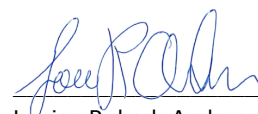


# **Nets Holding A/S**

## Annual Report 2020

Adopted at the Annual General Meeting  
25 March 2021

Chair of the AGM:



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Louise Rubæk Andersen

Nets Holding A/S  
Klausdalsbrovej 601  
DK-2750 Ballerup  
[www.nets.eu](http://www.nets.eu)  
CVR no. 27 22 59 93

## Key figures

(DKK million)	2020	2019*	2018	2017	2016
<b>Income statement</b>					
Revenue	6	5	6	6	5
Operating result	-2	-2	-7	-16	-153
Result from subsidiaries after tax	246	890	970	1,398	919
Result from financial income and expenses, net	-32	-84	-33	-17	359
Net result	203	803	945	1,366	1,117
<b>Balance sheet as at 31 December</b>					
Total assets	5,864	5,616	6,353	6,871	5,939
Investment in subsidiaries	5,729	5,613	5,800	6,734	5,714
Equity	1,530	2,112	1,623	2,887	2,711
<b>Financial ratios (%)</b>					
Liquidity ratio	3	0	12	3	7
Solvency ratio	26	38	26	42	46
Return on equity	11	43	42	49	36

\* Comparison figures from 2019 have been restated due to merger with Nassa Bidco AB.

## Management's Review

**Business foundation** Nets Holding A/S' objective is to conduct business with payment and transmission of information, card and data service activities and other business related thereto as well as promote the development and use of a common infrastructure for the financial institutions.

**Business model** Nets Holding creates value through its subsidiaries by delivering payments and digital services that are used by thousands of merchants, hundreds of financial institutions, thousands of corporates and millions of consumers across the Nordic countries, Poland and the Baltic region, and that benefit communities and society as a whole.

Nets invest in, maintain and operate a considerable number of services critical to several national payment infrastructures, such as domestic debit card schemes, clearing systems, e-identity schemes and payment platforms, security, stability and high performance remain our top priorities.

As a leading provider of digital payment services and related technology solutions across the Nordic region and Poland, Nets sits at the centre of the digital payments ecosystem, and we operate a deeply entrenched network which connects merchants, financial institutions, corporate customers and consumers, enabling them to make and receive payments as well as, increasingly, utilise value-added services to help them improve their respective activities. Nets operates across the entire value chain from payment capture and authorisation through to processing, clearing and settlement.

Nets enables digital payments across all major channels – in person, online, and via a mobile device – and a large number of our services are used by a majority of consumers in Denmark and Norway, such as direct debit payments, card payments, digital authentication and invoice solutions. While we offer merchants acquiring solutions, point-of-sale terminals and e-commerce directly to the merchants, services delivered to the corporates, such as direct debit and invoicing solutions, are offered in close co-operation with financial institutions. Other solutions, e.g. card payments and the national identity schemes NemID and BankID, are also offered in close co-operation with the financial institutions. In Denmark, we own some of our key services, such as Dankort and Betalingsservice, while we in Norway operate similar services, including invoice solutions, direct debit payments and BankAxept card payments, on behalf of and in close co-operation with our customers.

**Financial performance** Net result for the year was DKK 203 million, which is a decrease of DKK 600 million compared to 2019. The decrease is related to net profit from subsidiaries which was below expectations in 2020.

At the end of 2020 equity amounted to DKK 1,530 million. Return on equity was 11%.

**Corporate social responsibility (CSR)** Please find the statutory statement on Corporate Social Responsibility description of this subject in the Nets A/S consolidated financial statement for 2020.

With respect to the statutory statement on social responsibility in accordance with section 99a of the Danish Financial Statements Act, please refer to the report on Corporate Social Responsibility 2020 for Nets A/S.

