growth, exhibiting a 3.3% CAGR from 2006 to 2014, and this trend is expected to continue with consumer spending forecasted to grow at 2.2% CAGR from 2014 to 2020. The total annual value of card transactions in the Nordic region is expected to grow at a CAGR of 5% between 2015 and 2020.

A combination of these factors has resulted in higher digital payments per capita in each of the four Nordic countries compared to most of the rest of Europe. Collectively, the countries of the Nordic region form the third largest card payments region in Europe. In addition, collectively, the countries in the Nordic region have demonstrated significant growth in recent years, with the total number of card-based transactions growing at 9% CAGR from 2012 to 2014. For 2014, the countries in the Nordic region occupied four out of the top five spots in the EU ranking of number of transactions per card. In addition, card penetration is expected to grow in the Nordic region, with the number of card payments expected to reach 79% of total consumer-to-business payments in the region in 2015, up from 77% in 2014.

Continued Steady Growth is Expected in Digital Payments with Some Faster Growing Pockets

The number of digital transactions (including card payments, credit transfers and direct debits) in the Nordic region is expected to grow at a CAGR of 4% between 2015 and 2020 and is expected to reach approximately 14 billion transactions in 2020 as a result of the ongoing structural shift from cash to digital based payment transactions. This growth in the total number of digital transactions consists of (i) strong growth in the number of card transactions, which is expected to grow at a CAGR of 5% between 2015 and 2020 and is expected to reach 10 billion transactions in 2020, and (ii) growth in the number of account-based payments, which is expected to grow at a CAGR of 2% between 2015 and 2020. In addition, there are certain other areas within the overall payments landscape that are expected to grow at a much faster pace.

Over the last two decades, the combination of the growth of the internet, decreasing costs of technology used to access the internet and increasing adoption of digital payments has driven the migration of e- and m-commerce. Looking forward, the total annual value of card-based online payments in the Nordic region is expected to grow from €33 billion in 2015 to €63 billion in 2020, resulting in an estimated CAGR of 14% during this period. Furthermore, it is expected that the total annual value of mobile payments in the Nordic region will increase from €16 billion in 2015 to between €55 billion (28% CAGR) and €80 billion (37% CAGR) in 2020. Merchant service providers also offer a wide range of additional value-added services such as reporting and business analytic tools and loyalty solutions.

As banks across the world strive to become "Everyday Banks" with a central role in their customers' digital lives, it's increasingly clear that offering real-time payments capabilities to customers will be critical for seizing this opportunity. The need for instant access to value is consistently underlined by customer research studies and by the rising number of immediate payments infrastructures being set up and operated around the world. Currently, the Nordic region is one of the only regions in the world to have a real-time gross settlement clearing system. The number of real-time payments in the Nordic region is expected to increase from 1.2 billion transactions in 2015 to between 4.1 billion and 6.5 billion transactions in 2020, resulting in an estimated CAGR of between 28% and 40% over the period.

Furthermore, demand for CMS is expected to grow significantly over the next few years as banks look to centralize and standardize their CMS and may take advantage of CMS outsourcing in order to share the maintenance and cost of standard releases with other issuers. As card issuers see their revenue pool reduce from lower levels of interchange, they have ever greater incentives to find ways to optimize their cost base and outsourcing of this nature is one potential lever to consider. The opportunity for greater outsourcing in this area in the Nordic region is relatively large. For 2015, it is expected that more than 75% of credit card accounts in Sweden and Denmark (based on share of the value of card transactions) were managed in-house by banks, which represents a significant opportunity for payment providers that offer CMS outsourcing capabilities.

Technological Changes are Accelerating the Development and Adoption of Innovative Payment Solutions

Technology is liberating commerce for consumers, allowing them to switch between payment channels, browse and buy on the move and pay through different devices. In this environment of technological development, customers demand (and therefore merchants require) innovative, flexible and omni-channel payment solutions that are delivered rapidly to market. As such, payment service providers generally need to innovate on a continuous basis to continuously meet the ever changing needs of their customers. Some of the key technological trends affecting digital payments in the Nordic region include:

- *More form factors and device types*: The behavior of consumers and merchants has been driven by a large number of payment types and payment acceptance methods that technology has enabled. As a result of technological advances, merchants must offer and accept a wide variety of payment types to maximize their sales, including EMV (also known as chip-and-pin) cards, in-app and virtual cards, contactless payment options and many other local and alternative payment methods. Furthermore, these payments may also be initiated in a number of different ways, including via watches, fobs or Apple Pay, Samsung Pay or Android Pay enabled devices. Technology also affects connectivity which impacts the ability of merchants to process payments through a variety of systems, such as POS terminals, near field communication ("**NFC**"), Bluetooth low energy, beacons, etc. The proliferation of form factors and device types implies a need for merchant service providers to be agile and innovate to deliver the new solutions to the market. At the same time, this proliferation drives growth in the market as it facilitates the conversion from cash to digital payments and provides an opportunity to provide new value-added services to the market, thus benefiting both merchant service providers and issuer processors.

- *Proliferation of peer-to-peer ("P2P") mobile payments*: Digital P2P mobile payments have been increasingly adopted by consumers in recent years. This adoption, from a consumer's perspective, is driven by time savings and not having to enter payment details in multiple websites or share personal information with unfamiliar persons or companies. Going forward, P2P is expected to evolve beyond mobile payments among individuals to include paying for shopping, utility bills, remittances, etc. Some of the leading Nordic P2P payments platforms include Swish in Sweden (over 5.0 million users in 2016), MobilePay in Denmark (3.3 million registered users in 2016), Vipps in Norway (2.1 million active users in 2016) and Siirto in Finland (newly launched), among others. The growth of P2P mobile payments implies that digital payments enter a segment of the market that previously was predominantly cash-based and also card-based to some extent. This further penetration of digital payments in society is beneficial not only for the P2P mobile platforms, but also for providers of the underlying infrastructure. Thus, both issuer processors and clearing house providers are seeing increased volumes as this trend evolves.

- *Increasing contactless penetration*: Driven by increased consumer awareness and demand, Nordic banks and retailers are expected to further utilize contactless terminals across the region and contactless payments. As of 2014, contactless cards account for approximately 10% of the total number of cards in circulation in the Nordic region, collectively, which is significantly lower than in many single countries, such as the United Kingdom (43%), France (43%) and the Czech Republic (60%). The percentage of contactless cards in the Nordic region is expected to increase to 33% in 2019, which is expected to drive a further increase in card transaction volumes as digital payments continue to replace cash. With respect to contactless payments, this trend is especially significant for smaller value transactions, as Nets estimates that average spending on contactless Dankort cards in 2016 was approximately DKK 125 per transaction, compared to approximately DKK 292 per transaction on non-contactless Dankort cards. These increases in volumes benefit both merchant service providers and issuer processors who see higher volumes as well as those merchant service providers with focus on innovation and distribution who can drive the penetration of new technologies among merchants.

European-wide Regulatory Changes are Creating Additional Opportunities and Competition

There are a number of ongoing regulatory changes that have the potential to change the industry and potentially create new opportunities for payment service providers.

For a summary of the most significant regulations applicable to Nets' business, please refer to "*Regulation*." For a description of the regulatory risks, see "*Risk Factors—Risks Relating to Laws and Regulation*."

As of December 9, 2015, the EU IFR introduced caps on the level of interchange fees that can be paid from acquirers to issuing banks in relation to consumer debit card transactions (0.2% cap) and consumer credit card transactions (0.3% cap). EU IFR also requires acquirers to provide merchants with clear information regarding the costs associated with each transaction, including a transaction reference, the costs charged to the merchant (including the split between the interchange and merchant service fees), the value of the transaction and the settlement currency at the merchant's account. This interchange fee cap limits fee income and revenue received by card issuers, but also creates a significant revenue opportunity for merchant services providers. EU IFR is expected to shift, on an annual basis, approximately €320 million in fee income and revenue from issuers to merchants and merchant acquirers due to the interchange fee cap. By reducing the cost of accepting digital payments, the interchange fee cap may encourage more merchants to accept card-based payments, including in respect of transactions involving lower transaction amounts, which is expected to further drive digital transaction volume. In addition, EU IFR may lead card issuers to outsource their CMS.

In addition, PSD2 was published in the Official Journal on December 23, 2015. The main objectives of PSD2 are to contribute to a more integrated and efficient EU market, create a more level playing field for payment service providers (including new participants), make payments safer and more secure, protect consumers and encourage lower prices for payments. The scope and range of regulated services will be expanded by PSD2, along with significant changes to conduct of business requirements for payment service providers. The EU Member States are required to transpose PSD2 into national law no later than January 13, 2018 and, if implemented in its current form, PSD2 will require banks to provide a significant amount of customer account details to third-party providers in order to initiate payments, if the customer's request this.

PSD2 will facilitate third parties' direct access to bank accounts and, accordingly, provides opportunities for and will likely result in increased competition among ecosystem participants. Increased usage of account-based payments may drive higher automated clearing house and real-time clearing volumes. It is possible, however, that accounts-based payments may cannibalize usage of other payments forms, including card-based payments, and that an increase in competition will result in lower revenue and/or margin compression across market participants and providers of payment solutions.

Competitive Environment

Despite consolidation in recent years due to scale benefits in the industry, the digital payments industry globally continues to be highly fragmented. Historically, payment services market participants have focused on only one or a few components of the payment services ecosystem and have not covered the full value chain. Nets primarily competes with payment providers on two primary axes: (i) coverage of the integrated payments value chain, and (ii) scale in the Nordic region. Nets is positioned across the digital payments value chain in the Nordic region and as such does not compete with one single competitor across all of its products and services. In any one specific product or service area, however, Nets competes with a variety of companies that provide similar offerings, including hardware and software vendors, payment processors, and financial institutions. Nets also competes with in-house solutions developed by its corporate and financial institution clients.

In the Merchant Services segment, Nets competes with merchant acquirers, including Bambora, Elavon and Payex, in addition to financial institutions that provide acquiring and processing services to businesses internally, such as Swedbank and Handelsbanken. Nets also competes with Point (owned by Verifone), iZettle and Payex regarding its POS solutions business. In addition, Nets competes with MobilePay, PayPal, Adyen, and Stripe with respect to its next generation services, such as internet and mobile payments. The primary competitive factors that impact this segment are brand strength, data security, breadth of payment type, features, and functionality, ease of set-up (for SMEs) and stability, the ability to settle quickly and reporting support (for larger customers), strength of financial institution partnerships, price, and servicing capability.

In the Financial & Network Services segment, Nets competes with Visa and MasterCard for debit card scheme services and other card schemes more generally for the provision of card payment networks. In issuer processing, Nets competes with card issuer processors, such as Total System Services (TSYS), Worldline/Equens, First Data and Evry, as well as with various software or custom-designed solutions that some financial institutions use to perform these services in-house. The primary competitive factors that impact this segment are system performance and reliability, data security, breadth of features and functionality, disaster recovery capabilities and business continuity preparedness, platform scalability and flexibility, price, and servicing capability, including the ability to offer full end-to-end service.

In the Corporate Services segment, Nets' digital payments platform (which provides integrated invoicing and account-based payment solutions) competes with card payments, including those facilitated through merchant acquirers and bank-to-bank services, that are set up as recurring payments. It also competes with other payment methods like manual payments or traditional invoicing or online bank to bank transfers. For clearing services, Nets' main competitors are clearing houses, including EBA Clearing, VocaLink, Equens and STET. For adjacent value-added services, competition derives principally from a variety of niche single-solution providers.

As described above, Nets has different competitors in each of its three main operating segments and often a competitor only competes with Nets in a sub-unit within each operating segment. This is due to Nets' central position in the digital payments ecosystem in the Nordic region, where Nets has an extensive offering spanning across the value chain and covering all different types of digital payments.

BUSINESS

Overview

We are a leading provider of digital payment services and related technology solutions across the Nordic region. We sit at the center of the digital payments ecosystem and operate a deeply entrenched network which connects merchants, corporate customers, financial institutions and consumers, enabling them to make and receive payments as well as, increasingly, utilize value-added services to help them improve their respective activities. We operate across the entire value chain from payment capture and authorization through to processing, clearing and settlement. We provide services for those wanting to receive payments (such as merchants and corporate customers) and those seeking to make payments (such as card issuers and consumers) and, in some instances, we also operate the payment scheme that sits between these two groups.

Nets enables digital payments across all major channels—in person, online, and over a mobile device—and all major types including national debit card schemes in Denmark and Norway (i.e., Dankort and BankAxept), international debit/credit card schemes (e.g., Visa and MasterCard), alternative payment methods (e.g., mobile and digital payment acceptance solutions such as apps, wallets, etc.), recurring payment systems, and credit transfers. We have been driving innovation across many of these payment types across the Nordic region for nearly 50 years and have been instrumental in creating the modern payment infrastructure seen today.

As such, Nets offers a broad portfolio of solutions to enable card-based payments, account-based payments, clearing, digital identities, security solutions, and other related products and services.

These products and services are provided to a diverse range of customers, including merchants, corporate customers, financial institutions and the public sector. As of December 31, 2016, our customers included more than 300,000 merchants (including over 30,000 e-commerce merchants (i.e., merchants that operate partly or wholly online)), more than 240,000 corporate customers and 240 banks. In the year ended December 31, 2016, we processed approximately 7.7 billion total card transactions across our Merchant Services and Financial & Network Services segments, processed transactions initiated by 35 million cards, and managed approximately 8.3 million digital identities.

Headquartered in Denmark, Nets operates primarily in the Nordic region where we have a leadership position. We also have a growing presence in the Baltic countries. For the year ended December 31, 2016, we reported revenue, net of interchange fees and processing fees ("**Revenue**") of DKK 7,385 million and EBITDA b.s.i. of DKK 2,619 million.

Nets serves its customers through its three customer-facing operating segments:

- **Merchant Services** provides in-store, online and mobile payment acceptance solutions to merchants across the Nordic region from large corporate chains to small and medium-sized enterprises ("**SMEs**") and micro-merchants. Nets serves merchants through a broad set of distribution channels, including partnership relationships such as via bank referrals, value-added resellers and web developers as well as through a direct sales force. The breadth of service, payment type and geographic coverage allows us to be a one-stop-shop for merchants in the countries in which we operate. For the year ended December 31, 2016, Merchant Services acquired approximately 1.8 billion card transactions from international branded cards with card turnover of DKK 475 billion and comprised 31% of our Revenue, and generated EBITDA b.s.i. of DKK 792 million, comprising 30% of our EBITDA b.s.i.
- **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 CMS, fraud and dispute solutions, and mobile wallet technology. The Financial & Network Services segment also processes Dankort, the national debit card network in Denmark that is owned and operated by Nets, and BankAxept, the national debit card network in Norway that is operated by Nets. For the year ended December 31, 2016, Financial & Network Services processed 5.2 billion transactions and comprised 31% of our Revenue, and generated EBITDA b.s.i. of DKK 893 million, comprising 34% of our EBITDA b.s.i.
- **Corporate Services** comprises Nets' account-based payments business, and provides the payment platform for recurring payments and credit transfer transactions for more than 240,000 corporate customers primarily in Denmark and Norway. At the center of this business is the ability to provide seamless and integrated solutions for recurring payments to corporate customers and consumers (e.g., the Danish Betalingsservice and Norwegian AvtaleGiro recurring payments systems). It also includes

solutions for real-time clearing and settlement providing instant payments across bank accounts, digital identification solutions ("**Digital ID**"), and value-added digitization services. For the year ended December 31, 2016, Corporate Services processed 870 million transactions and comprised 38% of our Revenue, and generated EBITDA b.s.i. of DKK 934 million, comprising 36% of our EBITDA b.s.i.

In addition to the three customer-facing operating segments, we are supported by the technology and operations units that operate across the business segments. In the year ended December 31, 2016, Nets generated Revenue as follows (based on the location of the legal entities and branches in the Group): 48% in Denmark, 31% in Norway, 12% in Finland, 7% in Sweden and other countries. Approximately 70% of our Revenue for the year ended December 31, 2016 was generated on a per transaction basis and approximately 30% was generated from fees resulting from a combination of development projects, e-ID solutions, mobile wallet, digitization solutions, POS solutions and value-added services. As of December 31, 2016, the Group had approximately 2,400 full-time employees ("**FTEs**") located in six countries.

History and Development

Nordic banks were among the earliest banks in the world to develop and invest in digital payment services, and Nets, through its Danish and Norwegian predecessor companies, has a history of nearly fifty years in the region. Nets' predecessors were PBS in Denmark, which was founded in 1968, and BBS in Norway, which was founded in 1972. Over the next several decades, Nets' Danish and Norwegian predecessors developed and launched transformative products and services that have since become market standards for consumers, merchants, corporate customers and governments in the region, including the recurring payments systems Betalingsservice (in Denmark) and AvtaleGiro (in Norway), electronic invoicing services, clearing and settlement solutions, credit and debit cards with both domestic and international capabilities (made possible by leveraging the networks of Visa and MasterCard) and others. The Danish national debit card network, Dankort, was launched in 1983 and BankAxept, its Norwegian counterpart which is operated by Nets, was launched in 1991. Over the past decade, Nets' predecessors developed additional product lines and increased their footprints organically and through acquisitions. In 2010, PBS merged with Nordito, the Norwegian holding company of BBS and the Norwegian Teller entity, to form Nets. In 2012, Nets completed its acquisition of Luottokunta (now Nets Oy), Finland's largest payment card company both in terms of number of transactions and revenue.

Transformation Program

In 2014, Nets was acquired by the Advent Funds, the Bain Capital Funds and ATP Investment Vehicles (the "**Pre-IPO Shareholders**"). Following that acquisition, Nets undertook the following strategic initiatives that form the basis of our transformation program (the "**Transformation Program**"): (i) an increased emphasis and organizational focus on our customers and their needs so as to drive increased commercialization across the business; (ii) enhancing the Merchant Services business through growth initiatives (including e-commerce), product development, strategic acquisitions in high growth areas and increased focus on customer retention; (iii) a focus on strategic investment in our technology platforms to both strengthen the stability and security of the core platforms (including an approximately three times increase in spending on information security in the last two years) and also enable enhanced product innovation and a faster time to market; and (iv) promoting significant recurring cost savings and operational efficiencies including, for example, by reducing vendor prices as a result of procurement initiatives, enhancing efficiencies associated with running our technology platforms and improving the cost of application of development and maintenance (partly driven by a more cost-efficient sourcing mix).

Acquisitions

Merchant Services was enhanced principally through several acquisitions, including three in 2014: (i) Payzone, which served to increase our installed base of payment acceptance solutions in Sweden and enhance its payment acceptance capabilities for the hotel and restaurant sectors; (ii) DIBS Payment Services AB (publ), which enhanced and diversified our e-commerce products and services and increased our e-commerce presence in the Nordic region; and (iii) Paytrail Oyj, which increased our e-commerce business in Finland and provided further merchant services provider capabilities. In December 2015, Nets purchased Nordea Bank AB's merchant acquiring business, Kortaccept, which improved the Group's Merchant Services sales volume in the Nordic region generally and in Sweden in particular, adding a new customer base and referral network. Most recently, in January 2016, we acquired a majority stake in Storebox, which offers customers within Merchants Services the ability to leverage their relationships with their retail consumers to offer electronic receipt and loyalty services. We also acquired a majority stake in EDIGard AS in 2014 and a majority stake in Signaturgruppen in 2015, each of which contributed additional services and capabilities to our Corporate Services segment. In total, seven acquisitions have been completed since June 2014, for a total investment of DKK 3.1 billion (including expected earn-outs payments). In January 2017, Nets has purchased the remaining 42.3% shares in EDIGard AS for a cash consideration of DKK 37 million.

Our Competitive Strengths

Nets' management believes that the Group has unique competitive advantages that position Nets as a leading digital payments provider in the Nordic region and that will help Nets drive growth in the future. In particular, the management believes that the business benefits from the following key strengths:

A Leadership Position in the Nordic Region

For almost half a century, Nets has been delivering payment solutions to Nordic banks, merchants, corporate customers and consumers. Nets' pan-Nordic presence was created through the merger of PBS of Denmark and BBS and Teller of Norway in 2010 and the acquisition of leading Finnish payments provider Luottokunta in 2012, as well as several acquisitions in the Nordic region in 2014 to 2016. Due in part to its long history and expansion in the Nordic region, Nets now operates in a central position within the digital payments landscape in the region. For example, Nets is now one of the leading digital payments providers in Europe in terms of both revenue and the number of transactions processed, a very large provider of payment solutions in Denmark, Norway, and Finland and a large provider of payment solutions in Sweden.

Nets forms a backbone of the Nordic digital payments ecosystem, with its solutions touching people's everyday lives. Many of its products and services are deeply embedded in Nordic society. For example, Nets operates Dankort and BankAxept, the only national debit card networks in Denmark and Norway, respectively. In Finland and Sweden there are no national debit card networks and hence most card-based transactions are with MasterCard and Visa debit cards. Nets estimates that at least one of its services was utilized in approximately 98% of Danish merchant payments, approximately 88% of Norwegian domestic card transactions, more than 60% of Norwegian e-commerce payments, and more than 85% of transactions initiated on cards issued in Finland in 2015. In addition, Nets estimates that more than 90% of Danish households use its recurring payments system (Betalingsservice) to pay utility and other recurring bills in Denmark, and approximately 95% of Danes and 80% of Norwegians use its national e-ID solutions (NemID and Bank ID, respectively). Nets is also the only provider of national bank clearing services in Norway, via the Norwegian Interbank Clearing System ("**NICS**"), and in Denmark, via DK Clearing.

Through its products and services, Nets digitally connects Nordic society, including consumers, central banks, merchants, banks, corporate entities and government agencies. This connectivity has helped Nets achieve an unparalleled reach in the Nordic region. As of December 31, 2016, Nets served a network of more than 300,000 merchants (including over 30,000 e-commerce merchants), more than 240,000 corporate customers and more than 240 banks. In the year ended December 31, 2016, Nets serviced transactions relating to approximately 35 million payment cards and processed approximately 7.7 billion issuing and acquiring transactions, making it one of the leading European payment processors.

Nets strives to monetize its scale and reach in order to maintain its position by cost-effectively leveraging its fixed costs of technology and operations infrastructure, which can help to generate high operating margins and strong and resilient operating cash flow.

Economies of scale also help Nets maintain its position through efficiently developing, acquiring, distributing, and commercializing next-generation technologies, helping it to service its customers who require solutions that enable them to operate in an increasingly complex technology, security, and regulatory environment.

An End-to-end Provider of All Types of Digital Payments in the Nordic Region

Nets' solutions have been used for decades across the Nordic region, where Nets has become an integral part of the payments ecosystem. Nets participates throughout the entire Nordic card- and account-based payments ecosystem, providing a comprehensive array of digital payment solutions to merchants, financial institutions, corporations and government agencies across the region. Conversely, outside the Nordic region, the payments value chain is generally much more fragmented across a multitude of service providers.

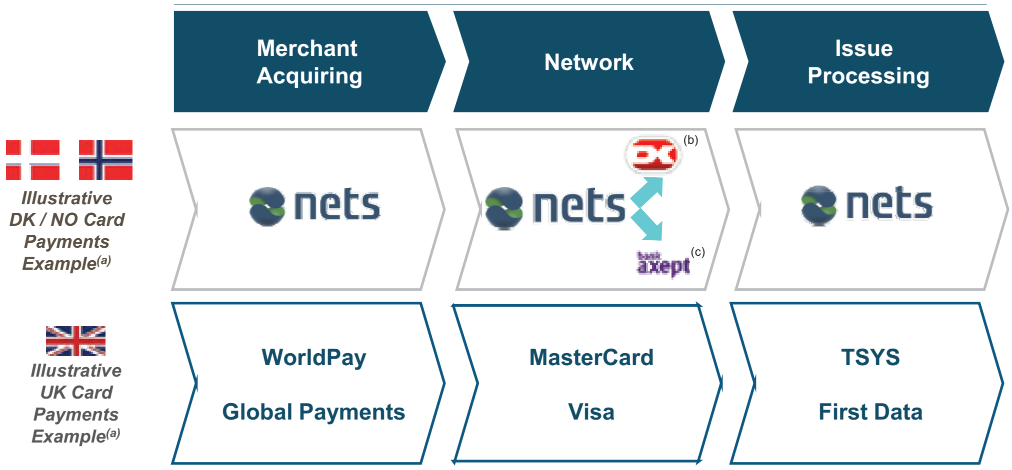
For example, the card payments value chain in the United Kingdom is comprised of multiple providers, and a typical card transaction is acquired by a merchant acquirer, such as Worldpay or Global Payments, is routed, cleared and settled through a card scheme, such as Visa or MasterCard, and is then processed on behalf of the card issuer by an outsourced provider of card processing services, such as TSYS or First Data.

By contrast, in Denmark and Norway, Nets handles (1) acquiring transactions and performing the required acquirer related processing, (2) routing and clearing transactions through Dankort and on behalf of BankAxept (the national debit card networks Nets operates) and (3) then processing the transactions on behalf of card issuers.

In addition, Nets has similar end-to-end capabilities for account-based payments and, as such, is agnostic with respect to which payment method is used by consumers to make payments.

Being an integrated, end-to-end payment provider across the entire value chain allows Nets to capture significant value across the digital payments ecosystem and to take a holistic approach that enables it to provide integrated solutions that benefit from the full range of its capabilities. As a result, solutions are optimized for merchants, card issuers such as banks or financial institutions, as well as corporate entities and government agencies that require interlinked digital network and payments solutions.

A comparison of card payments value chain in Denmark/Norway and the UK



(a) Illustrative examples for presentation purposes only. Other payment providers also operate in each of the respective countries.
(b) Nets owns and operates Dankort in Denmark. International card network operators (e.g., Visa and MasterCard) are also present in Denmark and accounted for 22% of the total number of payments in Denmark made using debit and credit cards issued in Denmark in 2015. Nets also routes and clears Visa and MasterCard transactions.
(c) Nets operates but does not own the BankAxept scheme in Norway. However, Nets owns the IT system and operates BankAxept on behalf of the Norwegian banking sector. International card network operators (e.g., Visa and Mastercard) are also present in Norway and accounted for 12% of the total card payments transactions in Norway in 2015. Nets also routes and clears Visa and MasterCard transactions.

Nets' broad expertise across both card- and account-based payments enables it to provide a variety of different types of payment acceptance solutions to merchants, which, in turn, allows them to accept card- or account-based payment capabilities. For example, Nets offers a wide range of options to capture digital payments (including traditional and contactless terminals, mobile point-of-sale solutions, mobile and online payments) and enables acceptance of key domestic and international payment methods (e.g., Dankort, BankAxept, Visa, MasterCard, Amex, JCB, UnionPay, certain private label cards, e- and m-wallets, integrated e-invoices or online account-based payments).

Nets' presence across the value chain enables it to connect a multitude of new and existing market participants across the Nordic region, including merchants, banks, corporate customers, government agencies, central banks, consumers, households, distributors and online merchants. This network of connected market participants provides significant synergies for all parties involved and helps Nets to successfully develop and roll out new solutions with the support of multiple participants in the digital payments ecosystem. To maintain and further expand this network, Nets has a large dedicated regional sales force that is focused on direct sales to large accounts and key accounts as well as SMEs, and Nets partners with leading banks, merchant integrators, development partners and value-added services providers in order to deliver its solutions.

Nets' ability to act as a single-source provider of multiple payments solutions is valuable to its customers, as they can reduce the complexity of the payment ecosystem by utilizing Nets to provide and service all of their payment needs.

A Robust Operating and Technology Platform

Nets owns and operates technology solutions. The majority of these technology solutions are developed in-house, which provides Nets with a wide range of capabilities that help to distinguish it in the Nordic region. Nets' platform can help it to differentiate its operations and offering on the basis of its scale, scalability, innovative product development and high degree of control over its technology profile. Nets' operating and technology platforms are strategically positioned in the Nordic digital payments ecosystem, designed to meet the needs of its large, diversified customer base and support its regional operations.

Nets' technology platforms have a good track record of reliability and stability. In 2016, Nets' technology platforms, including Dankort and BankAxept, were running on average approximately 99.97% of the time (99.99% for Dankort and BankAxept), excluding scheduled downtime and maintenance windows, processing 7.7 billion acquiring and issuing payments transactions.

Over the past two years, Nets has substantially increased investments in the security of its platforms, which has helped it to further strengthen the security of its operating environment, protect business critical data and operations and adapt to new evolving threats.

Nets has a strong track record of innovation due to its accelerated IT delivery model, which drives agility and faster time to market. The launch by the Group of more than fifteen new products in the last twenty-four months is a testament to its ability to innovate. A recent example is the launch of contactless Dankort cards, which was fully implemented by August 2015 within eight months of product approval. In the year ended December 31, 2016, contactless Dankort cards amounted to 54% of total issued Dankort cards. Since the launch of contactless Dankort cards, the number of contactless transactions on such cards has increased significantly. In the month of December 2016, 15% of the transactions at physical merchants were contactless. In fall 2016, Nets rolled out the architecture for Mobile Dankort, which will allow consumers to make payments through Dankort using their smartphone in the same way they would make payments with their contactless Dankort card. Mobile Dankort will be launched for consumers in spring 2017.

In addition, Nets has over 50 research and development projects (at various stages of Nets' concept and research process) in its innovation pipeline, including, for example, within its Merchant Services segment, value-added services like digital receipts and invoicing at POS, one-stop-shop settlement and accepting alternative payments; within Financial & Network Services, services which enable secure real-time infrastructure for multi-card mobile wallet solutions; and within Corporate Services, accessing new markets by creating application programming interfaces for banks. Capitalized development projects amounted to DKK 391 million, DKK 394 million and DKK 264 million for the years 2016, 2015 and 2014, respectively.

Nets has over 200 applications in total, approximately 66% of which are core applications. Approximately 75% of these core applications are developed in-house, which helps Nets control the stability, security and scalability of its platforms, with excess capacity to expand its services. For example, the current card platform processes peak volumes of approximately eight times the current normal hourly transaction volume, and the real time clearing platform is tested to process up to approximately forty times the transaction volume per second that it currently processes.

An Attractive Financial Profile

Nets has a well-diversified business model across multiple operating segments, products, customer bases and the Nordic region and an attractive financial profile, with a combination of organic growth, visible revenue streams, operating leverage and high cash generation.

The Group has a stable and predictable revenue model, with significant repeat business from existing customers and a high customer retention rate. The Group maintains long-term relationships with many customers, and nine out of its top ten customers have been customers of the Group for over 30 years. Nets' business model is also resilient to economic cycles and benefits from structural industry trends. Many of the Group's products and services (including, for example, Dankort, the processing of BankAxept transactions and Betalingsservice) have demonstrated continued growth in the number of transactions during economic downturns.

Nets' organic revenue growth for 2016 and 2015 was 7% and 6%, respectively, reflecting solid underlying volume growth, increased focus on growth, product development and customer retention initiatives, improved sales force effectiveness and new product launches.

Furthermore, Nets has acquired seven businesses since its change of ownership in 2014 to facilitate its growth by complementing its existing products and services and addressing opportunities. The Group's business model has significant operating leverage, which, together with the Transformation Program, contributed to an expansion of EBITDA b.s.i. margin from 25.4% in 2014 to 35.5% in 2016. EBITDA b.s.i. increased from DKK 1,663 million for the year ended December 31, 2014 to DKK 2,619 million for the year ended December 31, 2016. This margin expansion primarily resulted from Nets' ability to effectively execute the Group's business model by leveraging the Group's scale and the successful and ongoing execution of its Transformation Program.

The business model is also characterized by a resilient cash flow, which, combined with capital expenditure and working capital requirements over which management has a high degree of visibility, results in strong operating free cash flow conversion (defined as EBITDA b.s.i. less capital expenditure, less increase in narrow working capital, divided by EBITDA b.s.i.). Nets' operating free cash flow conversion was 78% in 2016.

A Highly Experienced Management Team with Proven Track Record of Execution

Nets has built a management team that has extensive operating experience in the financial services, payments and technology sectors and a track record of execution at leading publicly-listed companies.

The management team has had a significant impact on Nets' performance since 2014, driving strong revenue growth, executing the Transformation Program, which included, e.g., investing in its technology platform and completing strategic acquisitions.

Our Strategy

Nets' competitive strengths have positioned it favorably to take advantage of the underlying growth in the attractive digital payments industry and, by remaining at the forefront of payment technologies in the Nordic region, Nets is well positioned to capture opportunities within higher growth pockets of the wider payment sector. Nets' ambition is to continue its expansion in the Nordic region with a strategy based on the following pillars:

Powering Digital Payments in the Nordic Region

Nets' strategic vision of "Powering Digital Payments" places payments at the core of everything Nets does. The digital payments industry has evolved at a rapid pace over the last few years and Nets has been, and aims to remain, at the forefront of new technologies and product innovation.

The Nordic region has attractive characteristics for a payment provider due to widespread digitization of societies, advanced technological adoption by consumers, outsourcing trends and the stable macroeconomic environment. The region has among the highest adoption of digital payments in the world further supported by political push towards a digital society.

As digital payments become even more prevalent in the Nordic region, Nets' central role within the digital payments ecosystem and end-to-end capabilities across the value chain will continue to form the basis for execution of its strategic initiatives. Nets will continue to focus on powering the digital payments ecosystem in the Nordic region.

Expanding Value Proposition to Customers through Integrated Solutions

Nets approaches payments from a holistic perspective rather than from a product or business unit perspective, and believes that it offers its customers a greatly enhanced value proposition through its integrated solutions. Nets' customers strive to remain abreast of the latest trends in technology and consumer behavior, and Nets maintains an open dialogue with its customers in order to ensure that it remains focused on their overall payment needs, identifies areas of development and creates and delivers effective solutions as a partner to its customers. This approach helps Nets create customized solutions that are designed specifically to address customers' needs, which can help to strengthen Nets' relationships with its customers.

Nets will continue to focus on being the one-stop-shop of solutions for its partners and customers and will focus on opportunities to drive revenue growth by up-selling and cross-selling additional products and services to its existing base of more than 300,000 merchants and its financial institution, corporate and public sector customers. Given the large existing customer base and the number of solutions that Nets offers, these up-selling and cross-selling possibilities represent a significant growth opportunity. For example, Nets believes that there is significant scope for banks to further outsource their payments and cards-related infrastructure, and Nets has developed its CMS platform and fraud prevention platform, which have already gained strong traction across card issuers (which are primarily existing clients), to address this opportunity.

Furthermore, Nets is focused on the expansion of its customer base, product development and customer retention initiatives. Nets will maintain this focus by increasing its value proposition to customers and developing new integrated solutions.

Innovating to Drive Growth and to Continue to be at the Forefront of Payment Technologies

Nets has a strong track record of product development and innovation. Nets has typically driven innovation through a combination of developing solutions internally, partnering with other technology innovators, and selectively pursuing capability enhancing acquisitions. Nets expects to continue to invest in technologies, products and research and development to develop advanced digital payments solutions for its customers. Nets will seek to capitalize on existing, and develop further, long-term relationships with large merchants and banks as their businesses undergo comprehensive digital transformations, thus creating and capturing opportunities within higher growth payment segments. Payments technologies are constantly evolving and, in developing new and advanced payment solutions designed to satisfy customer requirements, Nets draws on its experience and expertise across the digital payments ecosystem and regarding all payment types.

Nets' management believes that mobile payments present an attractive growth opportunity, and that Nets is well positioned to facilitate and benefit from a strong mobile payments ecosystem. In addition, the Nordic region is expected to achieve 80% smartphone penetration by the end of 2017. While a number of competing mobile payment initiatives deploy proprietary solutions, Nets focuses on international standards in order to promote the scalability and rapid adoption of its solutions by ecosystem participants. Nets' management believes that Nets is a natural partner for participants seeking leading mobile payment solutions in the Nordic region, and Nets is focused on developing its products and infrastructure to capture the expected upside growth in the mobile payments ecosystem. For example, Nets launched tokenization services in March 2016, whereby cardholders' sensitive data is substituted with non-sensitive equivalents, referred to as "tokens." With the launch of tokenization services (which will allow for tokenization of both international and domestic card schemes), Nets' management believes that it will be well positioned to benefit from the expected growth in mobile payments across all segments.

Nets' management also believes that Nets is well positioned to help its customers optimize their businesses via data analytics. For example, through its My Teller data analytics portal, Nets provides a large supermarket chain customer with a platform to view and investigate transactions by volume and value and other data tools. In addition, Nets is currently exploring commercial opportunities regarding use of existing data to offer additional services and it aims to leverage its industry knowledge regarding merchants and the financial sector across the Nordic region in order to facilitate the use and development of data to create actionable insights and add business value for both customers and consumers. For example, Nets has made significant investments in business intelligence and analytics platforms, such as enhanced fraud and dispute solutions to support predictive fraud-prevention analytics and automated alerts and spend trend analysis for merchants across purchase criteria (such as value, volume and geographic locations). Building on these investments, Nets' management expects to bring new products to market across its operating segments.

Nets' management also expects to continue to innovate and further develop its product suite in the areas of real-time clearing, instant payments, consumer and merchant financing, and value-added services, which management believes present growth opportunities for the Group.

Leveraging Extensive Distribution Capabilities

Nets has an extensive distribution network in the Nordic region, which will allow it to leverage the development of new products and integrated solutions described above. In addition to its dedicated in-house sales force of more than 200 FTEs, Nets has developed strong partnerships over the years with banks, other financial institutions, technology vendors and other solution providers who have naturally strong relationships with merchants and corporations, thereby enhancing its distribution capabilities. A recent example of this is the development and launch of contactless Dankort cards, where Nets brought merchants and banks together in driving the development of the product and used its distribution network to drive adoption at the merchant level. Nets has deployed dedicated key account managers to allow it to bring together subject-matter experts from across its business to better serve its customers and the wider digital payments ecosystem.

Enhancing Operating Efficiencies

Nets' focus on operating efficiency and associated cost optimization will remain a persistent part of its culture as demonstrated by its track record. In 2014, Nets initiated its Transformation Program, one part of which is aimed at improving operational efficiency across the Group. Nets' management team is successfully executing this program and has significantly contributed to EBITDA b.s.i. margin expansion from 25.4% in 2014 to 35.5% in 2016. Nets expects to further leverage the operating expertise and experience of its management team to continue to improve operating efficiencies, and continue to leverage the technology and operations infrastructure as the business grows.

Nets expects to continue to execute its strategy by implementing ongoing initiatives, including:

- *Operational Excellence*: Nets has an ongoing program to identify and implement opportunities for productivity improvements through process redesign, capacity optimization, automation, overhead optimization and technology rationalization.
- *Procurement Excellence*: Nets expects to continue to optimize its procurement processes by reviewing its inventory of vendors, optimizing terms and enhancing its demand management processes.
- *Off-shoring and Near-shoring*: Nets expects to continue to strengthen its current offshoring and nearshoring programs and partnering with select third parties to further improve quality and productivity and decrease cost.

Pursuing Strategic Acquisitions

Nets has proven M&A capabilities with a demonstrable track-record of successful acquisitions that have helped accelerate its growth and enhance its platform. Nets' M&A strategy has been focused on enhancing scale, expanding its footprint and accessing technologies, products and expertise that enhance its solutions. Nets is highly disciplined and has a well-defined set of evaluation criteria that it follows in order to maximize value from any acquisition. A number of Nets' historical acquisitions have included an earn-out component in order to ensure alignment between selling shareholders, key personnel and Nets.

Nets is actively pursuing and intends to continue to focus on selected M&A opportunities that its management believes have potential to enhance, complement or expand its product and service offerings and strengthen its value proposition to customers. Nets' M&A strategy will continue to largely focus on the Nordic region in the short-to-medium-term.

Nets has a well-defined strategic plan to deliver on its vision of powering digital payments in the Nordic region. Nets aims to remain a partner of choice for digital payments ecosystem participants delivering scale, enhanced solutions, services and innovation to develop the payment solutions of tomorrow.

As digital payments become even more prevalent in the Nordic region, Nets' role as a center of the digital payments ecosystem and with end-to-end capabilities across the value chain is expected to become ever more strategic. Nets will continue to focus on powering the digital payments ecosystem in the Nordic region.

Merchant Services

Through its Merchant Services segment, Nets provides in-store, online and mobile payment acceptance solutions to merchants across the Nordic region, from large corporate chains to SMEs. We serve merchants through a broad set of distribution channels, including partnership relationships such as via bank referrals, value-added resellers and web developers as well as through a direct sales force. The breadth of service, payment type and geographic coverage allows us to be a one-stop-shop for merchants in the countries in which we operate.

Nets offers a wide range of products and services designed to assist merchants in accepting digital payments from their customers. These include merchant acquiring and payment acceptance solutions for POS (for merchants with physical locations), e-commerce and m-commerce (for merchants with internet sales, including over mobile devices) and omni-channel (for merchants with both physical and internet/mobile sales). We are a leading payment services provider for both internet/mobile and POS in terms of both transactions processed and transactions acquired in the Nordic region. We offer our Merchant Services products as an end-to-end array of payment solutions, allowing merchant customers to use Nets as their single card acceptance vendor. However, Merchant Service products are also offered individually and on a tailored basis, depending on the needs of the customer. The integration of Merchant Services' products and services enables significant cross-selling opportunities between, for example, merchant acquiring customers and payment acceptance solution customers. For the year ended December 31, 2016, Merchant Services had card turnover of DKK 475 billion and generated Revenue of DKK 2.3 billion.

In 2016, Merchant Services acquired transactions from more than 300,000 merchants, including over 30,000 e-commerce merchants, in the Nordic region and in the Baltic countries. Merchant Services acquiring is largely card-type agnostic, meaning that transactions originating from a large number of card types may be acquired by Nets, including all major international and domestic card brands. The acquisition of Kortaccept, Nordea Bank AB's merchant acquiring business, in December 2016, further deepened the international nature and Nordic penetration of our business, and extended our business in the Baltics, by increasing the volume of transactions that are processed in Sweden and the Baltics and by broadening our customer base (including through the acquisition of approximately 32,000 merchant contracts) and referral network. In addition to the Nordic region and Baltics, we provide merchant acquiring services in other countries to service our international customers who have operations outside the Nordic region.

Merchant Services also offers a wide range of digital payment acceptance solutions enabling merchants to accept card payments in their physical stores, on their websites, over mobile phones, through unattended payment points and, through omni-channel solutions, all of these at once. Nets' e-commerce payment acceptance solutions act as virtual terminals that facilitate websites' checkout pages to enable shoppers to complete transactions digitally, whether from a personal computer or a smartphone. In addition, each of Nets' POS terminals, which are offered both for sale and rental, are integrated with our proprietary software. Approximately half of the POS terminals utilized for our services are designed to accept contactless payments using Near Field Communication and, going forward, management expects to ensure POS terminals accept payment by mobile wallet. The acquisitions of DIBS Payment Services AB (publ) and Paytrail Oyj (both of which are e-commerce-focused) have provided us with additional scale for payment acceptance solutions on a regional and customer basis, and have added new functionality, sales and marketing capabilities, as well as new developer partnerships. We offer merchants payment acceptance solutions that are acquirer-neutral, meaning they are not tied to a specific merchant acquiring solution, and a complimentary suite of value-added services, including loyalty management applications for consumers (including, for example, the Storebox product), around-the-clock customer service and dynamic currency conversion.

Merchant Services Revenue Generation

Merchant acquiring products and services generate revenue largely through merchant service charges, which are paid by merchants to Nets primarily on an *ad valorem* basis but also on a per transaction basis or based on a monthly subscription. In connection with its acquiring business, revenue is primarily generated on an *ad valorem* basis. In 2016, approximately 65% of Merchant Services revenue relates to the value of card transactions (i.e., *ad valorem* merchant acquiring) and the number of transactions (i.e., e-commerce gateway). The remaining percentage of Merchant Services revenue relates to POS solutions and value-added services which are often based on a monthly subscription fee. Merchant Services acquired approximately 1.8 billion card transactions from international branded cards (i.e., not including Dankort and BankAxept) in 2016, with card spending in excess of DKK 475 billion. Nets' e-commerce payment acceptance solutions typically generate revenue on a per transaction basis. Nets also generates revenue through the sale and rental of POS terminals.

Merchant Services Customers

Merchant Services products are distributed through a network composed of an in-house and partner sales force, allowing for significant depth, reach and penetration of key customer types. In-house sales are conducted through the Group's dedicated regional sales force of approximately 200 FTEs. Partner sales are derived through strategic partnerships and referral agreements with banks, partnerships with merchant integrators and value-added services providers. We have created a broad network of partner web developers to facilitate easy and seamless integrations and support. Large e-commerce merchants have typically invested significantly in their own webshops and payment solutions, and they generally require tailored integrated solutions, which they develop in tandem with Nets. For the year ended December 31, 2016, the majority of Merchant Services Revenue was generated by Merchant Services customers who were sourced directly by Nets' in-house sales force and the minority of Revenue was generated by customers who were sourced indirectly by partner sales.

Merchant Services' customers can be categorized into two principal groups:

- **Large Accounts and Key Accounts**: Nets serves large accounts and key accounts ("**LAKAs**"), which primarily include major corporate customers, such as large supermarket chains, petrol station chains, hotel groups, and restaurant chains, across the Nordic region and in the Baltic countries. We categorize a Merchant Services customer as a LAKA if it has either card turnover per customer of over DKK 30 million annually, over 30 terminals, or over 100,000 e-commerce transactions. Generally, LAKA customers demand omni-channel payment solutions that are tailored to their particular needs and Nets' ability to cross-sell POS solutions, e-commerce gateways and merchant acquiring in one comprehensive package is an asset in marketing to LAKA customers. Price, stability, the ability to settle quickly and reporting support are parameters that are particularly important to LAKAs. In addition, LAKA customers value the ability to have a bespoke solution designed for them across multiple channels as well as the ability to integrate various value-added services. LAKA customers are provided with a dedicated key account manager and are supported by a large customer sales team. The vast majority of our LAKA customer relationships have been sourced directly by Nets' in-house sales force and Nets typically negotiates framework agreements with LAKAs with provisions that vary between customers, but that often have three-year terms with the ability to terminate on three or six months' notice. LAKA customers comprised approximately one-third of Merchant Services' customer base in 2016. Sales to LAKAs tend to drive Merchant Services transaction volumes and, for the year ended December 31, 2016, LAKAs accounted for 33% of Merchant Services' Revenue and 63% of transactions processed by Merchant Services. In general, based on the number of customers lost during the periods under review, we estimate that there is a limited churn rate for LAKA customers.
- **Small and Medium-Sized Enterprises**: Nets' SME customers include independent and small-chain retailers, unattended payment terminals (for example, those found in car parks) and transport companies, such as taxis and taxi operators, for which Merchant Services offers the latter functionality by integrating payment terminals with taxi business solutions like local functionality and support for handling government subsidies. We categorize a Merchant Services customer as an SME if it has card turnover of up to DKK 30 million annually, up to 30 terminals and up to 100,000 e-commerce transactions with small SMEs often being sole traders, with up to 11 terminals, using smaller terminals, mPOS terminals and mobile acceptance with settlement portal attached and medium SMEs often being retail, hospitality or service businesses with between 11 and 30 terminals. A primary strategic focus in positioning Nets to SME customers is to offer bundled solutions coupled with reliable service and quality customer support and, in this sense, Nets can operate as a one-stop-shop for certain of its SME customers. In addition, SME customers tend to perceive payments as an increasingly complex area and hence value the simplicity and ease of having one single vendor provide a range of different payment solutions. Nets offers integrated merchant acquiring and terminal services to its SME customers, including with the EasyBiz brand to start-up customers. Nets has a telesales organization focused on cross-selling between terminal, e-commerce and merchant acquiring customers. Direct marketing and sophisticated analytical models on customer databases are also key tools for lead generation. While Nets utilizes partner sales to drive sales of POS terminals to SME customers, Nets has also upgraded its in-house sales force focused on SME customers and the majority of Nets' SME customer relationships have been sourced directly by Nets' in-house sales force. Nets operates with standard prices and agreements, which are tailored by channel and segments; generally, contracts are open-ended and can be terminated with six months' notice. SME customers comprised approximately two-thirds of Merchant Service's customer base in 2016. Sales to SME customers tend to drive Merchant Services Revenue and, for the year ending December 31, 2016, SME customers accounted for 67% of Merchant Services' Revenue and 37% of transactions processed by Merchant Services. In general, based on the number of customers lost during the periods under review, we estimate that the churn rate for SME customers, including structural churn, is typically in the mid-teens, which is in line with the industry. In addition, Nets estimates that, for larger SME customers, the churn rate is lower than the average churn rate for SME customers.

Merchant Services Growth Drivers/Strategy

Merchant Services is positioned to benefit from structural trends within the Nordic digital payments space, primarily through the increased value and increased number of card transactions in the region. The total annual value of card transactions in the Nordic region is expected to grow at a CAGR of 5% between 2015 and 2020. The total annual value of mobile payments through mobile transactions, a subset of card transactions, in the Nordic region is expected to increase from €16 billion in 2015 to between €55 billion (28% CAGR) and €80 billion (37% CAGR) in 2020. The number of card transactions in the Nordic region is expected to grow at a

CAGR of 5% between 2015 and 2020 and is expected to reach approximately 14 billion transactions in 2020 as a result of the ongoing structural shift from cash to digital payments, which is itself marked by increased card usage for lower value payments.

Merchant Services' Strategy Includes:

- Focusing on e-commerce growth opportunities through continued upgrades and innovation of e-commerce capabilities across faster check-out, the collecting PSP initiative (a sales strategy for bundling and cross-selling services to SME customers, who value having a "one-stop-shop" digital payment solution provider), omni-acceptance and onboarding speed across the Nordic region.
- Increasing volume/customer portfolios in Sweden, primarily through leveraging the Kortaccept back-book (i.e., existing SME customers of Nordea who are not currently Nets customers in the Merchant Services segment) to sell acquiring services but also through targeting LAKAs.
- Increasing optimization across the business through measures such as cross-selling and up-selling within the installed customer base, increasing sales force and sales channel effectiveness and enhancing bundled solutions.
- Innovating and then offering additional value-added services such as the Remember Me functionality providing consumers with the option of storing their payment card data across thousands of webshops throughout the Nordics, data and analytics (including e-receipt services, loyalty programs, portal services, dynamic currency conversion as well as offering terminal upgrades and the replacement of old sold terminals with new rental terminals (including in connection with PCI DSS legislation)).
- Building on the segment's recent history by continuing to increase customer retention through proactive retention measures.

Financial & Network Services

Nets' Financial & Network Services segment provides outsourced processing services to more than 240 issuers of payment cards, primarily banks, across the Nordic region as well as complementary services including CMS, fraud and dispute solutions, and mobile wallet technology. The business area also operates and processes the national debit card schemes in Denmark and Norway.

As such, Financial & Network Services comprises four areas: card processing services; CMS; domestic card services and mobile services. Through the card-processing service area, we provide end-to-end integrated processing solutions across all card payment methods, and for more than 40 card payment types predominantly to banks and other financial institutions. The CMS area manages all of a merchant customer's debit, credit and sales and finance accounts, allowing the customer to focus on their core business. The domestic card services area focuses on the operation of BankAxept, the Norwegian national debit card network operated by Nets, and Dankort, the Danish national debit card network, which is owned and operated by Nets. Financial & Network Services offers solutions which connect merchant services providers with financial institutions in their capacities as issuers of credit and debit cards. In mobile services, Nets provides a device-independent, uniform interface for Nordic banks' mobile wallet offerings. For the year ended December 31, 2016, Financial & Network Services had transaction volumes of 5.2 billion and generated Revenue of DKK 2.3 billion.

National Debit Card Networks

Nets operates the national debit card networks in both Denmark (Dankort) and Norway (BankAxept). We own and operate the Dankort network, which has been in existence for over 30 years, and operate BankAxept, which was established over 25 years ago, on behalf of the Norwegian banking sector through an agreement between BankAxept AS and the Norwegian Bankers' Association, Finance Norway. These networks facilitate transaction authorization, switching and transaction processing towards local clearing systems (which are also operated by Nets).

In 2015, approximately 78% of all Danish domestic card transactions were processed through the Dankort network. As of December 31, 2016 the majority of Dankort cards were co-badged with Visa to ensure functionality outside of Denmark. As the network owner of Dankort, Nets, in close cooperation with the Danish banks that issue the cards, defines the rules covering its governance, card use and security, and coordinates closely with the issuing banks. In its role as the Dankort merchant services provider, Nets acquires card transactions directly from merchants. As the Dankort card processor, in addition to offering basic card processing services, we also offers value-added services, including fraud monitoring and prevention, 24/7 customer service, dispute, mobile and PIN services. Since 2000, although increasingly competitive international card schemes having increased their share of transaction volumes processed in Denmark, Dankort's transaction volumes in absolute terms have nevertheless shown a steady year over year growth, and have since 2000 grown with an average rate of approximately 8% per annum. Nets' Dankort transactions have shown resilience in economic downturns, exceeding the national GDP growth rates of Denmark over the same period.

In 2015, approximately 88% of all Norwegian domestic card transactions were processed through the BankAxept network. BankAxept cards, as a general rule, are co-badged with Visa or MasterCard and are primarily used as BankAxept in Norway and as Visa or MasterCard internationally or in online stores. We also provide customer support, including card blocking, for BankAxept.

International Card Processing

Nets' card processing offerings provide both issuing banks and merchant services providers with solutions ranging from transaction processing to entire CMS. As a card processor, we follow our customers and thus operate cross-border in each Nordic country including Iceland, Estonia and the other Baltic countries and, to the extent key customers have operations elsewhere, in the United Kingdom, Germany, Poland and Ireland. We provide card processing for more than 240 banks, including the majority of banks in the Nordic region. Nets card processing includes transaction authorization, switching of transactions between different participants in the value chain, clearing and settlement, and enables connectivity between Nordic and international banks. Furthermore, we switch international card schemes in Denmark and Norway. We also offer card processing and value-added services for the co-badged Visa/Dankort card when it is used as a Visa card. In addition, we provide outsourcing solutions and value-added services such as CMS, fraud prevention, dispute, PIN, mobile services and 24/7 customer service.

Financial & Network Services operates call centers and processes chargeback claims on behalf of issuing banks. Financial & Network Services also runs a CMS, which is an outsourced service we provide to issuing banks to manage card issuance and administration of cardholder portfolios (including managing profiles, reporting and billing). Since 2014, Nets has developed a variety of mobile wallet and mobile payment support products to offer to issuing banks. These new offerings include support of card payment schemes in the banks' digital wallets or through wallets developed by Nets and support of cloud-based mobile transactions for NFC-enabled smart phones. We have also begun to offer new mobile security features including "tokenized" transactions, whereby cardholders' sensitive data is substituted with non-sensitive equivalents, referred to as "tokens," enabling issuing banks to simplify the process of supporting and deploying new innovative mobile payment solutions.

Financial & Network Services Revenue Generation

For Dankort and BankAxept and as a card processor for other card schemes, we generate revenue primarily on a per transaction basis. Under Dankort, as of December 31, 2016, more than 5.4 million cards were on-file in Denmark, a country with a population of 4.2 million adults over the age of 18, with a total of 4.7 million cards co-badged with Visa. In 2016, more than 1.3 billion transactions were executed with Dankort, which represented a new annual record in its more than 32-year history. In 2016, almost 1.5 billion transactions were executed through BankAxept in Norway, which, as with Dankort, represented a new annual record. BankAxept was accepted by approximately 109,000 merchants as of December 31, 2016. Dankort and BankAxept accounted for a significant minority of Financial & Network Services Revenue in 2016. Furthermore, in 2016, we processed more than 2.4 billion international card scheme transactions as a card processor. The primary revenue drivers for processing of international cards are per transaction, cards-on-file and implementation/ development project fees.

Financial & Network Services Customers

Financial & Network Services' customers can be categorized in two principal groups:

- **Merchant Networks**: As the acquirer of the Dankort national debit card network, Nets has formed direct agreements covering merchant acquiring services with approximately 96,000 merchants. Some prices towards merchants are regulated by local law and others are subject to overview by applicable consumer and competition authorities. Merchants normally enroll with Dankort via our internet portals, getting standard prices and terms. We have key account managers for the largest retail chains and have a special key account director for merchant organizations.
- **Financial Institutions**: Customers of our card processing services are primarily financial institutions acting in their capacity as issuing banks. We offer card processing through our operation of

BankAxept, Dankort and Visa/Dankort and as a stand-alone service in respect of other card schemes such as Visa and MasterCard to a wide range of participants. The principal focus for card processing customers is security, operational stability and cost efficiency, with the ability to offer a full end-to-end service being an important feature as well. These considerations encourage financial institutions to seek card processors that can offer value-added services such as fraud prevention and CMS in addition to core transaction processing. We have set up senior key account directors and local account teams to perform extensive stakeholder management at all decision levels at our bank customers. This provides the opportunity to discuss various strategic themes at an executive level, leading to prospects of bundling of services across the digital payments ecosystem. The term for typical contracts is between three and five years, but we have been focusing on customer retention initiatives. Contracts are entered on a non-exclusive basis, but, we believe that customers typically prefer to use one vendor to simplify the payment flow, minimize risk and reduce operational cost.

Financial & Network Services Growth Drivers/Strategy

Financial & Network Services is positioned to benefit from structural trends in the Nordic payment space, primarily through the increased number of card transactions in the region. The number of card transactions in the Nordic region is expected to grow at a CAGR of 5% between 2015 and 2020 and is expected to reach approximately 14 billion transactions in 2020 as a result of the ongoing structural shift from cash to digital payments. Financial & Network Services expects to benefit from the trend in the increased number and value of mobile transactions, a subset of card transactions, in the Nordic region. In addition, Financial & Network Services is well-positioned to benefit from an increasing trend of card issuers outsourcing CMS. The share of outsourcing varies from country to country in the Nordic region but Sweden is expected to have the biggest potential for outsourcing. Moreover, because revenue generation within Financial & Network Services is on a per transaction basis, the segment benefits from the increasing trend for cards to be used for payments in small denominations.

Financial & Network Services' strategy is to enhance its value-added service offering, with a focus on mobile payments services, advanced fraud prevention services as well as increased penetration of CMS:

- For mobile payments, Financial & Network Services has developed wallet solutions for banks, offering technological solutions and digital content libraries which enable banks, including Eika, Nordea and 60 local and regional banks in Denmark, to offer their customers mobile wallet services. In addition, Financial & Network Services seeks to partner with mobile phone OEMs to facilitate the roll-out of OEM wallet solutions in the Nordic region.
- Nets is currently in the process of rolling out advanced fraud prevention services. Highly advanced and automated card fraud is growing rapidly resulting in high administrative and liability costs. We offer a neural network model that enables prevention of fraud in real time, thereby potentially resulting in significant reductions in gross fraud, lower cost burden for issuers and more satisfied customers. Since its launch in the first quarter of 2014, the number of in-bound transactions processed through the real time fraud prevention service has grown from 9.9 million to 118.5 million in the first quarter of 2015, to 170.5 million in the first quarter of 2016.
- Nets also aims to increase penetration of CMS, including in Sweden, by expanding its value-added services offering, creating bundled solutions between processing and CMS, incentivizing its sales forces and focusing on improving customer satisfaction. In 2016, Nets had 2.3 million accounts managed on our CMS platform. Given that we processed transactions initiated by a total of 35 million cards in 2016, penetration of CMS represents a potentially significant opportunity for Nets given the number of cards that it already handles in the region.

Corporate Services

The Corporate Services segment comprises Nets' account-based payments business and provides the payment platform for recurring payments and credit transfer transactions for more than 240,000 corporate customers primarily in Denmark and Norway. At the center of this business is the ability to provide seamless and integrated solutions for recurring payments to corporate customers and consumers. It also includes solutions for real-time clearing and settlement providing instant payments across bank accounts, Digital ID, and value-added digitization services. Products and services based around account-based payments provided by Corporate Services play an important role in the Danish and Norwegian payment ecosystems. The key offerings within Corporate Services are services which enable the integration of invoices for recurring payments with automated account-based payments ("**eBill Payments**") and adjacent digital services. For the year ended December 31, 2016, Corporate Services had transaction volumes of 870 million and generated Revenue of DKK 2.8 billion.

Recurring Payments Systems

Nets' recurring payments systems, Betalingsservice (in Denmark) and AvtaleGiro (in Norway), enable the integration of invoices for recurring payments with automated account-based payments from debtors (consumers or corporate customers) to creditors (corporate customers). These services are offered in both the business-to-consumer segment and between corporate entities in the business-to-business segment. We handle every aspect of a recurring payments transaction, from the debtor's account to the creditor's, including payment, invoicing, information and reconciliation solutions. The recurring payments system in Denmark, Betalingsservice, is owned and operated by Nets, while the recurring payments system in Norway, AvtaleGiro, is owned by an affiliate of Finance Norway (although certain intellectual property with respect to AvtaleGiro is owned by Nets) and operated by Nets. Our recurring payments customers (generally, corporate customers) seek a cost-efficient payment solution that provides them with predictable and stable cash flow from their customers, by encouraging high rates of timely payment and low churn. Both Betalingsservice and AvtaleGiro transactions have shown resilience in economic downturns, exceeding the national GDP growth rates of Denmark and Norway, respectively, over the same period. We also estimate that more than 90% of Danish households use Betalingsservice to pay utility and other recurring bills in Denmark. In addition, eInvoicing, which Nets provides through the eFaktura brand, allows Nets' customers to engage in the digital payments ecosystem by communicating pricing to their individual and corporate customers. In 2016, we processed more than 350 million e-Bill payments (including Betalingsservice, AvtaleGiro and eFaktura) and processed approximately 100 million invoices (including paper and digital invoices) across Denmark, Norway and Finland, excluding Betalingsservice.

Clearing Systems

Nets operates the national clearing systems in both Denmark and Norway and it is these systems that enable the recurring payments products and services which we operate for corporate customers. Clearing is the process by which payments from payers to payees are completed. For both card payments and for account-based payments (including eBill Payments) and other transfers between banks accounts, clearing and settlement systems ensure that transfers are accurate and completed properly. The Danish interbank clearing and settlement system, known as DK Clearing, is owned by the Danish bankers' trade group, Finansradet, though Nets owns the relevant intellectual property rights to the system. The Norwegian system, NICS, is owned by an affiliate of Finance Norway. Each is operated by Nets and includes multiple solutions. In November 2014, we launched real-time clearing and settlement services in Denmark, which is one of only two ISO 20022 compliant real time clearing and settlement systems in Europe in production and being actively marketed. Since the launch of this real-time clearing system, the system has experienced a significant growth in transaction volume, with over 70 million transactions processed in 2015 and with over 115 million transactions processed in 2016. The system is based on international standards and has the potential for use in other European countries. In June 2016, Nets announced that it had entered into a cooperation agreement with Istituto Centrale delle Banche Popolari Italiane S.p.A. ("**ICBPI**") (also partially owned by Advent International and Bain Capital) to establish an instant payment solution in Italy by the first quarter of 2017 to be operated by Nets out of data centers based in Norway. In 2016, we had 4 billion clearing transactions (including DK clearing, NICS and real-time clearing). For additional information, please see "*Risk Factors—Risks Relating to the Group's Business—The Group relies on various financial institutions in connection with its clearing and settlement activities*."

Adjacent Digital Services: Digital ID and Added-Value Digitization Services

Our Digital ID offerings, NemID and BankID, deployed in Denmark and Norway, respectively, are schemes for users to conveniently and securely identify and authenticate themselves to complete internet transactions with both the private and public sector by creating their own "digital identities." NemID and BankID digital identities, which are used both by individuals and by small and large businesses, allow for authentication and signing with an electronic two-factor identification solution. NemID, estimated to be used by approximately 95% of Danes over the age of 18 in 2016, was commissioned by the Danish government, and the relevant intellectual property is currently owned by Nets (other than the relevant trademarks which are owned jointly with the Danish Agency for Digitization, *Digitaliseringsstyrelsen*) and operated by Nets. BankID, estimated to be used by approximately 80% of Norwegians in 2016, is owned by BankID Norge AS and operated by Nets.

Our added-value digitization services solutions leverage its communication solutions to allow our customers to interact with their clients. Customers also contract with us to digitize traditional systems to a paperless system. We provide automation for banks' corporate customers' invoices, digital multi-channel distribution of documents, printing and scanning and other related services. Our joint-venture with Post Danmark, e-Boks, provides customers (including Danish government agencies and corporate customers) with a product that gives Danish consumers the ability to log on to a secure electronic mailbox, using their NemIDs, in order to receive invoicing and other communication from entities in the public and private sectors.

Corporate Services Revenue Generation

For our recurring payments systems and electronic invoicing systems (primarily Betalingsservice, AvtaleGiro and eFaktura) we receive transaction fees as well as a monthly fee per agreement from the creditor or the creditor's bank. In Norway, fees are received from the banks in relation to AvtaleGiro, whilst in Denmark, we receive fees from creditors (passing some portion of these fees on to the banks). Added-value digitization services and clearing and settlement generate revenue on a per transaction basis. NemID generates revenues from the public sector with a fixed annual fee and from corporate customers and merchants with a variable fee per user or per log-in and from banks with fees based on the costs of running NemID plus a mark-up. In addition, implementation fees are charged for development projects from banks. BankID generates revenue through a combination of fixed, yearly and variable payments based on number of transactions and certificates. In 2016, Betalingsservice conducted approximately 217 million transactions and AvtaleGiro conducted approximately 116 million transactions. In the same year, the Danish clearing system had over 2.1 billion transactions, NICS cleared approximately 2.4 billion transactions and approximately 1.3 billion Digital ID transactions were conducted. As of December 31, 2016, Nets managed approximately 8.3 million digital identities.

Corporate Services Customers

The Corporate Services segment categorizes its approach to its customers along the lines of its principal product offerings, eBill Payments and Adjacent Digital Services.

- **eBill Payments**: eBill Payments products and services are offered both independently and through its long-term relationships with networks of banks which provide an extensive distribution network for these services and which are themselves end users as well. Entities ranging from utilities to financial institutions (principally mortgage lenders that use recurring payments to collect monthly/quarterly mortgage payments) to retail entities like fitness clubs that have a monthly recurring fee payment model, are end-users of Betalingsservice and AvtaleGiro. Financial institutions also use our added-value digitization services and sell these services to their own customers (particularly the eFaktura product).
- **Adjacent Digital Services**: Adjacent digital services are typically marketed by our direct relationships with the users of the services. Digital ID products are used by a significant number of entities throughout the Danish and Norwegian corporate and governmental landscape, based partially upon our relationships with those users. Added-value digitization services are offered by Nets to a wide array of large corporate entities and financial institutions, each of which generate large transaction volume and have legacy systems in place to manage those transactions which are integrated into our offering.

For our Corporate Services customers in Denmark, we deploy dedicated key account managers for our largest clients, have adopted a vertical approach for midsized customers, cover SMEs through our partners (comprised primarily of banks and IT/ERP partners) and receive our revenue directly from corporate customers and then pay banks for their role in the ecosystem. For our Corporate Services customers in Norway, we service our key accounts through cross-unit account directors and use Norwegian banks as sales channels for our Corporates Services products. We also cooperate closely with banks' cash management as well as approximately 100 ERP vendors.

Corporate Services Growth Drivers/Strategy

Corporate Services operates within a market that is supported by consistent fundamentals providing solid underlying growth. Increasing Nordic household expenditure and the continued rise of account-based payments as well as the continued penetration of eBilling and subscription-based models are expected to result in a consistent organic growth trajectory for the business. The number of direct debit and credit transfer transactions in the Nordic region is similarly projected to grow at a CAGR of approximately 2% from 2015 to 2020.

Corporate Services' strategy is to provide next-generation solutions, including the Betalingsservice mobile application for consumers (which was launched in April 2016), eFaktura expansion across the Nordic region and further bundled products driving digitization. Nets' real-time clearing system is based on international standards and has the potential for use in other European countries. We will target expansion of real-time clearing outside the Nordic region on a selective basis using the same approach as with the recent agreement with ICBPI in Italy (see "—*Clearing Systems*"). This creates the opportunity to provide real-time clearing across European regions operated on our platforms and data centers in the Nordic region.

Technology

Nets' proprietary technology platform is a fundamental component of our business model. Key features of the platform are its integration in the Nordic financial infrastructure and customer systems, its reach into merchants' physical and digital sales channels, and capabilities across the payment ecosystem as well as adjacent services and processes needed to securely operate nationwide critical key infrastructure.

We depend on the security, stability and scalability of our technology services, as well as the cost leadership of our technology group. Nets' stability is of critical importance to its customers, and we work to maintain our systems proactively, and to prevent, identify and resolve any stability incidents, which we have done by implementing software and hardware solutions, including logging and monitoring, as well resolution procedures based on industry best-practice. Our proprietary technology includes Danish products such as Dankort and Betalingsservice, which are based on software code developed for or by us to be operated on our platforms. Nets is the sole owner of the intellectual property related to such software, although the infrastructure is mostly based on common technology that is primarily supplied by our vendors, including IBM and CGI. For example, we rely on vendors, such as IBM and CGI, to provide mainframe and midrange infrastructure which are used, *inter alia*, in connection with certain clearing and settlement and card payment services. We have filed a patent application regarding certain technology in relation to clearing and is considering an additional patent application. Further, we have filed a patent application as to Signaturgruppen but such application may be withdrawn.

