**NEXI S.P.A.**
Corso Sempione 55
20149, Milano

**COMUNICATO STAMPA**
*Milano — 12 aprile, 2021*

Nexi S.p.A., una società per azioni di diritto italiano ("Nexi" o la "Società"), ha annunciato oggi l'avvio del collocamento di prestiti obbligazionari senior unsecured per un totale di approssimativamente €2.100 milioni con scadenze 2026 e 2029 (le "Notes"). Nel corso dell'emissione, la Società ha divulgato informazioni a potenziali acquirenti delle Notes, inclusi dati finanziari *pro forma* e informazioni finanziarie non-GAAP della Società, Nets Topco 2 S.à r.l. e le sue controllate e SIA S.p.A. e le sue controllate per gli esercizi al 31 dicembre 2020 e 2019. Si divulgano con la presente dette informationi agli azionisti e ai detentori dell'indebitamento finanziario esistente della Società e se ne allega copia all'Allegato A (l'"Information Release").

Le Notes sono destinate solamente a collocamento riservato ad investitori istituzionali che non siano "U.S. Persons" (come definite secondo la Regulation S del Securities Act del 1933, come di volta in volta modificato, il "Securities Act") e che si trovino al di fuori degli Stati Uniti ai sensi della Regulation S del Securities Act. Le Notes non sono state soggetto a registrazione ai sensi del Securities Act o di altre leggi applicabili, e non possono essere offerte o acquistate negli Stati Uniti senza registrazione o senza una esenzione dai requisiti di registrazione conformemente al Securities Act e ad altre leggi applicabili.

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*This announcement contains information that prior to its disclosure may have constituted inside information under European Union Regulation 596/2014 on market abuse.*
*This document is not an offer of securities for sale in the United States. The Notes may not be sold in the United States unless they are registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or are exempt from registration. The offering of Notes described in this Information Release has not been and will not be registered under the Securities Act and, accordingly, any offer or sale of Notes may be made only in a transaction exempt from the registration requirements of the Securities Act.*
*If and to the extent that this announcement is communicated in, or the offer of securities to which it relates is made in, any EEA member state, this announcement and the offering of any securities described herein are only addressed to and directed at persons in that member state who are if an investor is a resident of the EEA, only to an investor that is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling such debt securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The offer and sale of the Notes will be made pursuant to an exception under the Prospectus Regulation, as implemented in the EEA member states, from the requirement to produce a prospectus for offers of securities. This announcement does not constitute a prospectus within the meaning of the Prospectus Regulation or an offer to the public.*

*Promotion of the Notes in the United Kingdom is restricted by the Financial Services and Markets Act 2000 (the "FSMA"), and accordingly the Notes are not being promoted to the general public in the United Kingdom. This announcement is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This announcement is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person.*

*This document does not constitute an offer of the Notes to the public in Italy. The Notes will be offered in Italy only to qualified investors (investitori qualificati) as defined in the Prospectus Regulation or in circumstances which are exempt from the rules on public offers pursuant to legislative decree no. 58 of 24 February 1998, as amended (the "Italian 3 Financial Act") and the implementing Commissione Nazionale per le Società e la Borsa ("CONSOB") regulations, including CONSOB Regulation No. 11971, May 14, 1999, as amended (the "Issuers Regulation") and will not be listed on an Italian regulated market, therefore no documents or materials relating to the Notes have been or will be submitted to the clearance procedure of CONSOB. The offering of the Notes will be carried out in the Republic of Italy as an exempted offer pursuant to article 100 of the Italian Financial Act and article 34-ter, paragraph 1 of the Issuers Regulation.*

*Neither the content of Nexi or its subsidiaries' (collectively, the "Group") websites, nor any website accessible by hyperlinks on Nexi's website or the websites of certain of the Group's subsidiaries is incorporated in, or forms part of, this announcement.*

*It may be unlawful to distribute this announcement in certain jurisdictions. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement is not for distribution in Canada, Japan or Australia. The information in this announcement does not constitute an offer of securities for sale in Canada, Japan or Australia.*

*No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.*

*This Information Release may include projections and other "forward-looking" statements within the meaning of applicable securities laws. Forward-looking statements are based on current expectations and involve a number of known and unknown risks, uncertainties and other factors that could cause the results of the Group or its industries' actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on forward-looking statements and none of the Group or the Issuer undertakes publicly to update or revise any forward-looking statement that may be made herein, whether as a result of new information, future events or otherwise.*

*MiFID II (ECPs and Professional Clients only) – Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients (all distribution channels). No PRIIPs key information document (KID) has been prepared as the Notes are not available to any retail investor in the EEA.*

**Allegato A**

**Information Release**

## CONTENTS

## CERTAIN DEFINITIONS

The following terms used in this information release have the meanings assigned to them below:

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| "2024 Facilities Agreement" ....... | has the meaning set forth in the "*Description of Certain Financing Arrangements—2024 Facilities Agreement*". |
| "2024 Term Loan Facility".......... | the term loan facility established under the 2024 Facilities Agreement, which is described in more detail in the "*Description of Certain Financing Arrangements—2024 Facilities Agreement.*" |
| "2025 Facilities Agreement" ....... | has the meaning set forth in the "*Description of Certain Financing Arrangements—2025 Facilities Agreement*". |
| "2025 Term Loan Facility".......... | the term loan facility established under the 2025 Facilities Agreement, which is described in more detail in the "*Description of Certain Financing Arrangements—2025 Facilities Agreement.*" |
| "2027 Existing Senior Convertible Notes" ...................... | the Issuer's €500.0 million in aggregate principal amount of 1.75% senior unsecured equity-linked notes due 2027, issued on April 24, 2020, under the 2027 Trust Deed. See also "*Description of Certain Financing Arrangements—2027 Existing Senior Convertible Notes*". |
| "2027 Trust Deed"....................... | the trust deed governing the 2027 Existing Senior Convertible Notes, dated April 24, 2020, by and among, *inter alios*, the Issuer and Citicorp Trustee Company Limited, as trustee. See also "*Description of Certain Financing Arrangements—2027 Existing Senior Convertible Notes*". |
| "2028 Existing Senior Convertible Notes" ...................... | the Issuer's €1,000.0 million in aggregate principal amount of senior unsecured zero coupon equity-linked notes due 2028, issued on February 24, 2021, under the 2028 Trust Deed. See also "*Description of Certain Financing Arrangements—2028 Existing Senior Convertible Notes*". |
| "2028 Trust Deed"....................... | the trust deed governing the 2028 Existing Senior Convertible Notes, dated February 24, 2021, by and among, *inter alios*, the Issuer and Citibank, N.A., London Branch, as trustee. See also "*Description of Certain Financing Arrangements—2028 Existing Senior Convertible Notes*". |
| "AB Europe"................................ | AB Europe (Luxembourg) Investment S.à r.l. |
| "Advent"..................................... | Advent International Corporation and its affiliates and, where applicable, the funds and limited partnerships managed or advised by them. In the context of its investment in Mercury (AI) S.à r.l., references to Advent include its co-investors in such investment. |
| "Bain Capital"............................. | Bain Capital Private Equity Europe LLP and its affiliates and, where applicable, the funds and limited partnerships managed or advised by them. In the context of its investment in Mercury (BC) S.à r.l., references to Bain Capital include its co-investors in such investment. |

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| "Bassilichi" ................................ | Bassilichi S.p.A. and its subsidiaries, which merged into Nexi Payments on December 31, 2018. |
| "BFF Bank" ................................ | BFF Bank S.p.A. |
| "business unit" or "business line" | means each of the business units or business lines specified in (i) the Issuer's Consolidated Financial Statements, namely Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions; (ii) the Nets Consolidated Financial Statements, namely Merchant Services and Issuer & eSecurity; and (iii) the SIA Consolidated Financial Statements, namely Card & Merchant Solutions, Digital Payment Solutions and Capital Markets & Network Solutions. |
| "CCV"........................................ | CCV Schweiz SA. |
| "CDPE"...................................... | CDP Equity S.p.A. |
| "Centurion Acquisition Agreement"................................ | the share purchase agreement dated August 6, 2019, between the subsidiaries of Nets, Centurion DK A/S, Centurion NO AS e Centurion NNI AS, as sellers, and MasterCard/Europay U.K. Limited and MasterCard International Incorporated, as buyers, relating to the Centurion Disposal. |
| "Centurion Disposal"................. | the disposal of the Nets' account-to-account based services including clearing and instant payment services, and e-billing solutions pursuant to the Centurion Acquisition Agreement. |
| "Centurion Earn-Out"................. | an earn-out provision, pursuant to the Nets Framework Agreement, linked to the Centurion Disposal, in favor of the Nets' existing shareholders or the Issuer, depending on the actual price paid by MasterCard in connection with the Centurion Disposal, which will be payable through the issuance of between zero and 25,000,000 additional ordinary shares by the Issuer or through a cash payment from the Nets' existing shareholders in favor of the Issuer. |
| "Clessidra"................................. | Clessidra SGR S.p.A. in its capacity as managing company of and on behalf of the fund Clessidra Capital Partners 3. In the context of its investment in Fides S.p.A., references to Clessidra include its co-investors in such investment. |
| "Combined Group"..................... | Nexi, Nets and SIA, collectively, after giving effect to the Mergers. |
| "CONSOB"................................ | *Commissione Nazionale per le Società e la Borsa*, the Italian Securities Exchange Commission. |
| "COVID-19"............................... | the disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) which emerged in 2019. |
| "Credit Facilities"....................... | the Revolving Credit Facility and the Term Loan Facilities, collectively. |