**Report on gender composition of management** With respect to the gender composition of board members elected by the General Assembly as well as the policy for the under-represented gender on other managerial levels in accordance with the Danish Financial Statements Act section 99b, please refer to the report on Corporate Social Responsibility 2020 for Nets A/S.

**Risk management** Risk management is an integral part of our way of doing business at Nets Group and helps us understand and manage the uncertainties inherent in our strategy and the daily running of our business.

Risk management is anchored in the organisation and supported by continuous risk processes with quarterly reporting in business segments and group functions that results in a consolidated risk picture providing a clear and complete overview of all identified risks at Nets to the Executive Management.

The Board of Directors of Nets Holding A/S is responsible for the overall governance and oversees our risk landscape and approves strategies and policies within the areas of risk management, security, business continuity, GDPR, merchant acquiring credit risk, treasury risk, anti-money laundering and competition law compliance.

Nets Holding is a company within the overall Nets Group. The Board of the Nets Group has appointed an Audit Committee and a Risk Committee which, among other tasks, monitors risk

management and compliance strategies, policies, processes and methodology.

A “three lines of defence” model is implemented throughout the organisation and forms the basis for risk decision-making within Nets. The model is used to structure roles, responsibility and accountability for decision-making concerning risk and internal controls, and to ensure good collaboration between the three lines.

- **First line** – Business segments and Group units

The business and group units perform the day-to-day risk-bearing activities and are responsible for identifying, assessing and treating risks within those activities. The business segments and group units are responsible for compliance with legal, contractual and regulatory requirements.

- **Second line** – Risk management and Compliance & Regulatory

The Risk Management function is responsible for defining policies, standards and procedures for risk-based decision-making, internal control and reporting. Risk Management facilitates the risk assessment process, maintains Nets’ enterprise-wide risk landscape and ensures that risk mitigation plans are progressing in the business segments and group units.

The Compliance & Regulatory function is responsible for monitoring and assessing Nets’ compliance with current legislation, market standards and internal policies. Compliance & Regulatory prepares management reporting and advises on how to prevent and mitigate identified compliance risks, including creating awareness and providing training as required to business units.

- **Third line** – Independent assurance

The third line is maintained by Nets’ internal auditors, providing independent assurance concerning the risk and control functions performed by the first and second lines. Internal Systems Audit coordinates and performs the audit of the general IT controls in Nets, the IT-based user systems and applications and the IT systems offered for the exchange of data with the connected data centres and associated financial enterprises. Additionally, the core business processes in Nets and projects, which are important to Nets’ customers or internally within Nets, are audited.

The risks described below are those currently considered the most material to our business.

The risks are the result of risk assessments and workshops within the different business segments and group units in Nets. Top management review the risks and prioritise, approve and follows up on mitigation actions. The mitigation to the risks set out below are examples described in summary form to further the understanding of the risk in question and how it may be mitigated.

The risks described below are not listed in any particular order of priority as to significance or probability, and only contain selected example mitigations.

### ***Technology innovation***

Global technology trends such as artificial intelligence, biometrics, blockchain, Internet of Things (IoT), virtual reality and robotics accelerate the development and implementation of new products, services and business models. These digital innovations and business models create new opportunities but could also potentially challenge the Group's existing business.

### ***Industry & market transformation***

New technologies (as described above) and regulations as well as new market entrants and/or alliances (as described below) drive an ever-increasing rate of competition and market transformation. Increased requirements from our customers in terms of functionalities, usability and innovation, requires us to remain proactive, without compromising on our high standards on security and quality.

E-commerce, mobile commerce and digital products (e.g. app stores, streaming, in-app) are expected to drive much of the new growth as consumers, merchants and corporates expect transparent, digitised and readily available services. Increased competition could also result in an increased price pressure on services delivered by Nets.

### ***Regulatory environment***

The Group is subject to a wide array of laws and regulations in the jurisdictions in which it operates. Further, regulatory bodies across Europe, including the Nordic region, are placing the financial industry, payment institutions and providers of digital products and services under increased regulatory scrutiny. Privacy and financial crime prevention require significant resources while local regulators adapt and define clear requirements for market participants. GDPR and PSD2 are examples of areas in which Nets must ensure the requirements are being adhered to.

