COMPANY REGISTRATION NUMBER 118802

# MERCURY B CAPITAL LIMITED

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 31 DECEMBER 2017

**MERCURY B CAPITAL LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**YEAR ENDED 31 DECEMBER 2017**

| | |
|---|---|
| **THE BOARD OF DIRECTORS** | Christophe Jacobs Van Merlen<br>Giovanni Camera (appointed 25 April 2017)<br>Dwight Poler (resigned 25 April 2017) |
| **COMPANY SECRETARY** | Crestbridge Corporate Services Limited |
| **REGISTERED OFFICE** | 47 Esplanade<br>St Helier<br>Jersey<br>JE1 0BD<br>Channel Islands |
| **JERSEY REGISTERED NUMBER** | 118802 |
| **UK REGISTERED NUMBER** | BR017917 |
| **AUDITOR** | KPMG LLP<br>15 Canada Square<br>London<br>E14 5GL |

The Directors have pleasure in presenting their report and the financial statements of Mercury B Capital Limited (the "Company") for the year ended 31 December 2017.

**PRINCIPAL ACTIVITIES**

The Mercury Group ("The Group") consists of Mercury UK Holdco Limited ("Holdco"); Nexi S.p.A. ("Nexi" formerly Istituto Centrale delle Banche Popolari Italiane S.p.A. or "ICBPI") and its subsidiaries ("Nexi Group" formerly "ICBPI Group"); Mercury A Capital Limited, Mercury B Capital Limited and Mercury ABC Capital Limited (together the "Sponsors"); Mercury Bondco Plc ("Bondco"); Latino Italy S.p.A. (formerly Latino Italy S.r.l.) ("Latino") and Mercury Payments Services S.p.A. ("Mercury Payments").

The principal activity of the Company is to fund Holdco by means of equity received from the ultimate parent company and debt advanced by Bondco, by way of loans, to provide such funding to enable it to make acquisitions. The Directors anticipate that the current activities will continue unchanged for the foreseeable future.

On 1 June 2017, the ICBPI Group completed the acquisition of the merchant acquiring business of Deutsche Bank S.p.A. ("DB Cards Acquiring") and on 30 June 2017 completed the acquisition of the merchant acquiring business of Banca Monte dei Paschi di Siena S.p.A. ("MPS Acquiring").

On 3 July 2017, the ICBPI Group completed the acquisition of Bassilichi S.p.A. and its subsidiaries ("Bassilichi Payments").

On 10 November 2017, ICBPI Group rebranded as Nexi. ICBPI and CartaSi S.p.A. (a subsidiary of ICBPI) have changed their names to Nexi S.p.A and Nexi Payments S.p.A. ("Nexi Payments") respectively.

On 19 December 2017, Latino sold the entire share capital of Mercury Processing Services International d.o.o. to Eagle Eschborn GmbH for a purchase price of €114 million.

The Company is a wholly owned subsidiary of Mercury (BC) S.à.r.l. and its ultimate parent company is Bain Capital Europe IV LP and Fund XI LP.

**RESULTS AND DIVIDENDS**

The trading results for the year and the financial position at the end of the year are shown in the attached financial statements. The Company made a loss of €33.0 million compared to a loss of €6.9 million in 2016. The loss for the year was higher in comparison to 2016 results due to the decision to recharge Bondco costs to Sponsors in 2017 (2016: €nil) and the increased finance charges due to the issue of an additional loan.

The Directors do not recommend the payment of a dividend. (2016: €nil).

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The objective of the Board is to manage risk across the Company enabling the Company to achieve its business objective. The business objective is to support the activities of the financing of the Group and its acquisitions.

Changes in key business objectives which may alter the risks faced by the Company are monitored closely by the Board throughout the year to ensure that the necessary changes to internal controls or procedures are implemented. The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

An overview of financial risk management is given in notes 9 and 10.