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| "Credit Mandate" | has the meaning set forth in the "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Credit Mandate.*" |
| "Depobank" | DEPObank—Banca Depositaria Italiana S.p.A., now merged into BFF Bank (formerly, Banca Farmafactoring S.p.A.). |
| "Eagle (AIBC)" | Eagle (AIBC) & CY S.C.A. |
| "EU" | European Union. |
| "EU Member State" | the 27 member states of the European Union. |
| "EURIBOR" | European Interbank Offered Rate. |
| "euro," "EUR" or "€" | the lawful currency of EU Member States participating in the European Monetary Union. |
| "Evergood H&F" | Evergood H&F Lux S.à r.l. |
| "Existing Indenture" | the indenture governing the Existing Senior Notes, dated October 21, 2019, by and among, *inter alios*, the Issuer and the Trustee. |
| "Existing Nets Indebtedness" | the portion of Nets' indebtedness which will be repaid in full and cancelled in connection with the completion of the Nets Merger on the Nets Merger Closing Date, using a portion of the proceeds from the Offering, together with the proceeds from the issuance of the 2028 Existing Senior Convertible Notes. |
| "Existing Notes" | the Existing Senior Notes and the Existing Senior Convertible Notes, collectively. |
| "Existing Senior Convertible Notes" | the 2027 Existing Senior Convertible Notes and the 2028 Existing Senior Convertible Notes, collectively. |
| "Existing Senior Notes" | the Issuer's €825.0 million in aggregate principal amount of 1.75% Senior Notes due 2024, issued on October 21, 2019, under the Existing Indenture. |
| "Existing SIA Indebtedness" | the portion of SIA's indebtedness which will be repaid in full and cancelled in connection with the completion of the SIA Merger on the SIA Merger Closing Date, using a portion of the proceeds from the Offering, together with the proceeds from the issuance of the 2028 Existing Senior Convertible Notes. |
| "Facilities Agreements" | the 2024 Facilities Agreement and the 2025 Facilities Agreement, collectively. |
| "Factorit Agreement" | has the meaning set forth in the "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Factorit Agreement.*" |
| "FSIA Investimenti" | FSIA Investimenti S.r.l. |

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| "GIC" .......................................... | GIC Pte Ltd. |
| "Group," "Nexi," "we," "us" and "our" .......................................... | and other similar terms, means Nexi and its subsidiaries, collectively, except where the context requires otherwise. |
| "Help Line"................................ | Help Line S.p.A. |
| "ICBPI"...................................... | Depobank and Nexi S.p.A. prior to the reorganization of Nexi's business operations in 2018, collectively. |
| "IFRS" ....................................... | International Financial Reporting Standards, as adopted by the EU. |
| "Indenture" ................................. | the indenture governing the Notes to be entered into on the issue date of the Notes among, *inter alios*, the Issuer and the Trustee. |
| "Initial Purchasers"...................... | Banca Akros S.p.A. Gruppo Banco BPM, Barclays Bank Ireland PLC, BofA Securities Europe SA, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities, Sociedad de Valores, S.A., Deutsche Bank Aktiengesellschaft, Goldman Sachs International, HSBC Continental Europe S.A., Intesa Sanpaolo S.p.A., J.P. Morgan AG, Mediobanca Banca di Credito Finanziario S.p.A., Morgan Stanley & Co. International plc and UniCredit Bank AG, collectively. |
| "Intesa Sanpaolo" ....................... | Intesa Sanpaolo S.p.A. |
| "ISP Acquisition" ....................... | the acquisition by the Issuer of the merchant acquiring business of Intesa Sanpaolo pursuant to the ISP Acquisition Agreement. |
| "ISP Acquisition Agreement"...... | the sale and purchase agreement dated December 19, 2019, as subsequently amended and supplemented on June 30, 2020, between the Issuer and Intesa Sanpaolo pursuant to which the ISP Acquisition was consummated on the ISP Acquisition Closing Date. |
| "ISP Acquisition Closing Date" .. | June 30, 2020, the date on which the ISP Acquisition was consummated. |
| "ISP Earn-Out" ........................... | an earn-out in the amount of €27.3 million which will be paid by the Issuer pursuant to the ISP Acquisition Agreement. |
| "Issue Date"................................ | the date on which the Notes will be issued. |
| "Issuer" ...................................... | Nexi S.p.A. |
| "Italian Civil Code" ..................... | The Italian civil code (*codice civile*) approved by the Royal Decree No. 262 of March 16, 1942, as subsequently amended and restated. |
| "Longstop Date" ......................... | July 14, 2022. |
| "Mercury Funding Facility"......... | the Mercury Payment funding facility descried under "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Mercury Funding Facility.*" |

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| "Mercury Payment" .................... | Mercury Payment Services S.p.A., which demerged its main business units and connected contractual arrangements in favor of Nexi Payments effective April 1, 2021. |
| "Mercury UK" ............................ | Mercury UK Holdco Limited. |
| "Merger" .................................... | the Nets Merger or the SIA Merger. |
| "Mergers" .................................. | the prospective Nets Merger and SIA Merger, collectively, it being understood that the Mergers are independent and not inter-conditional transactions, and each pursued on a standalone basis. |
| "Nets" ......................................... | Nets Topco 2 S.à r.l. and its subsidiaries. |
| "Nets A/S" ................................ | Nets A/S, the main operating direct subsidiary of Nets. |
| "Nets Acquisitions" .................... | the acquisitions by Nets of the entire capital stock of PayPro S.A., Dotcard Sp. z.o.o., Poplatek OY and Poplatek Payments OY and Polskie ePlatnosci, which occurred between 2019 and 2020. |
| "Nets Commitment Letter" .......... | the commitment letter dated December 30, 2020, between the Issuer, the coordinating bookrunners, global coordinators and arrangers listed therein, and Intesa Sanpaolo S.p.A., as agent, providing for a committed bridge facility of €1,700.0 million available to refinance the Existing Nets Indebtedness and the related transaction fees and expenses and/or for general corporate purposes of the Issuer. Following the issuance of the 2028 Existing Senior Convertible Notes, on March 5, 2021, the Nets Commitment Letter was amended to reduce the quantum of the committed bridge facility to €1,000.0 million. On or about the Issue Date, the Nets Commitment Letter is expected to be terminated. |
| "Nets Earn-Out" .......................... | an earn-out provision, pursuant to the Nets Framework Agreement, linked to the financial performance of Nets in the year ended December 31, 2021, in favor of the Nets' existing shareholders, which will be payable through the issuance of between zero and 40,000,000 additional ordinary shares by the Issuer (representing an amount that will not exceed in any event €250.0 million). |
| "Nets Framework Agreement" .... | the framework agreement dated November 15, 2020, as subsequently amended on December 20, 2020, January 15, 2021, February 12, 2021 and March 15, 2021, between, among the others, Nets and the Issuer relating to the business combination of Nets and the Group, as the same may be amended and supplemented prior to the Issue Date. |
| "Nets Merger" ............................. | the prospective merger of the Issuer with Nets, with the Issuer being the surviving entity, pursuant to the Nets Framework Agreement or any other form of merger which will be resolved upon by and exclusively involve the Issuer and Nets, following the Issue Date. |
| "Nets Merger Closing Date" ........ | the date on which the Nets Merger will become effective. |

