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Nets A/S - Interim Report for the Third Quarter 2016

Highlights

- Organic revenue growth in Q3 2016 of 6%, driven by a strong performance in Merchant Services and in Financial & Network Services. YTD, organic revenue growth was 6%
- EBITDA before special items margin in Q3 2016 of 39.5%, an improvement of 320 basis points since Q3 2015. YTD EBITDA before special items margin of 35.5%, an improvement of 260 basis points compared to last year
- Special items in Q3 2016 of DKK 298 million, whereof DKK 220 million were IPO-related. YTD, special items were DKK 542 million, whereof DKK 284 million were IPO-related
- Net profit in Q3 2016 of minus DKK 831 million, as expected, significantly impacted by special items and refinancing expenses
- Adjusted net profit in Q3 2016 was DKK 265 million, compared to DKK 212 million in Q3 2015. YTD, adjusted net profit was DKK 627 million, compared to DKK 589 million last year
- Capital expenditure/revenue ratio of 8.5% in Q3 2016 and 8.3% YTD
- Net interest-bearing debt/LTM EBITDA before special items was 3.5x, positively impacted by IPO-related accruals.

Financial performance

DKKm	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change	FY 2015
Revenue, net	1,888	1,739	8.5%	5,475	5,132	6.7%	6,836
EBITDA before special items	746	632	18.0%	1,943	1,690	15.0%	2,248
Special items	(298)	(92)	224%	(542)	(434)	25%	(538)
Adjusted EBIT	637	570	11.7%	1,639	1,484	10.4%	1,977
Net profit	(831)	246	n.a.	(807)	8	n.a.	119
Adjusted net profit	265	212	25.1%	627	589	6.4%	778
Capital expenditure/revenue	8.5 %	6.8 %	+1.7 pp	8.3 %	7.8 %	+0.5 pp	7.9 %
Net interest-bearing debt / LTM EBITDA before special items	3.5x			3.5x			
Organic growth	6%			6%			6%
EBITDA before special items margin	39.5%	36.3%	+3.2 pp	35.5%	32.9%	+2.6 pp	32.9%

Bo Nilsson, CEO of Nets, said:

"We are pleased to report that Q3 2016 was another strong quarter, with 6% organic revenue growth and 18% growth in EBITDA before special items, compared to the same period last year. This results in an EBITDA before special items margin of 35.5% year to date, which is better than expected. Based on the results we raise the guidance for 2016, Medium-term targets are unchanged".

"The growth in EBITDA before special items was mainly due to increased volumes and positive impact from the transformation programme coming through. The DKK 831 million negative net profit in Q3 2016 was as expected significantly affected by special items, costs related to the refinancing and exchange rate adjustments. Had the new post-IPO capital structure been in place from 1 July 2016, the adjusted net profit would have amounted to DKK 417 million in Q3 2016".

Outlook for 2016

The 2016 Guidance at 9 November is changed compared to 13 September. The medium-term guidance is unchanged.

Targets	Guidance for 2016 at 9 November	Guidance for 2016 at 13 September
Organic revenue growth	6-7%	Around 6% on the basis of adjusted 2015 revenue of DKK 6,928 million
EBITDA before special items margin	35 – 36%	Around 35%
Capital expenditures incurred (% of revenue)	Capex will be affected by e.g. investment in new data centre and, hence, expected to be at an elevated level of around 10% of net revenue	Capex will be affected by e.g. investment in new data centre and, hence, expected to be at an elevated level of 10-12% of net revenue
Special items (including IPO-related expenses)	DKK 630 million, of which approx. DKK 290 million are IPO related	DKK 800 million, of which approx. DKK 475 million are IPO-related
Net interest-bearing debt / EBITDA before special items	At or below 3.4x	Net interest-bearing debt / EBITDA before special items at year-end 2016 slightly below an expected IPO leverage of 3.75x

Financial highlights and key figures

DKKm	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change	FY 2015
Income statement							
Revenue, net	1,888	1,739	8.5%	5,475	5,132	6.7%	6,836
EBITDA before special items	746	632	18.0%	1,943	1,690	15.0%	2,248
Special items	(78)	(92)	15.2%	(258)	(434)	40.6%	(538)
Special items - IPO Related costs	(220)	0	n.a.	(284)	0	n.a.	0
Adjusted EBIT	637	570	11.7%	1,639	1,484	10.4%	1,977
Net profit	(831)	246	n.a.	(807)	8	n.a.	119
Adjusted net profit	265	212	25.1%	627	589	6.4%	778
Financial position							
Total assets	27,511	25,005	10%	27,511	25,005	10%	29,558
Goodwill	14,778	13,244	12%	14,778	13,244	12%	14,646
Clearing-related balances, net	(979)	(444)	(120%)	(979)	(444)	(120%)	(778)
Own cash	50	1,798	(97%)	50	1,798	(97%)	1,532
Net interest-bearing debt	8,805	12,279	(28%)	8,805	12,279	(28%)	13,319
Equity	9,603	4,821	99%	9,603	4,821	99%	4,980
Cash flow							
Net cash from operating activities excl. clearing-related balances	(1,213)	379	n.a.	(676)	715	n.a.	1,105
Change in clearing related balances	(106)	(567)	81%	198	655	(70%)	989
Net cash from investing activities	(823)	(214)	285%	884	(498)	n.a.	(2,082)
Net cash from financing activities	43	100	(57%)	(404)	(332)	(22%)	582
Net cash flow for the period	(2,099)	(302)	(596%)	2	540	(100%)	595
Net change in own cash	(1,321)	252	n.a.	(1,482)	(128)	(1058%)	(394)
Operating free cash flow	443	355	25%	978	770	27%	1,235
Growth in Revenue, net							
Reported	8.5%			6.7%			4.4%
Organic	6%			6%			6%
Capital structure							
LTM EBITDA before special items	2,501			2,501			
Net interest-bearing debt / LTM EBITDA before special items	3.5x			3.5x			
Other ratios							
EBITDA before special items margin	39.5%	36.3%	+3.2 pp	35.5%	32.9%	+2.6 pp	32.9%
Capital expenditure/revenue	8.5%	6.8%	+1.7 pp	8.3%	7.8%	+0.5 pp	7.9%
Capitalised development costs (EBITDA before special items impact)/revenue	3.6%	3.0%	+0.6 pp	3.8%	3.9%	-0.1 pp	5.8%
Cash conversion ratio	99%	71%	+28.6 pp	78%	71%	+7.0 pp	79%
Equity ratio	34.9%	19.3%	+15.6 pp	34.9%	19.3%	+15.6 pp	28.0%
Share information							
Number of shares ('000)	200,411			200,411			
Earnings per share, basic, DKK	(4)			(4)			
Earnings per share, diluted, DKK	(4)			(4)			
Share price at the end of the period, DKK	137.1			137.1			
FTE	2,461	2,519	(2.3%)	2,461	2,519	(2.3%)	2,413

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2015 for Nassa Topco AS. The above numbers are presented on a comparable basis, i.e. historic numbers are based on Nassa Topco AS' financial statements.

