

Nets Holdco 1 ApS

Annual Report 2021

The Annual Report was submitted and approved by the General Meeting on 25 April 2022.

Louise Rubæk
chair of the meeting

Nets Holdco 1 ApS
Klausdalsbrovej 601
DK-2750 Ballerup
www.nets.eu
Company reg. no. 38 88 77 42

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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 1 January – 31 December 2021.

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 2021 and of the results of the Company's operations for the year 1 January – 31 December 2021.

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 April 2022

Executive Board

Janus Hillerup
CEO

Board of Directors

Klaus Pedersen
Chairman

Torsten Hagen
Jørgensen

Janus Hillerup

Independent Auditor's Report

To the Shareholder 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nets Holdco 1 ApS for the financial period 1 January - 31 December 2021, 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 April 2022

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

Company data

The Company

Nets Holdco 1 ApS

c/o Nets A/S
Klausdalsbrovej 601
2750 Ballerup

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

Board of Directors

Klaus Pedersen
Torsten Hagen Jørgensen
Janus Hillerup

Executive Board

Janus Hillerup

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 5 AS, which is 100% owned.

2021 Highlights

In 2021, Nets Holdco 1 ApS merged with three companies with Nets Holdco 1 ApS as the continuing company. For further information refer to Accounting Policies.

Financial performance for 2021

Result after tax was DKK 14,881 million compared to 2020 of DKK -1,106 million. The positive result was driven by received interim dividends from Nets Holdco 5 AS, of DKK 15,200 million. Net result was in line with expectations.

Equity amounted to DKK 32,491 million at 31 December 2021 compared to DKK 6,473 million at 31 December 2020. The increase in equity of DKK 26,018 million comprised the net result for the year and value gain from settlement of convertible instruments of DKK 11,250 million.

There are no employees in Nets Holdco 1 ApS.

Corporate social responsibility (CSR)

With respect to the statutory statement on social responsibility in accordance with section 99a of the Danish Financial Statements Act, the short description of the business model is included above. The Board of Directors have reviewed the risks according to the themes set out in section 99a. As Nets Holdco 1 ApS is a holding company with no employees and activities, we have concluded that there is a very low risk of causing negative impact on climate, the environment, employees, other social relations, and human rights. Consequently, the holding company does not have any policies covering environment, human rights and labour rights. The holding company has also concluded that with no employees there is low risk to be complicit in anti-corruption and does therefore not have any policies covering that area.

With respect to the statutory statement on social responsibility in accordance with section 99d of the Danish Financial Statements Act, the holding company has now employee and does not have activities towards external costumers and has therefore not developed a policy on data ethics.

Report on gender composition of management

With respect to the statutory statement on social responsibility in accordance with section 99b of the Danish Financial Statements Act, the composition of the Board of Directors was considered an equal composition throughout the year, with one female member out of three members. At year-end 2021, one female member left the board and CEO role and a new male joined the board and the holding company does therefore currently not comply with the gender distribution considered equal according to the Danish Business Authority's guidance. The Board of Directors has therefore set a target for the composition of the board to achieve one female board member by 2024.

The holding company does not have any employee and consequently does not have a policy for increasing the share of women in management.

Report on gender composition of management

Throughout the year the composition of the Board of Directors was considered an equal composition. At year-end 2021, one female member left the board and CEO role and a new male joined the board.

With respect to the gender composition of board members elected by the General Assembly as well as the policy for the underrepresented gender on other managerial levels in accordance with the Danish Financial Statements Act section 99b, please refer to the report on Corporate Social Responsibility 2021 for Nets A/S.

Outlook for 2022

In 2021 the company received DKK 15,200 million in dividends. Management expects that the result before tax for 2022 will be in line with 2021 adjusted for dividends.

Events subsequent to the financial year

No significant events affecting the Annual Report for 2021 have occurred subsequently to 31 December 2021.

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 financial information is presented in Danish kroner thousands (DKK'000).

From 1 January 2021 Nets Holdco 2 ApS was merged with Nets Holdco 3 ApS, Nets Holdco 4 ApS and Nets Holdco 1 ApS with Nets Holdco 1 ApS being the continuing company. The merger was completed using the aggregating method, according to which assets and liabilities from the subsidiaries are included at book value. Consequently, the comparable numbers have been restated. The balance sheet does not reflect goodwill or badwill.

Pursuant to section 112(1) 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 Nexi S.p.A.

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.

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 the year comprise administration costs.

Financial income and Financial expenses

Financial income and expenses comprise interest income and expense and realised and unrealised gains, realised gains and losses on derivatives and non-derivative financial liabilities used for cash flow and net investment hedging, respectively, and dividends and losses on transactions denominated in foreign currencies. Loan fees are amortized over the loan period.

Tax

Nets Holdco 1 ApS and Danish group enterprises 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.