Nets' technology systems are built on a number of platforms across countries and operating segments, but are integrated for purposes of operations and management. We have set up data centers, servers and other computing equipment, and invested in each component of the platform. Our onshore technology operations are centered around three main data centers in Norway, Denmark and Finland. The Norwegian facility is leased by Nets and operated by Nets' employees, while the Danish and Finnish facilities are owned and operated by Nets' vendors. All three data centers have backup infrastructure for resiliency and disaster recovery. As part of the Transformation Program, we completed construction of an additional data center in Norway in 2016 to support our security and stability capabilities. Capacity from this new data center is expected to be on-line during 2017.

Our cost leadership initiatives are based upon establishing an efficient sourcing model, including the use of offshore (in India) and nearshore (in Romania) technology locations where appropriate for product development. The breadth in sourcing capabilities drives cost efficiency, access to additional talent and faster time to market. We believe that our international sourcing network, which is powered by robust back-end architecture and infrastructure, presents a sustainable source of competitive advantage versus other industry participants and new market entrants.

Maintenance and development of all of our technology platforms is done through a mix of internal and external resources. Our vendors are subject to audits by Nets, and by external independent auditors, as to their compliance with their contractual obligations, which include data security provisions.

We have over 200 applications in total, approximately 66% of which are core applications. Approximately 75% of these core applications are developed in-house. In addition, we have over 50 research and development projects (at various stages of Nets' concept and research process) in our innovation pipeline, including, for example, within our Merchant Services segment, value-added services like digital receipts and invoicing at POS, one-stop-shop settlement and accepting alternative payments; within Financial & Network Services, services which enable secure real-time infrastructure for multi-card mobile wallet solutions; and within Corporate Services, accessing new markets by creating application programming interfaces for banks and enabling biometrics as a carrier of ID for hands-free payments.

We provide information security to our customers by implementing various information security tools, complemented by regular audits and assessments, such as annual audits by or on behalf of Visa and MasterCard, third-party audit examination, periodic risk assessments supported by threat intelligence, periodic penetration tests and vulnerability analysis. To the extent that these audits and assessments identify any issues or non-compliance, we have procedures in place and work with the applicable external parties to ensure timely resolution of such issues or non-compliance. An ordinary IT inspection was conducted by the Danish FSA in the autumn of 2014 and the public report from the inspection was published May 13, 2015. The inspection resulted in six enforcement notices and an indication of four other matters requiring attention which, in total, resulted in 27 internal mitigating actions by Nets relating to, among other things, security, risk management, outsourcing and recovery plans. All internal mitigating actions were closed by the end of 2016. Another IT inspection, which is a follow-up to the 2014 inspection, was conducted in early 2017. Nets does not expect any material enforcement notices to result from this follow-up inspection. The systems we run through our data centers comply as required with PCI DSS, with valid attestations of compliance, and each is properly registered at Visa and MasterCard as required. The 2017 annual renewals required of the Nets entities by PCI DSS have either been completed or are on track to be completed, as applicable.

Our security team consists of a variety of cyber-security and fraud management experts with diverse backgrounds, including former domestic and international law enforcement, military, financial services, security technology, and cyber threat analysis experts. The team's primary function is to protect our core operations. However, we also leverage their talent and expertise to advise customers on security-related matters, and share relevant information with anti-fraud groups across the financial services industry and with law enforcement entities around the world.

Over the past three years, the Group's investments in security and fraud management have increased significantly, which has helped to enable us to expand our capabilities significantly. We have also partnered with leading security and fraud analytics firms to increase the inspection of, and advance the level of insight into, the millions of transactions that it processes every day. These investments include a multi-layered 24/7 security monitoring capability created by the combination of dedicated cyber-security experts and additional layers of logging monitoring provided by top-tier expert industry partners. This combination provides a merged protection model that is designed to allow for rapid detection, response and containment of internal and external threats.

In 2013, a new Distributed Denial-of-Service ("**DDoS**") defense protection shield was introduced, and its coverage and capabilities have been further enhanced since then. This shield has shown its effectiveness on several occasions since its introduction, and has kept Nets' systems operational during DDoS attacks, with a very limited impact on our system users. There has been no significant service disruption from a DDoS attack since the introduction of the DDoS protection shield. In 2014, we developed and delivered a new Nets security training framework, incorporating classroom and e-learning training, which helps leaders and employees to strengthen their awareness of security and behavior within Nets. It teaches employees and leaders how to act in line with best practice security policies and how to identify and report potential threats.

In 2016, we partnered with a vendor of security software and introduced a comprehensive security logging and monitoring tool, allowing for early detection and remediation of attacks and security incidents. We also invested in enterprise-wide vulnerability management capability, combining automated scanning and manual penetration testing to identify and remediate security vulnerabilities on all external-facing components.

Customer Services

The Customer Services (formerly "Operations") team supports the business with services within Onboarding & Maintenance, Fraud & Dispute handling, Contact Centre and Operations Support. An important aspect of our operational strategy is to provide integrated, end-to-end services for customers across the three operating segments; this strategy is effectuated in part by the operations unit as a standalone group spanning the three operating segments. In 2016, Customer Services participated in the Transformation Program with a focus on five strategic priorities: (1) optimization of customers' experiences, in order to deliver fast and seamless onboarding of new customers; (2) improvements in self-service, automation and system integration; (3) a new delivery model in order to improve customer experience, quality and efficiency based on a simplified footprint; (4) improvements in fraud detection; and (5) improvements in cross and upselling, with attention to loyalty, to improve sales lead generation.

We track the performance of the Customer Services segments through the development of a set of various customer and cost-focused key performance indicators, ranging from a customer satisfaction index to the speed at which new customers are onboard. In 2016, customer satisfaction has improved from an index of 77 to 81 on a scale of 100. We have also observed a significant reduction in Visa-related fraud on Visa/ Dankort cards following the introduction of real-time fraud prevention measures in February 2016. We also continuously focus on simplifying our onboarding processes, including with respect to merchants. We have generally experienced success in implementing best practices and onboarding efficiencies in Denmark and are in the process of expanding these programs by implementing them in other jurisdictions. We improved our onboarding processes during the periods under review to the point where it is now possible for certain types of customers in Denmark to sign up in a matter of minutes. In selected cases, our onboarding costs are not fully covered by customers' onboarding fees, but even in those selected cases break-even is usually reached within six to eighteen months due to the marginal profitability from incremental volume.

Employees

Nets' culture and reputation as a leader in the industry enables us to recruit and retain some of the best available talent. As of December 31, 2016, we had approximately 2,400 FTEs, which is a measure designed to incorporate the total workforce provided by the combination of permanent full-time employees and permanent part-time employees. A full-time employee is counted as one employee. A part-time employee is counted based on the number of days per week such employee is contracted to work, divided by five. For example, an employee contracted to work three days per week is counted as 0.6 employees. In addition to our own FTEs, our IT group has outsourcing arrangements whereby approximately 440 employees are providing IT services for us in nearshore and offshore locations. We generally aims to increase our use of external outsourcing arrangements in respect of the IT group, and has in the IT development area moved towards an approximately 40%/60% split between internal staffing and external sourcing in the year ended December 31, 2016, with the external sourcing typically comprised of the use of the Group's outsourcing arrangements in low cost countries, such as Romania and India.

	As of December 31,		
Region	**2016**	**2015**	**2014**
Denmark	932	925	985
Norway	738	775	865
Finland	475	486	532
Sweden	239	181	195
Baltics	44	46	42
Total	**2,428**	**2,413**	**2,619**

As part of the Transformation Program, we initiated a process of reducing our headcount in the spring of 2016 by approximately 120 employees.

The following table sets forth the breakdown of our FTEs by business area on the dates presented. We are not able to show such a breakdown for December 31, 2014, since we completed an internal reorganization subsequent to that date.

	As of December 31,	
Business Area	**2016**	**2015**
Merchant Services	535	462
Financial & Network Services	191	183
Corporate Services	213	201
Technology	716	729
Customer Services	490	549
Management & Support Functions (including Finance & Risk Management, human resources, legal, communications and internal audit)	283	290
Total	**2,427**	**2,413**

Material Contracts

Material Agreements Entered into Outside the Ordinary Course

Save as disclosed below, there are no contracts (other than entered into in the ordinary course of business) to which the Group is a party which (i) are, or may be, material to the Group and which have been entered into in the two years immediately preceding the date of this Offering Memorandum; or (ii) contain any obligations or entitlements which are, or may be, material to the Group as of the date of this Offering Memorandum.

Material Acquisitions Acquisition of Nets Holding A/S

At the end of March 2014, the Pre-IPO Shareholders, indirectly through Nassa A/S, entered into share purchase agreements with a group of 186 Danish and Norwegian banks, including affiliates of Danske Bank A/S and Nordea Bank AB, relating to the acquisition of 100% of the share capital of Nets Holding A/S for an aggregate cash consideration of DKK 17.0 billion. Purchase price adjustment amortizations related to Nassa A/S' acquisition of Nets Holding A/S amounted to DKK 438 million in 2015 which was the first full year of amortizations. For 2014 six months of amortizations for the period July-December amounted to DKK 219 million. The intangible assets recognized in the purchase price adjustment are amortized over 5 to 10 years. The transaction closed on July 9, 2014.

In connection with the announced acquisition by Visa Inc. of Visa Europe Ltd., pursuant to the share purchase agreements with the Relevant Sellers (i.e., the relevant sellers under the share purchase agreements for the acquisition of Luottokunta (now Nets Oy) and Nets Holding A/S), Nassa A/S is under an obligation to pass on and/ or to procure that any member of Nets will pass on certain proceeds of the acquisition received as a result of the direct ownership interest in Visa Europe Ltd. held by Nets Oy and Teller A/S (both of which are wholly owned subsidiaries of Nets Holding A/S) to the Relevant Sellers, as soon possible after receipt.

Acquisition of Kortaccept Nordic AB

Pursuant to a share purchase agreement dated June 14, 2015, Nets Holding A/S purchased Nordea Bank AB's acquiring business for a price of EUR 230 million (DKK 1.7 billion) on an enterprise value basis. The transaction closed on December 10, 2015. The acquisition was structured as a share purchase of a special vehicle entity created for the purpose of the transaction, Kortaccept Nordic AB. By acquiring Kortaccept Nordic AB, Nets added a large customer base, sales force and referral network with the largest bank in the region, Nordea Bank AB.

The merchant acquiring business of Kortaccept Nordic AB is now part of our Merchant Services business.

Acquisition of DIBS Payment Services AB (publ)

On October 29, 2014, Nets Holding A/S announced a cash offer of SEK 82.50 per share to the shareholders of DIBS Payment Services AB (publ), a provider of online payment methods, to sell their shares to Nets Holding A/S. On December 18, 2014, Nets Holding A/S announced that it had obtained the approval from the Swedish Financial Supervisory Authority to acquire the shares, whereby all conditions for the offer had either been waived or fulfilled and Nets Holding A/S had resolved to complete the offer made. Through the offer Nets Holding A/S acquired 87.2% of the shares in DIBS Payment Services AB (publ). The acquisition has allowed Nets Holding A/S to further develop its offerings with the innovative solutions of the DIBS Payment Services AB (publ) group, provided high quality solutions for merchant services and provided Nets Holding A/S a partnership with the DIBS Payment Services AB (publ) group's existing partners. Since the closing of the acquisition we have acquired an additional 11.2% shareholding and now holds 98.4% of the shares in DIBS Payment Services AB (publ) and has initiated a squeeze-out process to acquire the remaining outstanding shares. The squeeze-out process *inter alia* involves the redemption price being evaluated by an arbitral tribunal. The arbitral tribunal is expected to render a decision during 2017 and subsequently such decision may be appealed in the Swedish national court system.

Financing Arrangements

For a description of the Group's financing arrangements, see "*Description of Certain Financing Arrangements*."

Material Ordinary Course Agreements

We have entered into a large number of customer, license, supplier, service and infrastructure agreements, which on an aggregate basis form the platform of our business. None of our contracts are on a standalone basis considered essential to the Group but the below list contains certain selected material ordinary course agreements that are segmented with reference to different types of contracts. These contracts do not necessarily constitute the entire contractual framework with the contracting parties included below.

Supplier Agreements

Nets and IBM entered into a technology and operations agreement (the "**IBM Agreement**") which was entered into initially in 2007 and which has subsequently been amended to the current master services agreement.

Pursuant to the IBM Agreement, IBM agreed to provide certain IT-operation services, including operation and maintenance of Nets' mainframe, midrange, electronic storage, networking capacity and related software.

Nets and Ingenico entered into a new agreement (the "**Ingenico Agreement**") effective as of January 1, 2016. Pursuant to the Ingenico Agreement, Ingenico supplies POS terminals that Merchant Services offers to its merchant customers. As of the date of this Offering Memorandum, the greater portion of POS terminals Nets supplied to its merchant customers were sourced from Ingenico.

With regards to Finland, Nets Oy and Efunds Corporation entered into a master agreement, a Professional Service, a Software Support and Maintenance Agreement, and a license agreement in January 2010. Efunds provides payments and financial risk management solutions, and said agreements form the basis of Nets' operations in Finland.

License Agreements

In connection with our merchant acquiring business, the Group has entered into license agreements with major card schemes such as Visa, MasterCard, JCB and others. Pursuant to the agreements with Visa, MasterCard and JCB, each of Visa, MasterCard and JCB may require Nets to provide notice of a change of control, as defined under each of these agreements, allowing them to terminate the relevant scheme agreements if a change of control occurs. For a description of risks related to such license agreements, see "*Risk Factors—Risks Relating to the Group's Business—Failure to renew license agreements with card scheme operators and agreements with certain other partners on acceptable terms or termination of such agreements by the contract party could harm the Group's business*."

Service Agreements

The Group's service agreements may generally be divided into agreements with multiple financial institutions across a specific sector and individual agreements with individual financial institutions.

<u>Sector/Infrastructure Agreements</u>

In April 2013, we entered into an agreement with the Danish Chamber of Commerce setting out principles for preserving the Dankort card as a commonly available and up-to-date payment card in Denmark which will continue in force unless terminated with effect from January 2020 at the earliest. Concurrently, Nets made a model agreement (the "**Dankort Model Agreement**") with all Danish banks issuing Dankort, committing the banks to issue, accept and promote the Dankort card. The Dankort Model Agreement also governs the distribution of profits arising from Dankort card transactions and expires in December 2019.

The Danish Bankers Association (in Danish: *Finansradet*) has, on behalf of banks in the Danish banking industry, entered into an operation agreement with us in August 2013 regarding the performance of infrastructure and clearing services.

Nets and the Danish Agency for Digitization (in Danish: *Digitaliseringsstyrelsen*, formerly IT—*og Telestyrelsen*) renewed an agreement regarding OCES-certificates in November 2015 with regard to NemID. The OCES certificates serve as a security standard approved by the Danish Data Protection Agency ensuring that transactions and the use of digital signatures are securely executed.

In February 2014, Nets Holding A/S and Finance Norway entered into an updated framework agreement with respect to common operational infrastructure ("**COI**"), with a goal of securing critical infrastructure in Norway in order to provide Finance Norway with adequate control of our delivery of COI services. An updated agreement on operating NICS was signed in March 2014 between Nets Norge Infrastruktur AS and NICS *Operatørkontor*.

As a part of the above-mentioned infrastructure in Norway, we deliver certain electronic identification services to BankID Norway that enable companies and individuals to authenticate and conclude agreements over the internet. Nets and BankID Norway have entered into an operation agreement that may be terminated by BankID to expire at the end of 2019.

Finance Norway has also given a mandate to BankAxept AS to choose an operator of the payment infrastructure in Norway. BankAxept AS develops and manages payment products for banks under the brand

BankAxept. This mandate has been given to us (Nets Norge Infrastruktur AS). BankAxept AS and Nets have therefore entered into an agreement in May 2015, under which we undertake to operate and administer infrastructure arrangements related to the execution of payments with BankAxept-instruments.

Agreements with Individual Financial Institutions

Nordea Bank AB and Nets entered into a Framework Agreement in February 2016. The Framework Agreement defines the general terms and conditions related to our performance of services for the Nordea Group. The services to be performed by us are set out in service towers within specific business areas and formalized in master service agreements and underpinning service agreements for each service. Termination of the Framework Agreement will not affect on-going master service agreements or service agreements.

Danske Bank A/S and Nets have entered into a Framework Agreement that has been effective from September 2013, and the parties also entered into certain business area agreements, including an operation agreement. Thus, we perform a range of services for Danske Bank A/S within the payment and corporate customer services field.

Nets and DNB Bank ASA entered into a Framework Agreement effective from July 2011, under which we undertakes to deliver a range of payment services and other arrangements to DNB Bank ASA.

Intellectual Property Rights

We hold several trademarks internationally, which include, among others, our company name. The trademarks themselves are owned by Group companies. In addition, we leases a number of internet domains. The most important of these domains is www.nets.eu.

We rely on a combination of intellectual property laws, confidentiality procedures and contractual provisions to protect our proprietary technology and our brand. As well as the registered trademarks and owned domain names, we have filed patent applications covering aspects of its proprietary technology and innovative software.

Nets Denmark A/S filed two European patent applications on certain aspects of clearing, one on June 23, 2016, and another on October 7, 2016. Both applications can be continued globally within one year as of their respective filing dates. Signaturgruppen A/S filed a European patent application before the European Patent Office on July 3, 2015, which was withdrawn before publication in November 2016.

Vendors and Procurement

We have approximately 2,400 active vendors providing goods and services worth more than DKK 2.9 billion by annual spending, and our technology vendor base accounts for approximately 30% of the total number of vendors and five of the top ten vendors by annual spending. Our technology vendors range from well-known names to niche development and consultancy providers and provide networks, hosting, disaster recovery and application development services, as well as hardware and software to support our payment processing capability. We spend more than DKK 350 million annually on the three largest vendors dedicated to operation and maintenance of our mainframe, midrange, electronic storage, networking capacity and related software. The Group is under a number of obligations with regard to its use of vendors, including regulatory requirements, data protection obligations (either as data processor or data controller) and contractual requirements imposed by certain of its customers, particularly financial institutions. An internal legal review team has been established to supervise activities conducted by vendors, including sub-contractors. Please see "*Risk Factors—Risks Relating to the Group's Business—Breakdowns of the Group's processing systems or software defects, and those of third parties, could damage customer relations and subject the Group to liability*" for additional information.

We have a dedicated procurement function handling commercial activities with regards to strategic sourcing and category-, vendor- and contract-management. We use our industry and category knowledge to manage key engagements between us and our vendors as well as consistently challenging our cost base. This allows us to minimize the degree of risk to which we are exposed throughout vendor relationships by better understanding the degree of dependency we have on each vendor, both in terms of value that the vendor delivers to us and the cost associated with obtaining an alternative vendor. By understanding these dependencies, we can tailor our level of management to better address each vendor's total cost of ownership as well as risk, allowing us to monitor and improve performance, leverage our brand and volume to reduce cost and maximize value, and ensure compliance when products and services provided are relevant to our regulated activities as well as preferred suppliers.

Legal Proceedings and Investigations

From time to time, we are involved in litigation matters arising in the ordinary course of business. We do not believe that any of the liabilities arising from the outcome of such matters, individually or in the aggregate, will have a significant effect on our financial position or profitability. Other than as described below, we have not within the last twelve months from the date of this Offering Memorandum been, and is not currently, party to any governmental, litigation, administrative, arbitration, or dispute proceedings, that could have, or have had in the recent past, a material adverse effect on our business, results of operations or financial condition. We are not aware of any threatened or potential dispute or governmental proceeding that could have a material adverse effect on our business, results of operations or financial condition in the future other than as described below.

Foreningen for Dankortsag

The Danish Competition and Consumer Authority concluded in two decisions in 2012 and 2013 that our fees for online Dankort transactions between 2008 and 2013 were in violation of Article 79 of the Danish Payment Services Act for charging unreasonable prices or obtaining unreasonable profits. Both decisions were later upheld by the Competition Appeals Tribunal. We changed our prices as of July 2013 to comply with the ruling from the Danish Competition and Consumer Authority. However, we have brought both decisions before the Danish Eastern High Court. We claim that the decisions should be repealed or annulled or, alternatively, remitted for reconsideration. The case before the Eastern High Court has been stayed until October 2017 to allow for further factual development. The court' judgment, when rendered, can be appealed to the Supreme Court.

A follow-on class action (*Foreningen* for Dankortsag) and two separate claims have been brought before the Civil Court of Glostrup claiming damages related to these two decisions. In the class action case, the plaintiffs have made an aggregate claim of DKK 32.5 million. The two separate claims amount to DKK 9.9 million in total. The civil court cases concerning the claims for damages have been stayed until 2017, pending the Eastern High Court's judgment.

Merchant Acquiring Investigation

The Danish Competition and Consumer Authority is currently analyzing certain aspects of the Group's merchant acquiring activities. In late 2015, the Danish Competition and Consumer Authority notified Teller of its preliminary concerns that some of Teller's acquiring agreements may have contained rebate and exclusivity clauses which infringe competition rules. It is the Group's assessment that the clauses do not infringe competition laws. Teller has, for the sake of good order, informed the customers in question that the agreements are not to be considered exclusive. The Danish Competition and Consumer Authority has initiated a market investigation. Depending on the outcome of the market investigation the Danish Competition and Consumer Authority may further its examination of the assumed exclusivity clauses. This procedure is still in its initial phase but may ultimately lead to a finding of infringement of applicable competition laws, with fines and damages claims.

The DCCA's Cost Study 2015 for the Operation of the National Payment Card Scheme—Dankort

In January 2016, under the Payment Services Act, the Danish Competition and Consumer Authority set forth new principles regarding the calculation of costs related to the Dankort network. In addition, the Danish Competition and Consumer Authority advised us that it would conduct its own review and determination of the pricing and cost structure related to the Dankort network, marking a departure from prior years in which Nets was permitted to make this determination and cost study internally. This cost study forms the basis for the prices that Nets sets regarding subscription fees to the Dankort network in 2016 and 2017.

In its calculation of costs for the operation of the Dankort scheme, we have, with respect to 2014 and 2015, used a net price index as the indexing method for projecting its costs. The net price index as a projection method has in practice led to lower costs and hence to lower subscription fees for the Dankort scheme. Therefore, it is not likely that our calculations and projection of the subscription fees for the Dankort scheme would give rise to potential claims for damages as long as the net price index does not lead to costs and subscription fees which exceed the amounts calculated by the Danish Competition and Consumer Authority.

We brought the case before the Danish Competition Appeals Tribunal because we did not agree with the Danish Competition and Consumer Authority's decision on the cost study. However, upon meetings with the Danish Competition and Consumer Authority and the Danish Ministry of Business and Growth and in agreement with the banks, we withdrew our appeal on February 24, 2016 and the case is closed.

Visa Transaction

By virtue of historical transaction agreements, we have an obligation to pass on the proceeds from the Visa Transaction to which the Relevant Sellers are entitled. We are in discussions regarding the implementation of the distributions of such proceeds with the Relevant Sellers.

As of the date of this Offering Memorandum, there is no uncertainty as to the aggregate portion of the proceeds received from Visa Inc. to be passed on to the Relevant Sellers as a group; there is, however, uncertainty as to the portion of proceeds that each Relevant Seller and/or any subsequent third party is respectively entitled to under the terms of the Luottokunta and Nets Holding A/S share purchase agreements, and we may, as a result of the transaction structure, be required to become involved in subsequent disputes between one or more Relevant Seller relating to such Relevant Seller's respective share of the aggregate entitlement to proceeds from the Visa Transaction. Subject to the development of the discussions with the Relevant Sellers and certain other parties, we currently have no intention to distribute the disputed proceeds until such uncertainty is resolved or an agreement with the Relevant Sellers has been reached on terms reasonably satisfactory to us as to the appropriate split of proceeds that we are required to pass on. See "*Risk Factors—Risks Relating to the Digital Payments Industry—Nets is exposed to risks in relation to its rights and obligations in connection with the Visa Transaction.*"

Insurance Coverage

Nets holds a number of insurance policies, which are adjusted on an ongoing basis according to current circumstances. We believe that the deductibles and limits agreed on for its insurance policies are appropriate. Our insurance program is designed to protect key assets, cash flow and its balance sheet. Our insurance coverage includes, but is not limited to, general property damage, credit risk, professional indemnity, business interruption, terrorism, employers' liability motor fleet, director and officer liability, crime and data protection insurance.

We believe that our insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance policies are both standard for our industry and appropriate. We cannot, however, guarantee that we will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage or that our insurers would not dispute coverage due to non-compliance with policy conditions.

Risk Management

Our Approach to Risk

We are a competitive participant in the international payments markets, which are characterized by regulatory, business and technological transformation. New consumer and merchant focused regulations, the adoption of new technologies, new participants in the marketplace and rapidly evolving cyber security threats result in an evolving risk landscape.

We face a wider, more complex risk landscape compared with industry peers due to our position in the digital payments ecosystem, not only managing high volume, multi-sided transaction flows, but also securing national identity schemes used for access to financial and government institutions, non-card payments and a range of value-added business services.

We have implemented a risk taxonomy throughout our operating segments allowing for robust, consistent risk identification, evaluation, treatment and reporting of business, technology, security, operational, financial, legal and compliance risks. Each member of our Executive Committee, through their direct subordinates, maintains a consolidated risk landscape describing risk to their respective businesses and areas of responsibility. These are subsequently being reviewed by Risk Management, that further consolidates the segment-specific landscapes into an enterprise-wide risk landscape. The latter is followed up and ranked quarterly by the Executive Committee and presented semi-annually to the Audit Committee (as defined below) and annually to the Board of Directors, together with risk treatment status.

Risks could result in significant financial and/or reputational damage for us, which may affect our ability to obtain our objectives. As a consequence, risk and its management and mitigation is a particular focus for us. Please refer to "*Risk Factors*" for details of other risks affecting us.

Governance and Control

Governance and control in the Group is managed on a tiered basis. The Board of Directors delegates authority to the executives running our operating segments. Risk Management ensures risks are managed according to control objectives and limits set by internal policy. The internal systems audit team provides an independent assurance over control design and efficiency according to a board approved annual audit plan and audit charter. A member of the internal systems audit team takes responsibility for any audit recommendation, and an action plan, with a deadline, is devised to address such audit recommendation. A quarterly follow up and progress report is delivered to Executive Management and the Audit Committee. Audit recommendations must be closed within 12 months unless an exception was approved by Executive Management. The Audit Committee of the Board of Directors supervises the relevance and applicability of board approved policies, including risk management policies, audit plans, charters and other governing sources. See "*Management—Board of Directors," "—Executive Management," "—Key Employees" and "—Description of Internal Control and Financial Reporting Procedures*" for further details regarding the Group's internal systems audit.

Risk decision-making within Nets is formed and implemented on the basis of the Group's "three lines of defense" model. The first line of defense is formed by the operating segments performing day-to-day risk management activities by identifying, assessing and treating risks. The operating segments functions are responsible for compliance with legal, contractual and regulatory requirements as well as risk management in relation to information-technology systems, information security, business continuity, projects and processes. The second line of defense is our risk management group, which assesses the risks identified in the operating segments and based on this submits a report on the consolidated risk landscape to the Executive Committee, the Audit Committee and finally to the Board of Directors. The third line of defense is undertaken by the Group's internal and external auditors. Thus, the third line of defense serves as an independent assessment of the risk and control functions performed by the first and second lines of defense.

Methodologies, processes and control objectives are inspired by industry standards (such as ISO31000 for risk management and ISO27001 for security and business continuity). The policies are described below, and set clear escalation paths, reporting lines, and scope and decision capacity to enforce the three lines of defense approach and ensure transparency, efficiency and compliance in decision making:

- *Security policy*: The security policy governs the management of internal and external security risks and threats, ranging from cyber threats to employee screening addressing the full stack of technology services, including but not limited to communication and network, computing, storage and applications. For example, the policy drives periodic internal and external penetration testing, user identity and role attestations, and mandatory security update cycles.
- *Business continuity policy*: The business continuity policy addresses disaster scenarios where all or parts of systems are made unavailable or unusable, and how we should contain, recover and restore the service in a fully compliant fashion. This policy defines the time and data objectives, as well as testing and crisis management processes to support recovery in the event of natural or technical disaster. For example, the policy stipulates periodical testing based on structured disaster recovery plans of key products/services (e.g., NICS), computing and business logic components and infrastructure e.g., network redundancy. Testing ensures redundancy of these components and the ability to transparently move processing from one physical or logical location to a disaster recovery facility.
- *Financial risk control policies*: The financial risk control policies relating to merchant acquiring, counter-parties and the treasury ensure proper facilities are made available to reduce the Group's exposure to financial loss resulting from its market activities, including direct exposure to customer default or fraud and risks relating to currency, debt and settlement. These policies set out financial- and risk-based limits and outline the extent to which collateral must be obtained. In addition, these policies provide that financial instruments, though not actively used in hedging and risk mitigation currently, may be used in order to mitigate financial risks.

The policies are communicated throughout Nets, and employees are encouraged at all levels to consider risk in their decision-making and take personal accountability for the risks they manage or take.

Our compliance functions support the operating segments by identifying, interpreting and complying with legal and contractual requirements. The regulatory compliance function also represents Nets before relevant supervisory authorities. The risk of non-compliance is monitored by risk management, in collaboration with compliance as a subject matter expert, in the areas of industry (for example, PCI DSS), regulatory (for example, payment institution legislation, including PSD2), contractual/customer and internal policies. Risk of non-compliance is reported to the Board of Directors. Further, risk management collaborates with internal audit regarding risks and compliance issues.

Significant regulatory and compliance risks, for example, PSD2 and PCI DSS related risks, receive significant attention, including, for example, dedicated steering groups as well as investment in mitigants such as the the CAPS Open Framework. CAPS is an open standard for exchange of information to support account information services and payment initiation services, enhancing collaboration, governance, security and stability among payment value chain participants.

In order to continuously manage the PCI DSS requirements, a system of governance has been implemented to ensure that all related tasks are carried as planned per an annual schedule. The team operates with clear roles, responsibilities, monitoring and reporting requirements, and escalation paths. The team is responsible for PCI governance, the PCI DSS certification scheme, including advisory support, training, guideline developments and ensuring any changes in PCI standards are implemented ahead of deadlines. Actions decided for PCI DSS audit findings and gaps are monitored on a quarterly basis by risk management. The Merchant Services and Financial & Network Services segments manage PCI requirements implementation and reporting vis-a-vis card schemes, merchants and banking customers. They ensure that procedural or product-related adjustments needed to maintain PCI compliance are progressing and satisfy external stakeholder needs. Risk Management monitors all PCI compliance gaps and reports these independently as part of internal control reporting.

The regulatory landscape, both in the jurisdictions in which we operate and, in addition, regionally, is monitored by our compliance and public affairs functions. Relevant Danish and EU legislation is mapped into a compliance catalogue which is reviewed by the Governance Committee. Local legislation is monitored in Norway and Finland by local compliance representatives.

Anti-money Laundering Detection and Prevention

As part of our anti-money laundering and fraud detection and prevention efforts, and in compliance with relevant anti-money laundering and KYC regulatory frameworks, we follow procedures for onboarding new customers and monitors both existing customers and individual transactions for suspicious activity. When a new customer is onboard, its KYC information is collected and an economic risk assessment is conducted, including verifying the identity of the customer, its beneficial owners and its company representatives. In certain cases and where required customers are screened against sanction lists. If the customer is considered a "politically exposed person" (i.e., a natural person who is or has been entrusted with prominent public functions, an immediate family member of such a person and any person known to be a close associate of such person), we conduct enhanced due diligence and monitoring of the customer relationship with the respective "politically exposed person" customer.

We have conducted reviews of the KYC records of certain of our customers, including records of onboard customers as a result of acquisitions. The Danish FSA conducted an inspection in 2013 of our compliance with relevant KYC requirements and identified incomplete and missing KYC records regarding a number of the Group's customers. As a result of this inspection, the Danish FSA set a deadline for us to provide these missing KYC records. Nets was not able to collect or complete the KYC records for all of the relevant customers by this deadline because many customers did not deliver correct or complete information and certain customers did not deliver any information or records at all. We have notified the Danish FSA of the fact that the KYC records for a number of our customers remain incomplete or are missing and continues to work to complete the KYC records. We continue to transact with these customers but does not permit the modification or expansion of the relevant customer agreements until the related KYC records are complete. As of the date of this Offering Memorandum, KYC records for less than 5% of Nets' customers may be incomplete or missing.

The MLD4 provides that a relevant entity being subject to the KYC requirements therein shall be required to terminate a customer relationship should it not be possible to complete the required customer due diligence measures. Pursuant to general AML principles, the extent of the customer due diligence measures should be based on a risk assessment of the individual customer.

The Danish FSA has stated in the bill implementing the MLD4 into Danish law, which is currently undergoing first reading in the Danish Parliament, that the implementation of MLD4 will contain a requirement to the effect that if a customer has not properly provided his KYC documentation, the entity to which he should provide such documentation has an obligation to determine whether it may be obtained in another manner.

It is stated in the bill that due to the material effect that a termination of the customer relationship may have on the customer in question, the option of terminating a customer relationship must be weighed against the customer's interest in maintaining the relationship.

It is further stated that the bill should only regulate situations in which a relevant entity has a duty to terminate a customer relationship if there is a risk of the relevant entity being used for the purpose of money laundering or financing of terrorism. Therefore, Nets is continuously attempting to find the relevant KYC records if not submitted by the customers and based on the aforementioned, Nets does not assess that it would be required to terminate a significant number of customer relationships with customers whose KYC records are currently incomplete or missing; however, there can be no assurance that such assessment will be accurate or that the Danish FSA will not impose fines or other penalties related to such incomplete or missing KYC records. See "*Risk Factors—Risks Relating to Laws and Regulation—Anti-money laundering regulations, including "know your customer" requirements, impose considerable obligations on the Group and a failure to comply with them may have a material adverse effect on the Group's business*."

We employ dedicated teams of analysts to conduct these anti-money laundering and fraud detection and prevention efforts. These analysts follow set protocols in crafting their assessments. For example, if no natural explanation can be found for a suspicious transaction, a notification is sent to the appropriate law enforcement authority in the relevant jurisdiction. In such cases, procedures are in place to assess whether the respective customer's transactions should be suspended. We store all obtained KYC information for a period of at least five years for purposes of customer monitoring.

Each licensed payment institution within the Nets Group has its own anti-money laundering guidelines, which are broadly consistent across the Group, with certain institutions implementing additional procedures, including the collection of additional information and reinforced verification procedures, as appropriate, depending on the jurisdiction and product and/or service.

REGULATION

Regulatory Licenses

Nets' regulatory environment varies from activity to activity and from jurisdiction to jurisdiction. Nets' primary activity is the provision of payment services and other services closely connected thereto.

The regulation of payment services and services relating to the issuance of electronic money is harmonized within the EU through the Directive on Payment Services in the Internal Market 2007/64/EC ("**PSD1**") and the E-Money Directive (as defined below) and the provision of such services requires either that a national license is obtained or that Nets is able to passport an existing license into the relevant EEA Member State where the services are offered.

The majority of Nets' regulated activities in the EEA are carried out from a place of establishment within the Nordic region. Accordingly, in order to carry out its primary business, Nets has obtained licenses to operate as either a payment institution or e-money issuer in the Nordic region through the following subsidiaries:

- In Denmark, both Nets Denmark A/S and Teller A/S have licenses to operate as a payment institution and each is authorized to carry out its licensed activities through branch establishments in Sweden and Teller A/S is authorized to carry out its licensed activities through branch establishments in Norway.
- In Sweden, Kortaccept Nordic AB has licenses to operate as a payment institution and is authorized to carry out its licensed activities through branch establishments in Denmark, Finland, Norway and the Baltic countries. Further, DIBS Payment Services AB (publ) has a license in Sweden to operate as issuer of electronic money, although DIBS Payment Services AB (publ) is not currently issuing electronic money.
- In Finland, both Nets Oy and Paytrail Oyj have licenses to operate as payment institutions.

In other EEA jurisdictions where Nets carries out licensed activities, Nets relies on its Danish, Swedish and/or Finnish payment institution licenses or e-money issuer license (as applicable) to passport regulated services into the relevant jurisdictions via notification by the relevant home state regulator to the regulator in the EEA host state. Nets also carries out non-regulated business both inside and outside the EEA.

To the extent Nets carries out its operations via branch establishment within the EEA, certain requirements of the home state in respect to its national license do not apply, but will instead be replaced by the local requirements of the host state. For regulated cross-border activities in which respect Nets utilizes its EEA passport license, it will generally be the requirements of the home state which apply to the operations.

Regulatory Authorities

This section describes the main regulatory authorities in the jurisdictions in which Nets has subsidiaries carrying out licensed activities. Due to the activities carried out in Norway, the main regulatory authority in Norway is also described in this section even though Nets carries out licensed activities in Norway only by way of branch establishment.

Norway

The Norwegian Ministry of Finance

Teller Branch Norway is primarily subject to the supervision by the Danish FSA. However, the Norwegian Ministry of Finance has supervisory authority in respect to a limited number of regulations applicable to Teller Branch Norway and thus take regulatory action in the event of non-compliance by issuing orders and fines if the orders are not complied with.

Unlike the Danish part of Nets Denmark A/S, neither Nets Branch Norway nor Nets Norge Infrastruktur AS offers licensable payment services under the Norwegian Financial Undertakings Act (as defined below), and, accordingly, they are not subject to such requirements.

The Norwegian Financial Supervisory Authority

Teller Branch Norway is primarily subject to the supervision by the Danish FSA. However, the Norwegian Financial Supervisory Authority has the authority to demand all reasonable documentation in relation to a limited scope of regulations which applies to Teller Branch Norway. Neither Nets Branch Norway nor Nets Norge Infrastruktur AS offers licensable payment services according to the Norwegian Financial Undertakings Act and, accordingly, they are not subject to the same requirements.

However, according to the Norwegian Payment Systems Act and the outsourcing requirements in the ICT regulation, the large scale operation of critical IT systems and infrastructure services on behalf of the Norwegian financial sector gives the Norwegian Financial Supervisory Authority power to conduct supervisory inspections of Nets Branch Norway and Nets Norge Infrastruktur AS.

Norges Bank

Norges Bank (the central bank of Norway) oversees payment systems in Norway in order to promote a smooth functioning of the systems by contributing to their efficiency and stability in accordance with the Norwegian Central Banks Act, Act no. 28 of May 24, 1985, Section 1. The Norwegian Interbank Clearing System (NICS) which is operated by Nets Norge Infrastruktur AS is subject to such supervision from Norges Bank. The supervision by Norges Bank is conducted in accordance with the international principles set out by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).

The Norwegian Competition Authority

The Norwegian Competition Authority is the primary supervisory authority with respect to the Norwegian Competition Act (as defined below) and it is authorized, *inter alia*, to review and approve business mergers, order companies to terminate abusive business practices or agreements restricting competition, and issue commitments binding on companies. The Norwegian Competition Authority is empowered to investigate restraints of competition both on its own initiative and on the basis of complaints, and, where necessary, to take enforcement actions against breaches of prohibitions against anti-competitive agreements and abuse of dominant position under the Norwegian Competition Act and the EEA Agreement, e.g., by issuing injunction orders and administrative fines. In pursuance of its competition objective, the Norwegian Competition Authority may also conduct market studies and make market investigation references.

The Norwegian Data Protection Authority

The Norwegian Data Protection Authority supervises compliance with the Norwegian Data Protection Act. In case of complaints, the Norwegian Data Protection Authority may render decisions on whether certain processing is in accordance with the Norwegian Data Protection Act and its related regulations. The Norwegian Data Protection Authority may also take up cases on its own initiative. The Norwegian Data Protection Authority is entitled to request and obtain access to personal data that is being processed and information relating to the documentation of the processing of personal data, as well as the security of this processing. The Norwegian Data Protection Authority is furthermore entitled to gain access to premises on which personal data is being processed and it conducts an annual series of inspections of public authorities and private companies that have received authorization to process personal data.

If the Norwegian Data Protection Authority discovers punishable violations of the Norwegian Personal Data Act (as defined below), it is authorized to issue injunction orders, fines, etc.

Denmark

The Danish Financial Supervisory Authority

Each of Nets Denmark A/S and Teller A/S are subject to supervision by the Danish FSA under the Danish Payment Services Act as licensed payment institutions. When supplying critical IT services and IT-development services to the joint payment infrastructure, Nets Denmark A/S is also subject to separate supervision by the Danish FSA under the rules on shared data centers in the Danish Act on Financial Business.

As a Danish branch of a Swedish payment institution, Kortaccept Nordic, filial af Kortaccept Nordic AB, Sverige ("**Kortaccept Nordic Branch Denmark**"), is subject to limited supervision by the Danish FSA.

The main tasks of the Danish FSA are to supervise the activities of financial institutions, payment institutions, e-money institutions and other institutions in the financial sector, provide licenses to the relevant institutions necessary for conducting the services covered by its supervision, issue regulatory requirements, ensure due implementation of EU regulation and coordinate activities with other financial regulators within the EU.

The powers vested with the Danish FSA in respect to the supervision of payment services providers are versatile. As well as being granted powers in relation to specific regulatory issues, the Danish FSA is granted non-specific discretionary powers to undertake investigations, enquiries and measures necessary for prudent supervision.

The Danish FSA may take regulatory action in the event of non-compliance with the requirements covered by its supervisory authority. Such regulatory action may include the imposition of financial penalties, public warnings, injunction orders, disciplinary measures and ultimately withdrawal of the licenses held by the relevant institutions.

The Danish FSA is by law authorized to issue administrative fines in case of infringements of certain requirements under the financial regulation, subject to additional qualifying criteria, including the pleading of guilt.

Danmarks Nationalbank

Danmarks Nationalbank (the central bank of Denmark) oversees payment systems that are of major significance to payment settlements in Denmark in order to promote a smooth functioning of the systems by contributing to their efficiency and stability. Danmarks Nationalbank's oversight is aimed at, *inter alia*, clearing activities in Denmark which Nets operates.

Danmarks Nationalbank's oversight also comprises the most important payment instruments in Denmark. In 2014, Danmarks Nationalbank decided to enhance oversight of the most important payment instruments, including the Dankort and Betalingsservice. The enhanced oversight is directed at Nets as the owner of these instruments.

The oversight of the core payment and settlement systems is based on the international principles set out by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO), whereas oversight of the most important payment instruments is conducted in accordance with the ECB's Harmonized Oversight Approach and Oversight Standards for Payment Instruments from 2009.

The Danish Competition and Consumer Authority

The Danish Competition and Consumer Authority is the primary supervisory authority with respect to the Danish Competition Act (as defined below) and it is authorized, *inter alia*, to review and approve business mergers, order companies to terminate abusive business practices or agreements restricting competition and issue commitments binding on companies. The Danish Competition and Consumer Authority is empowered to investigate restraints of competition both on its own initiative and on the basis of complaints, and, where necessary, to take enforcement actions against breaches of prohibitions against anti-competitive agreements and abuse of dominant position under the Danish Competition Act and the Treaty on the Functioning of the European Union, e.g., by issuing injunction orders and administrative fines as well as providing proposals to the State Prosecutor for Serious Economic and International Crime for the imposition of penalty payments. In pursuance of its competition objective, the Danish Competition and Consumer Authority may also conduct market studies and make market investigation references.

Relevant in respect of the legislative framework affecting Nets, the Danish Competition and Consumer Authority is granted with specific authority under the Danish Payment Services Act to supervise provisions in the act relating to market access, fees, excessive pricing and surcharging. Payment institutions such as Nets Denmark A/S and Teller A/S are thus also subject to supervision of the Danish Competition and Consumer Authority pursuant to the Danish Payment Services Act. The Danish Competition and Consumer Authority has authority under the Danish Payment Services Act to require that a payment institution reduces its prices if such prices are considered excessive based on the legal benchmarks.

The Danish Competition and Consumer Authority has entered into a cooperation agreement with the Norwegian, Swedish and Icelandic competition authorities in order to further strengthen and formalize cooperation between the competition authorities for the purpose of achieving more effective enforcement of the three countries' national competition legislation.

According to the agreement, the Danish, Norwegian, Swedish and Icelandic competition authorities may exchange information that is subject to a duty of confidentiality with each other provided that furnishing such information is necessary to enforce these countries' competition legislation and with a view to fulfilling bilateral or multilateral obligations.

The Danish Data Protection Agency

The Danish Data Protection Agency supervises compliance with the Danish Data Protection Act (as defined below). In case of complaints, the Danish Data Protection Agency may render decisions on whether certain processing is in accordance with the regulations of the Danish Data Protection Act. The Danish Data Protection Agency may also take up cases on its own initiative. The Danish Data Protection Agency is entitled to request and obtain access to personal data that is being processed and information relating to the documentation of the processing of personal data, as well as the security of this processing. The Danish Data Protection Agency is furthermore entitled to gain access to premises on which personal data is being processed and it conducts an annual series of inspections of public authorities and private companies that have received the agency's authorization to process personal data.

If the Danish Data Protection Agency discovers violations of the Danish Data Protection Act, the agency is authorized to issue injunction orders. The Danish Data Protection Agency may not impose administrative fines but may instead report a violation to the Danish police.

The Danish Consumer Ombudsman

The Danish Consumer Ombudsman supervises, *inter alia*, the Danish Payment Services Act from a consumer protection objective. In Nets' merchant acquiring businesses, Nets Denmark A/S and Teller A/S contract with merchants rather than consumers and are thus not directly within the scope of the supervision of the Danish Consumer Ombudsman. However, the provisions in relation to good practices standards etc. which the Danish Consumer Ombudsman is granted authority to supervise under the Danish Payment Services Act are applicable to the operations of Nets Denmark A/S and Teller A/S.

Finland

The Finnish Financial Supervisory Authority

Each of Nets Oy and Paytrail Oyj are subject to supervision by the Finnish Financial Supervisory Authority as licensed payment institutions in Finland.

As a Finnish branch of a Swedish payment institution, Kortaccept Nordic AB, branch in Finland ("**Kortaccept Nordic Branch Finland**") is subject to limited supervision by the Finnish Financial Supervisory Authority.

The main tasks of the Finnish Financial Supervisory Authority include, *inter alia*, to supervise the activities of financial institutions, payment institutions and other financial market participants, granting of license to certain financial institutions and financial market participants, issue regulatory regulations and guidelines to, for example, ensure due implementation of EU regulation and to coordinate activities with other financial regulators within the EU.

The supervisory powers of the Finnish Financial Supervisory Authority are defined in the Act on the Financial Supervisory Authority (878/2008, as amended). These include not only powers in relation to specific regulatory requirements, but also the powers to perform inspections of the activities of the entities supervised by the Finnish Financial Supervisory Authority or other financial market participants and to obtain documents and other records necessary to conduct supervision.

The Finnish Financial Supervisory Authority may take regulatory actions in the event of non-compliance with laws applicable to supervised entities and regulations issued by the Finnish Financial Supervisory Authority under such laws. Such regulatory actions may include the imposition of financial penalties or administrative fines, public warnings, injunction orders and disciplinary measures. The Finnish Financial Supervisory Authority is also vested with the authority to withdraw the license granted to an entity supervised by the Finnish Financial Supervisory Authority or restrict the operations of a supervised entity.

The Bank of Finland

Suomen Pankki (the central bank of Finland) oversees payment systems that are systemically important in Finland, in accordance with the Act on the Bank of Finland (214/1998), with the objective to ensure the reliability and the efficiency of payment systems.

The oversight also covers retail payment systems that are important for the day-to-day operation of society and public confidence, as well as oversight of critical service providers. As Nets Oy provides payment services in Finland, such as card payment solutions, electronic payments and payment terminals, it is subject to the Bank of Finland's oversight as a critical service provider.

In the conduct of its oversight task, the Bank of Finland adheres to the practices and principles agreed by the ESCB, which are based on international principles agreed by the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO).

Finnish Competition and Consumer Authority

The Finnish Competition and Consumer Authority is the primary supervisory authority with respect to the Finnish Competition Act and it is authorized, *inter alia,* to review and approve business mergers, order companies to terminate abusive business practices or agreements restricting competition, and issue commitments binding on companies. The Finnish Competition and Consumer Authority is empowered to investigate restraints of competition both on its own initiative and on the basis of complaints, and, where necessary, to take enforcement actions against breaches of prohibitions against anti-competitive agreements and abuse of dominant position under the Finnish Competition Act and the Treaty on the Functioning of the European Union, e.g., by issuing injunction orders, and proposals to the Finnish Market Court for the imposition of penalty payments. In pursuance of its competition objective, the Finnish Competition and Consumer Authority may also conduct market studies and make market investigation references. In relation to its consumer protection objective, the Finnish Competition and Consumer Authority ensures that consumers have access to sufficient, accurate, and truthful information for making choices, and that the practices companies use in marketing and their customer relations are appropriate and the contract terms applied by them are reasonable.

The Finnish Data Protection Ombudsman

The Finnish Data Protection Ombudsman supervises compliance with the Finnish Data Protection Act. In case of complaints, the Finnish Data Protection Ombudsman may render decisions on whether certain processing is in accordance with the regulations of the Finnish Data Protection Act. The Finnish Data Protection Ombudsman may also take up cases on its own initiative. The Finnish Data Protection Ombudsman is entitled to request and obtain access to personal data that is being processed and information relating to the documentation of the processing of personal data, as well as the security of this processing. The Finnish Data Protection Ombudsman is furthermore entitled to gain access to premises on which personal data is being processed and it conducts an annual series of inspections of public authorities and private companies that have received the agency's authorization to process personal data.

The Finnish Data Protection Ombudsman renders decisions pertaining to the compliance with legislation and implementation of the rights of data subjects. In matters concerning the implementation of the right of verification and the correction of personal data, the decisions of the Finnish Data Protection Ombudsman are binding but subject to appeal.

Sweden

The Swedish Financial Supervisory Authority

Each of DIBS Payment Services AB (publ) and Kortaccept Nordic AB are subject to supervision by the Swedish Financial Supervisory Authority.

As Swedish branches of Danish payment institutions, Teller Branch Sweden and Nets Branch Sweden are subject to limited supervision by the Swedish Financial Supervisory Authority.

The main tasks of the Swedish Financial Supervisory Authority are to supervise the activities of financial institutions, payment institutions and other institutions in the financial sector, provide licenses to the relevant institutions necessary for conducting the services covered by its supervision, issue regulatory requirements, ensure due implementation of EU regulation and coordinate activities with other financial regulators within the EU.

The powers vested with the Swedish Financial Supervisory Authority with respect to the supervision of payment services providers are versatile. As well as being granted powers in relation to specific regulatory issues, the Swedish Financial Supervisory Authority is granted non-specific discretionary powers to undertake the investigations, enquiries and measures necessary for prudent supervision.

The Swedish Financial Supervisory Authority may take regulatory action in the event of non-compliance with the requirements covered by its supervisory authority. Such regulatory action may include the imposition of financial penalties, public warnings, injunction orders and disciplinary measures and ultimately withdrawal of licenses held by the relevant institutions.

The Swedish Competition Authority

The Swedish Competition Authority is the primary supervisory authority with respect to the Swedish Competition Act (as defined below) and it is empowered to investigate restraints of competition both on its own initiative and on the basis of complaints, and, where necessary, to take enforcement actions against breaches of prohibitions against anti-competitive agreements and abuse of dominant position under the Swedish Competition Act and the Treaty on the Functioning of the European Union, e.g., by issuing injunction orders and administrative fines (in Swedish: *avgiftsforeldggande*) in situations where the Swedish Competition Authority finds that the facts relating to the infringements consist of a clear violation of the regulations.

In addition, the Swedish Competition Authority may provide proposals to the Stockholm District Court (or, from September 2016, the Patent and Market Court) for the imposition of penalty payments (in Swedish: *konkurrensskadeavgift*). In pursuance of its competition objective, the Swedish Competition Authority may also conduct market studies and make market investigation references.

The Swedish Data Inspection Board

The Swedish Data Inspection Board supervises compliance with the Swedish Data Protection Act. In case of complaints, the Swedish Data Inspection Board may render decisions on whether certain processing is in accordance with the regulations of the Swedish Data Protection Act. The Swedish Data Inspection Board may also take up cases on its own initiative. The Swedish Data Inspection Board is entitled to request and obtain access to personal data that is being processed and information relating to the documentation of the processing of personal data, as well as the security of this processing. The Swedish Data Inspection Board is furthermore entitled to gain access to premises on which personal data is being processed and it conducts an annual series of inspections of public authorities and private companies that have received the agency's authorization to process personal data.

If the Swedish Data Inspection Board concludes that personal data is being processed (or may be processed) in an unlawful manner, it is authorized to order a data controller to take measures to satisfy the board's security requirements. In the event the data controller fails to do so to the satisfaction of the Swedish Data Inspection Board, the board may, together with imposing a conditional fine (which becomes payable if so ordered by a court upon non-compliance), prohibit the data controller from continuing to process the personal data in any way other than by storing it.

Regulatory Framework

This section describes the main regulatory regime in the jurisdictions in which Nets has subsidiaries carrying out licensed activities. Due to the activities carried out in Norway, the main regulatory regime in Norway is also described in this section even though Nets carries out licensed activities in Norway only by way of branch establishment.

Norway

The Norwegian Financial Undertakings Act

Nets Branch Norway and Teller Branch Norway are primarily subject to the Danish financial legislation. However, some provisions of the Norwegian Financial Undertakings Act, Act no. 17 of April 10, 2015 (the "**Norwegian Financial Undertakings Act**") apply to Teller Branch Norway, regarding certain areas, such as with respect to conduct.

The Norwegian Financial Undertakings Act requires Teller Branch Norway to notify the Norwegian Financial Supervisory Authority in case of any changes to circumstances which have been informed to the

Norwegian Financial Supervisory Authority when the branch was established. The Financial Supervisory Authority shall be notified about the changes at least a month before the changes are effected. Teller Branch Norway has made the requisite notifications in this regard.

The Norwegian Electronic Signatures Act

Nets Norge Infrastruktur AS is delivering operational services to BankID Norge AS, which is a common secure login function and digital signature. According to the Electronic Signatures Act, Act no. 81 of June 15, 2001, the service provider must ensure that the signature system is sufficiently protected against counterfeiting. The Group's current contract with BankID may be terminated by BankID to expire at the end of 2019.

The Norwegian AML Act

Teller Branch Norway is covered by the scope of application of the Norwegian Act on Measures to Prevent Money Laundering and Financing of Terrorism, Act no. 11 of March 6, 2009 (the "**Norwegian AML Act**") in its activities as payment service provider.

The Norwegian AML Act implements MLD3 (as defined below) into Norwegian law. The current Norwegian AML Act is under revision.

The Norwegian AML Act places an obligation on the undertakings governed by its scope of application to meet certain requirements as to, *inter alia*, customer identification and verification (know-your-customer/KYC); monitoring of customer relationship; detecting and screening for PEPs (as defined below); notification of relevant authorities on suspicious transactions; implementation of internal AML procedures, and educating personnel on the AML requirements.

Non-compliance with the Norwegian AML Act may, *inter alia*, be sanctioned by fines or a maximum of one-year imprisonment. There is no statutory framework when it comes to the level of fines, and fines have only been issued by the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (0KOKRIM) in a very limited number of cases.

The Norwegian Competition Act

The Norwegian competition rules are laid down in the Norwegian Competition Act, Act no. 12 of March 5, 2004 (the "**Norwegian Competition Act**"). The Norwegian Competition Act is based, *inter alia*, on Articles 53 and 54 of the EEA Agreement, which prohibit anti-competitive agreements and the abuse of a dominant position. The Norwegian Competition Act is applicable to any form of commercial activity with an effect in Norway, including any operations of Nets with an effect in Norway.

Non-compliance with the provisions against anti-competitive agreements and abuse of dominance may result in the public sanctioning e.g., in the form of fines as well as private claims for damages from competitors claiming to have suffered a loss as a consequence of such behavior.

As a result of investigations in connection with a merger approval, Nets has been made subject to a ten-year commitment issued by the Norwegian Competition Authority in July 2007 which includes non-discriminatory access to Nets' processing infrastructure and protection of competitively sensitive information. A trustee, who monitors Nets' adherence to the conditions of the Norwegian agreement, makes annual reports on compliance, including as to technical specifications for interfaces to Nets' platforms and routines regarding exchange and protection of competitively sensitive information. No orders have been issued against Nets for non-compliance with the Norwegian commitment.

Infringements of the Norwegian Competition Act may, *inter alia*, be sanctioned by fines and or a maximum of six years of imprisonment. Fines may be imposed on undertakings as well as natural persons. According to the regulations to the Norwegian Competition Act the size of a fine imposed on undertakings will be determined by the seriousness and duration of the infringement and by the relevant group turnover. Normally, the maximum size of fines is, depending on the provisions that have been infringed, either 1% of the relevant group turnover or 10% of the relevant group turnover.

The Norwegian Personal Data Act

The Norwegian Personal Data Act, Act no. 31 of April 14, 2000 (the "**Norwegian Personal Data Act**") applies to institutions that are processing personal data as data controller and/or data processors in Norway. The Norwegian Personal Data Act is thus applicable to branches of Nets subsidiaries in Norway.

A data controller must comply with all requirements set out in the Norwegian Personal Data Act, including having a legal basis for the data processing, requirements to security measures, limitations on data retention, restrictions on the transfer of personal data outside of the EEA and notification of the Norwegian Data Protection Agency. The data controller shall instruct the data processor to comply with these requirements.

The General Data Protection Regulation will most likely be considered EEA-relevant and will have to be implemented in Norway.

Infringements of the Norwegian Personal Data Act may, *inter alia*, be sanctioned by fines or a maximum of three years imprisonment. Fines are generally limited to a maximum amount of NOK 925,760 (adjusted May 1 on an annual basis) and may vary considerably in size, depending on the severity of the breach. This will be subject to change if the General Data Protection Regulation is implemented in Norway.

Denmark

The Danish Payment Services Act

The PSD1 requirements to the provision of payment services are found in the Danish Act on Payment Services and Electronic Money, Consolidated Act no. 613 of April 24, 2015, as amended (the "**Danish Payment Services Act**"). The Danish Payment Services Act applies to Nets Denmark A/S and Teller A/S in respect to the provision of payment services. In addition Kortaccept Nordic Danish Branch is subject to limited regulation under the Danish Payment Services Act.

The Danish Payment Services Act contains requirements as to license and conduct of business of payment institutions (and other payment service providers), including requirements on pre- and post-contractual information, good practices, notice of variation of terms, termination rights and information on transactions. Other provisions address among other things the liability for unauthorized or incorrectly executed payments, and place obligations on the payment institutions to meet certain requirements on initial capital, minimum base capital ("**own funds**") and ring-fencing of funds, as well as organizational requirements and management/fit and proper requirements.

Own funds are calculated by way of reference to one of three methods outlined in the Danish Payment Services Act. Own funds of a payment institution may in no event fall below the amount required for initial capital under the Danish Payment Services Act. The own funds requirement for Teller A/S and Nets Denmark A/S is currently determined by the payment volume (including branches) of Teller A/S and Nets Denmark A/S with the addition of 20% (Method B). The own funds requirement is equivalent to the capital base of the payment institute being equity minus intangible assets, deferred tax assets and dividends of each company added to supplemental capital.

The Danish Payment Services Act also regulates the outsourcing of operational functions of payment services of a payment institution. Under the Danish Payment Services Act, a payment institution must notify the Danish FSA prior to commencing outsourcing of non-significant operational functions, whereas the outsourcing of significant operational functions requires prior approval from the Danish FSA.

A payment institution's outsourcing of operational functions presupposes, *inter alia*, that it is not undertaken in a way that materially impairs the quality of the payment institution's internal control and management reporting as well as the Danish FSA's ability to monitor the payment institution's compliance with the Danish Payment Services Act.

When a payment institution outsources operational functions (whether the outsourcing is significant or not), the payment institution remains responsible for complying with the Danish Payment Services Act and must take necessary steps to ensure such compliance. Moreover, the payment institution is liable for any liability which the service provider of an outsourced operational function may incur towards users of payment services in its performance of outsourced operational functions in contravention of the Danish Payment Services Act.

Nets Denmark A/S and Teller A/S have outsourced certain of their operational functions in accordance with the aforementioned requirements.

The Danish Payment Services Act contains “gold-plating” provisions in respect to PSD1, as the act includes a ban against unreasonable pricing and profit margins which may not be applied in the setting of fees etc. in connection with execution of payment transactions. The ban covers both primary and ancillary services. For this purpose “unreasonable pricing and profit margins” means pricing and project margins at a higher level than those that would apply e.g., under effective competition. Further the Danish Payment Services Act imposes specific requirements with respect to merchant surcharging, e.g., the merchant is prohibited from applying higher surcharges for a payment transaction than the amount of the fee that the merchant pays to the payment service provider in connection with the execution of the payment transaction.

The Danish Payment Services Act, Section 80, Subsection 2, sets forth the cost structure for the point-of-sale (“**POS**”) use of Dankort. In cases where a transaction takes place in the physical trade through a payment instrument with a chip and where the payer simultaneously uses his/her signature, a personal, secret code or a similar secure identification, the provider of a payment instrument can only charge the beneficiary/payee an annual subscription fee in order to cover the costs related to the operation of the payment system. Since Nets Denmark A/S owns and operates the Dankort scheme and conducts merchant acquiring for the Dankort payment card, Nets Denmark A/S may only charge an annual subscription fee for the POS-related use of Dankort in order to cover the costs in relation to the operation of the Dankort scheme. The Danish Minister of Business and Growth has determined how the price for the annual subscription fee should be calculated in Executive Order no. 605 of June 3, 2016 and Nets Denmark A/S’ annual fees for the POS-related use of the Dankort network need to be calculated and set accordingly. It follows from the executive order that the total sum of subscription fees for the Dankort scheme in 2016 cannot exceed 85% of the costs with respect to the operation of the Dankort scheme. In 2017, the total sum of subscription fees for the Dankort scheme cannot exceed 95% of the costs. From 2018 and onwards, the total sum of subscription fees for the Dankort scheme cannot exceed the costs (100%) with respect to the operation of the Dankort scheme. Accordingly, the provisions in the executive order on annual subscription fees affects Nets’ income.

The Danish Payment Services Act places an obligation on Nets Denmark A/S and Teller A/S to notify the Danish FSA in case of material changes to information which formed basis for an authorization to the payment institution to conduct payment services in Denmark. The notification must be made in advance of the change. For this purpose a change of control of a qualifying interest in Nets Denmark A/S and Teller A/S may be considered a material change. A “qualifying interest” is a direct or indirect holding in an undertaking (including via a parent such as the Company) which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

Non-compliance with the Danish Payment Services Act may, *inter alia*, be sanctioned by fines or a maximum of four months imprisonment, and ultimately withdrawal of the license. There is no statutory framework when it comes to the level of fines issued pursuant to the Danish Payment Services Act, and fines have only been issued by the Danish FSA in a very limited number of cases. However, this practice may change following the implementation of the Directive on Payment Services in the Internal Market 2015/2366 (“**PSD2**”) in Denmark.

The Danish Financial Business Act

The Danish Financial Business Act, Consolidated Act No. 174 of January 31, 2017, as amended (the “**Danish Financial Business Act**”) contains requirements to the organization, authorization and conduct of financial institutions. As licensed payment institutions neither Nets Denmark A/S nor Teller A/S is categorized as a “financial institution” for the purpose of the Danish Financial Business Act.

However, Nets Denmark A/S is subject to specific requirements in respect to outsourcing and organization in the Danish Financial Business Act, by reference to Chapter 20c of the Danish Financial Business Act on shared data centers. Nets Denmark A/S is covered by the rules on shared data centers due to its provision of significant IT services and IT-development services to the joint payment infrastructure.

Specifically, the rules on shared data centers in the Danish Financial Business Act imply that Nets Denmark A/S is subject to, *inter alia*, requirements in respect of adequate IT control and IT security measures pursuant to the Danish Executive Order on Management and Control of Banks etc., as well as specific requirements imposed under the Danish Executive Order on Outsourcing Significant Areas of Activity to the extent that significant IT tasks supplied to financial institutions and certain other entities are outsourced. The Danish Executive Order on Outsourcing Significant Areas of Activity contains provisions to the effect that a shared data center is required to notify the Danish FSA within 8 business days after entering into contracts regarding the outsourcing of significant IT tasks supplied to financial institutions and certain other entities as well as monitoring requirements in respect of the supplier's capacity and compliance with relevant regulation. Nets Denmark A/S has outsourced certain of its significant IT tasks supplied to financial institutions and certain other entities in accordance with the aforementioned requirements.

Additionally, Nets Denmark A/S as a shared data center is subject to specific requirements as to publishing assessments and inspections under the Danish Executive Order on the Duty of Financial Undertakings etc. to Publish the Danish FSA's Assessment of the Undertaking etc., and Nets Denmark A/S is also subject to specific requirements in respect of having an internal systems auditor under the Danish Executive Order on Systems Audit in Shared Data Centers.

The Danish AML Act

The Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism, Consolidated Act no. 1022 of August 13, 2013 as amended (the "**Danish AML Act**") is applicable to Nets' subsidiaries and branches of subsidiaries in Denmark carrying out regulated activities in Denmark, including activities provided on a cross border basis, except for cross border activities via branch establishment. Conversely, regulated branches of Nets Denmark A/S and Teller A/S established outside Denmark are instead subject to AML supervision and AML requirements in the host state where such branches are established.

The Danish AML Act implements, *inter alia*, MLD3 and the FATF (as defined below) recommendations in Danish law and places an obligation on the undertakings governed by its scope of application to meet certain requirements as to, *inter alia*, customer identification and verification (know-your-customer/KYC); monitoring of customer relationship; detecting and screening for Politically Exposed Persons ("**PEPs**"); notification of relevant authorities on suspicious transactions; implementation of internal AML procedures, and educating personnel on the AML requirements.

The Danish AML Act is closely linked to EU regulations on money transfers and financial sanctions etc. imposing obligations on the entities covered by the scope of application, including Nets Denmark A/S, Teller A/S and Kortaccept Nordic Branch Denmark, *inter alia*, to among others screen customers for financial sanctions.

Non-compliance with the Danish AML Act may, *inter alia*, be sanctioned by fines or a maximum of six months imprisonment. There is no statutory framework when it comes to the level of fines issued pursuant to the Danish AML Act. Fines under the Danish AML Act are significant compared to other areas of the financial regulation in Denmark. As an example a card-issuing company has been sanctioned by a fine of DKK 2.5 million in 2013 for non-compliance with a range of provisions of the Danish AML Act. Fines issued pursuant to Danish money laundering regulation may be subject to change following the implementation of MLD4 in Denmark.

A bill implementing MLD4 in Denmark by way of a new act on measures to prevent money laundering and financing of terrorism was introduced to the Danish Parliament on October 13, 2016 and is currently undergoing first reading. According to the bill, the new act is set to enter into force on June 26, 2017.

The Danish Act on Electronic Signatures

Nets is an active player in the digital identification market, providing the product NemID in Denmark via the subsidiary Nets DanID A/S.

Rendering of digital signature services is governed by the regulation on electronic identification and trust services for electronic transactions in the internal market (910/2014). The regulation sets a level of standards for issuing of electronic signatures.

Most regulatory aspects of the provision of NemID are however governed by the OCES Certificate Policy issued as part of the public tender and the subsequent Certificate Practice Statement issued by Nets DanID A/S in order to comply with the certificate policy.

The Group's current contract for NemID was due to expire in 2017 but has been extended to November 2018. The Danish Agency for Digitisation has informed Nets that an intermediary contract is to be tendered before the actual tender for next generation of the public digital signature. The intermediary contract is anticipated to be tendered under the exception rule for "tender with negotiation without public announcement" and awarded to Nets. The intermediary contract is expected to run until the new solution/next generation of NemID has been developed and implemented, which is expected to be in 2019. The new solution will be subject to a joint tender between the Danish Agency for Digitisation in partnership with the Danish Bankers Association. Nets is contemplating to bid for this tender.

The Danish Competition Act

The Danish competition rules are laid down in the Danish Competition Act, Consolidated Act no. 869 of July 8, 2015, as amended (the "**Danish Competition Act**"). The Danish Competition Act is based on Articles 101 and 102 of the Treaty on the Functioning of the European Union, which prohibit anti-competitive agreements and the abuse of a dominant position. The Danish Competition Act is applicable to any form of commercial activity with an effect in Denmark, including any operations of Nets with an effect in Denmark.

Non-compliance with the provisions against anti-competitive agreements and abuse of dominance may result in the public sanctioning e.g., in the form of fines as well as private claims for damages from competitors claiming to have suffered a loss as a consequence of such behavior.

As a result of prior investigations by the Danish Competition and Consumer Authority, Nets is currently subject to certain commitments falling into two categories: first, a new price model with a price cap on processing services and, second, an obligation on Nets to always price in accordance with competition law and practice. In addition, monitoring obligations have been put in place. The commitments were made binding in May 2014 and will be in force for five years (except for the price cap commitment, which expired at the end of August 2016).