Performance overview

Revenue
Revenue in Q3 2016 was DKK 1,888 million, up 8.5% from DKK 1,739 million in Q3 2015. Q3 2016 organic growth[1] was 6%, driven by a strong performance in Merchant Services, which had an organic growth of 11%, and by Financial & Network Services' organic growth of 10%. Corporate Services' organic growth was 1%.

Revenue increased by DKK 343 million, or 6.7%, to DKK 5,475 million for the nine months ended 30 September 2016 from DKK 5,132 million for the nine months ended 30 September 2015. The organic growth for the nine months ended 30 September 2016 was 6%.

Operating expenses
The total operating expenses in Q3 2016 were DKK 1,142 million (60% of revenue), compared to DKK 1,107 million in Q3 2015 (64% of revenue).

Cost of sales in Q3 2016 amounted to DKK 235 million (12% of revenue), compared to DKK 238 million (14% of revenue) in Q3 2015. Cost of sales is mainly related to the POS business in Merchant Services and external vendors to Corporate Services. The reduction in cost of sales was partly due to a higher proportion of the merchants renting terminals rather than buying terminals.

Other external expenses in Q3 2016 amounted to DKK 415 million (22% of revenue), compared to DKK 437 million (25% of revenue) in Q3 2015. Other external expenses include consulting fees related to IT, costs related to sourcing partners and spending on hardware/software. The lower spend to revenue was primarily due to continued optimisation of IT sourcing mix, optimisation of operational processes and improved procurement.

Staff costs in Q3 2016 amounted to DKK 492 million (26% of revenue), compared to DKK 432 million (25% of revenue) in Q3 2015. YTD staff costs, compared to the same period in 2015, decreased from 28% of revenue to 27% of revenue, which was primarily related to a lower number of FTEs following the transformation programme and also reflecting the IT sourcing mix. Nets had 2,461 FTE (full-time equivalent) by Q3 2016, which is net 58 FTE's or 2.3% fewer than one year ago.

Capitalised development costs impacting EBITDA before special items for Q3 2016 were 3.6% of revenue, compared to 3.0% for Q3 2015. For the nine months ended 30 September 2016, capitalised development costs impacting EBITDA before special items were 3.8% of revenue, compared to 3.9% for the nine months ended 30 September 2015.

[1] Organic growth is calculated on a constant business scope (e.g. excluding effect of M&A) and a constant currency basis

EBITDA before special items
In Q3 2016, EBITDA before special items grew 18.0% to DKK 746 million, compared to DKK 632 million in Q3 2015. The EBITDA before special items margin was 39.5% in Q3 2016, compared to 36.3% in Q3 2015.

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

EBITDA before special items for the first nine months of 2016 increased by 15.2% to DKK 1,943 million. EBITDA before special items margin increased by 260 basis points to 35.5% for the nine months ended 30 September 2016 up from 32.9% for the nine months ended 30 September 2015.

Special items and IPO-related costs
In total, special items in Q3 2016 were DKK 298 million, whereof DKK 220 million related to the IPO.

Non-IPO-related special items were DKK 78 million in Q3 2016, down from DKK 92 million in Q3 2015. Special items are mainly related to the transformation programme and severance costs following adjustment of the organisation within areas like IT, Operations and Finance.

Special items in total were DKK 542 million for the first nine months of 2016, whereof DKK 284 million related to the IPO. Non-IPO-related special items amounted to DKK 258 million by Q3 2016, down from DKK 434 million in the first nine months of 2015.

Total IPO costs YTD were DKK 454 million (DKK 284 million recognised in the P&L under IPO-related special items and DKK 170 million were taken directly to Equity).

EBITDA
In Q3 2016, EBITDA was DKK 448 million, down from DKK 540 million in Q3 2015, mainly due to the DKK 220 million in special items related to the IPO. For the nine months ended 30 September 2016, EBITDA was DKK 1,401 million, which is an increase of DKK 145 million, from DKK 1,256 million in the same period last year.

Underlying depreciation and amortisation
In Q3 2016, underlying depreciation and amortisation were DKK 109 million, up from DKK 62 million in Q3 2015. For the nine months ended 30 September 2016, underlying depreciation and amortisation amounted to DKK 304 million, compared with DKK 206 million in the same period last year. The increase was mainly due to amortisation on development projects.

Adjusted EBIT
Adjusted EBIT is EBITDA before special items minus underlying depreciation and amortisation related to the operation. In Q3 2016, the adjusted EBIT was DKK 637 million, up 11.7% from DKK 570 million in Q3 2015. For the nine months ended 30 September 2016, adjusted EBIT was DKK

1,639 million, which is an increase of DKK 155 million, or 9.5%, from DKK 1,484 million in the same period last year.

Net financials

Net financials in Q3 2016 of minus DKK 1,242 million were exceptionally high, driven by the effect from the refinancing and Visa Europe related value adjustments.

Expenses related to the refinancing were DKK 738 million, driven by (i) early settlement of Payment In Kind (make whole) of DKK 478 million, (ii) extraordinary amortisation of transaction costs in connection with refinancing of DKK 245 million and (iii) settlement of interest swaps of DKK 15 million.

For the nine months ending 30 September 2016, net financials of minus DKK 1,603 million, compared to minus DKK 587 million in 2015, were driven by the refinancing and Visa Europe-related value adjustments.

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, and the deal closed on 21 June 2016. As part of Nets' acquisition of Luottokunta Oy (now Nets Oy) in 2012 and as part of the sale of the Nets Group in 2014, certain agreements were entered into about the future distribution of the proceeds, given that a sale of Visa Europe would take place.

Fair value adjustment of Visa shares to be passed through amounted to DKK 48 million in Q3 2016, while value adjustments related to contingency liabilities amounted to DKK 162 million, whereof DKK 114 million consisted of reclassification from tax expenses due to obtained tax ruling in Finland on deductibility of payments to be passed on, summing up to zero-impact on net profit for the Group.

Value adjustment of Visa shares in Teller Branch Norway impacted Q3 2016 positively by DKK 3 million (related to the Group's proceeds received in Q2 2016 of DKK 181 million). Detailed information on financial effect from the transaction is included in note 6.