**DIRECTORS**

The Directors who served throughout the year ended 31 December 2017 and up to the date of this report were:

Christophe Jacobs Van Merlen
Giovanni Camera (appointed 25 April 2017)
Dwight Poler (resigned 25 April 2017)

The Directors have no interest in the shares of the Company.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge, that:

- the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company,

### Statement of disclosure of information to auditors

The Directors in office at the date of this report have each confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## GOING CONCERN

The Company cash flow forecast is prepared on an annual basis.

The latest forecast demonstrates that the Group has sufficient cash resources, finance facilities and equity available to service the Proceed Loans through the flow to the Sponsors of dividends and proceeds of capital reductions thereby allowing the Company to continue in business for a period of at least 12 months from the date of approval of the financial statements.

In addition to this, The Company and the Group rely on:

- a €100 million undrawn Revolving Credit Facility;
- the PIK feature of the Bondco debt that is at the option of the borrower to account for any delay or shortfall in available cash flow, giving management significant operating flexibility;
- available liquid funds in the Group undertakings allowing intercompany funding.

The Company expects to be supported by the Group, and its ultimate parent companies, Bain Capital Europe IV LP and Fund XI LP.

On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

## AUDITOR

KPMG LLP were reappointed and have expressed their willingness to continue in office as auditor.

## SECRETARY

The Secretary of the Company, who had been Secretary for the whole year under review, was Crestbridge Corporate Services Limited.

On behalf of the Board on 25 April 2018

Giovanni Camera
Director
25 April 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERCURY B CAPITAL LIMITED**

**Our opinion is unmodified**

We have audited the financial statements of Mercury B Capital Limited, which comprise Statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

**In our opinion, the accompanying financial statements:**

- give a true and fair view of the financial position of the Company as at 31 December 2017, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

**We have nothing to report on the other information in the Directors' report**

The Directors are responsible for the Directors' report. Our opinion on the Financial Statements does not cover that report and we do not express an audit opinion thereon or any form of assurance conclusion thereon.
Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the information presented in the Directors' report.

We have **nothing to report on other matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Respective responsibilities**

**Directors' responsibilities**

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**The purpose of this report and restrictions on its use by persons other than the Company's members as a body**

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M. McG

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

25 April 2018

MERCURY B CAPITAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

| | Notes | Year ended 31 Dec 2017 €000's | Year ended 31 Dec 2016 €000's |
|---|---|---|---|
| Revenue | | - | - |
| Cost of sales | | - | - |
| **Gross profit** | | - | - |
| Administrative expenses | 3 | (11,326) | (201) |
| **Operating loss** | 2 | (11,326) | (201) |
| Share of profit from equity accounted investment | 6 | 32,976 | 24,088 |
| Finance costs | 4 | (54,695) | (30,797) |
| **Loss before tax** | | (33,045) | (6,910) |
| Income tax | 5 | - | - |
| **Loss for the year** | | (33,045) | (6,910) |

There were no other components of comprehensive income in the year and all items of income and expenditure are included in arriving at the loss for the year.

**MERCURY B CAPITAL LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

| | Notes | At 31 Dec 2017 €000's | At 31 Dec 2016 €000's |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in associate | 6 | 1,157,948 | 990,716 |
| **Total non-current assets** | | 1,157,948 | 990,716 |
| **Current assets** | | | |
| Cash and cash equivalents | | 588 | 3 |
| **Total current assets** | | 588 | 3 |
| **Total assets** | | 1,158,536 | 990,719 |
| **Equity** | | | |
| Share capital | 12 | 407,501 | 404,501 |
| Retained losses | | (44,949) | (11,904) |
| **Total equity** | | 362,552 | 392,597 |
| **Current liabilities** | | | |
| Loans and borrowings | 7 | 784,833 | 597,894 |
| Trade and other payables | 8 | 11,151 | 228 |
| **Total liabilities** | | 795,984 | 598,122 |
| **Total equity and liabilities** | | 1,158,536 | 990,719 |

These financial statements were approved by the Board of Directors and authorised for issue on 25 April 2018.