Infringements of the Danish Competition Act may, *inter alia*, be sanctioned by fines. Fines may be imposed on undertakings as well as natural persons. According to the preparatory works to the Danish Competition Act the size of a fine will be determined by the seriousness and duration of the infringement and by the relevant group turnover. For infringements deemed to be "less serious" the size of the fine could be up to DKK 4,000,000 for undertakings and at least DKK 50,000 for natural persons. For infringements deemed to be 'serious', the size of the fine is between DKK 4,000,000 and DKK 20,000,000 for undertakings and at least DKK 100,000 for natural persons. Finally, for infringements deemed to be 'very serious', the size of the fine starts at DKK 20,000,000 for undertakings and at least DKK 200,000 for natural persons.

Furthermore, infringements of the Danish Competition Act in the form of cartels may, in cases where the infringement has been committed intentionally and is of gross nature, be sanctioned by imprisonment of up to one year and six months, and in severe cases, up to six years.

The Danish Data Protection Act

The Danish Act on Processing of Personal Data, Act no. 429 of May 31, 2000 (the "**Danish Data Protection Act**") implements the Data Protection Directive (as defined below). The Danish Data Protection Act applies to Nets' subsidiaries and branches of such subsidiaries that are processing personal data as data controllers and/or data processors in Denmark.

Under the Danish Data Protection Act, personal data may only be processed if certain prerequisite safeguards requirements are met. In this regard, the Danish Data Protection Act operates with three categories of personal data (i) non-sensitive personal data, (ii) sensitive personal data and (iii) semi-sensitive personal data (local Danish gold plating rule). The level of requirements as to the processing is proportionate to the category of personal data, which is being processed.

The processing of data must be organized in a way which ensures that the data is accurate and data may not be kept for a longer period of time than what is necessary for the purposes of which the data is processed. The Danish Data Protection Act imposes disclosure requirements on the data controllers in relation to the data subject, and the data subject has a right to, *inter alia*, object to the processing of his/her personal data.

Other requirements under the Danish Data Protection Act include, for example, requirements on organizational security measures to protect data against accidental or unlawful destruction, loss or alteration and against unauthorized disclosure or abuse.

The General Data Protection Regulation will be directly binding in the EU Member States and thus in all likelihood replace the Danish Data Protection Act upon its entry into force.

Non-compliance with the Danish Data Protection Act may, *inter alia*, be sanctioned by fines or a maximum of four months imprisonment. There is no statutory framework when it comes to the level of fines issued pursuant to the Danish Data Protection Act. Fines are typically imposed in the range of DKK 500 to DKK 25,000. Fines issued for non-compliance with data protection regulation is subject to change when the General Data Protection Regulation enters into force.

Finland

The Finnish Payment Institutions Act

The Finnish Payment Institutions Act (297/2010, as amended) (the "**Finnish Payment Institutions Act**") sets out the key legal requirements applicable to operations of authorized payment institutions in Finland. The Finnish Payment Institutions Act implements PSD1 in Finland (except for Titles III and IV that have been implemented through the Finnish Payment Services Act which is discussed in more detail below).

The Finnish Payment Institutions Act contains requirements related e.g., to licenses of payment institutions, governance and operations of payment institutions, marketing and offering of payment services, capital requirements for providing payment services and reporting to the Finnish Financial Supervisory Authority.

The Finnish Payment Institutions Act places an obligation on Nets Oy and Paytrail Oyj to notify the Finnish Financial Supervisory Authority of circumstances and/or changes affecting the accuracy of the information included in original license application provided to the Finnish Financial Supervisory Authority. The notification must be made without undue delay after the change has occurred. However, the Finnish Financial Supervisory Authority has recommended that information on forthcoming changes in ownership (at least 10 %) would be provided to the regulator in advance of the change. The obligation to make the notification to the Finnish Financial Supervisory Authority concerns, among other things, changes in the authorized entity's ownership, when the change concerns at least 10% of the shares in the authorized entity.

In addition, the Finnish Payment Institutions Act contains requirements related to outsourcing of payment service operations. Pursuant to the Finnish Payment Institutions Act, the Finnish Financial Supervisory Authority has to be notified in advance, if the payment institution is contemplating to outsource a function or activity that is significant for the offering of payment services. Such outsourcing requires, *among others,* that it is not undertaken in a manner that materially impairs the quality of the payment institution's internal control or the Finnish Financial Supervisory Authority's ability to supervise the payment institution's compliance with applicable payment services regulation.

When a payment institution outsources its operational functions (whether the outsourcing is significant or not), the payment institution remains responsible for complying with applicable payment services regulation and must take necessary steps to ensure such compliance. A payment institution has to act with due care when outsourcing its functions to a service provider and see to that the service provider notifies the users of payment services that it is operating on the payment institution's account and under its responsibility.

Nets Oy and Paytrail Oyj have outsourced certain of their operational functions in accordance with the aforementioned requirements.

Furthermore, the Finnish Payment Institutions Act requires service providers to ring-fence funds and to maintain a capital buffer ("**own funds**"). However, the ring-fencing does not apply to Nets Oy or Paytrail Oyj as they do not conduct any other activities than payment services. Own funds are calculated by way of reference to one of three methods outlined in the Finnish Payment Institutions Act and underlying regulation, and may in no event fall below the initial capital threshold as further set out in the act. The own funds requirement for Nets Oy is determined by the payment volume (including branches) of Nets Oy (Method B) and Paytrail Oyj is in the process of changing its own funds calculation method to Method B. The Finnish Financial Supervisory Authority may impose a requirement on a payment institution to have own funds that exceed or fall below the aforementioned requirements by up to 20 per cent. but the Finnish Financial Supervisory Authority has not at present imposed such requirement on Nets Oy and Paytrail Oyj.

Non-compliance with the Finnish Payment Institutions Act may among others, be sanctioned by administrative fines, public warning and ultimately withdrawal of license. For such non-compliance, the Finnish Financial Supervisory Authority may impose administrative fines (for legal persons the maximum is currently EUR 100,000) or penalty payments (for legal persons the maximum penalty payment imposed by the Finnish Financial Supervisory Authority is currently EUR 1,000,000). Penalty payments exceeding the amount of EUR 1,000,000 are imposed by the Finnish Market Court on the basis of the Finnish Financial Supervisory Authority's proposal (for legal persons the maximum penalty payment imposed by the Finnish Market Court is currently EUR 10,000,000). In certain cases of non-compliance, criminal sanctions are also possible and may include fines or a maximum of six months imprisonment. However, administrative sanctions may not be imposed cumulative to criminal sanctions.

The Finnish Payment Services Act

The Finnish Payment Services Act (290/2010, as amended) (the "**Finnish Payment Services Act**") sets out the key legal requirements applicable to the provision of payment services. The Finnish Payment Services Act entered into force on May 1, 2010 and it implements Titles III and IV of the PSD1 into Finnish law. In addition, Kortaccept Nordic Finnish Branch is subject to limited regulation under the Finnish Payment Services Act as the supervision of the branch's activities is generally conducted by the Swedish FSA pursuant to Swedish law.

The Finnish Payment Services Act includes requirements with respect to disclosure obligations of service providers, amendment and termination of framework agreements, execution and timing of payment transactions, payment instruments as well as to refund obligations and general liabilities of service providers.

Non-compliance with the Finnish Payment Services Act may, among others, be sanctioned by administrative fines, public warning and ultimately withdrawal of license. For such non-compliance, the Finnish Financial Supervisory Authority may impose administrative fines (for legal persons the maximum is currently EUR 100,000) or penalty payments (for legal persons the maximum penalty payment, which may be imposed by the Finnish Financial Supervisory Authority is currently EUR 1,000,000). Penalty payments exceeding the amount of EUR 1,000,000 are imposed by the Finnish Market Court on the basis of the Finnish Financial Supervisory Authority's proposal (for legal persons the maximum penalty payment imposed by the Finnish Market Court is currently EUR 10,000,000). In certain cases of non-compliance, criminal sanctions are also possible and such sanctions are principally imposed as fines. However, administrative sanctions may not be imposed cumulative to criminal sanctions.

The Finnish Act on Preventing and Clearing Money Laundering and Terrorist Financing

The Finnish Act on Preventing and Clearing Money Laundering and Terrorist Financing (503/2008, as amended) (the "**Finnish AML Act**") is applicable to Nets' subsidiaries and branches of subsidiaries carrying out payment services in Finland, including payment services provided on a cross border basis, except for cross border services without a branch establishment.

The Finnish AML Act entered into force on August 1, 2008 and implements among others MLD3 and FATF recommendations in Finnish law and places an obligation on the undertakings governed by its scope of application to meet certain requirements as to among others, customer identification and verification (know-your-customer/KYC); monitoring of customer relationship; detecting and screening for PEPs; notification of relevant authorities on suspicious transactions; implementation of internal AML procedures, and educating personnel on the AML requirements.

The Finnish AML Act is closely linked to EU regulations on money transfers, financial sanctions etc. imposing obligations on the entities covered by the scope of the act to among others screen customers for financial sanctions.

A payment institution's non-compliance with the Finnish AML Act may, among others, be sanctioned by a public warning by the Finnish Financial Supervisory Authority or criminal sanctions in the form of fines. However, administrative sanctions may not be imposed cumulative to criminal sanctions. Fines issued pursuant to Finnish AML Act may be subject to change following the implementation of MLD4 in Finland. The governmental proposal for the MLD4 implementing act has been given to the Finnish Parliament and the implementing act is planned to become effective on or about April – May 2017.

The Finnish Competition Act

The Finnish competition rules are laid down in the Finnish Competition Act 948/2011, as amended (the "**Finnish Competition Act**"). The Finnish Competition Act is based on Articles 101 and 102 of the Treaty on the Functioning of the European Union, which prohibit anti-competitive agreements and the abuse of a dominant position. The Finnish Competition Act is applicable to any form of commercial activity with an effect in Finland, including any operations of Nets with an effect in Finland.

Non-compliance with the provisions against anti-competitive agreements and abuse of dominance may result in the public sanctioning, e.g., in the form of fines as well as private claims for damages from competitors claiming to have suffered a loss as a consequence of such behavior. The maximum amount of the fine is 10% of Nets group's annual turnover. When the amount of the fine is set, attention is paid to the nature, extent, seriousness and duration of the infringement. The fine will be imposed, unless the infringement is considered minor or the imposition of the fine is otherwise unnecessary in view of safeguarding competition.

The Finnish Personal Data Act

The Finnish Personal Data Act (523/1999, as amended) (the "**Finnish Personal Data Act**") implements the Data Protection Directive in Finnish law. The Finnish Personal Data Act applies to Nets' subsidiaries and branches of subsidiaries that are processing personal data as data controllers in Finland.

Pursuant to the Finnish Personal Data Act, personal data must be processed in accordance with good processing practices and for a predefined purpose. Data controllers are also under the obligation to carry out the technical and organizational measures necessary for securing the controlled personal data against unauthorized access and accidental or unlawful destruction, manipulation, disclosure and transfer and against other unlawful processing.

As a data controller, Nets Oy must also comply with all other requirements set out in the Finnish Personal Data Act, including requirements regarding security measures, transfer of personal data outside the EU, data subject's rights and transparency, processing of social security numbers and notifications to the Finnish Data Protection Ombudsman.

The Finnish Personal Data Act will be replaced by the General Data Protection Regulation which will be directly applicable in all EU Member States. The provisions of the General Data Protection Regulation will apply from May 25, 2018.

Infringements of the Finnish Personal Data Act may, *inter alia*, be sanctioned by fines or a maximum of one-year imprisonment. There is no statutory framework when it comes to the level of fines issued pursuant to the Finnish Personal Data Act. However, the General Data Protection Regulation will introduce stricter sanctions for infringements than the Finnish Personal Data Act; for example, the data protection authorities will have the right to impose fines amounting up to EUR 20,000,000 or four percent of an undertaking's worldwide turnover for the preceding financial year.

The Finnish Act on the Measures Necessary to Secure Security of Supply and the Finnish Emergency Powers Act

The objectives of the Finnish Act on the Measures Necessary to Secure Security of Supply (1390/1992, as amended) are to ensure the continuity of production and infrastructure vital to society under all circumstances in such a way that the living conditions of the population and the critical functions of society are secured also in the event of disruptions and emergencies, including a state of defense. The National Emergency Supply Agency has the authority to obtain information, e.g., on production capacity, business premises, human resources as well as other matters of entities that operate on a field of business and/or offer services that have been determined as vital to society. The legislation may result in certain additional restrictions (and/or additional requirements) on Nets Oy's reorganization of services, changing of service locations or outsourcing of such systems. Pursuant to the act, such services include among others, financial services. The Finnish Government's decision on the security of supply goals, dated December 5, 2013, specifies that card payment infrastructure and card clearing operation functionality in Finland must be ensured and thus constitutes critical infrastructure.

As Nets Oy is an authorized payment institution and provides payment services, it is also required to provide certain information about its operations upon request to the authority of the Finnish National Emergency Supply Agency including with respect to its operations, premises, human resources and related matters. Failure to provide information to the Finnish National Emergency Supply Agency or providing false information may result in fines.

Under the Finnish Emergency Powers Act (1552/2011, as amended), among others, a war or a threat of war against Finland and a catastrophe and its immediate aftermath would constitute emergency conditions which could impact the operations of Nets Oy as an authorized payment institution and provider of payment services.

Upon the occurrence of such an emergency situation, the Finnish Council of State (in Finnish: *valtioneuvosto),* together with the President of Finland, would have the authority to issue a decree setting out the emergency powers to be utilized on the basis of the Act, including, among other things, limiting free movement of payment instruments to and from Finland as well as controlling payment transactions and, prohibiting the use of payment methods that by their nature would be vulnerable to interferences.

Sweden

The Swedish Payment Services Act

The PSD1 requirements to the provision of payment services are found in the Swedish Payment Services Act (2010:751) (the "**Swedish Payment Services Act**"). The Swedish Payment Services Act and the related regulations issued by the Swedish Financial Supervisory Authority pursuant to that act apply to Kortaccept Nordic AB in respect to its provision of payment services. In addition, Teller Branch Sweden and Nets Branch Sweden are subject to limited regulation under the Swedish Payment Services Act as the supervision of the branches' activities is generally conducted by the Danish FSA pursuant to Danish law.

The Swedish Payment Services Act, *inter alia*, prohibits payment service providers from charging fees for card payments, regulates the length of time payment service providers may take to execute a payment, sets out the information a payment service provider is required to provide its customers, and requires such companies to ring-fence funds and to maintain a capital buffer ("**own funds**"). Own funds are calculated by way of reference to one of three methods outlined in the Swedish Payment Services Act, and may in no event fall below the initial capital threshold as further set out in the act. The own funds requirement for Kortaccept Nordic AB is determined by the payment volume (including branches) of Kortaccept Nordic AB (Method B). The Swedish Financial Supervisory Authority may impose a requirement on a payment institution to have own funds that are up to 20% more or less than the aforementioned requirements but the Swedish Financial Supervisory Authority has not at present imposed such requirement on Kortaccept Nordic AB. Moreover, the Swedish Payment Services Act imposes an obligation on the companies that fall within its scope to notify the Swedish Financial Supervisory Authority of certain changes in the management of the company and its direct and indirect owners.

The Swedish Payment Services Act also regulates the outsourcing of operational functions of payment services of a payment institution. Under the Swedish Payment Services Act, a payment institution must notify the Swedish Financial Supervisory Authority prior to commencing outsourcing of non-significant operational functions, whereas the outsourcing of significant operational functions requires prior approval from the Swedish Financial Supervisory Authority.

A payment institution's outsourcing of operational functions presupposes, *inter alia*, that it is not undertaken in a way that materially impairs the quality of the payment institution's internal control and management reporting as well as the Swedish Financial Supervisory Authority's ability to monitor the payment institution's compliance with the Swedish Payment Services Act.

When a payment institution outsources operational functions (whether the outsourcing is significant or not), the payment institution remains responsible for complying with the Swedish Payment Services Act and must take necessary steps to ensure such compliance. Moreover, the payment institution is liable for any liability which the service provider of an outsourced operational function may incur towards users of payment services in its performance of outsourced operational functions in contravention of the Swedish Payment Services Act.

Kortaccept Nordic AB has outsourced certain of its operational functions in accordance with the aforementioned requirements. Furthermore, all owners that hold a qualifying interest (a stake that represents 10% or more of the capital or voting rights in the undertaking or that enables the holder to exercise a significant influence over the management of that undertaking) must undergo an ownership assessment (fit and proper) by the Swedish Financial Supervisory Authority. The Swedish Payment Services Act also includes reporting requirements in respect of certain financial information.

Non-compliance with the Swedish Payment Services Act may, *inter alia*, be sanctioned by administrative fines and ultimately withdrawal of license. The administrative fine may range from SEK 5,000 to

SEK 50,000,000, but may not exceed 10% of the payment institute's turnover in the previous financial year nor result in a situation where the institute will not be able to meet the minimum base capital requirements. When determining the fine, particular consideration shall be taken to the seriousness and duration of the infringement.

The Swedish Electronic Money Act

As a registered issuer of electronic money, DIBS Payment Services AB (publ) falls within the scope of the Swedish Electronic Money Act (SFS 2011:755) (the "**Swedish Electronic Money Act**") and the regulations issued pursuant to that act. The Swedish Electronic Money Act comprises detailed provisions governing the operations of e-money issuers. Furthermore, the act and its related regulations include provisions requiring such companies to maintain capital buffers and to protect funds received in exchange for e-money. An issuer of electronic money shall have a capital adequacy ratio corresponding at least two per cent of the average of the total outstanding amount of electronic money. If such issuer also conducts payment services, the requirement of own funds is calculated in accordance with the Swedish Payment Services Act as set out above. Regardless of the method used, the calculation of own funds may in no event fall below the initial capital threshold as further set out in the Swedish Electronic Money Act. As DIBS Payment Services AB (publ) also conducts payment services, the own funds requirement for DIBS Payment Services AB (publ) is determined in accordance with the Swedish Payment Services Act. The Swedish Financial Supervisory Authority may impose a requirement on an issuer of electronic money to have own funds that are up to 20% more or less than the initial capital threshold but the Swedish Financial Supervisory Authority has not at present imposed such requirement on DIBS Payment Services AB (publ). The Swedish Electronic Money Act includes equivalent requirements to the Swedish Payment Services Act (mentioned above) as regards notification and reporting and an ownership assessment as well as requirements applicable to the outsourcing of operational functions of an issuer of electronic money. DIBS Payment Services AB (publ) has outsourced certain of its operational functions in accordance with these requirements.

Non-compliance with the Swedish Electronic Money Act may be sanctioned by fines and ultimately withdrawal of license. The fine may range from SEK 5,000 to SEK 50,000,000, but may not exceed 10% of a relevant issuer's turnover in the previous financial year nor amount to a sum that will lead to such issuer not being able to meet the minimum base capital requirements. When determining the fine, particular consideration shall be taken to the seriousness and duration of the infringement.

The Swedish Money Laundering and Terrorist Financing (Prevention) Act

The Swedish Money Laundering and Terrorist Financing (Prevention) Act (2009:62) (the "**Swedish AML Act**") is applicable to Nets' subsidiaries and branches of subsidiaries carrying out regulated activities in Sweden, including activities provided on a cross border basis, except for cross border activities via branch establishment. Conversely, regulated branches of Swedish entities established outside Sweden are instead subject to AML supervision and AML requirements in the host state where such branch is established.

The Swedish AML Act implements among others MLD3 and the FATF recommendations in Swedish law and places an obligation on the undertakings governed by its scope of application to meet certain requirements as to among others: customer identification and verification (know-your-customer/KYC); monitoring of customer relationship; detecting and screening for PEPs; notification of relevant authorities on suspicious transactions; implementation of internal AML procedures, and educating personnel on the AML requirements.

The Swedish AML Act is closely linked to EU regulations on money transfers and financial sanctions etc. imposing obligations on the entities covered by the scope of application to among others screen customers for financial sanctions.

Non-compliance with the Swedish AML Act may *inter alia* be sanctioned by administrative fines. Administrative fines for payment institutions and for issuers of electronic money may range from SEK 5,000 to SEK 50,000,000 but may not exceed 10% of the relevant company's turnover in the previous financial year nor result in a situation where the company will not be able to meet the minimum base capital requirements set out in the Swedish Payment Service Act or the Swedish Electronic Money Act. When determining the fine, particular consideration shall be taken to the seriousness and duration of the infringement.

Moreover, the Swedish Act on penalties for money laundering offences (SFS 2014:307) contains criminal law provisions on money laundering. The penalty for money laundering offences is fines or a maximum of six years imprisonment.

The Swedish Parliament has initiated the process of implementing the MLD4 which is supposed to be implemented mainly by a new Swedish AML Act.

The Swedish Competition Act

The Swedish competition rules are laid down in the Swedish Competition Act, (2008:579) (the "**Swedish Competition Act**"). The Swedish Competition Act is based on Articles 101 and 102 of the Treaty on the Functioning of the European Union, which prohibit anti-competitive agreements and the abuse of a dominant position. The Swedish Competition Act is applicable to any form of commercial activity with an effect in Sweden, including any operations of Nets with an effect in Sweden.

Non-compliance with the provisions against anti-competitive agreements and abuse of dominance may result in the public sanctioning e.g., in the form of fines as well as private claims for damages from competitors claiming to have suffered a loss as a consequence of such behavior.

Infringing the Swedish Competition Act's prohibitions against anti-competitive agreements or abuse of dominance can result in fines. The size of the fine is primarily set on the basis of the seriousness and duration of the infringement. Attenuating or aggravating circumstances, and the market power of the undertaking may also be taken into account. Fines may be in an amount up to 10% of the relevant company's turnover. Infringements may also result in damage claims from third parties and bans from engaging in commercial activities. Previous competition law infringements may also lead to exclusion from participation in future public procurements.

The Swedish Personal Data Act

The Swedish Personal Data Act (1998:204) (the "**Swedish Personal Data Act**") implements the Data Protection Directive. The Swedish Data Protection Act applies to Nets' subsidiaries and branches of subsidiaries that are processing personal data as data controllers and/or data processors in Sweden.

The main rule under the Swedish Personal Data Act is that personal data may only be processed if the data subject has given his or her consent to the processing and only for certain specific purposes.

Like the Danish Data Protection Act, the Swedish Personal Data Act divides personal data into various categories based on the degree of sensitivity of the data, which affects the stringency of the requirements imposed on the data controller.

Furthermore, personal data must be processed in accordance with the Swedish Personal Data Act's fundamental requirements that the processing is, *inter alia*, lawful and proper and in accordance with good practice, is not excessive, and that data is only collected for specific, explicitly stated and justified purposes, and not kept for a longer period than necessary with regard to the purpose of the processing. The Swedish Personal

Data Act also imposes a requirement on the data controller to give written notice to the Data Inspection Board before any processing is conducted unless a data protection officer has been appointed at the company, who is then responsible for ensuring that the data controller processes personal data in accordance with the requirements.

Other requirements under the Swedish Personal Data Act include e.g., requirements on organizational security measures to protect against accidental or unlawful destruction, loss or alteration of data, and against unauthorized disclosure or abuse of data.

The General Data Protection Regulation will be directly binding in the EU Member States and thus in all likelihood replace the Swedish Personal Data Act upon its entry into force.

Processing of personal data in contravention of the Swedish Personal Data Act may result in liability in damages to a data subject for damage incurred. A person may also, in addition to damages, be subject to a fine or a maximum of two years imprisonment.

There are currently no possibilities to impose fines on corporations for violence of the Swedish Personal Data Act, but the General Data Protection Regulation, which will begin to apply on May 25, 2018, will allow for ordering of fines for violations of the regulation.

Contractual Obligations

Nets provides infrastructure and operational services on a large scale to financial institutions based in various jurisdictions, including the Nordic region and the Baltics. Such financial institutions are often required under local law to place statutory outsourcing requirements on Nets as a third-party service provider to whom the financial institution has outsourced a substantial area of activity. This includes, *inter alia*, contractual requirements for Nets to allow inspections by relevant regulators, protect personal data processed in the course of the facilitation of services and proper reporting.

Moreover, payment scheme memberships and similar contractual relationships commonly impose contractual requirements on Nets e.g., to act in compliance with AML rules, data protection requirements and a number of security standards.

Regulation of Payment Services in the EEA Area

EU Directives

EU Payment Services Directives (PSD1 and PSD2)

PSD1 provides the legal foundations for SEPA, which is intended to harmonies and remove legal barriers for payments throughout the EU. PSD1 entered into force in December 2007 and the deadline for transposition in the EU Member States was in November 2009. PSD1 lays down rules for payment services such as credit transfers, direct debits and card payments. These rules include information requirements for payment service providers, as well as rights and obligations linked to the use of payment services.

On December 23, 2015, PSD2 was published in the Official Journal. The main objectives with PSD2 are to contribute to a more integrated and efficient EU market, create a more level playing field for payment service providers (including new participants), make payments safer and more secure, protect consumers and encourage lower prices for payments.

In order to address these purposes, PSD2 widens the scope of application to cover “overlay services,” i.e., payment initiation services and account information services, provided by third-party payment service providers. Moreover, PSD2 contains provisions for enhanced security measures to be implemented by all payment service providers and confers authority on the European Banking Authority (EBA) to develop specific and objective security standards to that end. Pursuant to PSD2, payment service providers will have to safeguard funds which have been received from the payment service users or through another payment service provider for the execution of payment transactions either by complying with certain requirements whereby funds are not commingled with other funds or by covering the funds with an insurance policy or some other comparable guarantee from an insurance company or a credit institution, which does not belong to the same group as the payment service provider itself.

PSD2 imposes a direct obligation on the Member States to implement a requirement of notification to the competent authorities in advance in respect of any natural or legal person who has taken a decision to acquire a qualifying holding in a payment institution, whether direct or indirect, or to further increase such qualifying holding as a result of which the proportion of the capital or of the voting rights held would reach or exceed 20%, 30% or 50%, or so that the payment institution would become its subsidiary. The same applies in respect to a disposal of a qualifying holding or a decrease below the relevant thresholds.

PSD2 lays down rules on the execution of payment transactions where the funds are electronic money, as defined in E-Money Directive (as defined below). However, PSD2 does not regulate the issuance of electronic money nor amend the prudential regulation of electronic money institutions as provided for in the E-Money Directive (as defined below).

The EU Member States are required to implement PSD2 no later than January 13, 2018. EU Anti-Money Laundering Directives

The Third Anti-Money Laundering Directive 2005/60/EC (“**MLD3**”), which has been in force since 2005, provides a European framework for the prevention of money laundering and financing of terrorism built around the standards of the International Financial Action Task Force (“**FATF**”). FATF sets the global standards for measures to combat money laundering and terrorist financing. MLD3 is through transposition in the EU Member States applicable to a number of the companies in the Group.

MLD3 places an obligation on the EU Member States to require that the entities subjected to the regulation:

- identify and verify the identity of their customers and of the beneficial owners of their customers (for example, by ascertaining the identity of the natural person who ultimately owns or controls a company);
- monitor the transactions of and the business relationship with the customers;
- report suspicions of money laundering or terrorist financing to the public authorities (usually, the financial intelligence unit); and
- take supporting measures, such as ensuring the proper training of personnel and the establishment of appropriate internal preventive policies and procedures.

In February 2013, the EU Commission adopted a legislative proposal for MLD4 to replace MLD3.

MLD4 introduces certain minimum requirements on sanctions levels, e.g., maximum administrative pecuniary sanctions of at least twice the amount of the benefit derived from the breach where that benefit can be determined, or at least EUR 1,000,000. Specifically, for financial institutions and credit institutions, the maximum administrative pecuniary sanction is set to at least EUR 5,000,000 or 10% of the total annual turnover.

MLD4 was adopted by the European Parliament and the Council in April and May 2015, respectively, and entered into force on June 25, 2015. MLD4 is a minimum directive and accordingly, it provides certain flexibility for the EU Member States to introduce measures within the scope of application of MLD4 which go beyond the requirements in the directive (so-called gold-plating).

MLD4 will have to be transposed into national law by June 26, 2017.

E-Money Directive

The EU Directive on the pursuit and prudential supervision of the business of electronic money institutions 2009/110/EC (the "**E-Money Directive**") entered into force in October 2009 and was set for transposition in the EU Member States in April 2011 at the latest.

The E-Money Directive defines the rules on the business and supervision of electronic money institutions and seeks to guarantee fair competition conditions for all payment service providers by bringing the prudential regime for electronic money institutions in line with the requirements for payment institutions in the PSD1. Furthermore, the E-Money Directive seeks to clarify the application of redemption requirements in relation to consumer protection as well as to provide a more neutral and simpler definition of "electronic money."

EU Network and Information Security Directive (NIS Directive)

In 2013, the EU Commission put forward a proposal for a directive concerning measures to ensure a high common level of network and information security across the union (the "**NIS Directive**"). The final text of the NIS Directive was adopted by the European Parliament on July 6, 2016 and published in the Official Journal of the European Union in all official languages on July 19, 2016. The NIS Directive entered into force on August 8, 2016.

The NIS Directive aims to provide harmonization of the security of network and information systems across the EU and to boost the overall level of cybersecurity in the EU, e.g., by introducing certain requirements to risk-management.

EU Data Protection Directive and General Data Protection Regulation

The EU Directive on the Protection of Individuals with Regard to the Processing of Personal Data and on the Free Movement of Such Data 95/46/EC (the "**Data Protection Directive**") entered into force in December 1995 and the deadline for transposition in the EU Member States was in October 1998. The Data Protection Directive applies to personal data processed by automated means and data contained in or intended to be part of non-automated filing systems.

The overall objective of the Data Protection Directive is to protect the rights and freedoms of individuals with respect to the processing of personal data by laying down key criteria under which processing can be allowed as well as establishing fundamental principles in relation to data quality, e.g., that personal data must be processed fairly and lawfully and that processing of certain sensitive data is prohibited. Furthermore, the Data Protection Directive contains provisions on the individual's right to obtain or access information, the right to object to the processing of personal data related to the individual, certain notification requirements as well as specific rules on transfer of personal data to countries outside the EEA.

In January 2012, the EU Commission put forward its proposal for a new data protection regulation (the "**General Data Protection Regulation**"). The final text of the General Data Protection Regulation was formally adopted by the European Parliament and Council in April 2016 and published in the Official Journal of the European Union in all official languages on May 4, 2016. The General Data Protection Regulation will become applicable on May 25, 2018.

The new General Data Protection Regulation aims to (a) better protect personal data of EU citizens, (b) replace the current (national) legislation and (c) adjust it to twenty-first century requirements and technology.

Under the General Data Protection Regulation, data controllers must take data protection requirements into account from the inception of any new technology, product or service that involves the processing of personal data and also implement appropriate technical and organizational measures for ensuring that, by default, only personal data which is necessary for each specific purpose of the processing are processed.

The General Data Protection Regulation introduces the concept of "one-stop-shop" whereby as a main rule a data controller or processor established in multiple EU Member States shall be subject to supervision by one lead supervisory authority.

From a sanctions perspective, the General Data Protection Regulation provides for significantly higher sanctions and allows for maximum fines of up to EUR 20,000,000, or for undertakings, 4% of annual worldwide turnover for certain data breaches. The regulation also establishes new data breach notification requirements such as the duty to notify the relevant authority of a data breach within 72 hours and imposes additional obligations on the undertakings to implement self-verification tools and records and under certain circumstances to appoint a data protection officer.

The General Data Protection Regulation will be directly binding in the EU Member States, and thus directly applicable to Nets.

EU Regulations

EU Regulation on Interchange Fees for Card-based Payment Transactions (IFR)

The EU IFR applied from June 8. 2015, with a number of transitional provisions entering into force on December 9, 2015 and June 9, 2016, respectively.

As of December 9, 2015, the EU IFR introduced caps on the level of interchange fees that can be paid from acquirers, card schemes or any other intermediary to issuers in relation to consumer debit card transactions and consumer credit card transactions, and aims to ensure that the fees for the use of the payment card schemes are set at an economically efficient level, whilst contributing to fair competition, innovation and market entry of new operators. Generally, the EU IFR introduces a maximum interchange fee-level of 0.2% of the transaction value for consumer debit cards and 0.3% for consumer credit cards. With respect to domestic debit card transactions, the EU IFR provides for a possibility for the Member States to allow payment service providers to apply a weighted average interchange fee of no more than the equivalent of 0.2 % of the annual average transaction value until December 9, 2020. This possibility has been used by Denmark and, therefore, a weighted average interchange fee can be applied in relation to the Dankort scheme.

The EU IFR contains provisions on prohibition of circumvention of the above-mentioned caps whereby any agreed remuneration, including net compensation, with an equivalent object or effect of the interchange fee, received by an issuer from the payment card scheme, acquirer or any other intermediary in relation to payment transactions or related activities is to be considered a part of the interchange fee.

As of June 9, 2016, the EU IFR introduced certain conduct of business rules, including provisions on separation of payment card schemes and processing entities in terms of accounting, organization and decision-making processes, unblending of merchant service charges and information to payees. Also, payers and payees shall have the possibility to decide what payment brand or payment application that the payee and payer prefers to conduct a payment transaction in relation to payments conducted on co-badged payment instruments such as the co-badged VisaDankort cards.

The EU IFR also introduces other measures to ensure market transparency and effective market functioning, including requirements relating to co-badging and the abolition of no-steering measures.

EU Regulation Establishing Technical and Business Requirements for Credit Transfers and Direct Debits (SEPA)

The Regulation Establishing Technical and Business Requirements for Credit Transfers and Direct Debits in Euro 260/2012 (the "**SEPA Regulation**") was adopted in 2012 with the aim of creating a European Single Market for retail payments.

The SEPA Regulation marked February 1, 2014 as the point at which all credit transfers and direct debits in euro would be made under the same format: SEPA Credit Transfers and SEPA Direct Debits. However, the SEPA Regulation was amended in 2014 by Regulation 248/2014 in recognition that full migration to financial integration would not be reached by that date. Consequently, the amendment introduced a transitioning period of six months from the original deadline to ensure minimal disruption for consumers and businesses.

The principles of the SEPA Regulation are also relevant to EU entities operating outside the euro area, as market communities outside the euro area have adopted SEPA standards and practices for their euro payments. Payment service providers located in a EU Member State which does not have the euro as its currency have been required to comply with the requirements of Articles 4 and 5 of the SEPA Regulation as from October 31, 2016, which relates to interoperability in relation to payment schemes used by payment service providers in carrying out credit transfers and direct debits and requirements for credit transfer and direct debit transactions.

Implementation of SEPA is monitored by the EU Commission together with the European Central Bank. The European Payments Council has published a SEPA Cards Framework that outlines high level principles and rules that set out conditions to offer European cardholders general purpose cards to make euro payments and withdraw euro cash throughout SEPA.

Guidelines and Strategies

The European Central Bank's (ECB) Recommendations and the European Banking Authority's (EBA) Guidelines for the Security of Internet Payments

On January 31, 2013, the ECB published its recommendations for the security of internet payments ("**ECB Recommendations**") that were developed by the European Forum on the Security of Retail Payments. The ECB Recommendations define common minimum requirements for internet payment services, including the execution of card payments and credit transfers on the internet, the issuance of direct debit mandates and transfers of electronic money between e-money accounts via the internet.

Based on the ECB Recommendations, EBA has in December 2014 issued its final guidelines on the security of internet payments ("**EBA Guidelines**"). The EBA Guidelines entered into force on August 1, 2015 and are applicable to payment service providers in the EU

The EBA Guidelines cover three main categories: the general control and security environment, specific control and security measures for internet payments, and customer awareness, education and communication. Specifically, the EBA Guidelines provide minimum standards for, among other requirements, governance, risk assessment, incident monitoring and reporting, risk control and mitigation, transaction traceability, customer identification and authentication, data protection and communication with customers. These requirements are supplemented with best practice examples that payment service providers are encouraged to adopt.

In relation to the implementation of the EBA guidelines, the EBA has decided to follow a "two-step approach" meaning that the guidelines will apply until potentially more stringent requirements will be implemented later when PSD2 enters into force.

In December 2015, EBA issued a discussion paper on future Draft Regulatory Technical Standards on strong customer authentication and secure communication under PSD2. The period to provide responses to the discussion paper ran from December 8, 2015 to February 8, 2016. A subsequent consultation paper with the draft regulatory technical standards was released on August 12, 2016. Following the release of the consultation paper, the draft regulatory technical standards were subject to a consultation period, which ended on October 12, 2016. On February 23, 2017, EBA published its final draft regulatory technical standards, which were submitted to the EU Commission for adoption, following which they will be subject to scrutiny by the European Parliament and the Council before being published in the Official Journal of the European Union.

EU Digital Single Market Strategy

The term "Single Market" refers to the EU as one territory without any internal borders or other regulatory obstacles to the free movement of goods and services. Within that framework, the EU Commission has with its Commission Staff Working Paper dated May 6, 2015 launched a strategy for a Digital Single Market focusing on better access for consumers and businesses to digital goods and services across Europe, creating the right conditions for digital networks and content services, and maximizing the growth potential of the digital economy.

The Digital Single Market Strategy is broad and ambitious and has already been backed by a number of specific proposals by the EU Commission, including rules introduced to simplify and promote access to digital content and online sales across the EU. The EU Commission also expects to introduce measures on unjustified geo-blocking and to simplify varying VAT regimes, to review regulation on consumer protection and the e-privacy directive, and to launch "free flow of data" and "European cloud" initiatives.

It is thus the expectation that the Digital Single Market Strategy will impact the playing fields of digital services in the years to come.

Global Standards

PCI Security Standards Council

The Payment Card Industry Security Standards Council ("**PCI Council**") is a global forum for the development of payment card security standards which are applicable to Nets, including the PCI DSS.

PCI DSS provides a baseline of technical and operational requirements designed to protect cardholder data. The PCI DSS applies to all entities involved in payment card processing—including merchants, processors, acquirers, issuers, and service providers, as well as all other entities that store, process or transmit cardholder data. The PCI DSS seeks to reduce the risk of theft of customers' card data through tight controls surrounding the storage, transmission and processing of cardholder data that businesses handle. It also includes standards that promote the detection of fraud and appropriate reactions to security incidents.

All entities that store, process or transmit cardholder data must be PCI DSS compliant. It is not, however, mandatory for all entities to obtain formal validation of PCI DSS compliance, which depends on the payment brand to which the merchant has subscribed or is in agreement. An organization's compliance with the PCI DSS is validated annually and the Group is currently PCI DSS compliant.

Nets is subject to other PCI Council security standards, most notably the Payment Card Industry PIN Security Requirements ("**PCI PIN**"). Compliance with the PCI PIN is checked by Nets Denmark A/S internal audit and reported to Visa. However, Visa may perform inspections of compliance and did so most recently in Estonia in March 2016. A remediation plan for the findings was agreed upon, and no follow up was needed.

EU Competition Rules

The general EU competition rules are set out in Articles 101 and 102 of the Treaty on the Functioning of the European Union. Article 101 prohibits agreements between independent market operators which restrict competition while Article 102 prohibits abuse of a dominant position. In Norway, the application of these rules is based on the EEA Agreement.

The prohibition against anti-competitive agreements applies for horizontal agreements between competitors as well as for vertical agreements, e.g., between a supplier and a distributor. Horizontal agreements that are covered by the prohibition include e.g., price fixing, bid rigging market allocation and exchange of competitive sensitive information. Vertical agreements that are covered by the prohibition include e.g., vertical price maintenance and restriction of passive sales outside of exclusive areas. Agreement provisions that infringe the prohibition against anti-competitive agreements are invalid. The prohibition of abuse of dominance applies for companies that are considered dominant. Dominant companies must refrain from acting in an exclusionary or exploitative manner on the market.

The EU competition rules also contain provisions on merger control. The merger control rules apply when the parties in an acquisition or similar transaction have turnovers exceeding certain thresholds.

Infringing the EU prohibitions against anti-competitive agreements or abuse of dominance can result in fines of up to 10% of group turnover.

EU Sanctions

Economic, financial and trade sanctions take up an important position in the external policies of the EU. The sanctions are often formed as regulations on the basis of restrictive measures imposed by the United Nations, but can also be independent EU sanctions, in instances where the EU chooses to go further than the United Nations.

EU regulations are directly binding on Nets, and although Nets as a matter of policy abstains from offering services in countries targeted by EU or other international sanctions, Nets cannot in its standard operations exclude an exposure against various activities that could, without care, put it in breach of sanctions, including sanctions which prohibit it from making available funds, financial assets and/or economic resources to sanctioned parties. Nets has thus developed procedures and controls designed to monitor and address sanctions-related legal and regulatory requirements, which Nets continuously seeks to update, enhance and control.

Internet Gambling

Regulation of Internet Gambling

In 2015, 0.4% of Nets' revenue was from customers who operate internet gambling. The legal terminology varies by jurisdiction but as used in this Prospectus, "gambling" is intended to include all forms of gambling such as gaming, betting and lotteries.

The regulation and legality of internet gambling varies from jurisdiction to jurisdiction. In many jurisdictions, there are conflicting laws and/or regulations, conflicting interpretations of applicable laws, divergent approaches by enforcement agencies and/or inconsistent enforcement policies. Where regulated, the provision of internet gambling is often subject to extensive laws, regulations and, where relevant, licensing requirements. These laws, regulations and licensing requirements vary from jurisdiction to jurisdiction. Also, in the EU many of the laws, regulations and licensing requirements are recent and subject to change at any time and/or the interpretation of the regulatory regime by the competent authorities may change at any time. Moreover, the legality of internet gambling is subject to uncertainties arising from differing approaches amongst jurisdictions as to the determination of where gambling activities take place and which authorities have jurisdiction over such activities and/or those who participate in them and whether domestic law applies to services offered from abroad. Not all jurisdictions regulate internet gambling expressly, and in such jurisdictions it is a question of seeking to interpret legislation aimed at traditional bricks and mortar gambling.

Many, if not all, jurisdictions take a particularly stringent approach to the protection of minors and other vulnerable people, i.e., persons with a gambling addiction, from being harmed or exploited by gambling. Regulators and the legal regimes in regulated markets also typically require systems to be in place to protect the public from and inform the public about so-called "problem gambling."

Nets' Approach to Gambling Regulation and Regulatory Risk

Nets takes a measured and prudent approach to regulatory compliance based on an active and informed assessment of risk and is only accepting Nordic gambling merchants with a good reputation, necessary licenses and a proper financial position. Moreover, gambling merchants are required to apply 3D Secure to limit potential fraud.

Nets only has a limited number of customers within gambling, and the vast majority of the revenue from these customers is derived from state-owned gambling companies in Norway (Norsk Tipping and Rikstoto) and Denmark (Danske Spil).

MANAGEMENT

Overview

The management of Nets is comprised of the Board of Directors and the Executive Management. The division of responsibility between the Board of Directors and the Executive Management is set out in the applicable rules of procedure. The members of the Board of Directors are elected by the shareholders at general meetings. The Board of Directors decides on the overall visions, strategies and objectives for the development of the Group's business.

The Executive Management, consisting of the CEO and CFO, is responsible for the day-to-day management of the Group, including the implementation and execution of the strategies and objectives laid out by the Board of Directors.

Board of Directors

Our Board of Directors consists of six members, who were appointed at the formation of the Company on February 5, 2016, or subsequently elected at extraordinary general meetings on August 26, 2016 and September 23, 2016, respectively. According to our articles of association, the Board of Directors must consist of at least three and not more than eight members elected at the general meeting. Each member is elected for a one-year term, and members may be re-elected. The composition of the Board of Directors is intended to ensure that the Board of Directors has a diverse competency profile enabling the Board of Directors to perform its duties in the best possible manner.

Four of the six members of the Board of Directors are considered independent under the Recommendations on Corporate Governance (please see below under Recommendations on Corporate Governance for further information on the Recommendations on Corporate Governance). James Brocklebank and Robin Marshall, representatives of Advent and Bain Capital, respectively, are not considered independent.

It is our intention to have employee elected members of the Board of Directors as of the annual general meeting of the Company to be held on March 22, 2017.

The following table presents an overview of the members of the Board of Directors:

Name	Position	Age
Inge K. Hansen	Chairman	70
Jeff Gravenhorst	Vice Chairman	54
Monica Caneman	Board member	62
Per-Kristian Halvorsen	Board member	65
James Brocklebank	Board member	46
Robin Marshall	Board member	46

The business address of the members of the Board of Directors is: Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Biographies

Other than as presented below, none of the members of the Board of Directors have been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Group within the past five years.

Inge K. Hansen

Inge K. Hansen (full name: Inge Ketil Hansen, born 1946, Norwegian nationality) has been a member and chairman of the board of directors of Nets Holding A/S since July 2014 and the Chairman of the Company's Board of Directors since August 2016. Inge K. Hansen is currently the chairman of the board of directors of Arctic Securities AS, Troms Kraft AS, Skiskytter VM 2016 AS, Hotell-og Restauranthuset Continental AS, Gjensidige Forsikring ASA, NorSun AS, Siriusungen AS and a member of the board of directors of Point Resources AS, Fram Museum and Sissener AS. In the past five years, Inge K. Hansen has previously been the chairman of the board of directors of Harding Holding II AS, Core Energy AS, Core Energy Holding AS, Aerospace Industrial Maintenance Norway SF, Bertel O. Steen AS (as well as acting chief executive officer thereof) and Leonhard Nilsen & Sonner AS and deputy chairman of the board of directors of Norsk Hydro ASA as well as a member of the board of directors of Johan G. Olsen AS, Jiffy International AS and Master Marine AS. In addition, Inge K. Hansen has provided consulting service to Scatec A/S during the course of the last five years. Inge K. Hansen holds a degree from the Norwegian School of Economics and Business Administration (NHH).

Jeff Gravenhorst

Jeff Gravenhorst (full name: Jeff Olsen Gravenhorst, born 1962, Danish nationality) was elected as a member and Deputy Chairman of the Board of Directors at an extraordinary general meeting held on September 27, 2016. Jeff Gravenhorst is currently the Group CEO of ISS A/S and the chairman of the board of directors of Rambøll Gruppen A/S, ISS World Services A/S and ISS Global A/S as well as a member of the board of directors of Danish Crown A/S. In addition, Jeff Gravenhorst is a member of the Confederation of Danish Industry's Permanent Committee on Business Policies. In the past five years, Jeff Gravenhorst has previously been the deputy chairman of the board of directors of Rambøll Gruppen A/S and a member of the board of directors of Statsautoriseret revisor Ove Haugsted og Hustru Lissi Haugsteds Familiefond (being dissolved), *Leverandørselskabet* Danish Crown AMBA as well as a member of the executive management of ISS World Services A/S. Jeff Gravenhorst holds a Bachelor degree in Business Administration and a Master of Science in Business Administration and Auditing, both from Copenhagen Business School.

Monica Caneman

Monica Caneman (full name: Birgitta Monica Caneman, born 1954, Swedish nationality) has been a member of the board of directors of Nets Holding A/S since March 2016 and a member of the Company's Board of Directors since August 2016. Monica Caneman is currently the chairman of the board of directors of Bravida Holding AB, BIG BAG Group AB and Arion Bank hf and a member of the board of directors of Com Hem Holding AB, SAS AB and Intermail A/S as well as a member of the board of directors and executive management of Monica Caneman Konsult AB. In the past five years, Monica Caneman has previously been the chairman of the board of directors of VIVA Media AB, VIVA Media Group AB, Frosunda Omsorg AB, Allenex AB and SOS International AS as well as a member of the board of directors of mySafety AB, Schibsted Sverige AB, Storebrand ASA, Poolia AB, Schibsted ASA, Electronic Transaction Group Nordic AB, Electronic Transaction Group Nordic Holding AB, Investment AB Oresund, SPP Livförsäkring AB and SPP Pension & Forsakring AB. In addition, Monica Caneman has been the chairman of AP4 (The Fourth Swedish National Pension Fund) during the course of the past five years. Monica Caneman holds a bachelor degree from Stockholm School of Economics.

Per-Kristian Halvorsen

Per-Kristian Halvorsen (full name: Per-Kristian Gicever-Halvorsen, born 1951, Norwegian nationality) has been a member of the board of directors of Nets Holding A/S since December 2015 and a member of the Company's Board of Directors since August 2016. Per-Kristian Halvorsen is currently senior vice president and senior fellow of Intuit Corp. as well as a member of the board of directors of Iron Mountain Inc. In the past five years, Per-Kristian Halvorsen has previously been chief innovation officer (and prior to that chief technology officer) of Intuit Corp. as well as a member of the board of directors of Autodesk Inc. and finn.no AS. Per-Kristian Halvorsen has pursued undergraduate studies at Oslo University and holds a Ph.D. from University of Texas at Austin.

James Brocklebank

James Brocklebank (full name: James Gerald Arthur Brocklebank, born 1970, British nationality) has been a member of the board of directors and chairman of the remuneration committee of Nets Holding A/S since July 2014 and a member of the Company's Board of Directors since February 2016 as a representative of the Advent Funds. James Brocklebank joined Advent International Corporation in 1997 and is co-head of Advent in Europe. He co-chairs the European Investment Advisory Committee and is responsible for the European business and financial services sector team. James Brocklebank has led Advent's investments in the Group, Worldpay and Equiniti Group and has participated in seven other investments. James Brocklebank is currently also a member of the executive management of eInvestments af 23. marts 2014 ApS and a member of the board of directors of Istituto Centrale delle Banche Centrale Popolari S.p.A., Advent International plc and Giffords Hall Farms Ltd. In the past five years, James Brocklebank has previously been a member of the board of directors of Worldpay

Group plc, Equiniti Cleanco Limited, Ship Holdco Limited, Ship Midco Limited, Equiniti Debtco Limited, Equiniti Enterprises Limited, Equiniti Group plc, Equiniti Holdings Limited, Equiniti PIK Cleanco Limited, Equiniti PIKCo Limited, Equiniti X2 Enterprises Limited, Equiniti X2 Mezz Cleanco Limited, Equiniti Newco 2 Limited, Equiniti X2 Cleanco Limited, Equiniti X2 Holdings Limited, Equiniti X2 Inv Limited, Equiniti X2 Mezzco Limited, Equiniti Bondco PLC and Worldpay (UK) Limited. James Brocklebank holds an MA degree from Cambridge University.

Robin Marshall

Robin Marshall (born 1970, British nationality) has been a member of the board of directors of Nets Holding A/S since July 2014 and a member of the Company's Board of Directors since February 2016 as a representative of the Bain Capital Funds. Robin Marshall joined Bain Capital in 2009 and currently co-leads the European Business and Financial Services Sector team. Robin Marshall is currently also a member of the board of directors of Istituto Centrale delle Banche Centrale Popolari S.p.A., and eInvestments af 23. marts 2014 ApS and a member of the partnership Bain Capital Private Equity (Europe) LLP. In the past five years, Robin Marshall has previously been a member of the board of directors of Worldpay Group plc, Ship Investors S.à r.l., Ship Luxco Holding S.à r.l., Ship Holdco Limited, Ship Midco Limited, NAGA UK Bidco Limited, NAGA UK Topco Limited, NAGA 1 (BC) S.à r.l., NAGA 2 (BC) S.à r.l., Bain Capital Ship S.à r.l. and Verisure Topholding AB. Robin Marshall holds an MA degree from the University of Glasgow.

Board Practices and Committees

The Board of Directors normally holds at least five regular meetings annually, including a strategy review, plus ad hoc meetings as required. Extraordinary board meetings are convened by the Chairman when necessary or when requested by a member of the Board of Directors, a member of the Executive Management or by our auditor. The Board of Directors forms a quorum when more than half of its members are represented, including the Chairman or the Vice Chairman. Resolutions of the Board of Directors are passed by a simple majority of the votes present at the meeting. In the event of equal votes, the Chairman, or in his/her absence the Vice Chairman, has the casting vote. The Board of Directors conducts an annual evaluation of the effectiveness, performance, achievements and competencies of the Board of Directors and of the individual members as well as the collaboration with the Executive Management.

The following board committees have been established by the Board of Directors, each of which has a charter setting forth its purpose and responsibilities. All the committees report and make recommendations to the Board of Directors.

Audit Committee

The Company's audit committee (the "**Audit Committee**") reviews accounting and audit matters that, by decision of the Board of Directors or the Audit Committee, require a more thorough evaluation, and assesses the internal controls and risk management systems of the Group. Its duties also include supervision of the Group's auditors and review of the audit process as well as supervision of the Group's internal systems audit function.

In accordance with the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in May 2013 and updated in November 2014 (the "**Corporate Governance Recommendations**"), we have decided that the Chairman of the Board of Directors may not also be the chairman of the Audit Committee and that a majority of the members of the Audit Committee are required to meet the independence requirements set out in the Corporate Governance Recommendations. In addition, at least one member must have accounting or audit qualifications and between them, the members must possess such expertise and experience as to provide an updated insight into, and experience in, the financial, accounting and audit aspects of companies with shares admitted to trading and official listing on a regulated market. The Audit Committee consists of no less than three members appointed by and among the Board of Directors, including the chairman of the Audit Committee. As of the date of this Offering Memorandum, the Audit Committee consists of Monica Caneman as chairman, Jeff Gravenhorst and Per-Kristian Halvorsen. All of the members of the Audit Committee meet the independence requirement set out in the Corporate Governance Recommendations. The CFO, the head of the Group's internal audit systems function and the Company's external auditor participates in meetings of the Audit Committee if so requested by the Audit Committee, and the external auditor attends at least one meeting per year or the relevant part hereof where the Executive Management is not present.

Remuneration Committee

The Company's remuneration committee (the "**Remuneration Committee**") ensures that the Company maintains a remuneration policy for the members of the Board of Directors and the Executive Management that includes the overall guidelines on incentive pay for the Board of Directors and Executive Management in accordance with Section 139 of the Danish Companies Act, and to evaluate and make recommendations for the remuneration of the members of the Board of Directors and the Executive Management.

The Remuneration Committee consists of no less than three members appointed by and among the Board of Directors, including the chairman of the Remuneration Committee. As of the date of this Offering Memorandum, the Remuneration Committee committee consists of Inge K. Hansen as chairman, Monica Caneman and Per-Kristian Halvorsen. All of the members of the Remuneration Committee meet the independence requirements set out in the Corporate Governance Recommendations.

Nomination Committee

The Company's nomination committee (the "**Nomination Committee**") assists the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors, the Executive Management and the board committees. Moreover, the Nomination Committee evaluates the composition of the Board of Directors and the Executive Management. This includes making recommendations for nomination or appointment of members of (a) the Board of Directors, (b) the Executive Management and (c) the board committees established by the Board of Directors. The Nomination Committee must also monitor the composition of the management in the Group's subsidiaries and ensure that proposed members of management in subsidiaries where management is subject to statutory "fit and proper" requirements are appointed in accordance therewith.

The Nomination Committee consists of no less than three members appointed by and among the Board of Directors, including the chairman of the Nomination Committee. As of the date of this Offering Memorandum, the Nomination Committee consists of Inge K. Hansen as chairman, Monica Caneman and Per-Kristian Halvorsen. All of the members of the Nomination Committee meet the independence requirements set out in the Corporate Governance Recommendations.

Compensation of the Board of Directors

Members of the Board of Directors receive fixed annual fees which are presented for approval by the Group's shareholders at the annual general meeting. Remuneration of the Board of Directors does not include share-based incentive programs.

The aggregate annual compensation for the year ended December 31, 2016, payable to all our directors was DKK 3 million.

Executive Management

The Board of Directors appoints an Executive Management consisting of one to three members. The primary task of the Executive Management is to carry out the day-to-day management of the Group with the support of the Key Employees in the Executive Committee who all report to the CEO.

The following table presents an overview of the current members of the Executive Management:

Name	Position	Age
Bo Nilsson	CEO	51
Klaus Pedersen	CFO	49

The business address of the members of the Executive Management is: Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Biographies

Other than as presented below, none of the members of the Executive Management have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

Bo Nilsson

Bo Nilsson (full name: Bo Einar Lohmann Nilsson, born 1965, Danish nationality) joined the Group in May 2013 as CFO and has been CEO since August 2014. Bo Nilsson is currently also executive officer of eInvestments, founder, shareholder and executive officer of Bamboh ApS and NH Fintech, executive officer and chairman of the board of directors of North Properties ApS, executive officer and member of the board of directors of Quartet Holdings A/S and Time Investments A/S, as well as a member of the board of directors of Boheme Investments SGPS SA and Heisamore SGPS SA. In the past five years, Bo Nilsson has previously been the chairman of the board of directors of Gro Capital A/S and a member of the board of directors of e-Boks A/S, Group Media Capital SGPS, GLBR SGPS, Leya Global SA and Leya SGPS SA. Bo Nilsson holds a Master's degree in Financing and Strategic Planning from Copenhagen Business School and he graduated from the MBA Corporate Finance Program at JPMorgan Chase & Co.

Klaus Pedersen

Klaus Pedersen (born 1967, Danish nationality) has been CFO since he joined the Group in September 2015. Klaus Pedersen is currently also owner and executive officer of KLPED ApS. In the past five years, Klaus Pedersen has previously been the chief financial officer of Chr. Hansen Holding A/S, the acting chief executive officer of DSB A/S, and the founder and executive officer of KP Consult ApS (dissolved by declaration of payments). In addition, in the past five years, Klaus Pedersen has been the chairman of the board of directors of Føroya Tele (P/F Telefonverkíd), DSB Rejsekort A/S (dissolved by merger) and the deputy chairman of the board of directors of Chr. Hansen A/S and Chr. Hansen Properties A/S as well as a member of the board of directors of Chr. Hansen (Beijing) Trading Co. Ltd., CHR HANSEN CHILE SpA, Chr. Hansen Colombia S.A., Chr. Hansen Czech Republic s.r.o., Chr. Hansen Inc., Chr. Hansen India Pvt. Ltd., Chr. Hansen Ireland Ltd., Chr. Hansen Italia S.p.A., Chr. Hansen Japan Co., Ltd., Chr. Hansen LLC, Chr. Hansen Ltd., Chr. Hansen Malaysia SDN. BHD., Chr. Hansen Middle East FZCO, Chr. Hansen Natural Colors A/S, Chr. Hansen Poland Sp. z.o.o., Chr. Hansen Pty Ltd., Chr. Hansen S.A., Chr. Hansen S.R.L., Chr. Hansen Singapore Pte. Ltd., Chr. Hansen Sweden AB, Chr. Hansen, S.L., Chr. Hansen (Tianjin) Food Ingredients Co., Ltd., Chr. Hansen AB, Chr. Hansen Centroamerica S.A., Hale-Bopp Australia Pty Ltd., Hansen Hellas ABEE and Ladybird Holding AB. In addition, Klaus Pedersen has provided consulting services to Føroya Tele (P/F Telefonverkíd) during the course of the past five years. Klaus Pedersen holds a Master of Science in Business Economics from Aarhus Business School.

Key Employees

The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. The Executive Management is supported by the Group's key employees (the "**Key Employees**"), who together with the members of the Executive Management, comprise the Group's executive committee (the "**Executive Committee**").

The Key Employees are employed by companies within the Group and have been appointed as members of the Executive Committee with responsibility for their functional areas.

The following table presents an overview of the Group's current Key Employees:

Name	Position	Age
Asger Hattel	Executive Vice President Merchant Services	45
Susanne Brønnum	Executive Vice President Financial & Network Services	47
Frode Åsheim	Executive Vice President Corporate Services	38
Thomas Kolber	Executive Vice President Human Resources	45
Pia Jørgensen	Executive Vice President Technology	52
Niels Mortensen	Executive Vice President Customer Services	51

The business address of the members of the Key Employees is: Lautrupbjerg 10, DK-2750 Ballerup, Denmark, except for Frode Åsheim whose business address is Haavard Martinsensvei 54, 0978 Oslo, Norway.

Biographies

Other than as presented below, none of the Key Employees have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

Asger Hattel

Asger Hattel (full name: Asger Jens Hattel, born 1971, Danish nationality) has been Group Executive Vice President (Merchant Services) since he joined the Group in April 2015. Asger Hattel is currently also owner and executive officer of AHATT ApS. In the past five years, Asger Hattel has previously been the chairman of the board of directors of TDC Finland Oy, TDC Norway AS, TDC Sweden AS, BLUEPOSITION ApS (dissolved by merger) and Onfone Erhverv ApS (dissolved by merger) and a member of the board of directors of 4T af 1. oktober 2012 Udvikling ApS (dissolved by merger), 4T af 1. oktober 2012, Swipp ApS and TDC Mobil Center A/S as well as a member of the executive management of TDC A/S. Asger Hattel holds a master's degree in Economics from Aarhus University.

Susanne Brønnum

Susanne Brønnum (full name: Susanne Brønnum-Hyttel, born 1969, Danish nationality) joined the Group in 1990 and has been Group Executive Vice President (Financial & Network Services) since 2010. Susanne Brønnum is currently also owner and executive officer of SBRON ApS. In the past five years, Susanne Brønnum has previously been a member of the board of directors of e-Boks A/S, K/S Helsingørgade and Pan-Nordic Card Association AB. Susanne Brønnum holds an academy profession degree in International Trade and Finance from Copenhagen Business School and has completed The General Manager Program at Harvard Business School.

Frode Åsheim

Frode Åsheim (born 1978, Norwegian nationality) joined the Group in 2006 and has been Group Executive Vice President (Corporate Services) since January 2016. Frode Åsheim is currently also owner and executive officer of FASHE AS. In the past five years, Frode Åsheim has previously been the chairman of the board of directors of Cryptera A/S. Frode Åsheim holds a Master of Science in Organizational Sociology from the University of Oslo and has received training in Board Management from the Norwegian Business School (BI).

Thomas Kolber

Thomas Kolber (born 1971, Danish nationality) has been Group Executive Vice President, HR since he joined Nets in February 2017. Thomas Kolber has previously been Vice President, HR in Copenhagen Airports A/S and Vice President, HR in Carlsberg A/S. Thomas Kolber holds a Master's degree in Human Resources from Copenhagen Business School.

Pia Jørgensen

Pia Jørgensen (full name: Pia Ingrid Jørgensen, born 1964, Norwegian nationality) has been Group Executive Vice President (Technology) since she joined the Group in August 2014 and has also served as interim chief operating officer until April 2015. Pia Jørgensen is currently also owner and executive officer of PIJOR ApS. In the past five years, Pia Jørgensen has previously been chief technology officer for retail banking services for JPMorgan Chase & Co. In addition, Pia Jørgensen has within the past five years, provided consultancy services to Advent and Bain Capital.

Niels Mortensen

Niels Mortensen (full name: Niels Ulrik Mortensen, born 1965, Danish nationality) has been Group Executive Vice President (Customer Services) since he joined the Group in May 2015. Currently, Niels Mortensen is also a member of the board of directors of Scalepoint Technologies (Denmark) (branch of Scalepoint Technologies Ltd.), as well as owner and executive officer of NUMOR ApS. In the past five years, Niels Mortensen has previously been the chief operating officer of Codan Forsikring A/S and the deputy chief executive officer of Alka Forsikring A/S and the chairman of the board of directors of Alka Ejendomme A/S and Forsikringsselskabet Privatsikring A/S as well as a member of the board of directors of SOS International A/S. Niels Mortensen holds a Master's degree in Law from the University of Copenhagen.

Incentive Programs

A number of incentive programs have been established, including the long-term incentive program described in further detail below. In accordance with Section 139 of the Danish Companies Act, the Company has adopted a remuneration policy which includes the overall guidelines on incentive pay for the Board of

Directors and the Executive Management which have been approved by the general meeting. Any amendments to the remuneration policy, including incentive guidelines, will be presented to the Company's shareholders for approval at a general meeting.

Long-term Incentive Program ("LTIP")

Under the Company's LTIP, share options (currently up to 0.75% of the Company's share capital on an annual basis) may be granted to eligible employees, including the Executive Management and Key Employees, in connection with each year's annual general meeting as determined by the board of directors of the Company in its sole discretion. The share options vest based on the achievement of certain financial targets during the three financial years subsequent to grant, with vesting conditions set by the board of directors in its sole discretion. If vested share options are not exercised within the two-year exercise period, they will lapse without compensation.

Statement on Past Records

During the past five years, none of the members of the Board of Directors, the Executive Management or any of the Key Employees have been (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership or liquidation except as set out immediately below; or (iii) subject to any public incrimination and/or sanctions by statutory regulatory authorities (including designated professional bodies), and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management or other affairs.

Jeff Gravenhorst was a member of the board of directors of Statsautoriseret revisor Ove Haugsted og Hustru Lissi Haugsteds Familiefond, when it was being dissolved in August 2016. Bo Nilsson was chairman of the board of directors of Nets Norway AS, when it was dissolved by merger in June 2015. Klaus Pedersen was a member of the executive management of KP Consult ApS, when it was dissolved by declaration of payments in July 2013. Asger Hattel was a member of the board of directors of 4T af 1. oktober 2012 Udvikling ApS (dissolved by merger in September 2015) from March 2014 until May 2015, chairman of the board of directors of Blueposition ApS, when it was dissolved by merger in August 2013 and chairman of the board of directors of Onfone Erhverv ApS (dissolved by merger in August 2013) from May 2012 until February 2013.

Statement on Conflicts of Interest

There are no family ties among the members of the Board of Directors, the Executive Management or any of the Key Employees.

With the exception of the members of the Board of Directors, James Brocklebank and Robin Marshall, the Company is not aware of any member of the Board of Directors, or the Executive Management or any of the Key Employees having been appointed to their current position pursuant to an agreement or understanding with the major shareholders, customers, suppliers or other parties. James Brocklebank is a managing partner at Advent and Robin Marshall is a managing director at Bain Capital. Advent and Bain Capital are advisors to the managers of the Advent Funds and the Bain Capital Funds, respectively, which manages the ultimate owners of AB Toscana (Luxembourg) Investment S.à. r.l. and, therefore, represent the interests of AB Toscana (Luxembourg) Investment S.à r.l.

None of the members of the Board of Directors, or the Executive Management or any other Key Employees have conflicts of interest with respect to their duties as members of the Board of Directors, or the Executive Management or as Key Employees except for the members of the Board of Directors, James Brocklebank and Robin Marshall, for the reasons set out in the paragraph above. Advent and Bain Capital and/or their respective associates are advisers to the managers of certain investment funds which have invested and may in the future invest in companies other than Nets which participate in the payments processing industry. Together, funds managed by Advent and advised by Bain Capital also indirectly own a majority of the share capital of ICBPI, an Italian payments business. James Brocklebank and Robin Marshall are directors of certain ICBPI entities.

None of the members of the Board of Directors, the Executive Management or the Key Employees have positions in other companies which could result in a conflict of interest vis-a-vis such companies, either because the Group has an equity interest in such company or because the Group and the company concerned have an ongoing business relationship, except as disclosed under "*Certain Relationships and Related Party Transactions*." However, the Group may do business in the ordinary course with companies in which members of the Board of Directors, or the Executive Management, or the Key Employees may hold positions as directors or officers.

It follows from the Rules of Procedure of the Company's Board of Directors and the Danish Companies Act that a member of the Board of Directors or the Executive Management shall not participate in the preparation, discussions or the decision-making process concerning an agreement between the Company (or another company within the Group) and the member in question or concerning legal proceedings between the member in question and the Company (or another company within the Group) or an agreement between the Company (or another company within the Group) and any third party or legal proceedings brought against any third party if the member in question has a significant interest therein that may conflict with its interests.

Description of Internal Control and Financial Reporting Procedures

The Board of Directors, the Audit Committee and the Executive Management are ultimately responsible for the Group's risk management and internal controls in relation to its financial reporting, and approve the Group's general policies in that regard. The Audit Committee assists the Board of Directors in overseeing the reporting process and the most important risks involved in this respect. The Executive Management and operating segments are responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

The Group has internal control and financial reporting procedures aimed at enabling it to monitor its performance, operations, funding and risk. While the Group continues to improve its procedures and internal control, including documentation of the internal control systems, the Group believes that its reporting and internal control systems enable it to be compliant with disclosure obligations applying to issuers of shares admitted to trading and official listing on Nasdaq Copenhagen. The Group's internal control and financial reporting procedures include, among other things:

- consolidated monthly financial information packages, including key performance indicators per operating segment covering volumes, net sales and contribution and Group income statement, balance sheet, cash flow results and covenant calculations compared with budgeted performance, latest forecast and previous year's performance and explanations of any deviations. The monthly financials are reported to the Executive Management;
- monthly highlight reports from business and operating segments including key performance indicators on actual performance compared with budgeted performance, latest forecast and previous year's performance and explanations of any deviations. The monthly financial highlights are reported to the Executive Management and discussed at monthly review sessions with management of the operating segments;
- monthly highlight reports from the treasury function on movement in clearing working capital. The monthly financial highlights are also reported to the CFO;
- liquidity management executed on a daily basis, with a view to securing the Group's required liquidity through appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities; and
- centralized planning processes including a centrally driven budget process with bottom-up input from all operating segments, quarterly updated "full year estimates" and, from 2016, the introduction of a Group-wide "18 months rolling forecast process."

The Group has adopted a whistle-blower policy.

External and Internal System Audit

The Group's independent auditors are appointed for a term of one year by the shareholders at the Company's annual general meeting upon recommendation from the Audit Committee. The Board of Directors assesses the independence and competencies and other matters pertaining to the auditors. The framework for the auditors' compensation and duties, including audit and non-audit tasks, is agreed annually between the Board of Directors and the Group's auditors based on recommendation from the Audit Committee. The Group has regular dialogue and exchange of information with its auditors.