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| "Nets Notes" ................................ | the €400.0 million in aggregate principal amount of Senior Notes due 2024, issued by Nassa Topco AS (a direct subsidiary of Nets) on April 6, 2017, and partially redeemed on March 21, 2018, with the aggregate principal amount reduced to €219.6 million. |
| "Nets Reorganization" ................. | the reorganization of Nets' capital structure, which is expected to be completed prior to the Nets Merger Closing Date, and pursuant to which Nets will issue new ordinary shares to be subscribed in full by its direct shareholder Nets Topco, with the subscription price for such new ordinary shares to be set off against (i) the aggregate amount owed by Nets under existing shareholder loans as at the date of issuance of such new ordinary shares and (ii) the aggregate amount owed by Nets under existing preferred equity certificates held by Nets Topco in Nets as at the date of issuance of such new ordinary shares. As of December 31, 2020, the aggregate amounts outstanding under (i) the existing shareholders loans was €1,632.7 million and (ii) the existing preferred equity certificates was €772.8 million. Following the Nets Reorganization, the abovementioned shareholder loans and preferred equity certificates will be converted into equity and the related liabilities will be cancelled. See also "*Unaudited Pro Forma Consolidated Financial Information—Transactions—Nets Reorganization.*" |
| "Nets Topco" ............................... | Nets Topco 1 S.à r.l., the direct shareholder of Nets. |
| "Nexi Factoring Agreement" ....... | has the meaning set forth in the *"Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Nexi Factoring Agreement.*" |
| "Nexi Payments" .......................... | Nexi Payments S.p.A. (formerly, CartaSi S.p.A.). |
| "Notes" ....................................... | the proposed offering of notes by the Issuer. |
| "Polskie ePlatnosci" ..................... | Centrum Rozliczeń Elektronicznych Polskie ePlatnosci S.A. |
| "Prospectus Regulation" .............. | Regulation (EU) 2017/1129. |
| "Pro Forma Transactions" ........... | collectively, (i) the Nets Merger, the Nets Reorganization and the repayment of the Existing Nets Indebtedness, (ii) the SIA Merger and the repayment of the Existing SIA Indebtedness, (iii) the ISP Acquisition and the financing of the ISP Acquisition, (iv) the historical acquisition by Nets of Polskie ePlatnosci, (v) the Centurion Disposal, (vi) the UniCredit Master Service Agreement Extension and (vii) the payment of costs, fees and expenses related to the foregoing. See also "*Unaudited Pro Forma Consolidated Financial Information,*" and *"Presentation of Financial and Other Information—Unaudited Pro Forma Consolidated Financial Information.*" |
| "Release Date" ............................. | the date on which the proceeds may be released from the Segregated Account. |

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| "Revolving Credit Facility"......... | the revolving credit facility established under the 2024 Facilities Agreement, which is described in more detail in the "*Description of Certain Financing Arrangements—2024 Facilities Agreement.*" |
| "SEC" ......................................... | the U.S. Securities and Exchange Commission. |
| "Securities Act" .......................... | the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. |
| "Segregated Account".................. | The segregated euro-denominated account in the name of the Issuer in which the gross proceeds from the offering of the Notes will be deposited on the Issue Date. |
| "settlement obligations".............. | the obligations under the agreements described under "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations*" and "*Description of Certain Financing Arrangements—Nets' Settlement Obligations.*" |
| "SIA" .......................................... | SIA S.p.A. and its subsidiaries. |
| "SIA Capital Increase"................ | an option available to CDPE, one of the Issuer's shareholders following the SIA Merger, pursuant to the SIA Framework Agreement, to request a capital increase of SIA to mitigate the dilutive effects of the Nets Merger on the shareholdings to be held by the SIA shareholders in the Issuer following the SIA Merger. |
| "SIA Framework Agreement" ..... | the framework agreement dated February 11, 2021, between SIA and the Issuer relating to the business combination of SIA and the Group, as the same may be amended and supplemented prior to the Issue Date. |
| "SIA Merger"............................... | the prospective merger of the Issuer with SIA, with the Issuer being the surviving entity, pursuant to the SIA Framework Agreement, or any other form of merger which will be resolved upon by and exclusively involve the Issuer and SIA, following the Issue Date. |
| "SIA Merger Closing Date"......... | the date on which the SIA Merger will become effective. |
| "SIApay"..................................... | SIApay S.r.l. |
| "Sparkling" ................................. | the digital payments startup Sparkling 18 S.r.l. |
| "Term Loan Facilities" ................ | the 2024 Term Loan Facility and the 2025 Term Loan Facility, collectively. |
| "Transactions" ............................. | the Offering, the Mergers, the Refinancing, and the payment of fees and expenses in connection therewith. |
| "Trustee"..................................... | U.S. Bank Trustees Limited in its capacity as trustee under the Indenture. |
| "U.S. dollars," "dollars," "U.S.$" or "$" .......................................... | the lawful currency of the United States. |

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| "United States" or "U.S." ........... | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia. |

Additionally, certain terms relating to the industry in which we operate and used in this information release are defined in the "*Glossary.*"

## GLOSSARY

“A2A”............................................ account-to-account payments, payments that involve the transfer of funds from one customer’s account to another account at either the same or another financial institution.

“Account Information Service Providers” or “AISP”...................... providers of information consulting services relating to users’ current accounts or payment accounts. AISPs offer to all users who have a current account or payment account the possibility of aggregating information on their accounts in a single consultation point, through a “bridge” software connecting the users’ various accounts.

“ACH” ........................................... Automated Clearing House, an electronic network established to process the credit and debit transactions of the public and private sectors.

“acquirer” or “acquiring bank”....... the bank or financial institution that executes card payments on behalf of a merchant.

“acquiring”..................................... the services necessary to enable a merchant to accommodate and execute digital payments.

“active-active” ................................ a configuration of two hardware systems in which each system performs a group of services. If one of the systems does not operate correctly, the other activates and performs both groups of service. This configuration is also known as symmetric configuration.

“AI” ............................................... artificial intelligence.

“Application Programming Interface” or “API”......................... set of software libraries that perform specific functions, which can be activated through a set of public and extensively documented parameters or variables.

“ATM”............................................ automated teller machine.

“Bancomat” .................................... an Italian interbank network for cash withdrawals.

“BI-COMP”.................................... the Italian national clearing and settlement system for euro-denominated retail payments which is managed by the Bank of Italy.

“BIN” or “bank identification number” .......................................... the first few figures on the face of a payment card which identify the card issuer and card scheme.

“blockchain” or “distributed ledger technology”.................................... technology based on the architecture of a distributed and decentralized database, i.e., managed by a network of nodes, each of which has a private copy of the database that is constantly updated. This database operates as a historical log of transactions. The log is immutable and shared among all the participants in the registry. This allows preserving and validating the information:

- participants create “blocks,” i.e., small files containing information about transactions;
- these blocks are then validated by affixing a timestamp;
- each transaction is inserted into a new block by repeating the timestamp of the last block created. In this way, blocks are always connected the one each other in chronological order (hence the name blockchain, i.e., a “chain of blocks”); and
- blocks are immutable: no actions can be made on blocks that have already been validated or that are aimed at modifying the information contained therein without generating a new timestamp.

This generates a public register in which verifiable and permanent transactions that occur between two users belonging to the same network are securely stored.

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| “cardholder”.................................... | a person to whom a payment card has been issued. |
| “card payments penetration”........... | except where expressly stated otherwise, the value of card payment transactions divided by private consumer spending. |
| “card scheme”................................. | a payment network linked to payment cards (e.g. credit, charge, debit and prepaid cards) which can be accessed by banks by entering into the scheme. |
| “card scheme operator”................... | the operators of card schemes, primarily including Visa, MasterCard, American Express, Diners Club and JCB. |
| “card spending” or “card spend” .... | the measure of the value of transactions executed through payment cards issued in a particular country, regardless of whether the payment card is used in the country of issuance or abroad. |
| “CBI Gateway”............................... | the *Corporate Banking Interbancario* platform, an Italian interbank transaction network which acts as a payment hub connecting public authorities and corporations and allowing for direct payment collection and delivery of supporting documentation between banks and authorities. |
| “charge card” (see also, “credit card”)............................................. | a payment card with an underlying revolving credit account from which the cardholder can borrow money, the balance of which must be settled in full each month. |
| “COMI” ......................................... | centre of main interests. |
| “credit card”.................................... | a payment card with an underlying revolving credit account from which the cardholder can borrow money, the balance of which may be rolled over from month to month or settled in full each month. |

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| “CSEE” | Albania, Bosnia, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Macedonia, Montenegro, Serbia, Slovakia, Slovenia and Romania. |
| “DACH” | Austria, Germany and Switzerland. |
| “debit card” | a payment card which allows the cardholder to withdraw funds from a designated bank account to make payments. |
| “EACHA” | European Automated Clearing House Association, a clearing model based on the interconnection of local clearing systems. |
| “EBA” | European Banking Authority, an independent EU agency which works to ensure effective and consistent prudential regulation and supervision across the EU banking sector. |
| “EBA Clearing” | a provider of pan-European payment infrastructures and clearing systems including EURO1 (for single euro transactions of high value), STEP1 (for single euro payments for small and medium-sized banks), STEP2 (for euro retail payments) and MyBank (for online payments). |
| “e-commerce” | electronic commerce or commerce conducted over the internet. |
| “EEA” | European Economic Area. |
| “EMV” | Europay MasterCard Visa, a technical standard for “smart” (or “chip”) payment cards and for the payment terminals and ATMs that accept them. |
| “EU Interchange Fee Regulation” | Regulation (EU) 2015/751 of the European Parliament and of the Council of April 29, 2015 on interchange fees for card-based payment transactions. |
| “GACS scheme” | an Italian government introduced guarantee mechanism used to facilitate the removal of non-performing loans from the books of commercial banks (*Garanzia sulle Cartolarizzazioni delle Sofferenze*). |
| “gift card” | a type of prepaid card that cannot be recharged and can no longer be used when the stored value is depleted. |
| “ICT” | information and communications technology. |
| “interchange fee” | a fee paid by a merchant acquirer to the card issuer per transaction. The card issuer may or may not deduct the fee from the amount it pays to the merchant acquirer, subject to the applicable agreement. |
| “IoT” | Internet of Things. |
| “issuer,” “issuing bank” or “card issuer” | a bank or financial institution that provides payment cards and the services necessary to execute digital payments. |

