

Nets Holdco 1 ApS

Annual Report 2022

The Annual Report was submitted and approved by the General Meeting on 11 April 2023.

Simon Bonde
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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Key figures

(DKK million)	2022	*2021	**2020	2019	2018
Income statement					
Operating result	0	0	0	0	0
Result from financial income and expenses, net	-96	-320	-1,119	-3	0
Net result for the year	-2,194	14,659	-1,106	-123	0
Balance sheet at 31 December					
Total assets	52,477	53,382	47,139	20,514	20,463
Equity	35,246	37,440	32,491	885	1,009
Financial ratios (%)					
Liquidity ratio	5,946	3,404	93	1	0,5
Solvency ratio	67	70	69	4	5
Return on equity	-6	78	-6	-28	-0,1

*Key figures for 2021 have been restated after the merger with Nets Topco 3 S.à.r.l. took place in 2022. As the consolidation is a reverse vertical merger, the restatement is completed by using the Group method of the companies (proforma).

**Key figures for 2020 have been restated after the merger with Nets Holdco 2 ApS, Nets Holdco 3 ApS and Nets Holdco 4 ApS took place in 2021. The restatement is completed by using the Group method of the companies (proforma).

$$\text{Liquidity ratio} = \frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

$$\text{Solvency ratio} = \frac{\text{Equity} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Result for the year} \times 100}{\text{Average equity}}$$

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 2022.

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 2022 and of the results of the Company's operations for the year 1 January – 31 December 2022.

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, 3 March 2023

Executive Board

Janus Hillerup
CEO

Board of Directors

Torsten Hagen
Jørgensen
Chairman

Maria Cæcilia Bardram

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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our additional ethical requirements 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, 3 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Michael Groth Hansen
State Authorised Public Accountant
mne33228

Henrik Kyhnav
State Authorised Public Accountant
mne40028

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.

2022 Highlights

In 2022, Nets Holdco 1 ApS merged with the company Nets Topco 3 S.à.r.l with Nets Holdco 1 ApS as the continuing company. For further information refer to Accounting Policies.

Financial performance for 2022

Result after tax was DKK -2.159 million compared to a profit in 2021 of DKK 14,659 million. The negative result was driven by a partly impairment of the investment in Evergood Germany 1 GMBH, compared to 2021 where the company received dividends from Nets Holdco 5 AS, of DKK 15,200 million.

Investments in subsidiaries was increased with DKK 1,374 million net., from increase due to the contribution in kind of DKK 3,460 million to Nets Holdco 5 As and decrease from an impairment of DKK 2,086 million in Evergood Germany 1 GMBH. The impairment related to the re-assessment of the indirectly owned Pay-later operations, in Germany.

Equity amounted to DKK 35,281 million at 31 December 2022 compared to DKK 37,440 million at 31 December 2021. The decrease in equity of DKK 2,159 million comprised the net result for the year.

The Financial performance in 2022, adjusted for the impairment loss, was in line with the expectations addressed in the company's 2021 financial statement.

There are no employees in Nets Holdco 1 ApS.

No remuneration has been paid to the management in 2022 or 2021, as the remuneration is paid by Nets Denmark A/S, where the management is employed.

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. The holding company continues to comply with the gender distribution considered equal according to the Danish Business Authority's guidance.

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

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 2022 in the annual report of Nexi S.p.a Corso Sempione 55 Milan, 20149 Italy.

Outlook for 2023

In 2022 the company's result before tax, adjusted for impairment, was negative DKK 101 million. Management expects that the result before tax for 2023 will be in line with that.

Events subsequent to the financial year

No significant events affecting the Annual Report for 2022 have occurred subsequently to 31 December 2022.

Accounting policies

The Annual Report has been prepared in accordance with the provisions applying to reporting class C for large enterprises under the Danish Financial Statements Act. The financial information is presented in Danish kroner Million (DKKm).

The numbers have been converted from thousands to millions for this year's report in order to make the report comprehensive for the reader. The conversion from thousands to millions has no impact on the financial situation of the company.

From 1 January 2022 Nets Topco 3 S.à r.l was merged with Nets Holdco 1 ApS, with Nets Holdco 1 ApS being the continuing company. The merger was completed using the Group method. Consequently, the comparable figures have been restated.

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.

Pursuant to section 86(4) of the Danish financial statements Act, no cashflow statement is prepared as the company is included in the consolidated financial statement of Nexi S.p.A.

Pursuant to section 96(3) of the Danish financial statements Act, no audit fee note is prepared as the company is included in the financial statement 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.

Amortisation and impairment losses

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

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.

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

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.