Net financial expenses were DKK 393 million in Q3 2016, including foreign exchange losses of DKK 100 million, mainly driven by decrease in NOK compared to DKK and interest expenses of DKK 267 million. In Q3 2015, net financial expenses were DKK 55 million, positively impacted by foreign exchange gains of DKK 239 million. Financial interest expenses in Q4 2016 are expected to be significantly lower, due to the new capital structure effective from the time of the IPO.

Tax

Effective tax rate for YTD 2016 was 18% (YTD 2015: 136%). The effective tax rate was positively influenced by obtained binding ruling in Finland and deductibility of pass on proceeds from Visa shares of 6%, negatively impacted by non-deductible IPO expenses of 6%, and tax losses derived from financing expenses not fully capitalised of 4%. Adjusted for these items, the effective tax rate was 23% (YTD 2015: 25%).

Net profit

As expected, net profit in Q3 of minus DKK 831 million was significantly impacted by special items and refinancing expenses. Net profit YTD was minus DKK 807 million.

Adjusted net profit

Adjusted net profit is calculated as adjusted EBIT adjusted for non-recurring net financials, including impact from Visa shares, IPO-related financial expenses and foreign exchange rate movements on external borrowings and an effective tax rate of 23%. In Q3 2016, the adjusted net profit was DKK 265 million, compared to DKK 212 million in Q3 2015. This is an increase of DKK 53 million or 25.1%. Had the new post-IPO capital structure been in place from 1 July 2016, the adjusted net profit would have amounted to DKK 417 million in Q3 2016. For the nine months ended 30 September 2016, adjusted net profit was DKK 627 million.

Balance sheet and cash flow

Tangible and intangible assets

At 30 September 2016, total assets amounted to DKK 27,511 million, compared to DKK 25,005 million a year earlier. Total non-current assets amounted to DKK 20,033 million, compared to DKK 18,447 million at 30 September 2015. Goodwill increased by DKK 1,534 million from Q3 2015 to Q3 2016, mainly due to the acquisition of Nordea's acquiring business, which closed in December 2015.

Total current assets amounted to DKK 7,478 million, compared to DKK 6,558 million at 30 September 2015. Trade and other receivables increased by DKK 157 million due to a higher activity level and acquired business. Other financial assets increased to DKK 932 million related to Visa Europe proceeds. Cash and cash equivalents increased by DKK 533 million to DKK 2,775 million.

Narrow working capital

The change in narrow working capital (NWC), measured from the beginning of 2016 until end Q3, was DKK 31 million and included changes in inventories, trade receivables, prepayments and other receivables and trade and other payables. The change in NWC in Q3 2016 was DKK 156 million, which was positively impacted by certain accruals of DKK 219 million related to IPO expenses. This effect is expected to be reversed later in the year.

Clearing working capital

At 30 September 2016, clearing-related assets (clearing debtors) amounted to DKK 2,653 million and clearing-related liabilities amounted to DKK 3,632 million, leading to a clearing working capital (CWC) of minus DKK 979 million (positive funding), which represents a change of DKK 106 million compared with CWC of minus DKK 1,085 million at the end of Q2 2016, driven by day of month-end and normal seasonality.

Equity

Total equity amounted to DKK 9,603 at 30 September 2016, compared to DKK 4,980 million at the beginning of the year. Total equity was impacted by the new issuance of in total 36,666,667 shares in relation to the IPO-generated proceeds of DKK 5,500 million, offset by IPO-related costs directly recognised in equity of DKK 170 million.

Net interest-bearing debt

The net interest-bearing debt at 30 September 2016 amounted to DKK 8,805 million, or 3.5x LTM EBITDA, before special items.

The net interest-bearing debt calculation above includes DKK 50 million of own cash, but excludes the deferred consideration of DKK 240 million, which is related to future earn-out payments in relation to past acquisitions, since this amount is non-interest-bearing. The net interest-bearing debt to LTM EBITDA, before special items ratio, was 3.6x if the deferred consideration of DKK 240 million is included.

The net interest-bearing debt was positively impacted by IPO accruals of DKK 219 million. Net interest-bearing debt to LTM EBITDA, before special items ratio, was 3.7x when taking the deferred consideration and the IPO accrual into consideration.

Q4 2016 will be the first full quarter with the new financing structure in place.

Capital expenditure

The capital expenditure amounted to DKK 161 million in Q3 2016, equivalent to a capital expenditure/revenue ratio of 8.5%, compared to DKK 119 million, equivalent to a capital expenditure/revenue ratio of 6.8% in Q3 2015. The higher ratio was driven by the ongoing network segregation and the establishment of a third data centre in Norway.

Cash flow

Net cash flow from operating activities, excluding clearing working capital, was minus DKK 1,213 million in Q3 2016, significantly impacted by IPO-related interest payments, including the early settlement of the payment in kind.

Net cash flow from investment activities in Q3 2016 was minus DKK 823 million and related mainly to the pass through of the proceeds from Visa Europe to the Danish and Norwegian banks as previous owners of Nets Holding A/S of DKK 662 million. The net amount of DKK 662 million after holding back funds is to cover expected tax liabilities and direct costs. After the pay out of DKK 662 million in September 2016, Nets is still holding DKK 1,281 million in cash of Visa Europe proceeds, including proceeds received in relation to Nets Oy's previous shareholding in Visa Europe. All remaining cash proceeds received from Visa Europe (DKK 1,281 million) will either be paid out to the banks, as previous owners of Nets Holding A/S, or to SLOK in Finland, as the previous owner of Luottokunta Oy, or will be used for tax or other direct costs related to executing the pass-through mechanisms.

Net cash flow from financing activities in Q3 2016 was DKK 43 million. Key components were proceeds from the IPO of DKK 5,430 million net of fees, proceeds from new borrowings of DKK 8,647 million offset by repayment of existing borrowings and settlement of interest swaps of DKK 14,034 million.

Operating free cash flow in Q3 2016, i.e. reported EBITDA, adjusted for change in NWC and capital expenditure, amounted to DKK 443 million, up 25% from Q3 last year. The improvement was driven by higher EBITDA before special items and by a positive effect from change in NWC.

Own cash at 30 September 2016 amounted to DKK 50 million, as expected down by DKK 1,482 million from year-end 2015. The decrease was primarily driven by negative cash flow from operating activities, excluding clearing-related balances of DKK 676 million, mainly due to extraordinary payment of interests and similar items of DKK 2,053 million, net cash outflow from investing activities of DKK 397 million, and negative cash flow from financing activities of DKK 404 million. Cash flow from financing activities consisted of proceeds from capital increase of DKK 5,430 million net of fees, proceeds from new borrowings of DKK 8,647 million offset by repayment of existing borrowings and settlement of interest swaps of DKK 14,481 million.