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|---|---|
| "issuing" | the process of issuing credit, charge, debit and prepaid cards to consumers. |
| "KYC" | know-your-customer, which denotes the heavily regulated process of banks and other service providers verifying the identity of their customers. |
| "LAKAs" | means large and key accounts. |
| "m-commerce" | mobile commerce or commerce conducted over mobile devices such as tablet computers and smart phones. |
| "merchant acquirer" | an entity that provides services necessary to enable a merchant to accommodate and execute digital payments. |
| "merchant service charge" | a fee paid by the merchant to the acquiring bank, typically at the end of each month. The interchange fee is a cost to merchant acquirers and is recovered from merchants through the merchant service charge which merchants pay. |
| "Millennials" | the generation born, indicatively, between 1980 and 2000. |
| "NFC" | Near Field Communication, a technology which allows smartphones and other devices to establish radio communication with each other by touching the devices together or bringing them into proximity. |
| "Nordic region" or "Nordics" | Denmark, Norway, Sweden and Finland. |
| "offline POS" | a physical POS terminal. Physical POS terminals may be used in brick-and-mortar stores. |
| "online commerce" | e-commerce and m-commerce. |
| "online POS" | a POS that is incorporated into a website or mobile application and enables online payments. |
| "PagoBancomat" | an Italian payment network for domestic card transactions at enabled POS terminals. |
| "payment card" | a card which can be used to make non-cash payments, including charge, commercial, credit, debit or prepaid cards. |
| "Payment Initiation Service Providers" or "PISP" | payment service providers that offer their customers the ability to initiate a payment transaction from their bank account directly (e.g., to purchase goods or services online) without using a payment card. PISPs allow making a payment from the purchaser's account to the seller's account through a "bridge" software between the two accounts. |
| "paytech" | payment technology. |

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|---|---|
| "Person-to-business transaction," "P2B transaction" or "P2B"........... | person-to-business transactions are payments made by an individual to a merchant. These payments are typically made in cash or by using physical or virtual POS terminals. In the event of alternative P2B payment options, customers paying with mobile devices can identify the operator thanks to geo-location by searching for the store-sign or directly in-store by reading the QR Code, then entering the amount to be paid and initiating the money transfer transaction with a click. The operator can see the payment in real time, check the amount and confirm the transaction. |
| "Person-to-government transaction," "P2G transaction" or "P2G"........................................... | person-to-government transactions, payments made by an individual to a state/local public institution or agency. These payments are typically made in cash or (rarely) by using physical or virtual POS terminals. In the event of alternative P2G payment options, customers paying with mobile devices can identify the institution by searching for the store sign or directly through the reading of the QR Code of the communication received from the institution, then entering the payment amount and initiating the money transfer transaction with a click. |
| "Person-to-person transaction," "P2P transaction" or "P2P" ........... | person-to-person transactions, i.e., payments made by an individual to another individual. P2P transactions typically are small payments made in cash or through mobile devices or computers through the internet. In digital P2P payment solutions, each person pairs its bank account/payment card to the service management platform. When a transaction is authorized, the payer's account puts the value defined in the transaction at the beneficiary's disposal. |
| "POS" ........................................... | the point of sale at which a customer makes a payment to the merchant in exchange for goods or services. A POS may be an offline POS or an online POS. |
| "POS terminal" .............................. | a physical terminal or online portal that allows for non-cash payments at a POS, such as a merchant or website. |
| "prepaid card"................................ | a payment card which bears a stored value through which payments can be made until the stored value is depleted. Prepaid cards can be rechargeable or non-rechargeable (such as gift cards) and may be limited in their use to a particular store or group of stores (such as store cards) or unlimited. |
| "scheme fee".................................. | the fee paid by an issuing bank to the card scheme operator. |
| "SEPA"......................................... | Single Euro Payments Area, a European initiative which integrates and simplifies the processing of electronic euro payments within SEPA's jurisdiction. |
| "SME" .......................................... | small or medium sized enterprise, defined as enterprises that generate annual merchant acquiring transaction values of less than €2.0 million and between €2.0 million and €10.0 million, respectively. |

| | |
|---|---|
| "TARGET2" | an interbank payment system for real-time gross settlement of transfers throughout the Eurosystem, used for wholesale, large-value payments. |
| "RGU" | means merchant revenue generating units, defined as the sum of acquiring merchants, number of rented terminals and e-commerce merchants (not adjusted for overlaps) |
| "value-added services" | software applications that optimize the benefit merchants derive from POS and other parts of their digital payments infrastructure. Value-added services can be tailored to the specific needs of a customer and often aim at developing customer loyalty (through tailored couponing, discounts, advertisements, promotions and product information), user experience (through enabling foreign currency payments, electronic receipts and VAT reimbursement) or improved analysis of customer spending habits and patterns. |
| "white label" | means the digital solutions or applications where our customers purchase a fully supported product from us, then apply their own brand and identity to it. |

# SUMMARY

## Overview

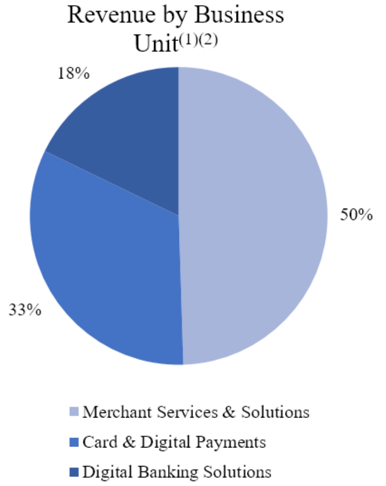
We are creating the new European Paytech leader through the strategic combination of Nexi, Nets and SIA. We are building the largest Paytech company by 2020 EBITDA in Europe and one of the largest companies active on both the acquiring and the issuing side of digital payments by transaction value in Europe for 2019, according to management estimates. We expect the Combined Group's collective reach will expand to manage transactions at various levels of the payments value chain in relation to approximately 160 million payment cards.

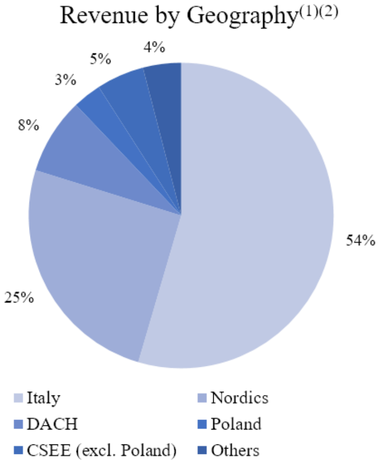
We are expanding Nexi's addressable market in Europe by more than 4x in terms of consumer spend, according to management estimates based on data as of December 31, 2019. The Combined Group will be one of the major players in the European paytech sector, with prominent positions in some of the largest economies by consumer spend in Europe, such as Italy and DACH, highly advanced and innovative markets, such as the Nordics, as well as other structurally attractive markets, such as CSEE and Poland, and the addressable market in core European countries in which the Combined Group will operate will amount to approximately €4.6 trillion, according to management estimates. The Combined Group's footprint will cover attractive European markets for growth, with an average card payments penetration of only 32% across the key markets in which the Combined Group will operate, compared to an average of 46% for Western Europe, according to management estimates based on data as of December 31, 2019, to which the Combined Group will apply its full solution portfolio across the payment ecosystem.

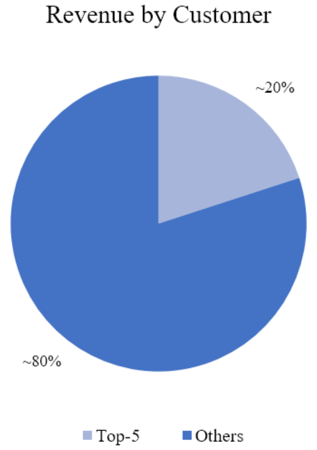
We expect that the Combined Group's footprint, combined with its best-in-class products, technology and capabilities, and with a scaled acquiring and enhanced e-commerce proposition, will result in material financial and strategic benefits for the Combined Group, which will be well positioned to drive the European transition to cashless transactions.