The Group has established an internal systems audit function to meet regulatory requirements that apply to certain Group companies. The internal systems audit function refers to the Board of Directors and performs internal audits in the Group according to a plan and budget approved by the Audit Committee and the Board of Directors. The internal audits are performed in close cooperation with external financial and systems auditors. The scope of the internal systems audit's responsibility encompasses examining and evaluating the adequacy and effectiveness of the Group's system of operational and financial controls designed to mitigate risks related to strategic objectives. Some audit assignments are mandatory according to regulatory demands, including internal systems audit in relation to Danish customers and internal audit in Finland and DIBS Payment Services AB (publ). Other audit assignments are initiated quarterly by the Audit Committee based on evaluation of risks and relevance for Nets' business.

Corporate Governance

The Company is committed to exercising good corporate governance at all times and the Board of Directors will regularly assess rules, policies and practices according to the Corporate Governance Recommendations. Nasdaq Copenhagen has incorporated the Corporate Governance Recommendations in the Rules for issuers of shares of July 3, 2016. Accordingly, as a company with shares admitted to trading and official listing on Nasdaq Copenhagen, the Company is required to comply with or explain deviations from the Corporate Governance Recommendations as also required pursuant to Section 107b of the Danish Consolidated Financial Statements Act no. 1580 of December 10, 2015.

The Board of Directors has prepared a statutory statement on corporate governance dated December 21, 2016, that reflects the compliance of the Company with each of the Corporate Governance Recommendations. The Company intends to comply with the Corporate Governance Recommendations in all material respects except that the Company has opted to deviate from the Corporate Governance Recommendations in certain areas related to its incentive programs.

The Company's corporate governance practices are also accounted for in the statutory statement on corporate governance, which is available on the Company's website.

PRINCIPAL SHAREHOLDERS

Nets is a public limited company under the laws of Denmark and is listed on the Nasdaq Copenhagen (ISIN: DK0060745370 / Code: Nets). As of December 31, 2016, we had 200,411,094 ordinary shares outstanding and approximately 22,000 shareholders, who are predominantly minor Danish retail investors holding approximately 5% of the aggregate amount of shares outstanding.

The following table sets forth certain information regarding the holders of 5 percent or more of the out share capital, and the number and percentage owned by such shareholders as of December 31, 2016:

Name	Percent Share Capital
AB Toscana (Luxembourg) Investment S.à r.l.	39.9
BlackRock Inc,	7.3

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

As of December 31, 2016 there are no shareholders with controlling interest. Large shareholders are AB Toscana (Luxembourg) Investment S.à r.l. (39.9%) and BlackRock Inc (7.3%). Related parties with significant influence are the Company's Executive Board, Board of Directors and their related parties. Furthermore, related parties are companies in which those persons have significant interests.

In 2016, the former controlling shareholders of the Company invoiced the Group for service fees totaling DKK 13 million (2015: DKK 30 million), and for services regarding the IPO totaling DKK 82 million. Transactions with e-Boks A/S comprise mainly administrative services amounting to DKK 44 million (2015: DKK 24 million). There were no transactions with members of management of the Group or members of the Board of Directors of the Group, other than remuneration, and furthermore no loans were granted to the Board of Directors or members of management of the Group in 2016 or 2015. See "*Management*."

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of the Group's indebtedness, as adjusted for the Transactions, and does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

The Facilities Agreement

Introduction

On July 6, 2016, the Company as parent, Nordea Danmark, filial af Nordea Bank AB (publ), Sverige (formerly Nordea Bank Danmark A/S), DNB Markets, a part of DNB Bank ASA, Nykredit Bank A/S, Danske Bank A/S, Deutsche Bank Luxembourg S.A., Mediobanca Banca di Credito Finanziario S.p.A., Morgan Stanley Bank International Limited and Investment Banking, Skandinaviska Enskilda Banken AB (publ) as mandated lead arrangers and bookrunners, Mizuho International plc, OP Corporate Bank plc, UniCredit Bank AG, London Branch, J.P. Morgan Limited and UBS Limited as lead arrangers, Credit Industriel et Commercial, London Branch, Sydbank A/S and Aktieselskabet Arbejdernes Landsbank as co-arrangers, Nordea Danmark, filial af Nordea Bank AB (publ), Sverige (formerly Nordea Bank Danmark A/S) and Deutsche Bank Luxemburg S.A. as documentation as agents and Nordea Danmark, filial af Nordea Bank AB (publ), Sverige (formerly Nordea Bank Danmark A/S) as agent and original issuing bank entered into the Facilities Agreement. On September 23, 2016 Nassa Midco AS, Nets Holding A/S, Teller A/S and Nets Oy acceded to the Facilities Agreement as additional borrowers and additional guarantors.

The Facilities Agreement provides for the Facilities comprising of: (i) a €485 million term facility with a final maturity date of September 27, 2019 ("**Term Loan Facility 1**"); (ii) a €485 million term facility with a final maturity date of September 27, 2021 ("**Term Loan Facility 2**"); and (iii) a €475 million revolving working capital and overdraft credit facility with a final maturity date of September 27, 2021 (the "**Revolving Facility**"), of which €75 million (DKK 558 million) has been carved out in an overdraft facility (the "**Ancillary Overdraft Facility**") granted by Nordea Bank AB, publ to Nets Holding A/S. Additional Facilities (as defined in the Facilities Agreement) may be made available to the Group for the same purposes as the applicable New Facility in accordance with the terms of the Facilities Agreement.

On September 27, 2016 (the "**Closing Date**"), Term Loan Facility 1 was drawn upon by the Issuer, (i) in respect of euro-denominated debt, in an amount of €18.9 million, (ii) in respect of Danish kroner-denominated debt, in an amount of DKK 2,028 million, (iii) in respect of Norwegian kroner-denominated debt, in an amount of NOK 1,767 million. On September 27, 2016, Term Loan Facility 2 was drawn upon by the Issuer, (i) in respect of euro-denominated debt, in an amount of €18.15 million, (ii) in respect of Danish kroner-denominated debt, in an amount DKK 2,034 million, and (iii) in respect of Norwegian kroner-denominated debt, in an amount of NOK 1,767 million. Term Loan Facility 1 and Term Loan Facility 2 were used for the refinancing of the Group's existing indebtedness and for paying fees, costs and expenses associated with the IPO. On the Closing Date the Issuer drew €213.0 million of the Revolving Facility. The Revolving Facility may be used for the general corporate purposes of the Group (including, but not limited to, for acquisitions, investments and capital expenditure).

Repayments and Prepayments

The loans under the Facilities Agreement have the following termination dates:

(a) the third anniversary of the Closing Date in respect of Term Loan Facility 1;

(b) the fifth anniversary of the Closing Date in respect of Term Loan Facility 2; and

(c) the fifth anniversary of the Closing Date in respect of the Revolving Facility.

The maturity date of any Additional Facility will be as agreed but may not fall prior to the maturity date of the initial borrowings under the Facilities Agreement. All amounts still outstanding at the relevant maturity date will be immediately due and payable. There is no requirement to reduce the level of borrowing to a specified level during the life of the Revolving Facility.

Subject to certain conditions, any borrower under the Revolving Facility may voluntarily prepay the utilizations and permanently cancel all or part of the available commitments under the Revolving Facility in a minimum amount of €500,000 by giving not less than three Business Days' (or such shorter period as the required majority of Lenders under the Revolving Facility agree) prior notice to the Agent.

Subject to certain conditions, any borrower under Term Loan Facility 1 or Term Loan Facility 2 may voluntarily prepay the utilizations and permanently cancel all or part of the available commitments under Term Loan Facility 1 or Term Loan Facility 2, respectively, in a minimum amount of DKK 7,500,000 and an integral multiple of DKK 3,750,000, €1,000,000 and an integral multiple of €500,000 and NOK 10,000,000 and an integral multiple of NOK 5,000,000, in the case of any Additional Facility as agreed with the relevant Additional Facility Lenders, not less than three Business Days' (or, in each case, such shorter period as the required majority of Lenders under the applicable term loan) prior notice to the Agent.

The borrowers may borrow (and re-borrow amounts repaid) under the Revolving Facility, subject to certain conditions, until one month prior to the relevant maturity date. The Group intends to fully repay Term Loan Facility 1 using the proceeds of the Offering. The borrowers may not re-borrow any part of a Term Loan which has been repaid or is prepaid.

In addition to voluntary prepayments and cancellation, the Facilities Agreement requires mandatory prepayment (or, as the case may be, an offer to do so) in full or in part in certain circumstances, including:

- with respect to any Lender, if it becomes unlawful for such Lender to perform any of its obligations under the Facilities Agreement or to fund, issue or maintain its commitment or participation in any utilization of the Facilities and such Lender has not transferred its participation; and
- if a Lender so requires in respect of that Lender's participation in an outstanding utilization, upon a Change of Control or Sale.

Interest and Fees

The loans under the Facilities Agreement will bear interest at rates per annum equal to IBOR and the following applicable margins:

- 2.00 % per annum in respect of loans under Term Loan Facility 1;
- 2.50% per annum in respect of loans under Term Loan Facility 2; and
- 2.50 % per annum in respect of loans under the Revolving Facility,

subject in each case to a margin ratchet up or down based on the leverage ratio (being the ratio of Total Net Debt of the Group to Consolidated Pro Forma EBITDA of the Group (each as defined in the Facilities Agreement)).

The margin in respect of any Additional Facility will be determined at the time such facility is made available and is subject to restrictions set out in the Facilities Agreement.

The Company is also required to pay a commitment fee, quarterly in arrear, on available but unused commitments under the Revolving Facility at a rate of 35% of the applicable margin for the period commencing on the Closing Date and ending on the last day of the relevant availability period. The commitment fee in respect of any Additional Facility will be determined at the time such facility is made available. The Company is also required to pay an arrangement fee and certain fees to the agent in connection with the New Credit Facilities and to pay other customary fees including fees in connection with ancillary facilities.

Guarantees

The Facilities are guaranteed irrevocably and unconditionally on a joint and several basis by the Company, the Issuer, Nets Holding A/S, Nets Denmark A/S, Teller A/S and Nets Oy (the "**Facilities Guarantors**").

Subject to the Agreed Security Principles, as at the Issue Date and within 90 days (or 120 days for member of the Group incorporated outside of a jurisdiction of the incorporation of a borrower under the Facilities) after the date of delivery of each set of annual audited consolidated accounts of the Group, the Facilities Agreement requires that any member of the Group necessary to ensure that the Facilities Guarantors represent not less than 80% of each of the consolidated EBITDA and gross assets of the Group (the "**Guarantor Coverage Test**"), becomes a Facilities Guarantor.

Representations

The Facilities Agreement requires all or certain of the borrowers and guarantors to make a number of customary representations, some of which are required to be repeated on the first date of each interest period, the date of each utilization request, and each date, in respect of the relevant additional obligor only, on which an additional obligor accedes to the Facilities Agreement.

Undertakings

The Facilities Agreement contains certain positive, negative undertakings. These undertakings require Obligors to observe certain covenants, subject to certain agreed exceptions, including, but not limited to, covenants relating to:

- authorizations;
- compliance with laws;
- negative pledge against creating or subsisting any security or quasi security over any of its assets;
- prohibition on certain dispositions;
- prohibition on enter into certain amalgamations, demergers, mergers or corporate reconstructions;
- change of business;
- prohibition on incurrence of certain Financial Indebtedness by Non-Obligors;
- prohibition on certain third-party guarantees and security;
- compliance with the "Guarantor Coverage Test" (see "—*Guarantees*" above);
- anti-corruption and sanctions; and
- certain treasury transactions.

In addition, under the Facilities Agreement the Company must comply with a leverage financial covenant (being the ratio of the Group's Total Net Debt to the Group's Consolidated Pro Forma EBITDA (each as defined in the Facilities Agreement)) and an interest cover financial covenant (being the ratio of Consolidated Pro Forma EBITDA to Total Net Cash Interest Expenses (each as defined in the Facilities Agreement)). Each of those financial covenants will first be tested in June 30, 2017, at which time the leverage financial covenant must not exceed 5.00:1 and the interest cover financial covenant must not be less than 2.00:1 on that testing date and each subsequent testing date. The financial covenants are tested semi-annually thereafter by reference to the audited consolidated financial statements for each financial year and the consolidated financial statements for each half year with the leverage ratio stepping down in December 2017 and June 2018 to 4.50:1 and 4.00:1 in December 2018.

Events of Default

The Facilities Agreement contains certain events of default, the occurrence of which would allow the Majority Lenders (as defined in the Facilities Agreement) to accelerate all outstanding loans and terminate their respective commitments, including (subject to certain exceptions, materiality qualifiers and grace periods):

- non-payment;
- breach of obligations under the financial covenants set out in the Facilities Agreement;
- breach of other obligations under the Finance Documents (as defined in the Facilities Agreement);
- misrepresentation;
- cross-acceleration;
- insolvency;
- insolvency proceedings;
- repudiation of the finance documents; and
- unlawfulness, invalidity and repudiation.

Governing Law

The Facilities Agreement is governed by English law.

Clearing Working Capital Facilities

In addition to the Ancillary Overdraft Facility, certain members of the Group that are responsible for clearing activities (the "**Clearing Facility Borrowers**") have entered into separate unsecured clearing and overdraft facility agreements with Nordea Danmark, filial af Nordea Bank AB (publ), Sverige (formerly Nordea Bank Danmark A/S), Nordea Bank AB (publ) and Danske Bank A/S, in the aggregate amount of approximately €175 million (DKK 1,303 million) on a committed basis and an additional €40 million (DKK 298 million) on an uncommitted basis. These facilities are made available to the Clearing Facility Borrowers for clearing and settlement purposes. Other Group entities may accede as borrowers from time to time. On December 31, 2016, €12 million (DKK 91 million) had been drawn under the clearing overdraft facilities, leaving €203 million (DKK 1,510 million) undrawn. In addition, the Group also has a number of intra-day facilities available.

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "*Issuer*" refers only to Nassa Topco AS and not to any of its subsidiaries, and the phrase "*Parent Guarantor*" refers only to Nets A/S and not to any of its subsidiaries.

The Issuer will issue €400.0 million in aggregate principal amount of 2.875% Senior Notes due 2024 (the "*Notes*") under an indenture (the "*Indenture*"), to be dated on or about April 6, 2017, among itself, the Note Guarantors, Deutsche Trustee Company Limited, as trustee (the "*Trustee*"), Deutsche Bank AG, London Branch, as paying agent, and Deutsche Bank Luxembourg S.A. as registrar and transfer agent, in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." The Indenture is not required to be, nor will it be, qualified under or subject to, and it will not incorporate provisions of, the United States Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. We urge you to read the Indenture because it, and not this description, defines your rights as Holders of the Notes. Copies of the Indenture are available as set forth below under "Additional Information." Certain defined terms used in this description but not defined below under "Certain Definitions" have the meanings assigned to them in the Indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes will:

- be senior unsecured obligations of the Issuer;
- rank *pari passu* in right of payment with all of the Issuer's existing and future senior unsecured obligations that are not subordinated in right of payment to the Notes, including obligations under the Facilities Agreement;
- rank senior in right of payment to all of the Issuer's future obligations that are expressly subordinated in right of payment to the Notes, if any;
- be effectively subordinated to any existing and future secured obligations of the Issuer, the Parent Guarantor and the Subsidiaries of the Parent Guarantor to the extent of the value of the property and assets securing such obligations;
- be structurally subordinated to all obligations of the Parent Guarantor's Subsidiaries that do not guarantee the Notes; and
- be guaranteed by the Note Guarantors, subject to contractual limitations that reflect limitations under applicable law.

The Note Guarantees

The Notes will be, subject to contractual limitations that reflect limitations under applicable law, guaranteed, jointly and severally, on a senior unsecured basis, by each Note Guarantor and each existing and future Subsidiary of the Parent Guarantor that is required to become a Note Guarantor in accordance with the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries." As of the Issue Date, the Note Guarantors will include the Parent Guarantor and the following Subsidiaries of the Parent Guarantor: Nets Holding A/S, Teller A/S, Nets Denmark A/S and Nets Oy.

Each Note Guarantee of each Note Guarantor will:

- be a senior obligation of such Note Guarantor;
- rank *pari passu* in right of payment with all existing and future senior unsecured obligations of such Note Guarantor that are not expressly subordinated in right of payment to such Note Guarantor's Note Guarantee, including obligations under the Facilities Agreement;
- rank senior in right of payment to all future obligations of such Note Guarantor that are expressly subordinated in right of payment to such Note Guarantor's Note Guarantee, if any; and

- be effectively subordinated to all existing and future secured obligations of such Note Guarantor to the extent of the value of the property and assets securing such obligations.

Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to their parent entity. For the year ended December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 78% of the Group's revenues and 77% of the Group's EBITDA. As of December 31, 2016, the Issuer, the Parent Guarantor and the Subsidiary Guarantors represented 88% of the Group's total assets (excluding investments in subsidiaries, intangibles arising on business combination, intercompany balances and clearing-related assets).

The operations of the Issuer are conducted through the operating Subsidiaries of the Issuer and, therefore, the Issuer depends on the cash flow of the Issuer's Subsidiaries to meet its obligations, including obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Parent Guarantor's Subsidiaries that do not guarantee the Notes (other than the Issuer). Any right of the Issuer or any Note Guarantor to receive assets of any non-guarantor Subsidiary upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the Holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors (including their trade creditors), except to the extent that the Issuer or such Note Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Note Guarantor, as the case may be, would still be subordinate in right of payment to any obligations secured on the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Note Guarantor. After giving effect to the offering of the Notes and the use of proceeds therefrom, the non-guarantor subsidiaries of the Parent Guarantor owed DKK 801 million of the Group's total liabilities (excluding intercompany balances and clearing-related balances) as of December 31, 2016, all of which would have ranked structurally senior to the Notes and the Note Guarantees.

Principal, Maturity and Interest

The Issuer will issue €400.0 million in aggregate principal amount of Notes under the Indenture on the Issue Date. The Issuer may issue additional Notes having identical terms and conditions as any series of the Notes (the "*Additional Notes*") under the Indenture from time to time after this offering; *provided* that such Additional Notes will not be fungible and will not form a single series with the outstanding Notes of the relevant series or have the same ISIN or common code, unless such additional Notes are fungible with the outstanding Notes of that series for U.S. federal income tax purposes. Notwithstanding the foregoing, the Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Issuer will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture. For all purposes herein unless expressly stated otherwise, the term "Notes" shall include references to any Additional Notes.

The Issuer will issue the Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 2.875% per annum. Interest on the Notes will:

- be payable semi-annually in arrear on January 15 and July 15, in each year, commencing on January 15, 2018;
- be payable to the Holders of record of the Notes on the Business Day immediately preceding January 15 and July 15 respectively;
- be payable on the aggregate principal amount of the Notes outstanding;
- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be payable at 100% of their face amount at maturity. The Notes will mature on the Business Day immediately following April 6, 2024.

Methods of Receiving Payments on the Notes

Methods of receiving payments on global Notes are described under "Book-Entry; Delivery and Form—Payments on Global Notes." In the case of certificated Notes, if a Holder has given wire transfer instructions to the Issuer, the Issuer will pay all interest, premium, if any, and Additional Amounts, if any, on that Holder's Note in accordance with those instructions. In all other cases, the Issuer may elect to make payment of interest, premium, if any, and Additional Amounts, if any, by check mailed to the Holders at their addresses set forth in the register of Holders. Payments on Notes will be made through the office or agency of one or more paying agents maintained for such purposes in London, United Kingdom, as described under "Paying Agent and Registrar for the Notes" for the Notes.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes, including one Paying Agent in London, United Kingdom (the "*Principal Paying Agent*"). Deutsche Bank AG, London Branch, will initially act as the Principal Paying Agent for the Notes.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") for so long as the Notes are listed on the Irish Stock Exchange, Deutsche Bank Luxembourg S.A. will act as Registrar for the Notes. The Issuer will also maintain a transfer agent (the "*Transfer Agent*") in Luxembourg. Deutsche Bank Luxembourg S.A., will initially act as the Transfer Agent for the Notes.

The Issuer may change the Paying Agent, the Registrar or the Transfer Agent without prior notice to the Holders of the Notes. The Parent Guarantor or any of its subsidiaries may act as Paying Agent, Registrar or Transfer Agent in respect of the Notes; *provided*, *however* that if and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market thereof and the rules of the Irish Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar, the Trustee and any Paying Agent may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. The Issuer is not required to transfer or exchange any Note selected for redemption. No service charge will be made for any registration of transfer or exchange of the Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange.

The Holder of a Note will be treated as the owner of it for all purposes.

Note Guarantees

The Notes, subject to contractual limitations that reflect limitations under applicable law, will be guaranteed, jointly and severally, on a senior basis by the Note Guarantors. As of the Issue Date, the Note Guarantors will be the entities set forth above under the caption "Brief Description of the Notes and the Note Guarantees—The Note Guarantees." Subject to certain limitations under applicable law, each existing and future Subsidiary of the Parent Guarantor that thereafter guarantees any Indebtedness of the Issuer under the Facilities Agreement or any Public Indebtedness will be required to provide a Note Guarantee in accordance with the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries."

The Indenture will limit the obligation to grant guarantees in favor of obligations under the Notes. The Indenture will include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference, thin capitalization rules, retention of title claims and similar principles. The obligations of the Note Guarantors will be contractually limited under the applicable Note Guarantees to reflect these limitations and other legal restrictions applicable to the Note Guarantors and their respective shareholders, directors and general partners. In addition, the Note Guarantee of the Parent Guarantor and the amounts recoverable thereunder will be contractually limited to the same extent as the limitation of the Parent Guarantor's guarantee of obligations under the Facilities Agreement, namely limited to the EBITDA of the Parent Guarantor on a stand-alone basis as set out in its most recent audited financial statements. For the year ended December 31, 2016, the Parent Guarantor on a stand-alone basis had EBITDA of less than zero, and it is likely that the EBITDA of the Parent Guarantor will not exceed zero in the future. Therefore, by virtue of this contractual limitation, the Parent Guarantor's obligations under its Note Guarantee will be significantly less than amounts payable in respect of the Notes, and likely nil. See "Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees," "Risk Factors—Risks Relating to the Notes and the Group's Structure—The Guarantee of the Notes furnished by the Parent Guarantor will be contractually limited to an insubstantial amount," "Risk Factors—Risks Relating to the Notes and the Group's Structure—The Guarantee of the Notes furnished by the Parent Guarantor will be contractually limited to an insubstantial amount" and "Risk Factors—Risks Relating to the Notes and the Group's Structure—Insolvency laws and other limitations on the Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability."

Note Guarantees Release

The Note Guarantee of any Note Guarantor will be released upon repayment of the Notes or upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under the captions "Legal Defeasance and Covenant Defeasance" and "Satisfaction and Discharge."

The Note Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Subsidiary of the Parent Guarantor;

(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor or its direct or indirect parent entity to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Subsidiary of the Parent Guarantor, if the Subsidiary Guarantor ceases to be a Subsidiary as a result of the sale or other disposition;

(3) upon the release of its guarantee by a Subsidiary Guarantor under the Facilities Agreement (including, without limitation, upon repayment of obligations outstanding under the Facilities Agreement); *provided* that no other Indebtedness is at that time guaranteed by the relevant Subsidiary Guarantor that would have otherwise given rise to an obligation to guarantee the Notes pursuant to the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries" had the relevant Subsidiary not already been a Subsidiary Guarantor; *provided further* that should such Subsidiary Guarantor thereafter guarantee obligations under the Facilities Agreement (or such guarantee under the Facilities Agreement is reinstated or renewed), then such Note Guarantor will guarantee the Notes on the terms and conditions set forth in the Indenture;

(4) as described under "Amendment, Supplement and Waiver"; or

(5) upon the release of the guarantee that gave rise to the requirement to guarantee the Notes pursuant to the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries," so long as no Event of Default exists at the time of such release or would arise as a result thereof, and so long as no other Indebtedness is at that time guaranteed by the relevant Subsidiary Guarantor that would have otherwise given rise to an obligation to guarantee the Notes pursuant to such covenant had the relevant Subsidiary not already been a Subsidiary Guarantor.

Upon any occurrence giving rise to a release as specified above, the Trustee will, at the request and expense of the Issuer, execute any documents reasonably necessary in order to evidence or effect such release, discharge and termination in respect of such guarantee in accordance with these provisions, subject to customary protections and indemnifications. Neither the Issuer nor any Note Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee.

Optional Redemption

At any time prior to January 6, 2024 (three months prior to the maturity date of the Notes), the Issuer may redeem the Notes in whole or in part on any one or more occasions, upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Notes, at a redemption price equal to the greater of (a) 100% of the principal amount thereof and (b) the present value as of such date of redemption of (i) the redemption price of 100% of the principal amount of such Note on January 6, 2024, *plus* (ii) all required interest payments due on such Note through January 6, 2024 (excluding accrued but unpaid interest to the date of redemption) computed using a discount rate equal to the Bund Rate as of such date of redemption *plus* 50 basis points calculated by the Issuer, *plus* accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time on or after January 6, 2024 (three months prior to the maturity of the Notes), the Issuer may redeem the Notes in whole or in part on any one or more occasions, upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes, at a redemption price equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, thereon, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, and such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied.

Except pursuant to the preceding paragraphs and except as described below under "Redemption for Taxation Reasons," none of the Notes will be redeemable at the Issuer's option. Nothing in the Indenture prohibits the Parent Guarantor, the Issuer or any Subsidiary of the Parent Guarantor from acquiring the Notes by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of the Indenture.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee, the Paying Agent or the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, as applicable, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a pro rata basis; *provided, however*, that no Note of €100,000 in aggregate principal amount or less, or other than in an integral multiple of €1,000 in excess thereof, shall be redeemed in part. The Trustee, the Paying Agent and the Registrar shall not be liable for selections of Notes made in accordance with this paragraph.

If the Issuer elects to redeem the Notes or portions thereof and requests the Trustee to distribute to the Holders any amounts deposited in trust (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions set forth under "Satisfaction and Discharge," the applicable redemption notice will state that Holders will receive such amounts deposited in trust prior to the date fixed for redemption and mention the payment date.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, not less than 10 nor more than 60 days prior to the redemption date, the Issuer will, if the Notes are in certificated form, mail notice of redemption to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

For Notes which are represented by global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, any such notice to the Holders of the relevant Notes shall also be published in a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a certificated Note, a new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer may, at its option, redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record of certificated Notes on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "Withholding Taxes"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer or a successor of the Issuer (a "*Payor*") reasonably determines that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, a written position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in administrative practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Payor or any Note Guarantor is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts, and the Payor or a Note Guarantor cannot avoid such obligation by taking reasonable measures available to it and provided that at the time such notice is given such obligation to pay Additional Amounts remains in effect and provided further in the case of any Note Guarantor that such payment cannot be made by the Payor or another Note Guarantor without the obligation to pay Additional Amounts. In the case of the Issuer or any Note Guarantor as of the Issue Date, the Change in Tax Law must become effective on, or after the date and must not have been publicly announced as formally proposed before the date, of this Offering Memorandum. In the case of a Surviving Entity or any Person who becomes a Note Guarantor after the Issue Date or any successor of the Issuer or any Note Guarantor, the Change in Tax Law must become effective on, or after the date and must not have been publicly announced as formally proposed before the date, that the Surviving Entity or successor of the Issuer first makes payment on the Notes or on, or after the date and must not have been publicly announced as formally proposed before the date, on which such Person became a Note Guarantor or a successor of any Note Guarantor, as applicable. Notice of redemption for taxation reasons will be published in accordance with the procedures under "Notices." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Payor or Note Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Payor will deliver to the Trustee (a) an Officers' Certificate stating that it is entitled to effect such redemption and setting forth a statement of fact showing that the conditions precedent to its right to redeem have been satisfied and that the Payor or Note Guarantor (but only, in the case of a Note Guarantor, if the payment giving rise to the requirement cannot be made by the Payor or another Note Guarantor without the obligation to pay Additional Amounts) cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law which has not been publicly announced as formally proposed before and which becomes effective on or after the date of this Offering Memorandum or the date on which the Surviving Entity or successor of the Issuer first makes payment on the Notes or the relevant person becomes a Note Guarantor (as relevant). The Trustee will accept and shall be entitled to rely absolutely and without further inquiry on such Officers' Certificate and opinion as sufficient existence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders of the Notes.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Withholding Taxes

All payments made by or on behalf of the Payor under or with respect to the Notes or any Note Guarantor or successor Note Guarantor (as applicable) under or with respect to its Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or other governmental charges of whatever nature including penalties, interest and any other additions thereto ("*Taxes*"), unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Payor or any Note Guarantor or successor Note Guarantor is incorporated, organized, engaged in business or otherwise considered resident for tax purposes or any political subdivision or governmental authority thereof or therein having power to tax, or (2) any jurisdiction from or through which payment under or with respect to the Notes or any of the Note Guarantees is made by or on behalf of the Payor or any Note Guarantor or successor Note Guarantor (as applicable) or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*") will at any time be required from any payments made by or on behalf of the Payor under or with respect to the Notes or any Note Guarantor under or with respect to the Note Guarantees, including, without limitation, payments of principal, redemption price, interest or premium, if any, the Payor or the relevant Note Guarantor or successor Note Guarantor, as applicable, will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders of the Notes after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the Holder (or a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over, the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) or beneficial owner having any present or former connection with such Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, such Relevant Taxing Jurisdiction) other than a connection arising from the acquisition, ownership or holding of such Note or enforcement of rights thereunder or the receipt of payments in respect of the Notes or with respect to any Note Guarantee;

(2) any Taxes that would not have been imposed if the Holder or beneficial owner had made a declaration of non-residence or any other certification, claim or filing for exemption which, in each case, it is legally entitled to provide (*provided* that (x) such declaration of non-residence or other certification, claim or filing for exemption is required by the applicable law of the applicable Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other certification, claim or filing for exemption is required under the applicable law of the applicable Relevant Taxation Jurisdiction, the relevant Holder has been notified in writing by the Payor or any other person through whom payment may be made that such declaration of non-residence or other certification, claim or filing for exemption is required to be made);

(3) any Taxes imposed as a result of the presentation of any Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from payments made under or with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;

(6) any Taxes imposed, deducted or withheld pursuant to section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable and not materially more onerous to

comply with), any current or future regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental agreement relating thereto; or

(7) any combination of clauses (1) through (6) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the Holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of clauses (1) to (7) inclusive above.

The Payor and each Note Guarantor or successor Note Guarantor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. Upon written request, the Payor and each Note Guarantor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes. The Payor, Note Guarantor or successor Note Guarantor, as applicable, will provide such certified copies or, if certified copies are not available notwithstanding such person's attempt to obtain them, other evidence of payment reasonably satisfactory to the Trustee, as soon as reasonably practical to the Trustee and the Paying Agent. The Payor and each Note Guarantor or successor Note Guarantor will attach to each certified copy or other evidence a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy or other evidence was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

Wherever in the Indenture or this Description of the Notes there is mentioned, in any context, the payment of (1) principal, (2) purchase prices in connection with a purchase of Notes, (3) interest or (4) any other amount payable on or with respect to the Notes or the Note Guarantees, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

If any Payor, Note Guarantor or successor Note Guarantor is obligated to pay Additional Amounts with respect to any payment made under or with respect to any Note or Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Payor and the Note Guarantors (or successor Note Guarantors) will pay, and reimburse the Holder, for any present or future stamp, issue, registration, transfer, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including any penalties, interest and any other reasonable expenses related thereto) which arise in any jurisdiction from the execution, delivery, issuance or registration of any Notes, the Notes Guarantees, the Indenture or any other document or instrument referred to therein, upon original issuance and initial resale of the Notes (other than a transfer of the Notes subsequent to this offering), or in connection with the enforcement of the Notes, any Note Guarantee, the Indenture or any other document or instrument referred to therein or in connection with the receipt of any payments under or with respect to the Notes (limited to any such taxes, charges or similar levies that are not excluded under clauses (1) through (3) or (5) through (7) above or any combination thereof), excluding, in each case, any such taxes, charges or similar levies imposed by any jurisdiction outside a Relevant Taxing Jurisdiction, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Note Guarantees or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner, and will apply mutatis mutandis to any jurisdiction in which any successor to the Payor or Note Guarantor or successor Note Guarantor is organized, incorporated, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to, the Notes or any Note Guarantee is made by or on behalf of such Payor or Note Guarantor or successor Note Guarantor, or any political subdivision or taxing authority or agency thereof or therein.

Repurchase at the Option of Holders

Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, each Holder of the Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 and integral multiples of €1,000 in excess thereof in the case of Notes that have denominations larger than €100,000) of that Holder's Notes pursuant to an offer (the "*Change of Control Offer*") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer or the Parent Guarantor will offer a payment (the "*Change of Control Payment*") in cash equal to 101% of the aggregate principal amount of each of the Notes repurchased *plus* accrued and unpaid interest and Additional Amounts, if any, thereon, to the date of purchase.

Unless the Issuer or the Parent Guarantor has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "Optional Redemption" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control Repurchase Event, the Issuer or the Parent Guarantor will mail a notice to each Holder and the Trustee describing the transaction or transactions that constitute the Change of Control Repurchase Event and offering to repurchase Notes on a date (the "*Change of Control Payment Date*") specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Issuer or the Parent Guarantor will comply with the requirements of Section 14(e) of the Exchange Act to the extent applicable and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Indenture, the Issuer or the Parent Guarantor will comply with applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Repurchase Event provisions of the Indenture by virtue of such conflict.

On the Change of Control Payment Date, the Issuer or the Parent Guarantor will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the relevant Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of such Notes or portions thereof being purchased by the Issuer or the Parent Guarantor.

The Paying Agent will promptly deliver to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee or the Registrar will, upon receipt of an Issuer order, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of €100,000 or an integral multiple of €1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

The provisions described above that require the Issuer or the Parent Guarantor to make a Change of Control Offer following a Change of Control Repurchase Event will be applicable regardless of whether any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Repurchase Event, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Issuer or the Parent Guarantor repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer or the Parent Guarantor will not be required to make a Change of Control Offer following a Change of Control Repurchase Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent Guarantor and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption for all of the outstanding Notes has been given pursuant to the Indenture under the caption "Optional Redemption" unless and until there is a default in the payment of the applicable redemption price, *plus* accrued and unpaid interest to the proposed redemption date. Notwithstanding anything to the contrary contained in the Indenture or the Notes, a Change of Control Offer may be made in advance of a Change of Control Repurchase Event, conditional upon the consummation of the Change of Control, so long as a definitive agreement has been executed that contains terms and provisions that would otherwise result in a Change of Control upon completion of the transactions contemplated thereby.

The Issuer or the Parent Guarantor's ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control may constitute a default, or constitute a mandatory prepayment event, under the Facilities Agreement. In addition, certain events that may constitute a change of control under the Facilities Agreement and cause a default may not constitute a Change of Control under the Indenture. In addition, future Indebtedness of the Parent Guarantor and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control Repurchase Event. The exercise by the Holders of their right to require the Issuer or the Parent Guarantor to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer or the Parent Guarantor. Finally, the Issuer or the Parent Guarantor's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer or the Parent Guarantor's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of other Indebtedness may prohibit the Issuer or the Parent Guarantor's prepayment of Notes prior to their scheduled maturity. Consequently, if the Issuer or the Parent Guarantor is not able to prepay such Indebtedness or obtain requisite consents, the Issuer or the Parent Guarantor will be unable to fulfill its repurchase obligations if Holders of Notes exercise their repurchase rights following a Change of Control Repurchase Event, thereby resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under such other Indebtedness.

The Change of Control Repurchase Event provisions described above may deter certain mergers, tender offers and other takeover attempts involving the Parent Guarantor by increasing the capital required to effectuate such transactions. The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Issuer or the Parent Guarantor to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Parent Guarantor and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Certain Covenants

Negative Pledge

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, secure any Indebtedness for money borrowed by placing a Lien (other than a Permitted Lien) on any Principal Property now or hereafter owned or leased by the Parent Guarantor or any Subsidiary of the Parent Guarantor or on any shares of stock of any Subsidiary of the Parent Guarantor without equally and ratably securing (or securing on a senior basis, in the case of a Lien securing Indebtedness for money borrowed that is by its terms expressly subordinated to the Notes or any Note Guarantee) all of the Notes. The restrictions set forth in the preceding sentence will not apply to any Permitted Lien, and all Indebtedness secured by a Permitted Lien shall be excluded in computing the amount of Indebtedness secured by a Lien outstanding for purposes of this covenant.

Any Lien created for the benefit of the Holders of the Notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien relating to such Indebtedness that gave rise to the obligation to so secure the Notes.

Limitation on Issuance of Guarantees of Indebtedness by Subsidiaries

The Parent Guarantor will not cause or permit any of its Subsidiaries that is not a Note Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Indebtedness of the Issuer or any Note Guarantor (a) under the Facilities Agreement or any other Syndicated Facilities or (b) that constitutes Public Indebtedness, unless such Subsidiary executes and delivers a supplemental indenture to the Indenture providing for a Note Guarantee of payment of the Notes by such Subsidiary on the same terms as the guarantee of such Indebtedness within 30 business days thereof; *provided* that if such Indebtedness is by its terms expressly subordinated to the Notes or any Note Guarantee, any such guarantee, assumption or other liability of such Subsidiary with respect to such Indebtedness shall be subordinated to such Subsidiary's Note Guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to the Notes or any other Note Guarantee; *provided further* (x) that this covenant shall not be applicable to any guarantee of intercompany Indebtedness and (y) such Subsidiary shall not be obliged to become a Note Guarantor to the extent and for so long as the granting of such Note Guarantee could give rise to or result in: (i) any breach or violation of general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference or thin capitalization rules, retention of title to claims or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; or (ii) any risk or liability for the officers, directors or shareholders of such Subsidiary (or, in the case of a Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (iii) any cost, expense, liability or obligation (including with respect to any Taxes) to the extent such cost, expense, liability or obligation are disproportionate to the benefit obtained by the Holders with respect to the receipt of the guarantee (as determined in good faith by the Parent Guarantor).

To the extent any Subsidiary of the Parent Guarantor is required to provide a Note Guarantee, such Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Merger, Consolidation or Sale of Assets

The Issuer may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition shall have been made (the "*Surviving Entity*") is a company organized or existing under the laws of the United States, any state thereof or the District of Columbia, the United Kingdom, Switzerland or any member of the European Economic Area;

(2) the Surviving Entity (if other than the Issuer) assumes all the obligations of the Issuer under the Notes and the Indenture pursuant to the execution and delivery to the Trustee of a supplemental indenture and other applicable agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) each Note Guarantor (unless it is the other party to the transactions above, in which case clause (1) shall apply) shall have by supplemental indenture confirmed that its Note Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes (unless such Note Guarantee shall be released in connection with the transaction and otherwise in compliance with the Indenture); and

(5) the Issuer or the Surviving Entity shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and an Opinion of Counsel to the effect that in the case of the Surviving Entity, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Surviving Entity (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officers' Certificate as to any matters of fact.

The Parent Guarantor may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Parent Guarantor is the surviving corporation); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Parent Guarantor and its Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Parent Guarantor is the surviving corporation; or (b) the Surviving Entity is a company organized or existing under the laws of the United States, any state thereof or the District of Columbia, the United Kingdom, Switzerland or any member of the European Economic Area;

(2) the Surviving Entity (if other than the Parent Guarantor) assumes all the obligations of the Parent Guarantor under the Indenture pursuant to the execution and delivery to the Trustee of a supplemental indenture and other applicable agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) the Parent Guarantor or the Surviving Entity shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and an Opinion of Counsel to the effect that in the case of the Surviving Entity, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Surviving Entity (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officers' Certificate as to any matters of fact.

For purposes of this covenant, the sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of a Person, which properties and assets, if held by such Person instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of such Person on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of such Person.

Reports

For so long as any Notes are outstanding and subject to the paragraphs that follow, the Parent Guarantor will provide to each of the Trustee and the Holders of Notes and potential purchasers of Notes:

(1) within 120 days after the end of the Parent Guarantor's fiscal year, annual reports containing the following information: (a) audited consolidated balance sheet of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the two most recent fiscal years, including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (c) a description of the industry, business, management and shareholders of the Parent Guarantor, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; and (d) risk factors and material recent developments;

(2) within 90 days following the end of the second quarter in each of the Parent Guarantor's fiscal years, reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such semi-annual period and unaudited condensed statements of income and cash flow for the year-to-date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Parent Guarantor, together with condensed footnote disclosure; (b) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Parent Guarantor and any material change between the current period and the corresponding period of the prior year; (c) material developments in the business of the Parent Guarantor and its Subsidiaries; (d) financial developments and trends in the business in which the Parent Guarantor and its Subsidiaries are engaged; and (e) material recent developments; and

(3) promptly after the occurrence of (a) any senior management change at the Parent Guarantor; (b) any change in the auditors of the Parent Guarantor; (c) any resignation of a member of the Board of Directors of the Parent Guarantor as a result of a disagreement with the Parent Guarantor; (d) the entering into an agreement that will result in a Change of Control; or (e) any material events that the Parent Guarantor or any of its Subsidiaries announces publicly, in each case, a report containing a description of such events.

The Parent Guarantor will furnish to the Trustee such other information that it is required to make publicly available under the requirements of the Nasdaq Copenhagen as a result of having its ordinary shares admitted for trading on such exchange. Notwithstanding the first paragraph of this covenant, upon the Parent Guarantor complying with the public reporting requirements of the Nasdaq Copenhagen (regardless of whether the Parent Guarantor's ordinary shares are admitted for trading on such exchange), to the extent that such requirements include an obligation to prepare and make publicly available annual reports, information, documents and other reports with the Nasdaq Copenhagen, the Parent Guarantor will be deemed to have complied with the provisions contained in clauses (1) through (3) of the preceding paragraph.

Notwithstanding the foregoing, the Parent Guarantor will be deemed to have provided such information to the Trustee, the Holders of the Notes and prospective purchasers of the Notes if such information referenced above in clauses (1) through (3) of the first paragraph above or alternatively, in the preceding paragraph, has been posted on the Parent Guarantor's website.

Delivery of any information, documents and reports to the Trustee pursuant to this "Reports" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Parent Guarantor's compliance with any of its covenants under the Indenture.

Events of Default and Remedies

Each of the following is an "*Event of Default*" under the Indenture:

(1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;

(2) default in payment when due of the principal of, or premium, if any, on the Notes;

(3) failure by the Parent Guarantor or any of its Subsidiaries for 60 days after notice by the Trustee or by the Holders of at least 25% in principal amount of the Notes to comply with any of the other agreements in the Indenture;

(4) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Parent Guarantor or any of its Subsidiaries (or the payment of which is guaranteed by the Parent Guarantor or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default:

    (a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (after giving effect to any applicable grace period provided in the Indebtedness) (a "*Payment Default*"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates the greater of €35.0 million and 10% of Consolidated Pro Forma EBITDA or more; and

(5) certain events of bankruptcy or insolvency with respect to the Issuer, the Parent Guarantor or any of its Significant Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Issuer, the Parent Guarantor or a Significant Subsidiary of the Parent Guarantor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing of which a responsible officer of the Trustee has received written notice in accordance with the Indenture, the Trustee (upon request of Holders of at least 25% in principal amount of Notes then outstanding) shall, by notice in writing to the Issuer and the Parent Guarantor, or the Holders of at least 25% in principal amount of the then outstanding Notes may, by notice in writing to the Issuer, the Parent Guarantor and the Trustee, declare the principal of, premium, if applicable, and accrued and unpaid interest, and Additional Amounts, if any, on all Notes under the Indenture to be due and payable and such notice shall specify the respective Event of Default and that such notice is a "notice of acceleration," and such principal, premium, accrued and unpaid interest and Additional Amounts shall become immediately due and payable. In the event of any Event of Default specified in clause (4), above, such Event of Default and all consequences thereof (including, without limitation, any acceleration or resulting payment default) shall be annulled, waived and rescinded automatically and without any action by the Trustee or the Holders, if within 30 days after such Event of Default arose, (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged, (2) the creditors on such Indebtedness have rescinded or waived the acceleration, notice or action, as the case may be, giving rise to such Event of Default or (3) if the default that is the basis for such Event of Default has been cured.

Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power.

The Trustee shall be obligated to notify the Holders of Notes of all Defaults actually known to the Trustee within 60 days after receiving notice from the Issuer or the Parent Guarantor of the occurrence of a Default unless the applicable Default shall have been cured. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest or Additional Amounts) if it determines that withholding notice is in their interest.

Subject to conditions specified in the Indenture, the Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal, interest, premium, if any, and Additional Amounts, if any with respect to the Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense caused by taking or not taking such action. Except to enforce the right to receive payment of principal, premium, if any, interest when due, and Additional Amounts, if any, no Holder may pursue any remedy with respect to the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory to the Trustee in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability.

It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Issuer in bad faith with the intention of avoiding payment of the premium that the Issuer would have had to pay if the Issuer then had elected to redeem the Notes pursuant to the optional redemption provisions of the Indenture or was required to repurchase the Notes, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

The Parent Guarantor is required to deliver to the Trustee annually an Officers' Certificate regarding compliance with the Indenture within 120 days after the end of each fiscal year. Upon becoming aware of any Default or Event of Default, the Parent Guarantor is required to deliver, within 30 days after the occurrence thereof, to the Trustee a written statement specifying such Default or Event of Default, their status and what action the Parent Guarantor is taking or proposes to take in respect thereof.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Note Guarantor, as such, shall have any liability for any obligations of the Issuer or any Note Guarantor under the Notes, the Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the United States federal or other applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Note Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest, premium and Additional Amounts, if any, on such Notes when such payments are due (including on a redemption date) from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Note Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

If the Issuer exercises its Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default. In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Note Guarantors released with respect to certain covenants that are described in the Indenture ("*Covenant Defeasance*") and thereafter payment on the Notes may not be accelerated because of an Event of Default relating to any omission to comply with those covenants. In the event Covenant Defeasance occurs, payment on the Notes may not be accelerated because of an Event of Default relating to certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default and Remedies" with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee or such entity designated or appointed (as agent) by the Trustee for this purpose, in trust, for the benefit of the Holders of the Notes, cash in euro, European Government Obligations or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of, interest, premium and Additional Amounts, if any, on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States in form and substance reasonably satisfactory to the Trustee confirming that (i) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling or (ii) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case, to the effect that, and based thereon such Opinion of Counsel shall confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States in form and substance reasonably satisfactory to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound;

(6) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others;

(7) the Issuer must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) the Issuer delivers to the Trustee all other documents or other information that the Trustee may require in connection with either defeasance option.

Amendment, Supplement and Waiver

Except as provided in the next three succeeding paragraphs, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default, an Event of Default or its consequences or compliance with any provision thereof may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by Holders of at least 90% of the aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) reduce the premium or amount payable upon the redemption of any Note or change the time at which any Note may be redeemed as described under "Optional Redemption" or "Redemption for Taxation Reasons";

(5) waive a Default or Event of Default in the payment of principal of, or interest, premium or Additional Amounts, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, interest, premium or Additional Amounts, if any, on the Notes or the rights of any Holders to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or any guarantee in respect thereof;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described under "Repurchase at the Option of Holders—Change of Control Repurchase Event");

(9) make any change in the provisions of the Indenture described under "Withholding Taxes" that adversely affects the rights of any Holder or amends the terms of the Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof; or

(10) make any change in the preceding amendment and waiver provisions.

Without the consent of the Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder) release any Note Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture.

Notwithstanding the preceding, without the consent of any Holder, the Issuer, the Note Guarantors and the Trustee may amend or supplement the Indenture, the Notes or the Note Guarantees:

(1) to cure any ambiguity, defect, error or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes, provided that such uncertificated Notes are issued in registered form for the purposes of Section 163(f) of the Code;

(3) to provide for the assumption of the Issuer's or a Note Guarantor's obligations to Holders in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Note Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any Holder in any material respect;

(5) to allow any Note Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(6) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(7) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this Description of the Notes to the extent such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;

(8) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture; or

(9) to the extent necessary to provide for the granting of a Lien to secure the Notes and/or any Note Guarantee as contemplated under the caption "Certain Covenants—Negative Pledge."

In formulating its decision on such matters, the Trustee shall be entitled to receive and rely absolutely on such evidence as it deems necessary, including Officers' Certificates and Opinions of Counsel.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by clause (5) above, it shall only be necessary for the supplemental indenture to be duly authorized and executed by the Issuer, such additional Note Guarantor and the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by Issuer and the Trustee.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Issuer) have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee or the Registrar for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable at their stated maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for this purpose) in trust for the benefit of the Holders of Notes, cash in euro, European Government Obligations or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee or the Registrar for cancellation for principal, premium and Additional Amounts, if any, and accrued and unpaid interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit;

(3) the Issuer and/or a Note Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee in form and substance satisfactory to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied. If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the Holders prior to maturity or the redemption date, as the case may be; *provided, however,* that the Holders shall have received at least five Business Days' notice from the Issuer of such earlier payment date (which may be included in a notice of redemption); *provided, further* that, for the avoidance of doubt, the Trustee shall not distribute such amounts deposited in trust to Holders prior to the fifth Business Day following the date of publication of any such redemption notice, to the extent applicable. The Trustee shall not be liable to any Person (including, without limitation, any Holder) for making any payments at the request of the Issuer and the indemnities from the Issuer and/or Note Guarantors contained in the Indentures shall extend to any actions of the Trustee taken, and any losses and liabilities incurred by the Trustee (including, without limitation, any claims that may be brought by Holders), in connection with such request.

Concerning the Trustee

The Trustee, the Paying Agent or any other such agent in its individual or any other capacity, may become the owner or pledgee of Notes, may make loans to, accept deposits from, and perform services for the Issuer or any of its Affiliates and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, any Paying Agent or any other such agent. The Trustee, any Paying Agent or any other such agent will be permitted to engage in other transactions. However, if it acquires any conflicting interest of which it has actual knowledge it must eliminate such conflict within 90 days or resign.

The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur and be continuing of which a responsible officer of the Trustee has received written notice in accordance with the Indenture, the Trustee will be required, in the exercise of its power, to use the same degree of care and skill a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of Notes, unless the conditions enumerated in "Events of Default and Remedies," above, are met. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Listing

Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market thereof. Walkers Listing Services Ltd. will initially act as the listing agent for the Notes.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge by writing to Nets A/S, Lautrupbjerg 10, 2750 Ballerup, Denmark, attention: Chief Financial Officer. Subject to certain exceptions, the Indenture contains provisions for the indemnification of each of the Trustee, the Principal Paying Agent and any Registrar, co-Registrar, Paying Agent, authenticating agent or Transfer Agent in connection with their respective actions taken under the Indenture.

Notices

In the case of certificated Notes, all notices to Holders of the Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. And, so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, all notices will be published in a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*). Each such notice shall be deemed to have been given on the date of such publication, or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of publication and the seventh day after being so mailed. For so long as any Notes are represented by global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give notice of such notice to the holders of beneficial interests in the Notes. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Person if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Note Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Note Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Note Guarantors under or in connection with the Notes and the Note Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Note Guarantor or otherwise, by any Holder or by the Trustee, as the case may be, in respect of any sum expressed to be due to it from the Issuer or a Note Guarantor will only constitute a discharge to the Issuer or the Note Guarantor, as applicable, to the extent of the euro amount which the recipient could purchase in the London foreign exchange markets with the amount so received or recovered in that other currency in accordance with normal banking procedures at the rate of exchange prevailing on the first (1st) Business Day following receipt or recovery.

If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, any Note Guarantee or to the Trustee, the Issuer and the Note Guarantors will indemnify them on a joint and several basis against any loss sustained by such recipient as a result. In any event, the Issuer and the Note Guarantors will indemnify the recipient on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be sufficient for the Holder of a Note or the Trustee to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the first (1st) Business Day following receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the Issuer's and the Note Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Holder of a Note or the Trustee and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Note Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro-denominated-equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is incurred or made, as the case may be.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Note Guarantors incorporated in non-U.S. jurisdictions are outside the United States, any judgment obtained in the United States against the Issuer or any non-U.S. Note Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes or the Note Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Note Guarantees, the Issuer and each Note Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States of America.

Governing Law

Each of the Indenture, the Notes and the Note Guarantees and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Additional Amounts*" has the meaning ascribed thereto under "Withholding Taxes."

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "*control*," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" shall have correlative meanings.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "*Beneficially Owns*" and "*Beneficially Owned*" shall have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors (or analogous governing body) of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to any limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Borrowings*" means, at any time, the aggregate outstanding principal, capital or nominal amount of any Indebtedness of the Parent Guarantor or its Subsidiaries (on a consolidated basis) other than:

(1) any Indebtedness owed by the Parent Guarantor to any Subsidiary, by any Subsidiary to the Parent Guarantor or any Subsidiary to another Subsidiary;

(2) any indebtedness referred to in paragraph (6) of the definition of Indebtedness; and

(3) in relation to the minority interests line in the balance sheet of the Parent Guarantor or any of its Subsidiaries.

"*Bund Rate*" means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 6, 2024, and that would be utilized at the time of selection and in

accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 6, 2024; *provided, however,* that, if the period from such redemption date to January 6, 2024 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, (a) the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, (b) or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

"*Business Day*" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London, New York and Frankfurt.

"*Capital Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capital lease).

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of a company, shares of such company;

(3) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(4) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(5) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

provided that debt securities convertible into interests specified in (1) through (5) above shall not be deemed "*Capital Stock*."

"*Card Scheme*" means any credit, debit, charge card or other similar scheme (including but not limited to American Express, Diners Club, Mastercard and Visa).

"*Cash Interest Expense*" means, for any Relevant Period, the aggregate amount of accrued interest and recurring amounts in the nature of interest in respect of Borrowings paid or payable by the Parent Guarantor or any of its Subsidiaries (calculated on a consolidated basis) in cash in respect of that Relevant Period:

(1) excluding any upfront fees or costs (including any arrangement, underwriting, original issue discount, participation fees and other similar issue fees or costs or other costs or expenses) or agency fees and, in each case, any amortization of such fees, costs or expenses;

(2) excluding any repayment and prepayment premiums, fees or costs;

(3) excluding any interest cost, actual or deemed finance charges in relation to any Pension Items;

(4) including fees payable in connection with the issue or maintenance of any bond, letter of credit, guarantee or other assurance against financial loss which constitutes Borrowings and is issued by a third party on behalf of the Parent Guarantor or any of its Subsidiaries;

(5) including commitment, utilization and non-utilization fees;

(6) including the interest (but not the capital) element of payments in respect of Finance Leases;

(7) including any amounts payable by (and deducting any amounts payable to) the Parent Guarantor and any Subsidiary during the Relevant Period under Treasury Transactions in relation to interest and amounts in the nature of interest and taking into account, in so far as they relate to interest, the hedging effect of currency hedging in relation thereto but excluding Hedge Purchase and Termination Costs;

(8) excluding any Transaction Costs or, in each case, amortization thereof;

(9) taking no account of any unrealized gains or losses on any Treasury Transactions; and

(10) excluding (i) any other non-cash return interest in respect of Borrowings and (ii) the amount of any discount amortized and other non-cash interest charges.

"*Change in Tax Law*" has the meaning ascribed thereto under "Redemption for Taxation Reasons."

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Parent Guarantor's Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than any such direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Parent Guarantor and its Subsidiaries to an Affiliate of the Parent Guarantor for the purpose of reincorporating the Parent Guarantor in another jurisdiction, changing domicile or changing corporate form; *provided* that such transaction complies with the covenant described under "Certain Covenants—Merger, Consolidation or Sale of Assets";

(2) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor; or

(3) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Parent Guarantor, measured by voting power rather than number of shares; *provided* that for the purposes of this clause (3), no Change of Control shall be deemed to occur by reason of the Parent Guarantor becoming a Subsidiary of a Parent Holdco.

"*Change of Control Offer*" has the meaning ascribed thereto under "Repurchase at the Option of Holders—Change of Control Repurchase Event."

"*Change of Control Payment*" has the meaning ascribed thereto under "Repurchase at the Option of Holders—Change of Control Repurchase Event."

"*Change of Control Payment Date*" has the meaning ascribed thereto under "Repurchase at the Option of Holders—Change of Control Repurchase Event."

"*Change of Control Repurchase Event*" means a Change of Control and a Rating Event.

"*Clearstream*" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Commission*" means the United States Securities and Exchange Commission, or any successor entity thereof from time to time.

"*Consolidated EBITDA*" means, in respect of any Relevant Period, the consolidated profit of the Parent Guarantor and its Subsidiaries before taxation:

(1) before deducting any Cash Interest Expense and any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalized by any of the Parent Guarantor or its Subsidiaries (calculated on a consolidated basis) in respect of that Relevant Period;

(2) not including any accrued interest owing to any of the Parent Guarantor or its Subsidiaries other than investment and interest income earned on any Settlement Assets;

(3) after adding back any amount attributable to the amortization, depreciation or impairment of assets of the Parent Guarantor or any of its Subsidiaries and taking no account of the reversal of any previous impairment charge made in that Relevant Period (including amortization, depreciation or impairment of any goodwill arising on any acquisition not prohibited under the terms of the Indenture);

(4) excluding any non-cash costs, expenses or provisions relating to any share options schemes or any management equity program of any of the Parent Guarantor or its Subsidiaries;

(5) before taking into account any Exceptional Items;

(6) before deducting any Transaction Costs;

(7) after including the amount of any profit (or deducting any loss) of the Parent Guarantor or any of its Subsidiaries which is attributable to minority interests but after deducting the amount of any dividends or other profit distributions (net of any applicable withholding tax or gross-up obligation) paid in cash to any minority shareholders in respect of their minority interests in the Parent Guarantor or any of its Subsidiaries;

(8) after deducting the amount of any profit (or adding back any loss) of any Non-Group Entity to the extent that the amount of the profit included in the financial statements of the Parent Guarantor and its Subsidiaries exceeds the amount actually received in cash by the Parent Guarantor or any of its Subsidiaries through distributions by the Non-Group Entity and after including the amount actually received in cash by the Parent Guarantor or any of its Subsidiaries through dividends or other profit distributions from any Non-Group Entity (grossed up for applicable withholding tax);

(9) before taking into account any gains or losses (whether realized or unrealized and including those arising on translation of currency debt) or any cash receipts or any other payments on any Treasury Transaction entered into in relation to the Facilities Agreement or otherwise in connection with any purpose other than in the ordinary course of business but including amounts payable or receivable by the Parent Guarantor or any of its Subsidiaries under any Treasury Transactions in relation to operational items including the hedging effect of currency hedging related to operational items but excluding any Hedge Purchase and Termination Costs;

(10) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after December 31, 2016, and the amount of any loss or gain against book value arising on a disposal of any asset (other than stock disposed of in the ordinary course of business) during that Relevant Period;

(11) before taking into account any fees or expenses paid (directly or indirectly) to the Parent Guarantor's shareholders, the agent under the Facilities Agreement, the Trustee or any agent or security agent in respect of any Indebtedness;

(12) after adding any amounts claimed in respect of such Relevant Period under loss of profit, business interruption or equivalent insurance;

(13) before taking into account any Pension Items;

(14) excluding the charge to profit represented by the expensing of stock options and any expense referable to equity settled share based compensation of employees or management or, profit sharing schemes, or compensation or payments to departing management; and

(15) before deducting any fees, costs, charges or expenses related to any actual or attempted equity or debt offering, compensation payments to departing management, financing, investments (including any investment in a joint venture), acquisitions or incurrence of indebtedness (whether or not successful),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Parent Guarantor and its Subsidiaries before taxation and so that no gain or profit from the purchase by the Parent Guarantor or its Subsidiaries at less than par value of any loans made to the Parent Guarantor or any of its Subsidiaries or any securities issued by the Parent Guarantor or any of its Subsidiaries will be included as a component of Consolidated EBITDA.

"*Consolidated Pro Forma EBITDA*" means for any Relevant Period the Consolidated EBITDA, adjusted to:

(1) include the earnings before interest, tax, depreciation and amortization (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) for the Relevant Period of any person, property, business or material fixed asset acquired or joint venture entered into (each such person, property, business or asset acquired or joint venture entered into, an "*Acquired Entity or Business*");

(2) include an adjustment in respect of each Acquired Entity or Business acquired during such period equal to or less than the amount of the Relevant Synergy Benefits with respect to such Acquired Entity or Business;

(3) exclude any non-recurring costs and other expenses arising directly or indirectly as a consequence of the acquisition of such Acquired Entity or Business;

(4) exclude the earnings before interest, tax, depreciation, amortization and impairment charges (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) for the Relevant Period of any person, property, business or material fixed asset sold, transferred or otherwise disposed of by, or the exit from a joint venture by, the Parent Guarantor or any of its Subsidiaries during such period (each such person, property, business or asset so sold, transferred or disposed of, or such exit from a joint venture, a "*Sold Entity or Business*");

(5) include an adjustment in respect of each Sold Entity or Business sold, transferred or otherwise disposed of during such period equal to or less than the amount of the Relevant Synergy Benefits with respect to such Sold Entity or Business;

(6) exclude any non-recurring costs and other expenses arising directly or indirectly as a consequence of the sale or disposal of such Sold Entity or Business;

(7) include an adjustment in respect of each Group Initiative implemented or committed to be implemented during such period equal to or less than the amount of the Relevant Synergy Benefits for such period consequent on the implementation of such Group Initiative;

(8) exclude any non-recurring costs and other expenses arising directly or indirectly as a consequence of the implementation of such Group Initiative;

(9) include the results of any Subsidiary which has been contractually committed to be disposed of, but where such disposal (as at the end of the Relevant Period) has not yet been completed even if the contractual commitment to dispose of that Subsidiary would lead to it being treated as a current asset under IFRS;

(10) during the period following the acquisition of or investment in an Acquired Entity or Business, sale, transfer or other disposal of a Sold Entity or Business or the implementation of a Group Initiative (and without prejudice to the synergies and cost savings actually realized and already included in Consolidated EBITDA), the Parent Guarantor shall be permitted (at its election) to adjust the definition of Consolidated Pro Forma EBITDA or any component thereof to take into account the pro forma increase in Consolidated EBITDA projected by the Parent Guarantor after taking into account the full run rate effect of all anticipated Relevant Synergy Benefits (as if the same had been realized on the first day of the Relevant Period) which the Parent Guarantor (as reasonably determined in good faith by a responsible financial or accounting officer of the Parent Guarantor) believes can be achieved as a result of combining the operations of such Acquired Entity or Business with the operations of the Parent Guarantor and its Subsidiaries, as a consequence of the sale, transfer or other disposal of such Sold Entity or Business or as a result of implementing such Group Initiative; and

(11) exclude all or any part of any expenditure or other negative item (and/or the impact thereof) directly or indirectly resulting from (i) the Listing, any acquisition, disposal or investment or the impact from purchase price accounting and/or (ii) Group Initiative Costs.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds: (a) for the purchase or payment of any such primary obligation; or (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the closing of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union (which shall include for this purpose the United Kingdom), and the payment for which such member state of the European Union pledges its full faith and credit; *provided* that such member state has a long-term government debt rating of "A1" or higher by Moody's or "A+" or higher by S&P or the equivalent Rating Category of another internationally recognized rating agency.

"*Event of Default*" has the meaning ascribed thereto under "Events of Default and Remedies."

"*Exceptional Items*" means any items of an unusual, one-off or non-recurring, extraordinary or exceptional nature which represent gains or losses including those arising on:

(1) the restructuring or other Group Initiative of the activities of an entity and reversals of any provisions for the cost of restructuring or other Group Initiative;

(2) disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write downs or impairment;

(3) disposals of assets associated with discontinued operations or other Group Initiatives; and

(4) the purchase by the Parent Guarantor or any of its Subsidiaries at less than par value of any loans made to the Parent Guarantor or any of its Subsidiaries or any securities issued by the Parent Guarantor or any of its Subsidiaries.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Facilities Agreement*" means (1) the IPO facilities agreement dated July 6, 2016, among, *inter alios*, Nets A/S (formerly known as Toscana Company APS), as parent, the mandated lead arrangers and bookrunners, lead arrangers and co-arrangers listed therein, and Nordea Bank Danmark A/S, as agent, as the same may be amended, supplemented or otherwise modified from time to time, including any ancillary facilities, and (2) for the purposes of the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries" only, the facilities made available under the IPO facilities agreement referred to in the preceding clause (1) and any Syndicated Facilities which are exchanged for, or the proceeds of which are used to refinance, any such facilities.

"*Finance Lease*" means any lease or hire purchase contract which would be treated as a finance or capital lease under IFRS.

"*Group Initiative*" means any restructuring, reorganization or cost saving or other similar initiative.

"*Group Initiative Costs*" means costs, expenses or losses relating to any Group Initiative.

"*guarantee*" means a guarantee, contingent or otherwise, of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"*Hedge Purchase and Termination Cost*" means any one-off or non-recurring cash payments, premia, fees, costs or expenses in connection with the purchase of a Treasury Transaction or which arise upon maturity, close-out or termination of any Treasury Transaction.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements; and

(2) other similar agreements or arrangements designed to enable such Person to manage fluctuations in interest rates.

"*Holder*" means the Person in whose name a Note is registered on the Registrar's books.

"*IFRS*" means International Financial Reporting Standards as adopted by the European Union, International Financial Reporting Interpretations Committee as in effect as of the date of the Indenture; *provided, however*, that all reports and other financial information provided by the Parent Guarantor to the Holders and/or the Trustee shall be prepared in accordance with IFRS as in effect on the date of such report or other financial information. All computations based on IFRS contained in the Indenture will be computed in conformity with IFRS.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(1) borrowed money;

(2) any amount raised by acceptance under any acceptance credit or bill discounting facility or dematerialized equivalent (other than to the extent the same is discounted or factored on a non-recourse basis or where recourse is limited to customary warranties and indemnities);

(3) bonds, notes, debentures or similar instruments or bankers' acceptances, letters of credit or similar instruments (or reimbursement agreements in respect thereof), excluding, in each case, any Trade Instruments;

(4) the amount of any liability in respect of Finance Leases and Capital Lease Obligations;

(5) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis or where recourse is limited to customary warranties and indemnities) and only to the extent of any recourse;

(6) any Treasury Transaction (and, when calculating the value of any Treasury Transaction, only the marked to market net value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account) and Hedging Obligations;

(7) amounts raised by any issue of shares which are expressed to be redeemable mandatorily or at the option of the holder prior to the maturity date of the Notes or which are otherwise classified as borrowings under IFRS;

(8) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability (excluding any Trade Instruments) of an entity which is not a Subsidiary which liability would fall within one of the other paragraphs of this definition;

(9) any amount of any liability under an advance or deferred purchase agreement if: (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question and (ii) the agreement is in respect of the supply of assets or services and payment is due from the Parent Guarantor or a Subsidiary of the Parent Guarantor more than six months after the date of supply to it, or is due to the Parent Guarantor or a Subsidiary of the Parent Guarantor more than six months before the date of supply to it; *provided* that such amounts will not constitute Indebtedness where the amount results from the delayed or non-satisfaction of contract terms by the supplier, from a dispute carried out in good faith or from contract terms establishing payment schedules tied to total or partial contract completion and/or the results of operational testing procedures and, for the avoidance of doubt, excluding earn outs and other contingent consideration arrangements; or

(10) any amounts raised under any other transaction (including any forward sale or purchase agreement) required to be accounted for as a borrowing under IFRS excluding, in each case, any Trade Instruments,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person. Notwithstanding the foregoing and for the avoidance of doubt, the term "*Indebtedness*" shall not include: (1) any lease, concession or license treated as an operating lease under IFRS and any guarantee given by the Parent Guarantor or any of its Subsidiaries in the ordinary course of business solely in connection with, and in respect of, the obligations of the

Parent Guarantor or any of its Subsidiaries under any operating lease; (2) Contingent Obligations in the ordinary course of business; (3) in connection with the purchase by the Parent Guarantor or any of its Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; (4) all pension-related and post-employment obligations or liabilities, intra-day exposures; (5) in respect of Trade Instruments; (6) any Settlement Debt and Settlement Liabilities; (7) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes; (8) obligations in respect of any license, permit or other approval arising in the ordinary course of business; and (9) uncashed checks issued by the Parent Guarantor or a Subsidiary of the Parent Guarantor in the ordinary course of business.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof in the case of any other Indebtedness.

"*Investment Grade Rating*" means:

(1) with respect to S&P any of the Rating Categories from and including "AAA" to and including "BBB-"; and

(2) with respect to Moody's any of the Rating Categories from and including "Aaa" to and including "Baa3."

"*Issue Date*" means the date on which Notes are originally issued under the Indenture.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"*Listing*" means a listing or an admission to trading of all or any part of the share capital of the Parent Guarantor on the Nasdaq Copenhagen.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Nasdaq Copenhagen*" means Nasdaq Copenhagen A/S, CVR no 19 09 26 77.

"*Non-Group Entity*" means any investment or entity (which is not itself the Parent Guarantor or any of its Subsidiaries (including associates and joint ventures)) in which the Parent Guarantor or any of its Subsidiaries has an ownership interest.

"*Note Guarantee*" means any guarantee by a Note Guarantor of the Issuer's obligations under the Indenture and the Notes pursuant to the terms of the Indenture.

"*Note Guarantors*" means the Parent Guarantor and the Subsidiary Guarantors.

"*Officer*" means the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer or the Secretary of the Parent Guarantor.

