

Nets Holdco 1 ApS

Annual Report
29 August 2017 – 31 December 2018

The annual report was submitted and approved
by the General Meeting on 16 May 2019.



Dorthe Rosenkilde Saunders
chair of the meeting

Nets Holdco 1 ApS
Lautrupbjerg 10
DK-2750 Ballerup
www.nets.eu
Company reg. no. 38 88 77 42

Contents

Statement by the Board of Directors and the Executive Board	3
Independent Auditor's Report	4
Company data	7
Management's review	8
Accounting policies	9
Income Statement	11
Balance sheet	12
Statement of changes in equity	14
Notes	15

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 Holdco 1 ApS for the financial year 29 August 2017 – 31 December 2018.

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 at 31 December 2018 of the Company and of the results of the Company operations for the year 29 August 2017 – 31 December 2018.

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, 16 May 2019

Executive Board



Dorthe Rosenkilde Saunders
CEO

Board of Directors



Bo Nilsson

Chairman



Klaus Pedersen



Dorthe Rosenkilde
Saunders

Independent Auditor's Report

To the Shareholders of Nets Holdco 1 ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 29 August 2017 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nets Holdco 1 ApS for the financial period 29 August 2017 - 31 December 2018, 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, 16 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Company data

The company

Nets Holdco 1 ApS
Lautrupbjerg 10
2750 Ballerup

Company reg. no.: 38 88 77 42
Established: 29 August 2017
Domicile: Ballerup
Financial year: 1 January – 31 December

Board of Directors

Bo Nilsson
Klaus Pedersen
Dorthe Rosenkilde Saunders

Executive Board

Dorthe Rosenkilde Saunders

Auditors

PwC
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Business foundation

The Company's key activities comprise the holding of the equity investments in Nets Holdco 2 ApS, which is 100% owned.

2018 highlights

Net profit for the year was negative by DKK 388 thousand. Net profit level was in line with expectations.

Equity amounted to DKK 1,009 million ultimo 2018. Increase in equity is driven by the capital increase in connection with the acquisition of Nets Holdco 2 ApS. Proposed dividends amounted to DKK 0 million

There are no employees in Nets Holdco 1 ApS.

Events subsequent to the financial year

No events materially affecting the assessments of the Annual Report have occurred after the balance sheet date.

Accounting policies

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

The annual report for 2018 consists of 16 months for the period August 29, 2017 to December 31, 2018.

The functional currency is Danish kroner (DKK).

Pursuant to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared for Nets Holdco 1 ApS and subsidiaries as the companies are included in the consolidated financial statements of Nets Topco 1 S.a.r.l, 15 Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

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 an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual 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 and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Functional and presentational currency

Items included in the financial information the company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial information is presented in Danish kroner (DKK), which is also the functional and presentational currency of the company.

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 the date of payment are recognised in the income statement as Financial income or Financial expense.

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 expense.

External costs

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

Financial income and Financial expenses

Financial income and Financial expenses comprise interest income and expense and realised and unrealised gains and dividends and losses on transactions denominated in foreign currencies.

Tax

Nets Holdco 1 ApS 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.

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.

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

The companies in the Group 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.

Investments in subsidiaries

Subsidiaries are valued at cost in the company 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. 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.

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, substantially corresponding to nominal value.

Income Statement

DKK'000	Notes	2018
External costs		-20
Operation profit		-20
Financial income		-
Financial expenses	1	-472
Profit before tax		-492
Income tax	2	104
Net profit for the year		-388

Distribution of profit

Proposed dividend for the year		-
Retained earnings		-388
		-388

Balance sheet

DKK'000	Notes	2018
ASSETS		
Non-current assets		
Investments in subsidiaries	3	20,365,949
Total non-current asstes		20,365,949
Current assets		
Receivables		
Receivables from Group enterprises		87,303
Income tax receivables	2	104
		87,407
Cash and cash equivalent		9,942
Total current assets		97,349
TOTAL ASSETS		20,463,298