Cash conversion ratio

Cash conversion ratio, calculated as EBITDA before special items adjusted for change in NWC and capital expenditure divided by EBITDA before special items, was 99% in Q3 2016, partly driven by the positive impact from NWC. The cash conversion ratio after the first nine months of 2016 was 78%, compared to 71% after the same period last year. When adjusting the cash conversion ratio for the non-recurring IPO accruals of DKK 219 million in Q3 2016, the cash conversion ratio was 70% in Q3 2016 and 67% YTD.

Segment information

Merchant Services

Merchant Services *DKKm*	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change	FY 2015
Revenue, net	607	489	24.1 %	1,708	1,389	23.0 %	1,866
Organic growth	*11%*			*11%*			*7%*
EBITDA before special items	241	181	33.1 %	594	421	41.1 %	560
EBITDA before special items margin	*39.7%*	*37.0%*	+2.7 pp	*34.8%*	*30.3%*	+4.5 pp	*30.0%*

Recent development

In October 2016, Nets launched the 'Remember Me' service, which means that in the future consumers only need the CVC/CVV security digits when shopping in one of the 25,000 web shops using the DIBS, Nets or Paytrail payment check-out service. 'Remember Me' is an example of an offering that leverages Nets' market-leading position and scale in the Nordic region.

Nets and Nordea are working in partnership to win shares in the large account/key account and SME segments following Nets' acquisition of the Nordea merchant acquiring business. An outbound sales team for SME in Sweden has been established and is now fully up and running.

Revenue

Merchant Services continued the strong growth momentum that has been built over the last two years with a strong organic growth of 11% in Q3 2016. The growth was driven by a strong growth in our integrated merchant acquiring offering. The strong growth was primarily driven by positive transaction volume and value development and was further positively impacted by the implementation of the EU regulation on interchange fees for card-based transactions (IFR) in Norway as of 1 September 2016. Point of Sales and related solutions saw good growth supported by a continued push towards a higher proportion of rented terminals.

The difference between the reported revenue growth of 24.1% in Q3 2016 and the organic growth in Q3 2016 of 11% was mainly due to the acquisition of Nordea's merchant acquiring business, a transaction that closed in December 2015.

YTD, Merchant Services had an organic growth of 11%.

EBITDA before special items

EBITDA before special items for Q3 2016 was DKK 241 million, equivalent to a margin of 39.7%, up 270 basis points compared to Q3 last year. This growth in profitability is primarily driven by an increased top line supported by operating leverage and a positive effect from the interchange fee regulation introduced in September 2016 in Norway.

Financial & Network Services

Financial & Network Services *DKKm*	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change	FY 2015
Revenue, net	588	569	3.3 %	1,679	1,655	1.5 %	2,206
Organic growth	*10%*			*9%*			*11%*
EBITDA before special items	260	217	19.8%	658	591	11.3%	811
EBITDA before special items margin	*44.2%*	*38.1%*	+6.1 pp	*39.2%*	*35.7%*	+3.5 pp	*36.8%*

Recent development
The number of Dankort transactions increased by 8% in Q3 2016, compared to the same period last year. The number of contactless Dankort transactions continues to see a very positive growth. With 11% of the Dankort transactions used at the point of sale in September 2016 being contactless, the product has seen a very positive penetration since the launch in August 2015, also when comparing the launch of contactless solutions in other countries. A key factor behind this is the ease of use combined with a continued high level of security further supported by our strong representation throughout the payments value chain; working with the card issuers, the merchants and the scheme owner.

The number of BankAxept transactions in Norway by Q3 2016 was up 5%, compared to the same period last year.

Two new mid-sized Swedish banks have been implemented, generating new transactions and revenues on issuer processing.

The Pan-Baltic frame agreement between Danske Bank and Nets has been renewed. With this renewal, Danske Bank merchants will get access to services like the online Nets Merchant Portal.

Nets continues to develop the mobile Dankort, broadly supported by the Danish banks and merchants. The merchants will continue to benefit from the scale advantage of the Dankort scheme when in future accepting a payment from a virtually issued mobile Dankort in a mobile wallet. The merchants do not need to enter into new agreements for accepting the mobile Dankort. For example, Nets is working closely with some of the largest retail groups in Denmark to enable the launch of the mobile Dankort.

In Denmark, Nordea exited the Swipp co-operation (mobile payments with other Danish banks) and entered into a co-operation with MobilePay, which is owned by Danske Bank. The change is expected to negatively impact card volumes from MobilePay that run on Nets' infrastructure. However the financial impact of this is expected to be immaterial.

Revenue
Financial & Network Services saw a strong organic growth of 10% in Q3 2016, supported by growth in all major product areas.

The strong organic growth was driven by a strong growth in issuer processing services and domestic card schemes (Dankort and BankAxept), all supported by a strong underlying card transaction growth, and strong growth in mobile implementation revenue related to the mobile Dankort, and in card management services and solid growth in fraud services.

The difference between the reported revenue growth of 3.3% in Q3 2016 and the organic growth in Q3 2016 of 10% is mainly due to services provided to third parties in 2015 that have subsequently ceased as a result of acquisitions and are no longer accounted for as revenue from third parties (as the recipient of the services has been acquired by Nets).

YTD Financial & Networks Services delivered an organic growth of 9%, supported by implementation revenue related to the mobile Dankort.

EBITDA before special items
EBITDA before special items for the third quarter of 2016 was DKK 260 million, and the margin increased to 44.2%, up 610 basis points compared to last year. The increase in margin was supported by high transaction volumes in Q3 2016 and by implementation revenues related to the mobile Dankort.

Corporate Services

Corporate Services *DKKm*	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change	FY 2015
Revenue, net	693	682	1.6 %	2,088	2,088	0.0 %	2,764
Organic growth	*1%*			*1%*			*1%*
EBITDA before special items	245	235	4.3 %	691	678	1.9 %	880
EBITDA before special items margin	*35.4 %*	*34.5 %*	+0.9 pp	*33.1 %*	*32.5 %*	+0.6 pp	*31.8 %*

Recent development

Nets and Bits AS (owned by Norwegian banks) renewed the contract on eFaktura until October 2020. eFaktura is Nets' e-invoice product in Norway where most of the volumes are B2C. In 2015, around 70 million eFaktura transactions were processed. More than approx. 8,000 corporations and institutions as bill issuers and 2 million individuals are active users of the product. eFaktura will be further developed to simplify onboarding and improve the user experience. For example, if you sign up to use eFaktura from one bill issuer, the new solution will automatically offer the user to sign up to receive eFaktura from all the bill issuers using the product.