Company number 118802

Signed on behalf of the Board by:

Giovanni Camera

Giovanni Camera
Director

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 DECEMBER 2017

| | Share capital €000's | Retained earnings €000's | Total €000's |
|---|---|---|---|
| **Balance as at 1 January 2017** | 404,501 | (11,904) | 392,597 |
| Issue of share capital | 3,000 | - | 3,000 |
| Transactions with owners | 3,000 | - | 3,000 |
| Loss for the year | - | (33,045) | (33,045) |
| Total comprehensive loss for the year | - | (33,045) | (33,045) |
| **Balance as at 31 December 2017** | 407,501 | (44,949) | 362,552 |

| | Share capital €000's | Retained earnings €000's | Total €000's |
|---|---|---|---|
| **Balance as at 1 January 2016** | 255,389 | (4,994) | 250,395 |
| Issue of share capital | 149,112 | - | 149,112 |
| Transactions with owners | 149,112 | - | 149,112 |
| Loss for the year | - | (6,910) | (6,910) |
| Total comprehensive loss for the year | - | (6,910) | (6,910) |
| **Balance as at 31 December 2016** | 404,501 | (11,904) | 392,597 |

Further share capital details are included in the note 12.

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 DECEMBER 2017**

| | Notes | Year ended 31 Dec 2017 €000's | Year ended 31 Dec 2016 €000's |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax | | (33,045) | (6,910) |
| Non cash adjustments for: | | | |
| Share of profit from equity accounted investment | | (32,976) | (24,088) |
| Finance costs | | 54,695 | 30,797 |
| Operating loss | | (11,326) | (201) |
| Adjustments for: | | | |
| Decrease in receivables | | - | 5 |
| Increase in payables | 8 | 10,923 | 189 |
| **Net cash used in operating activities** | | (403) | (7) |
| **Cash flows from Investing activities** | | | |
| Purchase of investment | 6 | (161,667) | (349,112) |
| Dividend received | | 27,411 | - |
| **Net cash used in investing activities** | | (134,256) | (349,112) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | 12 | 3,000 | 149,112 |
| Proceeds from issue of loan | 11 | 200,000 | 200,000 |
| Interest paid | | (67,756) | - |
| **Net cash from financing activities** | | 135,244 | 349,112 |
| **Net increase/(decrease) in cash and cash equivalents** | | 585 | (7) |
| **Cash and cash equivalents at the beginning of the year** | | 3 | 10 |
| **Cash and cash equivalents at the end of the year** | | 588 | 3 |

The Company did not enter into any significant non- cash transactions within the financial year ended 31 December 2017 (2016: nil).

## 1. ACCOUNTING POLICIES

**Nature of operations**
The Company is to fund Holdco by means of equity received from the ultimate parent companies and debt advanced by Bondco, by way of intercompany loans, to provide such funding to enable it to make acquisitions.

The Company is incorporated in Jersey, domiciled in Jersey and its registered office is 47 Esplanade, St Helier, Jersey JE1 0BD. The registered number of the Company is 118802.

The Company did not enter into any significant non-cash transactions within the financial year ended 31 December 2017 (2016: nil).

**Basis of preparation**
These financial statements have been prepared in accordance with IFRS and IFRIC Interpretations as adopted by the European Union and with those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS.

These financial statements are presented in Euro (€) which is also the functional currency of the Company.

These financial statements have been approved for issue by the Board of Directors.

Accounts are rounded to the nearest thousand, unless otherwise stated.

**Going concern**
The Company expects to be supported for the foreseeable future by the ultimate parent company, Bain Capital Europe IV LP and Fund XI LP. The Directors of the Company have prepared cash flow forecasts which have taken account of the expected trading of the Group's businesses. The forecasts demonstrate that the Company has sufficient cash resources and finance facilities available to allow it to continue in business for a period of at least 12 months from the date of approval of the financial statements.

On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

**Standards and interpretations not yet applied by the Company**
The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 'Financial Instruments' (IASB effective date 1 January 2018)
- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018)
- IFRS 16 'Leases' (effective 1 January 2019)

IFRS 9 has three key differences compared to its predecessor, IAS 39:

- Classification and measurement of financial assets and liabilities
- Impairment methodology
- Hedge accounting

Management has identified the following area that is expected to be most impacted by the application of IFRS 9:

- The measurement of equity investment at cost less impairment. All such investments will instead be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. This will affect the Company's investment in Holdco (note 6) which the Company intends to hold beyond 1 January 2018

Other than IFRS 9: Financial Instruments, the Directors do not expect the adoption of the new and amended standards disclosed above to have a material effect on the financial statements.

