

Company Registration No. 09223614 (England and Wales)

EVO MERCHANT SERVICES UK 2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



EVO MERCHANT SERVICES UK 2 LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | Mr D Wilson |
| Company number | 09223614 |
| Registered office | 35 Great St Helen's London EC3A 6AP |
| Auditor | Deloitte LLP London |

EVO MERCHANT SERVICES UK 2 LIMITED

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EVO MERCHANT SERVICES UK 2 LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his annual report and financial statements for the year ended 31 December 2018.

This report has been prepared in accordance with the special provisions applicable to small companies under part 15 of the Companies Act 2006.

Principal activities

The Company is principally a holding company for subsidiary undertakings.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr D Wilson

Director's indemnity

The Company indemnifies the director in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

Principal risks and uncertainties

The Company is primarily a holding company for subsidiary operations.

The principal risks and uncertainties facing the Company are:

- We are subject to government regulations, and any new laws and regulations, industry standards or revisions made to existing laws, regulations or industry standards affecting the electronic payments industry may have an unfavorable impact on our business, financial condition and results of operation.

Future developments

The Company is primarily a holding company for subsidiary operations. The Company plans to continue in this function in the future.

Auditor

Deloitte LLP were appointed auditors on 27 September 2019.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an annual general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director individually has taken all the necessary steps that he ought to have taken as directors in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted under section 418 of the Companies Act

This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and the director has taken advantage of the small companies exemption in terms of Section 414B from the requirement to prepare a strategic report.

EVO MERCHANT SERVICES UK 2 LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



Mr D Wilson
Director

18 December 2019

EVO MERCHANT SERVICES UK 2 LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EVO MERCHANT SERVICES UK 2 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF EVO MERCHANT SERVICES UK 2 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EVO Merchant Services UK 2 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 8.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

EVO MERCHANT SERVICES UK 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF EVO MERCHANT SERVICES UK 2 LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

EVO MERCHANT SERVICES UK 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF EVO MERCHANT SERVICES UK 2 LIMITED

Matters on which we are required to report by exception

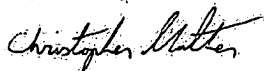
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Christopher Mather, FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

18 December 2019

EVO MERCHANT SERVICES UK 2 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|-------------------------------|-------|-----------|-----------|
| Result before taxation | | - | - |
| Tax on result | 3 | - | - |
| Result for the financial year | | <u>-</u> | <u>-</u> |

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

EVO MERCHANT SERVICES UK 2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 £ | 2017 £ |
|---|-------------|-------------|
| Result for the year | - | - |
| Other comprehensive result | - | - |
| | <hr/> | <hr/> |
| Total comprehensive result for the year | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

EVO MERCHANT SERVICES UK 2 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|-------------------|---|-----------|---|
| Fixed assets | | | | | |
| Investments | 4 | 12,604,331 | | - | |
| Current assets | | | | | |
| Cash at bank and in hand | | 1 | | 1 | |
| Net current assets | | | 1 | | 1 |
| Total assets less current liabilities | | <u>12,604,332</u> | | <u>1</u> | |
| Capital and reserves | | | | | |
| Share capital | 6 | | 1 | | 1 |
| Capital contribution reserve | | 12,604,331 | | - | |
| Shareholders' funds | | <u>12,604,332</u> | | <u>1</u> | |

The financial statements were approved and signed by the director and authorised for issue on 18 December 2019



Mr D Wilson
Director

Company Registration No. 09223614

EVO MERCHANT SERVICES UK 2 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | Share capital £ | Capital contribution reserve £ | Total £ |
|---|-------|--------------------|-----------------------------------|------------|
| Balance at 1 January 2017 | | 1 | - | 1 |
| Year ended 31 December 2017: | | | | |
| Profit for the year | | - | - | - |
| Other comprehensive income: | | | | |
| Total comprehensive income for the year | | - | - | - |
| Balance at 31 December 2017 | | 1 | - | 1 |
| Year ended 31 December 2018: | | | | |
| Profit for the year | | - | - | - |
| Other comprehensive income: | | | | |
| Total comprehensive income for the year | | - | - | - |
| Additional capital contribution | | - | 12,604,331 | 12,604,331 |
| Balance at 31 December 2018 | | 1 | 12,604,331 | 12,604,332 |

EVO MERCHANT SERVICES UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Evo Merchant Services UK 2 Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 35 Great St Helen's, London, EC3A 6AP.

The immediate parent undertaking is EVO Payments International UK Limited, a private company limited by shares incorporated in England and Wales.

The Company is principally a holding company for subsidiary undertakings.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Evo Merchant Services UK 2 Limited is an indirectly wholly owned subsidiary of EVO Payments International, LLC., and the results of Evo Merchant Services UK 2 Limited are included in the consolidated financial statements of EVO Payments International, LLC., which are available from 10 Glenlake Parkway, South Tower, Suite 950 Atlanta, GA 30328, USA or the SEC website.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from date of approval of the financial statements. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

EVO MERCHANT SERVICES UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

EVO MERCHANT SERVICES UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider that there are no significant judgements or estimates in the preparation of these financial statements.

EVO MERCHANT SERVICES UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Profit before taxation | - | - |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%) | - | - |
| Taxation charge in the financial statements | - | - |

4 Fixed asset investments

| | Notes | 2018 £ | 2017 £ |
|-----------------------------|-------|------------|-----------|
| Investments in subsidiaries | 5 | 12,604,331 | - |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2018 | - |
| Additions | 12,604,331 |
| At 31 December 2018 | 12,604,331 |
| Carrying amount | |
| At 31 December 2018 | 12,604,331 |
| At 31 December 2017 | - |

Additions for the year ended 31 December 2018 relate to the acquisition of Federated Canada £12,604,331 (2017 - £nil) on 28 September 2019.

The Parent Company provided additional capital contribution during the year for the same amount which was used as consideration for this acquisition.

EVO MERCHANT SERVICES UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|----------------------------------|-------------------|----------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| EVO Merchant Services Canada Co. | Canada | Payments Facilitator | Ordinary | 100.00 | |

6 Share capital

| | 2018 £ | 2017 £ |
|-------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 1 Ordinary shares of £1 each | 1 | 1 |

The share carries with it the right to vote.

7 Related party transactions

During the year the company received funding from the immediate parent company totalling £12,604,331 (2017 - £nil) which it used to acquire its subsidiary in the year (note 4). This is shown as capital contribution within the statement of changes in equity.

8 Ultimate controlling party

The Company's immediate parent company is EVO Payments International Holdings UK Limited, a company established under the laws of United Kingdom.

The ultimate parent undertaking and controlling party is EVO Payments, Inc., a US domiciled corporation under the laws of the State of Delaware.

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is EVO Payments Inc.

Copies of these financial statements can be obtained from 10 Glenlake Parkway, South Tower, Suite 950 Atlanta, GA 30328, USA or on the SEC website.