"*Officers' Certificate*" means a certificate signed by any Officer of the Parent Guarantor.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of, or counsel to, the Parent Guarantor or its Subsidiaries.

"*Other Hedging Agreements*" means any foreign exchange contracts, currency swap agreements, futures contract, option contract, commodity futures contract, commodity option, commodity swap, commodity collar agreement, commodity cap agreements or other similar agreements or arrangements designed to enable such Person to manage the fluctuations in currency or commodity values.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Payor*" has the meaning ascribed thereto under "Redemption for Taxation Reasons."

"*Pension Items*" means any income or charge attributable to a post-employment benefit scheme other than the current cash service costs.

"*Permitted Interest*" means any Securitization Lien or other Lien that arises in relation to any securitization or other structured finance transaction where:

(1) the primary source or payment of any obligations of the issuer is linked or otherwise related to cash flow from particular property or assets (or where payment of such obligations is otherwise supported by such property or assets); and

(2) recourse to the issuer in respect of such obligations is conditional on cash flow from such property or assets.

"*Permitted Liens*" means:

(1) Liens created for the benefit of or to secure the Notes or the Note Guarantees;

(2) Liens in favor of the Parent Guarantor or any Subsidiary of the Parent Guarantor;

(3) Liens on property or assets or shares of stock of a Person existing at the time such Person is merged with or into or consolidated with the Parent Guarantor or any Subsidiary of the Parent Guarantor; *provided* that such Liens were not incurred in contemplation of such merger or consolidation and the principal amount secured (other than as a result of capitalization of interest and accrual of any default interest) has not increased in contemplation of or since the date of such merger or consolidation;

(4) Liens on property or assets or shares of stock existing at the time of acquisition thereof by the Parent Guarantor or any Subsidiary of the Parent Guarantor and purchase money or similar Liens; *provided* that such Liens were not incurred in contemplation of such acquisition and the principal amount secured (other than as a result of capitalization of interest and accrual of any default interest) has not increased in contemplation of or since the date of such acquisition;

(5) Liens (a) to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature or (b) arising by operation of law incurred in the ordinary course of business;

(6) Liens (a) to secure certain development, construction, alteration, repair or improvement costs, or to secure any purchase money obligations or mortgage financings incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, construction, lease, installation or improvement of property (real or personal), plant or equipment or other assets, or to secure Indebtedness incurred to provide funds for the reimbursement or refinancing of funds expended for the foregoing purposes, *provided* that the Liens securing such costs or Indebtedness shall not extend to any Principal Property other than that being so developed, constructed, altered, repaired, improved, purchased, designed, leased or installed, (b) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, and (c) arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of assets acquired by or goods supplied to the Parent Guarantor or any Subsidiary of the Parent Guarantor in the ordinary course of business;

(7) Liens existing on, or provided for or required to be granted under written agreements on, the date of the Indenture;

(8) cash collateral provided in respect of letters of credit or bank guarantees to the issuer of those letters of credit or bank guarantees;

(9) Liens in respect of (a) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business, (b) arising pursuant to an order of attachment or injunction restraining the disposal of assets or similar legal process arising in connection with legal proceedings which are contested by the Parent Guarantor or a Subsidiary of the Parent Guarantor in good faith by appropriate proceedings, and (c) created pursuant to a court order or judgment or as security for costs arising pursuant to court proceedings being contested by the Parent Guarantor or a Subsidiary of the Parent Guarantor in good faith by appropriate proceedings;

(10) Liens granted or arising over any shares or other ownership interests issued (including shares or interests issued prior to the date of the Indenture) in connection with any employee or management incentive scheme or similar arrangement;

(11) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith;

(12) statutory mechanics', workmen's, materialmen's, operators' or similar Liens arising by operation of law or by agreement or contract of similar effect, in each case, in the ordinary course of business;

(13) Liens incurred in connection with government contracts, including the assignment of moneys due or to become due thereon;

(14) Liens securing Treasury Transactions and Hedging Obligations or Other Hedging Agreements, in each case, not for speculative purposes;

(15) Liens arising in the ordinary course of business and not in connection with the borrowing of money or Liens to secure the payment of pension, retirement or similar obligations;

(16) Liens securing judgments or orders, or securing appeal or other surety bonds related to such judgments or orders, against the Parent Guarantor or any Subsidiary of the Parent Guarantor relating to litigation being contested in good faith by appropriate proceedings;

(17) Liens securing an order of attachment or injunction restraining disposal of assets or similar legal process arising in connection with any legal proceedings which are contested by the Parent Guarantor or its Subsidiaries in good faith by appropriate proceedings;

(18) Liens securing any Permitted Interest and Settlement Liens;

(19) Liens securing goods and documents of title relating to those goods arising in the ordinary course of letter of credit or other documentary credit transactions entered into in the ordinary course of business;

(20) Liens not securing any outstanding actual or contingent liability; *provided* that all commercially reasonable efforts are used to procure the release or discharge of such Lien;

(21) any Lien (including cash collateral) granted by the Parent Guarantor or any of its Subsidiaries in the ordinary course of business to secure obligations of the Parent Guarantor or any of its Subsidiaries if, and to the extent required, under the membership regulations or other related membership documents of any Card Scheme or required for any sponsorship agreements or required for the benefit of any Regulated Entity;

(22) extensions, substitutions, replacements or renewals of Liens permitted by the Indenture; *provided* that (a) such Indebtedness (including Indebtedness to renew, refund, refinance, replace, defease or discharge any Indebtedness that such Liens initially secured) is not increased (other than any increase for all accrued interest on the Indebtedness and the amount necessary to repay all fees and expenses, including premiums, incurred in connection therewith) and (b) if the assets securing any such Indebtedness are changed in connection with any such extension, substitution, replacement or renewal, the value of the assets securing such Indebtedness is not increased;

(23) Liens on assets or property of a Subsidiary (other than a borrower under the Facilities Agreement or a Note Guarantor) securing Indebtedness of such Subsidiary or another Subsidiary (other than a borrower under the Facilities Agreement or a Note Guarantor);

(24) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Parent Guarantor and its Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially interfere with the ordinary conduct of the business of the Parent Guarantor or its Subsidiaries, as applicable;

(25) (a) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case, entered into in the ordinary course of business and (b) Liens on assets located on a leased premises and deposits in each case in respect of obligations relating to real estate leased or licensed by the Parent Guarantor or any Subsidiary of the Parent Guarantor;

(26) any interest or title of a lessor under, or any Lien as a consequence of, any Capital Lease Obligations, Finance Leases or operating lease obligation (including, for avoidance of doubt, any interest or title of

a lessor in any Principal Property) and any Lien over any rental deposits in respect of any property leased or licensed by the Parent Guarantor or a Subsidiary of the Parent Guarantor;

(27) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in escrow accounts or similar arrangement;

(28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Subsidiaries securing obligations of such joint ventures or to other joint venture partners in such joint ventures;

(29) any Lien arising over any bank accounts or custody accounts or other clearing banking facilities held with any bank or financial institution under the standard or usual terms and conditions of such bank or financial institution;

(30) any Lien arising in connection with any cash management, cash pooling, netting or set-off arrangement entered into by the Parent Guarantor or any Subsidiary of the Parent Guarantor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the Parent Guarantor and its Subsidiaries (including an ancillary facility, which is an overdraft comprising more than one account) or otherwise in connection with cash management, cash pooling or similar or equivalent arrangements and any Lien granted to a financial institution on that financial institution's standard terms and conditions in respect of accounts and services;

(31) any Lien arising as a result of a sale, lease, sale and leaseback, license, transfer or other disposal which is not prohibited by the terms of the Indenture or any acquisition or investment not expressly prohibited under the terms of the Facilities Agreement (including under or pursuant to deposit, retention of purchase price or escrow arrangements and any vendor financing, deferred consideration or payment or other similar arrangements);

(32) Liens under netting or set-off arrangements in the ordinary course of business between the Parent Guarantor and its Subsidiaries and their respective suppliers or customers and not securing Indebtedness;

(33) Liens under netting or set-off arrangements under Treasury Transactions permitted in accordance with the terms of the Indenture;

(34) Liens over documents of title and goods as part of a documentary credit transaction entered into in the ordinary course of business;

(35) Liens granted in favor of creditors of the Parent Guarantor or any of its Subsidiaries in relation to a Permitted Reorganization or capital reduction of the Parent Guarantor or any of its Subsidiaries, to the extent necessary to ensure that the Permitted Reorganization or capital reduction occurs;

(36) any Lien which constitutes, is part of or is made under or in connection with a Permitted Transaction other than Liens in respect of any borrowings or obligations under the Facilities Agreement not otherwise permitted under the Indenture;

(37) any Lien to which the Majority Lenders (as defined in the Facilities Agreement) shall have given their prior written consent other than Liens in respect of any borrowings or obligations under the Facilities Agreement; *provided, however*, that at the time such Lien is granted (i) indebtedness under the Facilities Agreement in an amount representing no less than 10% of the total commitments initially made available under the Facilities Agreement is still outstanding or (ii) no more than 90% of the total amount of the commitments initially provided for under the Facilities Agreement have been cancelled;

(38) any Lien required to be granted under mandatory law in favor of creditors as a consequence of a merger or a conversion permitted under the Indenture;

(39) any Lien which constitutes, is part of or is made under or in connection with any indebtedness borrowed or incurred by the Parent Guarantor or any of its Subsidiaries which is not expressly prohibited under the terms of the Facilities Agreement as in existence as of the date of the offering memorandum (other than any borrowings or obligations under the Facilities Agreement) (including any Third Party Financing and any escrow or similar arrangement to which the proceeds from any borrowing or issue of any such Indebtedness are subject to and any cash collateral to secure obligations under such indebtedness and any blocked accounts); *provided, however*, that at the time such Lien is granted (i) indebtedness under the Facilities Agreement in an amount representing no less than 10% of

the total commitments initially made available under the Facilities Agreement is still outstanding or (ii) no more than 90% of the total amount of the commitments initially provided for under the Facilities Agreement have been cancelled; and

(40) Liens securing obligations that do not exceed the greater of (a) €85.0 million (equivalent) and (b) 24.5% of the Consolidated Pro Forma EBITDA of the Parent Guarantor and its Subsidiaries.

"Permitted Reorganization" means:

(1) an acquisition by way of merger (not involving the Parent Guarantor); *provided* that the acquisition is not expressly prohibited by the terms of the Indenture;

(2) an amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction of the Parent Guarantor or any of its Subsidiaries whether in relation to the business or assets or shares (or other interests) of the Parent Guarantor or that Subsidiary or otherwise (including, in each case, any steps or actions necessary to implement such transactions); *provided* that such amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization winding up or corporate reconstruction is not otherwise prohibited by the Indenture;

(3) any amalgamation, demerger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction arising as a consequence of any undertaking or other obligation in the Facilities Agreement (including, in each case, any steps or actions necessary to implement such transactions);

(4) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction not otherwise prohibited by the Facilities Agreement (including, in each case, any steps or actions necessary to implement such transactions);

(5) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the business of, or shares of (or other interests in) the Parent Guarantor or any of its Subsidiaries which is implemented to comply with any applicable law or regulation (including any steps or actions necessary to implement such transactions); and

(6) any other amalgamation, demerger, merger, voluntary liquidation, consolidation, re-organization, winding up or corporate reconstruction approved by the Majority Lenders (as defined in the Facilities Agreement).

"*Permitted Transaction*" means:

(1) any disposal required, Indebtedness incurred, guarantee, indemnity or Lien given, or other transaction arising, under or in accordance with the Facilities Agreement; *provided* that the relevant disposal, Indebtedness, guarantee, indemnity or Lien is permitted or not expressly prohibited under the terms of the Indenture other than by reason or by reference to this paragraph (1);

(2) a Permitted Reorganization;

(3) any transaction arising under or in accordance with the entry into or assumption of an obligation under the Indenture, *provided* that such transaction is permitted or not otherwise prohibited under the terms of the Indenture other than by reason of or reference to the definition of Permitted Transaction; and

(4) any transaction permitted by the Majority Lenders (as defined in the Facilities Agreement); *provided*, *however*, that at the time such Lien is granted (i) indebtedness under the Facilities Agreement in an amount representing no less than 10% of the total commitments initially made available under the Facilities Agreement is still outstanding or (ii) no more than 90% of the total amount of the commitments initially provided for under the Facilities Agreement have been cancelled.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principal Property*" means any property, plant or equipment (including any leasehold interest therein), which is owned by the Parent Guarantor or a Subsidiary of the Parent Guarantor, in each case, to the extent that such property, plant or equipment has a net book value on the books of the Parent Guarantor in excess of €15.0 million as of the date of determination thereof, other than any property, plant or equipment which, in the opinion of a responsible financial or accounting officer of the Parent Guarantor, is not of material importance to the total business conducted by the Parent Guarantor and its Subsidiaries taken as a whole.

"*Public Indebtedness*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the Commission for public resale. The term "Public Indebtedness" for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall not be deemed underwritten), or any Indebtedness under the Facilities Agreement, commercial bank or similar Indebtedness, Capital Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a "securities offering" or in connection with any securitization or other structured finance transaction.

"*Rating Agencies*" means S&P and Moody's or if S&P or Moody's or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer or the Parent Guarantor (as certified by a resolution of the relevant Board of Directors) which shall be substituted for S&P or Moody's, or both, as the case may be.

"*Rating Category*" means (1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (2) with respect to Moody's any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account but changes in outlook shall not.

"*Rating Event*" means (1) if on the date of the first public announcement of an event that constitutes a Change of Control the Notes are then rated by both Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the Notes by one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes) which causes the Notes to no longer have an Investment Grade Rating from both Rating Agencies or (2) if on the date of first public announcement of an event that constitutes a Change of Control the Notes are not then rated by both Rating Agencies as having an Investment Grade Rating, there is a decrease in the Rating Category of the Notes by at least one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes) which decrease results in the rating on the Notes by such Rating Agency to be at least one Rating Category below the rating of the Notes issued by such Rating Agency immediately preceding the public announcement of the event that continues the relevant Change of Control.

"*Regulated Entity*" means any of the Parent Guarantor or its Subsidiaries whose business activities are subject to license, supervised or regulated by a Relevant Regulator.

"*Relevant Period*" means each period of twelve months ending on or about the most recent date for which internal consolidated financial statements of the Parent Guarantor are available.

"*Relevant Regulator*" means the Danish Financial Supervisory Authority, the Swedish Financial Supervisory Authority, the Finnish Financial Supervisory Authority, the Norwegian Ministry of Finance, the Norwegian Financial Supervisory Authority or any other entity, agency, governmental authority or person that has regulatory authority over the business or operations of any of the Parent Guarantor or its Subsidiaries.

"*Relevant Synergy Benefits*" means the pro forma synergies and cost savings which the Parent Guarantor (as reasonably determined by a responsible financial or accounting officer of the Parent Guarantor) believes can be obtained following the completion of such acquisition, investment, sale, transfer, disposal or implementation as a result of combining the operations of such Acquired Entity or Business with the operations of the Parent Guarantor or any of its Subsidiaries, as a consequence of the sale, transfer or other disposal of such Sold Entity or Business or as a result of implementing such Group Initiative.

"*Relevant Taxing Jurisdiction*" has the meaning ascribed thereto under "Withholding Taxes."

"*S&P*" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Securitization Lien*" means a customary back-up security interest granted as part of a sale, lease, transfer or other disposition of assets by the Parent Guarantor or any of its Subsidiaries to, either directly or indirectly, any issuer in a securitization or other structured finance transaction.

"*Segregated Accounts*" means a segregated, safeguarding or other similar account established by the Parent Guarantor or any of its Subsidiaries (or on its behalf) from time to time into which merchants' monies are paid pending payment on to the relevant merchants in accordance with the Payment Services Directive (PSD, 2007/64/EC) or any relevant local implementing regulation or regulations made pursuant thereto.

"*Settlement Assets*" means in the case of each of the Parent Guarantor or any of its Subsidiaries:

(a) any amounts owed to the Parent Guarantor or any of its Subsidiaries from cardholders of any Card Scheme after taking into account write downs for anticipated doubtful debts;

(b) any amounts due from a Card Scheme, bank, financial institution or other similar entity or person under Settlement Contracts; and

(c) any Settlement Cash Balances.

"*Settlement Cash Balances*" means, in the case of each of the Parent Guarantor or any of its Subsidiaries, cash in hand or credited to any account with a bank, financial institution or other similar entity and which has been received from a Card Scheme, merchant or cardholder of a Card Scheme or a bank, financial institution or other similar entity or person under Settlement Contracts and is held by or on behalf of the Parent Guarantor or any of its Subsidiaries (including, without limitation, in Segregated Accounts) or by a person who has entered into a sponsorship agreement with the Parent Guarantor or any of its Subsidiaries and is holding such cash on such Parent Guarantor's or any of its Subsidiaries' behalf, in each case, for onward payment to Card Schemes, merchants, cardholders, banks, financial institutions or other similar entities or persons.

"*Settlement Contracts*" means, in the case of each of the Parent Guarantor or any of its Subsidiaries, contracts entered into between the Parent Guarantor or any of its Subsidiaries and (a) merchants or other parties who may refer or introduce merchants for the provision of point of sale, e-commerce gateway, merchant acquiring or related payment processing services (or a combination of such services) or (b) Card Schemes, cardholders, banks, financial institutions or other similar entities or persons for the provision of issuer services/ processing activities or related issuer services/processing activities (or a combination of such services).

"*Settlement Debt*" means any indebtedness of the Parent Guarantor or any of its Subsidiaries (including, without limitation, any intra-day or clearing facility) which together with Settlement Assets are used directly or indirectly to pay Settlement Liabilities.

"*Settlement Liabilities*" means in the case of each of the Parent Guarantor or any of its Subsidiaries:

(a) any amounts due from the Parent Guarantor or any of its Subsidiaries to cardholders of any Card Scheme who have deposited amounts with the Parent Guarantor or any of its Subsidiaries for lunch vouchers, prepaid cards or other similar card schemes; and

(b) any Settlement Payables.

"*Settlement Lien*" means any Lien relating to any Settlement Liabilities, Settlement Debt, Settlement Contracts, Settlement Cash Balances or Settlement Payables, which may include, for the avoidance of doubt, the grant of a Lien on, or other assignment of, a Settlement Asset, Liens securing intraday and overnight overdrafts and automated clearinghouse exposures and similar Liens.

"*Settlement Payables*" means, in the case of each of the Parent Guarantor or any of its Subsidiaries, the amounts payable to a Card Scheme, merchant, cardholder of a Card Scheme, bank, financial institution or other similar entities or persons under Settlement Contracts in respect of transactions which have been notified to such Parent Guarantor or such of its Subsidiaries including amounts held as deferred settlement or withheld for any other reason from such merchants, Card Schemes, cardholders, banks, financial institutions or other similar entities or persons.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof),

provided, *however*, that the term "Subsidiary," including for purposes of the covenant described under "Certain Covenants—Negative Pledge" and clause (5) under the caption "Events of Default and Remedies," shall exclude (except for the Issuer) (i) any Subsidiary which is principally engaged in leasing or in financing installment receivables or which is principally engaged in financing the operations of the Parent Guarantor and its Subsidiaries or (ii) any financial entity whose accounts as of the date of determination are not required to be consolidated with the accounts of the Parent Guarantor in its audited consolidated financial statements or (iii) any Subsidiary that is an issuer in a securitization or other structured financing transaction, so long as in the case of clauses (ii) or (iii) such Subsidiary does not own any Principal Property.

"*Subsidiary Guarantor*" means each existing and future Subsidiary of the Parent Guarantor that provides a Note Guarantee in accordance with the covenant described under "Certain Covenants—Limitation on Issuance of Note Guarantees of Indebtedness by Subsidiaries" in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Surviving Entity*" shall have the meaning ascribed thereto under "Certain Covenants—Merger, Consolidation or Sale of Assets."

"*Syndicated Facilities*" means one or more debt facilities with banks or other institutional lenders providing for revolving credit loans and/or term loans that are primarily syndicated to institutional investors in connection with the initial distribution, issuance or syndication (including, without limitation, any syndicated term facilities made available under the Facilities Agreement). For the avoidance of doubt, bilateral credit facilities will not be deemed to be Syndicated Facilities for purposes of this definition.

"*Tax Redemption Date*" has the meaning ascribed thereto under "Redemption for Taxation Reasons."

"*Taxes*" has the meaning ascribed thereto under "Withholding Taxes."

"*Third Party Financing*" means any bilateral or syndicated facility or Public Indebtedness issued or borrowed by the Parent Guarantor or any of its Subsidiaries to, or from, any person that is not the Parent Guarantor or any of its Subsidiaries, where:

(1) the aggregate principal amount of Indebtedness (other than as a result of capitalization of interest and accrual of default interest) made available to the Parent Guarantor or any of its Subsidiaries under such financing or issuance (together with any linked financings or issuances) is no greater than €75.0 million (or its equivalent in any other currencies) or, if higher, 22% of Consolidated Pro Forma EBITDA; or

(2) the aggregate principal amount of Indebtedness made available under all such financings at any time is no greater than €185.0 million (or its equivalent in any other currencies) or, if higher, 53% of Consolidated Pro Forma EBITDA at any time.

"*Trade Instruments*" means any performance bonds, advance payment bonds, letters of credit, bankers' acceptances or similar instruments issued in respect of the obligations of the Parent Guarantor or any of its Subsidiaries arising in the ordinary course of business.

"*Transaction Costs*" means all fees, commission, costs and expenses, stamp, registration and other Taxes incurred (or required to be paid) by the Parent Guarantor or any of its Subsidiaries in connection with the Listing, any acquisition, disposal, investment or other Group Initiative not prohibited under the terms of the Indenture or any amendments to the Facilities Agreement and, in each case, the negotiation, preparation, execution, notarization and registration of all related documentation.

"*Treasury Transactions*" means any hedging, derivative or other financial instrument or transaction entered into in connection with the protection against or benefit from fluctuation in any rate or price.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

BOOK-ENTRY; DELIVERY AND FORM

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream as applicable, currently in effect. The information in this section concerning Euroclear and Clearstream has been obtained from sources that the Issuer and the Guarantors believe to be reliable, but none of the Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers take any responsibility for the accuracy thereof. Investors wishing to use the facilities of Euroclear or Clearstream are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities. None of the Issuer, the Guarantors, the Trustee or any other party to the Indenture will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of Euroclear or Clearstream or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

General

Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**"). The Regulation S Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**" and, together with the Regulation S Global Notes, the "**Global Notes**"). The 144A Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("**144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interest**" and, together with the 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form, by Euroclear and/or Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the nominee of the common depositary for Euroclear and/or Clearstream will be considered the sole registered holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear or Clearstream and indirect participants must rely on the procedures of Euroclear or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

None of the Issuer, the Guarantors, the Registrar, the Trustee, the Transfer Agent or the Paying Agent under the Indenture nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "**Definitive Registered Notes**"):

- if Euroclear or Clearstream notify the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requires such an exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream, as applicable, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to Investors*" unless that legend is not required by the Indenture or applicable law.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). It is understood that under existing practices of Euroclear and Clearstream if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided however, that no Book-Entry Interest of less than €100,000, principal amount at maturity, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Issuer and the Trustee, and their respective agents, will treat the registered holder of the Global Notes (i.e., the nominee of the common depositary for Euroclear or Clearstream) as the owner thereof for the purpose of receiving payments and for all other purposes.

Consequently, none of the Issuer, the Guarantors, the Trustee, the Registrar, the Transfer Agent or the Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of a Book-Entry Interest; or
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear or Clearstream, as applicable, in euros.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of such offering (the "**40-day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the applicable Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The following summaries of those operations and procedures are provided solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Guarantors or any of the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Global Exchange Market and listed on the official list of the Irish Stock Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee of a clearing system, the Trustee may have regard to, and rely on, any information provided to it by that clearing system as to the identity (either individually or by category) of its accountholders with entitlements to Notes and may consider such interests as if such accountholders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture by the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder, as if they were themselves the holders of the Notes in such principal amounts.

TAX CONSIDERATIONS

Certain Norwegian Tax Considerations

General

The following is a general presentation of certain Norwegian tax consequences resulting from the acquisition, ownership and disposition of the Notes. The description below is based on the assumption that the Notes are considered debt instruments for tax purposes. This presentation does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes. In particular, this presentation does not consider any specific facts or circumstances that may apply to a particular purchaser subject to special tax regimes, such as banks, insurance companies or tax exempt organizations. This summary is based on the laws currently in force and as applied on the date of this Offering Memorandum in Norway and which are subject to change, possibly with retroactive effect.

The tax treatment of each holder partly depends on the holder's specific situation, and the specific instrument issued to the holder. Prospective purchasers of the Notes are therefore advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local taxes under the tax laws applicable in Norway and each country of which they are residents or whose tax laws apply to them for other reasons.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian holder of Notes refers to the tax residency and not the nationality of the holder.

Taxation of Interest

Norwegian Holders of Notes

Both corporate and individual holders of Notes who are tax residents of Norway are subject to Norwegian tax on interest received at a flat tax rate, currently at 24% (as per 2017, the rate is proposed reduced to 23% in 2018). For Norwegian holders holding Notes issued with a discount (compared to the nominal value) such discount will be taxed in the year of the realization of the Notes.

Any interest received in foreign currency is converted to Norwegian kroner when calculating the taxable interest income.

Non-Norwegian Holders of Notes

In general, payments of interest on Notes issued to holders who are not tax residents of Norway are not subject to Norwegian tax. Payments to non-Norwegian holders of Notes may therefore be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges. The Norwegian Ministry of Finance has, however, proposed to introduce withholding taxes on interest payments. As of the date of this Offering Memorandum, is uncertain whether withholding tax on interest will be implemented, and if so, at what rate. Any applicable tax treaty may, depending on the treaty, restrict or reduce the potential withholding tax rate.

If the Notes are held by an individual or by a company not tax resident of Norway, that is performing or participating in business activities that are carried out in or managed from Norway, and the Notes are effectively connected with such business activities, interest received will be taxed in Norway at a rate of 24% (as per 2017, the rate is proposed reduced to 23% in 2018).

Taxation of Capital Gains or Losses on Disposal of Notes

Norwegian Holders of Notes

Capital gains realized by Norwegian holders of Notes upon the sale, disposal or other redemption of Notes will be subject to Norwegian taxation at a rate of 24% (as per 2017, the rate is proposed reduced to 23% in 2018). Corresponding losses will be tax deductible.

The taxable gain or deductible loss is calculated for each Note and is, in broad terms, equal to the sales price less the Norwegian holders' cost price of the Note, including costs incurred in relation to the acquisition or realization of the Note. Any gain received in foreign currency when realizing Notes is converted to Norwegian kroner when calculating the taxable gain.

Non-Norwegian Holders of Notes

Capital gains realized by non-Norwegian holders of Notes upon the sale, disposal or other redemption of Notes are normally not subject to Norwegian tax. Corresponding losses will generally not be tax deductible.

Such capital gains may be taxable in Norway if the non-Norwegian holder of Notes is performing or participating in business activities that are carried out in or managed from Norway and the Notes are effectively connected with such business activities.

Net Wealth Tax

Corporate Holders

Both Norwegian and non-Norwegian corporate holders of Notes are exempt from Norwegian net wealth tax.

Individual Holders

Individual holders of Notes who are tax residents of Norway are liable to Norwegian net wealth tax. The value of the Notes is included in the basis for the computation of net wealth tax imposed on such holders of Notes. The value for assessment purposes for listed Notes is the listed value as of January 1 in the year of assessment. Unlisted Notes will normally be valued at face value as of January 1 in the year of assessment. Currently, the marginal net wealth tax rate is 0.85% of the taxpayer's net wealth.

Individual holders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Such holders can, however, be subject to Norwegian net wealth tax if the Notes are effectively connected with a business that the individual holder is carrying out or managing from Norway.

Certain Finnish Tax Considerations

The following is a general description of certain Finnish tax considerations relating to the Notes. It relates only to the position of persons who are the absolute beneficial owners of the Notes and does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect and applied on the date of this Offering Memorandum and is subject to any change in law that may take effect after such date. It should be noted that the tax laws of Finland may be amended with retroactive effect.

Withholding Taxation of Non-Finnish Residents

Holders of Notes who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment in Finland will not be subject to Finnish withholding taxes either on payments in respect of the Notes or gains realized on the sale or redemption of the Notes. If a Finnish Guarantor makes a payment in respect of a Guarantee it is obliged to ascertain that the Holder of Notes is not resident in Finland for tax purposes. The Holder of Notes is obliged to disclose his non-resident status to the Finnish Guarantor. If a Holder of Notes fails to provide such information, the Finnish Guarantor will be entitled to withhold or deduct amounts from a payment in respect of the Notes if it is required to do so under Finnish law and the Finnish Guarantor will not be required to pay the Holder of Notes any additional amounts. In other respects, non-resident Holders of Notes who engage in trade or business through a permanent establishment in Finland will be subject to similar Finnish rules for withholding on payments in respect of the Notes and gains realized on the sale or redemption of the Notes as Finnish resident Holders of Notes.

Withholding Taxation of Finnish Residents

Under the present Finnish domestic tax law, Holders of Notes, who are resident in Finland for tax purposes, will be subject to Finnish tax on interest payments (including deemed interest for tax purposes through a discounted issue price) under the Notes and on gains realized on the sale or redemption of the Notes. Interest payments and payments in respect of the Guarantees to Holders of Notes who are Finnish tax resident individuals or Finnish estates of deceased persons are, furthermore, generally subject to a tax withholding at a rate of 30 percent, if the payments are made by a Finnish Guarantor or by a Finnish paying agent. Any such withholding tax will be used for the payment of the individual's or death estate's final taxes (i.e. they will be credited against the individual's or death estate's final tax liability).

Transfer Tax

Transfers of the Notes are not subject to Finnish transfer tax.

Reporting Requirements

Under Finnish law, a Finnish payer of interest is obliged to report to the Finnish tax authorities any interest payments under the Notes and whether the Holder of Notes is tax resident in Finland, as well as whether such Finnish tax resident Holder of Notes is an individual tax resident in Finland or a Finnish estate of a deceased person. These obligations would apply to the Finnish Guarantor, if it were to make a payment in respect of a Guarantee and to a Finnish paying agent making interest payments. Holders of Notes, who are resident in Finland for tax purposes, are furthermore generally obliged to report on their annual tax return taxable interest payments received under the Notes and gains realized on the sale or redemption of the Notes.

Certain United Kingdom Tax Considerations

The following is a general description of certain U.K. tax consequences relating to the holders of the Notes and is a summary of the Issuer's understanding of current U.K. tax law and HM Revenue & Customs ("**HMRC**") published practice (which may not be binding on HMRC), both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all U.K. tax considerations relating to the Notes, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers, dealers in securities, trustees and persons connected with the Issuer) to whom special rules may apply.

This description does not purport to constitute legal or tax advice and any holders who are in any doubt as to their tax position should consult their independent professional advisors. Further, these comments do not address the tax consequences for holders of Notes treated as non-domiciled and resident in the U.K. for U.K. tax purposes. If you are subject to tax in any jurisdiction other than the U.K. or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

Provision of Information

Noteholders who are individuals may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest) from any person in the U.K. who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. HMRC also has power in certain circumstances to obtain information from any person in the U.K. who either pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or receives such amounts for the benefit of, an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. However, in relation to amounts payable on redemption of such securities, HMRC's published practice indicates that HMRC will not exercise its power to obtain information where such amounts are paid or received on or before April 5, 2017. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further United Kingdom Taxation Issues

Holders of the Notes who are individuals and resident in the United Kingdom for tax purposes may, depending on the individual's circumstances, be subject to United Kingdom income taxes on receipt of interest arising from the Notes. Holders of the Notes are advised to consult their own professional advisers if they require further advice.

Sale, Exchange and Redemption of Notes

U.K. Corporation Tax Payers

In general, holders of the Notes that are within the charge to U.K. corporation tax (including non-resident holders whose Notes are used, held or acquired for the purposes of a trade carried on or in the United Kingdom through a permanent establishment) will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounts, calculated in accordance with generally accepted accounting practice.

Other U.K. Tax Payers

Taxation of Chargeable Gains

A disposal of the Notes (including a redemption) by an individual holder of the Notes who is resident for tax purposes in the U.K. or who carries on a trade, profession or vocation in the U.K. through a branch or agency to which the Notes are attributable may give rise to either a chargeable gain or allowable loss for the purposes of the U.K. taxation of chargeable gains depending on the individual's circumstances. These provisions would not apply to Notes that are deemed to be "deeply discounted securities" (please see "*—Taxation of Discount*" below). Special rules may apply to individuals who have ceased to be resident in the U.K. and who dispose of their Notes before becoming once again resident in the U.K.

Taxation of Discount

Dependent, among other things, on the discount (if any) at which the Notes are issued or, in certain cases, the premium (if any) payable on redemption, the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute "deeply discounted securities," an individual holder of the Notes who is resident in the U.K. or who carries on a trade profession or vocation in the U.K. through a branch or agency to which the Notes are attributable will generally be liable to U.K. income tax on any gain made on the sale or other disposal (including a redemption) of the Notes Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities."

Accrued Income Scheme

On a disposal of Notes (if they do not constitute deeply discounted securities) by a holder of Notes who is resident in the U.K. or who carries on a trade, profession or vocation in the U.K. through a branch or agency to which the Notes are attributable, any interest which has accrued since the last interest payment date or such amount as HMRC deems just and reasonable may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007.

The references to "interest," "premium" and "discount" above are understood for the purposes of United Kingdom tax law. They do not take into account any different definitions of "interest," "premium" and "discount" that may prevail under any other tax laws or that may apply under the terms and conditions of the Notes or any related documents.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or stamp duty reserve tax should be payable on the issue or transfer, or agreement to transfer, of the Notes.

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The discussion is limited to considerations relevant to a U.S. Holder (as defined below), except to the extent discussed in "*—Foreign Account Tax Compliance*," and does not address the effects of other U.S. federal tax laws, such as estate and gift tax laws, or any state, local or non-U.S. tax laws. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "**IRS**"), in each case in effect as of the date hereof.

These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States States or entities covered by the U.S. anti-inversion rules;
- members of an "expanded group" or "modified expanded group" with the Issuer within the meaning of the Treasury Regulations under Code Section 385;
- persons liable for the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts and regulated investment companies;
- brokers, dealers and traders in securities;
- individual retirement and other tax-deferred accounts;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes (and investors therein);
- persons who actually or constructively own more than 5% of our voting stock;
- tax-exempt organizations and governmental organizations; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them of the purchase, ownership and disposition of the Notes.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY

TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Characterization of the Notes

Under certain circumstances, the Notes provide for payments in excess of stated interest and principal and/or redemption prior to their stated maturity (e.g., see "*Description of the Notes—Optional Redemption,*" "*Description of the Notes—Withholding Taxes*" and "*Description of the Notes—Redemption for Taxation Reasons*"). Although the issue is not free from doubt, the Issuer intends to take the position that these provisions will not cause the Notes to be subject to the contingent payment debt instrument rules of applicable Treasury Regulations (the "**CPDI Rules**"). This position is based in part on the Issuer's determination that, as of the date of the issuance of the Notes, the possibility that additional amounts will have to be paid is a remote or incidental contingency within the meaning of the applicable Treasury Regulations. The Issuer's position is binding on a U.S. Holder, unless the U.S. Holder discloses in the proper manner to the IRS that it is taking a different position. The Issuer's position is not, however, binding on the IRS. If the IRS successfully challenged the Issuer's position, the tax consequences of owning and disposing of the Notes could be materially different than those described herein, including with respect to the character, timing and amount of income, gain or loss recognized. The remainder of this discussion assumes that the Notes are not subject to the CPDI Rules, but there can be no assurances in this regard. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI Rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes will include in income (as ordinary income) the U.S. dollar value of the stated euro interest payment (determined based on the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. Holder will not recognize exchange gain or loss on the receipt of such stated interest, but may have exchange gain or loss attributable to the actual disposition of the euros received.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euros that has accrued with respect to the Notes during an accrual period, in accordance with one of two methods. Under the first method, the U.S. dollar value of such euro denominated accrued stated interest will be determined by translating such amount at the average spot rate for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within each taxable year. Under the second method, an accrual method U.S. Holder may elect to translate such accrued stated interest income into U.S. dollars using the spot rate on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the portion of the accrual period within the relevant taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. Holder that has made the election described in the prior sentence may translate such interest using the spot rate on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing U.S. Holder and may not be changed without the consent of the IRS. Whether or not the election described above is made, a U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued stated interest on the date such interest is received (including with respect to a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note). The amount of exchange gain or loss recognized will be equal to the difference, if any, between the U.S. dollar value of the euro payment received (determined based on the spot rate on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Subject to the discussion of exchange gain or loss above, stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. Holders, "general category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize U.S. source gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount attributable to accrued but unpaid stated interest, which will be taxable as such to the extent not previously included in income as described above under "—*Payments of Stated Interest*") and such U.S. Holder's adjusted tax basis in the Note.

The amount realized by a U.S. Holder is the sum of the cash plus the fair market value of all other property received on the sale or other taxable disposition. If a U.S. Holder receives foreign currency on a sale or other taxable disposition of a Note, the amount realized will generally be based on the U.S. dollar value of the foreign currency translated into U.S. dollars based on the spot rate on the date of disposition. If the Notes are traded on an established securities market, a cash basis U.S. Holder and an electing accrual basis U.S. Holder will determine the U.S. dollar value of such foreign currency based on the spot rate in effect on the settlement date of the disposition. If an accrual basis U.S. Holder makes this election, the election must be applied consistently by such holder from year to year and cannot be revoked without the consent of the IRS. If the Notes are not traded on an established securities market (or, if the Notes are so traded, but an accrual basis U.S. Holder has not made the settlement date election), a U.S. Holder will recognize exchange gain or loss (as U.S. source ordinary income or loss) to the extent that the U.S. dollar value of the foreign currency received (based on the spot rate on the date of settlement) differs from the U.S. dollar value of the amount realized (based on the spot rate on the date of disposition).

A U.S. Holder's adjusted tax basis in a Note will generally be its cost for the Note. The cost of a Note purchased with foreign currency will be the U.S. dollar value of the purchase price determined based on the spot rate on the date of purchase. The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. Holder.

A U.S. Holder will recognize exchange gain or loss (taxable as ordinary income or loss) on the sale or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price for the Note on (i) the date of sale or other taxable disposition and (ii) the date on which the U.S. Holder acquired the Note. In addition, upon the sale or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "—*Payments of Stated Interest*." Any such exchange gain or loss (including any exchange gain or loss with respect to accrued interest) will be realized only to the extent of the total gain or loss realized on the sale or other taxable disposition by a U.S. Holder, and will generally be treated as U.S. source income or loss.

Gain or loss in excess of exchange gain or loss a U.S. Holder recognizes on the sale or other taxable disposition of the Notes generally will be U.S. source capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder has held the Notes for more than one year. For non-corporate U.S. Holders, long-term capital gains are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. A U.S. Holder should consult its own tax advisor regarding the deductibility of capital losses in its particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a redemption or retirement) of a Note paid to a U.S. Holder, unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. A U.S. Holder that is not an exempt recipient may be subject to U.S. federal backup withholding at the applicable rate (currently 28 percent) with respect to payments on the Notes and the proceeds of a sale or other taxable disposition of the Notes, unless the U.S. Holder provides its taxpayer identification number to the paying agent and certifies on IRS Form W-9, under penalties of perjury, that it is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding withheld from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS in a timely manner.

Tax Return Disclosure Requirements

Treasury Regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on a foreign currency note or a sale or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. Holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

Foreign Account Tax Compliance

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold U.S. tax on certain pass-through payments made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining foreign pass-through payments are filed generally would be "grandfathered" from FATCA unless such obligations are "materially modified" (for U.S. federal income tax purposes) after such date. To date, no such Treasury Regulations defining foreign pass-through payments have been issued. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after expiration of the grandfather period. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is required or advisable with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on Notes it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. It is not certain that such payments by the Guarantor will be eligible for all the exemptions described above.

PLAN OF DISTRIBUTION

Each of the Issuer, the Guarantors and the Initial Purchasers will enter into a purchase agreement to be dated the date of this Offering Memorandum (the "**Purchase Agreement**"), pursuant to which the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed, severally and not jointly, to purchase from the Issuer, Notes in an aggregate principal amount of €400.0 million. The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Notes will initially be offered at the price indicated on the cover page of this Offering Memorandum. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may make offers and sales in the United States through certain affiliates of the Initial Purchasers.

The Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including certain liabilities under the U.S. Securities Act, or will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act, and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act. None of Nordea Bank AB (publ), Mizuho International plc or Nykredit Bank A/S is registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer or will participate in any offer or sale of the Notes within the United States or to any U.S. persons.

In connection with sales outside the United States, the Initial Purchasers will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom it sells such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering of the Notes or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the U.S. Securities Act.

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity, within the meaning of section 21 of FSMA, received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes and the Guarantees are a new issue of securities for which there currently is no market. Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to trade the Notes on the Global Exchange Market. However, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained. The Initial Purchasers (or persons acting on their behalf) have advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so, and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act, and may be limited. Accordingly, there can be no assurance as to the liquidity of or the trading market for the Notes. See "*Risk Factors—Risks Related to the Notes and the Group's Structure—The Notes may not be listed or remain listed on the Irish Stock Exchange*."

Buyers of the Notes sold by the Initial Purchasers may be required to pay stamp taxes, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set forth on the cover of this Offering Memorandum.

We expect that delivery of the Notes will be made against payment on the Notes on the date specified on the cover page of this Offering Memorandum, which will be fifth business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the following business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the issue of the Notes, Deutsche Bank AG, London Branch, or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Deutsche Bank AG, London Branch, or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers or their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business for the Issuer, the Guarantors and their subsidiaries and affiliates. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Initial Purchasers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and the Issuer's interests.

In particular, Deutsche Bank AG, London Branch, Nordea Bank AB (publ), DNB Markets, a division of DNB Bank ASA, Mizuho International plc, Nykredit Bank A/S and Skandinaviska Enskilda Banken AB (publ) and/or their respective affiliates are lenders under the Facilities Agreement, and the Issuer intends to use a portion of the proceeds from the Offering to repay borrowings under such facilities. An affiliate of Mizuho International plc, Mizuho Bank, has a lending relationship with the Parent Guarantor.

Additionally, Nordea Bank AB (publ), DNB Markets, a division of DNB Bank ASA, Nykredit Bank A/S and Skandinaviska Enskilda Banken AB (publ) and/or their respective affiliates have previously received and may in the future receive payment and other services provided by the Company.

The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes. Certain of the Initial Purchasers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CERTAIN INSOLVENCY CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES

Set out below is a summary of certain limitations on the enforceability of the guarantees in each of the jurisdictions in which guarantees are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply, and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Guarantees.

Also set out below is a brief description of certain aspects of insolvency law in Denmark, Norway and Finland. In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Norway

Insolvency

The Issuer is organized under the laws of Norway.

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (*Konkursloven*) (the "**Bankruptcy Act**"), which sets forth the various procedures to be followed both in the case of court-administered debt negotiations and bankruptcy proceedings, and the Creditors Recovery Act of June 8, 1984 No. 59 (*Dekningsloven*) (the "**Recovery Act**") containing provisions on, among other things, the priority of claims.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of the debtor's assets, (ii) the assessment and ranking of claims, (iii) the testing and revocation of transactions (including the securing of existing claims) made prior to bankruptcy, (iv) the handling of the debtor's contractual relationships and (v) the distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy or reorganization proceedings may only be opened in Norway for a foreign company if that company has its main office of business in Norway—similar to the centre of main interests (COMI) principle in the EU Insolvency Regulation 1346/2000. Note, however, that Norway is not a member of the EU and has not ratified the EU Insolvency Regulation.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or purporting to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "**cash flow test**"), and (ii) the debtor must be in "deficit" (the company's debts must exceed the sum of its assets and revenue, based on real, not book, values) (the "**balance sheet test**").

During bankruptcy proceedings the debtor's assets are controlled by the court-appointed liquidator (usually a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then distribute the available cash to the rightful creditors.

All of the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held by third parties, if these assets are acquired from the debtor in an unlawful manner, or if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests and rights with respect to the seized assets, including, but not limited to, the realization of assets.

Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realize the security, and cover their claims; however, keeping in mind that the realization of a number of categories of security during the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt negotiations). The bankruptcy estate has the right, subject to certain conditions being fulfilled, to realize the security and divide the proceeds between the secured creditors and other holding legal rights in the assets.

Furthermore, the bankruptcy estate has a statutory first lien of up to 5% of the estimated value or sales value of all assets secured by the debtor for its own debt or by a third party for the debtor's indebtedness (limited however to the Norwegian Court Fee (currently being in the amount of 1025 Norwegian kroner) multiplied by 700, for assets registered in an asset register (*realregister*)). Such statutory lien is not applicable to financial security (cash deposits and financial instruments) established pursuant to the Norwegian Financial Collateral Act No. 17/2004 (the "**Financial Collateral Act**") or the Norwegian Liens Act No. 2/1980 section 6 4 (9).

Any under-secured amount (any amount exceeding the value of the secured assets) will be deemed an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

- secured claims (valid and perfected security covered up to the value of the secured asset—either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate);
- super-priority claims (claims that arise during the bankruptcy proceedings, liquidator's costs and obligations of the estate);
- salary claims (within certain limitations);
- salary claims (within certain limitations);
- tax claims (such as withholding tax and value-added tax within certain limitations);
- ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims); and
- subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three- to twelve-month hardening period (and, in respect of transactions in favor of related parties, up to two years) before the opening of the bankruptcy proceedings, such as extraordinary payments of certain creditors, security established for existing/old debt and transactions at an undervalue. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one or more creditors at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to ten years.

Solvent Enforcement

Enforcement of security normally requires that the pledgee or chargee files an application to the enforcement authorities for the enforcement of the security. Certain types of security may, however, be enforced without the involvement of the enforcement authority or a court, typically security established pursuant to the Financial Collateral Act and charges over monetary claims. A provision granting the secured party such right of enforcement is typically included in any security agreement between the pledgor/chargor and the secured party.

Enforcement of a guarantee claim against a solvent guarantor will in principal require a final, legally binding judgment by a court (unless the guarantee is made as an enforceable promissory note). Thereafter the creditor may apply to the enforcement authorities for enforcement of his or her claim.

Financial Assistance

Pursuant to Section 8-10 of the Norwegian Private Limited Companies Act of 1997 No. 44/ Norwegian Public Limited Companies Act of 1997 No. 45 (*Aksjeloven and Allmennaksjeloven*) (respectively and together, the "**Acts**," and each an "**Act**"), a Norwegian private or public limited liability company is prohibited from providing financial assistance (including placing funds at disposal, granting loans or providing security or guarantees) in connection with the acquisition of its shares or in connection with the acquisition of shares in a parent company (including any intermediate parent company) unless the value of such financial assistance is within the company's distributable reserves and, provided further, that satisfactory security for repayment has been established, the financial assistance is provided on ordinary business terms and principles and for fully paid shares.

The practical restriction in respect of financial assistance referred to above applies irrespective of whether such parent company is a Norwegian or a foreign company, and there are no general exemptions available except for special cases of real property financing and employee share purchase programs.

The restriction set out in Section 8-10 of the Acts applies not only to the granting of loans, guarantees and security, but also to making assets available and other transfers that are not lawful distributions in accordance with the Acts. The assistance is restricted if made in connection with the acquisition of shares, which may also cover financial assistance after completion of the acquisition (such as the refinancing of an acquisition loan facility or the subsequent merger of the target company and the acquiring entity). This means that in practice a Norwegian guarantor cannot guarantee or provide security for any loans which have been used to finance the acquisition of the shares of the Issuer, that guarantor or a parent company (including any intermediate parent company) or the Norwegian guarantor.

The principle of corporate benefit also exists in Norway and may in some situations impose a restriction on a Norwegian limited liability company's ability to offer credits or a guarantee and provide security to shareholders (or close associates of the shareholders) in addition to the restrictions on financial assistance and upstream/cross-stream guarantees, loans and security described above.

As a consequence of these restrictions, the value of the Guarantees and any security provided by a Norwegian guarantor may be reduced to zero to the extent it secured obligations relating to the acquisition of shares in itself or its parent company. In addition, the Guarantees or security interest infringing the limitations set forth in Section 8 10 of the Acts will be void, and any funds paid out will have to be repaid. Finally, an illegal arrangement of this kind may give rise to directors' liability issues.

Any Guarantees provided by Norwegian companies will be subject to limitation language substantially in the form of the following:

"*The obligations and liabilities of each Guarantor incorporated in Norway (each, a "Norwegian Guarantor") for the Issuer's obligations under the Guarantees, shall be deemed to have been given only to the extent such guarantee does not violate Section 8-10 of the Norwegian Limited Companies Act of June 13, 1997 No. 44 or the Norwegian Public Limited Liability Companies Act of June 13, 1997 No. 45 (as the case may be) (the "Norwegian Companies Act"), regarding unlawful financial assistance and the liability of each Norwegian Guarantor will only apply to the extent permitted by such provision of the Norwegian Companies Act. Such limitations on the liabilities and obligations of any Norwegian Guarantor may have the effect of reducing the amount of obligations or liabilities assumed and/or the amount guaranteed or secured to zero, to the extent to which any proceeds under the Senior Secured Notes are used in connection with the acquisition of shares in the Norwegian Guarantor or its parent.*

The limitations set forth in these sections will apply mutatis mutandis to any security created by a Norwegian Guarantor under the Collateral and to any guarantee, indemnity, any similar obligation resulting in a payment obligation and payment, including, but not limited to, set-off, pursuant to the Collateral and made by any Norwegian Guarantor."

Denmark

Four of the Guarantors are companies incorporated under the laws of Denmark, namely Nets A/S, Nets Holding A/S, Teller A/S and Nets Denmark A/S. Any insolvency proceedings with respect to the Danish Guarantor would be based on Danish insolvency laws. Please note that EU Insolvency Regulation (Council Regulation (EC) no. 1346/2000 on insolvency proceedings) does not apply to Denmark.

Danish insolvency laws may not be as favorable to investors' interests as the laws of the United States or other jurisdictions with which investors are familiar. In the event that a Danish Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Insolvency Proceedings

Bankruptcy proceedings may be commenced either at the petition of a debtor or a creditor, however provided that the debtor is insolvent, which pursuant to the Danish Bankruptcy Act is defined as the debtor's inability to pay his debts as they fall due, unless such inability is considered to be temporary.

The petition for bankruptcy must be filed with the bankruptcy court in the district in which the debtor operates his business. The bankruptcy court does not publish information on the receipt of the petition for bankruptcy, but any person having a legal interest is entitled to receive information as to whether and when a debtor has filed a petition for bankruptcy (debtor's own petition). The bankruptcy court does not provide information on a creditor's petition for bankruptcy.

A creditor cannot demand that the debtor be declared bankrupt if the creditor's claim is secured by adequate security. In this context, adequate security means a security right expected to provide full coverage for the creditor. If the security is avoidable in bankruptcy or the act of perfection has not been performed, the creditor does not have adequate security.

The creditor is not required to have a basis of execution for his claim, e.g. a judgment in a civil case, a settlement in court or a signed debt instrument or mortgage. Further, the creditor's claim does not have to be due for payment to form basis of a petition for bankruptcy. However, the creditor must have a legal interest in the debtor's estate being administered in bankruptcy. As a result, not all claims that have not become due for payment may form basis of a petition for bankruptcy. Depending on the circumstances, an overdraft facility still being in force or a repayment arrangement being observed by the debtor may result in the creditor's petition being rejected. The requirement for legal interest also means that in general the bankruptcy court will reject a creditor's petition for bankruptcy if it is clear in advance that he will not receive any dividend in case of bankruptcy. It should be noted, however, that if there is probable cause to believe that the debtor has made avoidable transactions, the creditor may have the required legal interest in the bankruptcy even if the debtor does not have substantial assets. In that case, the creditor must be able to substantiate the avoidable transactions with some degree of certainty.

A creditor having filed a petition for bankruptcy against a debtor will be liable to pay damages if the debtor suffers a loss or to pay compensation for injury to the debtor's reputation if the bankruptcy conditions, e.g. the insolvency requirement, are not fulfilled or if the claim does not exist.

The petitioner must provide security for the expenses relating to the administration of the estate. In practice, the bankruptcy court demands security in the amount of DKK 30,000. If the debtor has filed the petition for bankruptcy, the security must be provided by the funds of the bankruptcy estate.

Bankruptcy Trustee

One or more trustees are appointed at the discretion of the bankruptcy court; however, in practice the request of the major unsecured and unsubordinated creditors have the decisive influence as another liquidator can be appointed at a creditor's meeting.

The trustee is not required to be an attorney, but in practice that is normally the case.

The trustee must comply with the disqualification rules of the Bankruptcy Act. Consequently, the trustee must not be the debtor's related party or depending on the debtor, and there must not be any doubt as to whether the trustee is impartial. As a general rule, the debtor's own attorney is prevented from being appointed as trustee due to the disqualification rules. The bankruptcy court may also find that a person being a member of the board of directors of the debtor's business or a person being the debtor's advisor cannot be appointed as trustee.

The trustee will make all decisions concerning the administration of the bankruptcy estate, and he represents the estate in every respect.

Reconstruction

Reconstruction proceedings may be commenced either at the petition of the debtor or a creditor. The petition for reconstruction must be filed with the bankruptcy court in the district in which the debtor operates his business.

Reconstruction proceedings may only be commenced if the debtor is insolvent (same as described above with respect to bankruptcy). If this criterion is fulfilled, the bankruptcy court will immediately appoint a reconstructor and a restructuring accountant to administrate the company. The management continues to operate the company, but any material transactions may not be carried out without the prior approval of the reconstructor. Payment of creditors may only be done in accordance with the priority of claims as described below.

The reconstruction of a company must achieve the following statutory objectives: (1) the rescue of the company as a going concern by means of a compulsory composition; (2) the termination of the business of the company by transferring the business; or (3) a combination of a compulsory composition and a transfer of business.

The reconstructor must try to achieve these objectives in no particular order. If the reconstructor does not realize these objectives, the company will automatically enter bankruptcy proceedings as described above, unless it turns out that the company is not (or no longer is) insolvent.

Liquidation

Liquidation is a company dissolution procedure under which the assets of the company are realized and distributed by the liquidator to creditors and, providing all creditors have been paid in full, the shareholders. In Denmark, liquidation is not an insolvency proceeding, and only companies that are solvent can be liquidated. If a company is insolvent, or if it turns out during the liquidation process that the company cannot pay all its creditors in full, the company must enter bankruptcy proceedings instead. The decision to liquidate a company is made by the shareholders of the company at a general meeting who also appoint a liquidator. At the end of the liquidation process the company will be dissolved.

Challenges to Guarantees

Certain Avoidance Rules

Under the Bankruptcy Act, the bankruptcy estate is entitled to under certain circumstances to avoid the debtor’s transactions in the period preceding the bankruptcy if such transactions have reduced the assets of the estate or otherwise damaged the estate, or if the transactions have favored certain creditors without observing the ranking of the creditors.

Transactions damaging the estate are for example gifts, renunciations of inheritance or the payment of excessive salary or pension to related parties. Transactions favoring creditors without observing the ranking of creditors are for example payment by unusual means of payment, payments before due date, payments having deteriorated the debtor’s ability to pay decisively or the provision of security for prior debts. Set out herein is the avoidance rule on security for prior debts and the general avoidance rule applicable to various transactions.

Any security interest which has not been created prior to, or simultaneously with, the debt obligations which it secures or which is not perfected without undue delay after the creation of such debt obligations will be subject to a three months hardening period, if insolvency proceedings are commenced against the provider of the security during the three month period starting from the latter of the date of the relevant act of perfection and the creation of the security interest.

Danish law operates with a general avoidance rule, which stipulates that a disposition which unduly favors a creditor to the detriment of the other creditors, or whereby the company’s property is prevented from serving the purpose of satisfying the creditors, or whereby the company’s debt is increased to the detriment of the creditors, may be declared void if the company was or because of the disposition became insolvent, and the favored party knew or ought to have known about the company’s insolvency and the circumstances that made the disposition improper. Generally, only transactions which are contrary to common norms of correct and decent business behavior will be deemed improper. Improper behavior is normally related to a breach of the purpose of insolvency proceedings, which typically is the situation where a creditor should have realized that a given transaction would deprive the other creditors of their right to fulfilment of their claims.

The usual hardening period is three months prior to the filing date, which is extended to up to 24 months for transactions with parties closely related to the company, and the general avoidance rule (as described above) provides for an unlimited avoidance period with respect to improper transactions.

Legal Position of Unsecured Claims and Priority of Claims

Creditors who believe they have a claim against the debtor or the bankruptcy estate must prove their claims and accompany their proofs of claim by adequate documentation. The trustee registers all claims and examines whether they are legitimate and entitle the creditor to receive dividend.

The ranking of creditors is described in the Bankruptcy Act and it indicates the order in which claims against the estate or the debtor are settled. All higher ranking claims must be satisfied in full before the next level will be entitled to dividend. The ranking of creditors is as follows:

- *Firstly*: claims in connection with the bankruptcy proceedings or claims according to affirmed agreements;
- *Secondly*: claims in connection with any prior restructuring proceedings;
- *Thirdly*: claims for wages or salaries payable;
- *Fourthly*: claims of suppliers for indirect taxes;
- *Fifthly*: unsecured claims (all other claims except for deferred claims); and
- *Sixthly*: deferred claims (interest, fines, promises of gifts and subordinate loan capital).

Limitation on Enforcement

Danish companies and their foreign subsidiaries are prohibited from granting (i) loans to and/or guarantees or security in respect of obligations of among others, their direct and indirect parent companies which are not limited liability companies incorporated in a jurisdiction which is a member of the EU or European Economic Area or Switzerland, Australia, Canada, Hong Kong, Japan, South Korea, Singapore, Taiwan or USA and (ii) loans to and/or guarantees or security in connection with the financing or refinancing of the direct or indirect acquisition of their own shares or shares in their direct or indirect parent companies and any such loan, guarantee or security will be invalid and unenforceable.

Danish law may limit the ability of a Danish guarantor to guarantee or provide security for the Notes to the extent that the risk of issuing the guarantee or providing the security is not balanced against the corporate benefit (financial, commercial, strategic or otherwise) obtained by a Danish guarantor from the issuance of the Notes.

Danish law does not make any distinction between registered and beneficial ownership and if such distinction is made under foreign law the beneficial owner will be deemed the owner under Danish law. It is uncertain whether Danish law recognizes the concept of parallel debt structures and the concept of trusts.

Claims may become barred under Danish statutes of limitation or principles of passivity or may become subject to set-off or counterclaim and a guarantee in favor of a Danish credit institution may not be enforceable unless a claim has been made under the guarantee within six months after the due date of the guaranteed obligation.

Any Guarantees provided by Danish companies will be subject to limitation language substantially in the form of the following:

(a) The obligations, liabilities and indemnities of any Danish Guarantor and such Danish Guarantor's subsidiaries under any relevant agreement:

(i) shall be deemed not to be assumed (and any security created in relation thereto shall be limited) to the extent that the same would constitute unlawful financial assistance, including (without limitation) within the meaning of (i) Section 206 of the Danish Companies Act and (ii) Section 210 of the Danish Companies Act, unless such obligations are binding on such Danish Guarantor pursuant to Section 215(3) of the Danish Companies Act; and

(ii) shall further be limited to an amount equivalent to the higher of:

(A) the equity of such Danish Guarantor at the time (x) the Danish Guarantor is requested to make a payment under such Guarantee or (y) of enforcement of security granted by such Danish Guarantor (as applicable); and

(B) the equity of such Danish Guarantor as of the date on which such Guarantee was granted.

(b) For the purpose of paragraph (a) above, "equity" means the equity (in Danish: egenkapital) of such Danish Guarantor calculated in accordance with applicable generally accepted accounting principles at the relevant time, but adjusted if and to the extent any book value is not equal to market value.

(c) The limitations set out in paragraph (a) and the definition set out in paragraph (b) above shall apply mutatis mutandis to any security interest created by any Danish Guarantor in respect of the Notes and to

any guarantee, undertaking, obligation, indemnity and payment, including (but not limited to) distributions, cash sweeps, credits, loans and set-offs pursuant to or permitted by the Indenture and the Notes and made by a Danish Guarantor.

In addition, the Guarantee of the Parent Guarantor shall be subject to additional limitation language substantially in the form of the following:

(a) The obligations, liabilities and indemnities of the Parent Guarantor under its Guarantee or any other provision of the Indenture shall not exceed, at any time, an aggregate amount equal to the amount of its earnings before interest, tax, depreciation and amortization of the Parent Guarantor as set out in the latest stand-alone audited financial statements of the Parent Guarantor; and

(b) the limitations set out in paragraph (a) above shall apply mutatis mutandis to any security created by the Parent Guarantor in respect of the Notes and to any guarantee, undertaking, obligation, indemnity and payment, including (but not limited to) distributions, cash sweeps, credits, loans and set-offs, pursuant to or permitted by the Indenture and the Notes and made by the Parent Guarantor.

Foreign Currency

Under the Danish Bankruptcy Act, claims must be converted into DKK at the exchange rate at the day the bankruptcy court issued a bankruptcy order over the company.

Finland

One of the Guarantors is a limited liability company and a regulated payment institution incorporated under the laws of Finland (the "**Finnish Guarantor**"). The following summary highlights certain aspects of (i) the laws of Finland relating to guarantees granted by Finnish limited liability companies, (ii) Finnish fraudulent conveyance laws and (iii) the Finnish regulations in respect of insolvency proceedings, in each case in force on the date of this Offering Memorandum.

Limitations on Enforcement of Guarantees

The Guarantee by the Finnish Guarantor and any future guarantor incorporated in Finland will be limited by a general limitation that limits the scope of the guarantee to the extent the grant of such guarantee would be contrary to certain mandatory provisions of the Finnish Companies Act (*Osakeyhtiölaki*). Pursuant to such limitation, the beneficiaries of the Guarantee agree to enforce the guarantee against the Finnish Guarantor only to the extent that such enforcement does not result in a breach of the mandatory regulation of the Finnish Companies Act by the Finnish Guarantor. Certain significant limitations to a company's ability to grant guarantees are included in sections 1 and 10 of chapter 13 of the Finnish Companies Act regulating corporate benefit, unlawful distribution of funds and prohibited financial assistance. Pursuant to the Finnish Companies Act, a Finnish limited liability company, such as the Finnish Guarantor, is prohibited from providing loans, guarantees, assets or security for the purpose of a third party acquiring shares in such company or its parent companies. Further, the Finnish Companies Act provides that no guarantee or security may be granted (or any other transaction entered into) by a Finnish limited liability company without commercial grounds, i.e., unless doing so is in the company's own commercial interest. In assessing the existence and scope of corporate benefit to the company, all relevant benefits and risks to the company are to be taken into account. In addition, as the Finnish Guarantor is a regulated payment institution, the Guarantee granted by the Finnish Guarantor and any future additional guarantor incorporated in Finland which is a regulated payment institution will further be limited by a limitation that limits the scope of the guarantee to the extent the grant of such guarantee would not be contrary to the provisions of the Finnish Payment Institutions Act (*Maksulaitoslaki*) and its provisions related to, among others, license, operational and regulatory requirements or other mandatory provisions of Finnish law applicable to the Finnish Guarantor from time to time. In the context of the Guarantee, among other things, other guarantees granted or to be granted by the Finnish Guarantor for the other financing arrangements of the Group are to be taken into consideration.

Due to the above, the actual scope of the Guarantee by a Finnish Guarantor may therefore be substantially less than the aggregate amount of liabilities expressed to be guaranteed and, in fact, it is possible that owing to the application of mandatory Finnish law relating to corporate benefit, unlawful distribution of assets, financial assistance, provisions of the Finnish Payment Institutions Act and/or other mandatory provisions of Finnish law applicable to the Finnish Guarantor, as applied to the Guarantee, no liabilities or obligations will under Finnish law, be held to be effectively guaranteed.

Fraudulent Conveyance

Pursuant to the Finnish Act on the Recovery of Assets to Bankruptcy Estate (*Laki takaisinsaannista konkurssipesään*) (the "**Recovery Act**"), certain acts performed by a debtor can be revoked if the rights of creditors have been prejudiced by those acts. According to the Finnish Company Reorganization Act (*Laki yrityksen saneerauksesta*) and the Finnish Enforcement Code (*Ulosottokaari*), the grounds for recovery set forth in the Recovery Act are also to be applied in company reorganization and enforcement proceedings.

The bankruptcy estate administrator, the administrator in the company reorganization and certain creditors may seek to recover assets of the debtor in connection with bankruptcy, company reorganization or enforcement proceedings. The administrator or the creditors may, within a specified time, either file an action for recovery against the debtor's counterparty in a separate court proceeding or file an objection.

Certain general rules for recovery apply to all transactions between an insolvent debtor (including a debtor who becomes insolvent partially due to the transaction) and the counterparty of the debtor. A transaction concluded within five years prior to the date when the petition for bankruptcy, company reorganization or enforcement is filed with the court or relevant authority (as well as transactions performed after such date) may be recovered if: (i) the transaction, either by itself or together with other transactions, improperly (a) favors a creditor at the expense of other creditors, (b) places property beyond the reach of other creditors, or (c) increases debts to the detriment of the creditors; (ii) the debtor, at the time of the transaction, was, or partly due to the transaction became, insolvent or, in case of a transaction considered to be a gift or a contract with the characteristics of a gift, overindebted; (iii) the counterparty of the transaction knew or should have known of the insolvency or overindebtedness, or the relevance of the transaction to the debtor's economic situation; and (iv) the counterparty knew or should have known the facts mentioned above in clause (i), on the basis of which the transaction is considered improper. The grounds for recovery under Section 5 of the Recovery Act, which covers all transactions concluded between the debtor and a counterparty, are thus applicable only if the counterparty had qualified or should have had qualified knowledge of all the issues described above in (i) and (ii). Transactions between the debtor and certain (natural or legal) persons within the debtor's sphere of interest (as defined in the Recovery Act) may be recovered regardless of the date of the transaction and such persons are assumed to have had knowledge of the issues described above in (i) and (ii).

Pursuant to the Recovery Act, certain transactions can, in certain circumstances, be recovered regardless of the good faith of the counterparty and regardless of the solvency of the debtor at the time of the transaction. Such transactions include, among other things: (i) gifts and contracts with the characteristics of a gift; (ii) payments received through foreclosure; (iii) payment of debts; (iv) set-off; and (v) the granting of security. Payment received by a creditor through foreclosure effected by the relevant authority later than three months prior to the date when the petition for bankruptcy, company reorganization or foreclosure is filed with the court (or, in the event that the beneficiary is a person within the debtor's sphere of interest, within two years) may be recovered. Any debt paid later than three months prior to the date when the petition for bankruptcy, company reorganization or foreclosure is filed with the court or relevant authority (or, in the event that the beneficiary is a person within the debtor's sphere of interest, within two years) may be recovered if: (i) unusual means of payment have been used; (ii) the payment was premature; or (iii) the amount of payment was considerable in comparison to the assets of the debtor. However, a payment may not be recovered if it, when all circumstances are taken into consideration, may be held as customary.

Security given later than three months prior to the date when the petition for bankruptcy, company reorganization or foreclosure is filed with the court or the relevant authority (or, in the event that the beneficiary is a person within the debtor's sphere of interest, within two years) may be recovered if: (i) the parties had not agreed upon the security in connection with the granting of the credit; or (ii) the possession of the security had not been transferred, or any similar act perfecting the security had not been taken without unjustified delay after the granting of the credit.

When a transaction is recovered, the property that has been received from the debtor is returned to the bankruptcy estate or the debtor. The bankruptcy estate or the debtor also returns the compensation that had been paid for the property. If the compensation has been placed beyond the reach of the creditors and the party that paid the compensation knew or should have known that this was the intention of the debtor, there is no obligation to return the compensation. If the property to be returned no longer exists, or is otherwise not returnable, compensation for the value of the property must be made. In addition, should the return of certain property cause inconvenience to the party under such obligation, a court may entitle such party to pay compensation equal to the value of the property instead of returning the property. The Recovery Act also sets forth an obligation to compensate for any decrease in value of the returnable property.

Accordingly, the validity of the guarantees or any payment made thereunder may be challenged and it is possible that such challenge would be successful. If the granting of a guarantee or a payment thereunder is successfully challenged, then the granting of such guarantee could be nullified or the payment recovered. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of a guarantee granted by the Finnish Guarantor, and the value of any consideration that holders of the Notes received with respect to such guarantee could also be subject to recovery from the holders of the Notes.

Insolvency Proceedings

There are two primary insolvency regimes under Finnish law. The first, company reorganization (*yrityssaneeraus*), has the objective of investigating whether the business has a reasonable chance to continue and, if so, to rehabilitate the company's viable business, ensure its continued viability and make arrangements with creditors. The second, bankruptcy (*konkurssi*), is primarily designed to liquidate and distribute the assets of a debtor to its creditors.

In addition to company reorganization and bankruptcy, there is liquidation (*selvitystila*). However, in practice, liquidation proceedings would be followed by bankruptcy of the company if the full settlement of all of the company's debts is not possible.