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

DKKm	Notes	<u>2022</u>	<u>2021</u>
External costs		-5	-212
Operating result (EBIT)		-5	-212
Income from Group Enterprises		-	15,200
Financial income	1	678	1,085
Financial expenses	2	-774	-1,405
Impairment of investments in subs	4	-2,086	-
Result before tax		-2,187	14,668
Income tax	3	-7	-9
Net result for the year	5	-2,194	14,659

Balance Sheet

DKKm	Notes	<u>2022</u>	<u>2021</u>
ASSETS			
Non-current assets			
Investments in subsidiaries	4	39,778	38,404
Deferred tax asset	6	-	8
Deposits	7	94	94
Total non-current assets		<u>39,872</u>	<u>38,506</u>
Current assets			
Receivables from Group enterprises		12,560	14,840
Income tax receivables	3	42	34
Cash and equivalent		3	2
Total current assets		<u>12,605</u>	<u>14,876</u>
TOTAL ASSETS		<u>52,477</u>	<u>53,382</u>

Balance Sheet

DKKm	Notes	<u>2022</u>	<u>2021</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	0	0
Retained earnings		35,246	37,440
Total equity		<u>35,246</u>	<u>37,440</u>
Non-Current liabilities			
Payables to Group enterprises	9	17,019	15,505
Total Non-Current liabilities		<u>17,019</u>	<u>15,505</u>
Current liabilities			
Trade and other payables		16	18
Tax provision	3	196	196
Payables to Group enterprises		-	223
Total Current liabilities		<u>212</u>	<u>437</u>
TOTAL EQUITY AND LIABILITIES		<u><u>52,477</u></u>	<u><u>53,382</u></u>
Contingent liabilities	10		
Related parties	11		
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Statement of changes in equity

	Share capital	Hedge Reserve	Retained earnings	Total
Equity at 1 January 2021	0	-218	6,691	6,473
Net result for the year	-	-	14,658	14,658
Settlement of convertible instrument	-	-	16,200	16,200
Currency exchange adjustment	-	-	-187	-187
Fair value adjustment swap	-	267	-	267
Tax on fair value adjustment	-	-49	78	29
Equity at 31 December 2021	0	0	37,440	37,440
	Share capital	Hedge Reserve	Retained earnings	Total
Equity at 1 January 2022	0	0	37,440	37,440
Net result for the year	-	-	-2,194	-2,194
Equity at 31 December 2022	0	0	35,246	35,246

Notes

DKKm	<u>2022</u>	<u>2021</u>
1 Financial income		
Interest income	-	43
Interest income from Group enterprises	631	484
Foreign exchange gain, net	47	554
Gain on derivative instruments	-	4
	<u>678</u>	<u>1,085</u>
2 Financial expenses		
Interest expense	-	-558
Interest expense from Group enterprises	-487	-229
Net Foreign exchange loss, net	-286	-202
Amortisation of transaction costs	-	-319
Other financial expenses	-1	-97
	<u>774</u>	<u>-1,405</u>
3 Income tax		
Current tax on uncertain tax position	-	-19
Current tax for the year	8	54
Deferred tax for the year	-8	8
Adj. for current tax of prior periods	-7	-52
	<u>-7</u>	<u>-9</u>
4 Investments in subsidiaries		
Accumulated cost at 1 January	<u>38,404</u>	<u>38,404</u>
Contribution in Kind	3,460	-
Impairment of investments*	-2,086	-
Accumulated cost at 31 December	<u>39,778</u>	<u>38,404</u>
Carrying amount at 31 December	<u>39,778</u>	<u>38,404</u>
5 Proposed profit appropriation		
Result for the year	<u>-2,194</u>	<u>-2,194</u>
Total appropriation	<u>-2,194</u>	<u>-2,194</u>

*Special items in 2022, was impairment of the investment in indirectly owned Pay-later business, in Germany, driven by the business financial performance.

Notes

DKKm	<u>2022</u>	<u>2021</u>
6 Deferred tax assets		
Deferred tax assets as at 1 January	8	-
Additions	-	8
Adjustment of deferred tax assets of the year	-8	-
Deferred tax assets as at 31 December	<u>-</u>	<u>8</u>
	<u><u>-</u></u>	<u><u>8</u></u>
7 Deposits		
Deposit as at 1 January	94	-
Additions	-	94
Disposals	-	-
Deposit as at 31 December	<u>94</u>	<u>94</u>
	<u><u>94</u></u>	<u><u>94</u></u>

8 Equity

The share capital was increased with DKK 5 thousand in at merger in December 2022, with share premium of DKK 25,237,715 thousand. The total share capital of DKK 55 thousand consist of 1,000 shares with nominal value of DKK 55 each

There have not been other changes in the last 5 years.

9 Loans from parent company

The Group has entered into two intra-group loan agreement with an indirect parent company from the wider corporate group above Nets Holdco 1 ApS. The loans are a five-year loans (DKK 15,633 million and DKK 966 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 Nexi S.p.A

Share capital, net profit and equity in subsidiaries specified below are based on annual reports for 2021 and stated in local currency in thousand.

	<u>Net profit/loss</u>	<u>Equity</u>	<u>Ownership</u>	<u>Share capital</u>
Nets Holdco 5 A/S, Haavard Martinsens vei 54, NO-0978 0301 Oslo	20,341	43,245	100%	80.0
Evergood Germany 1 GmbH, Helfmann Park 7, 65760 Eschborn, Germany	-45	698,000	100%	25.0

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 2022 have occurred subsequently to 31 December 2022.