## 1. ACCOUNTING POLICIES *(continued)*

**Investments in Associates**
Investments are accounted for using the equity method. They are initially recognised at cost and subsequent to initial recognition include the Company's share of the profit or loss of the investee less any impairment charges and dividends received.

If there is objective evidence to suggest the Company's investment in associate is impaired, the whole investment is tested for impairment under IAS 36 "Impairment of assets". If the recoverable amount is lower than the investment's carrying value, an impairment loss is recognised in profit and loss, with a corresponding decrease in the carrying value of the investment.

**Foreign currencies**
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and differences reflected in the Profit or Loss accordingly.

**Taxation**
Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Profit or Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

No deferred tax asset has been recognised as the Company does not expect to generate profits in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Profit or Loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 1. ACCOUNTING POLICIES *(continued)*

### Financial instruments

***Classification as equity or financial liability***
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

***Financial assets***
Financial assets are divided into cash and financial assets at fair value through the Profit or Loss. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred, or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

***Financial liabilities***

The Company's financial liabilities consist of trade and other payables, loans and borrowings, and derivative financial instruments.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are initially measured at fair value.

The Company subsequently measures financial liabilities at amortised cost using the effective interest rate method, except for derivatives and other financial instruments designated as fair value through profit or loss, which are carried subsequently at fair value with gains and losses recognised in Profit or Loss.

All interest-related charges are recognised as an expense in finance costs in the Profit or Loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Profit or Loss on an accruals basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

## 1. ACCOUNTING POLICIES *(continued)*

***Cash and cash equivalents***
Cash and cash equivalents include cash at bank and in hand, bank overdrafts as well as short term highly liquid investments such as bank deposits.

***Equity***
Share capital is determined using the nominal value of shares that have been issued. Premiums received on the initial issuing of share capital are credited to a share premium account. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and past results as disclosed in the Profit or Loss.

***Dividends***
Dividend distributions payable to equity shareholders are recognised when the dividends have been approved in a Board of Directors' meeting prior to the reporting date. Dividends received or receivable from an investment in associate are recognised in the period in which they are received or become receivable and are deducted from the carrying amount of the investment in associate.

## 2. OPERATING LOSS

Operating loss is stated after charging:

| | Year Ended 31 Dec 2017 €000's | Year Ended 31 Dec 2016 €000's |
|---|---|---|
| Fees payable to the Company's auditors | | |
| Audit fee | 16 | 16 |
| Non audit related fee | 21 | 7 |
| | 37 | 23 |

## 3. ADMINISTRATIVE EXPENSES

| | Year Ended 31 Dec 2017 €000's | Year Ended 31 Dec 2016 €000's |
|---|---|---|
| Administrative expenses | 11,326 | 201 |
| | 11,326 | 201 |

From 1 January 2017, Bondco recharged all of its expenditure (apart from Notes interest payable) to Sponsors and the amount charged for 2017 was €10,934,637.

## 4. FINANCE COSTS

| | Year Ended 31 Dec 2017 €000's | Year Ended 31 Dec 2016 €000's |
|---|---|---|
| Finance costs | 54,695 | 30,797 |
| | 54,695 | 30,797 |

Finance costs relate to interest charged on loans from related party (see note 7).