### ***Information security***

Each day, Nets processes and stores large amounts of data related to the processing of financial transactions between millions of accounts in multiple countries. Due to the high value of such information assets and the systemic importance of our systems to the national financial infrastructures, Nets faces a constant threat from a number of different agents such as hacktivists, organised crime and nation states. Relevant security threats include social engineering such as phishing and spear-phishing, hacking, system malware and ransomware rendering data unreadable.

### ***Stability and operations***

Today, Nets operates several services critical to the national financial infrastructures in the Nordic countries, such as domestic debit card schemes, clearing systems, e-identity schemes and payment platforms. As these systems are critical for our customers, government organisations and authorities, stability has a high priority at Nets. Potential risk causes include insufficient application deployment and testing, change implementation issues and errors and Distributed Denial of Service (DDoS) attacks.

### ***Merchant acquiring***

#### **Fraud risk**

Nets has a potential financial liability and could also suffer reputational damage for fraudulent digital payment transactions (fraudulent sales of goods and services, or customers who get defrauded). Failure to effectively manage this risk could increase Nets' chargeback liability and lead to fees from international card schemes. A chargeback normally occurs when a dispute between the merchant and the cardholder is not resolved in favour of the merchant, so the transaction is "charged back" to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If Nets is unable to collect such amounts from the merchant's account, or if the merchant refuses or is unable to e.g. due to bankruptcy, then Nets will bear the losses. The risk of fraud-related chargebacks is greater in certain industries and especially within e-commerce.

#### ***Merchant credit risk exposure***

Nets operates under licenses issued by the major international card schemes. A requirement to get these licenses is to take on the full financial responsibility (risk) for goods or services that are prepaid to the merchant by the cardholder (i.e. the merchant first charges the cardholder and only later delivers the product/service). If the merchant is not able or willing to deliver the prepaid goods or services, the amount paid will be charged-back from Nets by the card issuer. Nets will then rightly claim a refund from the

merchant, but if the merchant is insolvent/bankrupt, the loss will be on Nets.

For further information please find the risk management description in the Management's review in Nets A/S.

#### Outlook for 2021

In 2020, we saw that the COVID-19 pandemic made a significant impact on the payments industry in midst of cancellations, restrictions and lockdowns causing a significant drop in the number of payment transactions performed. Assuming a gradual recovery and return to normal circumstances beginning of Q2 2021, Nets expects a year with higher revenue and increasing earnings.

In March 2021, the sale of Nets Denmark's account-to-account payment business to Mastercard for EUR 2.85 billion was completed upon receipt of all regulatory approvals and fulfilment of all customary closing conditions. It is expected that the sale will have a positive impact on Nets Holding A/S through distribution of dividends from the fully owned subsidiary Nets Denmark A/S.

Nets will continue to streamline operations and processes and invest in innovative solutions with an ambition to create value for our customers, partners and shareholders, and deliver on stability, security and integrity to build the future of Nets.



## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Nets Holding A/S for the financial year 1 January – 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the Financial Statements give a true and fair view of the Company's financial position as at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 25 March 2021

### Executive Board



Klaus Pedersen  
CEO

### Board of Directors



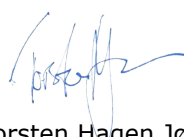
Bo Nilsson  
Chairman



Pia Jørgensen



Klaus Pedersen



Torsten Hagen Jørgensen



Janus Hillerup



Ulrik R. Thomsen



Frank A. Olsen



Ove Kolstad



Mia Anneli Ursin

## **Independent Auditor's report**

### **To the Shareholder of Nets Holding A/S**

#### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nets Holding A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

#### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the

requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

**Management's  
Responsibilities for  
the Financial  
Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's  
Responsibilities for  
the Audit of the  
Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 25 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Rasmus Friis Jørgensen  
State Authorised Public Accountant  
mne28705