We expect the Combined Group to benefit from enhanced scale, geographic diversification, e-commerce exposure, lower customer concentration and strong growth potential in underpenetrated markets, resulting in a strong profitability and cash generation at scale. If these strategic transactions had been completed on January 1, 2020, the Combined Group would have had Pro Forma Operating Revenues of €2,810.8 million, Pro Forma Normalized EBITDA of €1,247.9 million, Pro Forma Run Rate Operating Revenues of €2,866.6 million and Pro Forma Run Rate Normalized EBITDA of €1,503.8 million.

The following tables show the revenue mix by business, geography and customer concentration of the Combined Group, net of intercompany adjustments, as estimated by management for the year ended December 31, 2020.

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(1) Following the completion of the Mergers and the integration of Nets and SIA into Nexi's existing business, the business segments of the Combined Group may differ from the current business segments of Nexi, and the revenue mix by business, geography and customer concentration presented in these tables may vary.

(2) Nets' revenue is presented pro forma for the acquisition of Polskie ePlatnosci and at constant FX rates.

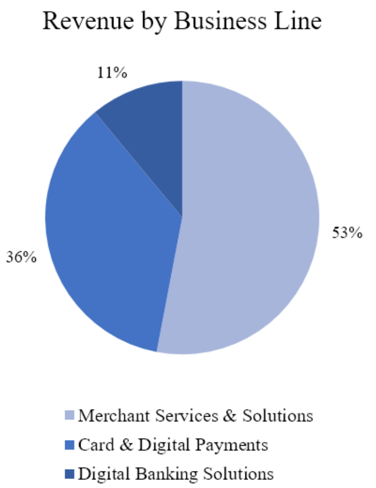
We also estimate that the Combined Group's online acquiring activities would have represented approximately 20% of the Combined Group's Merchant Services & Solutions business unit's revenues for the year ended December 31, 2020, according to management estimates.

We have identified estimated €320 million of total run-rate recurring cash synergies per annum in connection with the Mergers arising from operational improvements and cost savings, revenue synergies and capital expenditure efficiencies, which we expect to achieve through a clear, focused integration plan that will be implemented by our strong and experienced leadership team. We expect approximately 90% of the cost synergies, amounting to approximately €195 million, to be achieved by 2024. We have also identified an estimated additional €65 million from one-off capex savings expected from the SIA Merger.

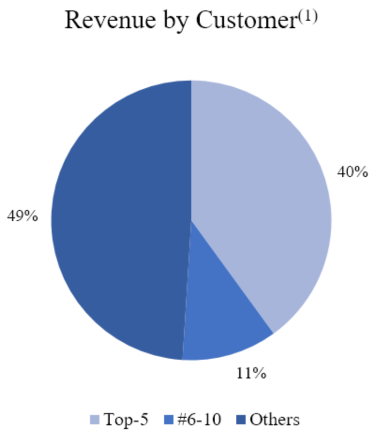
Each of Nexi, Nets and SIA provides compelling justifications for achieving our goal of creating the leading European Paytech player at scale.

Nexi is the major paytech company in Italy. As of December 31, 2020, Nexi managed directly or through its partner banks transactions related to over 43 million payment cards and transactions carried out by approximately 900,000 merchants. Nexi's technology connects banks, merchants, companies and consumers and enables them to make and receive digital payments. Nexi's business is built on long-standing and deeply-rooted relationships with approximately 150 partner banks, which we estimate covered approximately 80% of the Italian banking sector by number of branches as of December 31, 2020. In the year ended December 31, 2020, Nexi managed approximately 6 billion transactions at various levels of the payments value chain, with a combined transaction value of approximately €417 billion. For the year ended December 31, 2020, Nexi generated operating revenues of €1,043.9 million and Normalized EBITDA of €601.4 million, in each case after giving full-year effect to the ISP Acquisition.

The following tables show the revenue mix by business, geography and customer concentration of Nexi, on a standalone basis, estimated for the year ended December 31, 2020, after giving full-year effect to the ISP Acquisition.

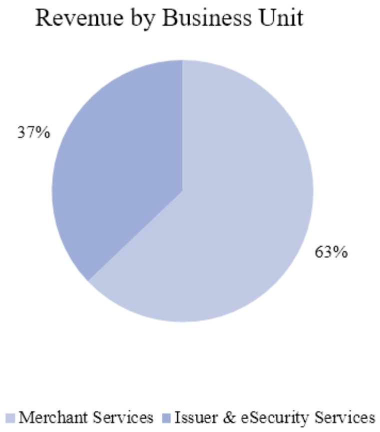


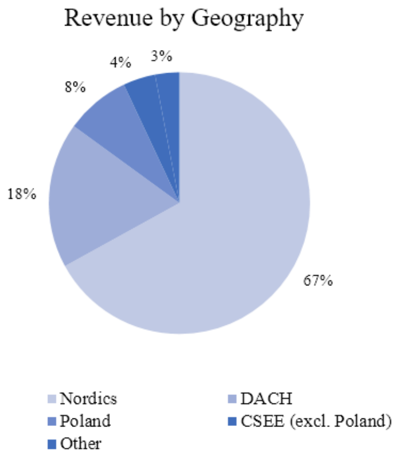


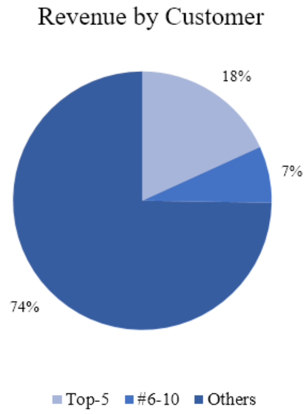



(1) Nexi's customers under the Referral model are included in the "Others" category.

Nets is one of the largest integrated European paytech companies with a well-established position in the Nordics, one of the most digitally advanced regions globally, as well as in underpenetrated geographies with significant growth potential (such as DACH, Poland and Southern and Eastern Europe). Through its two business units (Merchant Services and Issuer & eSecurity Services), Nets managed transactions in respect of over 740,000 merchant revenue generating units (RGUs), over 40 million cards and more than 250 financial institutions in the year ended December 31, 2020. Over the same period, Nets managed more than 6 billion transactions in its Issuer & eSecurity Services business unit and processed transactions with a transaction value of approximately €104 billion in its Merchant Services business unit. Furthermore, Nets has developed a strong multi-regional e-commerce offering over the last three years. For the year ended December 31, 2020, Nets generated gross revenue of €1,567.4 million and EBITDA b.s.i. of €344.1 million. The following tables show the net revenue mix by business, geography and customer concentration of Nets, pro forma for the acquisition of Polskie ePlatnosci, estimated for the year ended December 31, 2020.



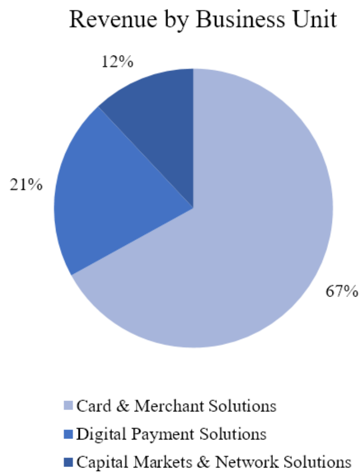



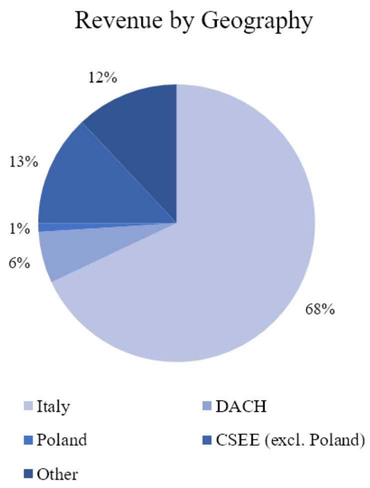



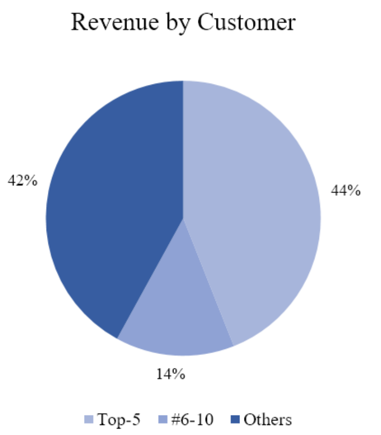

Note: Nets' revenue is presented pro forma for the acquisition of Polskie ePlatnosci and at constant FX rates.