Revenue

In the third quarter of 2016, the organic growth for Corporate Services was 1%. The growth was supported by a solid underlying growth in volumes in e-bill-payments (Betalingsservice in Denmark and services like eFaktura and AvtaleGiro in Norway) and a strong growth in clearing services somewhat countered by lower revenues in adjacent digital services.

The solid growth in eBill-Payments was driven by a higher frequency and a higher proportion of statements.

Clearing services were positively impacted by implementation revenues from the implementation of clearing services for ICBPI in Italy.

YTD organic growth in Corporate Services was 1%, negatively impacted by high implementation revenues in the first months of 2015.

EBITDA before special items

EBITDA before special items for the third quarter of 2016 was DKK 245 million, and the margin increased to 35.4%, up 90 basis points compared to last year, primarily driven by continued positive effects from the transformation programme.

Outlook

The 2016 Guidance is changed on all parameters compared to the guidance at 13 September. The medium-term guidance is unchanged.

Targets	Guidance for 2016 at 9 November	Medium-Term at 9 November (unchanged)
Organic revenue growth	6-7%	5-6% p.a.
EBITDA before special items margin	35% - 36%	High 30s
Capital expenditures incurred (% of revenue)	Capex will be affected by e.g. investment in new data centre and, hence, expected to be at an elevated level of around 10% of net revenue	Target normalised Capex in the range of 6-8% of net revenue from 2017 onwards
Special items (including IPO- related expenses)	DKK 630 million, of which approx. DKK 290 million are IPO-related	DKK 120 million in 2017. IPO-related retention costs expected at DKK 60 million for 2017 and 2018 (in total)
Net interest-bearing debt / EBITDA before special items	At or below 3.4x	Medium-term target net interest-bearing debt / EBITDA before special items of 2.0x-2.5x assuming no M&A

The assumptions on which Nets has based its medium-term financial targets include that Nets:

- Is able to achieve revenue growth at a level slightly above the expected growth of digital payments in the Nordic region, through exposure to selected pockets of the market experiencing faster growth (for example e-commerce) and through the execution of the strategies

- Will continue to execute its transformation programme

- Is able to further develop its current margins as a result of (i) revenue growth, (ii) the ongoing implementation of the transformation programme and (iii) the positive effect of operational leverage from the portion of the cost base, which is fixed in relation to volume

- Does not experience any material adverse change in the pricing environment for its products and services as a result of competitive pricing pressure or otherwise.

Statement of the Board of Directors and Executive Management

Today, the Board of Directors and Executive Management have considered and approved the interim report for Nets A/S for the period 1 January 2016 to 30 September 2016. The interim report has not been audited or reviewed by the company's independent auditors.

The unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in Nets' Annual Report for 2015.

In our opinion, the accounting policies used are appropriate, and the overall presentation of the interim report adequate. Furthermore, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2016, and of the results of the Group's operations and cash flow for the period 1 January 2016 to 30 September 2016.

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

Ballerup, 9 November 2016

Executive Management:

Bo Nilsson
Group CEO

Klaus Pedersen
Group CFO

BOARD OF DIRECTORS:

Inge K. Hansen
Chairman

Jeff Gravenhorst
Vice Chairman

Monica Caneman
Board Member

James Brocklebank
Board Member

Robin Marshall
Board Member

Per-Kristian Halvorsen
Board Member

Additional information

Conference call
In connection with the publication of the results for Q3 2016 Nets will host a conference call on Wednesday 9 November 2016 at 10:00 CET. The conference call can be followed live via the Company's website, https://investor.nets.eu

Dial-in details for investors and analysts:

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For investor enquiries:
Lars Østmoe, Head of M&A and IR, at +47 91 34 71 77 or lostm@nets.eu

Financial Calendar 2017
- 8 February 2017: Deadline for shareholders for submission of proposals for the agenda of the Annual General Meeting
- 28 February 2017: Annual Report for the full year ending 31 December 2016
- 22 March 2017: Annual General Meeting
- 9 May 2017: Interim Report for the First Quarter of 2017
- 17 August 2017: Interim Report for the First Half-year of 2017
- 9 November 2017: Interim Report for the Third Quarter of 2017

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

Forward-looking statements
This report presentation contains forward-looking statements including, but not limited to, the statements and expectations contained in the Outlook section on page 9. Forward-looking statements are statements (other than statements of historical fact) relating to future events and Nets' anticipated or planned financial and operational performance. The words 'may', 'will', 'will continue', 'should', 'expect', 'foresee', 'anticipate', 'believe', 'estimate', 'plan', 'predict', 'intend' or variations of these words, including negatives thereof, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Nets has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Nets. Although Nets believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the industry in general or Nets in particular, including those described in Nets Holding's Annual Report 2015, Offering Circular of 13 September 2016 and other information made available by Nets.

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

As a result, forward-looking statements should not be relied on as a prediction of actual results. Nets undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Annual Report 2015 of Nets Holding A/S and the Offering Circular are available at www.nets.eu

Condensed financial statements and notes

Income statement

Consolidated income statement *DKKm*	*Note*	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Revenue, gross		2,597	2,299	7,539	6,741	9,040
Interchange fees and processing fees		(709)	(560)	(2,064)	(1,609)	(2,204)
Revenue, net of interchange fees and processing fees	2	**1,888**	**1,739**	**5,475**	**5,132**	**6,836**
Cost of sales		(235)	(238)	(720)	(737)	(983)
External expenses		(415)	(437)	(1,314)	(1,289)	(1,732)
Staff costs		(492)	(432)	(1,498)	(1,416)	(1,873)
Operating profit before depreciation and amortisation (EBITDA) before special items		**746**	**632**	**1,943**	**1,690**	**2,248**
Special items	3	(78)	(92)	(258)	(434)	(538)
Special items - IPO related costs	3	(220)	-	(284)	-	-
Operating profit before depreciation and amortisation (EBITDA)		**448**	**540**	**1,401**	**1,256**	**1,710**
Amortisation of business combination intangibles and impairment losses		(159)	(154)	(478)	(485)	(627)
Underlying depreciation and amortisation		(109)	(62)	(304)	(206)	(271)
Operating profit (EBIT)		**180**	**324**	**619**	**565**	**812**
Profit from associates after tax		-	-	-	-	(3)
Fair value adjustment of Visa Europe share		48	-	389	-	2,428
Fair value adjustment on contingent consideration liability related to Visa Europe share		(162)	-	(429)	-	(1,913)
Fair value adjustment of Visa Europe share related to Teller Branch Norway		3	-	184	-	-
Financial income and expenses, net	4	(393)	(55)	(1,009)	(587)	(801)
Financial expenses - refinancing costs	4	(738)	-	(738)	-	-
Net financials		**(1,242)**	**(55)**	**(1,603)**	**(587)**	**(289)**
Profit/(loss) before tax		**(1,062)**	**269**	**(984)**	**(22)**	**523**
Income taxes		231	(23)	177	30	(404)
Net profit/(loss) for the period		**(831)**	**246**	**(807)**	**8**	**119**
Profit/(loss) is attributable to:						
Owners of Nets A/S		(821)	215	(804)	(2)	97
Non-controlling interests		(10)	31	(3)	10	22
		(831)	**246**	**(807)**	**8**	**119**