## 5. INCOME TAX

The Income tax expense for the Company comprises:

| | Year Ended 31 Dec 2017 €000's | Year Ended 31 Dec 2016 €000's |
|---|---|---|
| **Current tax** | | |
| Current year charge | - | - |
| **Deferred tax** | | |
| Current year expense | - | - |
| **Income tax expense** | - | - |

The income tax expense is reconciled to the standard corporation tax rate applicable in the UK as follows:

| | Year Ended 31 Dec 2017 €000's | Year Ended 31 Dec 2016 €000's |
|---|---|---|
| Loss on ordinary activities before tax from continuing operations | (33,045) | (6,911) |
| Tax at the UK corporation tax rate of 19.25% (PY: 20%) | (6,361) | (1,382) |
| *Effects of:* | | |
| Expenses/(income) not deductible/ (not taxable) for tax purposes | 2,126 | (4,817) |
| Deferred tax not recognised | 4,235 | 6,199 |
| **Income tax expense** | - | - |

The main rate of UK corporation tax was reduced from 20% to 19% on 1 April 2017. The Finance Act 2016 provides that the corporation tax rate will reduce to 17% from 1 April 2020. As at 31 December 2017, the Company had unrecognised deferred tax asset of €4.2 million (2016: €6.2 million). The deferred tax asset has not been recognised on the grounds that there was insufficient evidence that it was probable that future taxable profits would be available against which the deductible temporary differences could be utilised.

## 6. INVESTMENT IN ASSOCIATE

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | €000's | €000's |
| **Opening balance:** | | |
| Cost | 970,481 | 621,369 |
| Share of retained profit/(loss) from equity accounted investment | 20,235 | (3,853) |
| | | |
| Cost of additional investment | 161,667 | 349,112 |
| Current year share of retained profits from equity accounted investment | 32,976 | 24,088 |
| Dividend received | (27,411) | - |
| Net book value | 1,157,948 | 990,716 |

| | Country of incorporation and principal place of business | Class of shares | % of equity owned by the Company | Nature of business |
|---|---|---|---|---|
| Mercury UK Holdco Limited | England and Wales | Ordinary class A and B shares | 33.33 | Holding Company |

The consolidated profit for the year ended 31 December 2017 of Holdco was €98,928,154. The Company's share of Holdco profit amounted to €32,976,051 and dividends received of €27,411,382. During the year, the Company purchased additional shares in Holdco in the value of €161,666,667 in connection with the MPS Acquiring, DB Cards Acquiring and Bassilichi Payments acquisitions (see note 7).

## 7. LOANS AND BORROWINGS

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | €000's | €000's |
| Amounts owed to related parties (see note 11) | 784,833 | 597,894 |
| | 784,833 | 597,894 |

The Directors consider the carrying amount of loan payables approximates to their fair value.

**Notes Particulars and Loan Agreements**

**MPS Acquiring, DB Cards Acquiring and Bassilichi Payments Acquisitions**

In June and July 2017, Nexi Group completed the acquisitions of MPS Acquiring, DB Cards Acquiring and Bassilichi Payments. The acquisitions were partly financed from the issue of new Public Notes 2017 of €600 million.

*Certain terms of the Public Notes 2017*

The Senior Secured Fixed Rate PIK Toggle Notes were issued by Bondco in an aggregate principal amount of €600,000,000. The Fixed Rate Notes bear a fixed interest rate of 7.125% per annum with respect to interest payments in cash or 7.875% per annum with respect to any interest paid in kind (PIK) by increasing the principal amount equal to such interest, payable semi-annually in arrears in May and in November of each year.

***Mercury Payments and Mercury Processing Acquisition***

In December 2016, Holdco completed, via Latino, the acquisition of Mercury Payments and Mercury Processing for an equity value of €1,035 million. The acquisition was financed partly by Sponsors' equity and partly by the issue of Private Bond Notes 2016 of €600 million.

**7. LOANS AND BORROWINGS (continued)**

*Certain terms of the Private Notes 2016*

Interest is charged on a principal amount of €600,000,000. The interest rate is equal to six-month EURIBOR plus 8.75% per annum (Cash applicable rate), reset semi-annually, with respect to interest payments paid in cash, or equal to the sum of six-month EURIBOR plus 9.5% (the PIK applicable rate) reset semi-annually, with respect to interest payments paid in kind. Interest is payable in May and November each year.

***Nexi Acquisition***

In December 2015, the Nexi acquisition was completed and financed partly by Sponsors' equity and party by issue of Public Notes 2015 of €1.1 billion.

