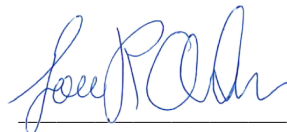


Nassa A/S

Annual Report 2020

Adopted at the Annual General Meeting
31 March 2021

Chair of the AGM:



Louise Rubæk Andersen

Nassa A/S
Klausdalsbrovej 601
DK-2750 Ballerup
www.nets.eu
CVR no. 34 90 33 60

Key figures

(DKK million)	2020	2019	2018	2017	2016
Income statement					
Dividends from subsidiaries	650	400	2,500	2,280	1,698
Result from financial income and expenses, net	229	36	31	-229	-1,384
Net result for the year	866	428	2,523	2,048	314
Balance sheet as at 31 December					
Total assets	19,509	20,415	21,062	19,853	18,414
Investment in subsidiaries	18,216	18,216	18,216	18,216	17,040
Equity	19,475	19,609	20,081	19,758	16,355
Financial ratios (%)					
Liquidity ratio	243	273	290	1,702	66
Solvency ratio	96	96	95	100	89
Return on equity	4	2	13	11	2

Management's review

Main activities

The objectives of Nassa A/S are to maintain and develop ownership of Nets Holding A/S.

Business model

Nassa A/S is part of the Nets Group which creates value 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 Baltic regions, and that benefit communities and society as a whole.

The Nets Group invest in, maintaining and operating a considerable number of large-scale national critical platforms, security, stability and high performance remain our top priorities.

The Nets Group 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, the Nets Group sits at the centre of the digital payment's 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. The Nets Group operates across the entire value chain from payment capture and authorisation through to processing, clearing and settlement.

The Nets Group 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 the Nordic countries and Poland, 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 866 million, which is an increase of DKK 438 million compared to 2019 that is primarily explained by dividend from the company's subsidiary of DKK 650 million (DKK 1.000 million in 2019) and reversal of impairment on financial assets in 2020 made in prior years (DKK 179 million). No comparison with the expectations to the financial year 2020 has been made as the outlook was not specific as the impact from COVID-19 could not be reliably estimated.

Equity amounted to DKK 19,475 million, which is equivalent to a solvency ratio of 96% similar to 2019. No dividends will be distributed.

There are no employees in Nassa A/S. Remuneration to members of the Executive Board and Boards of Directors is paid by the Group entity in which the members are employed.

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 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 Denmark 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 units in the Nets Group. 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 the Nets Group.

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, the Nets Group 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 the Nets Group. 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

The Nets Group 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 the Nets Group's 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 the Nets Group 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 the Nets Group will bear the losses. The risk of fraud-related chargebacks is greater in certain industries and especially within e-commerce.

Merchant credit risk exposure

The Nets Group 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 the Nets Group by the card issuer. The Nets Group will then rightly claim a refund from the merchant, but if the merchant is insolvent/bankrupt, the loss will be on the Nets Group.

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

Outlook for 2021

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 Nassa A/S through distribution of dividends from the fully owned subsidiary Nets Holding A/S via the Nets Denmark A/S.

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 Nassa A/S for the financial year 1 January – 31 December 2020.

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

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 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, 31 March 2021

Executive Board



Janus Hillerup
CEO

Board of Directors



Bo Nilsson
Chairman



Klaus Pedersen



Janus Hillerup

Independent Auditor's Report

To the shareholder of Nassa 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 Nassa 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

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

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

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, 31 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

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.

Management has for 2020 reassessed the accounting estimate on expected losses on receivables from group enterprises resulting in a reversal of impairment losses on financial assets recognised in prior years by DKK 179 million resulting in a corresponding positive impact on the result before tax and receivables from group enterprises, respectively.

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

Pursuant to section 96(3) of the Danish Financial Statements Act, no disclosure of fees to auditors is prepared as the Company is included in the consolidated financial statements of Nets A/S, Klausdalsbrovej 601, 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 reliably measured.

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

External costs

External costs incurred in generating the revenue for the year comprise administration costs.

Income from investments in Group enterprises

Dividends from investments in Group enterprises are recognised in the Company's income statement in the financial year in which the dividends are declared.