Non-GAAP performance measaures					
Operating profit before depreciation and amortisation (EBITDA) before special items	**746**	**632**	**1,943**	**1,690**	**2,248**
Underlying depreciation and amortisation	(109)	(62)	(304)	(206)	(271)
Adjusted EBIT	**637**	**570**	**1,639**	**1,484**	**1,977**
Adjusted net financials	(293)	(294)	(825)	(719)	(967)
Adjusted profit/(loss) before tax	**344**	**276**	**814**	**765**	**1,010**
Adjusted tax, 23%	(79)	(64)	(187)	(176)	(231)
Adjusted net profit for the period	**265**	**212**	**627**	**589**	**778**

Earnings per share per share for profit attributable to the ordinary equity holders of the Company (DKK)					
Basic and diluted earnings per share	(4)	1	(4)	(0)	0

Statement of comprehensive income

Consolidated statement of other comprehensive income *DKKm*	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Net profit for the period	**(831)**	**246**	**(807)**	**8**	**119**
Other comprehensive income:					
Items that will not be reclassified subsequently to the consolidated income statement:					
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	3
Tax	-	-	-	-	(0)
Total items not to be reclassified to the consolidated income statement	**-**	**-**	**-**	**-**	**3**
Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:					
Currency translation adjustments, foreign enterprises	32	(116)	30	(160)	(119)
Reclassification of interest swap to the consolidated income statement	15	-	15	-	-
Net gains/(losses) on cash flow hedges	(10)	5	(5)	5	6
Total items that may be reclassified to the consolidated income statement subsequently	**37**	**(111)**	**40**	**(155)**	**(113)**
Other comprehensive income for the period, net of tax	**37**	**(111)**	**40**	**(155)**	**(110)**
Total comprehensive income for the period, net of tax	**(794)**	**135**	**(767)**	**(147)**	**9**
Total comprehensive income for the period is attributable to:					
Owners of Nets A/S	(784)	104	(764)	(157)	(13)
Non-controlling interests	(10)	31	(3)	10	22
	(794)	**135**	**(767)**	**(147)**	**9**

Balance sheet

Consolidated balance sheet *DKKm*	*Note*	30 Sep 2016	30 Sep 2015	31 Dec 2015
Assets				
Non-current assets				
Goodwill		14,778	13,244	14,646
Other intangible assets		4,331	4,571	4,722
Plant and equipment		293	263	263
Investment in associates		226	230	227
Deferred tax asset		405	139	205
Total non-current assets		**20,033**	**18,447**	**20,063**
Current assets				
Inventories		84	72	67
Trade and other receivables		845	688	832
Clearing-related assets		2,653	3,376	3,705
Prepayments		189	180	153
Other financial assets	6	932	-	2,428
Cash and cash equivalent		2,775	2,242	2,310
Total current assets		**7,478**	**6,558**	**9,495**
Total assets		**27,511**	**25,005**	**29,558**
Equity and liabilities				
Equity				
Share capital		200	50	50
Reserves		9,213	4,119	4,266
Equity, owners of Nets A/S		**9,413**	**4,169**	**4,316**
Non-controlling interests		190	652	664
Total equity		**9,603**	**4,821**	**4,980**
Non-current liabilities				
Borrowings	5	8,725	13,128	14,573
Pension liabilities, net		64	68	59
Deferred consideration for business combinations		240	146	163
Derivative financial instruments		14	27	24
Deferred tax liabilities		906	885	1,480
Total non-current liabilities		**9,949**	**14,254**	**16,299**
Current liabilities				
Borrowings		-	559	-
Bank overdraft - Clearing related balances	5	145	-	-
Bank overdraft - Own cash	5	320	-	-
Trade and other payables		1,628	1,513	1,863
Clearing-related liabilities		3,632	3,820	4,483
Other financial liabilities	6	1,680	-	1,913
Current tax liabilities		554	38	20
Total current liabilities		**7,959**	**5,930**	**8,279**
Total liabilities		**17,908**	**20,184**	**24,578**
Total equity and liabilities		**27,511**	**25,005**	**29,558**

Statement of cash flow

Consolidated statement of cash flows for the period *DKKm*	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operating profit (EBIT)	180	324	619	565	812
Depreciation, amortisation and Impairment losses	268	216	782	691	898
Other non-cash items	-	-	-	(21)	(21)
Change in narrow working capital	156	(66)	31	(85)	64
Interest and similar items, net	(1,804)	(111)	(2,053)	(429)	(568)
Tax paid	(13)	16	(55)	(6)	(80)
Net cash flow from operating activities excluding clearing-related balances	**(1,213)**	**379**	**(676)**	**715**	**1,105**
Change in clearing-related balances	(106)	(567)	198	655	989
Net cash from operating activities	**(1,319)**	**(188)**	**(478)**	**1,370**	**2,094**
Purchase of intangible assets	(105)	(85)	(306)	(281)	(394)
Purchase of plant and equipment	(56)	(34)	(148)	(120)	(145)
Proceeds from sale of investments	-	-	-	-	18
Purchase of investments	-	(95)	(70)	(107)	(1,571)
Proceeds from Visa shares	-	-	2,070	-	-
Payment of proceeds from Visa shares	(662)	-	(662)	-	-
Dividends received	-	-	-	10	10
Net cash from investing activities	**(823)**	**(214)**	**884**	**(498)**	**(2,082)**
Proceeds from capital increase	-	-	-	-	25
Proceeds from primary	5,500	-	5,500	-	-
Base fee in connection with primary	(70)	-	(70)	-	-
Proceeds from borrowings	8,647	100	8,647	189	1,636
Repayment of borrowings	(14,019)	-	(14,466)	(521)	(1,079)
Settlement of interest swap	(15)	-	(15)	-	-
Dividends paid	-	-	-	-	-
Net cash flows from financing activities	**43**	**100**	**(404)**	**(332)**	**582**
Net cash flow for the period	**(2,099)**	**(302)**	**2**	**540**	**595**
Cash and cash equivalents at the beginning of the period	4,397	2,556	2,310	1,730	1,730
Exchange gains/(losses) on cash and cash equivalents	12	(12)	(2)	(28)	(15)
Net cash and cash equivalents at the end of the period	**2,310**	**2,242**	**2,310**	**2,242**	**2,310**
Bank overdraft (clearing-related balances)	145	-	145	-	-
Bank overdraft (own cash)	320	-	320	-	-
Cash and cash equivalents at the end of the period	**2,775**	**2,242**	**2,775**	**2,242**	**2,310**