Michael Groth Hansen  
State Authorised Public Accountant  
mne33228

## Income statement

Notes	DKKm	2020	2019
2	Revenue	6	5
	External costs	-8	-5
3	Staff costs	0	-1
	<b>Operating result before amortisation and impairment losses</b>	<b>-2</b>	<b>-1</b>
	Amortisation and impairment losses	0	-1
	<b>Operating result</b>	<b>-2</b>	<b>-2</b>
4	Result from subsidiaries after tax	246	890
5	Financial income	66	34
5	Financial expenses	-98	-118
		-32	-84
	<b>Result before tax</b>	<b>212</b>	<b>804</b>
6	Tax	-9	-1
7	<b>Result for the year</b>	<b>203</b>	<b>803</b>

## Balance sheet

Notes	Assets	2020	2019
	DKKm		
	Non-current assets		
8	Other intangible assets	0	0
4	Investments in subsidiaries	5,729	5,613
	<b>Total non-current assets</b>	<b>5,729</b>	<b>5,613</b>
	Current assets:		
	Receivables:		
	Group enterprises	125	3
		125	3
	Cash at banks	10	0
	<b>Total current assets</b>	<b>135</b>	<b>3</b>
	<b>Total assets</b>	<b>5,864</b>	<b>5,616</b>
	Contingent assets	None	None

## Balance sheet

Notes	Liabilities	2020	2019
	DKK m		
9	Equity		
	Share capital	184	184
	Net revaluation according to equity method	386	270
	Retained earnings	960	1,008
	Proposed dividends	0	650
	<b>Total equity</b>	<b>1,530</b>	<b>2,112</b>
	Non-current liabilities:		
	Other financial liabilities	0	1
	<b>Total non-current liabilities</b>	<b>0</b>	<b>1</b>
	Current liabilities:		
	Borrowings	1,364	878
	Group enterprises	2,950	2,594
	Corporation tax	18	29
10	Other payables	2	2
	<b>Total current liabilities</b>	<b>4,334</b>	<b>3,503</b>
	<b>Total equity and liabilities</b>	<b>5,864</b>	<b>5,616</b>
	Securities	None	None
11	Contingent liabilities		
12	Related party transactions		
13	Events after the balance sheet date		

## Statement of changes in equity

DKKm	Share capital	Net revaluation according to the equity method	Hedges reserves	Retained earnings	Dividends	Total
<b>Equity at 1 January 2019</b>	<b>184</b>	<b>481</b>	<b>-15</b>	<b>460</b>	<b>400</b>	<b>1,510</b>
Currency translation adjustment etc.	-	-	-	25	-	25
Tax on group contribution	-	-	-	173	-	173
Settlement of cash flow hedges	-	-	15	-15	-	-
Actuarial losses related to defined benefit pension plans	-	-	-	1	-	1
Distributed dividends	-	-	-	-	-400	-400
Transferred, cf. profit appropriation	-	-211	-	364	650	803
<b>Equity at 1 January 2020</b>	<b>184</b>	<b>270</b>	<b>-</b>	<b>1,008</b>	<b>650</b>	<b>2,112</b>
Currency translation adjustment etc.	-	-	-	-146	-	-146
Tax on group contribution	-	-	-	13	-	13
Actuarial losses related to defined benefit pension plans	-	-	-	-2	-	-2
Distributed dividends	-	-	-	-	-650	-650
Transferred, cf. profit appropriation	-	116	-	87	-	203
<b>Equity at 31 December 2020</b>	<b>184</b>	<b>386</b>	<b>-</b>	<b>960</b>	<b>-</b>	<b>1,530</b>



## Notes to the Financial Statements

Amounts in DKKm

### 1. Accounting policies

The annual report has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The functional currency is Danish kroner (DKK).

The accounting policies used are consistent with last year.