Financial income and expenses	Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on transactions denominated in foreign currencies, etc.
Tax	<p>Nassa A/S and Danish subsidiaries are jointly taxed. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognised in the income statement. The tax saving as a result of losses is also refunded proportionately.</p> <p>Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The change in deferred tax liabilities is also recognised in the income statement.</p> <p>Tax assets are recognised if they can be set off against deferred tax in other consolidated enterprises or if it is probable that it can be utilised in future earnings.</p> <p>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.</p>
BALANCE SHEET	
Investments in subsidiaries	Subsidiaries are valued at cost in the Company's accounts. The investment is valued at acquisition cost of the shares unless write down for impairment has been necessary. Group contributions to subsidiaries, less tax, are recognized as increased cost of the shares. Dividends / group contributions are recognized in the same year as appropriated in the subsidiary/associated company. When dividends/group contributions exceed the share of retained profit subsequent to the acquisition, the excess part are considered repayment of invested capital and is deducted from the carrying value in the balance. Enterprises is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised.
Receivables	Receivables are measured at amortized cost and necessary provisions are made for bad debt losses based on an assessment of the individual receivables.
Cash at banks	Cash and cash equivalents comprise cash and bank deposits.
Equity	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.

Liabilities

Financial liabilities are measured at amortised cost. Listed Visa shares are measured at the fair value at the balance sheet date. Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios stated in the survey of financial highlights are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

Income statement

Note	(DKK million)	2020	2019
	Dividends from subsidiaries	650	400
	Reversal of impairment of financial assets	179	-
1	Financial income	78	74
1	Financial expenses	-28	-38
	Result before tax	879	436
2	Tax	-13	-8
3	Net result for the year	866	428

Balance sheet

Assets			
Note	(DKK million)	2020	2019
	Investments:		
4	Investments in subsidiaries	18,216	18,216
	Total non-current assets	18,216	18,216
	Receivables from Group enterprises	1,292	2,198
	Cash at banks	1	1
	Total current assets	1,293	2,199
	Total assets	19,509	20,415
Equity and liabilities			
	Equity:		
5	Share capital	171	171
	Retained earnings	19,304	18,438
	Dividends	0	1,000
	Total equity	19,475	19,609
	Financial liabilities related to Visa shares	4	4
	Payables to Group enterprises	19	794
	Tax	11	8
	Total current liabilities	34	806
	Total liabilities	34	806
	Total equity and liabilities	19,509	20,415
6	Contingent liabilities		
7	Related party transactions		
8	Events after the balance sheet date		

Statement of changes in equity

(DKK million)	Share capital	Retained earnings	Dividends	Total
Equity as at 1 January 2020	171	18,438	1,000	19,609
Retained earnings, cf. profit appropriation	-	866	0	866
Distributed dividends	-	-	-1,000	-1,000
Equity as at 31 December 2020	171	19,304	0	19,475

Notes to the financial statement

(DKK million)

1. Financial income and expenses

	<u>2020</u>	<u>2019</u>
Financial income:		
Capital gains	21	13
Group enterprises	57	61
Total financial income	78	74
Financial expenses:		
Capital losses	-15	0
Group enterprises	-13	-24
Other financial expenses	0	-14
Total financial expenses	-28	-38

2. Tax

	<u>2020</u>	<u>2019</u>
Current tax for the year	-11	-8
Adj. for current tax of prior periods	-2	-
Total	-13	-8

3. Proposed profit appropriation

	<u>2020</u>	<u>2019</u>
Proposed dividends	0	1,000
Retained earnings	866	-572
Total appropriation	866	428

4. Investments in subsidiaries

	<u>2020</u>	<u>2019</u>	
Cost as at 1 January	18,216	18,216	
Cost as at 31 December	18,216	18,216	
Carrying amount as at 31 December	18,216	18,216	
	Ownership	Equity	Equity
Nets Holding A/S	100%	1,530	2,112

5. Share capital and related parties

The share capital is owned by Nassa Topco AS, Haavard Martinsens vei 54, 0978 Oslo, Norway.

No changes to share capital for the last 5 years.
The share capital comprises shares of DKK 1.00 each.

Nassa A/S is part of the consolidated Financial Statements of Nets A/S, Klausdalsbrovej 601, 2750 Ballerup, Denmark.

6. 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.

The Company has not provided any guarantees or other collateral and has not entered into any rental or lease obligations.

7. Related party transactions

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

8. 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.