Cash and cash equivalents

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.

Derivative financial instruments

All derivative financial instruments of the Group were terminated during 2021.

Up until the termination of the Group's derivative financial instruments during the second quarter of 2021 and in the financial year 2020 the following applied to the Group:

Derivative financial instruments used for cash flow hedges and hedges of net investments in subsidiaries are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivatives are recognized in the income statement as financial items.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions from borrowings are recognised in hedge reserve under equity as regards to the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Income Statement

DKK'000	Notes	<u>2021</u>	<u>2020</u>
External costs		-2,754	-4,748
Operating result (EBIT)		-2,754	-4,748
Income from Group Enterprises	4	15,200,000	0
Financial income	1	1,085,009	690,791
Financial expenses	2	-1,391,624	-1,809,836
Result before tax		14,890,631	-1,123,792
Income tax	3	-9,405	17,677
Net result for the year		<u>14,881,226</u>	<u>-1,106,115</u>
 Distribution of net result			
Retained earnings		14,881,226	-1,106,115
		<u>14,881,226</u>	<u>-1,106,115</u>

Balance Sheet

DKK'000	Notes	<u>2021</u>	<u>2020</u>
ASSETS			
Non-current assets			
Investments in subsidiaries	4	33,192,293	33,192,293
Deferred tax asset	3	7,642	0
Deposits	5	93,809	0
Total non-current assets		<u>33,293,744</u>	<u>33,192,293</u>
Current assets			
Receivables from Group enterprises		15,021,779	13,820,138
Income tax receivables	3	34,040	7
Cash and cash equivalent		42	126,795
Total current assets		<u>15,055,861</u>	<u>13,946,940</u>
TOTAL ASSETS		<u>48,349,605</u>	<u>47,139,233</u>

Balance Sheet

DKK'000	Notes	<u>2021</u>	<u>2020</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	50	50
Retained earnings		32,490,548	6,691,119
Hedge reserve		0	-217,763
Total equity		<u>32,490,598</u>	<u>6,473,406</u>
Non-Current liabilities			
Borrowings	7	0	25,463,750
Derivative financial instruments	8	0	273,824
Payables to Group enterprises		15,423,349	0
Total Non-Current liabilities		<u>15,423,349</u>	<u>25,737,574</u>
Current liabilities			
Borrowings		0	3,165,535
Trade and other payables		17,266	147,698
Tax provision	3	195,654	128,610
Payables to Group enterprises		222,739	11,486,410
Total Current liabilities		<u>435,657</u>	<u>14,928,253</u>
TOTAL EQUITY AND LIABILITIES		<u><u>48,349,605</u></u>	<u><u>47,139,233</u></u>
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Statement of changes in equity

	Share capital	Hedge Reserve	Retained earnings	Total
Equity at 1 January 2020*	50	-40,752	-508,161	-548,863
Net result for the year	-	-	-1,106,115	-1,106,115
Settlement of convertible instrument	-	-	8,029,370	8,029,370
Currency exchange adjustment	-	-	353,878	353,878
Fair value adjustment swap	-	-226,937	-	-226,937
Tax on fair value adjustment	-	49,926	-77,853	-27,927
Equity at 31 December 2020	50	-217,763	6,691,119	6,473,406
	50	-217,763	6,691,119	6,473,406
	-	-	14,881,226	14,881,226
	-	-	11,249,979	11,249,979
	-	-	-409,629	-409,629
	-	266,867	-	266,867
	-	-49,104	77,853	28,749
Equity at 31 December 2021	50	0	32,490,548	32,490,598

*) Equity for 2020 have been restated due to the merger of Nets Holdco 2 ApS, Nets Holdco 3 ApS, Nets Holdco 4 ApS and Nets Holdco 1 ApS with Nets Holdco 1 ApS as the continuing company at January 1, 2021. The numbers cannot be directly reconciled to the respective annual reports for 2020.

Notes

DKK '000	<u>2021</u>	<u>2020</u>
1 Financial income		
Interest income	42,539	102,013
Interest income from Group enterprises	483,715	504,532
Foreign exchange gain, net	554,473	0
Gain on derivative instruments	4,282	84,246
	<u>1,085,009</u>	<u>690,791</u>
2 Financial expenses		
Interest expense	-557,384	-1,330,067
Interest expense from Group enterprises	-229,447	-4,422
Net Foreign exchange loss, net	-201,898	-230,938
Amortisation of transaction costs	-318,717	-184,992
Other financial expenses	-84,178	-59,417
	<u>-1,391,624</u>	<u>-1,809,836</u>
3 Income tax		
Current tax on uncertain tax position	-18,750	-56,814
Current tax for the year	34,035	77,069
Deferred tax for the year	7,642	256
Adj. for current tax of prior periods	-3,583	-2,834
Tax on fair value adjustments prior years recycled from equity	-28,749	0
	<u>9,405</u>	<u>17,677</u>
4 Investments in subsidiaries		
Accumulated cost at 1 January	33,192,293	33,192,293
Accumulated cost at 31 December	<u>33,192,293</u>	<u>33,192,293</u>
Carrying amount at 31 December	<u>33,192,293</u>	<u>33,192,293</u>
5 Deposits		
Deposit as at 1 January	0	0
Additions	93,809	0
Disposals	0	0
Deposit as at 31 December	<u>93,809</u>	<u>0</u>

6 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.