SIA is the major European player in the market for payment technologies and infrastructure services. SIA provides key infrastructure and technological services to financial institutions, central banks, companies and public administrations. Headquartered in Italy, SIA has expanded its footprint internationally into some of the most structurally attractive markets in Europe for digital payments and currently operates in over 50 countries. SIA is among the main players in Greece, Croatia, the Czech Republic, Hungary, Romania, Serbia and Slovakia. Through its three business units (Card & Merchant

Solutions, Digital Payment Solutions and Capital Markets & Network Solutions), SIA managed more than 17 billion card payment transactions at various levels of the payments value chain and provided services for over 4,800 EBA's STEP2 participants in 2020. SIAnet, the SIA network service, consists of approximately 209,000 km of fiber optics cables that carried approximately 3.6 terabytes of data in 2020, serving over 100 brokers and traders in 18 countries and 38 trading venues, connecting more than 590 customers. Its network is capable of handling over 350 million deal proposals daily and achieved 100% reliability during 2020. With its card and digital payment businesses, SIA managed approximately 35.6 billion transactions in 2020, of which 17.3 billion pertaining to card payment transactions in relation to all services provided by its Card & Merchant Solutions business unit and 18.3 billion to digital payment in relation to all services provided by its Digital Payment Solutions business unit, respectively. For the year ended December 31, 2020, SIA generated revenues from sales and services of €758.6 million and Adjusted EBITDA of €284.5 million. The following tables show the revenue mix by business, geography and customer concentration of SIA, on a standalone basis, estimated for the year ended December 31, 2020.




Through the Mergers, we intend to create a diversified platform in terms of revenue mix by business segment, geography and customer concentration, significantly diversifying the business compared to Nexi on a standalone basis.

## Our Strengths

### *The New European Paytech Leader*

We are creating the leading European Paytech player at scale through the strategic combination of Nexi, Nets and SIA. We are building the largest Paytech company by 2020 EBITDA in Europe and one of the largest companies active on both the acquiring and the issuing side of digital payments by transaction value in Europe for 2019, according to management estimates. We expect the Combined Group's collective reach will expand to manage transactions at various levels of the payments value chain in relation to approximately 160 million payment cards.

Its scale and positioning following the Mergers will allow the Combined Group to serve its customers with one of the most comprehensive and technologically-advanced set of products and services available in the European paytech sector. The positioning of the Combined Group as a major player in the European paytech sector will allow it to take advantage of economies of scale and unlock significant industrial benefits, including enhanced operational scale driving cost competitiveness and industry leading margins through cost base optimization and operating leverage, an extensive and diversified products and services offering proposition across the entire payment ecosystem, with strong capabilities in acquiring and e-commerce, allowing the Combined Group to efficiently support local and international merchants with flexible solutions, the ability to serve banks across multiple business lines and on cross-national and ecosystem initiatives, as well as a best-of-breed technological platform underpinned by significant innovation and technology investment firepower. The Combined Group will benefit from long-standing relationships with a broad range of customers, ranging from banks and central institutions to large corporate clients and merchants, which each of Nexi, Nets and SIA have independently developed over the course of their history.

We expect the combination of best-of-breed innovative solutions, products, competences and market experiences across geographies with strong integration capabilities of each of Nexi, Nets and SIA will enable the Combined Group to take advantage of significant cross-selling opportunities and enhanced offering proposition.

***Significant Growth Potential from Exposure to Key Attractive European Markets***

The Combined Group will be well positioned to capitalize on secular growth trends and favorable industry dynamics in the European digital payments market, being one of the major players in the European paytech sector.

The Combined Group will have prominent positions in some of the largest economies by consumer spend in Europe, such as Italy and DACH, highly advanced and innovative markets, such as the Nordics, as well as other structurally attractive markets, such as CSEE and Poland. The Combined Group's footprint will cover attractive European markets for growth, with an average card payments penetration of only 32% across the key markets in which the Combined Group will operate, compared to an average of 46% for Western Europe, according to management estimates based on data as of December 31, 2019, to which the Combined Group will apply its full solution portfolio across the payment ecosystem. The following table shows consumer spend, card penetration and card transaction volumes for each of the core European markets in which the Combined Group will operate, according to management estimates based on data as of December 31, 2019:

**Selected Countries / Regions of Presence for Combined Group**

| Core Geographies | Italy | Nordics | DACH | Poland | CSEE[1] |
|---|---|---|---|---|---|
| 2019 Consumer Spend | €1.1tn | €0.6tn | €2.2tn | €0.3tn | €0.5tn |
| | Total €4.6tn | | | | |
| 2019 Card Penetration | 24% | 63% | 29% | 27% | 25% |
| | | | Average: 29% | | |
| | Average: 32% | | | | |
| Card Transactions Volumes CAGR '17-19 | 13% | 5% | 12% | 19% | 25% |
| | | | Average: 17% | | |
| | Average: 12% | | | | |

(1) CSEE includes Greece, Slovakia, Croatia, Slovenia, Hungary, Czech Republic, Serbia, Romania, Albania and Bosnia, Bulgaria, Montenegro and Macedonia (only selected flags displayed).

The European digital payments market, from which the Combined Group will generate the vast majority of its operating revenues, recorded constant growth in recent years mainly driven by (i) increasing card payments penetration, (ii) continued technological innovation and (iii) favorable regulatory tailwinds.

Card transaction volume in the key markets in which the Combined Group will operate grew at an average CAGR of approximately 12% between 2017 and 2019, according to management estimates based on data as of December 31, 2019. As a result, we believe that the core European markets in which the Combined Group will operate have significant potential for further expansion in order to bring card payments penetration levels in line with the average in Western Europe. We expect that card transactions volumes in Europe will also accelerate driven by technological innovation. We believe that the numerous innovative payment technologies developed in recent years, including contactless payment methods, online wallets and instant payments platform, has driven a change in consumer preferences, with consumers becoming increasingly more focused on the manner in which they interact with commerce. We believe that new technological innovations, such as machine learning and AI, blockchain, IoT and biometry, will further accelerate digital payments in the near future. Additionally, growth of payments digitalization is also driven by the increasing focus of European governments and regulators to implement policies that favor digital payments to prevent tax avoidance, money laundering and corruption.

We believe that the scale and positioning of the Combined Group following the Mergers will allow it not only to capitalize on these secular growth trends and favorable industry dynamics, which we expect to be confirmed in the mid- to long-term also in light of the further support to digital payments and e-commerce which we expect as a result of change in consumer preferences following the outbreak of COVID-19, but also to drive the European transition to cashless.

***Full Solution Portfolio Across Payment Ecosystem, With Key Strengths in Acquiring and e-Commerce***

The Combined Group will serve its customers with one of the most comprehensive and technologically advanced set of products and services available in the European paytech sector, including best-in-class innovative solutions.

The offering of products and services of the Combined Group includes core acquiring services and POS management services providing merchants with the necessary infrastructure to enable digital payment acceptance. Core acquiring services consist of a full range of services allowing merchants to accept payments, including settlement of card payments and technology services aimed at fast authentication of payment transactions. POS management services range from the configuration, activation and maintenance of physical and virtual POS terminals, as well as their integration into the merchant's accounting software and customer assistance services. The Combined Group will also provide merchants with a leading SME proposition (e.g. leading-edge SmartPOS terminal range, complete suite of digital VAS, data-enable products and other services) and one of the most advanced omni-channel propositions for large merchants, with leading-edge capabilities to support international merchants with vertical specific solutions across countries, payment channels and rails.

The Combined Group will also operate a European e-commerce platform at scale, providing customers with advanced gateway/PSP capabilities, including APM and pay-later solutions designed to manage transactions in relation to both local and regional merchants.

The Combined Group will offer a wide spectrum of services in connection with the supply, issue and management of payment cards for individuals and businesses with advanced anti-fraud systems to ensure the speed, reliability and security of user authentication systems and the execution speed of payment transactions as well as other digital payment solutions. The offering will also include administrative services such as payment tracking, production of monthly statements, data analytics services and pricing services, as well as customer service, fraud management and dispute management, communication services and customer development through promotional campaigns and loyalty programs (for example, by customer engagement through websites and applications for mobile phones). The Combined Group will also provide an extensive range of new digital payment solutions, including mobile wallets, A2A payments solutions and mobile payment apps.

The Combined Group will also provide digital corporate banking services, clearing services, and ATM management services. With reference to the digital corporate banking services, the Combined Group will provide market-leading CBI interbank corporate banking services. The CBI interway corporate banking is an Italian payment platform allowing for direct payment collection and the delivery of supporting documentation between banks, corporations, tax authorities, pension schemes and other public and private bodies. Digital corporate banking services provide also banks and corporate clients with digital front-ends and advanced functionalities to help them manage their bank accounts and payments, such as a customizable e-banking platform Clearing services comprise the provision of infrastructure for and management of the execution of account-based payments. The Combined Group will operate as a clearing house for domestic and international SEPA payments. ATM management services range from the complete management of an ATM fleet for banks to the management of discrete parts of the value chain based on customer needs. The Combined Group will provide authentication and digital signing services, as well as network infrastructure services, trading platforms, and post-trading modular solutions. The Combined Group will also offer banks and its corporate clients with best-of-breed open banking solutions, such as PSD2-based payment initiation services ("PIS").