Contingent assets: None

DKK'000	Notes	2018
EQUITY AND LIABILITIES		
Equity		
Share capital	4	50
Reserves		<u>1,008,860</u>
Total equity		<u>1,008,910</u>
Current liabilities		
Trade and other payables		20
Payables to Group enterprises		<u>19,454,368</u>
Total liabilities		<u>19,454,388</u>
TOTAL EQUITY AND LIABILITIES		<u>20,463,298</u>
Securities	5	
Contingent liabilities	6	
Related party transactions	7	
Events after the balance sheet date	8	

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity 29 August 2017	50		50
Contribution in kind	-	1,009,248	1,009,248
Net profit/loss for the year	-	-388	-388
Equity 31 December 2018	50	1,008,860	1,008,910

Notes

1	Financial expenses	
	DKK'000	2018
	Interest expense	58
	Interest income from Group enterprises	349
	Net foreign exchange loss	64
	Other fee etc.	1
		<u>472</u>
2	Income tax	
	Current tax on profit for the year	104
		<u>104</u>
3	Investments in subsidiaries	
	Accumulated cost as at 29 August 2017	-
	Additions	20,365,949
	Accumulated cost as at 31 December	20,365,949
	Revaluation as at 29 August 2017	-
	Revaluation as at 31 December	-
	Carrying amount 31 December	20,365,949

4 Equity

The Company was formed on 29 August 2017, with a share capital of DKK 50 thousand. All shares issued by the company was fully paid, and no shares carry any special rights.

5 Securities

The leveraged buyout facilities in the Nets Group are mixed first and second lien secured debt, and benefit from cross-guarantees and security provided by Nets Topco 3 S.à r.l., Nets Topco 4 S.à r.l., Nets Holdco 1 ApS, Nets Holdco 2 ApS, Nets Holdco 3 ApS, Nets Holdco 4 ApS, Nets Holdco 5 AS, Evergood Germany 1 GmbH and Evergood Germany 2 GmbH. They consist of a combination of three seven-year term loans (EUR 1,640 million, EUR 75 million and NOK 2,795 million) and two eight-year term loans (EUR 190 million and NOK 3,844 million) as well as a six and a half-year, multi-currency, revolving credit facility ('RCF'). The RCF amounts to EUR 200 million (DKK 1,493 million), of which EUR 24 million (DKK 179 million) are carved out in an overdraft facility ('Overdraft Facility').

Further, the Group has a EUR 220 million Senior Notes outstanding, with cross-guarantees and security provided by Nets Topco 3 S.à r.l., Nets Topco 4 S.à r.l., Nets Holdco 1 ApS, Nets Holdco 2 ApS, Nets Holdco 3 ApS, Nets Holdco 4 ApS, Nets Holdco 5 AS, Nassa Topco AS, Nassa A/S, Nets A/S, Nets Holding A/S, Nets Denmark A/S, Evergood Germany 1 GmbH and Evergood Germany 2 GmbH. The Senior Notes (EUR 220 million) are issued by Nassa Topco AS an indirect subsidiary of Nets Topco 1 S.à.r.l. The future payments of the Senior

Notes have been swapped to DKK (DKK 1,204) and NOK (NOK 530 million) with fixed interest rates until maturity and final exchange of notional at maturity.

6 Contingent liabilities

The Company is jointly taxed with other Danish companies in the Nets A/S 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 is comprised by a joint registration with other Danish companies owned by Nets Holding A/S. Together with the other companies included in the joint registration, the Company has joint and several unlimited liabilities for Danish VAT, payroll tax and interest within the joint registration.

7 Related party transactions

The company is fully owned by Nets Topco 4 S.â.r.l. 15, Boulevard F.W. Raiffeisen LU-2411, Luxembourg.

8 Events after the balance sheet date

In June 2018, Nets announced the acquisition of a leading Polish online payment service provider, Dotpay/eCard. Following approvals from the Polish authorities, the merger was completed beginning of January 2019.

In January 2019, Nets announced a continued expansion into Poland through a strategic alliance with Przelewy24, a leading Polish online payment service provider. Nets will attain a majority stake in the consolidated Polish group that will include Dotpay/eCard and Przelewy24. The agreement is subject to customary approvals by the Polish authorities.

No other significant events affecting the annual report for 2018 have occurred subsequently to 31 December 2018.