Non-GAAP performance measures					
Cash and cash equivalents at the end of the period	**2,775**	**2,242**	**2,775**	**2,242**	**2,310**
Clearing-related assets at the end of period	2,653	3,376	2,653	3,376	3,705
Clearing-related liabilities at the end of period	(3,632)	(3,820)	(3,632)	(3,820)	(4,483)
Cash related to pass through Visa proceeds	(1,281)	-	(1,281)	-	-
Bank overdraft (clearing-related balances)	(145)	-	(145)	-	-
Bank overdraft (own cash)	(320)	-	(320)	-	-
Own cash at the end of the period	**50**	**1,798**	**50**	**1,798**	**1,532**
Own cash at the beginning of the period	**1,371**	**1,546**	**1,532**	**1,926**	**1,926**
Net cash flow from operating activities excluding clearing related balances	(1,213)	379	(676)	715	1,106
Net cash from investing activities in the year	(823)	(214)	884	(498)	(2,082)
Net cash flows from financing activities in the year	43	100	(404)	(332)	582
Net cash flow from pass through Visa proceeds	662	-	(1,281)	-	-
Exchange gains/(losses) on cash and cash equivalents	10	(13)	(5)	(13)	-
Own cash at the end of the period	**50**	**1,798**	**50**	**1,798**	**1,532**

Statement of changes in equity

Consolidated statement of changes in equity							
DKKm	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	**Equity, owners Nets A/S**	Non-controlling interests	**Total equity**
2016							
Equity 1 January	50	(39)	(227)	4,532	**4,316**	664	**4,980**
Net profit for the period	-	-	-	(804)	**(804)**	(3)	**(807)**
Other comprehensive income for the year							
Currency translation adjustments, foreign enterprises	-	-	30	-	**30**	-	**30**
Net gain/(loss) on cash flow hedges	-	(5)	-	-	**(5)**	-	**(5)**
Settlement of interest swap	-	15	-	-	**15**		**15**
Other comprehensive income for the year	-	10	30	-	**40**	-	**40**
Total comprehensive income for the year	**-**	**10**	**30**	**(804)**	**(764)**	**(3)**	**(767)**
Capital increase (share exchange)[1]	113	**-**	-	358	**471**	(471)	**-**
Capital increase (sale of primary)[1]	37	-	-	5,463	**5,500**	-	**5,500**
IPO related costs	-	-	-	(170)	**(170)**	-	**(170)**
Capital increase (employee share bonus)	0	-	-	60	**60**	-	**60**
Total changes in equity	**150**	**10**	**30**	**4,907**	**5,097**	**(474)**	**4,623**
Equity as at 30 September	**200**	**(29)**	**(197)**	**9,439**	**9,413**	**190**	**9,603**

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

Consolidated statement of changes in equity							
DKKm	Share capital	Hedge reserves	Currency translation reserves	Retained earnings	**Equity, owners Nets A/S**	Non-controlling interests	**Total equity**
2015							
Equity 1 January	50	(45)	(110)	5,030	**4,926**	21	**4,947**
Net profit for the year	-	-	-	(2)	**(2)**	10	**8**
Other comprehensive income for the year							
Actuarial losses related to defined benefit pension plans	-	-	-	-	**-**	-	**-**
Tax	-	-	-	-	**-**	-	**-**
Currency translation adjustments, foreign enterprises	-	-	(160)	-	**(160)**	(2)	**(162)**
Net gain/(loss) on cash flow hedges		3	-	-	**3**	-	**3**
Other comprehensive income for the year	-	3	(160)	-	**(157)**	(2)	**(159)**
Total comprehensive income for the year	**-**	**3**	**(160)**	**(2)**	**(159)**	**8**	**(151)**
Non-controlling interests from business combination	**-**	**-**	-	(623)	**(623)**	623	**-**
Capital increase	-	-	-	25	**25**	-	**25**
Total changes in equity	**-**	**3**	**(160)**	**(600)**	**(757)**	**631**	**(126)**
Equity as at 30 September	**50**	**(42)**	**(270)**	**4,431**	**4,169**	**652**	**4,821**

Note 1 Significant accounting policies

The condensed consolidated interim financial statements of Nets A/S for the period 1 January - 30 September 2016 comprise Nets A/S and its subsidiaries (together referred to as 'the Group') and associates.

Statement of compliance

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

The accounting policies applied to by the Group in these condensed consolidated interim financial statements are consistent with those applied to by the Group in its consolidated financial statements as at and for the year ended 31 December 2015. A full description of the Group's accounting policies is included in the consolidated financial statements for 2015 for Nassa Topco AS.

Key accounting estimates and judgements

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

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

Except for the judgements and estimates commented in the notes of this interim report, the significant judgements made by the Executive Management in applying to the Group's accounting policies and the key sources of estimation uncertainty were the same as those applying to the consolidated financial statements as at and for the year ended 31 December 2015.