Company Reorganization

If a company is insolvent or is at risk of becoming insolvent, and it is probable that a company reorganization will remedy the insolvency or prevent its recurrence otherwise than for a short period, an application for company reorganization can be made to a court by the debtor or by one or more creditors. Further, the initiation of company reorganization proceedings is possible, in theory, irrespective of the company's solvency situation, when at least two creditors whose total claims represent at least one fifth of the debtor's known debts and who are not related to the debtor file a joint application with the debtor or declare that they support the debtor's application for company reorganization.

If there are no specific legal barriers to company reorganization and, consequently, the court approves the application and opens company reorganization proceedings, the court will simultaneously appoint an administrator (*selvittäjä*).

The purpose of a company reorganization is to investigate whether the business has a reasonable chance to continue and, if so, to rehabilitate the company's viable business, ensure its continued viability and make arrangements with creditors. The board of directors and the managing director continue to act on behalf of the company during the reorganization proceedings. The administrator is entitled to review the company's books and business documents and obtain any information on the company's business activities, as well as to participate in meetings of the debtor's corporate bodies.

The administrator's consent is required to certain legal acts of a significant nature of the debtor company specified in the Finnish Company Reorganization Act.

The commencement of reorganization proceedings, as a general rule, has no effect on the debtor's existing contracts. However, there are some exceptions set forth in the Finnish Company Reorganization Act regarding premature termination of certain contracts, such as lease agreements, unfulfilled contracts not deemed to be a regular part of the activities of the debtor and employment relationships.

Subject to certain exceptions, all existing claims against the company are suspended as of the commencement of the company reorganization. The suspension as a main rule prohibits the enforcement and placing of security, the repayment and enforcement of the restructuring debts (although debts arising after the filing of the company reorganization application can be repaid and enforced) and the seizure of assets. The suspensions are in force until the company reorganization program has been confirmed by the district court or the proceedings have been dismissed.

Creditors with equal ranking have an equal status in the arrangements of the restructuring debts within the company reorganization program. Subject to certain restrictions set forth in the Finnish Company Reorganization Act, the following measures may be taken with respect to unsecured debts in the company reorganization program: (i) change the repayment schedule; (ii) order that debt payments be considered as payments against principal first, and as payments of interest and other credit costs only second; (iii) reduce the obligation to pay interest and other credit costs with respect to the remaining term of a debt; and (iv) reduce the outstanding principal balance of unpaid debt. The company reorganization program may also include the full or partial refinancing of debt.

Consequently, the company reorganization procedure could result in holders of the Notes receiving a right to recover considerably less than they would otherwise be entitled to recover under the guarantee granted by the Finnish Guarantor.

Secured debt means restructuring debt where the creditor holds an effective (against third parties) security interest to property that belongs to or is in the possession of the debtor, insofar as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority, i.e., the amount of the creditor's claim exceeding the value of the security does not qualify as secured debt but, instead, will constitute unsecured debt and may, thus be subject to the measures described above.

The following debt arrangements may be applied to secured debt: (i) change the repayment schedule; (ii) order that debt payments be applied as payments against principal first and as payments of interest and other credit costs second; or (iii) reduce the obligation to pay interest and other credit costs with respect to the remaining term of the debt. Even if the debt arrangement does not affect the existence or content of a creditor's security interest, the security arrangements relating to the debt may be altered by replacing the security with other fully adequate security.

Payments on a secured debt shall be determined so that at least the present value of the secured debt will be repaid within a reasonable period, not to materially exceed the remainder of the credit period without the consent of the creditor or, if the debt has become due in full, not to materially exceed one-half of the original credit period. As for reducing interest and other credit costs, a court will take into consideration the length of the remaining credit period, so that the longer the remaining credit period, the smaller the reduction in interest and credit costs.

Bankruptcy

A debtor or its creditor may apply for bankruptcy from a bankruptcy court of competent jurisdiction when the debtor has failed to pay its debts and the inability to pay is not temporary. If the application is approved, an estate administrator (or several estate administrators) of the bankruptcy estate (*pesänhoitaja*) will be appointed by the court.

A bankruptcy covers all the liabilities of the debtor, and its objective is to liquidate the assets of the debtor and use the proceeds received therefrom in payment of the creditors' claims. In order to achieve the objective of bankruptcy, the debtor's assets are, from the beginning of the bankruptcy, subject to the authority of the estate administrator. The creditors are represented through the meeting of creditors. The estate administrator must act for the common benefit of all creditors and shall comply with the decisions and guidelines of the creditors in matters falling within the decision-making powers of the creditors.

As a main rule, in order to be entitled to a disbursement, a creditor must file a claim in bankruptcy in writing (a "**claim letter**"), by delivering it to the estate administrator no later than the deadline set by the estate administrator. However, there are some specific exceptions in the Finnish Bankruptcy Act according to which a claim is to be taken into account without it being filed.

The obligation to notify the bankruptcy estate of a claim is binding even on a creditor with a secured claim. A creditor who holds assets belonging to the debtor as security for the debt of a third party must, at the request of and within a time limit set by the estate administrator, provide the information on receivables and collateral that should be provided in a claim letter. A creditor who holds a business mortgage over the assets of the debtor as security of a claim against the debtor in bankruptcy or a debt owed by some other debtor shall file the claim as provided in the Finnish Bankruptcy Act. If a claim is denominated in a currency other than euro, a value in euro for the purposes of the bankruptcy proceedings is determined using the exchange rate of the date of commencement of the bankruptcy proceedings.

A creditor who wishes to use his or her claim for set-off against a debt owed to the debtor must, when giving notice of the set-off, provide the estate administrator with the same information that would be provided in a claim letter. The notice of set-off must be made at the latest on the latest date for the filing of claims.

The estate administrator draws up a list of how the assets of the estate are to be disbursed to the creditors (draft disbursement list). The court verifies that the estate administrator's disbursement list meets the requirements set out in law and that the procedural provisions relating to the draft disbursement list have been observed.

Creditors have an equal right to a payment from the funds of the bankruptcy estate in the proportion of the amount of their claims, unless otherwise provided by law. However, the following creditors have precedence over unsecured creditors to receive their claims: (i) secured creditors and holders of retention rights have priority to the proceeds relating to the relevant asset; (ii) creditors of the administrative expenses of the bankruptcy estate, creditors with claims on the basis of contracts that the bankruptcy estate (rather than the debtor) has entered into, any liabilities for which the bankruptcy estate is responsible by operation of law and creditors of a debt that has arisen between the commencement and discontinuation of restructuring proceedings; and (iii) creditors with claims that are secured by a business mortgage will receive prior to other claims a disbursement of 50% of the net proceeds of the mortgaged assets (after the claims of creditors with a better priority position have been satisfied). The rights of the above-mentioned preferential creditors may adversely affect the interests of holders of the Notes. Bankruptcy of the Finnish Guarantor could result in holders of the Notes recovering less than they would have otherwise been entitled to recover under the guarantee granted by the Finnish Guarantor.

Finnish law prescribes claims that are to be settled lastly. In practice, the most significant of such claims are the interest accruing on the claim during the period subsequent to the commencement of the bankruptcy, a bond issued with a low priority and a subordinated loan. The Finnish state has no preferential rights regarding taxes and other fiscal charges.

The assets of the bankruptcy estate are to be disposed of in the most advantageous manner so as to maximize the aggregate net proceeds. However, secured creditors that are secured pursuant to a fixed charge over movable or immovable property may exercise their right to enforce such collateral regardless of the bankruptcy proceedings. The bankruptcy estate may at its own discretion prohibit the sale for a maximum of two months. The bankruptcy estate may sell collateral belonging to the estate only if the creditor protected by the collateral consents to the same or if the court grants a specific permission.

European Union

The Issuer and several Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), which applies within the European Union, other than Denmark, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Furthermore, "centre of main interests" is not a static concept and may change from time to time. Although under Article 3(1) of the EU Insolvency Regulation there is a rebuttable presumption that a company would have its respective "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The European Court of Justice has ruled in a recent judgment that a debtor company's main center of interests must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption, that the center of the company's main interests is located in that place, shall be irrefutable. Where a company's central administration is, however, not in the same place as its registered office, the presence of company assets and existence of contracts for the financial exploitation of those assets in a Member State other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the abovementioned presumption, unless a comprehensive assessment of all relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. The factors to be taken into account include, in particular, all the places in which the debtor company pursues economic activities and all those in which it holds assets, in so far as they are ascertainable by third parties. The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the centre of main interests of a company is and will remain located in the Member State in which it has its registered office, the main insolvency proceedings in respect of such company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor located in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such issuer or guarantor under the EU Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

In the event that any Guarantor experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the Guarantors. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

The European Commission has published amendments to the EU Insolvency Regulation which, once enacted, may alter the manner in which the test for determining where a company has its "centre of main interests" might be applied during the term of the Notes. At this stage it is not possible to conclusively determine what (if any) impact there might be in relation to the Notes.

Limitations on the Guarantees of Regulated Entities

The obligations and liabilities under the Indenture and the Notes of each member of the Group whose business activities are subject to license, supervised or regulated by a Relevant Regulator (each, a "**Regulated Entity**") and which is a Guarantor will be limited under the Indenture so that the only recourse (including, without limitation, by way of set-off) against each Regulated Entity to the extent that such recourse does not affect the availability (immediately and without restriction) of Assets to cover or have a result where the Regulated Entity does not satisfy the Required Minimum Amount of Regulatory Capital as at the date of any enforcement action (however described) against such Regulated Entity.

As used in the immediately preceding sentence:

"**Assets**" means the assets of each Regulated Entity accounted for as such in each Regulated Entity's financial statements;

"**Required Minimum Amount of Regulatory Capital**" means the minimum amount of regulatory capital (however described) each Regulated Entity is required to maintain pursuant to any applicable law or regulation or the views, guidance or interpretation of any Relevant Regulator (including with respect to any Regulated Entity incorporated in Denmark the capital requirements set out in the Danish Consolidating Act no. 613 of April 24, 2015 on payment services and electronic money as amended and Executive Order no. 1029 of November 3, 2009 on capital requirement, submitting of accounts and the performance of the audit of payment institutions and all regulations issued pursuant thereto as amended); and

"**Relevant Regulator**" means the Danish Financial Supervisory Authority, the Finnish Financial Supervisory Authority or any other entity, agency, governmental authority or person that has regulatory authority over the business or operations of any member of the Group.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantees offered hereby are being sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") in accordance with Rule 144A under the U.S. Securities Act ("**Rule 144A**") and offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). None of Nordea Bank AB (publ), Mizuho International plc or Nykredit Bank A/S is registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer or will participate in any offer or sale of the Notes within the United States or to any U.S. persons.

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

The Issuer and the Guarantors, as applicable, have not registered and will not register the Notes or the Guarantees under the U.S. Securities Act and, therefore, the Notes and the Guarantees may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is:

- selling the Notes to the Initial Purchasers for re-offer and resale only in the United States, to QIBs; and
- offering and selling the Notes to the Initial Purchasers for re-offer and resale only outside the United States, to non-U.S. persons in offshore transactions in accordance with Regulation S.

The terms "U.S. person," "offshore transaction" and "United States" are used with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom you reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States to a non-U.S. person in a transaction complying with Regulation S, and (iii) in compliance with the registration requirements of the U.S. Securities Act or pursuant to exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set out in paragraph (5) below, in each case in accordance with any applicable securities laws of any state of the United States, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you of the resale restrictions referred to in (A) above.

(2) You are either:

  - a QIB, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB; or
  - a non-U.S. person (not purchasing for the account or benefit of a U.S. person, other than a distributor) and you are purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Guarantors or the Initial Purchasers, nor any person representing them, has made any representation to you with respect to the offer or sale of any Notes,

other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You also acknowledge that you have had access to such financial and other information concerning the Issuer and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, or Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Issuer, a Guarantor or any Subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, an exemption from the registration requirements of the U.S. Securities Act or in any transaction not subject thereto, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S"), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)] [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE

PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "U.S. PERSON," "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S."

(7) You will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in such Notes as well as to holders of such Notes.

(8) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(9) You acknowledge that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You acknowledge that until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(11) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth in this section of the Offering Memorandum and/or in the front of this Offering Memorandum under "*Notice to Prospective Investors in the United States*," "*Notice to Certain European Investors—United Kingdom*" and "*Plan of Distribution*."

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal, New York state and English law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal, New York state and English law.

INDEPENDENT AUDITORS

The audited consolidated financial statements of Nets A/S and its subsidiaries included in this Offering Memorandum as of and for the year ended December 31, 2016, and the audited consolidated financial statements of Nets Holding A/S and its subsidiaries as of and for the year ended December 31, 2015, have been audited by PricewaterhouseCoopers Statsautoriseret, independent auditors, as stated in their reports appearing herein.

The audited consolidated financial statements of Nassa Topco AS and its subsidiaries included in this Offering Memorandum as of and for the year ended December 31, 2015, and the audited consolidated financial statements of Nassa Topco AS and its subsidiaries as of and for the year ended December 31, 2014, have been audited by PricewaterhouseCoopers AS, Norway, independent auditors, as stated in their reports appearing herein.

The independent auditor's report for the audited consolidated financial statements of Nets A/S and its subsidiaries as of and for the year ended December 31, 2016 is included on pages F-6 through F-10 of this Offering Memorandum. The independent auditor's report for the audited consolidated financial statements of Nassa Topco AS and its subsidiaries as of and for the year ended December 31, 2015 is included on pages F-64 and F-65. The independent auditor's report for the audited consolidated financial statements of the Nassa Topco AS and its subsidiaries as of and for the period ended December 31, 2014 is included on pages F-62 and F-63.

You should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (including the Initial Purchasers of the Notes and you) other than to the respective company and its members as a body, with respect to such reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that you may have against the independent auditor based on its reports or the consolidated financial statements to which they relate could be limited.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and many of the Guarantors are companies incorporated in Denmark, Norway and Finland. Other Guarantors are organized under the laws of Denmark, Norway and Finland, and future Guarantors may also be organized under the laws of non-U.S. jurisdictions. Many of our directors and executive officers and many of the directors and officers of the Guarantors are non-residents of the U.S. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the U.S. on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' assets and the assets of our and their directors and executive officers are located outside of the U.S., you may be unable to enforce against them or us judgments obtained in the U.S. courts predicated on civil liability provisions of the federal securities laws of the U.S.

If a judgment is obtained in a U.S. court against us or a Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the U.S. is described below for the countries in which our Guarantors are located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the U.S.

Norway

Norwegian courts will, as a general rule, not recognize or enforce judgments rendered by a foreign court unless Norway has entered into a bilateral or multilateral treaty with the relevant country or countries regarding the recognition and enforcement of judgments and subject to the provisions of Section 19-16 of the Norwegian Dispute Act of 2005 No. 90 (*Tvisteloven*), (the "**Dispute Act**"). Due to the Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the "**Lugano Convention**"), which is incorporated into Norwegian national law, Norwegian courts will recognize as a valid judgment, and enforce, any final civil judgment obtained in a foreign court in a state that is a party to the Lugano Convention, without a further examination of the merits of the case. The exceptions stated in the Lugano Convention itself will apply.

If there is no treaty between Norway and the relevant jurisdiction regarding the recognition and enforcement of judgments, or the relevant treaty is not applicable, a judgment rendered by a foreign court (e.g., the courts of United States) may nevertheless be recognized and enforced in Norway without further examination of the merits of the case, provided that the foreign proceedings and the judgment itself fulfill the conditions stated in the Norwegian Enforcement Act of 1992 No. 86 (*Tvangsfullbyrdelsesloven*) and the Dispute Act. Where a Norwegian party has accepted the jurisdiction of a foreign court in a written agreement, any judgment rendered pursuant to that agreement will be enforceable in Norway in accordance with the provisions of Sections 4 6 and 19 16 of the Dispute Act. However, a judgment will not be recognized in Norway if such recognition would be contrary to mandatory laws or be offensive to the legal order.

Denmark

The United States and Denmark currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not be recognized or enforceable in Denmark without a review of the merits of the case.

In the predominant situations, it would be necessary to initiate legal proceedings before a Danish court for the purpose of reinvestigating the merits of the original matter decided by the U.S. federal or state courts.

Finland

The United States and Finland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not in general be recognized or enforceable in Finland.

However, if the party in whose favor the final judgment has been rendered brings a new action in a competent court in Finland, the final judgment rendered by federal or state court in the United States may be submitted to such Finnish court, but would only be regarded by the Finnish court as evidence of the outcome of the dispute to which such judgment relates and the Finnish court would still have full discretion to rehear the dispute *ab initio*.

AVAILABLE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

1. such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
2. such person has not relied on the Initial Purchasers, or any person affiliated with the Initial Purchasers, in connection with its investigation of the accuracy of such information or its investment decision; and
3. except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We have agreed in the Indenture that, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

Upon request, we will provide you with copies of the Indenture and the form of the Notes. You may request copies of such documents by contacting the Issuer at the following address: Attn: Chief Financial Officer, c/o Nets A/S, CVR-nr. 37427497, Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

LISTING AND GENERAL INFORMATION

Listing Information

We have applied to list the Notes on the Official List of the Irish Stock Exchange and for the admission of the Notes to trading on the Global Exchange Market of the Irish Stock Exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in an Irish newspaper of general circulation (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (www.ise.ie).

For so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Ireland during normal business hours on any weekday:

- the organizational documents of the Issuer and the Guarantors;
- our most recent audited consolidated financial statements, and any interim quarterly financial statements published by us;
- this Offering Memorandum; and
- the indenture relating to the Notes (which includes the form of the Notes).

We will maintain a principal paying agent in London and a transfer agent in Luxembourg for as long as any of the Notes are listed on the Irish Stock Exchange. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (www.ise.ie).

According to the Rules and Regulations of the Irish Stock Exchange, the Notes will be freely transferable on the Irish Stock Exchange in accordance with applicable law.

Clearing Information	ISIN	Common codes
Rule 144A Global Notes	XS1590046949	159004694
Regulation S Global Notes	XS1589980330	158998033

Issuer and Guarantor Information

The Issuer

Nassa Topco AS is a private limited liability company under the laws of Norway, incorporated on February 13, 2014. The Issuer has 105,000,000 ordinary shares in issue of par value DKK 1 each. Its registered address is Haavard Martinsensvei 54, 0978 Oslo, Norway.

The Guarantors

Nets A/S is a public limited liability company under the laws of Denmark, incorporated on February 5, 2016. Its registered address is Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Nets Holding A/S is a public limited liability company under the laws of Denmark, incorporated on June 30, 2003. Its registered address is Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Teller A/S is a public limited liability company under the laws of Denmark, incorporated on June 30, 2003. Its registered address is Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Nets Denmark A/S is a public limited liability company under the laws of Denmark, incorporated on January 1, 1997. Its registered address is Lautrupbjerg 10, DK-2750 Ballerup, Denmark.

Nets Oy is a limited liability company under the laws of Finland, incorporated on February 16, 1973. Its registered address is at Teollisuuskatu 21, 00510 Helsinki, Finland.

Resolutions, Authorizations and Approvals by Virtue of which the Notes have been Issued

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The issuance of the Notes was approved by resolutions of the board of directors of the Parent Guarantor on March 23, 2017.

Material Adverse Change in the Issuer's Financial Position

Except as disclosed elsewhere in this Offering Memorandum, there has been no material adverse change in our consolidated financial position since the date of our last published audited financial statements.

Litigation

Except as disclosed elsewhere in this Offering Memorandum, neither we nor any of the Guarantors is involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

INDEX TO FINANCIAL STATEMENTS

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Nets A/S 2016 Audited Financial Statements

Nets A/S 2016 Audited Financial Statements

Statement by the Board of Directors and the Executive Management on the Audited Financial Statements of Nets A/S as of and for the year ended 31 December 2016

The Audited Financial Statements of Nets A/S (together with its subsidiaries the 'Group') as of and for the year ended 31 December 2016 included in this Offering Memorandum have in all material respect been derived from the consolidated financial statements for 2016 contained in the published Annual Report as prepared and approved by the Executive Management and the Board of Directors (the 'Management') on 28 February 2017.

The comparative figures as of and for the year ended 31 December 2015 included in the Nets A/S 2016 Audited Financial Statements have been derived from the consolidated financial statements for 2015 contained in the published Annual Report of Nassa Topco AS.

The published Annual Report for 2016 have been provided with the following statement by the Executive Management and the Board of Directors on 28 February 2017:

Statement by the Board of Directors and Executive Management

The Board of Directors and the Management have today discussed and approved the annual report of Nets A/S for the financial year 2016.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further requirements according to the Danish Financial Statements Act. The financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2016, the results of the Group and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

In our opinion, the Management Review includes a true and fair account of the development in the Group's and the parent company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the parent company face.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 28 February 2017

Executive Management

Bo Nilsson *CEO*	Klaus Pederson *CFO*

Board of Directors

Inge K. Hansen *Chairman*	Jeff Gravenhorst *Vice Chairman*	James Brocklebank
Monica Caneman	Per-Kristian Halvorsen	Robin Marshall

Independent Auditor's Report on the Nets A/S 2016 Financial Statements

The Audited Financial Statements of Nets A/S (together with its subsidiaries the "Group") as of and the year ended 31 December 2016 included in this Offering Memorandum have in all material respect been derived from the consolidated financial statements for 2016 contained in the published Annual report for 2016 as prepared and approved by the Executive Management and the Board of Directors (the "Management") on 28 February 2017.

The consolidated financial statements for 2016 have been audited by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab who have provided the published Annual Report for 2016 with the following audit report on 28 February 2017:

Independent auditor's report

To the shareholders of Nets A/S

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2016 and of the results of the Group's and operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the financial statements of the parent company give a true and fair view of the parent company's financial position at 31 December 2016 and of the results of the parent company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

What we have audited

Nets' consolidated financial statements and the financial statements of the parent company for the financial year 1 January to 31 December 2016 comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the parent company and statement of comprehensive income and cash flow statement for the Group.

Collectively referred to as the "financial statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Accuracy, cut-off and classification of transaction-based revenue and settlement balances	
Nets are highly dependent upon high availability of IT systems and multiple, complex platforms as basis for the business activities, especially in relation to the processing of payments, i.e. payment solutions for merchants and card processing services as well as other transaction-based revenue, i.e. from the operation of platforms for recurrent bill payments and national ID systems	The nature of systems, processes and controls vary between the segments and therefore different audit procedures are applied. Our audit procedures include, amongst others, understanding and test of general IT controls and relevant automated system controls for systems that provide data to SAP for financial reporting. Our audit included transaction-based revenues and clearing/settlement receivables and liabilities.
Recognition of transaction-based revenue and settlement balances arising in the payment processing cycle may be misstated or not presented in the correct financial	IT audit experts were used throughout the audit process.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
period. Furthermore, the settlement balances may be inappropriately classified within the balance sheet. The complexity of the IT system infrastructure and the need for partly manual processing of certain revenue streams introduce a risk of incomplete and inaccurate recognition of revenues from the processing of payments and other transaction-based revenue. The significant number of transactions processed in the year requires a correct IT outcome. The clearing/settlement activities are highly dependent on the configuration of IT systems and manual controls to ensure complete and accurate reconciliation of transactions forming the settlement balances and creditors. We focused on this area because of the complexity and dependency of the systems used and the high number of transactions. Refer to note 2.1 Revenue and note 3.2 Clearing-related balances.	We tested general IT controls related to access to programs and data, program change and development in order to address the risk of unauthorised changes being made to the operation of IT application controls. We assessed the design, implementation and operating effectiveness of relevant IT application controls and tested that the systems are configured appropriately. We have identified and tested relevant internal controls and underlying reconciliations. We also tested the manual and automated controls for reconciliation of settlement accounts to underlying documentation. Substantive testing of contracts and analytical procedures were performed where appropriate to identify incomplete capture of revenue.
Goodwill and other intangibles	
In accordance with IAS 36, the Group monitors the carrying value of goodwill and other intangibles if indications of impairment. The Group performs annual impairment reviews for goodwill, other intangibles where there are indicators of impairment. Impairment reviews require significant judgement from the Management and are inherently based on assumptions in respect of future profitability. If the carrying value of these assets exceed their recoverable amount there is a risk of material misstatement in the carrying value of these assets. We focused on this area because the impairment assessments of these assets are dependent on complex and subjective judgements by Management. Refer to note 4.2 Intangible assets and note 4.4 Impairment test.	We considered whether there were any indications of impairment in respect of intangible assets. We challenged the appropriateness of the key assumptions used in the discounted cash flow models prepared by Management and applied sensitivities to assess the potential impairment of goodwill. No indications of impairment were identified for other intangibles. Special focus was given to key drivers of the future cash flows, including growth in net revenues, efficiency improvements, capital expenditure and working capital, as well as the discount rates and long-term growth rates applied. In addition hereto test of data quality and quality of estimates was performed. We considered the appropriateness of the related disclosure provided in the consolidated financial statements.
Development costs	
Developments cost are capitalised when the criteria in IAS 38 are met. Capitalisation of development costs requires strong internal procedures and involves significant judgement and estimates to be made which increases the inherent risk of misstatements. In accordance with IAS 36, the Group monitors the expected carrying value for development projects in progress and performs regular impairment reviews. Assessing whether all capitalisation criteria are met requires significant judgement from the Management and are inherently based on assumptions in respect of future events to occur.	We considered whether all criteria are met as basis for the capitalisation of development projects in progress. We evaluated procedures and relevant internal controls to ensure correct accounting for development projects and performed substantive audit procedures to verify capitalised amounts. We challenged the appropriateness of the key assumptions applied and the probability for that key future events will occur. Our work was based on our understanding of the commercial prospects of the developments projects in progress. IAS 36 also requires Management to test development projects in progress for impairment. We selected a sample of projects not yet launched at the

Key Audit Matter	How our Audit Addressed the Key Audit Matter
We focused on this area because the assessment of whether the capitalisation criteria are met and impairment reviews require significant judgement from Management and are inherently based on assumptions in respect of future profitability.	balance sheet date and challenged whether there remains a future intent to launch and that they will generate probable future economic benefit exceeding the expected carrying value for the completed development projects.
Refer to note 4.2 Intangible assets.	We considered the appropriateness of the related disclosure provided in the consolidated financial statements.

Statement on Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether the Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the consolidated financial statements and financial statements of the parent company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements in Management's Review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements and for the preparation of the financial statements of the parent company that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark 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 based on these financial statements.

As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 28 February 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Mikkel Sthyr
State Authorised Public Accountant

Rasmus Friis Jørgensen
State Authorised Public Accountant

Consolidated income statement

	Note	2016	2015
		DKKm	
Revenue, gross	2.1	10,084	9,040
Interchange fees and processing fees		(2,699)	(2,204)
Revenue, net of interchange fees and processing fees	**2.1**	**7,385**	**6,836**
Cost of sales		(963)	(983)
External expenses		(1,769)	(1,732)
Staff costs	2.4	(2,034)	(1,873)
Operating profit before depreciation and amortisation (EBITDA) before special items		**2,619**	**2,248**
Special items		(345)	(538)
Special items—IPO-related costs	2.3	(261)	—
Operating profit before depreciation and amortisation (EBITDA)		**2,013**	**1,710**
Amortisation of business combination intangibles & impairment losses	4.2 & 4.3	(654)	(627)
Underlying depreciation and amortisation	4.2 & 4.3	(416)	(271)
Operating profit (EBIT)		**943**	**812**
Profit from associates after tax	4.5	4	(3)
Fair value adjustment of Visa Shares	7.2	413	2,428
Fair value adjustment on liability related to Visa Shares	7.2	(448)	(1,913)
Fair value adjustment of Visa Shares related to Teller Branch Norway	7.2	185	
Financial income and expenses, net	5.3	(1,055)	(801)
Financial expenses—refinancing costs	5.3	(738)	—
Net financials		**(1,639)**	**(289)**
Profit before tax		(696)	523
Income taxes	6.1	112	(404)
Net profit for the year		**(584)**	**119**
Profit is attributable to:			
Owners of Nets A/S		(601)	97
Non-controlling interests		17	22
		(584)	**119**
Earnings per share for profit attributable to the owners of Nets A/S (DKK)			
Basic and diluted earnings per share	5.1	(3.0)	171.1
NON-GAAP PERFORMANCE MEASURES			
Operating profit before depreciation and amortisation (EBITDA) before special items		2,619	2,248
Underlying depreciation and amortisation		(416)	(271)
Adjusted EBIT		**2,203**	**1,977**
Adjusted net financials		(908)	(967)
Adjusted tax, 23%		(298)	(232)
Adjusted net profit for the year		**997**	**778**

Consolidated statement of other comprehensive income

	Note	2016	2015
		DKKm	
Net profit for the year		**(584)**	**119**
Other comprehensive income:			
Items that will not be reclassified subsequently to the consolidated income statement:			
Actuarial gains/(loss) on defined benefit pension plans	7.1	(6)	3
Tax		—	(0)
Total items never reclassified to the consolidated income statement		**(6)**	**3**
Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:			
Currency translation adjustments, foreign enterprises		(33)	(119)
Reclassification of interest swap to the consolidated income statement		15	—
Net gains/(loss) on cash flow hedges		36	6
Total items that may be reclassified to the consolidated income statement subsequently		**18**	**(113)**
Other comprehensive income for the year, net of tax		**12**	**(110)**
Total comprehensive income for the year, net of tax		**(572)**	**9**
Total comprehensive income for the year is attributable to:			
Owners of Nets A/S		(580)	(11)
Non-controlling interests		8	20
		(572)	**9**

Consolidated balance sheet as at 31 December

	Note	2016	2015
		DKKm	
ASSETS			
Non-current assets			
Goodwill	4.2	14,720	14,646
Other intangible assets	4.2	4,198	4,722
Plant and equipment	4.3	383	263
Investment in associates	4.5	231	227
Derivative financial instruments		27	—
Deferred tax asset	6.1	376	205
Total non-current assets		**19,935**	**20,063**
Current assets			
Inventories	3.1.1	66	67
Trade and other receivables	3.1.2	801	832
Clearing-related assets	3.2	4,477	3,705
Prepayments		194	153
Other financial assets	7.2	957	2,428
Cash and cash equivalent	3.3	1,869	2,310
Total current assets		**8,364**	**9,495**
Total assets		**28,299**	**29,558**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.1	200	50
Reserves		9,405	4,266
Equity, owners of Nets A/S		**9,605**	**4,316**
Non-controlling interests		201	664
Total equity		**9,806**	**4,980**
Non-current liabilities			
Borrowings	5.2	9,106	14,573
Pension liabilities, net	7.1	66	59
Deferred consideration for business combinations		284	163
Derivative financial instruments		—	24
Deferred tax liabilities	6.1	851	1,480
Total non-current liabilities		**10,307**	**16,299**
Current liabilities			
Borrowings	5.2	223	—
Bank overdraft	5.2	91	—
Trade and other payables	3.1.3	1,614	1,863
Clearing-related liabilities	3.2	5,135	4,483
Other financial liabilities	7.2	1,064	1,913
Current tax liabilities		59	20
Total current liabilities		**8,186**	**8,279**
Total liabilities		**18,493**	**24,578**
Total equity and liabilities		**28,299**	**29,558**

Consolidated statement of cash flows for the year

	Note	2016	2015
		DKKm	
Operating profit (EBIT)		943	812
Depreciation, Amortisation & Impairment losses	4.2 & 4.3	1,070	898
Other non-cash items		6	(21)
Change in narrow working capital	3.1	67	64
Interest and similar items, net		(2,119)	(568)
Tax paid	6.1	(653)	(80)
Net cash flow from operating activities excluding clearing-related balances		**(686)**	**1,105**
Change in clearing-related balances	3.2.1	(120)	989
Net cash from operating activities		**(806)**	**2,094**
Purchase of intangible assets	4.2	(391)	(394)
Purchase of plant and equipment	4.3	(255)	(145)
Proceeds from sale of plant and equipment		—	—
Proceeds from sale of investments		—	18
Purchase of investments	4.1	(70)	(1,570)
Proceeds from Visa Shares	7.2	2,070	—
Payment of proceeds from Visa Shares	7.2	(1,287)	—
Dividends received	4.5	—	10
Net cash from investing activities		**67**	**(2,081)**
Proceeds from capital increase		—	25
Proceeds from primary		5,500	—
Base fee in connection with primary		(70)	—
Proceeds from borrowings		9,040	1,636
Repayment of borrowings		(14,466)	(1,079)
Settlement of interest swap		(15)	—
Net cash flows from financing activities exclusive of clearing-related activities		**(11)**	**582**
Borrowings (clearing-related)		223	—
Net cash flows from financing activities		**212**	**582**
Net cash flow for the year		**(527)**	**595**
Cash and cash equivalents as at 1 January		2,310	1,730
Exchange gains/(loss) on cash and cash equivalents		(5)	(15)
Net cash and cash equivalents as at 31 December		**1,778**	**2,310**
Bank overdraft (clearing-related balances)		91	—
Bank overdraft (own cash)		—	—
Cash and cash equivalents at at 31 December	3.3	**1,869**	**2,310**
NON-GAAP PERFORMANCE MEASURES			
Net cash and cash equivalents as at 31 December		1,778	2,310
Clearing-related assets as at 31 December		4,477	3,705
Clearing-related liabilities as at 31 December		(5,135)	(4,483)
Cash related to pass through Visa proceeds	7.2	(194)	—
Borrowings (Clearing-related)		(223)	—
Own cash as at 31 December		**703**	**1,532**
Own cash as at 1 January		**1,532**	**1,926**
Net cash flow from operating activities, excluding clearing-related balances		(686)	1,105
Net cash from investing activities in the year		67	(2,081)
Net cash flows from financing activities, excluding clearing-related activities		(11)	582
Net cash flow from pass through Visa proceeds	7.2	(194)	—
Exchange gains/(loss) on cash and cash equivalents		(5)	—
Own cash as at 31 December		**703**	**1,532**

Consolidated statement of changes in equity as at 31 December

2016	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	Equity, owners of Nets A/S	Non-controlling interests	Total equity
				DKKm			
Equity as at 1 January	50	(39)	(227)	4,532	**4,316**	664	**4,980**
Net profit for the year	—	—	—	(601)	**(601)**	17	**(584)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR							
Actuarial losses related to defined benefit pension plans	—	—	—	(6)	**(6)**	—	**(6)**
Tax	—	—	—	—	**—**	—	**—**
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**
Total comprehensive income for the year	**—**	**51**	**(24)**	**(607)**	**(580)**	**8**	**(572)**
Capital increase (share exchange)	113	—	—	358	**471**	(471)	**—**
Capital increase (sale of primary)	37	—	—	5,463	**5,500**	—	**5,500**
IPO-related costs	—	—	—	(170)	**(170)**	—	**(170)**
Share-based payments (Employee share bonus)	—	—	—	60	**60**	—	**60**
Share-based payments	—	—	—	8	**8**	—	**8**
Total changes in equity	**150**	**51**	**(24)**	**5,112**	**5,289**	**(463)**	**4,826**
Equity as at 31 December	**200**	**12**	**(251)**	**9,644**	**9,605**	**201**	**9,806**

Consolidated statement of changes in equity as at 31 December

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

Contents

With the aim of providing enhanced information and a better understanding of the Group's financial results, position and cash flows, the notes to the consolidated financial statements for the period ended 31 December 2016 have been structured into key themes. Further, to provide additional context to the IFRS financial statements and disclosures, narrative comments have been placed adjacent to the disclosures in the relevant theme section. The notes are presented in the following themes:

- Basis of preparation
- Earnings
- Working capital
- Strategic investment and divestment
- Funding and capital structure
- Tax and Governance
- Other disclosures

Contained within the narrative comments information is a financial analysis which is used by Executive Management in the monitoring of the business.

For ease of reference, an overview of how the financial statement disclosure notes have been allocated to each of the respective themes is set out below.

Section 1: Basis of preparation

1.1 Reorganisation

The shareholders of Nassa Topco AS have, prior to the IPO, exchanged all shares in Nassa Topco AS for new shares in Nets A/S via a share-for-share exchange. Nets A/S is hereafter the new parent of the Group. Comparative figures in the Group annual report correspond to the Nassa Topco AS annual report 2015.

1.2 Basis of preparation

The basis of preparation relates to the accounting framework which Executive Management has applied in the preparation of the consolidated financial statements of Nets A/S.

International Financial Reporting Standards (IFRS), as adopted by the European Union, and further requirements in the Danish Financial Statements Act have been applied in the preparation of these consolidated financial statements. Included within these financial statements are the following disclosures which are non-IFRS:

- Adjusted EBIT
- Adjusted net profit
- Own cash

The Company is incorporated and registered in Denmark, and the functional currency of the parent company and the presentational currency of the Group is Danish kroner (DKK). All values are rounded to the nearest million, except when otherwise indicated.

The accounting policies described in the financial statements have been applied consistently in each of the periods presented.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

1.3 Summary of key accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires 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 evaluated, and are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Executive Management considers the following estimates and related judgements material to the assets and liabilities recognised in the consolidated financial statements; these are described in further detail adjacent to the relevant disclosure note.

- Business combinations (Note 4.1)
- Useful life of customer agreements (Note 4.2)
- Recoverable amount of goodwill and capitalised development projects (Note 4.4)
- Tax (Note 6.1)
- Value of Visa shares and related contingent consideration liability (Note 7.2)

1.4 Changes in accounting policies and disclosures—new and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. None of these amendments have had any material impact on the Group. A summary of standards issued but not yet effective is included in Note 7.4.

Accounting policies pervasive to the consolidated financial statements

1.5 Basis for consolidation

The consolidated financial information incorporates the financial information of the Group and entities controlled by the Company (its subsidiaries). Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Potential voting rights are included in the assessment of whether the Group has power over an entity. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which the Group obtains control or up to the date on which the Group ceases to have control, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.6 Foreign currency translation

Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial information is presented in Danish kroner (DKK), which is also the functional and presentational currency of the parent company.

On recognition of foreign branches which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Items in the consolidated income statements are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation of Group companies

Financial information of foreign subsidiaries is translated into Danish kroner at the exchange rates prevailing at the end of the reporting period for assets and liabilities, and at average exchange rates for consolidated income statement and other comprehensive income items.

All effects of exchange rate adjustment are recognised in the consolidated income statement, with the exception of exchange rate adjustments of investments in subsidiaries arising from:

- the translation of foreign subsidiaries' net assets including goodwill recognised at acquisition date, at the beginning of the year at the exchange rates at the end of the reporting period;
- the translation of foreign subsidiaries' income statements using average exchange rates, whereas balance sheet items are translated using the exchange rates prevailing at the end of the reporting period;

The above exchange rate adjustments are recognised in other comprehensive income.

Section 2: Earnings

This section contains disclosure information related to the revenue, staff costs and earnings development of the Group. This section also discloses information regarding foreign currency exposure.

Note 2.1—Revenue

Significant accounting policies

Revenue recognition

The Group earns revenue from its customers predominantly on a transactional basis and on a non-transactional basis:

Transaction-based revenue—includes revenue generated through a combination of (a) a fee per transaction processed (which represents the primary revenue model in the Corporate Services and the Financial & Network Services segments) and (b) an ad valorem fee based on the value of transactions acquired (which represents the primary revenue model of the Merchant Services segment).

Non-transaction-based revenue—includes revenue generated through provision of subscription-based fees related to the sale and rental of point-of-sale (POS) and related solutions and fees related to the sale of value-added services and revenue from development projects across all three business segments.

Revenue from transaction service charges, transaction processing and similar services is recognised as revenue when services are performed.

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances.

Rental income arising from leases of terminals is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

Revenues from services obligations to be provided over a period of time are initially deferred and then recognised on a straight-line basis over the period during which the services are provided.

Revenue is recognised as the gross amount excluding VAT, taxes and duties and discounts in relation to the sale. Revenue is measured at the fair value of the consideration received or receivable.

Interchange fees and processing fees

Interchange fees and processing fees are the accumulated total of all fees directly related to creating a transaction service charge and sales of other services. This represents interchange fees, processing fees, sales commission, network fees and handling fees.

Specification of revenue

	2016	2015
	DKKm	
GROSS REVENUE PER TRANSACTION TYPE		
Transaction services	8,890	7,797
Non-transactional services	1,194	1,243
Total	**10,084**	**9,040**
GROSS REVENUE PER BUSINESS AREA		
Merchant Services	4,519	3,539
Financial & Network Services	2,763	2,730
Corporate Services	2,802	2,771
Total	**10,084**	**9,040**
NET REVENUE PER BUSINESS AREA		
Merchant Services	2,317	1,866
Financial & Network Services	2,273	2,206
Corporate Services	2,795	2,764
Total	**7,385**	**6,836**
GROSS REVENUE PER GEOGRAPHICAL AREA		
Denmark	4,808	4,541
Norway	2,753	2,611
Finland	1,354	1,245
Sweden	1,071	589
Baltics	98	54
Total	**10,084**	**9,040**
NET REVENUE PER GEOGRAPHICAL AREA		
Denmark	3,576	3,379
Norway	2,314	2,253
Finland	885	809
Sweden	542	341
Baltics	68	54
Total	**7,385**	**6,836**

The geographical breakdown of revenue is based on the location of the legal entities and branches in the Group. Comparable figures for 2015 are adjusted to reflect this definition.

Note 2.2—Segment information

Description of segments

Nets is a leading provider of payment services and related technology solutions across the Nordic region. We operate in the centre of the payment ecosystem and operate a secure, reliable and deeply entrenched network, which connects merchants, corporations, 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. Our primary focus is on the Nordic region.

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 allows us to be a one-stop shop for merchants in the countries in which we operate.

Financial & Network Services provides out-sourced processing services to more than 240 issuers of payment cards, primarily banks across the Nordic region as well as complementary services, including card 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 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.

Segment information provided to the Executive Management

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

2016	Merchant Services	Financial & Network Services	Corporate Services	Group
		DKKm		
Income statement				
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 before special items margin	34.2%	39.3%	33.4%	**35.5%**
Reconciliation of EBITDA before special items to profit before tax:				
Special items				**(606)**
Amortisation, depreciation and impairment losses				**(1,070)**
Finance items—net				**(1,639)**
Profit before tax				**(696)**

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

Note 2.3—Costs and Special items

Significant accounting policies

Cost of sales

Cost of sales is the accumulated total of all costs related to products and services which have been sold. This represents mainly the cost of terminals sold and decentralised production costs.

External expenses

External expenses incurred in generating the revenue for the year comprise IT operation, operating leases for software, maintenance and development costs that do not qualify for capitalisation, lease expenses and other marketing, sales and distribution costs, loss and card fraud.

Immaterial other gains and losses of a nature secondary to the main activities of the Group are recognised within external expenses.

Special items

Special items are costs or income that are recognised in the income statement which cannot be attributed directly to the Group's ordinary activities. Such costs and income include the cost of extensive restructuring or processes and fundamental structural adjustment and IPO-related costs. They are therefore separately disclosed to allow a more comparable view of underlying trading performance.

Key accounting estimates and judgements

The use of special items entails Management judgement in the separation from other items in the income statement. Management carefully considers such changes in order to ensure the correct distinction between the operating activities and restructuring of the Group carried out to enhance the future earnings potential.

Special items in the year amounted to DKK 776 million (2015: DKK 538 million) and included the following costs:

Special items

	2016			2015		
	External expenses	**Staff costs**		**External expenses**	**Staff costs**	
			DKKm			
Reorganisation and restructuring costs	—	113	**113**	8	151	159
Costs associated with business set-ups, acquisitions and disposals	14	—	**14**	44	—	44
Transformation programme	202	17	**219**	315	38	353
IPO-related costs	183	78	**261**	—	—	—
Other costs and income, net	(1)	—	**(1)**	(18)	—	(18)
Total special items, income statement	**398**	**208**	**606**	**349**	**189**	**538**
IPO-related costs	170	—	**170**	—	—	—
Total special items, equity	**170**	**—**	**170**	**—**	**—**	**—**
Total special items	**568**	**208**	**776**	**349**	**189**	**538**

Reorganisation and restructuring costs

Costs of reorganisation and restructuring amounted to DKK 113 million (2015: DKK 159 million) and mainly include costs related to termination of employees as part of making Nets more cost-efficient and competitive in meeting the strategy of being operationally excellent.

Costs associated with business set-ups, acquisitions and disposals

Costs associated with business set-ups, acquisitions and disposals amounted to DKK 14 million (2015: DKK 44 million) and include costs related to external advisors in connection with acquisitions.

Transformation programme

Costs related to the transformation programme amounted to DKK 219 million (2015: DKK 353 million) and included costs related to the launch and execution of the transformation programme. These costs related to the development of a target operating model, and investments in security and stability programmes as well as the implementation of cost optimisation programmes related to technology, operations and procurement. The cost of third-party consultants represents the majority of the costs relating to the transformation programme.

Ipo-related costs

IPO-related costs amounted to DKK 431 million of which DKK 261 million affecting the income statement and DKK 170 million affecting Equity and comprised costs for external advisors—mainly fees to bookrunners, lawyers, auditors and other advisors, as well as transaction bonuses, employee share bonus and retention bonus of total DKK 78 million. Advent Funds and the Bain Capital Funds and ATP Investment Vehicles have invoiced the Group for consulting and other advisory service fees of DKK 82 million in connection with the IPO.

Note 2.4—Staff costs

Significant accounting policies

Staff costs

Wages, salaries, pension contributions, social security contributions, annual leave and sick leave and bonuses are recognised in the year in which the associated services are rendered by employees of the Group.

	2016	2015
	DKKm	
STAFF COSTS		
Wages and salaries	1,742	1,716
Share-based payment cost—reference Note 6.3	68	—
Pensions—defined contribution plans	191	180
Pensions—defined benefit obligations—reference Note 7.1	5	5
Other social security contributions	125	115
Other employee costs	205	200
Total employee costs for the year	**2,336**	**2,216**
Employee costs included in development projects	94	154
Total employee costs expensed in the income statement	**2,242**	**2,062**
Employee costs included in special items	208	189
Total employee costs included in EBITDA before special items	**2,034**	**1,873**
Actuarial losses recognised in other comprehensive income—reference Note 7.1	(6)	(3)
Average number of full-time employees	2,454	2,513
Year-end number of full-time employees	2,427	2,413

Information about remuneration to the Board of Directors, Executive Management and Group Management is disclosed in Note 6.2.

Note 2.5—Foreign currency exposure

Transaction risk

The Group operates predominantly in northern Europe. Hence, it is primarily exposed to exchange-rate risks from NOK and SEK, and to a minor degree USD, GBP and ISK. EUR-based exposure is considered low, given the de facto fixed-rate policy Denmark maintains against the euro. The Group has only minor exposure to currencies other than those mentioned above.

Foreign currency risk is managed at Group level, focusing on two distinct areas: business activities and Group financial assets and liabilities.

Business activities

There is exchange-rate exposure associated with settlement assets and settlement obligations; however, the exposure is limited, as card transactions are generally executed and settled in the same currency and in the same timeframe. Discrepancies in outflow and inflow of clearing funds result in the Group trading currencies on an ongoing basis to settle these.

Group financial assets and liabilities

The Group holds assets and liabilities in foreign currency, mainly in two different classes, which are as follows:

- Cash at bank—the Group has cash at bank which is in different currencies relevant to underlying card-clearing structure. This and the Group's own cash are not being hedged.
- Borrowings—the Group has term loans denominated in euros and norwegian kroner (refer to Note 5.2 for further information).

Foreign exchange sensitivity analysis

The Group's exposure to foreign currency fluctuations is summarised in the following tables.

A probable change in the following currencies would hypothetically impact the Group's revenue and operating profit before depreciation and amortisation for the year as outlined in the table below:

	Probable change in currency	2016 Net revenue	2015	2016 EBITDA	2015
		DKKm			
NOK	10%	225	223	79	79
SEK	10%	73	54	39	24
EUR	1%	9	9	3	2

A probable change in the following currencies against the currencies as at the balance sheet date would have the following hypothetical impact on profit before tax and the Group's equity, based on the exposure of balances in foreign currency. Development in the hypothetical impact on profit before tax is given by a changed capital structure reference Note 5.2.

Exchange rate	2016			2015		
Key currencies	NOK	SEK	EUR	NOK	SEK	EUR
	DKK per 100					
Average	80.18	78.63	744.52	83.43	79.74	745.86
End of year	81.82	77.85	743.44	77.61	81.22	746.25
Year-end change	5.4%	(4.1)%	(0.4)%	(5.7)%	3.4%	0.3%

Exposure of balances in foreign currency	Cash and cash equivalents	Goodwill	Receivables[1]	Borrowings	Liabilities[2]	Net assets[3]	Probable change in currency	Hypothetical impact on profit before tax	Hypothetical impact on equity
					DKKm				
2016									
NOK	953	1,252	1,114	(2,892)	(1,679)	**(1,252)**	10%	(278)	(125)
SEK	846	1,210	(25)	—	(215)	**1,816**	10%	37	182
EUR	408	1,457	1,770	(1,324)	(2,128)	**183**	1%	(17)	2
Total	**2,207**	**3,914**	**2,859**	**(4,216)**	**(4,022)**	**747**			
2015									
NOK	1,003	1,147	783	(1,916)	(1,436)	(419)	10%	(170)	(42)
SEK	454	1,263	603	(203)	(295)	1,822	10%	31	182
EUR	698	1,466	836	(8,749)	(1,131)	(6,880)	1%	(71)	(69)
Total	**2,155**	**3,876**	**2,222**	**(10,868)**	**(2,862)**	**(5,477)**			

1 Receivables include settlement assets.
2 Liabilities include settlement obligations and merchant creditors.
3 A large part of the balances in foreign currency is naturally hedged by the underlying business activities.

Section 3: Working capital

The working capital of the Group comprises narrow working capital and clearing-related balances.

Narrow working capital comprises inventory (primarily terminals, spare parts, etc.), trade receivables, prepayments and other receivables and trade and other payables. Management actively focuses on optimising the narrow working capital requirements of the Group's operations.

Clearing-related balances comprises the aggregate of settlement assets less the aggregate of merchant creditors and settlement obligations, as these balances have a tendency to offset each other.

However, Management has limited ability to influence the working capital of clearing-related balances on a day-to-day basis, as these are principally driven by the volume of transactions and the time elapsed since the last clearing of financial issuers/card schemes, which is why these balances fluctuate from reporting date to reporting date. A description of the components in the clearing-related balances and the key drivers behind their respective amounts is described in Note 3.2.

Separate credit lines have been established to cover day-to-day fluctuations ref. Note 5.2.

Significant accounting policies

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Loans and receivables

This category is the most relevant to the Group and applies to trade and other receivables and clearing-related assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Interest income arising under the EIR method is recognised in financial income in the income statement. Losses arising from impairment are recognised in the income statement in external expenses.

Financial assets at fair value through profit or loss

Listed securities are classified as held for trading and are measured at fair value through profit or loss.

Impairment of financial assets

Disclosures relating to impairment of financial assets are provided in the following notes:

- Trade receivables—Note 3.1.2
- Clearing-related assets—Note 3.2

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the expected net realisable value is lower than cost, inventories are written down to this lower value.

Trade and other payables

Amounts are initially recognised at fair value. Subsequently, these items are measured at amortised cost.

The allowances are deducted from the carrying amount of Trade receivables and the amount of the loss is recognised in the income statement under External expenses.

Trade and other receivables

Amounts are initially recognised at fair value and subsequently measured at amortised cost, less allowances for doubtfull trade receivables.

The allowances are deducted from the carrying amount of Trade receivables and the amount of the loss is recognised in the income statement under External expenses.

Note 3.1—Change in narrow working capital

	2016	2015
	DKKm	
CHANGE IN NARROW WORKING CAPITAL		
Inventories	(8)	17
Trade receivables	34	(162)
Prepayments and other receivables	(41)	30
Trade and other payables	82	179
Total change in narrow working capital	**67**	**64**

Note 3.1.1—Inventories

	2016	2015
	DKKm	
INVENTORIES		
Finished goods and merchandise	76	68
Total inventories (gross)	**76**	**68**
Inventory write-downs at year-end	(10)	(1)
Total inventories (net)	**66**	**67**
MOVEMENTS IN THE INVENTORY WRITE DOWNS		
Inventory write-downs as at 1 January	(1)	(7)
Inventory write-downs during the year	(9)	—
Provisions used	—	6
Exchange differences	—	—
Inventory write-downs as at 31 December	**(10)**	**(1)**

Write-downs of inventories to net realisable value amounted to DKK 9 million net (2015: DKK 0 million) and are included in cost of sales.

Note 3.1.2—Trade and other receivables

	2016	2015
	DKKm	
TRADE RECEIVABLES		
Trade receivables	714	647
Allowances for doubtful debts	(14)	(17)
Trade receivables, net	**700**	**630**
Other receivables	101	202
Total	**801**	**832**
Allowances for doubtful debts as at 1 January	(17)	(8)
Impairment losses	6	8
Adjustment of provision for bad debt	(5)	(16)
Exchange rate adjustment	2	(1)
Allowances for doubtful debts as at 31 December	**(14)**	**(17)**
Receivables past due but not impaired	**72**	**91**
Receivables past due but not impaired can be specified as follows:		
Receivables past due less than 6 months	68	80
Receivables past due between 6 and 12 months	4	6
Receivables past due more than 12 months	—	5
Total	**72**	**91**

Related credit risk

The Group is exposed to credit risks related to the trade receivables. Exposure is considered minimal. The base consists of a large number of customers, both banks and merchants, spread across diverse industries and geographical areas which minimises the credit risk.

Note 3.1.3—Trade and other payables

	2016	2015
	DKKm	
TRADE AND OTHER PAYABLES		
Trade payables	593	465
Prepayments from customers	82	162
Payables from associates	6	3
Other liabilities	933	1,233
Total	**1,614**	**1,863**
OTHER LIABILITIES		
Employee costs payable	513	436
Other payables	413	398
Interest payable	—	331
VAT and duties payable	7	68
Total	**933**	**1,233**

Note 3.2—Change in clearing-related balances

	2016	2015
	DKKm	
CLEARING-RELATED ASSETS		
Settlement assets	4,477	3,705
Total	**4,477**	**3,705**
CLEARING-RELATED LIABILITIES		
Merchant creditors	2,622	2,066
Settlement obligations	2,513	2,417
Total	**5,135**	**4,483**

The carrying amount of clearing-related balances is in general, driven by a combination of card turnover, average settlement days and timing of settlement.

Settlement assets consist primarily of the Group's receivables from the card schemes/networks/banks for transactions processed on behalf of merchants or card issuing banks.

Merchant creditors consists primarily of the Group's liability to merchants for transactions that have been processed but not yet settled. Certain settlement terms towards merchants exceed settlement terms towards the remittance from card scheme/banks, thus creating negative working capital.

Settlement obligations consist primarily of the Group's obligations to the card schemes/networks for transactions made by cardholders who are customers in issuing banks for whom the Group processes transaction. The settlement assets and settlement obligations are primarily clearing transactions and fees that are cleared at the beginning of the following month with card issuers and card acquirers respectively.

Note 3.2.1—Change in clearing-related balances

	2016	2015
	DKKm	
CHANGE IN CLEARING-RELATED BALANCES		
Change in settlement assets	(772)	166
Change in settlement obligations	96	—
Change in cardholder receivables	—	1,221
Change in cardholder prepayments	—	(14)
Change in merchant creditors	556	(384)
Total	**(120)**	**989**

Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations, resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to the risk of unpaid merchant service charges where a customer ceases to trade. To manage this risk, the Group maintains credit risk exposure in line with approved appetite for risk whilst achieving appropriate risk versus reward performance and ensuring that customers will be able to meet their obligations to the Group. In addition, the Group is exposed to chargebacks that arise where customers may not have received the goods or services for which they have paid and seek recompense from the card issuer. Whilst the financial responsibility for a charge-back lies with the merchant, in the event that the merchant is no longer in business, the Group has a liability to re-compensate the card scheme or the issuing bank.

Note 3.3—Cash and cash equivalents

Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprises cash, and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

	2016	2015
	DKKm	
Cash at bank and on hand	1,869	2,310
Cash and cash equivalents as at 31 December	**1,869**	**2,310**
Bank overdrafts	(91)	—
Net cash and cash equivalents as at 31 December	**1,778**	**2,310**
Restricted cash included in cash at bank and on hand	37	31

The credit rating of the banks to which the Group has the largest exposure is monitored on a continuous basis. The Group has entered into cash pool arrangements covering all Group entities.

Note 3.4—Financial risk management

Liquidity and financing risk management

Liquidity management is executed on an ongoing daily basis, ensuring availability of required liquidity of the Group by appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities.

The Group has established cash pooling arrangements to ensure cost-efficient and secure cash management. The Group continuously monitors actual and future cash flows to match the maturity profiles of financial assets and liabilities.

A part of the Group's liquidity position relates to its settlement activities (settlement cash). The Group ensures that it has sufficient liquidity at any time to meet its settlement payment obligations as they fall due. This is achieved by holding significant cash balances and maintaining sufficient credit lines.

Settlement cash

The Group's acquiring business has a short-term settlement cycle where card schemes (predominantly Visa/MasterCard) remit cash and the Group pays merchants from these remittances.

The settlement activities can result in a significant increase in cash balances or a significant decrease in cash balances. Liquidity is needed only when merchants are remitted prior to funds being received; however, the settlements are normally performed within a few days.

The Group's issuing business has also a short-term settlement cycle where the network (local banks) remits cash and the Group pays the card acquirer or card schemes. The settlements can result in a significant increase in cash balances or a significant decrease in cash balances. Liquidity risks occur when card acquirers are paid prior to funds being received from the network (local banks); however, settlements are normally performed within a few days.

Maturity analysis

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities, with agreed payment periods:

2016	Note	< 1 month	1-3 months	3-12 months	> 1 year	Total
				DKKm		
Trade and other receivables		769	32	—	—	**801**
Settlement assets		4,477	—	—	—	**4,477**
Total financial assets at the end of the year by maturity		**5,246**	**32**	**—**	**—**	**5,278**
Borrowings	5.2	(314)	(35)	(177)	(9,460)	**(9,986)**
Trade and other payables		(655)	(379)	(579)	(1)	**(1,614)**
Merchant creditors		(2,622)	—	—	—	**(2,622)**
Settlement obligations		(2,513)	—	—	—	**(2,513)**
Deferred consideration for business combinations		—	(41)	—	(243)	**(284)**
Total financial liabilities at the end of the year by maturity		**(6,104)**	**(455)**	**(756)**	**(9,704)**	**(17,019)**

2015	Note	< 1 month	1-3 months	3-12 months	> 1 year	Total
				DKKm		
Trade and other receivables		753	79	—	—	**832**
Settlement assets		3,705	—	—	—	**3,705**
Total financial assets at the end of the year by maturity		**4,458**	**79**	**—**	**—**	**4,537**
Borrowings	5.2	(2)	(127)	(293)	(22,375)	**(22,797)**
Trade and other payables		(533)	(578)	(752)	—	**(1,863)**
Merchant creditors		(2,066)	—	—	—	**(2,066)**
Settlement obligations		(2,417)	—	—	—	**(2,417)**
Deferred consideration for business combinations		—	—	—	(163)	**(163)**
Total financial liabilities at the end of the year by maturity		**(5,018)**	**(705)**	**(1,045)**	**(22,538)**	**(29,306)**

The maturity analysis is based on undiscounted cash flows, including estimated interest. Interest is included based on current rates. Operating lease obligations are disclosed in Note 5.5. A more detailed maturity analysis of the Group loans is disclosed in Note 5.2.

Section 4: Strategic investment and divestment

This section includes disclosure information related to how the Group executed its growth strategy related to:

- Expansion of geographic and service offering footprint through acquisitions
- Development of innovative product and service offerings

Strategic acquisitions

The Group is actively committed to renewing and supplementing the portfolio of services offered and to strengthening our geographic footprint.

This section provides information on the consideration paid by the Group for acquiring these entities and shows how these businesses have impacted the Group's balance sheet at their respective acquisition dates, including details on goodwill and other intangible assets acquired.

Investments in development projects

Nets' vision is "Powering digital payments". The Group continuously innovates to bring to market products and services relevant to our focus areas in new payment instruments, analytics and authentication.

This section includes financial information related to expenditure on development projects.

Note 4.1—Business combinations

Significant accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at either at fair value (full goodwill) or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable assets.

Any contingent consideration to be transferred is measured at fair value at the acquisition date. Acquisition-related costs are expensed as and when incurred within external expenses and staff costs (special items).

At the acquisition date, the identifiable assets acquired and the liabilities, including contingent liabilities assumed, are recognised at their fair value at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the following 12 months from the acquisition date, if additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The effect of the adjustment is recognised in the opening balance and the comparative figures are restated accordingly.

When the Group ceases to have control of any retained interest in the entity it is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

Key accounting estimates and judgements

The most significant assets acquired generally comprise goodwill, customer agreements and development projects. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value. The methods applied are based on the present value of future cash flows, churn rates or other expected cash flows related to the specific asset.

The fair value of development projects and customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired portfolio and related customer relationships. Measurement is based on a discounted cash flow model on key assumptions about the estimated split of the acquired and expected revenue, the related churn rates and profit-ability of the revenue at the time of the acquisition.

	2016		
	Storebox ApS		
	Book value on acquisition date	Opening balance	Total acquisitions (Opening balance)
		DKKm	
Goodwill	—	125	**125**
Development projects	—	17	**17**
Cash and cash equivalent	11	11	**11**
Deferred tax	—	(3)	**(3)**
Trade and other payables	(2)	(2)	**(2)**
Total payment regarding acquisitions of business transferred		**148**	**148**
Cash and cash equivalent in aquisition of business	—	11	**11**
Total cash consideration		**137**	**137**
Contingent and deferred consideration	—	67	**67**
Cash consideration transferred		**70**	**70**

Acquisition of businesses

The Group made one acquisition in 2016 (2015: two). The acquisitions had the following effect on the Group's consolidated financial statements as at the reporting date:

	2015				
	Kortaccept Nordic AB		Signaturgruppen A/S		
	Book value on acquisition date	Opening balance	Book value on acquisition date	Opening balance	Total acquisitions (Opening balance)
			DKKm		
Goodwill	—	1,073	—	204	**1,277**
Customer agreements	—	440	—	—	**440**
Plant and equipment	—	—	0	0	**0**
Trade and other receivables	—	—	9	9	**9**
Prepayment	—	—	1	1	**1**
Cash and cash equivalent	299	299	16	16	**315**
Deferred tax	—	(97)	(0)	(0)	**(97)**
Trade and other payables	—	—	(13)	(13)	**(13)**
Non-controlling interests	—	—	—	(125)	**(125)**
Consideration transferred		**1,715**		**92**	**1,807**
Cash and cash equivalent in aquisition of business		299		16	**315**
Cash consideration transferred		**1,416**		**76**	**1,492**
Contingent and deferred consideration		—		125	**125**
Total payment regarding acquisitions of business		**1,416**		**201**	**1,617**

Storebox APS

An agreement to acquire 70% of the share capital of Storebox ApS was signed in December 2015 with closing date in January 2016 for the total consideration of DKK 81 million with a put/call option to acquire the remaining 30% at an exercise price, based on a number of elements, including growth and EBITDA in the following years.

The acquisition of Storebox ApS has strengthened the Group's total product and service offering towards Nordic merchants and consumers and there is a strong strategic match between the core business and competences of Storebox ApS and the Merchant Services business in the Group.

Goodwill represents the value of the current workforce and know-how and also the operational synergies expected from integration within the Group.

In the period from the acquisition date to 31 December 2016, Storebox ApS contributed revenue of DKK 8 million and operating loss of DKK 3 million to the Group. Acquisition costs relating to the purchase of Storebox ApS amounted to DKK 2 million.

In connection with the acquisition of Storebox ApS, the Group made a capital increase of DKK 10 million, increasing the Group's ownership to 72.7%.

Kortaccept nordic AB

On 10 December 2015, the Group acquired 100% of the share capital of Kortaccept Nordic AB (Nordea Merchant Acquiring) for the total consideration of DKK 1,715 million.

The acquisition of Nordea Merchant Acquiring has strengthened the Group's total product and service offering towards Nordic and Baltic merchants and there is a strong strategic match between the core business and competences of Nordea Merchant Acquiring and the Merchant Services business in the Group.

Goodwill represents the value of the current workforce and know-how and also the operational synergies expected from integration within the Group.

In the period from the acquisition date to 31 December 2015, Kortaccept Nordic AB contributed revenue of DKK 19 million and operating profit of DKK 17 million to the Group. Acquisition costs relating to the purchase of Kortaccept Nordic AB amounted to DKK 30 million.

Signaturgruppen A/S

On 2 July 2015, the Group acquired 51% of the share capital of Signaturgruppen A/S for a total consideration of DKK 92 million. At the same date the Group entered into a put-and-call option to acquire the remaining 49% of the shares, at an exercise price based on a number of elements including growth in EBITDA.

The acquisition of Signaturgruppen A/S added a strong partner for online digital identity in Denmark.

Goodwill represents the value of the current workforce and potential synergies expected when integrated in the Group.

Signaturgruppen A/S contributed revenue of DKK 18 million and operating profit of DKK 8 million to the Group. Total annual revenue of Signaturgruppen for 2015 was DKK 33 million. Acquisition costs relating to the purchase of Signaturgruppen A/S amounted to DKK 1 million.

Note 4.2—Intangible assets

Significant accounting policies

Development projects

Development costs that are directly attributable to the design and testing of identifiable and unique projects including software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use

- Management intends to complete the asset and there is an ability to use or sell it
- The asset will generate probable future economic benefits
- Expenditure attributable to the asset during its development can be reliably measured.

Costs associated with maintaining the assets are recognised as an expense as and when incurred.

Directly attributable costs that are capitalised as part of the assets include employee costs.

Capitalised assets including computer software development costs are amortised over their estimated useful lives of 3–7 years. Development projects in progress are tested for impairment at least annually.

Customer agreements and rights

Customer agreements and rights are carried at historical cost less accumulated amortisation and any impairment loss. Amortisation is calculated using the straight-line method to allocate the cost over estimated useful life, which does not exceed:

- Customer agreements up to 15 years
- Rights 3-10 years.

Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised. The carrying amount of goodwill is tested annually and if events or changes in circumstances indicate impairment.

Key accounting estimates and judgements

Customer agreements

The useful life of customer agreements is determined based on periodic assessments of customer churn or actual useful life and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment.

Development projects

For development projects in progress, Executive Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria.

The useful life of development projects is determined based on periodic assessments of or actual useful life and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment.

2016

		Other intangible assets				
	Goodwill	**Customer agreements**	**Development projects**	**Development projects in progress**	**Other intangible assets**	**Total intangible assets**
				DKKm		
Accumulated cost as at 1 January	14,615	2,070	3,123	513	**5,706**	**20,321**
Adjustment to opening	41	—	—	—	**—**	**41**
Additions through business combinations	125	—	17	—	**17**	**142**
Additions	—	—	28	363	**391**	**391**
Transfer between asset groups	—	—	683	(683)	**—**	**—**
Assets disposed of or fully amortised	—	—	(39)	—	**(39)**	**(39)**
Currency translation adjustment	(61)	5	(14)	4	**(5)**	**(66)**
Accumulated cost as at 31 December	**14,720**	**2,075**	**3,798**	**197**	**6,070**	**20,790**
Accumulated amortisation and write-downs for impairment as at 1 January	31	(291)	(693)	—	**(984)**	**(953)**
Amortisation	—	(300)	(617)		**(917)**	**(917)**
Write-downs for impairment*	—	—	(11)	—	**(11)**	**(11)**
Assets disposed of or fully amortised	—	—	39	—	**39**	**39**
Currency translation adjustment	(31)	(1)	2	—	**1**	**(30)**
Accumulated amortisation and write-downs for impairment as at 31 December	**0**	**(592)**	**(1,280)**	**—**	**(1,872)**	**(1,872)**
Carrying amount as at 31 December	**14,720**	**1,483**	**2,518**	**197**	**4,198**	**18,918**

2015

		Other intangible assets				
	Goodwill	**Customer agreements**	**Development projects**	**Development projects in progress**	**Other intangible assets**	**Total intangible assets**
				DKKm		
Accumulated cost as at 1 January	13,408	1,475	3,044	185	**4,704**	**18,112**
Additions through business combinations	1,233	605	19	—	**624**	**1,857**
Additions	—	—	57	337	**394**	**394**
Disposals through sale of business	—	—	—	—	**—**	**—**
Assets disposed of or fully amortised	—	—	—	—	**—**	**—**
Currency translation adjustment	(26)	(10)	3	(9)	**(16)**	**(42)**
Accumulated cost as at 31 December	**14,615**	**2,070**	**3,123**	**513**	**5,706**	**20,321**
Accumulated amortisation and write-downs for impairment as at 1 January	15	(53)	(182)	—	**(235)**	**(220)**
Transfers assets held for sale					**—**	**—**
Amortisation	—	(243)	(468)	—	**(711)**	**(711)**
Write-downs for impairment*	—	—	(43)	—	**(43)**	**(43)**
Currency translation adjustment	16	5	—	—	**5**	**21**
Accumulated amortisation and write-downs for impairment as at 31 December	**31**	**(291)**	**(693)**	**—**	**(984)**	**(953)**
Carrying amount as at 31 December	**14,646**	**1,779**	**2,430**	**513**	**4,722**	**19,368**

* Consists of write-downs for impairment for development projects due to a negative development in forecasted revenue and earnings.

