

# Nets Holdco 4 ApS

## Annual Report 2020

The Annual Report was submitted and approved by the General Meeting on 31 March 2021.



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Louise Rubæk Andersen  
*Chair of the meeting*

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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 4 ApS 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**



Dorthe Rosenkilde Saunders  
CEO

### **Board of Directors**



Bo Nilsson  
Chairman



Dorthe Rosenkilde  
Saunders



Klaus Pedersen

## **Independent Auditor's Report**

To the Shareholder of Nets Holdco 4 ApS

### **Opinion**

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

We have audited the Financial Statements of Nets Holdco 4 ApS for the financial period 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 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

## **Company data**

### **The Company**

Nets Holdco 4 ApS

c/o Nets A/S  
Klausdalsbrovej 601  
2750 Ballerup

Company reg. no.: 38 88 77 85  
Established: 29 August 2017  
Domicile: Ballerup  
Financial year: 1 January – 31 December

### **Board of Directors**

Bo Nilsson  
Dorthe Rosenkilde Saunders  
Klaus Pedersen

### **Executive Board**

Dorthe Rosenkilde Saunders

### **Auditors**

PwC  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## Key figures

(DKK million)	2020	2019	*2018
<b>Income statement</b>			
Operating result	-4	-2	-1
Result from financial income and expenses, net	-1,117	-709	-796
Net result	-1,047	-684	-764
<b>Balance sheet at 31 December</b>			
Total assets	47,164	43,928	39,213
Equity	17,984	18,933	19,613
<b>Financial ratios (%)</b>			
Liquidity ratio	406	499	959
Solvency ratio	38	43	50
Return on equity	-6	-4	-4

\* The financial year 2018 covers the period 29 August 2017 – 31 December 2018.



## **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.

### **Financial performance**

Net profit for the year was negative by DKK 1,047 million, a decrease of DKK 363 million compared to 2019. The decrease was driven by higher net financial expenses.

Equity amounted to DKK 17,984 million. Decrease of DKK 949 million compared to 2019 driven by net result for the year partly offset by cash flow and net investment hedges directly recognised in equity.

There are no employees in Nets Holdco 4 ApS. 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 Topco 2 S.à r.l.

### **Report on gender composition of management**

The composition of the Board of Directors is considered an equal composition. Consequently, requirements on disclosures and preparation of policies do not apply.

### **Outlook for 2021**

Management expects that the result before tax for 2021 will increase compared to 2020, driven by improved leverage.

## **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 accounting policies applied remain unchanged from last year. However, the change from reporting class B in 2019 to reporting C large in 2020 has resulted in added disclosures also including the comparative period.

The financial information is presented in Danish kroner millions (DKKm).

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 Topco 2 S.à r.l., Luxembourg.

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 consolidated financial statements of Nets Topco 2 S.à r.l., Luxembourg.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared for Nets Holdco 4 ApS and subsidiaries as the companies are included in the consolidated financial statements of Nets Topco 2 S.à r.l., 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.

## **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 generally recognised in the income statement as financial income or expenses. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

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 expenses.

## **Income statement**

### **External costs**

External costs incurred in the year comprise administration costs.

### **Financial income and 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 4 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.

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.

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'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. 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.

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

### **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 using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**Derivative financial instruments**

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.

**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".

## Income Statement

DKKm	Notes	<u>2020</u>	<u>2019</u>
External costs		<u>-4</u>	<u>-2</u>
<b>Operating result (EBIT)</b>		<b>-4</b>	<b>-2</b>
Financial income	1	690	639
Financial expenses	1	<u>-1,807</u>	<u>-1,348</u>
<b>Result before tax</b>		<b>-1,121</b>	<b>-711</b>
Income tax	2	<u>74</u>	<u>27</u>
<b>Net result for the year</b>		<b><u>-1,047</u></b>	<b><u>-684</u></b>
<b>Distribution of net result</b>			
Retained earnings		<u>-1,047</u>	<u>-684</u>
		<b><u>-1,047</u></b>	<b><u>-684</u></b>

## Balance Sheet

DKKm	Notes	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	3	33,192	33,192
<b>Total non-current assets</b>		<b><u>33,192</u></b>	<b><u>33,192</u></b>
<b>Current assets</b>			
Receivables from Group enterprises		13,803	10,600
Income tax receivables	2	49	30
Prepayments		0	1
		<b><u>13,852</u></b>	<b><u>10,631</u></b>
Cash and cash equivalent		120	105
<b>Total current assets</b>		<b><u>13,972</u></b>	<b><u>10,736</u></b>
<b>TOTAL ASSETS</b>		<b><u>47,164</u></b>	<b><u>43,928</u></b>