*Certain Terms of the Public Notes 2015*

- The Senior Secured Fixed Rate PIK Toggle Notes were issued by Bondco in an aggregate principal amount of €900,000,000. The Fixed Rate Notes bear a fixed interest rate of 8.25% per annum with respect to interest payments in cash or 9.0% per annum with respect to any interest paid in kind (PIK) by increasing the principal amount equal to such interest, payable semi-annually in arrears, in May and November of each year.

- The Senior Secured Floating Rate PIK Toggle Notes were issued in an aggregate principal amount of €200,000,000. The Senior Secured Floating Rate PIK Toggle Notes will accrue at a rate per annum, reset semi-annually, and bear a floating interest rate equal to the sum of EURIBOR plus 8.0%, with respect to interest payments paid in cash, or equal to the sum of EURIBOR plus 8.75%, with respect to interest payments paid in kind by increasing the principal amount of the outstanding Senior Secured Floating Rate PIK Toggle Notes in a principal amount equal to such interest, payable semi-annually in arrears, in May and November of each year.

The Public Notes 2017, the Private Notes 2016 and the Public Notes 2015 ("Notes") were issued by Bondco. The maturity date of all Notes is 30 May 2021.

The Notes are guaranteed on a several, but not joint, basis by each of the Sponsors, which guaranteed the Notes pursuant to their respective guarantee agreement effective from the Issue Date. Each Sponsor guarantees 33.33% of the obligations under the Indenture (which governs the issue of the Notes), the percentage is equivalent to its shareholding in Holdco.

The Notes Guarantees are secured on a first-priority basis by certain collateral including (i) pledges of the shares of Bondco, Holdco and the Sponsors, (ii) pledges of the bank accounts of Bondco and each Sponsor and (iii) pledges over the "Proceeds Loans" (which are loans of the proceeds of the offering of the Notes of any series issued in aggregate principal amount equal to the aggregate principal amount of Notes of each series). The Notes and the Notes Guarantees are governed by New York law.

*Revolving Credit Facility*

In connection with the issuance of the Notes, Bondco and the Sponsors, among others, entered into the Revolving Credit Facility Agreement in December 2016. The Revolving Credit Facility Agreement provides for a Revolving Credit Facility in a principal amount of up to €55,000,000. In December 2016, following the Mercury Payments and Mercury Processing acquisition, this amount was increased to a principal amount of up to a €95,000,000 and in June 2017 increased to €100,000,000.

Loans under the Revolving Credit Facility Agreement bear interest at a rate per annum equal to LIBOR or, for borrowings in euro, EURIBOR, plus an opening margin of 3.50% per annum. The margin may be reduced by way of a margin ratchet to 2.50% per annum by reference to the consolidated senior secured leverage ratio and the satisfaction of certain other conditions. Current margin is 3%.

Bondco is required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate of 35% of the applicable margin and on the date on which the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment.

The Revolving Credit Facility is guaranteed by each Guarantor, severally in proportion to that respective Guarantor's proportionate shareholding in Holdco. The Revolving Credit Facility is secured by the same security interests as for the Notes. As at 31 December 2017, the Revolving Credit Facility remains undrawn.

## 7. LOANS AND BORROWINGS (continued)

*Intercreditor Agreement*

In connection with the entry into the Revolving Credit Facility and the Indenture, Bondco and the Sponsors ("Guarantors") entered into the Intercreditor Agreement.

The Intercreditor Agreement sets forth the relative ranking of certain indebtedness, the relative ranking of certain security granted to secure such indebtedness, when payments can be made in respect of certain indebtedness, when enforcement actions can be taken in respect of such indebtedness, the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events, turnover provisions, and when security and guarantees will be released to permit a sale of any assets subject to transaction security.

Under the Intercreditor Agreement, the obligations under the Notes, the Revolving Credit Facility Agreement and certain hedging arrangements rank pari passu, except that in the event of a realization or enforcement of all or any part of the Transaction Security the holders of the Notes will receive the proceeds from such realization or enforcement only after the lenders under the Revolving Credit Facility and certain hedging arrangements have been repaid in full. At 31 December 2017 and 31 December 2016 no such hedging arrangements were in place.