Note 2 - Segment information

Description of segments

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

Financial & Network Services provide outsourced 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 provide 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 nine months ended 30 September 2016 is as follows:

YTD 2016

DKKm	Merchant Services	Financial & Network Services	Corporate Services	Group
Income statement				
Revenue	1,708	1,679	2,088	5,475
Reported growth	23%	1%	0%	7%
Organic growth	11%	9%	1%	6%
EBITDA before special items	594	658	691	1,943
EBITDA margin	34.8%	39.2%	33.1%	35.5%
Reconciliation of EBITDA before special items to profit before tax:				
Special items				(542)
Amortisations, depreciation and impairment losses				(782)
Finance items - net				(1,603)
Profit before tax				**(984)**

YTD 2015

DKKm	Merchant Services	Financial & Network Services	Corporate Services	Group
Income statement				
Revenue	1,389	1,655	2,088	5,132
EBITDA before special items	421	591	678	1,690
EBITDA margin	30.3%	35.7%	32.5%	32.9%
Reconciliation of EBITDA before special items to profit before tax:				
Special items				(434)
Amortisations, depreciation and impairment losses				(691)
Finance items - net				(587)
Profit before tax				**(22)**

Note 3 Special items

DKKm			YTD 2016			YTD 2015
Special items	*External expenses*	*Staff costs*		*External expenses*	*Staff costs*	
Reorganisation and restructuring costs	2	88	**90**	9	131	**140**
Costs associated with business setups, acquisitions and disposals	5	-	**5**	27	-	**27**
Transformation programme	135	26	**161**	198	32	**230**
IPO related costs[1]	214	70	**284**	-	-	**-**
Other costs and income, net	2	-	**2**	37	-	**37**
Total special items	**358**	**184**	**542**	**271**	**163**	**434**

[1] Advent Funds, Bain Capital Funds and ATP investment vehicles have invoiced the Group for consulting and other advisory service fees of DKK 82 million.

Note 4 Net financials

DKKm	YTD 2016	YTD 2015
Financial income		
Net foreign exchange gains	-	132
Interest income on short-term bank deposits	-	1
Interest income from related parties	-	-
Interest income from Co-issuing activities	-	23
Total financial income	**-**	**156**
Financial expenses		
Net foreign exchange loss	184	-
Interest expense on external loans	766	693
Fair value adjustment of financial liabilities	-	-
Amortisation of transaction costs	32	32
Fair value adjustment of deferred consideration for business combinations	6	-
Other fees etc.	22	18
Total financial expenses	**1,009**	**743**
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**	**-**

Note 5 - Loans and borrowings

Loans and borrowings

Following the completion of the initial public offering ('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 Midco A/S, 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 3,537 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 30 September 2016, the RCF was drawn EUR 213 million (DKK 1,587 million), leaving EUR 187 million (DKK 1,393 million) un-drawn. The Overdraft Facility was drawn EUR 43 million (DKK 320 million), leaving EUR 32 million (DKK 239 million) un-drawn.
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 additional EUR 40 million (DKK 298 million) on an un-committed basis. On 30 September 2016, the overdraft facilities for clearing working capital was drawn by EUR 19 million (DKK 145 million), leaving EUR 196 million (DKK 1,460 million) un-drawn. In addition, the Group also has a number of intra-day facilities available.

DKK million	Interest Rate Nominal	Interest Rate Effective	Year of Maturity	Currency	Available facility	Drawn amount	Amount hedged	30 Sep 2016 Carrying Amount	31 Dec 2015 Carrying Amount
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	1,448	-
Term Loan 1 (DKK)	CIBOR[1] + 2.0%	2.1%	2019	DKK	2,028	2,028	2,028	2,005	-
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	1,448	-
Term Loan 2 (DKK)	CIBOR[1] + 2.5%	2.8%	2021	DKK	2,034	2,034	2,034	2,010	-
Revolving credit facility[2]	IBOR[1] + 2.5%	2.5%	2021	Multi	2,980	1,587	-	1,541	-
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- .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
Total long term borrowings (non-current liabilities)								**8,725**	**14,573**
Overdraft facility (own cash)[2]	IBOR[1] + 2.5%	2.5%	2021	Multi	558	320	-	320	-
Overdraft facility (clearing-related balances)[3]				Multi	1,601	145	-	145	-
Total short term borrowings (current liabilites) - Included in own cash calculation								**465**	**-**
Total loans and borrowings								**9,190**	**14,573**

1. For the term loans, 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 and 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	30 Sep 2016	31 Dec 2015
Total long term borrowings (Non-current liabilities)	8,725	14,573
Capitalised debt costs included in carrying amount	130	278
Own cash	(50)	(1,532)
Net interest bearing debt	**8,805**	**13,319**

Note 6 Other financial assets and liabilities

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 a preliminary 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 EUR17.25 billion, consisting of EUR12.25 billion in cash, and approximately EUR5 billion in preferred stock, and (ii) an additional cash payment of EUR1.12 billion (including interest) payable on the third anniversary of the closing of the transaction. The Visa transaction was closed on 21 June 2016.

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 Oy (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.

Accounting treatment of the Visa transaction

Fair value adjustment of the Visa Europe share and the corresponding liability is recognised in the income statement in the Financial Statements as all shares and the related liabilities to pass on the proceeds are held by the same reporting entity. As at 30 September 2016, a Finnish ruling has been obtained, which allows payments to the original sellers of 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 in Q3 amounts to DKK 115 million. Fair value gain in terms of the sponsored memberships in Visa SE are still subject to high uncertainty and are, therefore, not recognised in the balance sheet of 30 September 2016.

Fair value adjustments are based on management's best estimate on received information as at 30 September 2016, although uncertainty exists with regard to the value of preference shares, deferred payments and leakage and transaction costs. Nets is 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) a receipt of binding tax rulings is 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.

DKKm	Q3 2016	YTD 2016	YTD 2015	FY 2015
Consolidated income statement				
Value adjustment on shares (financial income)	48	389	-	2,428
Proceeds related to Teller branch Norway (financial income)	3	184	-	-
Vale adjustment on debt (financial expense)	(162)	(429)	-	(1,913)
Tax on proceeds (Teller Branch Norway)	0	(1)	-	-
Tax on pass through proceeds	114	40	-	(515)
Net profit for the year	**3**	**183**	**-**	**-**

DKKm	30 Sep 2016	30 Sep 2016	30 Sep 2015	31 Dec 2015
Other financial assets				
Visa Europe Shares and deferred consideration held by Teller Branch Norway	57	57	-	-
Visa Europe Shares and deferred consideration held by Teller A/S	548	548	-	1,460
Visa Europe Shares and deferred consideration held by Nets Oy	327	327	-	968
Other financial assets as at 31 December / 30 September	**932**	**932**	**-**	**2,428**
DKKm				
Other financial liabilities				
Visa proceeds to be paid to former owners of Nets Holding A/S	(713)	(713)	-	(1,139)
Visa proceeds to be paid to former owners of Nets Oy	(967)	(967)	-	(774)
Other financial liabilities as at 31 December / 30 September	**(1,680)**	**(1,680)**	**-**	**(1,913)**
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 / 30 September	**-**	**-**	**-**	**(515)**
DKKm				
Current tax liability				
Current tax on net fair value gain	(476)	(476)	-	-
Current tax liability as at 31 December / 30 September	**(476)**	**(476)**	**-**	**-**