***Best-of-Breed Technology Platform and Capabilities Leveraging on Complementarity and Scale***

The Combined Group will benefit from a best-of-breed technological platform, leveraging on complementarity and scale, operating ten digital factories in Europe in which product and tech development specialists are focused on developing innovative products and solutions. In the year ended December 31, 2020, investments in IT and innovation of the Combined Group amounted to more than €320 million.

The Combined Group's technological capabilities will range from digital to processing, from gateway technologies to leading infrastructure. The Combined Group will benefit from cutting-edge development capabilities in e-commerce and omni-channel solutions. With a combined team of approximately 700 dedicated professional operating in seven centers of competence in seven European countries as of December 31, 2019, we estimate that the Combined Group will manage e-commerce transactions at various levels of the payments value chain with a combined transaction value of approximately €50 billion on three gateways. The Combined Group will provide its customers with a comprehensive set of next generation digital payments solutions. In the year ended December 31, 2019, on a combined basis, the Combined Group launched more than 30,000 new IT releases, including cloud-based platforms and AI-based antifraud and authentication solutions. Moreover, the Combined Group will have significant capabilities in processing and core platforms. The Combined Group will be a major provider of instant payments and A2A services in Europe processing, on a combined basis, more than 30 billion transactions per year and approximately 15 billion clearing transactions per year at various levels of the payments value chain and in respect to different services (including card payment transactions and other not card-based transactions), and have a full set of in-house processing capabilities with more than 1,000 dedicated professionals. The Combined Group's innovation strategy will benefit from multi-year relationships with its partner banks. As of December 31, 2019, more than 1,000 financial institutions were deeply integrated in mission-critical platforms of the Combined Group. The Combined Group will operate or process major gateways, such as CBI Globe Open (one of the most comprehensive national gateways in Europe, with the potential to host cooperative services and TPPs), key payments infrastructure (including RNI infrastructure that allows banks to access financial systems, clearing and settlement systems for central banks and payment solutions for government bodies) as well as major domestic debit card schemes (including Bancomat in Italy, Dankort in Denmark, and BankAxept in Norway). Lastly, the Combined Group will benefit from a market leading infrastructure, managing 42 data centers and more than 25,000 servers across Europe, with more than 35 PetaBytes in combined storage space, approximately 1,600 network nodes and a team of more than 800 dedicated professionals, based on data available as of December 31, 2019.

*Strong Profitability and Cash Generation at Scale with Enhanced Resilience*

The Combined Group will benefit from an attractive financial profile with strong profitability and cash generation at scale with enhanced resilience. On a combined basis, Pro Forma Operating Revenues of the Combined Group amounted to €2,810.8 million for the year ended December 31, 2020, Pro Forma Normalized EBITDA amounted to €1,247.9 million (with a Pro Forma Normalized EBITDA Margin of 44.4%), Pro Forma Run Rate Operating Revenues amounted to €2,866.6 million and Pro Forma Run Rate Normalized EBITDA amounted to €1,503.8 million (with a Pro Forma Run Rate Normalized EBITDA Margin of 52.5%).

We expect the growth profile of the Combined Group to benefit from the strong growth potential of the markets where the Combined group will operate, which will expand from a home-market focus to a pan-European reach, including some of the largest economies by consumer spend in Europe, such as Italy and DACH, highly advanced and innovative markets, such as the Nordics, as well as other structurally attractive markets, such as CSEE and Poland, with cross-selling opportunities with plug-in capabilities across geographies. We also expect the Mergers to result in an attractive financial profile with enhanced resilience stemming from e-commerce exposure, increased customer diversification and lower customer concentration, well-diversified revenue base in terms of both business and geography.

We expect our strong profitability profile to translate into consistently high cash generation on a normalized basis, with Pro Forma Cash Conversion, which amounted to 81.4%, on a pro forma basis for the year ended December 31, 2020, with capacity to support both de-leveraging and disciplined capital allocation.

The Combined Group will benefit from estimated €320 million of total run-rate recurring cash synergies per annum in connection with the Mergers, of which approximately €170 million have been identified in connection with the Nets Merger and approximately €150 million have been identified in connection with the SIA Merger, arising from operational improvements and cost savings, revenue synergies and capital expenditure efficiencies, which are expected to be achieved through a clear and focused integration plan. In particular, (i) approximately 90% of cost savings, amounting to approximately €195 million, are expected to be achieved by 2024, (ii) approximately €75 million have been identified as the EBITDA impact of estimated revenue synergies (equivalent to an impact of approximately €112 million at revenue level), and (iii) approximately €50 million are expected to be achieved as recurring capital expenditures resulting from the Mergers. We have also identified an estimated additional €65 million from one-off capex savings expected from the SIA Merger.

*Strong Leadership Team With Proven Track Record of Delivery*

The Combined Group will be led by a highly experienced management team, which is widely recognized in the digital payments industry, with a track record of operational excellence and capacity to deliver. The chief executive officer of the Combined Group, Mr. Paolo Bertoluzzo, has significant experience in leading public companies with a large market capitalization, and its chief financial executive officer, Mr. Bernardo Mingrone, has wide knowledge of public companies and the Italian banking market with which we partner. Under their leadership, Nexi completed numerous successful acquisitions, including the recent ISP Acquisition in 2020, which allowed Nexi to consolidate its position in the market for merchant services in Italy. Nexi's management team will be strengthened through the addition of Nets' and SIA's highly qualified senior management, which have successfully grown their businesses to become leading companies in the digital payments market, bringing significant managerial experience to the Combined Group. In particular, Nets' management completed numerous acquisitions in the market for merchant services, expanding its presence in key geographies such as Poland, through the acquisitions of DotPay/eCard, P24, and PeP, Germany, Austria, and Switzerland, though its merger with Concardis, as well as Switzerland, through the acquisition of CCV, and Finland, through the acquisition of Checkout Finland Oy (an acquisition consummated in January 2021, with closing of the transaction expected to occur in April 2021). More recently, Nets' management successfully completed the Centurion Disposal, refocusing its business towards its core payments services including merchant services, e-commerce, issuing services and technological innovation. SIA's management played a crucial role in the creation of the major European player in the market for payment technologies and infrastructure services, expanding in recent years SIA's presence into some of the most dynamic and fastest growing regions in Europe in the electronic payments sector, such as Greece and Slovakia. The Combined Group will also benefit from the presence of its new anchor investor, CDP, which, as long-term institutional shareholder, will support the Combined Group's expansion process consistently with the organic and inorganic growth track that the Combined Group's significant shareholders have been following for Nexi, Nets and SIA. We believe that the combination of highly experienced management teams will guarantee the continued focus on delivering growth and development of the ordinary activities of each businesses while ensuring timely integration of Nets and SIA into Nexi's existing business.

**Our Strategies**

***Successfully integrate Nets and SIA with our existing business***

We intend to combine Nexi, Nets and SIA into a single operating group to create the leading European Paytech player at scale. We plan to leverage our management team's collective experience in integrating new businesses and rationalizing costs to effectively achieve this combination. Our plan is to achieve this combination through a clear, focused and phased integration plan. The key principles of our integration plan are (i) implementing one focused transformation program, with clear integration priorities and limited areas of overlap in the integration of the businesses, (ii) implementing identified fast-track joint initiatives, primarily focused on the enhancement of our e-commerce and omni-channel proposition, SME next generation proposition and technological platform, optimization of procurement and operating and capital expenditures and (iii) continuing to deliver growth for the ongoing business during the integration process, which will be guaranteed by the seniority and talent of the management team. Nets' management will be initially focused on continue delivering Nets' standalone growth plan. The integration plan will start with the integration of Nexi and SIA in Italy, following the completion of the SIA Merger and, starting from 2022, Nets will be integrated in the Combined Group with the goal of creating a single European platform.