## 8. TRADE AND OTHER PAYABLES

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | €000's | €000's |
| Amounts owed to related parties (see note 11) | 11,135 | 205 |
| Accruals and deferred income | 16 | 23 |
| | 11,151 | 228 |

The Directors consider the carrying amount of trade payables approximates to their fair value.

## 9. FINANCIAL INSTRUMENTS

**Financial assets and liabilities**

The IAS 39 categories of financial assets and liabilities included in the balance sheet are as follows:

| **31 December 2017** | **Cash and cash equivalents €000's** | **Other liabilities €000's** | **Total €000's** |
|---|---|---|---|
| *Current assets* | | | |
| Cash and cash equivalents | 588 | | 588 |
| *Current liabilities* | | | |
| Amounts owed to related parties | | | |
| Loans and borrowings | | 784,833 | 784,833 |
| Other payables | | 11,151 | 11,151 |

| **31 December 2016** | **Cash and cash equivalents €000's** | **Other liabilities €000's** | **Total €000's** |
|---|---|---|---|
| *Current assets* | | | |
| Cash and cash equivalents | 3 | | 3 |
| *Current liabilities* | | | |
| Amounts owed to related parties | | | |
| Loans and borrowings | | 597,894 | 597,894 |
| Other payables | | 205 | 205 |

The Company has exposure to the following risks arising from financial instruments:

1. Credit Risk
2. Liquidity Risk
3. Market Risk
4. Foreign Currency Risk

## 9. FINANCIAL INSTRUMENTS (continued)

### (i) Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable and investment securities.

In the normal course of its business, the Company incurs credit risk from cash. The Company has a credit policy that is used to manage this exposure to credit risk.

The Company's bank accounts are subject to credit risk. The cash is held with HSBC, which is rated AA- as per S&P's rating.

### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The proceed loans have a maturity date which is the date specified on which the principal outstanding amount of the Notes is due and payable according to the Notes indenture.

### (iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to interest rate risk in respect of its floating rate loans (six months Euribor fixing) from its related party lender, Bondco, described in note 7. All other loans are at a fixed interest rate. The Company is exposed to currency risk on purchases that are denominated in the currency other than the respective functional currency of the Company.

### (iv) Foreign currency risk

The Company has a GBP Bank account which is used to make purchases and pay invoices in sterling. The GBP bank account balance at the year-end was zero.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas payments. At the date of this report the overseas transactions represent only a small proportion of the Company's overall activity and therefore exposure to fluctuations in foreign currencies is not considered significant to the Company.

The Company's exposure to foreign currencies arising from financial instruments is:

| **31 December 2017** | **GBP** | **EUR** | **Total** |
|---|---|---|---|
| | **€000's** | **€000's** | **€000's** |
| *Exposures* | | | |
| Cash | 4 | 584 | **588** |
| **Net balance sheet exposure** | 4 | 584 | **588** |

| **31 December 2016** | **GBP** | **EUR** | **Total** |
|---|---|---|---|
| | **€000's** | **€000's** | **€000's** |
| *Exposures* | | | |
| Cash | - | 3 | **3** |
| **Net balance sheet exposure** | - | 3 | **3** |

## 10. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns to shareholders, and reduce the cost of capital.

## 11. RELATED PARTIES

The following transactions were carried out with related parties:

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| **Holdco** | **€000's** | **€000's** |
| Management charges | 236 | 171 |
| Working capital funding from Holdco | 14 | 10 |
| | | |
| **Bondco** | | |
| Proceeds loans interest payable | 54,695 | 30,797 |
| Bondco cost recharges | 10,935 | - |

The Company had the following balances with group undertakings and related parties at the year-end:

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | **€000's** | **€000's** |
| Investment in Holdco | 1,157,948 | 990,716 |

The Company owns 33.33% of the share capital of Holdco. The cost of investment amounts to €1,132,148,008, and the share of Holdco's profit for year ended 31st December 2017 is €32,976,015 (2016: profit of €24,087,575).