DKK'000	<u>2021</u>	<u>2020</u>
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7 Borrowings

Payment within 1 year	0	3,165,535
Payment between 2-5 year	0	4,868,055
Debt after 5 years	0	20,595,695
	<u>0</u>	<u>28,629,285</u>

8 Derivative and financial instruments

Derivative and financial instruments as per 31 December amounts to:

Assets	0	0
Liabilities	0	273,824

At the end of 2021 all of the Company's external debt had been terminated and repaid in full. Consequently, all derivative financial instruments of the Company were terminated during 2021.

Up until the termination of the Company's derivative financial instruments, which happened during the second quarter of 2021, and in the financial year 2020 the following derivative financial instruments were in place to hedge the Company's interest rate risk:

The Company's policy was to hedge a minimum of 50% its exposure to variable interest rates, which was done through a combination of interest rate swaps and cross-currency swaps. In general, cross-currency swaps were used to match interest expenses (in NOK and EUR) with the currency in which the Company's cash flow was generated. By doing so, the Company was able to minimize its exposure to foreign exchange rates while at the same time hedging the exposure to floating interest rates.

The Company's term loans were denominated in EUR and NOK. The floating rate interest exposure from the EUR denominated debt was hedged through interest rate swaps (notional of EUR 1,400 million) and EUR/SEK cross-currency swaps (notional EUR 279 million).

The floating rate interest exposure from the NOK-denominated debt was hedged through interest rate swaps (notional NOK 3,995 million).

The currency exchange exposure from the equity investment in the Norwegian subsidiary was hedged through the NOK-denominated debt. The currency of the loan was designated a hedge of the net investment in this subsidiary. There was no ineffectiveness to be recorded from net investments in foreign entity hedges.

Both the EUR and NOK interest rate swaps were classified as cash flow hedges, as they swapped floating rate interest rate exposure into fixed rates. The EUR/NOK cross-currency swaps were classified as a hedge of net investment in foreign operation.

9 Securities

Loans and borrowings

In 2021, Nets Holdco 1 ApS merged with Nets Holdco 4, who were the owners of all securities.

Merger with Nexi S.p.A. and refinancing

On 1 July 2021 Nets Holdco 1 ApS' ultimate parent company Nets Topco 2 S.à.r.l. merged with the Italian company Nexi S.p.A. As part of the merger all the Leveraged Buy Out Facilities as described in the following were repaid in full and terminated.

Leveraged Buy Out Facilities

Up until the refinancing, the following applied to the Group:

The Leveraged Buy Out facilities were mixed first and second lien secured debt, and benefitted 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 consisted of a combination of four seven-year first lien term loans (EUR 1,640 million, EUR 595 million, EUR 300 million and NOK 2,795 million) and three eight-year second lien term loans (EUR 190 million, EUR 100 million and NOK 3,844 million) as well as a six and a half-year, multi-currency, revolving credit facility ('RCF') originally terminating in August 2024, a seventeen month, multi-currency, additional revolving credit facility ("RCF II") originally terminating in June 2021 and a twelve month, multi-currency, revolving facility ("RCF III") originally terminating in April 2021. The RCF commitment was EUR 240 million, of which EUR 24 million were carved out in an overdraft facility ('Overdraft Facility'). The RCF II commitment was EUR 300 million and the RCF III commitment was EUR 300 million.

Loans from parent company

The Group has entered into an intra-group loan agreement with an indirect parent company from the wider corporate group above Nets Holdco 1 ApS. The agreement is a consequence of Nets Holdco 1 ApS' indirect parent company Nets Topco 2 S.à.r.l.'s merger with Nexi S.p.A. The loan is a five-year loan (EUR 2,044 million).

10 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 is comprised by a joint registration with other Danish companies owned by Nets Holdco 1 ApS. 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.

11 Related party transactions

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

The company is fully owned by Nets Topco 3 S.à.r.l.

12 Consolidated financial statements

The Company is part of the consolidated financial statements of Nexi S.p.A., Corso Sempione 55, 20149 Milan, Italy.

13 Events after the balance sheet date

No significant events affecting the Annual Report for 2021 have occurred subsequently to 31 December 2021.