	2016	2015
	DKKm	
Development costs recognised in the consolidated income statement	422	337

Note 4.3—Plant and equipment

Significant Accounting Policies

Plant and equipment

Plant and equipment are stated at their purchase price, including incremental expenses on acquisition less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on a straight-line basis over the expected useful economic life of the assets concerned.

The estimated useful life for this purpose is:

Leasehold improvements	10 years
Terminals	3 years
Plant and machinery	2 – 4 years

2016	Leasehold improvements	Terminals	Plant and machinery	Total
		DKKm		
Accumulated cost as at 1 January	74	251	137	**462**
Additions	29	117	131	**277**
Assets disposed of	—	(25)	(44)	**(69)**
Currency translation adjustment	6	3	20	**29**
Accumulated cost as at 31 December	**109**	**346**	**244**	**699**
Accumulated depreciation and write-downs for impairment at 1 January	(18)	(121)	(60)	**(199)**
Depreciation	(18)	(81)	(43)	**(142)**
Write-downs for impairment	—	—	—	**—**
Assets disposed of	—	8	42	**50**
Currency translation adjustment	(4)	(4)	(17)	**(25)**
Accumulated depreciation and write-downs for impairment as at 31 December	**(40)**	**(198)**	**(78)**	**(316)**
Carrying amount as at 31 December	**69**	**148**	**166**	**383**

Terminals are leased by the Group to third-party merchants under operating leases. These operating leases are under various agreements which terminate between 2017 and 2019. The agreements include an extension option.

2015	Leasehold improvements	Terminals	Plant and machinery	Total
		DKKm		
Accumulated cost as at 1 January	75	162	123	**360**
Additions through business combinations				**—**
Additions	6	95	44	**145**
Assets disposed of	(1)	(7)	(11)	**(19)**
Currency translation adjustment	(6)	1	(19)	**(24)**
Accumulated cost as at 31 December	**74**	**251**	**137**	**462**
Accumulated depreciation and write-downs for impairment as at 1 January	(6)	(41)	(35)	**(82)**
Depreciation	(17)	(80)	(46)	**(143)**
Write-downs for impairment	—	(1)	—	**(1)**
Assets disposed of	1	1	10	**12**
Currency translation adjustment	4	—	11	**15**
Accumulated depreciation and write-downs for impairment as at 31 December	**(18)**	**(121)**	**(60)**	**(199)**
Carrying amount as at 31 December	**56**	**130**	**77**	**263**

Note 4.4 – Impairment tests

Significant accounting policies

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is any indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in the income statements and cannot be reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of other intangible assets and plant and equipment

At each reporting date, the Group assesses whether there is any indication that its other intangible assets, or plant and equipment are impaired. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss (if any). If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable amount of an intangible asset or plant and equipment is less than its carrying value, an impairment loss is recognised immediately in the consolidated income statement.

A reversal of an impairment loss on other intangible assets or plant and equipment is recognised as and when it arises only to the extent that the carrying amount does not exceed the carrying amount (adjusted for depreciation and amortisation), had no impairment loss been recognised.

Key accounting estimates and judgements

Recoverable amount of goodwill and capitalised development projects

The assessment of whether goodwill and/or capitalised developments projects are subject to impairment requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rate and terminal growth rates.

The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods.

Impairment tests of goodwill

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The tests were carried out towards the end of 2016.

The tests performed did not identify any impairment.

The carrying amount of goodwill allocated to cash-generating units is as follows:

	2016	2015
	DKKm	
Cash-generating unit		
Merchant Services	6,030	5,936
Financial & Network Services	2,319	2,331
Corporate Services	6,371	6,379
Total	**14,720**	**14,646**

The recoverable amount of goodwill recognised is determined based on value in use calculations, which use cash flow projections incorporating the assumptions used in financial budgets, including expected impact from changes in business models, approved by Executive Management. Cash flows beyond the financial budget period have been extrapolated using a steady 2% per annum growth rate. Executive Management believes that the growth rates are reasonable based on the services/products being developed, the continued digital conversion of cash, and any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. Key growth drivers per business are described below.

In 2016, discount rates used for impairment calculations pre-tax were around 7% for the individual cash-generating units to reflect the business and related risk. Discount rates have been updated compared to last year to reflect external analyst input. Key factors that could trigger an impairment test include the following:

- New technology changing the way we currently handle payments
- Macro economy down-scaling
- Regulatory matters.

Merchant services

Merchant Services consists of goodwill recognised as part of the sale of the Nets Group to private equity funds in 2014, and from acquisition of activities the following years in Sweden (Payzone AB, DIBS Payment Services AB and Kortaccept Nordic AB), Denmark (Storebox ApS), Finland (Paytrail Oyj). Entities are not evaluated separately, as value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Growth for Merchant Services assumes continued underlying growth in Nets' core market from card based transactions, associated transactions value (including a continuation of cash to digital conversion) and cross selling opportunities from financial acquiring, POS and e/mCommerce solutions. In addition, growth expectations includes continued focus in the Swedish market as well as the launch of improved solutions related to e-commerce and mobile acceptance.

Financial & network services

Financial & Network Services consists of goodwill recognised as part of the sale of the Nets Group to private equity funds in 2014. Goodwill has been tested at aggregated level as Financial & Network Services is considered as one CGU. Entities are not evaluated separately, as value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Growth for Financial & Network Services assumes a continued underlying growth in processing volumes (including a continuation of cash to digital conversion in the Nordic core markets). In addition, growth expectations include continued focus on upselling Value Added Services to existing (and new customers) from e.g. Fraud prevention, Card Management and Mobile solutions. Further growth assumes the continued processing of a majority of existing contracts (including BankAxept processing volumes).

Corporate services

Corporate Services consists of goodwill recognised as part of the sale of the Nets Group to private equity funds in 2014, and from the acquisition of activities the following year in Denmark (Signaturgruppen A/S). Entities are not evaluated separately, as value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Growth for Corporate Services assumes a continued underlying growth in account-based payments in cores markets Norway and Denmark (including a continuation of paper to digital conversion). Further, growth assumes some impact from the successful implementation of new "Instant Payments Solutions".

Note 4.5—Investment in associates

Significant accounting policies

Associates

An associate is an entity over which the Group has significant influence. Investments in associates are recognised under the equity method.

Investments in associates are recognised in the balance sheet at the proportional share of the entity's equity value calculated in accordance with Group accounting policies with the addition of rights.

Associates with negative equity value are measured at zero, and any receivables from these enterprises are written down, if required, based on an individual assessment. If a legal or constructive obligation exists to cover the associate's negative balance, a liability is recognised.

The income statement reflects the Group's share of the results of operations of the associate.

Any change in other comprehensive income of the associate is presented as part of the Group's other comprehensive income. In addition, when a change has been recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The proportionate share of the net profit/loss in associates after tax and elimination of the proportionate share of intra-group gains/ losses is recognised in the Group's consolidated income statement.

	2016	2015
	DKKm	
INVESTMENT IN ASSOCIATES		
Accumulated cost as at 1 January	**238**	**238**
Addition during the year	—	—
Disposals during the year	—	—
Accumulated cost as at 31 December	**238**	**238**
Revaluation at 1 January	(11)	2
Adjustment for previous year	(3)	(6)
Share of profit after tax	7	2
Exchange differences	—	1
Dividends distributed	—	(10)
Revaluation as at 31 December	**(7)**	**(11)**
Carrying amount as at 31 December	**231**	**227**
Fair value recognition from business combinations	**216**	**216**
Carrying amount excluding fair value recognition from business combinations as at 31 December	**15**	**11**

2016

						Nets' share	
Company name	**Share**	**Currency**	**Revenue**	**Profit for the year**	**Net assets**	**Equity**	**Profit for the year**
				DKKm			
e-Boks A/S	50%	DKK	179	14	30	15	7
Total			**179**	**14**	**30**	**15**	**7**

2015

						Nets' share	
Company name	**Share**	**Currency**	**Revenue**	**Profit for the year**	**Net assets**	**Equity**	**Profit for the year**
e-Boks A/S	50%	DKK	170	4	22	11	2
Total			**170**	**4**	**22**	**11**	**2**

Section 5: Funding and capital structure

This section includes disclosure information related to the equity and borrowings of the Group. In addition, the section includes financial risk management information related to the borrowings in the form of interest rate and funding risk.

5.1—Share capital

Significant accounting policies

Equity

Dividends

Dividends expected to be distributed for the year are recognised under a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the annual general meeting and the meeting of the Board of Directors, respectively.

Foreign currency translation reserve

Foreign currency translation reserve comprises exchange rate differences arising from translation of the functional currency of foreign enterprises' financial information into Danish kroner.

Translation adjustments are recognised in the consolidated income statements when the net investment is realised.

Hedge reserve

The hedge reserve comprises fair value of hedging instruments qualifying for hedge accounting. Hedge accounting ceases when the hedging instrument matures or is no longer effective. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the income statement in the same period that the non-financial asset or liability affect the income statement.

Capital management

The Group manages its capital base to ensure entities in the Group are able to continue as a going concern, and seeks to maximise the return to shareholders through adequate share of debt and equity on its balance sheet.

Within the Group, certain subsidiaries are registered as payment institutions in Denmark (Nets Denmark A/S and Teller A/S), in Finland (Nets Oy and Paytrail Oyj) and in Sweden (Kortaccept Nordic AB and DIBS Payment Services AB), and therefore such subsidiaries are subject to minimum capital requirements by local authorities.

Share capital

	2016		2015	
	Shares ('000)	**Nominal value (DKKm)**	**Shares ('000)**	**Nominal value (DKKm)**
		DKKm		
Nets A/S at 5 February (2015: Nassa Topco AS)	567	50	567	50
Additions	199,844	150	—	—
Nets A/S as at 31 December	**200,411**	**200**	**567**	**50**

The share capital of Nets A/S was established on 5 February 2016. In 2016 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.

Earnings per share

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the financial period. Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the financial period adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive Ordinary Share options granted by the Group, including performance-based options, which the Group considers to have been earned. When a loss is recognised during a financial period, a basic loss per share rather than a basic earnings per share will be recognised. The dilutive effects will not be considered in calculating the diluted loss per share as this would reduce the loss per share. The weighted average number of shares used to determine earnings per share has been calculated in accordance with the principle of reverse acquisition accounting. Underlying basic and diluted earnings per share are included, as the Directors believe this provides a better reflection of the Group's performance.

	2016	2015
Profit (DKKm)		
Total profit for the year	(601)	97
Number of shares ('000)*		
Basic	200,411	567
Basic earnings per share (DKK)		
Total basic and diluted earnings per share	(3.0)	171.1

* Number of shares and calculation of EPS are based on the number of shares following the completion of the IPO

5.2—Borrowings and related risks

Significant accounting policies

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, clearing-related liabilities, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Loans and borrowings

This is the category most relevant to the Group.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as financial items.

Amounts recognised as OCI are transferred to the income statement when the hedged interest expense is recognised in the income statement.

Loans and borrowings

Following the completion of the IPO on 27 September 2016, the IPO proceeds, together with existing cash and new bank facilities, were used to refinance the existing debt and pay fees, costs and expenses associated with the IPO.

Refinancing

The new bank facilities are senior and unsecured, and replace the existing senior secured facility (EUR 910 million Term Loan and NOK 2,546 million Term Loan), the additional facilities (EUR 150 million, SEK 250 million, and EUR 73 million) and the Payment in Kind facility (DKK 4,308 million). As a consequence hereof, the previous pledges and guarantees in favour of the senior secured facilities have been cancelled.

New loans and borrowings

The new senior facilities are unsecured, but benefit from cross-guarantees provided by Nassa Topco AS, Nassa A/S, Nets A/S, Nets Holding A/S, Nets Denmark A/S, Teller A/S and Nets Oy. They consist of a combination of three-year term loans (DKK 2,028 million, NOK 1,797 million and EUR 19 million) and five-year term loans (DKK 2,034 million, NOK 1,797 million and EUR 19 million) as well as a five-year multi-currency, revolving credit facility ('RCF'). The RCF amounts to EUR 475 million (DKK 3,531 million), of which EUR 75 million (DKK 558 million) are carved out in an overdraft facility ('Overdraft Facility'). Together, the RCF and the Overdraft Facility are available for general corporate purposes of the Group. As of 31 December 2016, the RCF was drawn EUR 266 million (DKK 1,980 million, DKK 1,936 million netted of unamortised debt cost), leaving EUR 134 million (DKK 996 million) un-drawn. The Overdraft Facility was un-drawn leaving the whole EUR 75 million (DKK 558 million) available. All of the three-year and five-year term loans in DKK and NOK have been swapped to fixed interest rates until maturity, leaving only the EUR denominated term loans, the RCF and the Overdraft Facility at variable interest rate.

Clearing working capital facilities

In addition to the new bank facilities, the Group has separate bank lines available for clearing working capital purposes: EUR 175 million (DKK 1,303 million) on a committed basis and an additional EUR 40 million (DKK 298 million) on an uncommitted basis. On 31 December 2016, the overdraft facilities for clearing working capital were drawn by EUR 12 million (DKK 91 million), leaving EUR 203 million (DKK 1,510 million) un-drawn. In addition, the Group also has a number of intra-day facilities available.

Terms and maturity of the group's interest-bearing loans and borrowing

	2016								2015
	Interest rate								
	Nominal	Effective	Year of maturity	Currency	Available facility	Drawn amount	Amount hedged	Carrying amount	Carrying amount
					DKKm				
Term Loan 1 (EUR)	EURIBOR[1] + 2.0%	2.0%	2019	EUR	141	141	—	139	—
Term Loan 1 (NOK)	NIBOR[1] + 2.0%	3.0%	2019	NOK	1,445	1,445	1,445	1,429	—
Term Loan 1 (DKK)	CIBOR[1] + 2.0%	2.1%	2019	DKK	2,028	2,028	2,028	2,006	—
Term Loan 2 (EUR)	EURIBOR[1] + 2.5%	2.5%	2021	EUR	135	135	—	134	—
Term Loan 2 (NOK)	NIBOR[1] + 2.5%	3.6%	2021	NOK	1,445	1,445	1,445	1,429	—
Term Loan 2 (DKK)	CIBOR[1] + 2.5%	2.8%	2021	DKK	2,034	2,034	2,034	2,011	—
Revolving Credit Facility[2]	IBOR[1] + 2.5%	2.5%	2021	Multi	2,980	1,936	—	1,936	—
Term Loan EUR	EURIBOR + 3.00-3.50%	4.1%	2021	EUR	545	545	—	—	535
Term Loan SEK	STIBOR + 3.25-3.75%	4.3%	2021	SEK	203	203	—	—	199
Revolving Credit Facility	EURIBOR + 3.00-3.75%	4.0%	2021	EUR	448	448	—	—	448
Term Loan EUR	EURIBOR + 3.00%	3.8%	2021	EUR	1,097	1,097	—	—	1,097
Term Loan EUR	EURIBOR + 3.00-3.50%	4.1%	2021	EUR	6,791	6,791	—	—	6,658
Term Loan NOK	NIBOR+ 3.00-3.50%	5.0%	2021	NOK	1,976	1,976	—	—	1,916
Payment in Kind	CIBOR+13%	14.0%	2022	DKK	3,768	3,768	—	—	3,720
Finance lease liability	4.0%	4.0%	2020	EUR				22	—
Total long-term borrowings (non-current liabilities)								**9,106**	**14,573**
Overdraft facility (own cash)[2]	IBOR[1] + 2.5%	2.5%	2021	Multi	—	—	—	—	—
Overdraft facility (clearing-related balances)[3]				Multi	1,303	91	—	91	—
Money market (clearing-related balances)				Multi	223	223	—	223	—
Total short-term borrowings (current liabilites)— Included in own cash calculation								**314**	**—**
Total loans and borrowings								**9,420**	**14,573**

1 For the Term Loans and Revolving Credit Facility, there is a floor of 0.0% on the EURIBOR, NIBOR and CIBOR.
2 Revolving Credit Facility commitment is EUR 475 million including overdraft carveout of EUR 75 million.
3 Overdraft facility for clearing working capital ("CWC") with commitment of EUR 175 million in bank lines.

Net interest-bearing debt	2016	2015
Total long-term borrowings exclusive of finance lease liability (non-current liabilities)	9,084	14,573
Capitalised debt costs included in carrying amount	122	278
Own cash	(703)	(1,532)
Net interest-bearing debt	**8,503**	**13,319**

Maturity analysis

2016	Carrying amounts	Contractual cash flow	<1 year	1-2 years	3-4 years	> 5 years
			DKKm			
Term Loan	7,148	8,019	205	205	3,910	3,699
Revolving Credit Facility	1,936	1,653	7	7	15	1,624
Clearing-related facilities	314	314	314	—	—	—
Total	**9,398**	**9,986**	**526**	**212**	**3,925**	**5,323**

2015	Carrying amounts	Contractual cash flow	<1 year	1-2 years	3-4 years	> 5 years
			DKKm			
Term Loan	10,405	12,963	425	848	849	10,841
Revolving Credit Facility	448	542	17	34	34	457
Payment in Kind	3,720	9,292	—	—	—	9,292
Total	**14,573**	**22,797**	**442**	**882**	**883**	**20,590**

The maturity analysis is based on undiscounted cash flows, including estimated interest. Interest is included based on current rates.

5.3—Net financials

Significant accounting policies

Financial items

Financial income and expenses comprise interest income and expenses, realised and unrealised gains, and dividends, losses on transactions denominated in foreign currencies, amortisation of loan costs and securities and subsequent changes to contingent acquisition costs.

	2016	2015
	DKKm	
FINANCIAL INCOME		
Net foreign exchange gains	—	166
Interest income on short-term bank deposits	—	3
Interest income from Co-issuing activities	—	27
Total financial income, exclusive of refinancing costs	**—**	**196**
FINANCIAL EXPENSES		
Net foreign exchange loss	147	—
Interest expense on external loans	826	921
Fair value adjustment of financial liabilities	7	—
Amortisation of transaction costs	41	44
Other fees etc.	34	32
Total financial expenses, exclusive of refinancing costs	**1,055**	**997**
Extraordinary amortisation of transaction costs in connection with refinancing	245	
Payment in Kind interest in connection with early settlement	478	
Settlement of interest swaps	15	
Financial expenses—refinancing costs	**738**	**—**
Net financials, inclusive of refinancing costs	**(1,793)**	**(801)**

5.4—Interest risk management

The Group is exposed to interest rate risk on loans, credits and cash balances as well as mismatches on maturities between loans and cash, resulting in variable interest cash flows. The Group's loan arrangements are based on variable basis interest rates. Cash held at variable rates partly offsets risk arising from changing interest rates on the Group's loans and credits.

Exposure to changes in interest rates

	Variable, non-contractual	Contractual variable rates < 1 month	Total
		DKKm	
Cash on hand	1,869	—	1,869
Bank loans	—	(9,106)	(9,106)
Clearing-related facilities	—	(314)	(314)
Net	**1,869**	**(9,420)**	**(7,551)**

A probable change in interest rates compared to the interest as at the balance sheet date would have the following hypothetical impact on profit before tax and the Group's equity, based on the exposure of balances as at 31 December.

	Probable change in interest	Hypothetical impact on profit for the year		Hypothetical impact on equity	
		2016	2015	2016	2015
			DKKm		
Borrowings	1 p.p.	23	7	(180)	7

The interest rate on the Term Loans in NOK and DKK are hedged (reference note 5.2). An increase in the interest rate of 1 p.p. would therefore only affect the Term Loans in EUR and the revolving credit facility. An increase in the interest rate of 1 p.p. would result in a gain on equity related to the value of the derived financial instruments (interest hedge).

5.5—Commitments, contingencies and collaterals

Significant accounting policies

Leases

Contracts to lease assets are classified as financial leasing if they transfer substantially all the risks and rewards of ownership of the asset to the Group. Other contracts to lease assets are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Group as a lessee:

The total contractual obligations as at 31 December can be specified as follows:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
			DKKm		
2016					
Operating leases	100	149	69	206	**524**
Total contractual obligations	**100**	**149**	**69**	**206**	**524**
2015					
Operating leases	103	142	72	0	**317**
Total contractual obligations	**103**	**142**	**72**	**0**	**317**

Operating lease commitments are related to non-cancellable operating leases primarily pertaining to premises, cars and office equipment. The lease costs for 2016 and 2015 were DKK 107 million and DKK 101 million, respectively.

Commitments

The Group has entered into a number of long-term agreements for the purchase of services.

Contingencies

The Group is engaged in certain litigation proceedings. In the opinion of Management, settlement or continuation of these proceedings is not expected to have a material effect on the Group's financial position, operating profit or cash flow.

Section 6: Tax and Governance

This section includes disclosures that relate to the Group's Tax and Governance policies.

6.1—Income and deferred income taxes

Significant accounting policies

Income taxes

Tax for the year comprises current income tax, change in deferred tax and adjustments from prior years. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, as at the reporting date in the countries where the Group operates and generates taxable income. Deferred tax arises due to temporary differences between the carrying amount in the consolidated financial statements and the tax base of assets and liabilities as at the balance sheet date. Deferred tax is not recognised for temporary differences arising on the initial recognition of goodwill and other items where amortisation for tax purposes is disallowed.

Deferred tax assets are recognised if they can be offset against deferred tax in other consolidated enterprises or if it is probable that they can be utilised in future earnings.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation as at the balance sheet date when the deferred tax is expected to be realised or the liability settled.

Changes in deferred tax as a result of changes in tax rates are recognised in the consolidated income statements except for the effect of items recognised directly in Other comprehensive income.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position if the Group has a legally enforceable right to offset and the deferred tax assets and liabilities relate to the same legal tax entity.

Nets A/S and Danish subsidiaries are jointly taxed. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognised in the consolidated income statements. The tax saving as a result of losses is also refunded proportionately.

The companies in the Group are taxed under the on-account tax scheme. Interest/refunds relating to the tax payment are included in interest income and expense and similar items.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position if the Group has a legally enforceable right to offset and the deferred tax assets and liabilities relate to the same legal tax entity.

Key accounting estimates and judgements

Deferred tax assets

The Group recognises deferred tax assets, including the expected tax value of tax loss carry-forwards if management assesses that these tax assets can be offset against positive taxable income in the near future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives. As at 31 December 2016, the carrying amount of the deferred tax assets is DKK 376 million (2015: DKK 205 million) and unrecognised tax losses are DKK 1.117 million (2015: DKK 244 million). As a result of the IPO refinancing, capital losses due to foreign currency translations on external debt have been realised and partly capitalised in 2016.

	2016	2015
	DKKm	
INCOME TAXES EXPENSED		
Current tax on profit for the year	659	160
Deferred tax on profit for the year	(769)	303
Adjustments related to previous years—current tax	(2)	(59)
Income taxes in the income statement	**(112)**	**404**

	2016	2015
	DKKm	
INCOME TAXES PAID		
Income taxes paid in Denmark	534	127
Income taxes paid outside Denmark	119	(47)
Total income taxes paid*)	**653**	**80**

* In 2016, tax paid related to VISA pass-through proceeds was DKK 388 million in Denmark and DKK 63 million in Finland.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2016	2015
	DKKm	
PROFIT BEFORE TAX	(696)	523
Income tax expense calculated at domestic tax rate	(153)	123
Deviation in foreign subsidiaries' tax rates compared with Danish tax rate	(35)	11
Permanent differences1)	279	(122)
Adjustments related to previous years—deferred tax	(14)	—
Adjustments related to previous years—current tax	(2)	(59)
Previous years not recognised tax losses utilised or capitalised2)	(104)	—
Change in income tax rates on deferred tax	—	3
Other taxes	(10)	(21)
Tax effect of fair value adjustment of Visa shares and related contingent consideration liability3)	(73)	469
Income tax expense recognised in the income statement	**(112)**	**404**
COMPUTATION OF EFFECTIVE TAX RATE PERCENTAGE		
Statutory corporate income tax rate in Denmark	22.0	23.5
Deviation in foreign subsidiaries' tax rates compared with Danish tax rate	5.1	2.2
Permanent differences1)	(40.0)	(23.3)
Adjustments related to previous years—deferred tax	2.0	—
Adjustments related to previous years—current tax	0.3	(11.3)
Previous years not recognised tax losses utilised or capitalised2)	14.9	—
Change in income tax rates on deferred tax	—	0.6
Other taxes	1.5	(4.0)
Tax effect of fair value adjustment of Visa shares and related contingent consideration liability3)	10.4	89.6
Effective tax rate	**16.1**	**77.3**

Other tax information

1. Permanent differences in 2016 mainly include income in Norway due to foreign currency translation adjustments on external debt that is only recognised for tax purposes, and non-deductible costs related to the IPO of Nets. None of these items are expected to have a significant tax impact from 2017 and onwards.

2. As a result of improved financial performance after the IPO of Nets, capitalisation of previous years' losses have been revised, and an additional share of previous years losses has therefore been capitalised.

3. In 2016, the tax effect of pass-through proceeds related to VISA shares includes a deferred tax income of DKK 115 million related to prior years. In 2016, Nets Oy received an advance ruling from the Finnish tax authorities allowing Nets Oy to deduct a certain amount of the proceeds from the VISA shares that is passed on to the rightful owners of the proceeds. As the full expense was treated as non-deductible in 2015, a deferred tax income of DKK 115 million related to prior years is recorded. See note 7.2.

Development in deferred income tax assets and liabilities

	Intangible assets	Plant & equipment	Other receivables	Employee benefits obligation	Deferred tax losses carried forward	Other financial assets	Total
				DKKm			
2016							
Net deferred tax asset/(liability) as at 1 January	(863)	32	(38)	13	96	(515)	**(1,275)**
Additions through business combinations	(3)	—	—	—	—	—	**(3)**
Deferred tax on profit for the year	102	(1)	(46)	1	174	400	**629**
Adjustment relating to previous years	(1)	—	14	—	—	115	**128**
Other changes to deferred tax	—	—	34	—	—	—	**34**
Exchange rate adjustment	1	2	1	—	8	—	**12**
Net deferred tax asset/(liability) as at 31 December	**(764)**	**33**	**(35)**	**14**	**278**	**—**	**(475)**
Classified as follows:							
Deferred tax asset as at 31 December							376
Deferred tax liability as at 31 December							851

Development in deferred income tax assets and liabilities

	Intangible assets	Plant & equipment	Other receivables	Employee benefits obligation	Deferred tax losses carried forward	Other financial assets	Total
				DKKm			
2015							
Net deferred tax asset/(liability) as at 1 January	(863)	35	(17)	22	—	—	**(823)**
Additions through business combinations	(139)	—	—	—	—	—	**(139)**
Deferred tax on profit for the year	148	(3)	(21)	(8)	96	(515)	**(303)**
Adjustment relating to previous years	(8)	—	—	—	—	—	**(8)**
Deferred tax on items recognised in Other comprehensive income	—	—	—	(1)	—	—	**(1)**
Exchange rate adjustment	(1)	—	—	—	—	—	**(1)**
Net deferred tax asset/(liability) as at 31 December	**(863)**	**32**	**(38)**	**13**	**96**	**(515)**	**(1,275)**
Classified as follows:							
Deferred tax asset as at 31 December							205
Deferred tax liability as at 31 December							1,480

Note 6.2—Related party transactions

Related party transactions

As at 31 December 2016 there are no shareholders with controlling interest. Large shareholders are:

AB Toscana (Luxembourg) Investment S.à r.l. 39.9% and BlackRock Inc 7.3%.

Related parties with significant influence are the company's Executive Board, Board of Directors and their related parties. Furthermore, related parties are companies in which the above persons have significant interests.

In 2016 previous owners of the company invoiced the Group for service fees totalling DKK 13 million (2015: DKK 30 million), and for services regarding the IPO totalling DKK 82 million.

Transactions with e-Boks A/S comprise mainly administrative services amounting to DKK 44 million (2015: DKK 24 million).

There were no transactions with members of Group Management or members of the Board of Directors of the Group, other than remuneration, and furthermore no loans were granted to the Board of Directors or Group Management in 2016 or 2015.

Remuneration of the board of directors and group management

Short-term benefits included fixed-base salary and accrued cash bonuses designed to incentivise individual performance and the achievement of a number of predefined short-term functional and individual business targets linked to goals in the Group's balanced scorecard.

Long-term incentives include retention bonus and share-based payment. For a description of share-based payments, we refer to Note 6.3.

At year-end 2016, Group Management consisted of six members (eight in 2015).

In the event that a member of the Executive Management is dismissed, the ordinary fixed base salary, bonuses etc. are paid for a 12-month notice period and an additional severance allowance of 12 months' fixed salary to the CEO. In the event of change of control, the members of the Executive Board do not receive any additional compensation.

	2016						2015			
	Board of Directors	Bo Nilsson (CEO)	Klaus Pedersen (CFO)[1]	Total Executive Management	Group Management	Total	Board of Directors	Executive Management	Group Management	Total
	DKKm									
Fixed base salary	3	7	4	**11**	16	**30**	2	7	16	**25**
Bonus	—	11	4	**15**	13	**28**	—	11	18	**29**
Pensions	—	1	0	**1**	1	**2**	—	0	2	**2**
Benefits	—	0	0	**0**	1	**1**	—	0	1	**1**
Total	**3**	**19**	**8**	**27**	**31**	**61**	**2**	**18**	**37**	**57**
Retention bonus	—	2	1	**3**	3	**6**	—	—	—	**—**
Share-based payment	—	0	0	**0**	1	**1**	—	—	—	**—**
Total remuneration	**3**	**21**	**9**	**30**	**35**	**68**	**2**	**18**	**37**	**57**

1 On 27 September 2016 CFO Klaus Pedersen was nominated to Executive Management. Presented remuneration to CFO Klaus Pedersen includes total remuneration costs for entire 2016. In 2015 Klaus Pedersen was part of Group Management.

The economic ownership of Nets A/S by Executive and Group management is as follows:

Bo Nilsson	1.5% (2015: 2.4%)
Klaus Pedersen	0.4% (2015: 0.7%)
Group Management	1.3% (2015: 3.1%)

Note 6.3—Share-based payment

Accounting policies

The share option programme is accounted for on an accrual basis over the vesting period. Share options issued are measured at fair value at the date of granting times the probability of vesting. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value is fixed at the grant date. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The probabilities are adjusted at year-end. Nets A/S recognises the impact of adjustments to estimates, if any, in the income statement and in a corresponding adjustment to equity (change in proceeds) over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Share option programme

A long-term share option programme was established in 2016 in connection with the IPO and granted to Management and certain key employees. In connection with the Annual General Meeting, and as determined by the Board of Directors, share options are granted annually for an amount equivalent to 20-100% of annual salary (however maximum 0.75% of the share capital). Vesting is subject to fulfilment of certain key financial targets and continued employment at the vesting date. Each option gives the right to purchase one existing share in Nets A/S. The total value of the share option programme granted in 2016 was DKK 22 million. DKK 2 million was expensed in 2016 relating to the long-term share option programme.

Retention programme

In connection with the IPO, a non-recurring share-based retention programme has been established for members of the Executive Committee and certain other employees (the "Retention Programme"). Under the Retention Programme, the participants may be granted shares at the end of a 720-day period subsequent to the date where the Company was listed. The shares equal an amount of 24 months' base salary, provided, among other things, that the participants have retained at least 25% of the total number of shares that were directly or indirectly held by the participant under the former management Incentive Programme. The total costs associated with the Retention Programme amount to DKK 53 million, and will be recognised in the Income statements as staff costs over a two-year period. The cost recognised in 2016 amounts to DKK 6 million.

Share option programme	2016
Vesting conditions (KPIs)	Organic growth and EBITDA
Exercise price	DKK 165.00
Vesting	July 2019
Weighted average share price during exercise period	Not vested
Average Black-Scholes value of options	**19.4**
Assumptions:	
Risk-free interest rate	(0.52)%
Retention rate	80%
Volatility[1]	25.00%
Dividend	0.65%
Period	3,4 years

Number of share options	Bo Nilsson	Klaus Pedersen	Group Management	Key employees	Total
Granted in the year	312,111	132,647	401,984	593,388	**1,440,130**
Outstanding as at 31 December 2016	**312,111**	**132,647**	**401,984**	**593,388**	**1,440,130**

1 A peer group for the estimation of the volatility has been applied. The volatility estimation is based on daily, weekly and monthly returns for the last 3.4 years, which is the expected duration of the options in the LTIP.

Employee share award

Following the IPO, each full-time employee was awarded shares worth DKK 24,900. The consolidated group expense in connection with the Employee share award amounted to DKK 64 million in total including social costs. The shares delivered under the Employee share award were covered by issuing bonus shares.

Note 6.4—Fee to statutory auditors

	2016	2015
	DKKm	
REMUNERATION TO AUDITORS (PWC AS ELECTED BY THE ANNUAL GENERAL MEETING)		
Statutory audit	**6**	**5**
Non-statutory audit services:		
Other assurance engagements	1	1
Tax advisory services	1	1
IPO-related costs	21	0
Other services*	3	11
Total non-statutory audit services	**26**	**14**
Total	**32**	**18**

* In 2016 and 2015 other services mainly comprised services related to Merger & Acquisition activities and business optimisation.

Section 7: Other disclosures

Included in this section are disclosures which are material to the financial statements from either a quantitative or a qualitative perspective, but which do not directly relate to a specific theme section.

Note 7.1—Pension assets and pension obligations, net

Significant accounting policies

Pensions

The Group has entered into defined benefit plans and defined contribution plans with its employees.

In a defined benefit plan, the Group is obliged to pay a specific benefit to certain employees from the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plan's assets at fair value is recognised for these benefit plans.

The costs of providing benefits under the defined benefit plan are determined annually by independent actuaries using the projected unit credit method.

The defined pension plans' assets are estimated at fair value at the balance sheet date.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Pension assets recognised are limited to the present value of future repayments from the pension plan or reduced future funding commitments. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

In case of changes in benefits relating to employees' previous service period, a change in the estimated present value of the pension obligations will occur, which will be recognised immediately if the employees have acquired a final right to the changed benefits. If not, the change is recognised over the period in which the employees become entitled to the changed benefit.

Net periodic pension income/(cost) from defined benefit plans consists of the items: service costs, interest expenses and interest income on assets. Service costs are recognised in wages, salaries and pension costs. Interest expenses and interest income on assets, net, are recognised in pension costs.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.

Costs regarding defined contribution plans are recognised as incurred within staff costs.

Key accounting estimates and judgements

Defined benefit pension plans

The pension obligation costs for defined benefit plans are estimated based on certain actuarial assumptions, the most significant of which relate to returns on plan assets, discount rate, wage inflation and demography (mortality, disability, etc.). The assumed discount rate may fluctuate significantly. We believe the actuarial assumptions illustrate current market conditions and expectations for market returns in the long term. Even modest changes to the actuarial assumptions may result in significant changes to the pension liability. The defined benefit pension plans have been terminated and no new members are entering into the agreement.

Defined benefit plans

Assets and liabilities

	2016	2015
	DKKm	
SPECIFICATION OF PENSIONS		
Fair value of plan assets	76	74
Projected benefit obligations	142	133
Pension asset/(liability) recognised in the balance sheet	**(66)**	**(59)**

	2016	2015
	DKKm	
CHANGE IN PENSION ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET		
Pension liability recognised in the balance sheets as at 1 January	(59)	(69)
Pension (costs)/income recognised in the income statements	(5)	(5)
Actuarial gains/(loss) on projected benefit obligations and plan assets recognised in other comprehensive income	(6)	3
Gain on plan assets	2	2
Nets' contribution	5	5
Benefit paid to employees	1	6
Exchange rate adjustments	(4)	(1)
Pension assets/(obligations) recognised in the balance sheet as at 31 December	**(66)**	**(59)**

The actuarial assumptions used for the valuation of the pension obligation are based on regularly used assumptions within insurance for demographic factors. Nets has used the assumptions according to the guidance from the Norwegian Accounting Standards Board (NASB), as these reflect Nets' expectations regarding annual wage and price inflation.

	Assumptions		Sensitivity 2016		Sensitivity 2015	
	2016	2015	+1 %-point	-1 %-point	+1 %-point	-1 %-point
Discount rate	2.6%	2.7%	(14)	18	(21)	23
General wage inflation	2.5%	2.5%	4	(4)	6	(5)
Expected regulation of minimum payment	1.5%	0.0%	13	(11)	18	(15)

The table above shows the estimated impact of some of the risks that the Group is exposed to. The Group is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

The Group has used a mortality rate in accordance with the Norwegian K2013 table. Overall, an expected lifetime after retirement at age 65 is 18.1 years for men and 21.1 years for women.

	2016	2015
	DKKm	
EXPECTED MATURITY OF PROJECTED BENEFIT OBLIGATION		
Within 1 year	6	7
1 – 5 years	23	25
Beyond 5 years	113	101
Total	**142**	**133**

Note 7.2—Other financial assets and financial liabilities

Significant accounting policies

Financial assets

Other financial assets are classified, at initial recognition, as financial assets at fair value through the income statement, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Key accounting estimates and judgements

Other financial assets

The Visa Inc. shares and contingent considerations held by Nets Oy and Teller A/S are designated as fair value through the income statement in order to present both the fair value gain of the assets and the value adjustment on the related liability to pass on the proceeds in the income statement.

Other financial liabilities

Other financial liabilities consist of the liability to pass on the net proceed after tax to the former owners and are measured at fair value.

The fair value adjustments of the Visa Inc. shares and contingent consideration (assets) and the obligation to pass on any proceeds (liability) have been measured based on available information and Executive Management's best estimate as at 31 December 2016.

Other information

On 2 November 2015, Visa Inc. and Visa Europe Ltd. ('Visa Europe') announced that they had reached an agreement for Visa Inc. to acquire Visa Europe, an association owned and operated by member banks and other payment service providers. On 21 April 2016, Visa Inc. and Visa Europe announced that they had reached an agreement on revised terms of the transaction, pending the final agreement and regulatory approval. The revised terms consist of total consideration of up to EUR 18.37 billion, net of costs (the 'Visa Transaction'). Visa Inc. agreed to pay (i) up-front consideration of EUR 17.25 billion, consisting of EUR 12.25 billion in cash, and approximately EUR 5 billion in preferred stock, and (ii) an additional cash payment of EUR 1.12 billion (including interest) payable on the third anniversary of the closing of the transaction. The Visa transaction was closed on 21 June 2016.

The group companies Teller A/S and Nets Oy were shareholders in Visa Europe Ltd. and therefore as such entitled to receive part of the proceeds from the Visa transaction. However, due to the contractual commitments described below, Nets Group has been obligated to pass on such proceeds to third parties.

As part of the transaction entered into in 2012 between Nets Holding A/S and Suomen Luot-to-osuuskunta Cooperative ("SLOK") relating to the acquisition of Luottokunta Oy (now Nets Oy), Nets Holding A/S is obligated to pass on the proceeds received from the Visa transaction as a result of the principal member share held by Nets Oy to the extent such proceeds were owing to merchants and financial institutions by Nets Oy.

Furthermore, as part of the transaction entered into between Nassa A/S and the previous owners of Nets (186 banks, including affiliates of Danske Bank A/S and Nordea Bank AB), relating to the acquisition of Nets Holding A/S in 2014, Nassa A/S is obligated to pass on proceeds received from the Visa transaction as a result of the principal member shares held in Nets Oy (remaining proceeds) and Teller A/S, respectively.

In 2016, principal shares in Visa Europa as part of the Visa transaction were converted into cash, restricted shares in Visa Inc. and contingent considerations, and received cash net of tax effects partly passed through to the previous owners of Nets Holding A/S (the Danish and Norwegian banks), fully passed through to Nets Oy and partly used for tax payments related to the gain on the Visa transaction. As of 31 December 2016, not yet passed through cash, preliminarily adjusted for related costs, amounts to DKK 194 million.

Further during 2016, a preliminary Finnish ruling has been obtained, which allows payments to merchants and other financial institutions entitled to receive Visa proceeds directly from Luottokunta Oy to be deducted for Finnish tax purposes. There is no net P&L effect as the tax saving results in a corresponding increase in financial items. The adjustment of prior year amounts to DKK 115 million.

Fair value adjustments are based on Management's best estimate on received information as at 31 December 2016, although uncertainty exists with regard to the value of preference shares, deferred payments and leakage and recovery rate of cost incurred as a result of the transaction.

Nets is, on behalf of and together with the beneficiaries, working to mitigate any uncertainties/risks related to the Visa transaction, including (i) requesting binding rulings from the relevant tax authorities ("bindende svar") on the tax treatment of the pass-through arrangement and (ii) refraining from paying out any proceeds before (a) binding tax rulings are obtained, and (b) a release has been received from all beneficiaries under the above agreements, primarily SLOK and the Nets Holding A/S sellers, stating that such payment is in full discharge of any obligations.

	2016	2015
	DKKm	
CONSOLIDATED INCOME STATEMENT		
Value adjustment on shares (financial income)	413	2,428
Value adjustment on debt (financial expense)	(448)	(1,913)
Adjustment related to previous year's tax on pass through proceeds	115	
Tax on pass through proceeds	(80)	(515)
Net profit for the year on pass through proceeds	**—**	**—**
Proceeds related to Teller Branch Norway (financial income)	185	—
Tax on proceeds related to Teller Branch Norway	(1)	—
Net profit for the year	**184**	**—**

	2016	2015
	DKKm	
OTHER FINANCIAL ASSETS		
Visa Europe Shares and deferred consideration held by Teller A/S	—	1,460
Visa Europe Shares and deferred consideration held by Nets Oy	—	968
Restricted shares in Visa Inc. and contingent consideration held by Teller Branch Norway	59	—
Restricted shares in Visa Inc. and contingent consideration held by Teller A/S	562	—
Restricted shares in Visa Inc. and contingent consideration held by Nets Oy	336	—
Other financial assets as at 31 December	**957**	**2,428**

	2016	2015
	DKKm	
OTHER FINANCIAL LIABILITIES		
VISA proceeds to be transferred to former owners of Nets Holding A/S	(721)	(1,139)
VISA proceeds to be transferred to former owners of Nets Oy	(343)	(774)
Other financial liabilities as at 31 December	**(1,064)**	**(1,913)**

	2016	2015
	DKKm	
DEFERED TAX LIABILITY		
Deferred tax on net fair value gain on available-for-sale financial assets	—	(515)
Deferred tax liability as at 31 December	**—**	**(515)**
CURRENT TAX LIABILITY		
Current tax on net fair value gain	(28)	—
Current tax liability as at 31 December	**(28)**	**—**

	2016	2015
	DKKm	
CASH FLOW		
Received cash consideration related to Visa Europe Shares held by Teller Branch Norway	127	—
Received cash consideration related to Visa Europe Shares held by Teller A/S	1,216	—
Received cash consideration related to Visa Europe Shares held by Nets Oy	727	—
Proceeds from Visa Europe shares	**2,070**	**—**
Payment of Visa proceeds to former owners of Nets Holding A/S	(662)	—
Payment of Visa proceeds to former owners of Nets Oy	(625)	—
Payment of proceeds	**(1,287)**	**—**
Tax paid on pass through proceeds Teller A/S	(388)	—
Tax paid on pass through proceeds Nets Oy	(64)	—
Tax paid on pass through proceeds	**(452)**	**—**

In addition, the Group could potentially receive a share of proceeds payable by Visa Inc. to Visa Sweden, through the Group's branch in Sweden. These proceeds are subject to a number of uncertainties and therefore not recognised in the balance sheet as at 31 December 2016.

Note 7.3—Classification of financial assets and financial liabilities

Fair value measurement hierarchy

The carrying values and fair values are identical, except for the bank loans measured at amortised cost. Refer to Note 5.2 for carrying amounts and nominal value of bank loans. Fair value of bank loans is assumed to be similar to the nominal value.

The methods and assumptions used in measuring the Group's financial assets and liabilities at fair value are unchanged from 2015.

The methods and assumptions are as follows:

- the fair value of financial assets traded in active markets is based on quoted market prices as at the balance sheet date (level 1)
- financial liabilities with variable interest rates, e.g. bank loans, are measured at par (level 2)
- financial assets and liabilities which are highly liquid and have a short duration are estimated to have a fair value that is identical with the book value (level 3).

Financial assets and liabilities

	Fair value through income statement	Loans and receivables	Cash and cash equivalents	Financial liabilities measured at amortised cost	Total
			DKKm		
2016					
Trade and other receivables	—	801	—	—	**801**
Settlement assets	—	4,477	—	—	**4,477**
Cash at bank and on hand	—		1,869	—	**1,869**
Other financial assets	957	—	—	—	**957**
Total financial assets	**957**	**5,278**	**1,869**	**—**	**8,104**
Borrowings	—	—	—	(9,106)	**(9,106)**
Trade and other payables	—	—	—	(1,614)	**(1,614)**
Merchant creditors	—	(2,622)	—	—	**(2,622)**
Settlement obligations	—	(2,513)	—	—	**(2,513)**
Deferred consideration for business combinations	(284)	—	—	—	**(284)**
Other financial liabilities	(1,064)	—	—	—	**(1,064)**
Total financial liabilities	**(1,348)**	**(5,135)**	**—**	**(10,720)**	**(17,203)**
Total net financial assets	**(391)**	**143**	**1,869**	**(10,720)**	**(9,099)**

Financial assets and liabilities

	Fair value through income statement	Loans and receivables	Cash and cash equivalents	Financial liabilities measured at amortised cost	Total
			DKKm		
2015					
Trade and other receivables	—	832	—	—	**832**
Settlement assets	—	3,705	—	—	**3,705**
Cash at bank and on hand	—	—	2,310	—	**2,310**
Other financial assets	2,428	—	—	—	**2,428**
Total financial assets	**2,428**	**4,537**	**2,310**	**—**	**9,275**
Borrowings	—	—	—	(14,573)	**(14,573)**
Trade and other payables	—	—	—	(1,863)	**(1,863)**
Merchant creditors	—	(2,066)	—	—	**(2,066)**
Settlement obligations	—	(2,417)	—	—	**(2,417)**
Deferred consideration for business combinations	(163)	—	—	—	**(163)**
Other financial liabilities	(774)	—	—	—	**(774)**
Total financial liabilities	**(937)**	**(4,483)**	**—**	**(16,436)**	**(21,856)**
Total net financial assets	**1,491**	**54**	**2,310**	**(16,436)**	**(12,581)**

Note 7.4—Standards issued but not yet effective

The standards and interpretations which have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements, and which are considered to have an effect on the Group, are disclosed below.

New standards and amendments which are not yet effective and which are not considered to have an impact on the Group are not disclosed. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

IFRS 9 is currently awaiting EU endorsement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group has assesed that there is no material impact of IFRS 9, and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

Either full or modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has assesed that there is no material impact of IFRS 15, and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IASB has issued IFRS 16 'Leases', with effective date 1 January 2019. IFRS 16 is part of the convergence project with FASB to replace IAS 17. The standard requires recognition of assets and liabilities for most leases. Nets Group has made preliminary assessment of the impact of the standard and evaluated that the implementation of the standard is likely to result in capitalisation of the majority of the Group's operational lease contracts. The Group is currently assessing the impact of IFRS 16, and plans to adopt the new standard on the required effective date.

Note 7.5—Events after the balance sheet date

On 31 January 2017, the Group acquired the remaining 42.3% of the shares in EDIgard AS, meaning that EDIgard AS is now fully owned by the Group.

Note 7.6—Companies in the Group

Company	Structure	Currency	Ownership
Parent company			
Nets A/S			
Denmark			
Nassa A/S	Subsidiary	DKK	100%
Nets Holding A/S	Subsidiary	DKK	100%
Nets Denmark A/S	Subsidiary	DKK	100%
Nets DanID A/S	Subsidiary	DKK	100%
Nets Cards Processing A/S	Subsidiary	DKK	100%
Teller A/S	Subsidiary	DKK	100%
Teller Services ApS	Subsidiary	DKK	100%
DIBS Payment Services A/S	Subsidiary	DKK	98.4%
Storebox ApS	Subsidiary	DKK	72.7%
Kvittering.dk ApS	Subsidiary	DKK	72.7%
Signaturgruppen A/S	Subsidiary	DKK	51%
e-Boks A/S	Associate	DKK	50%
Norway			
Nassa Topco AS	Subsidiary	NOK	100%
Nets Norge Infrastruktur AS	Subsidiary	NOK	100%
DIBS AS	Subsidiary	NOK	98.4%
EDIGard AS	Subsidiary	NOK	57.7%
e-Boks AS	Associate	NOK	50%
Sweden			
Nets Sweden AB	Subsidiary	SEK	100%
Nassa BidCo AB	Subsidiary	SEK	100%
Payzone Nordic AB	Subsidiary	SEK	100%
Kortaccept Nordic AB	Subsidiary	SEK	100%
DIBS Payment Services AB	Subsidiary	SEK	98.4%
DIBS Payment Services i Göteborg AB	Subsidiary	SEK	98.4%
DebiTech AB	Subsidiary	SEK	98.4%
VerifyEasy AB	Subsidiary	SEK	98.4%
e-Boks Sverige AB	Associate	SEK	50%
Finland			
Nets Oy	Subsidiary	EUR	100%
Nets Finland Oy	Subsidiary	EUR	100%
DIBS Payment Services AB	Subsidiary	EUR	98.4%
Paytrail Oyj	Subsidiary	EUR	80%
Paytrail Technology Oy	Subsidiary	EUR	80%
Baltics			
Nets Estonia AS	Subsidiary	EUR	100%
ITP Baltic SIA (Estonia)	Subsidiary	EUR	57.7%

Note 7.7—Financial definitions

Key figures and financial ratios stated in the consolidated financial statements have been calculated as follows:

EBITDA before special items	EBITDA before special items
Special items	As defined in Note 2.3
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses
Underlying depreciation and amortisation	Depreciation & amortisation adjusted for amortisation of business combination intangibles & impairment losses
Adjusted EBIT	EBITDA before special items and adjusted for underlying depreciation and amortisation
EBIT	Earnings before interest and tax (operating profit)
Adjusted net profit	Adjusted EBIT adjusted for financial income and expenses excluding impact from foreign exchange gains and losses and adjusted for an effective tax rate of 23%.
Capital expenditure (CAPEX)	Purchase of intangible assets and plant & equipment and capitalised development projects for the year, excluding acquisition of subsidiaries
Cash flow from operating activities excl. clearing-related balances	Operating cash flow excluding clearing-related cash flow
Operating free cash flow	Cash flow from EBITDA adjusted for change in narrow working capital and CAPEX
Own cash	Cash and cash equivalents at year-end excluding clearing-related balances and received Visa proceeds in cash to be passed through
Cash conversion ratio	Cash flow from EBITDA before special items adjusted for change in narrow working capital and CAPEX / EBITDA before special items
EBITDA before special items margin, %	EBITDA before special items / net revenue
Net interest-bearing debt (NIBD)	Interest-bearing debt net of own cash

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**Nassa Topco 2015 Audited Financial Statements
and 2014 Audited Financial Statements**

Nassa Topco 2015 Audited Financial Statements and 2014 Audited Financial Statements

The Audited Financial Statements of Nassa Topco A/S (together with its subsidiaries the 'Group') as of and the year ended 31 December 2015 as of and the period ended 31 December 2014 included in this Offering Memorandum have in all material respect been derived from the consolidated financial statements included in the published Annual Reports as prepared and approved by the Board of Directors on 20 April 2016 and 24 June 2015, respectively.

The consolidated financial statements for 2014 are for the period beginning February 3, 2014 and ended December 31, 2014, covering the operating activities from July 1, 2014 to December 31, 2014.

The consolidated financial statements for 2015 and 2014 have been audited by PricewaterhouseCoopers AS, Norway who have provided the published Annual Report for 2015 and the published Annual Report for 2014 with the following audit report on 29 April 2016 and 24 June 2015, respectively:

To the Annual Shareholders' Meeting of Nassa Topco AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Nassa Topco AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, and the income statement and statement of changes in equity, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2014, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Nassa Topco AS as at 31 December 2014, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Nassa Topco AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statement on Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statement on Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 24 June 2015
PricewaterhouseCoopers AS

Bjørn Leiknes
State Authorised Public Accountant (Norway)

To the Annual Shareholders' Meeting of Nassa Topco AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Nassa Topco AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, and the income statement and statement of changes in equity, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2015, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Nassa Topco AS as at 31 December 2015, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Nassa Topco AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statement on Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statement on Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2016
PricewaterhouseCoopers AS

Bjørn Leiknes
State Authorised Public Accountant (Norway)

Consolidated income statement

	Note	2015	2014
		DKKm	
Revenue, gross		9,040	4,351
Interchange fees and processing fees		(2,204)	(1,084)
Revenue, net of interchange fees and processing fees	2.1	**6,836**	**3,267**
Cost of sales		(983)	(505)
External expenses		(1,732)	(858)
Staff costs	2.3	(1,873)	(904)
Operating profit before depreciation and amortisation (EBITDA) before special items		**2,248**	**1,000**
Special items	2.2	(538)	(286)
Operating profit before depreciation and amortisation (EBITDA)		**1,710**	**714**
Amortisation of business combination intangibles & impairment losses	4.2 & 4.3	(627)	(329)
Underlying depreciations and amortisations	4.2 & 4.3	(271)	(88)
Operating profit (EBIT)		**812**	**297**
Profit from associates after tax	4.5	(3)	2
Fair value adjustment of VISA Europe share	7.2	2,428	—
Fair value adjustment on contingent consideration liability related to VISA Europe Share	7.2	(1,913)	—
Financial income	5.3	196	189
Financial expenses	5.3	(997)	(471)
Net financials		**(289)**	**(280)**
Profit before tax		**523**	**17**
Income taxes	6.1	(404)	46
Net profit for the year		**119**	**63**
Profit is attributable to:			
Owners of Nassa Topco AS		97	67
Non-controlling interests		22	(4)
		119	**63**

Consolidated statement of other comprehensive income

	Note	2015	2014
		DKKm	
Net profit for the year		**119**	**63**
Other comprehensive income:			
Items that will not be reclassified subsequently to the consolidated income statement:			
Actuarial gains/(losses) on defined benefit pension plans	7.1	3	(11)
Tax		(0)	3
Total items never reclassified to the consolidated income statement		**3**	**(8)**
Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:			
Currency translation adjustments, foreign enterprises		(119)	(110)
Net gains/(losses) on cash flow hedges		6	(45)
Total items that may be reclassified to the consolidated income statement subsequently		**(113)**	**(155)**
Other comprehensive income for the year, net of tax		**(110)**	**(163)**
Total comprehensive income for the year, net of tax		**9**	**(100)**
Total comprehensive income for the year is attributable to:			
Owners of Nassa Topco AS		(11)	(96)
Non-controlling interests		20	(4)
		9	**(100)**

Consolidated balance sheet as at 31 December

	Note	2015	2014
		DKKm	
Assets			
Non-current assets			
Goodwill	4.2	14,646	13,423
Other intangible assets	4.2	4,722	4,468
Plant and equipment	4.3	263	278
Investment in associates	4.5	227	240
Deferred tax asset	6.1	205	97
Total non-current assets		**20,063**	**18,506**
Current assets			
Inventories	3.1.1	67	84
Trade and other receivables	3.1.2	832	670
Clearing-related assets	3.2	3,705	5,092
Prepayments		153	184
Other financial assets	7.2	2,428	—
Cash and cash equivalent	3.3	2,310	2,163
Total current assets		**9,495**	**8,193**
Total assets		**29,558**	**26,699**
Equity and liabilities			
Equity			
Share capital	5.1	50	50
Reserves		4,266	4,875
Equity, owners of Nassa Topco		**4,316**	**4,925**
Non-controlling interests		664	21
Total equity		**4,980**	**4,946**
Non-current liabilities			
Borrowings	5.2	14,573	12,526
Pension liabilities, net	7.1	59	69
Deferred consideration for business combinations	4.1	163	21
Derivative financial instruments		24	30
Deferred tax liabilities	6.1	1,480	920
Total non-current liabilities		**16,299**	**13,566**
Current liabilities			
Borrowings	5.2	—	1,506
Trade and other payables	3.1.3	1,863	1,751
Clearing-related liabilities	3.2	4,483	4,902
Other financial liabilities	7.2	1,913	—
Current tax liabilities		20	28
Total current liabilities		**8,279**	**8,187**
Total liabilities		**24,578**	**21,753**
Total equity and liabilities		**29,558**	**26,699**

Consolidated statement of cash flows for the year

	Note	2015	2014
		DKKm	
Operating profit (EBIT)		812	297
Depreciation, Amortisation & Impairment losses	4.2 & 4.3	898	417
Other non-cash items		(21)	(11)
Change in narrow working capital	3.1	65	144
Interest and similar items, net		(568)	(34)
Tax paid		(80)	(163)
Net cash flow from operating activities excluding clearing-related balances		**1,106**	**650**
Change in clearing-related balances	3.2.1	989	(1,563)
Net cash from operating activities		**2,095**	**(913)**
Purchase of intangible assets	4.2	(394)	(204)
Purchase of plant and equipment	4.3	(145)	(63)
Proceeds from sale of plant and equipment		—	2
Proceeds from sale of investments		18	284
Purchase of investments	4.1	(1,571)	(14,979)
Payments for currency hedge		—	(15)
Proceeds/(payments) for securities		—	26
Dividends received	4.5	10	—
Net cash from investing activities		**(2,082)**	**(14,949)**
Proceeds from Capital increase		25	5,021
Proceeds from borrowings		1,636	12,526
Proceeds from Asset-Backed Loan		—	1,068
Repayment of Asset-Backed Loan		(1,079)	—
Repayment of borrowings		—	(1,000)
Net cash flows from financing activities		**582**	**17,615**
Net cash flow for the year		**595**	**1,753**
Cash and cash equivalents as at 1 January		1,730	1
Exchange gains/(losses) on cash and cash equivalents		(15)	(24)
Cash and cash equivalents as at 31 December	3.3	**2,310**	**1,730**

Non-GAAP performance measures

Cash and cash equivalents as at 31 December	**2,310**	**1,730**
Clearing-related assets as of 31 December	3,705	5,092
Clearing-related liabilities as of 31 December	(4,483)	(4,902)
Other adjustements of clearing-related balances	—	6
Own-cash as of 31 December	**1,532**	**1,926**
Own cash as of 1 January	**1,926**	**(1,390)**
Net cash flow from operating activities excluding clearing related balances	1,106	650
Net cash from investing activities in the year	(2,082)	(14,949)
Net cash flows from financing activities in the year	582	17,615
Own-cash as of 31 December	**1,532**	**1,926**

Consolidated statement of changes in equity as at 31 December

	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	owners Nassa Topco A/S	Non-controlling interests	Total equity
				DKKm			
2015							
Equity 1 January	50	(45)	(110)	5,030	**4,925**	21	**4,946**
Net profit for the year	—	—	—	97	**97**	22	**119**
Other comprehensive income for the year							
Actuarial losses related to defined benefit pension plans	—	—	—	3	**3**	—	**3**
Tax	—	—	—	(0)	**(0)**	—	**(0)**
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)**
Total comprehensive income for the year	**—**	**6**	**(117)**	**100**	**(11)**	**20**	**9**
Non-controlling interests from business combination	—	—	—	(623)	**(623)**	623	**—**
Capital increase	—	—	—	25	**25**	—	**25**
Total changes in equity	**—**	**6**	**(117)**	**(498)**	**(609)**	**643**	**34**
Equity 31 as at December	**50**	**(39)**	**(227)**	**4,532**	**4,316**	**664**	**4,980**
2014							
Equity 1 January	—	—	—	1	**1**	—	**1**
Net profit for the year	—	—	—	67	**67**	(4)	**63**
Other comprehensive income for the year							
Actuarial losses related to defined benefit pension plans	—	—	—	(11)	**(11)**	—	**(11)**
Tax	—	—	—	3	**3**	—	**3**
Currency translation adjustments, foreign enterprises	—	—	(110)	—	**(110)**	—	**(110)**
Net loss on cash flow hedges	—	(45)	—	—	**(45)**	—	**(45)**
Other comprehensive income for the year	—	(45)	(110)	(8)	**(163)**	—	**(163)**
Total comprehensive income for the year	**—**	**(45)**	**(110)**	**59**	**(96)**	**(4)**	**(100)**
Issue of share capital (9 July 2014)	**50**	—	—	4,970	**5,020**		**5,020**
Non-controlling interests from business combination	—	—	—	—	**—**	25	**25**
Total changes in equity	**50**	**(45)**	**(110)**	**5,029**	**4,924**	**21**	**4,945**
Equity 31 as at December	**50**	**(45)**	**(110)**	**5,030**	**4,925**	**21**	**4,946**

Contents

With the aim of providing enhanced information and a better understanding of the Group's financial results, position and cash flows, the notes to the consolidated financial statements for the period ended 31 December 2015 have been structured into key themes. Further, to provide additional context to the IFRS financial statements and disclosures, narrative comments have been placed adjacent to the disclosures in the relevant theme section. The notes are presented in the following themes:

- Basis of preparation
- Earnings
- Working capital
- Strategic investment and divestment
- Funding and capital structure
- Tax and Governance
- Other disclosures

Contained within the narrative comments information is financial analysis which is used by Executive Management in the monitoring of the business.

For ease of reference, an overview of how the financial statement disclosure notes have been allocated to each of the respective themes is set out below.

Section 1: Basis of preparation

1.1 Application of materiality

In the preparation of these consolidated financial statements, an evaluation of what information is considered relevant and useful has been performed by Management. With the aim of providing consolidated financial statements which enable users to more clearly focus on issues which are considered important for decision-making purposes, certain measures have been undertaken to remove immaterial clutter, including:

- Aggregating immaterial line items on the primary statements (income statement, balance sheet and statement of cash flows);

- Moving disaggregated items from the primary statements to the Notes;
- Including disclosure requirements of accounting standards only to the extent they are material to the Group.

1.2 Basis of preparation

The basis of preparation relates to the accounting framework which Executive Management has applied in the preparation of the consolidated financial statements of Nassa Topco AS.

International Financial Reporting Standards (IFRS), as adopted by the European Union, and additional Norwegian disclosure requirements have been applied in the preparation of these consolidated financial statements. Included within these financial statements is the following disclosures which are non-IFRS:

- Adjusted EBIT
- Own-cash

The Company is incorporated and registered in Norway, and the functional currency at the parent company and the presentational currency of the Group is Danish kroner (DKK). All values are rounded to the nearest million, except when otherwise indicated.

The accounting policies described in the financial statements have been applied consistently in each of the periods presented.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

1.3 Summary of key accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires 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 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.

Executive Management considers the following estimates and related judgements material to the assets and liabilities recognised in the consolidated financial statements; these are described in further detail adjacent to the relevant disclosure note.

- Business combinations (Note 4.1)
- Useful life of customer agreements (Note 4.2)
- Recoverable amount of goodwill and capitalised development projects (Note 4.4)
- Tax (Note 6.1)
- Defined benefit plans (Note 7.1)
- Value of VISA Europe shares and related contingent consideration liability (Note 7.2)

1.4 Changes in accounting policies and disclosures—New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. None of these amendments have had material impact on the Group. A summary of standards issued but not yet effective is included in note 7.4.

Accounting policies pervasive to the consolidated financial statements

1.5 Basis for consolidation

The consolidated financial information incorporates the financial information of the Group and entities controlled by the Company (its subsidiaries). Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Potential voting rights are included in the assessment of whether the Group has power over an entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which the Group obtains control or up to the date on which the Group ceases to have control, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.6 Foreign currency translation

Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial information is presented in Danish kroner (DKK), which is also the functional and presentational currency of the parent company.

On recognition of foreign branches which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Items in the consolidated income statements are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation of Group companies

Financial information of foreign subsidiaries is translated into Danish kroner at the exchange rates prevailing at the end of the reporting period for assets and liabilities, and at average exchange rates for consolidated income statement and other comprehensive income items.

All effects of exchange rate adjustment are recognised in the consolidated income statement, with the exception of exchange rate adjustments of investments in subsidiaries arising from:

- the translation of foreign subsidiaries' net assets including goodwill recognised at acquisition date, at the beginning of the year at the exchange rates at the end of the reporting period;
- the translation of foreign subsidiaries' income statements using average exchange rates, whereas balance sheet items are translated using the exchange rates prevailing at the end of the reporting period;
- the translation of non-current intra-Group receivables that are considered to be an addition to net investments in subsidiaries.

The above exchange rate adjustments are recognised in other comprehensive income.

Section 2: Earnings

This section contains disclosure information related to the revenue, staff costs and earnings development of the Group. This section also discloses information regarding foreign currency exposure.

Note 2.1 Revenue

Significant accounting policies

Revenue recognition

Revenue represents (1) amounts from transaction processing in relation to issuing, co-issuing and acquiring card activities; (2) amounts from the sale of secure transactions of data between the customer and an acquiring bank or processor; (3) products, which include the sale or lease of terminals and electronic payment systems with incidental software or accessories; and (4) services, which include fees for installation and deployment, customer support, repair services, and custom software development.

Revenue from transaction service charges, transaction processing and similar services is recognised as revenue when services are performed.

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances.

Rental income arising from leases of terminals is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

Net revenues from services obligations to be provided over a period of time are initially deferred and then recognised on a straight-line basis over the period during which the services are provided.

Revenue is recognised as the gross amount excluding VAT, taxes and duties and discounts in relation to the sale. Revenue is measured at the fair value of the consideration received or receivable.

Interchange fees and processing fees

Interchange fees and processing fees are the accumulated total of all fees directly related to creating a transaction service charge and sales of other services. This represents interchange fees, processing fees, sales commission, network fees and handling fees.

Specification of revenue

	2015	2014
	DKKm	
Gross revenue per transaction type		
Transaction services	7,797	3,759
Non Transaction services	1,243	592
Total	**9,040**	**4,351**
Gross revenue per business area		
Corporate Services	2,771	1,721
Financial & Network Services	2,730	952
Merchant Services	3,539	1,679
Total	**9,040**	**4,351**
Net revenue per business area		
Corporate Services	2,764	1,386
Financial & Network Services	2,206	1,053
Merchant Services	1,866	828
Total	**6,836**	**3,267**
Gross revenue per geographical area		
Denmark	4,367	1,932
Norway	2,580	1,343
Finland	1,234	618
Other countries	859	458
Total	**9,040**	**4,351**
Net revenue per geographical area		
Denmark	3,207	1,505
Norway	2,233	1,164
Finland	806	391
Other countries	590	207
Total	**6,836**	**3,267**

The geographical breakdown of revenue is based on the location of the legal entities and branches in the Group except for Nets Card Processing A/S which is included in "Other countries", as most revenue is outside Denmark. "Other countries" also includes activities in legal entities in Sweden and Estonia.

Note 2.2 Costs and Special items

Significant accounting policies

Cost of sales

Cost of sales is the accumulated total of all costs related to products and services which have been sold. This represents mainly the cost of terminals sold and decentralised production costs.

External expenses

External expenses incurred in generating the revenue for the year comprise IT operation, operating leases for software, maintenance and development costs that do not qualify for capitalisation, lease expenses and other marketing, sales and distribution costs, loss and fraud.

Immaterial other gains and losses of a nature secondary to the main activities of the Group are recognised within external expenses.

Special items

Special items are costs or income that are recognised in the income statement which cannot be attributed directly to the Group's ordinary activities. Such costs and income include the cost of extensive restructuring or processes and fundamental structural adjustment. They are therefore separately disclosed to allow a more comparable view of underlying trading performance.

Key accounting estimates and judgements

The use of special items entails management judgement in the separation from other items in the income statement. Management carefully considers such changes in order to ensure the correct distinction between the operating activities and restructuring of the Group carried out to enhance the future earnings potential.

Special items in the year amounted to DKK 538 million (2014: DKK 286 million) and included the following costs:

	External expenses	Staff costs	2015	External expenses	Staff costs	2014
			DKKm			
Special items						
Reorganisation and restructuring costs	8	151	**159**	3	106	**109**
Costs associated with business set-ups, acquisitions and disposals	44	—	**44**	13	43	**56**
Transformation programme	315	38	**353**	124	—	**124**
Other costs and income, net	(18)	—	**(18)**	(3)	—	**(3)**
Total special items	**349**	**189**	**538**	**137**	**149**	**286**

Reorganisation and restructuring costs

Costs of reorganisation and restructuring amounted to DKK 159 million (2014: DKK 109 million) and mainly include costs related to termination of employees as part of making Nets more cost-efficient and competitive in meeting the strategy of being operationally excellent.

Costs associated with business set-ups, acquisitions and disposals

Costs associated with business set-ups, acquisitions and disposals amounted to DKK 44 million (2014: DKK 56 million) and mainly include costs related to external advisors.

Transformation programme

Costs related to the transformation programme, mainly external management consultants, amounted to DKK 353 million (2014: DKK 124 million) and include costs related to place Nets in the best position to continue to achieve the growth plans in our strategy "from Good to Great".

Note 2.3 Staff costs

Significant accounting policies

Staff costs

Wages, salaries, pension contributions, social security contributions, annual leave and sick leave and bonuses are recognised in the year in which the associated services are rendered by employees of the Group.