*Amount owed to related parties*

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | **€000's** | **€000's** |
| **Loans and Borrowing** | | |
| Bondco | 784,833 | 597,894 |
| | | |
| **Trade and Other Payables** | | |
| Holdco | 88 | 205 |
| Bondco | 10,936 | - |
| Mercury ABC Capital Limited | 111 | - |

In 2017, Bondco advanced an additional proceeds loan of €200,000,000. Accrued interest is calculated at the "Cash applicable rate" as described in note 7. The accrued interest at the year-end amounted to €18,832,440.

Under the terms of the Proceeds Loan Agreements, Bondco recharged all of its expenditure for 2017 (apart from interest payable) to Sponsors and the amount outstanding at the year-end was €10,934,637 for Bondco recharges and €1,215 for Commitment fees due.

Holdco is responsible for the day to day management of the Sponsors and Bondco. Under the terms of the Management Agreement, Holdco charges its services at a cost-plus method of 10%. The outstanding amount at the year-end was €63,200 together with working capital funding of €24,312.

Under the terms of an agreement, the Company has to reimburse Mercury ABC Capital Limited for a third of the amount of a consultancy service provided to all three Sponsors. The outstanding amount at the year-end was €110,817.

The registered office of Bondco and Mercury ABC Capital Limited is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands. Holdco's registered address is 111 Buckingham Palace Road, London SW1W 0SR, United Kingdom.

## 12. SHARE CAPITAL AND RESERVES

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| **Authorised share capital:** | **€000's** | **€000's** |
| 1,000,000,000 Ordinary class A shares of €1 each | 1,000,000 | 1,000,000 |
| 1,000,000,000 Ordinary class B shares of €1 each | 1,000,000 | 1,000,000 |
| **Allotted, called up and fully paid:** | | |
| 257,283,113 Ordinary class A shares of €1 each | 257,283 | 255,389 |
| 150,218,228 Ordinary class B shares of €1 each | 150,218 | 149,112 |
| | 407,501 | 404,501 |

During the year, the Company issued 1,894,103 class A shares and 1,105,897 class B shares. Each share class has the same right to receive dividends and the repayment of capital and each share (A and B) represents one vote at shareholders' meetings of the Company.

## 13. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2017 and 31 December 2016.

## 14. ULTIMATE PARENT COMPANY

Bain Capital Europe Fund IV LP (registered address – c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1 -1104) and Bain Capital Fund XI LP (registered office – c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1 -1104) are the ultimate controlling parties. As at 31st December 2017, Bain Capital Europe IV LP and Fund XI LP owned 97% of the shareholding of Mercury (BC) S.à.r.l., and Mercury (BC) S.à.r.l. owned 100% of the shareholding of the Company. The registered address of Mercury (BC) S.à.r.l. is 4 Rue Lou Hammer, L-1748 Luxembourg.

## 15. POST BALANCE SHEET EVENT

### Filing with Bank of Italy

On 31 January 2018, Nexi filed an application with the Bank of Italy to execute a corporate reorganisation of its group. As a part of the reorganisation, Nexi will retain its securities services and banking transactions settlement activities which require a banking licence, while other payment activities and the subsidiaries of the group focused on payments, specifically Nexi Payments and other companies of the Nexi Group carrying out payments or services ancillary thereto, will be separated from Nexi and combined in a restructured group with Mercury Payments Services under Latino. In connection with the reorganisation, Nexi Group will most likely be renamed. The reorganisation is expected to be completed by summer 2018, subject to the release of the necessary authorisations from supervisory authorities.

In connection with the reorganisation, Equinova UK Holdco Limited ("Equinova") was established on 22 January 2018 as a wholly owned subsidiary of Holdco. If the restructure occurs, there will be a transfer of the interest held by Holdco in Equinova to the Sponsors, to be realised through a reduction of capital in Holdco and a distribution in specie of Holdco's interest in Equinova. The Sponsors will simultaneously make a distribution in kind of Nexi shares with a capital increase in Equinova. Equinova will be the holding company of the remaining Nexi Group and therefore head of the new CET1 perimeter.