## Balance Sheet

DKKm	Notes	<u>2020</u>	<u>2019</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4	0	0
Retained earnings		18,279	18,973
Reserves		-295	-41
<b>Total equity</b>		<u><b>17,984</b></u>	<u><b>18,932</b></u>
<b>Non-current liabilities</b>			
Borrowings	5	25,464	22,798
Derivative financial instruments	6	274	44
<b>Total non-current liabilities</b>		<u><b>25,738</b></u>	<u><b>22,842</b></u>
<b>Current liabilities</b>			
Trade payables		16	0
Payables to Group enterprises		129	0
Borrowings	5	3,165	2,025
Other payables		132	129
<b>Total current liabilities</b>		<u><b>3,442</b></u>	<u><b>2,153</b></u>
<b>Total liabilities</b>		<u><b>29,180</b></u>	<u><b>24,996</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>47,164</b></u>	<u><b>43,928</b></u>
Securities	7		
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## Statement of changes in equity

	Share capital	Retained earnings	Hedge reserve	Total
<b>Equity at 1 January 2020</b>	0	18,973	-40	18,933
Fair value adjustment swap	-	-	-227	-227
Tax on fair value adjustment	-	-78	50	-28
Currency translation adjustment	-	353	-	353
Net result for the year	-	-1,047	-	-1,047
<b>Equity at 31 December 2020</b>	<b>0</b>	<b>18,201</b>	<b>-217</b>	<b>17,984</b>



## Notes

DKKm	<u>2020</u>	<u>2019</u>
<b>1 Financial income</b>		
Interest income	102	114
Interest income from Group enterprises	504	449
Foreign exchange gains, net	0	76
Gain on derivative instruments	84	0
	<u>690</u>	<u>639</u>
<b>Financial expenses</b>		
Interest expenses	1,330	1,254
Interest expenses to Group enterprises	1	0
Foreign exchange losses, net	231	0
Amortisation of transaction cost	185	74
Other fees etc.	60	20
	<u>1,807</u>	<u>1,348</u>
<b>2 Income tax</b>		
Current tax on profit for the year	-77	-30
Prior year adjustment	3	-7
Deferred tax on profit for the year	0	10
	<u>-74</u>	<u>-27</u>
<b>3 Investments in subsidiaries</b>		
Accumulated cost at 1 January	<u>33,192</u>	<u>33,192</u>
<b>Accumulated cost at 31 December</b>	<u><b>33,192</b></u>	<u><b>33,192</b></u>
<b>Carrying amount at 31 December</b>	<u><b>33,192</b></u>	<u><b>33,192</b></u>

Equity and net profit in the subsidiaries specified below are based on annual reports for 2019 and stated in local currency in million.

Subsidiary	Equity	Net result	Ownership
Nets Holdco 5 AS	43.262.2	-43.9	100 %

## Notes (continued)

### 4 Share capital

The Company was formed on 29 August 2017, with a share capital of DKK 50 thousand.

No changes to the share capital since the establishment in 2017.

DKKm	<u>2020</u>	<u>2019</u>
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### 5 Borrowings

Payment within 1 year	3,165	2,025
Payment between 2-5 years	4,869	-
Debt after 5 years	20,595	22,798
	<u>28,629</u>	<u>24,823</u>

### 6 Derivative and financial instruments

Derivative and financial instruments as per 31 December amounts to:

Assets	-	-
Liabilities	274	44

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

The Company's term loans are denominated in EUR and NOK. The floating rate interest exposure from the EUR denominated debt is 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 is hedged through interest rate swaps (notional NOK 3,995 million).

The currency exchange exposure from the equity investment in the Norwegian subsidiary is hedged through the NOK-denominated debt. The currency rate of the loan has been 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 are classified as cash flow hedges, as they swap floating rate interest rate exposure into fixed rates. The EUR/NOK cross-currency swaps are classified as a hedge of net investment in foreign operation.

The swaps in place to hedge exposure to variable interest rates matches the payment dates of the term loans until 2022 for the following notionals; EUR 1,279 million and NOK 3,995 million and until 2023 for the following notionals; EUR 400 million.

## Notes (continued)

### 7 Securities

The Leveraged Buy Out facilities are mixed first and second lien secured debt, and benefit 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 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') terminating in August 2024, a seventeen month, multi-currency, additional revolving credit facility ("RCF II") terminating in February 2021 and a twelve month, multi-currency, revolving facility ("RCF III") terminating in April 2021. Subject to certain conditions, the RCF II may will convert into a first lien term loan with similar maturity as the existing first lien term loans if not repaid by February 2021. The RCF commitment is EUR 240 million, of which EUR 24 million are carved out in an overdraft facility ('Overdraft Facility') and EUR 2 million are committed as a bank guarantee. The RCF II commitment is EUR 300 million and the RCF III commitment is EUR 300 million.

Further, the Group has 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 million) and NOK (NOK 530 million) with fixed interest rates until maturity and final exchange of notional at maturity.

### 8 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.

### 9 Related party transactions

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

The Company is fully owned by Nets Holdco 3 ApS, Klausdalsbrovej 601, 2750 Ballerup, Denmark.

### 10 Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of the ultimate parent company Nets Topco 1 S.à r.l., Luxembourg.

### 11 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.