	2015	2014
	DKKm	
Staff costs		
Wages and salaries	1,716	897
Pensions—defined contribution plans	180	84
Pensions—defined benefit obligations—reference note 7.1	5	7
Other social security contributions	115	65
Other employee costs	200	80
Total employee costs for the year	**2,216**	**1,134**
Employee costs included in development projects	154	81
Total employee costs expensed in the income statement	**2,062**	**1,053**
Employee costs included in special items	189	149
Total employee costs included in EBITDA before special items	**1,873**	**904**
Actuarial losses recognised in other comprehensive income	(3)	11
Average number of full-time employees	2,513	2,618
Year-end number of full-time employees	2,413	2,608

Information about remuneration to the Board of Directors and Group Management is disclosed in Note 6.2

Note 2.4 Foreign currency exposure

Transaction risk

The Group operates predominantly in northern Europe. Hence, it is primarily exposed to exchange-rate risks from NOK and SEK, and to a minor degree USD, GBP and ISK. EUR-based exposure is considered low, given the de facto fixed-rate policy the Danish Central Bank has maintained since the beginning of the euro currency. The Group has only minor exposure to currencies other than those mentioned above.

Foreign currency risk is managed at Group level, focusing on two distinct areas: business activities and Group assets and liabilities.

Business activities

There is exchange-rate exposure associated with settlement assets and settlement obligations; however, the exposure is limited, as card transactions are generally executed and settled in the same currency and in the same timeframe. Discrepancies in outflow and inflow of clearing funds result in the Group trading currencies on an ongoing basis to settle these.

Group assets and liabilities

The Group holds assets and liabilities in foreign currency, mainly in four different classes, which are as follows:

- Cash at bank—the Group has cash at bank which is in different currencies relevant to underlying card-clearing structure. This and the Group's own cash are not being hedged;
- Borrowings—the Group has term loans denominated in euro and Swedish kroner (see Note 5.2 for further information).

Foreign exchange sensitivity analysis

The Group's exposure to foreign currency fluctuations is summarised in the following tables.

A probable change in the following currencies will impact the Group's revenue and operating profit before depreciation and amortisation for the year as outlined in the table below:

	Probable change in currency	2015	2014	2015	2014
		Net revenue		EBITDA	
		(DKKm)			
NOK	10%	223	228	79	67
SEK	10%	54	20	24	3
EUR	1%	9	9	2	1

A probable change in the following currencies against the currencies as at the balance sheet date would have the following hypothetical impact on profit before tax and the Group's equity, based on the exposure of balances in foreign currency.

Exposure of balances in foreign currency	Cash and cash equivalents	Securities	Receivables[1]	Borrowings	Liabilities[2]	Net assets	Probable change in currency	Hypothetical impact on profit before tax	Hypothetical impact on equity
					(DKKm)				
2015									
NOK	1,003	—	783	(1,916)	(1,436)	**(1,566)**	**10%**	**(136)**	**(157)**
SEK	454	—	603	(203)	(295)	**559**	**10%**	**28**	**56**
EUR	698	—	836	(8,749)	(1,131)	**(8,346)**	**1%**	**(86)**	**(83)**
Total	**2,155**	**—**	**2,223**	**(10,868)**	**(2,863)**	**(9,353)**			
2014									
NOK	1,236	—	818	(2,105)	(1,653)	**(1,704)**	**10%**	**(170)**	**(209)**
SEK	50	—	911	(290)	(359)	**312**	**10%**	**31**	**(55)**
EUR	843	—	1,956	(8,416)	(1,439)	**(7,056)**	**1%**	**(71)**	**(71)**
Total	**2,129**	**—**	**3,685**	**(10,811)**	**(3,451)**	**(8,448)**			

1 Receivables include settlement assets and cardholder-related balances.

2 Liabilities include settlement obligations and merchant creditor.

A large part of the balances in foreign currency is naturally hedged by the underlying business activities.

	2015			2014		
Key currencies	**NOK**	**SEK**	**EUR**	**NOK**	**SEK**	**EUR**
	Exchange rate DKK per 100					
Average	83.43	79.74	745.86	89.29	81.99	745.49
End of year	77.61	81.22	746.25	82.32	78.56	744.36
Year-end change	(5.7%)	3.4%	0.3%	(7.0%)	(6.0%)	(0.2%)

Section 3: Working capital

The working capital of the Group comprises narrow working capital and clearing related balances.

Narrow working capital comprises inventory (primarily terminals, spare parts, etc.), trade receivables, prepayments and other receivable and trade and other payables. Management actively focuses on optimising the narrow working capital requirements of the Group's operations.

Clearing-related balances comprises the aggregate of receivables from cardholders and settlement assets less the aggregate of merchant creditors, settlement obligations and prepayments from cardholders, as these balances have a tendency to off-set each other, except for receivables from cardholders.

However, Management has limited ability to influence the working capital of clearing-related balances on a day-to-day basis, as these are principally driven by the volume of transactions and the time elapsed since the last clearing of financial issuers/card schemes which is why these balances fluctuate from reporting date to reporting date. A description of the components in the clearing-related balances and the key drivers behind their respective amounts is described in Note 3.2.

Significant accounting policies

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Loans and receivables

This category is the most relevant to the Group and applies to trade and other receivables and clearing related assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Interest income arising under the EIR method is recognised in financial income in the income statement. Losses arising from impairment are recognised in the income statement in external expenses.

Financial assets at fair value through profit or loss

Listed securities are classified as held for trading and are measured at fair value through profit or loss.

Impairment of financial assets

Disclosures relating to impairment of financial assets are provided in the following notes:

- Trade receivables—Note 3.1.2
- Clearing-related assets—Note 3.2

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the expected net realisable value is lower than cost, inventories are written down to this lower value.

Trade and other payables

Amounts are initially recognised at fair value. Subsequently, these items are measured at amortised cost.

Note 3.1 Change in narrow working capital

	2015	2014
	DKKm	
Change in narrow working capital		
Inventories	17	65
Trade receivables and other receivables	(162)	64
Prepayments	30	32
Trade and other payables	179	(16)
Total change in narrow working capital	**64**	**144**

Note 3.1.1 Inventories

	2015	2014
	DKKm	
Inventories		
Raw materials and supplies	—	—
Work in progress	—	0
Finished goods and merchandise	68	91
Total inventories (gross)	**68**	**91**
Inventory write-downs at year-end	(1)	(7)
Total inventories (net)	**67**	**84**
Movements in the inventory write downs		
Inventory write-downs as at 1 January	(7)	(53)
Inventory write-downs during the year	—	(4)
Provisions used	6	43
Decrease in provisions regarding divested business	—	7
Exchange differences	—	—
Inventory write-downs as at 31 December	**(1)**	**(7)**

Write-downs of inventories to net realisable value amounted to DKK 0 million net (2014: DKK 4 million) and are included in cost of sales.

Note 3.1.2 Trade and other receivables

	2015	2014
	DKKm	
Trade receivables		
Trade receivables	647	545
Allowances for doubtful debts	(17)	(8)
Trade receivables, net	**630**	**537**
Other receivables	202	133
Total	**832**	**670**
Allowances for doubtful debts at 1 January	(8)	(9)
Impairment losses	8	(1)
Adjustment of provision for bad debt	(16)	—
Reversal of impairment losses	—	—
Decrease in provisions regarding divested business	—	1
Exchange rate adjustment	(1)	1
Allowances for doubtful debts at 31 December	**(17)**	**(8)**
Receivables past due but not impaired	**91**	**63**
Receivables past due but not impaired can be specified as follows:		
Receivables past due less than 6 months	80	45
Receivables past due between 6 and 12 months	6	15
Receivables past due more than 12 months	5	3
Total	**91**	**63**

Increase in Receivables past due less than 6 months mainly relates to the Finnish entities, which were settled in January 2016 without losses.

Related credit risk

The Group is exposed to credit risks related to the trade receivables. Exposure is considered minimal, as the base consists of a large number of customers and merchants spread across diverse industries and geographical areas, which minimises the credit risks.

Note 3.1.3 Trade and other payables

	2015	2014
	DKKm	
Trade and other payables		
Trade payables	465	369
Prepayments from customers	162	74
Payables from associates	3	2
Other liabilities	1,233	1,306
Total	**1,863**	**1,751**
Other liabilities		
Employee costs payable	436	455
Other payables	398	392
Interests payable	331	398
VAT and duties payable	68	61
Total	**1,233**	**1,306**
Recognised as follows in the balance sheet:		
Current liabilities	1,863	1,751
Total	**1,863**	**1,751**

Note 3.2 Clearing related balances

	2015	2014
	DKKm	
Clearing-related assets		
Receivable from cardholders	—	1,221
Settlement assets	3,705	3,871
Total	**3,705**	**5,092**
Clearing-related liabilities		
Merchant creditors	2,066	2,450
Settlement obligations	2,417	2,417
Prepayments from cardholders	—	35
Total	**4,483**	**4,902**

The carrying amount of clearing-related balances is, in general, driven by a combination of card turnover, average settlement days and timing of settlement.

Receivable from cardholders

In Finland, Nets Oy issued cards in its own name to cardholders in collaboration with local banks. This business was closed down during 2015. The balance was driven by card spend (volume) (this month and previous) and average credit days.

In respect of receivables from cardholders related to the Group's financial issuing services in Finland, write-downs for anticipated doubtful debts were based on an assessment of potential risk, individual assessments of receivables and historically experienced write-down for anticipated losses on uniform groups of these receivables. In general, receivables overdue by 180 days were written down to zero, and receivables overdue by 90 days were written down by 20%.

Settlement assets consist primarily of the Group's receivables from the card schemes/networks/banks for transactions processed on behalf of merchants or card issuing banks.

Merchant creditors consists primarily of the Group's liability to merchants for transactions that have been processed but not yet settled. Certain settlement terms towards merchants exceed settlement terms towards the remittance from card scheme/banks, thus creating negative working capital.

Settlement obligations consist primarily of the Group's obligations to the card schemes/networks for transactions made by cardholders who are customers in issuing banks for whom the Group processes transaction. The settlement assets and settlement obligations are primarily clearing transactions and fees that are cleared at the beginning of the following month with card issuers and card acquirers respectively.

Prepayment from cardholders is applicable only in Finland and the liability consisted primarily of prepayments of vouchers and gift cards. In connection with the sale of the card business beginning 2014 it was decided not to continue the remaining voucher business.

Note 3.2.1 Change in clearing related balances

	2015	2014
	DKKm	
Change in clearing-related balances		
Change in settlement assets	166	222
Change in settlement obligations	—	(483)
Change in cardholder receivables	1,221	22
Change in cardholder prepayments	(14)	(80)
Change in merchant creditors	(384)	(1,244)
Total	**989**	**(1,563)**

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to the risk of unpaid merchant service charges where a customer ceases to trade. To manage this risk, the Group maintains credit risk exposure in line with approved appetite for risk whilst achieving appropriate risk versus reward performance and ensuring that customers will be able to meet their obligations to the Group. In addition, the Group is exposed to chargebacks that arise where customers may not have received the goods or services for which they have paid and seek recompense from the card issuer. Whilst the financial responsibility for a chargeback lies with the merchant, in the event that the merchant is no longer in business, the Group has a liability to re-compensate the card scheme or the issuing bank.

The Group was also previously exposed to credit risk through the co-issuing model that the subsidiary Nets Oy is running in Finland with four banks. In this business model, Nets Oy is exposed to the banks' private clients' non-payment of credit card debt and a subsequent prolonged debt-collection process. This business was closed down during 2015.

Note 3.3 Cash and cash equivalents

Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprises cash, and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

	2015	2014
	DKKm	
Cash at bank and on hand	2,310	2,163
Cash and cash equivalents as at 31 December	**2,310**	**2,163**
Bank overdrafts	—	(433)
Net cash and cash equivalents as at 31 December	**2,310**	**1,730**
Restricted cash included in cash at bank and on hand	31	29

The credit rating of the banks to which the Group has the largest exposure is monitored on a continuous basis. The Group has entered into cash pool arrangements for activities in Denmark and Sweden.

Note 3.4 Financial risk management

Liquidity and financing risk management

Liquidity management is executed on an ongoing daily basis, ensuring availability of required liquidity of the Group by appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities.

The Group has established cash pooling arrangements to ensure cost-efficient and secure cash management. The Group continuously monitors actual and future cash flows to match the maturity profiles of financial assets and liabilities.

A part of the Group's liquidity positions relates to its settlement activities (settlement cash). The Group ensures that it has sufficient liquidity at any time to meet its settlement payment obligations as they fall due. This is achieved by holding significant cash balances and maintaining sufficient credit lines.

Settlement cash

The Group's acquiring business has a short-term settlement cycle where card schemes (predominantly Visa/ MasterCard) remit cash and the Group pays merchants from these remittances.

The settlement activities can result in a significant increase in cash balances or a significant decrease in cash balances. Liquidity is needed only when merchants are remitted prior to funds being received; however, the settlements are normally performed within a few days.

The Group's issuing business has also a short-term settlement cycle where the network (local banks) remits cash and the Group pays the card acquirer or card schemes. The settlements can result in a significant increase in cash balances or a significant decrease in cash balances. Liquidity risks occur when card acquirers are paid prior to funds being received from the network (local banks); however, settlements are normally performed within a few days.

The Group's co-issuing business had a longer-term settlement cycle where card schemes, merchants and local banks were settled live and before funds were received from cardholders. Funds from cardholders were received once a month. This resulted in a significant decrease in cash balances over the period until cardholders payed in. However, due to the nature of the business, the daily fluctuations were moderate.

Maturity analysis

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities, with agreed payment periods:

	< 1 month	1 - 3 months	3 - 12 months	> 1 year	Total
			DKKm		
2015					
Trade and other receivables	753	79	—	—	832
Settlement assets	3,705				3,705
Total financial assets at the end of the year by maturity	4,458	79	—	—	4,537
Borrowings	(2)	(127)	(293)	(22,375)	(22,797)
Trade and other payables	(533)	(578)	(752)	—	(1,863)
Merchant creditors	(2,066)	—	—	—	(2,066)
Settlement obligations	(2,417)	—	—	—	(2,417)
Deferred consideration for business combinations	—	—	—	(163)	(163)
Total financial liabilities at the end of the year by maturity	(5,018)	(705)	(1,045)	(22,538)	(29,306)
2014					
Trade and other receivables	591	75	4	—	670
Receivable from cardholders	389	155	677	—	1,221
Settlement assets	3,871	—	—	—	3,871
Securities	—	—	—	—	—
Financial assets held-for-sale	—	—	—	—	—
Total financial assets at the end of the year by maturity	4,851	230	681	—	5,762
Borrowings	1,546	68	333	20,573	22,520
Trade and other payables	(421)	(427)	(432)	—	(1,280)
Merchant creditors	(2,450)	—	—	—	(2,450)
Settlement obligations	(2,417)	—	—	—	(2,417)
Deferred consideration for business combinations	—	—	—	(21)	(21)
Total financial liabilities at the end of the year by maturity	(3,742)	(359)	(99)	20,552	16,352

The maturity analysis is based on undiscounted cash flows, including estimated interests. Interests are included based on current rates. Operating lease obligations are disclosed in Note 5.5. A more detailed maturity analysis of the Group loans is disclosed in Note 5.2.

Section 4: Strategic investment and divestment

This section includes disclosure information related to how the Group executed its growth strategy related to:

- Expansion of geographic and service offering footprint through acquisitions
- Development of innovative product and service offerings

Strategic acquisitions

The Group is actively committed to renewing and supplementing the portfolio of services offered and to strengthening our geographic footprint. During 2015, the Group strengthened its market coverage with the acquisition of Kortaccept Nordic AB, Signaturgruppen A/S and the remaining shares of DIBS Payment Services AB.

This section provides information on the consideration paid by the Group for acquiring these entities and shows how these businesses have impacted the Group's balance sheet at their respective acquisition dates, including details on goodwill and other intangible assets acquired.

Investments in development projects

Nets' vision is "Powering digital payments". The Group continuously innovates to bring to market products and services relevant to our focus areas in new payment instruments, analytics and authentication.

This section includes financial information related to expenditure on development projects.

Note 4.1 Business combinations

Significant accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at either at fair value (full goodwill) or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable assets.

Any contingent consideration to be transferred is measured at fair value at the acquisition date. Acquisition-related costs are expensed as and when incurred within external expenses and staff costs.

At the acquisition date, the identifiable assets acquired and the liabilities, including contingent liabilities assumed, are recognised at their fair value at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the following 12 months from the acquisition date, if additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The effect of the adjustment is recognised in the opening balance of equity and the comparative figures are restated accordingly.

When the Group ceases to have control of any retained interest in the entity it is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

Key accounting estimates and judgements

The most significant assets acquired generally comprise goodwill, customer agreements and development projects. As no active market exists for the majority of acquired assets, liabilities and contingent liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value. The methods applied are based on the present value of future cash flows based on after-tax royalty payments, churn rates or other expected cash flows related to the specific asset.

The fair value of development projects and customer contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired portfolio and related customer relationships. Measurement is based on a discounted cash flow model on key assumptions about the estimated split of the acquired and expected revenue, the related churn rates and profitability of the revenue at the time of the acquisition.

Acquisition of shares in DIBS Payment Services AB

The Group acquired 85.8% of the shares in DIBS Payment Services AB as of 30 December 2014. As DIBS Payment Services AB was listed on NASDAQ OMX First North in Stockholm until 13 March 2015, the flow of financial information was subject to regulatory requirements until that date, and not accessible to individual shareholders. The gap between recognised net assets and consideration paid was preliminary recognised as goodwill and adjusted in 2015.

Acquisition of businesses

The group made two acquisitions in 2015 (2014: three). The acquisitions had the following effect on the Group's consolidated financial statements as at the reporting date:

	2015				
	Kortaccept Nordic AB		Signaturgruppen A/S		
	Book value on acquisition date	Opening Balance	Book value on acquisition date	Opening Balance	Total acquisitions (Opening balance)
			DKKm		
Goodwill	—	1,073	—	204	**1,277**
Development projects	—	—	—	—	**—**
Customer agreements	—	440	—	—	**440**
Plant and equipment	—	—	0	0	**0**
Inventory	—	—		—	**—**
Trade and other receivables	—	—	9	9	**9**
Clearing-related assets	—	—	—	—	**—**
Prepayment	—	—	1	1	**1**
Cash and cash equivalent	299	299	16	16	**315**
Deferred tax	—	(97)	(0)	(0)	**(97)**
Trade and other payables	—	—	(13)	(13)	**(13)**
Clearing-related liabilities	—	—	—	—	**—**
Non-controlling interests	—	—	—	(125)	**(125)**
Consideration transferred		**1,715**		**92**	**1,807**
Cash and cash equivalent in aquisition of business		299		16	**315**
Cash consideration transferred		**1,416**		**76**	**1,492**
Contingent and deferred consideration		—		125	**125**
Total payment regarding acquisitions of business		**1,416**		**201**	**1,617**

The final purchase price allocations for businesses acquired in 2014 are as follows:

	2014						
	Nets Holding AS		DIBS Payment Services AB		Other acquisitions		
	Book value on acquisition date	Opening Balance	Book value on acquisition date	Opening Balance	Book value on acquisition date	Opening Balance	Total acquisition (Opening balance)
				DKKm			
Goodwill	720	12,838	12	362	—	162	**13,362**
Development projects	411	3,034	27	38	17	38	**3,110**
Customer agreements	530	1,425	—	136	—	115	**1,676**
Plant and equipment	293	293	2	2	12	12	**306**
Investment in associates	22	238	—	—	—	—	**238**
Inventory	149	149	—	—	2	2	**151**
Trade and other receivables	757	757	7	7	9	9	**774**
Clearing-related assets	5,336	5,336	—	—	34	34	**5,370**
Prepayment	216	216	14	14	—	—	**230**
Cash and cash equivalent	2,791	2,791	40	40	26	26	**2,857**
Deferred tax	(37)	(890)	(3)	(35)	—	(30)	**(956)**
Borrowings	(1,018)	(1,018)	—	—	—	—	**(1,018)**
Pension liabilities	(72)	(72)	—	—	—	—	**(72)**
Trade and other payables	(1,296)	(1,296)	(26)	(26)	(46)	(46)	**(1,367)**
Current tax liabilities	(158)	(158)	—	—	—	—	**(158)**
Clearing-related liabilities	(6,594)	(6,594)	—	—	(34)	(34)	**(6,628)**
Non-controlling interests	—	(10)	—	(11)	—	(38)	**(59)**
Consideration transferred		**17,039**		**527**		**249**	**17,815**
Cash and cash equivalent in business aquisitions		2,791		40		26	**2,857**
Cash consideration transferred		**14,248**		**487**		**223**	**14,958**
Contingent and deferred consideration		—		—		38	**38**
Total payment in respect of business acquisitions		**14,248**		**487**		**261**	**14,996**

Kortaccept Nordic AB

On 10 December 2015, the Group acquired 100% of the share capital of Kortaccept Nordic AB (Nordea Merchant Acquiring) for the total consideration of DKK 1,715 million.

The acquisition of Nordea Merchant Acquiring has strengthened the Group's total product and service offering towards Nordic and Baltic merchants and there is a strong strategic match between the core business and competences of Nordea Merchant Acquiring and the Merchant Services business in the Group.

Goodwill represents the value of the current workforce and know-how and also the operational synergies expected from integration within the group.

In the period from the acquisition date to 31 December 2014, Kortaccept Nordic AB contributed revenue of DKK 19 million and operating profit of DKK 17 million to the Group. Acquisition costs relating to the purchase of Kortaccept Nordic AB amount to DKK 30 million.

Signaturgruppen A/S

On 2 July 2015, the Group acquired 51% of the share capital in Signaturgruppen for a total consideration of DKK 92 million. At the same the Group entered into a put-and-call option to acquire the remaining 49% of the share, at an excise price based on a number of elements including growth in EBITDA.

The acquisition of Signaturgruppen added a strong partner for online digital identity in Denmark.

The Goodwill represents the value of the current workforce and potential synergies expected when integrated in the Group.

Signaturgruppen A/S contributed revenue of DKK 18 million and operating profit of DKK 8 million to the Group. Total annual revenue of Signaturgruppen for 2015 was DKK 33 million. Acquisition costs relating to the purchase of Signaturgruppen A/S amounted to DKK 1 million.

Storebox A/S

An agreement to acquire 70% of the share capital of Storebox A/S was signed in December 2015 with closing date in January 2016 for the total consideration of DKK 70 million.

DIBS Payment Services AB

On 30 December 2014, the Group acquired 85.8% of the share capital of DIBS Payment Services AB for the total consideration of DKK 527 million excluding acquisition costs. The acquisition added the widest range of simple and secure payment solutions online in the Nordic countries. Goodwill represents the value of the current workforce and know-how and also the operational synergies expected from integration within the Group.

Total annual revenue for 2014 of DIBS Payment Services AB was estimated at DKK 140 million (approximate figures extracted from unaudited financial information) based on extractions at the time of acquisition. In the period from the acquisition date to 31 December 2014, DIBS Payment Services AB contributed revenue of DKK 0 million and operating profit of DKK 0 million to the group. Acquisition costs relating to the purchase of DIBS Payment Services AB amount to DKK 15 million. In 2015 the Group acquired further 12.6% of the share capital. The Group owns 98.4% of the share capital at year end 2015.

Nets Holding A/S

As of 1 July 2014 Nassa A/S finalised the acquisition of 100 % of the share capital of Nets Holding A/S for DKK 17,040 million. The goodwill of DKK 12,838 million arising from the acquisition is mainly attributable to transforming the operations including economies of scale, future growth possibilities and employees in the Nets Group.

The revenue included in the consolidated statement of comprehensive income in 2014 contributed by the Nets Group amounted to DKK 3,267 million, and the contributed net profit amounted to DKK 318 million. Total revenue for 2014 was DKK 6,546 million and Net profit for the year was DKK 652 million.

Other acquisitions

On 24 July 2014, the Group acquired 100% of the share capital of Payzone AB. On 1 December 2014, the Group acquired 80% of the share capital of Paytrail Oyj. Total considerations amounted to DKK 270 million excluding acquisition costs.

At the same time, the Group entered into a call-and-put option to acquire the remaining 20% of Paytrail Oyj, at an exercise price, based on a number of elements, including growth and EBITDA in the following years.

Goodwill represents the value of the current workforce and know-how and also the operational synergies expected from integration within the Nets Group.

Payzone AB

The acquisition of Payzone AB added a cash-integrated payment solution tailored for the retail, hotel and restaurant industries; its clients range from large chains to small merchants and is well positioned in the Swedish market. Total annual revenue of Payzone AB for 2014 was estimated at DKK 56 million (approximate figures extracted from unaudited financial information) based on extractions at the time of acquisition. In the period from the acquisition date to 31 December 2014, Payzone AB contributed revenue of DKK 23 million and operating profit of DKK 6 million to the Group. Acquisition costs relating to the purchase of Payzone AB amounted to DKK 3 million.

Paytrail Oyj

The acquisition of Paytrail Oyj added a strong partner for online payment in the Finnish region. Total annual revenue of Paytrail Oyj for 2014 was estimated at DKK 39 million (approximate figures extracted from unaudited financial information) based on extractions at the time of acquisition. In the period from the acquisition date to 31 December 2014, Paytrail Oyj contributed revenue of DKK 0 million and operating profit of DKK 0 million to the Group. Acquisition costs relating to the purchase of Paytrail Oyj amounted to DKK 1 million.

Note 4.2 Intangible assets

Significant accounting policies

Development projects

Development costs that are directly attributable to the design and testing of identifiable and unique projects including software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use
- Management intends to complete the asset and there is an ability to use or sell it
- The asset will generate probable future economic benefits
- Expenditure attributable to the asset during its development can be reliably measured.

Costs associated with maintaining the assets are recognised as an expense as and when incurred.

Directly attributable costs that are capitalised as part of the assets include employee costs and an appropriate portion of relevant overheads.

Capitalised assets including computer software development costs are amortised over their estimated useful lives of 3–7 years.

Development projects in progress are tested for impairment at least annually.

Customer agreements and rights

Customer agreements and rights are carried at historical cost less accumulated amortisation and any impairment loss. Amortisation is calculated using the straight-line method to allocate the cost over estimated useful life, which does not exceed:

- Customer agreements up to 15 years
- Rights 3–10 years

Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised. The carrying amount of goodwill is tested annually and if events or changes in circumstances indicate impairment.

Key accounting estimates and judgements

Customer agreements

The useful life of customer agreements is determined based on periodic assessments of customer churn or actual useful life and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment.

Development projects

For development projects in progress, Executive Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria.

The useful life of development projects is determined based on periodic assessments of or actual useful life and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment.

		Other intangible assets				
2015	**Goodwill**	**Customer agreements**	**Development projects**	**Development projects in progress**	**Other intangible assets**	**Total Intangible Assets**
				DKKm		
Accumulated cost as at 1 January	**13,408**	1,475	3,044	185	**4,704**	**18,112**
Additions through business combinations	**1,233**	605	19	—	**624**	**1,857**
Additions	**—**	—	57	337	**394**	**394**
Disposals through sale of business	**—**	—	—	—	**—**	**—**
Assets disposed of or fully amortised	**—**	—	—	—	**—**	**—**
Currency translation adjustment	**(26)**	(10)	3	(9)	**(16)**	**(42)**
Accumulated cost as at 31 December	**14,615**	**2,070**	**3,123**	**513**	**5,706**	**20,321**
Accumulated amortisation and write-downs for impairment as at 1 January	**15**	(53)	(182)	—	**(235)**	**(220)**
Transfers assets held for sale	**—**	—	—	—	**—**	**—**
Amortisation	**—**	(243)	(468)		**(711)**	**(711)**
Write-downs for impairment*	**—**	—	(43)	—	**(43)**	**(43)**
Disposals though sale of business	**—**	—	—	—	**—**	**—**
Assets disposed of or fully amortised	**—**	—	—	—	**—**	**—**
Currency translation adjustment	**16**	5	—	—	**5**	**21**
Accumulated amortisation and write-downs for impairment as at 31 December	**31**	**(291)**	**(693)**	**—**	**(984)**	**(953)**
Carrying amount as at 31 December	**14,646**	**1,779**	**2,430**	**513**	**4,722**	**19,368**

		Other intangible assets				
2014	**Goodwill**	**Customer agreements**	**Development projects**	**Development projects in progress**	**Other intangible assets**	**Total Intangible Assets**
				DKKm		
Accumulated cost as at 1 January	—	—	—	—	—	—
Additions through business combinations	**13,450**	1,540	3,097	2	**4,639**	**18,089**
Additions	**—**	—	13	191	**204**	**204**
Disposals through sale of business	**—**	—	(57)	(10)	**(67)**	**(67)**
Assets disposed of or fully amortised	**—**	(50)	(9)	—	**(59)**	**(59)**
Currency translation adjustment	**(42)**	(15)	—	2	**(13)**	**(55)**
Accumulated cost as at 31 December	**13,408**	**1,475**	**3,044**	**185**	**4,704**	**18,112**
Accumulated amortisation and write-downs for impairment as at 1 January	**—**	—	—	—	**—**	**—**
Transfers, assets held for sale					—	—
Amortisation	**—**	(113)	(232)	—	**(345)**	**(345)**
Write-downs for impairment*	**—**	—	—	—	**—**	**—**
Assets disposed of or fully amortised	**—**	50	41	—	**91**	**91**
Currency translation adjustment	**15**	10	9	—	**19**	**34**
Accumulated amortisation and write-downs for impairment as at 31 December	**15**	**(53)**	**(182)**	**—**	**(235)**	**(220)**
Carrying amount as at 31 December	**13,423**	**1,422**	**2,862**	**185**	**4,469**	**17,892**

* Consists of write-downs for impairment for a development project due to a negative development in forecasted revenue and earnings.

	2015	**2014**
	DKKm	
Development costs recognised in the consolidated income statement	337	174

Note 4.3 Plant and equipment

Significant accounting policies

Plant and equipment

Plant and equipment are stated at their purchase price, including incremental expenses on acquisition less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on a straight-line basis over the expected useful economic life of the assets concerned.

The estimated useful life for this purpose is:

Leasehold improvements	10 years
Terminals	3 years
Plant and machinery	2–4 years

	2015			
	Leasehold improvements	**Terminals**	**Plant and machinery**	**Total**
		DKKm		
Accumulated cost as at 1 January	75	162	123	**360**
Additions	6	95	44	**145**
Assets disposed of	(1)	(7)	(11)	**(19)**
Currency translation adjustment	(6)	1	(19)	**(24)**
Accumulated cost as at 31 December	**74**	**251**	**137**	**462**
Accumulated depreciation and write-downs for impairment at 1 January	(6)	(41)	(35)	**(82)**
Depreciation	(17)	(80)	(46)	**(143)**
Write-downs for impairment	—	(1)	—	**(1)**
Assets disposed of	1	1	10	**12**
Currency translation adjustment	4	—	11	**15**
Accumulated depreciation and write-downs for impairment as at 31 December	**(18)**	**(121)**	**(60)**	**(199)**
Carrying amount as at 31 December	**56**	**130**	**77**	**263**

	2014			
	Leasehold improvements	**Terminals**	**Plant and machinery**	**Total**
		DKKm		
Accumulated cost at 14 March	—	—	—	**—**
Additions through business combinations	66	128	112	**306**
Additions	11	38	14	**63**
Disposals through sale of business	—	—	—	**—**
Assets disposed of	—	—	—	**—**
Currency translation adjustment	(2)	(4)	(3)	**(9)**
Accumulated cost at 31 December	**75**	**162**	**123**	**360**
Accumulated depreciation and write-downs for impairment at 14 March	—	—	—	**—**
Depreciation	(9)	(38)	(23)	**(70)**
Write-downs for impairment	—	(2)	—	**(2)**
Disposals though sale of business	—	—	—	**—**
Assets disposed of	—	—	—	**—**
Currency translation adjustment	3	(1)	(12)	**(10)**
Accumulated depreciation and write-downs for impairment at 31 December	**(6)**	**(41)**	**(35)**	**(82)**
Carrying amount at 31 December	**69**	**121**	**88**	**278**

Terminals are leased by the Group to third-party merchants under operating leases. These operating leases are under various agreements which terminate between 2016 and 2018. The agreements include an extension option.

Note 4.4 Impairment tests

Significant accounting policies

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is any indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in the income statements and cannot be reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of other intangible assets and plant and equipment

At each reporting date, the Group assesses whether there is any indication that its other intangible assets, or plant and equipment are impaired. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss (if any). If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable amount of an intangible asset or plant and equipment is less than its carrying value, an impairment loss is recognised immediately in the consolidated income statement.

A reversal of an impairment loss on other intangible assets or plant and equipment is recognised as and when it arises only to the extent that the carrying amount does not exceed the carrying amount (adjusted for depreciation and amortisation), had no impairment loss been recognised.

Key accounting estimates and judgements Recoverable amount of goodwill and capitalised development projects

The assessment of whether goodwill and/or capitalised developments projects are subject to impairment requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rate and terminal growth rates.

The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods.

Impairment tests of goodwill

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The tests were carried out towards the end of 2015.

The tests performed did not identify any impairment.

The carrying amount of goodwill allocated to cash-generating units is as follows:

	2015	2014
	DKKm	
Cash-generating unit		
Merchant Services	5,936	4,893
Financial & Network Services	2,331	2,347
Corporate Services	6,379	6,184
Total	**14,646**	**13,424**

The recoverable amount of goodwill recognised is determined based on value in use calculations which use cash flow projections covering a four-year period incorporating the assumptions used in financial budgets, including expected impact from changes in business models, approved by Management. Cash flows beyond that four-year period have been extrapolated using a steady 2% per annum growth rate. Management believes that the growth rates are reasonable based on the products being developed, and any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Discount rates used for impairment calculations are pre-tax and range from 7% to 11% for the individual cash-generating unit to reflect differences in the business and risk. Discount rates are unchanged compared to 2014.

Key factors that could trigger an impairment test include the following:

- New technology changing the way we do payments as of today
- Macro economy down-scaling
- Regulatory matters

Financial & Network Services

Financial & Network Services consist of goodwill arising from the acquisition of Nets Oy (former Louttokunta Oy) in 2012, and goodwill related to the establishment of Nordito AS, which subsequently was merged into Nets Holding A/S in 2010. Goodwill has been tested at aggregated level as Financial & Network Services are considered as one CGU. The individual entities cannot be evaluated separately because value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Merchant Services

Merchant Services consist mainly of goodwill related to the acquisition of activities in Sweden (Payzone AB, DIBS Payment Services AB and Kortaccept Nordic AB (see note 4.1)), Denmark (Nets A/S) and Finland (Nets Finland OY and Paytrail Oyj). The individual entities cannot be evaluated separately because value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Corporate Services

Corporate Services consist of goodwill related to the acquisition of NemID activities and Signaturgruppen A/S (see note 4.1). . The individual entities cannot be evaluated separately because value-added processes are generated across the Group, including synergies from combining operations, economies of scale and future growth potential.

Note 4.5 Investment in associates

Significant accounting policies

Associates

An associate is an entity over which the Group has significant influence. Investments in associates are recognised under the equity method.

Investments in associates are recognised in the balance sheet at the proportional share of the entity's equity value calculated in accordance with Group accounting policies with the addition of rights.

Associates with negative equity value are measured at zero, and any receivables from these enterprises are written down, if required, based on an individual assessment. If a legal or constructive obligation exists to cover the associate's negative balance, a liability is recognised.

The income statement reflects the Group's share of the results of operations of the associate.

Any change in other comprehensive income of the associate is presented as part of the Group's other comprehensive income. In addition, when a change has been recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The proportionate share of the net profit/loss in associates after tax and elimination of the proportionate share of intra-group gains/losses is recognised in the Group's consolidated income statement.

	2015	2014
	DKKm	
Investment in associates		
Accumulated cost at 1 January	238	—
Addition during the year	—	238
Disposals during the year		—
Accumulated cost at 31 December	**238**	**238**
Revaluation at 1 January	2	—
Adjustment previous year	(6)	—
Share of profit after tax	2	2
Exchange differences	1	—
Dividends distributed	(10)	—
Revaluation at 31 December	**(11)**	**2**
Carrying amount at 31 December	**227**	**240**
Fair value recognition from business combinations	216	216
Carrying amount excluding fair value recognition from business combinations at 31December	**11**	**24**

	2015						
						Nets' share	
Company name	Share	Currency	Revenue	Profit for the year	Net assets	Equity	Profit for the year
				DKKm			
e-Boks A/S	50%	DKK	170	4	22	11	2
Total			**170**	**4**	**22**	**11**	**2**

	2014						
						Nets' share	
Company name	Share	Currency	Revenue	Profit for the year	Net assets	Equity	Profit for the year
				DKKm			
e-Boks A/S	50%	DKK	148	26	48	24	13
Total			**148**	**26**	**48**	**24**	**13**

Section 5: Funding and capital structure

In 2015 the Group obtained new senior debt totalling DKK 1,791 million to finance acquisitions. Information on these acquisitions can be found in Section 4.

Overdraft facilities in the amount of EUR 115 million were available to the Group from facilities held at Nassa Midco AS, a parent company, to be used for daily cash management.

In 2015, an Asset-Backed loan facility in the amount of DKK 1,079 million was repaid.

This section includes disclosure information related to the equity and borrowings of the Group. In addition, the section includes financial risk management information related to the borrowings in the form of interest rate and funding risk.

5.1 Share capital

Significant accounting policies

Equity

Dividends

Dividends expected to be distributed for the year are recognised under a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

Foreign currency translation reserve

Foreign currency translation reserve comprises exchange rate differences arising from translation of the functional currency of foreign enterprises' financial information into Danish kroner.

Translation adjustments are recognised in the consolidated income statements when the net investment is realised.

Hedge reserve

The hedge reserve comprises fair value of hedging instruments qualifying for hedge accounting. Hedge accounting ceases when the hedging instrument matures or is no longer effective. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the income statement in same period as the non-financial asset or liability affect the income statement.

Capital Management

The Group manages its capital base to ensure entities in the Group are able to continue as a going concern, and seeks to maximise the return to shareholders through adequate share of debt and equity on its balance sheet.

Within the Group, certain subsidiaries are registered as payment institutions in Denmark (Nets Denmark A/S and Teller A/S), in Finland (Nets Oy and Paytrail Oyj) and in Sweden (Kortaccept Nordic AB and DIBS Payment Services AB), and therefore such subsidiaries are subject to minimum capital requirements by local authorities.

	2015		2014	
	Shares	**Nominal value (DKKm)**	**Shares**	**Nominal value (DKKm)**
Share capital				
Nassa Topco AS at 1 January	566,971	50	600	—
Additions	—	—	566,371	50
Nassa Topco at AS 31 December	**566,971**	**50**	**566,971**	**50**

The share capital is denominated in NOK (nominal value NOK 56,697,100).

Nassa Topco AS is owned 47.1 % by Bain Capital funds, 47.1 % by Advent funds, 5.4 % by ATP and 0.4 % by other.

5.2 Borrowings and related risks

Significant accounting policies

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, clearing-related liabilities, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Loans and borrowings

This is the category most relevant to the Group.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as financial items.

Amounts recognised as OCI are transferred to the income statement when the hedged interest expense is recognised in the income statement.

Terms and maturity of the Group's interest-bearing loans and borrowings

						Carrying amount	
	Nominal interest rate	Average effective interest rate	Currency	Year of maturity	Nominal Value	2015	2014
	DKKm						
Bank loans floating rates							
Term loan EUR	Euribor[1] + 3.00 - 3.50%	4.1%	EUR	2021	545	535	530
Term loan SEK	Stibor[1] + 3.25 - 3.75%	4.3%	SEK	2021	203	199	105
Revolving Credit facility	Euribor[1] + 3.00 - 3.75%	4.0%	EUR	2021	448	448	—
Term loan EUR	Euribor[1] + 3.00 %	3.8%	EUR	2021	1,097	1,097	—
Term loan EUR	Euribor[1] + 3.00 - 3.50%	4.1%	EUR	2021	6,791	6,658	6,603
Term loan NOK	Nibor[1] + 3.00 - 3.50%	5.0%	NOK	2021	1,976	1,916	2,042
Payment in kind	Cibor + 13%	14.0%	DKK	2022	3,768	3,720	3,246
Asset Backed Loan	Euribor + 1.75%	1.9%	EUR	2016	—	—	1,073
Overdraft facility (Multicurrency)	Variable	3.0%		2015	—	—	433
Total bank loans						14,573	14,032
Total							
Non-current liabilities						14,573	12,526
Current liabilities						—	1,506

1 For the term loans and revolving Credit facility, there is a floor of 0.75% on the Euribor, Stibor and Nibor

Term loans (nominated in EUR, DKK 545 million and DKK 1,097 million as well as SEK, DKK 203 million)

Loans were established in connection with the acquisition of shares in Paytrail Oyj and DIBS Payments Services AB and Kortaccept AB. The Group decided to take out loans in both SEK and EUR to hedge the underlying value generation in the acquired companies.

Overdraft Facilities

Overdraft facilities in the amount of EUR 115 million were carved out of the revolving facility in Nassa Midco AS, a parent company to the Group, to replace existing overdraft facilities previously used to operate day-to-day business. The Group has also established additional intra-day facilities to improve the headroom for the daily operation.

Revolving credit facility (RCF)

RCF had an original size of EUR 200 million of which EUR 115 million have been carved out into overdraft facility. The remaining EUR 85 million is used for general corporate purpose. The current drawing of EUR 60 million has been used to partly finance the acquisition of Kortaccept Nordic AB.

Term loans (nominated in EUR, DKK 6,791 million and NOK, DKK 1,976 million)

Loans were established by the group in connection with the acquisition of Nets Holding A/S. It was decided to take out the loans in EUR and NOK, to partly hedge the underlying value generation in the acquired company.

Maturity analysis

	Carrying amounts	Contractual cash flow	<1 year	1-2 years	3-4 years	> 5 years
			DKKm			
2015						
Term loan	10,405	12,963	425	848	849	10,841
Revolving Credit facility	448	542	17	34	34	457
Payment in kind	3,720	9,292	—	—	—	9,292
Total	14,573	22,797	442	882	883	20,590

	Carrying amounts	Contractual cash flow	<1 year	1-2 years	3-4 years	> 5 years
			DKKm			
2014						
Term loan	9,280	10,413	434	258	157	9,564
Payment in kind	3,246	10,594	—	—	—	10,594
Assets Backed Loan	1,073	1,079	1,079	—	—	—
Overdraft Facility	433	433	433	—	—	—
Total	14,032	22,519	1,946	258	157	20,158

The maturity analysis is based on undiscounted cash flows, including estimated interest. Interest is included based on current rates.

5.3 Net financials

Significant accounting policies

Financial items

Financial income and expenses comprise interest income and expenses, realised and unrealised gains, and dividends, losses on transactions denominated in foreign currencies and securities and subsequent changes to contingent acquisitions costs.

	2015	2014
	DKKm	
Financial income		
Net foreign exchange gains	166	157
Financial income from securities	—	6
Interest income on short-term bank deposits	3	7
Interest income from Co-issuing activities	27	19
Total financial income	**196**	**189**
Financial expenses		
Net foreign exchange loss	—	—
Interest expense on external loans	921	427
Fair value adjustment of financial liabilities	—	—
Amortisation of transaction costs	44	30
Other fees etc.	32	14
Total financial expenses	**997**	**471**
Net financials	**(801)**	**(282)**

5.4 Interest risk management

The Group is exposed to interest rate risk on loans, credits and cash balances as well as mismatches on maturities between loans and cash, resulting in variable interest cash flows. The Group's loan arrangements are based on variable basis interest rates. Cash held at variable rates partly offsets risk arising from changing interest rates on the Group's loans and credits.

Exposure to changes in interest rates:

	Variable, non-contractual	Contractual variable rates < 1 month	Total
		DKKm	
Cash on hand	2,310	—	2,310
Bank loans	—	(14,573)	(14,573)
Net	**2,310**	**(14,573)**	**(12,263)**

A probable change in interest rates compared to the interest as at the balance sheet date would have the following hypothetical impact on profit before tax and the Group's equity, based on the exposure of balances as at 31 December.

	Probable change in interest	Hypothetical impact on profit for the year		Hypothetical impact on equity	
		2015	2014	2015	2014
			DKKm		
Borrowings and loan from parent company	1 p.p.	60	137	60	137

5.5 Commitments, contingencies and collaterals

Significant accounting policies

Leases

Contracts to lease assets are classified as financial leasing if they transfer substantially all the risks and rewards of ownership of the asset to the Group. Other contracts to lease assets are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Group as a Lessee:

The total contractual obligations as at 31 December can be specified as follows:

	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
			DKKm		
2015					
Operating leases	103	142	72	—	317
Total contractual obligations	**103**	**142**	**72**	**0**	**317**
2014					
Operating leases	101	186	132	52	471
Total contractual obligations	**101**	**186**	**132**	**52**	**471**

Operating lease commitments are related to non-cancellable operating leases primarily pertaining to premises, cars and office equipment. The lease costs for 2015 and 2014 were DKK 101 million and DKK 106 million, respectively.

Commitments

The Group has entered into a number of long-term agreements for the purchase of services.

Contingencies

The Group is engaged in certain litigation proceedings. In the opinion of Management, settlement or continuation of these proceedings is not expected to have a material effect on the Group's financial position, operating profit or cash flow.

Collaterals

Nets Holding A/S, Nets A/S, Teller A/S and Nets Oy are guarantors under the senior facility agreement at Nassa Midco AS and have certain of their assets, including selected bank accounts, pledged to the lenders.

All such arrangements strictly observe applicable laws and regulations. This has no effect on daily business and excludes all settlement assets.

In 2014 EUR 149 million of the Receivables from cardholders were pledged as security for the Asset Backed Loan in Finland.

Section 6: Tax and Governance

This section includes disclosures that relate to the Group's Tax and Governance policies.

6.1 Income and deferred income taxes

Significant accounting policies

Income taxes

Tax for the year comprises current income tax, change in deferred tax and adjustments from prior years. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, as at the reporting date in the countries where the Group operates and generates taxable income. Deferred tax arises due to temporary differences between the carrying amount in the consolidated financial statements and the tax base of assets and liabilities as at the balance sheet date. Deferred tax is not recognised for temporary differences arising on the initial recognition of goodwill and other items where amortisation for tax purposes is disallowed.

Deferred tax assets are recognised if they can be offset against deferred tax in other consolidated enterprises or if it is probable that they can be utilised in future earnings.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation as at the balance sheet date when the deferred tax is expected to be realised or the liability settled.

Changes in deferred tax as a result of changes in tax rates are recognised in the consolidated income statements except for the effect of items recognised directly in Other comprehensive income.

Deferred tax assets and liabilities are offset in the Consolidated statement of financial position if the Group has a legally enforceable right to offset and the deferred tax assets and liabilities relate to the same legal tax entity.

Nets Holding A/S and Danish subsidiaries are jointly taxed. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognised in the consolidated income statements. The tax saving as a result of losses is also refunded proportionately.

The companies in the Group are taxed under the on-account tax scheme. Interest/refunds relating to the tax payment are included in interest income and expense and similar items.

Deferred tax assets and liabilities are offset in the Consolidated statement of financial position if the Group has a legally enforceable right to offset and the deferred tax assets and liabilities relate to the same legal tax entity.

Key accounting estimates and judgements

Deferred tax assets

The Group recognises deferred tax assets, including the expected tax value of tax loss carry-forwards if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives. As at 31 December 2015, the carrying amount of the deferred tax assets is DKK 109 million (2014: DKK 97 million) and unrecognised tax losses is DKK 244 million (2014: DKK 245 million).

Income taxes expensed		
Current tax on profit for the year	160	44
Deferred tax on profit for the year	303	(90)
Adjustments related to previous years—current tax	(59)	—
Income taxes in the Income statement	**404**	**(46)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015	**2014**
	DKKm	
Profit before tax	523	17
Income tax expense calculated at domestic tax rate	141	4
Deviation in foreign subsidiaries' tax rates compared with norwegian tax rate (net)	(7)	(2)
Non-taxable income less non-tax deductible expenses (net)	(122)	(51)
Adjustments related to previous years—current tax	(59)	—
Not recognised tax losses and tax offsets not recognized as deferred tax assets	—	3
Change in income tax rates on deferred tax	3	—
Tax effect of fair value adjustment of shares and contingent consideration liability	469	—
Other taxes	(21)	—
Income tax expense recognised in the income statement	**404**	**(46)**

	2015	2014
	DKKm	
Computation of effective tax rate percentage		
Statutory corporate income tax rate in Norway	27.0	27.0
Deviation in foreign subsidiaries' tax rates compared with Norwegian tax rate (net)	(1.3)	(12.0)
Non-taxable income less non-taxdeductible expenses (net)	(23.3)	(311.6)
Adjustments related to previous years—current tax	(11.3)	—
Not recognised tax losses and tax offsets not recognized as deferred tax assets	—	18.1
Change in income tax rates on deferred tax	0.6	—
Tax effect of fair value adjustment of shares and contingent consideration liability	89.6	—
Other taxes	(4.0)	—
Effective tax rate	**77.3**	**(278.5)**

	2015	2014
	DKKm	
Income taxes paid		
Income taxes paid in Norway	—	31
Income taxes paid outside Norway	80	132
Total income taxes paid	**80**	**163**

	Intangible assets	Plant & equipment	Inventories	Other receivables	Employee benefits obligation	Deferred tax losses carried forward	Other financial assets	Total
				DKKm				
Development in deferred income tax assets and liabilities								
2015								
Net deferred tax asset/(liability) at 1 January	(863)	35	—	(17)	22	—	—	**(823)**
Additions through business combinations	(139)	—	—	—	—	—	—	**(139)**
Deferred tax on profit for the year	148	(3)	—	(21)	(8)	96	(515)	**(303)**
Adjustment relating to previous years	(8)	—	—	—	—	—	—	**(8)**
Deferred tax on items recognicsed in other comprehensive income	—	—	—	—	(1)	—	—	**(1)**
Exchange rate adjustment	(1)	—	—	—	—	—	—	**(1)**
Net deferred tax asset/ (liability) at 31 December	**(863)**	**32**	**—**	**(38)**	**13**	**96**	**(515)**	**(1,275)**
Classified as follows:								
Deferred tax asset, 31 December								205
Deferred tax liability, 31 December								1,480

	Intangible assets	Plant & equipment	Inventories	Other receivables	Employee benefits obligation	Deferred tax losses carried forward	Other financial assets	Total
				DKKm				
Development in deferred income tax assets and liabilities								
2014								
Net deferred tax asset/(liability) at 1 January	—	—	—	—	—	—	—	**—**
Additions through business combinations	(940)	9	1	(16)	29	—	—	**(917)**
Deferred tax on profit for the year	74	26	—	—	(10)	—	—	**90**
Adjustment relating to previous years	—	—	—	—	—	—	—	**—**
Deferred tax on items recognised in Other comprehensive income	—	—	—	—	3	—	—	**3**
Exchange rate adjustment	3	0	(1)	(1)	0	—	—	**1**
Net deferred tax asset/ (liability) at 31 December	**(863)**	**35**	**—**	**(17)**	**22**	**—**	**—**	**(823)**
Classified as follows:								
Deferred tax asset, 31 December								97
Deferred tax liability, 31 December								920

Unused tax losses not recognised

The aggregate unused tax losses of DKK 244 million (2014: DKK 245 million) are not recognised as it is considered unlikely that the tax losses will be realised in the near future.

Other tax information

In 2015, Nets Group won the appeal thereby enabling deduction of depreciation on the intangible assets related to the acquisition of Nets Oy (former Luottokunta Oy). This is for an amount of DKK 674m applied as tax base, however, deducted with DKK 100m for the intangible asset part that related to Prepaid Business which was sold in January 2014. The total tax value is DKK 115m (20% of DKK 574m) where DKK 67m is taken up as a deferred tax asset in 2015 to be applied evenly over the next 3 years and DKK 48m has been received in cash by the Finish tax authorities plus an interest compensation equivalent to DKK 11m.

Note 6.2 Related party transactions

Related party transactions

In 2015 owners of the ultimate parent company invoiced the Group for service fees totalling DKK 30 million (2014: DKK 11 million).

Transactions with e-Boks A/S comprise mainly administrative services in the amount of DKK 24 million (2014: DKK 30 million).

There were no transactions with any members of Group Management or members of the Board of Directors of the Group, other than remuneration, and furthermore no loans were granted to the Board of Directors or Group Management in 2015 or 2014.

Remuneration to the Board of Directors and Group Management

In 2015 short-term benefits included fixed-base salary and accrued cash bonuses designed to incentivise individual performance and the achievement of a number of predefined short-term functional and individual business targets linked to goals in the Group's balanced scorecard.

In 2014 short-term benefits included fixed-base salary, paid-out exit bonus in connection with the sale of the Group and accrued cash bonuses designed to incentivise individual performance and the achievement of a number of predefined short-term functional and individual business targets linked to goals in the Group's balanced scorecard. Short-term benefits also include severance pay to the former CEO and members of Group Management.

At year-end 2015 Group management consisted of eight members (six in 2014)

	2015				2014			
	Board of Directors	Executive Management	Group Management	Total	Board of Directors	Executive Management	Group Management	Total
	DKKm							
Short term benefits	2	18	33	**53**	3	37	22	**62**
Pensions	—	0	2	**2**	—	0	1	**1**
Benefits	—	0	1	**1**	—	0	0	**0**
Total	**2**	**18**	**36**	**56**	**3**	**37**	**23**	**63**

Executive Management, Group Management and certain other employees have been offered investment in Nets through share holding. Share holdings are subject to customary leaver provisions in private equity held entities. The economic interest held is as follows:

Executive Management	2.4% (2014: 0%)
Group Management	3.8% (2014: 0%)

Note 6.3 Fee to statutory auditors

	2015	2014
	DKKm	
Remuneration to Auditors		
(PwC as elected by the Annual General Meeting)		
Statutory audit	**4**	**0**
Non-statutory audit services:		
Other assurance engagements	2	0
Tax advisory services	1	0
Other services*	11	0
Total non-statutory audit services	**14**	**0**
Total	**18**	**0**
Other Auditors in subsidiaries		
Statutory audit	**—**	**5**
Non-statutory audit services:		
Other assurance engagements	—	4
Tax advisory services	—	1
Other services*	—	13
Total non-statutory audit services	—	18
Total	—	23

* In 2015 and 2014 other services mainly comprise services related to merger & acquisition activities and business optimisation.

Section 7: Other disclosures

Included in this section are disclosures which are material to the financial statements from either a quantitative or a qualitative perspective, but which do not directly relate to a specific theme section.

Note 7.1 Pension assets and pension obligations, net

Significant accounting policies

Pensions

The Group has entered into defined benefit plans and defined contribution plans with its employees.

In a defined benefit plan, the Group is obliged to pay a specific benefit to certain employees from the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plan's assets at fair value is recognised for these benefit plans.

The costs of providing benefits under the defined benefit plan are determined annually by independent actuaries using the projected unit credit method.

The defined pension plans' assets are estimated at fair value at the balance sheet date.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Pension assets recognised are limited to the present value of future repayments from the pension plan or reduced future funding commitments. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

In case of changes in benefits relating to employees' previous service period, a change in the estimated present value of the pension obligations will occur, which will be recognised immediately if the employees have acquired a final right to the changed benefits. If not, the change is recognised over the period in which the employees become entitled to the changed benefit.

Net periodic pension income/(cost) from defined benefit plans consists of the items: service costs, interest expenses and interest income on assets. Service costs are recognised in wages, salaries and pension costs. Interest expenses and interest income on assets, net, are recognised in pension costs.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.

Costs regarding defined contribution plans are recognised as incurred within staff costs.

Key accounting estimates and judgements

Defined benefit pension plans

The pension obligation costs for defined benefit plans are estimated based on certain actuarial assumptions, the most significant of which relate to returns on plan assets, discount rate, wage inflation and demography (mortality, disability, etc.). The assumed discount rate may fluctuate significantly. We believe the actuarial assumptions illustrate current market conditions and expectations for market returns in the long term. Even modest changes to the actuarial assumptions may result in significant changes to the pension liability. The defined benefit pension plans has been terminated and no new members enters into the agreement.

Defined benefit plans

	2015	2014
	DKKm	
Specification of pensions		
Fair value of plan assets	74	69
Projected benefit obligations	133	138
Pension asset/(liability) recognised in the balance sheet	**(59)**	**(69)**

	2015	2014
	DKKm	
Change in pension assets/(obligations) recognised in the balance sheet		
Pension liability recognised in the balance sheets at 1 January	(69)	(71)
Pension (costs)/income recognised in the income statements	(5)	(6)
Actuarial gains/(loss) on projected benefit obligations and plan assets	3	(11)
Gain on plan assets	2	2
Nets' contribution	5	5
Benefit paid to employees	6	(1)
Exchange rate adjustments	(1)	13
Pension assets/(obligations) recognised in the balance sheet at 31 December	**(59)**	**(69)**

The actuarial assumptions used for the valuation of the pension obligation are based on regularly used assumptions within insurance for demographic factors. Nets has used the assumptions according to the guidance from the Norwegian Accounting Standards Board (NASB), as these reflect Nets' expectations regarding annual wage and price inflation.

	Assumptions		Sensitivity 2015	
	2015	2014	+1 %-point	-1%-point
Discount rate	2.7%	2.3%	(21)	23
General wage inflation	2.5%	2.8%	6	(5)
Expected regulation of minimum payment	0.0%	0.0%	18	(15)

The table above shows the estimated impact of some of the risks that the Group is exposed to. The Group is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

The Group has used a mortality rate in accordance with the Norwegian K2013 table. Overall, an expected lifetime after retirement at age 65 is 18.1 years for men and 21.1 years for women.

Expected maturity of projected benefit obligation

	2015	2014
	DKKm	
Within 1 year	7	8
1 – 5 years	25	20
Beyond 5 years	101	109
Total	**133**	**137**

Note 7.2 Other financial assets and financial liabilities

Significant accounting policies

Financial assets

Other financial assets are classified, at initial recognition, as financial assets at fair value through the income statement, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Key accounting estimates and judgements

Other financial assets

The Visa Europe shares held by Nets Oy and Teller A/S are designated as fair value though the income statement in order to present both the fair value gain of the shares and the value adjustment on the liability to pass on the procced in the income statement (accounting mismatch).

Other financial liabilities

Other financial liabilities consist of the liability to pass on the net proceed after tax to the former owners and are measured at fair value.

The fair value adjustments of the VISA Europe shares (assets) and the obligation to pass on any proceeds (liability) have been measured based on available information and Executive Management's best estimate as of 31 December 2015.

On 2 November 2015 Visa Inc. announced that they had entered into an agreement to acquire 100% of the share capital in Visa Europe limited. The transaction is subject to regulatory approvals and is expected to be closed in second quarter of 2016. The purchase price consideration consists of an upfront consideration and an earn-out element. At 31 December 2015 the Groups subsidiaries Nets Oy and Teller A/S holds principal member shares in Visa Europe Ltd.

The share purchase agreement for the acquisition of Nets Oy in 2012 includes an obligation for the Group to pass on any net proceeds received by Nets Oy from the VISA Europe shares net of tax and related costs. Also, the share purchase agreement between the previous owners of the Group and Bain, Advent and ATP includes an obligation for the Parent of the Group to pass on net proceeds received by Teller A/S from the VISA Europe net of tax and related costs. The fair value adjustments of the VISA Europe shares (assets) and the obligation to pass on any proceeds (liability) have been measured based on available information and Executive Management's best estimate as of 31 December 2015.

	2015	2014
	DKKm	
Consolidated income statement		
Value adjustment on shares (financial income)	2,428	—
Value adjustment on debt (financial expense)	(1,913)	—
Tax on pass through proceeds	(515)	—
Net profit for the year	**—**	**—**

	2015	2014
	DKKm	
Other financial assets		
VISA Europe Shares held by Teller A/S	1,460	—
VISA Europe Shares held by Nets Oy	968	—
Other financial assets as at 31 December	**2,428**	**—**

	2015	2014
	DKKm	
Other financial liabilities		
VISA proceeds to be paid to former owners of Nets Holding A/S	(1,139)	—
VISA proceeds to be paid to former owners of Nets Oy	(774)	—
Other financial liabilities as at 31 December	**(1,913)**	**—**

	2015	2014
	DKKm	
Deferred tax liability		
Deferred tax on net fair value gain on available-for-sale financial assets	(515)	—
Deferred tax liability as at 31 December	**(515)**	**—**

In addition, the Group could potentially receive a share of proceeds payable by Visa Inc. to Visa Norway and Visa Sweden, respectively, through the Groups branches in these countries. These proceeds are subject to a number of uncertainties and therefore not recognised in the balance sheet as of 31 December 2015.

Note 7.3 Classification of financial assets and financial liabilities

	Fair value through income statement	Loans and receivables	Cash and cash equivalents	Financial liabilities measured at amortised cost	Total
			DKKm		
Financial assets and liabilities					
2015					
Trade and other receivables	—	832	—	—	832
Receivable from cardholders	—	—	—	—	—
Settlement assets	—	3,705	—	—	3,705
Securities	—		—	—	—
Cash at bank and on hand	—		2,310	—	2,310
Other financial assets	2,428	—	—	—	2,428
Total financial assets	**2,428**	**4,537**	**2,310**	**—**	**9,275**
Borrowings	—	—	—	(14,573)	(14,573)
Trade and other payables	—	—	—	(1,863)	(1,863)
Merchant creditors	—	(2,066)	—	—	(2,066)
Settlement obligations	—	(2,417)	—	—	(2,417)
Deferred consideration for business combinations	(163)	—	—	—	(163)
Other financial liabilities	(774)	—	—	—	(774)
Total financial liabilities	**(937)**	**(4,483)**	**—**	**(16,436)**	**(21,856)**
Total net financial assets	**1,491**	**54**	**2,310**	**(16,436)**	**(12,581)**
2014					
Trade and other receivables	—	670	—	—	670
Receivable from cardholders	—	1,221	—	—	1,221
Settlement assets	—	3,871	—	—	3,871
Securities	—	—	—	—	—
Cash at bank and on hand	—	—	2,163	—	2,163
Other financial assets	—	—	—	—	—
Total financial assets	**—**	**5,762**	**2,163**	**—**	**7,925**
Borrowings	—	—	—	(10,786)	(10,786)
Trade and other payables	—	—	—	(1,751)	(1,751)
Merchant creditors	—	(2,450)	—	—	(2,450)
Settlement obligations	—	(2,417)	—	—	(2,417)
Deferred consideration for business combinations	(21)	—	—	—	(21)
Total financial liabilities	**(21)**	**(4,867)**	**—**	**(12,537)**	**(17,425)**
Total net financial assets	**(21)**	**895**	**2,163**	**(12,537)**	**(9,499)**

Fair value measurement hierarchy

The carrying values and fair values are identical, except for the bank loans measured at amortised cost. Refer to Note 5.2 for carrying amounts and nominal value of bank loans. Fair value of bank loans is assumed to be similar to the nominal value.

The methods and assumptions used in measuring the Group's financial assets and liabilities at fair value are unchanged from 2013.

The methods and assumptions are as follows:

- the fair value of financial assets traded in active markets is based on quoted market prices as at the balance sheet date (level 1);
- financial liabilities with variable interest rates, e.g. bank loans, are measured at par;

- financial assets and liabilities which are highly liquid and have a short duration are estimated to have a fair value that is identical with the book value.

Note 7.4 Standards issued but not yet effective

The standards and interpretations which have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements, and which are considered to have an effect on the Group, are disclosed below.

New standards and amendments which are not yet effective and which are not considered to have an impact on the Group are not disclosed. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

IFRS 9 is currently awaiting EU endorsement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group is currently assessing the impact of IFRS 9, and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. IFRS 15 is currently awaiting EU endorsement. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

Either full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IASB has issued IFRS 16 'Leases', with effective date 1 January 2019. It currently awaits EU endorsement. IFRS 16 is part of the convergence project with FASB to replace IAS 17. The standard requires to recognise assets and liabilities for most leases. Nets Group has made preliminary assessment of the impact of the standard and evaluated that the implementation of the standard is likely to result in capitalisation of the majority of the Group's operational lease contracts. The Group is currently assessing the impact of IFRS 16, and plans to adopt the new standard on the required effective date.

Note 7.5 Events after the balance sheet date

No significant events with an effect to the annual report of 2015 have occurred subsequent to 31 December 2015.

Note 7.6 Companies in Group

Company	Structure	Currency	Ownership
Nassa Topco Group			
Ultimate parent company			
Nassa Topco AS[1]	Ultimate Parent	DKK	
Nassa Investments AS	Parent	DKK	90%
Nassa Norway Group			**90%**
Nassa Norway AS	Parent	DKK	100%
Nassa Holdco AS	Parent	DKK	100%
Nassa Finco AS[1]	Parent	DKK	100%
Nassa Midco AS	Parent	DKK	100%
Nassa A/S	Parent	DKK	100%
Nets Holding Group			**100%**
Parent company			
Nets Holding A/S	Parent	DKK	100%
Denmark			
Nets A/S[2]	Subsidiary	DKK	100%
Nets DanID A/S	Subsidiary	DKK	100%
Nets Cards Processing A/S	Subsidiary	DKK	100%
Teller A/S[2]	Subsidiary	DKK	100%
Teller Services ApS	Subsidiary	DKK	100%
Signaturgruppen A/S	Subsidiary	DKK	51%
DIBS Payment Services A/S	Subsidiary	DKK	98.4%
e-Boks A/S	Associate	DKK	50%
Norway			
Nets Norge Infrastruktur AS	Subsidiary	NOK	100%
Nets AS[3]	Subsidiary	NOK	100%
EDIGard AS	Subsidiary	NOK	53%
DIBS AS	Subsidiary	NOK	98.4%
e-Boks AS	Associate	NOK	50%
Sweden			
Nets Sweden AB	Subsidiary	SEK	100%
Nassa BidCo AB	Subsidiary	SEK	100%
Payzone Nordic AB	Subsidiary	SEK	100%
Kortaccept Nordic AB	Subsidiary	SEK	100%
DIBS Payment Services AB	Subsidiary	SEK	98.4%
DIBS Payment Services i Göteborg AB	Subsidiary	SEK	98.4%
DebiTech AB	Subsidiary	SEK	98.4%
VerifyEasy AB	Subsidiary	SEK	98.4%
e-Boks Sverige AB	Associate	SEK	50%
Finland			
Nets Oy	Subsidiary	EUR	100%
Nets Finland Oy	Subsidiary	EUR	100%
Paytrail Oyj	Subsidiary	EUR	80%
Paytrail Technology Oy	Subsidiary	EUR	80%
DIBS Payment Services AB	Subsidiary	EUR	98.4%
Other countries			
Nets Estonia AS	Subsidiary	EUR	100%
ITP Baltic SIA (Estonia)	Subsidiary	EUR	53%

1 Consolidated financial statements are prepared for this company.
2 As of 1 January 2015, Nets A/S has merged with Nets Norway AS.
3 Previously, VISA Norge AS

Note 7.7 Financial definitions

Key figures and financial ratios stated in the consolidated financial statements have been calculated as follows:

EBITDA before special items	EBITDA before special items
Special items	As defined in note 2.2.
EBITDA	Earnings before interest, tax, depreciations, amortisations and impairment losses

Underlying depreciations and amortisations Depreciations & amortisations adjusted for amortisation of business combination intangibles & impairment losses

Adjusted EBIT	EBITDA before special items and adjusted for underlying depreciations and amortisations
EBIT	Earnings before interest and tax (operating profit)

Capital expenditure (CAPEX) Purchase of intangible assets and plant & equipment and capitalised development projects for the year, excluding acquisition of subsidiaries

Cash flow from operating activities excl. Operating cash flow excluding clearing-related cash flow

Own cash Cash and cash equivalents end-year excluding clearing-related balances

EBITDA before special items margin, % EBITDA before special items / net revenue

REGISTERED OFFICE OF THE ISSUER

Nassa Topco AS
Haavard Martinsensvei 54, 0978
Oslo, Norway

LEGAL ADVISORS TO THE ISSUER AND THE GUARANTORS

As to U.S. federal, New York and English law

Kirkland & Ellis International LLP
30 St Mary Axe
London EC3A 8AF
United Kingdom

As to Norwegian law

Wiersholm
Dokkveien 1, 6th floor
0250 Oslo, Norway

As to Danish law

Gorrissen Federspiel Advokatpartnerselskab
Axel Torv 2
1609 Copenhagen V, Denmark

As to Finnish law

Hannes Snellman Attorneys Ltd
Eteläesplanadi 20
P.O. Box 333 00130 / 00131
Helsinki, Finland

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. federal, New York and English law

Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

As to Norwegian law

Advokatfirmaet Thommessen AS
Haakon VIIs gate 10
Postboks 1484 Vika, NO-0116
Oslo, Norway

As to Danish law

Accura Advokatpartnerselskab
Tuborg Boulevard 1
2900 Hellerup
Denmark

As to Finnish law

Waselius & Wist
Eteläesplanadi 24 A, 00130
Helsinki, Finland

INDEPENDENT AUDITORS TO THE PARENT GUARANTOR

PwC Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad
Adenaur L-1115
Luxembourg

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISORS TO THE TRUSTEE

White & Case LLP
5 Old Broad Street
London EC2N 7DW
United Kingdom

LISTING AGENT

Walkers Listing Services Ltd.
17/19 Sir John Rogerson's Quay
Dublin, D02 DT18
Ireland

Nassa Topco AS

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