Pursuant to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared for Nets Holding A/S and subsidiaries as the companies are included in the consolidated financial statements of Nets A/S, Klausdalsbrovej 601, DK-2750 Ballerup.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared as the Company is included in the consolidated financial statements of Nets A/S, Klausdalsbrovej 601, DK-2750 Ballerup.

#### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual financial statement item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

**Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

On recognition in the financial statements of subsidiaries with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. The average exchange rate for the individual month is used as the exchange rate at the transaction date to the extent that this does not differ significantly. Exchange rate differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the exchange rate at the balance sheet date and when translating income statements from average exchange rates at the transaction date to the exchange rate at the balance sheet date are recognised directly in equity.

**Income statement****Revenue**

Revenue consists of corporate services delivered to group companies.

**External costs**

External costs comprise administration costs for the year.

**Staff costs**

Staff costs comprise wages and salaries and remuneration, pension contributions, social security costs and other salary-related costs.

The all Employee Share programme (2019) and the share option programme (2018) are accounted for on an accrual basis over the vesting period. Employee Share programme has been measured at the fair value of the Nets Group at the launch date of the programme times the probability of vesting. Share options issued were measured at fair value at the date of granting times the probability of vesting. The total amount expensed over the vesting period is determined by reference to the value of the shares and options granted, excluding the impact of any non-market vesting conditions. The value was fixed at grant date.

Non-marked vesting conditions is included in assumptions about the number of shares and options that is expected to vest. Any impact of adjustments to estimates is recognised in the income statement and in a corresponding adjustment to Equity over the remaining vesting period. Adjustments relating to prior years are included in the Income statement in the year of adjustment.

**Amortisation and impairment losses**

Amortisation and impairment losses comprise the year's amortisation of intangible assets and impairment losses.

**Profit from investments in subsidiaries**

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after elimination of intra-group profits/losses.

**Financial income and expenses**

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on payables and transactions denominated in foreign currencies, etc.

**Tax**

Nets Holding A/S is part of a joint taxation group with the Danish Nets entities. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognised in the income statement. The tax saving as a result of losses is also refunded proportionately.

Current and deferred tax is computed at the tax rates applicable.

The Group's entities are taxed under the on-account tax scheme. Interest/refund relating to the tax payment is included in interest income and expense and similar items.

**Balance sheet**

**Other intangible assets**

Other intangible assets (rights) is measured at cost less accumulated amortisation and is amortised over 5-10 years.

**Impairment losses**

The carrying amount of intangible assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. The carrying amount of impaired assets is reduced to the lower of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net income from the use of the asset or group of assets.

## **Investments in subsidiaries**

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill.

Subsidiaries with a negative net asset value are measured at DKK 0, and any receivable is written down by the parent company's share of the negative net asset value to the extent that it is considered irrecoverable. If the negative equity value exceeds the receivable, the balance is recognised under 'Provisions' to the extent the parent company has a legal or constructive obligation to cover a deficit in the subsidiary.

Acquisitions of enterprises – other than intra-group mergers - are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of 5-15 years for customer agreements and 5-10 years for goodwill.

Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

<b>Receivables</b>	Receivables are measured at amortised cost and necessary provisions are made for bad debt losses based on an assessment of the individual receivables.
<b>Prepayments and accrued income</b>	Prepayments comprise costs incurred, including operating leases concerning subsequent financial years.
<b>Cash at banks</b>	Cash and cash equivalents comprise cash and bank deposits.
<b>Equity</b>	Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date when they are adopted at the annual general meeting.
<b>Liabilities</b>	Financial liabilities are measured at amortised cost. Other liabilities are measured at net realisable value.
<b>Accruals and deferred income</b>	Accruals and deferred income comprise payments received concerning income in subsequent years.
<b>Financial ratios</b>	Financial ratios stated in the survey of financial highlights are calculated as follows:

Liquidity ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

## 2. Revenue

	<u>2020</u>	<u>2019</u>
Total revenue is specified as follows:		
Group services (wages, salaries etc.)	6	5
	<u>6</u>	<u>5</u>

## 3. Staff costs

	<u>2020</u>	<u>2019</u>
Total staff costs are specified as follows:		
Wages and salaries and remuneration	0	-1
	<u>0</u>	<u>-1</u>
Average number of full-time employees:	0	1
Number of full-time employees year-end:	0	0

## 4. Investments in subsidiaries

	<u>2020</u>	<u>2019</u>
Cost at 1 January	5,343	5,343
Cost at 31 December	5,343	5,343
Value adjustment at 1 January	270	481
Dividends	0	-1,300
Tax on group contribution, net	13	173
Actuarial gains/(losses) related to defined benefit pension plans	-2	1
Profit after tax	383	1,027
Amortisation of goodwill etc.	-137	-137
Currency translation adjustment	-141	25
Value adjustment at 31 December	386	270
Carrying amount at 31 December	5,729	5,613
Fair value recognition from business combinations (goodwill etc.)	234	371

Share capital, net profit and equity in subsidiaries specified below are based on annual reports for 2019 and stated in local currency in million.

Effective 1 January 2019, Nets Denmark A/S merged with the affiliated companies Dibs Payment Services AB, Dibs Payment Services A/S, Dibs AS, Dibs Payment Services i Göteborg AB, Debitech AB and Verifyeasy AB. Nets Denmark A/S, Ballerup, Denmark is the continuing company. The merger is reflected below.

	<u>Ownership</u>	<u>Share capital</u>
Nets Denmark A/S, Lautrupbjerg 10, DK-2750 Ballerup	100%	265
Nets DanID A/S, Klausdalsbrovej 601, DK-2750 Ballerup	100%	50.0
Nets Cards Processing A/S, Klausdalsbrovej 601, DK-2750 Ballerup	100%	21.5
Signaturgruppen A/S, Inge Lehmanns Gade 10, DK-Aarhus C	100%	0.5
Storebox ApS, Fruebjergvej 3, DK-2100 Copenhagen Ø	100%	0.1
Centurion DK A/S	100%	2.0
Nets Norge Infrastruktur AS, Haavard Martinsens vei 54, NO-0980 Oslo, Norway	100%	0.1
Centurion NO A/S	100%	26.4
Centurion NNI A/S	100%	0.1
EDIGard AS, Dueknipen 1, NO-4616 Kristiansand S, Norway	100%	3.7
ITP Baltic ITP Baltic SIA, Inzenieru iela 101, Ventspils LV-3601, Latvia	100%	0,003
Paytrail Oyj, Lutakonaukio 7, 40100 Jyväskylä, Finland	100%	0.1
Paytrail Technology Oy, Lutakonaukio 7, 40100 Jyväskylä, Finland	100%	0.003
Poplatek Oy	100%	0.003
Poplatek Payments Oy		
Nets Sweden AB, Lumaparksvägen 9-11, S 120 31 Stockholm, Sweden	100%	20.0
Nets Estonia AS, Tartu maantee 63, 10115 Tallinn, Estonia	100%	0.5
P24 Dotcard Sp. z o o., ul. Tadeusza Czackiego 7/9/11, PL-00-043 Warszawa, Polska	51%	0.1
PayPro S.A., ul. Kanclerska 15, PL-60-327 Poznań, Polska	51%	4.5
eCard S.A., ul. Tadeusza Czackiego 7/9/11, PL-00-043 Warszawa, Polska	51%	30.3
Dotpay Sp. Z o o., ul. Wielicka 28B, PL-30-552 Kraków, Polska	51%	4.0
Dotpay Polska Sp. Z o o., ul. Sobieskiego 11/E6, PL-40-082 Katowice, Polska	51%	0.1
Rementi Investments SA	100%	0.1
PeP	100%	42.3
Billbird	100%	4.5
Paylane	100%	1.5
Topcard	100%	0.0

**Results 2019**

	Net profit	Equity
Nets Denmark A/S	1,107	5,295
Nets DanID A/S	42.0	99.0
Nets Cards Processing A/S	6.7	31.7
Signaturgruppen A/S	24.1	98.5
Storebox ApS	1.3	16.3
Centurion DK A/S	2985.9	3323.8
Nets Norge Infrastruktur AS	100.1	13.6
Centurion NO A/S	307.1	349.4
Centurion NNI A/S	16.1	3.8
EDIGard AS	30.2	21.4
ITP Baltic SIA	0.0	0.1
Paytrail Oyj	3.4	5.5
Paytrail Technology Oy	0.0	0.004
Poplatek Oy	0.3	1.1
Poplatek Paymenys Oy	-0.3	-0.7
Nets Sweden AB	19.3	67.4
Nets Estonia AS	3.4	39.0
P24 Dotcard SP. Z o o.	-1.2	173.4
PayPro S.A.	46.0	40.5
eCard S.A.	1.2	25.1
Dotpay SP. Z o o	11.3	45.4
Dotpay Polska Sp. Z o o	0.0	0.0
Rementi Investments SA	0.0	0.1
PeP	-7.9	70.1
Billbird	3.5	28.2
Paylane	-2.4	5.2
Topcard	0.0	0.0



## **5. Financial income and financial expenses**

	<b>2020</b>	<b>2019</b>
Financial income:		
Currency translation adjustment, net	9	0
Group enterprises	3	0
Other interest income	54	34
<b>Total financial income</b>	<b>66</b>	<b>34</b>
Financial expenses:		
Group enterprises	41	79
Interest expenses on bank loans	56	33
Currency translation adjustment, net	0	4
Fees	1	2
<b>Total financial expenses</b>	<b>98</b>	<b>118</b>

## **6. Tax**

	<b>2020</b>	<b>2019</b>
Tax for the year	1	4
Adjustment to previous years	-10	-4
<b>Total tax</b>	<b>-9</b>	<b>0</b>

## **7. Proposed profit appropriation**

	<b>2020</b>	<b>2019</b>
Proposed dividends	0	650
Net revaluation according to the equity method	116	-211
Retained earnings	87	364
<b>Total appropriation</b>	<b>203</b>	<b>803</b>

## **8. Other intangible assets (Rights)**

	<b>2020</b>	<b>2019</b>
Accumulated cost as at 1 January	1	1
Cost as at 31 December	1	1
Amortisation as at 1 January	1	0
Amortisation for the year	0	1
Amortisation as at 31 December	1	1
Carrying amount as at 31 December	0	0

## **9. Share capital**

The share capital is owned by Nassa A/S, Klausdalsbrovej 601, DK-2750 Ballerup.

The share capital was established on 1 January 2009 through a merger of PBS Holding A/S and Nordito AS. There have been no changes in the share capital since the merger.

The share capital comprises shares of DKK 1.00 each.

Nets Holding A/S is part of the consolidated Financial Statements for the company Nets A/S, Klausdalsbrovej 601, DK-2750 Ballerup.

**10. Other payables**

	<u>2020</u>	<u>2019</u>
Accrued expenses	2	2
Total other payables	2	2

**11. Contingent liabilities**

The Company is jointly taxed with other Danish companies in the Nets Group. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liabilities for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Nets Holding A/S is guarantor under the senior facility agreement at Nets Holdco 4 ApS and has certain assets, including selected bank accounts, pledged to the lenders. All such arrangements strictly observe applicable laws and regulations. This has no effect on daily business and excludes all settlement assets.

**12. Related party transactions**

All transactions with related parties are made on an arm's length basis.

**13. Events after the balance sheet date**

In March 2021, the sale of Nets' account-to-account payment business to Mastercard for EUR 2.85 billion was completed upon receipt of all regulatory approvals and fulfilment of all customary closing conditions.