***Unlock synergy value from the Mergers***

We intend to achieve estimated €320 million of total run-rate recurring cash synergies per annum in connection with the Mergers arising from operational improvements and cost savings, revenue synergies and capital expenditure efficiencies. Approximately 90% of total cost savings from the Mergers, amounting to approximately €195 million, are expected to be achieved by 2024. Synergies arising from the Nets Merger are mainly focused on merchant services, with respect to revenues synergies, and on synergies generated outside of Italy, with respect to cost synergies. In particular, we expect to realize approximately €170 million of annualized cost savings, revenue synergies and capital expenditure efficiencies in connection with the Nets Merger, consisting of cost synergies from rationalization of IT and technology platforms, the creation of shared services and competence centers to drive operational excellence and centralize procurement process, revenue synergies resulting from cross-selling opportunities and enhanced offering proposition, as well as capital expenditure efficiencies resulting from centralization of investments, joint investment planning with increasing efficiencies and the consolidation of processing platforms. Synergies arising from the SIA Merger are mainly focused on issuing and digital banking and corporate solutions, with respect to revenues synergies, and on synergies generated in Italy, with respect to cost synergies. In particular, we expect to realize approximately €150 million of annualized cost savings, revenue synergies and capital expenditure efficiencies in connection with the SIA Merger, consisting of cost synergies resulting from the optimization of IT and technology platforms, insourcing, increased operational efficiency and centralization of the procurement process, revenue synergies resulting from cross-selling opportunities and enhanced offering proposition, as well capital expenditure efficiencies resulting from optimization of investments in overlapping applications and new product and platform development. We have also identified an estimated additional €65 million from one-off capex savings expected from the SIA

Merger. See also "*Summary Unaudited Pro Forma Consolidated Financial Information and Other Data of the Combined Group—Other Pro Forma Financial Information*."

***Further strengthen the advanced technological platform of the Combined Group by investing in cutting-edge technological assets and capabilities***

The Combined Group will benefit from a best-of-breed technological platform, leveraging on complementarity and scale, operating ten digital factories in Europe in which more than 3,000 product and tech development specialists will develop innovative products and solutions. Along with consolidating and optimizing tech platforms, we intend to continue to invest in world-class technologies to fuel digital innovation and next-generation products and keep pace with a fluid, rapidly changing market. We intend to leverage the extensive IT and innovation capabilities of the Combined Group to shape and deliver innovation in key areas, such as e-commerce, next-generation digital and data innovation, cloud-based platforms, dedicated advanced analytics and AI, as well AI-based antifraud and authentication solutions.

***Lead the Transition to Cashless***

We intend to leverage the scale and positioning of the Combined Group in the European market to continue to grow across geographies by capturing the constant growth of the European digital payments market, benefitting from increased card payments penetration, continued technological innovation and favorable regulatory tailwinds. We expect the stable growth of digital payments and e-commerce to be confirmed in the mid- to long term, also in light of the further support to digital payments and e-commerce which we expect as a result of change in consumer preferences following the outbreak of COVID-19.

***Further increase profitability and cash generation and support deleveraging***

We intend to keep focusing on increasing profitability through improvements in positive free cash flow delivery, implementation of cost-savings measures and improvements to operational efficiency across the Combined Group. We believe that scale, geographic diversification, e-commerce exposure, lower customer concentration and strong growth potential in underpenetrated markets will allow the Combined Group to achieve a strong profitability and cash generation profile at scale. We intend to leverage the Combined Group's increased free cash flow to, among other things, implement disciplined capital allocation and delever the business.

***Acquire and retain talents and the best skills in the industry***

Due to the extensive acquisition of talent and some of the best skills in the industry in recent years, we have been able to implement important strategic initiatives, as evidenced by our track record of successfully completed projects, often completed simultaneously, since 2016. We intend to continue attracting and retaining highly-qualified personnel with cutting-edge skills, consistently with our corporate culture, in order to create an unparalleled industry and cross disciplinary background spanning payments, technology and banking.

***Prepare the Combined Group to benefit from potential future growth opportunities***

We intend to position the Combined Group to benefit from any potential future growth opportunities by increasing the breadth of its portfolio, market entrenchment and capabilities. In addition, we intend to continue to evaluate disciplined acquisition opportunities in the Italian and European markets, through potential transactions aimed at (i) consolidating the Combined Group's position in the markets in which it will operate (ii) further expanding in Europe and participating in the potential future consolidation of the international payment industry and (iii) enhancing the technological capabilities of the Combined Group in selected high-growth products.

**COVID-19 Update / Recent Trading**

***Nexi***

Following the easing of restrictions imposed at a national level during the Christmas break, a steady recovery in transaction volumes has been observed in Italy since mid-January. Such recovery continued throughout February and until mid-March when, following a new surge in Covid-19 cases led to new restrictions being imposed in many regions throughout the Country and causing a slight slow-down in acquiring volumes. In recent weeks however this trend has been reversed and acquiring volumes have started to recover, ahead of the easing of restriction across the Country that will start on 12th of April. Notwithstanding the lockdowns so far experienced, performance of Italian cards highlights the acceleration in the growth rate of digital payments in Italy, which is most evident in basic consumption categories which have been less affected by restrictions.

In particular, Nexi acquiring volume fell by -14% vs. 2020 in January, but recorded a strong acceleration in the basic consumption category (growing +25% vs. 2020). Notwithstanding Foreign Cards volumes still suffering due to extensive worldwide travel bans and restrictions limiting merchant activity, acquiring volume recovery continued in February (-8% vs. 2020), with volumes of Italian Cards actually growing vs. 2020. In March, due to the 3rd wave of Covid-19, acquiring volumes were -6% vs 2019 with a continued acceleration in the basic consumption category (+42% vs 2019). Overall acquiring volumes in 1Q21 were equal to -8% vs 1Q19 while issuing volumes were -4%.

Based on the above recent volume trends, Nexi expects revenues in 1Q21 to be broadly in line with 1Q20.

*Note: Nexi acquiring data include sales volumes for international schemes only for Nexi Payments, National and International schemes for MePS; overall acquiring and issuing volumes include both sales and cash.*

***Nets***

As expected, due to the increased severity of Covid-19 restrictions imposed across Europe (e.g. hard lockdowns in Germany, Switzerland and most Nordic countries), Nets experienced a decline in volumes compared to last year. As a reminder Covid-19 first wave and related restrictions in 1Q20 were significantly lighter in the Countries were Nets operates compared to Italy. In particular, in 1Q21 Nets recorded -22% y/y acquiring volumes and -8% y/y number of issuing transactions. However, the first signs of recovery were visible in March with acquiring volumes up +5% y/y and the number of issuing transactions increasing +12% y/y.

Based on the above recent volume trends, Nets expects in 1Q21 mid-high single digit revenue decline compared to 1Q20.

*Note: Nets financials refer to reported pro-forma performance (constant scope, constant FX).*

***SIA***

SIA confirms a resilient business model and operating performance, less exposed to retail volumes impacted by Covid-19 related restrictions.

The number of acquiring processing transactions fell -7% vs. 2020 in January, whereas the number of issuing processing transactions gree by +4% vs. 2020. In February, the recovery in number of acquiring processing transactions continued at -4% vs. 2020, while the number of issuing processing transactions increased to +8% vs. 2020. In March, despite the 3rd wave of Covid-19, the trend remained positive, recording +15% vs. 2019 in acquiring processing transactions and +29% in issuing processing transactions.

Based on the above recent trends, SIA expects 1Q21 revenue growth compared to 1Q20.

*The preliminary financial results presented above are presented on the basis of unaudited preliminary management information and are derived from the Issuer's, Nets' or SIA's accounting records and internal management accounts, as applicable, and have not been prepared on the same basis as the Financial Statements. This information has not been audited, reviewed or compiled, nor have any procedures been performed by the independent auditors of the Issuer, Nets or SIA with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. The preliminary financial results of the Issuer, Nets or SIA are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of the financial or operational results for the three months ended March 31, 2021 of the Issuer, Nets or SIA. Accordingly, the preliminary financial results presented above are subject to the completion of the Issuer's results for the three months ended March 31, 2021, may change and those changes may be material. See "Risk Factors" and "Forward-Looking Statements."*

**Recent Developments**

***SIA***

As of the date of this information release, SIA is in the process of potentially acquiring a strategic asset aimed at increasing its presence in a European country in which it already operates. The acquisition is expected to be financed through committed financing available at SIA which is planned to be refinanced with proceeds from the Offering.

## RISK FACTORS

### Risks Related to the Combined Group's Business and Industry

***The outbreak of the COVID-19 pandemic and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.***

Significant outbreaks of contagious diseases, including the outbreak of COVID-19 or other diseases, may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, leading to substantial declines in consumer purchasing power and resulting in an economic downturn that could affect demand for the Combined Group's products and services and the Combined Group's operating results. Across the globe, including in the key markets in which each of Nexi, Nets and SIA operate, such as Italy, the Nordics, Germany and other jurisdictions, local and national authorities have implemented lockdown or other partial closure orders that have, among other things, resulted in factory and business closures, and restricted the ability of people to leave their homes. For example, on March 9, 2020, the Italian government began imposing nationwide restrictions on the movement of the population with limited exceptions and ordered offices, cafes, restaurants and other "non-essential" retailers to close in an effort to contain the spread of COVID-19. The quick spread of the health emergency and subsequent lockdown measures imposed by European governments strongly impacted the number of managed transactions of Nexi and Nets (with respect to its Issuer & eSecurity Services business unit), which recorded a decrease by 18.9% and 6.7%, respectively, in the first six months of 2020 compared to the same period in 2019. Over the same period, Nets also recorded a decrease in the card turnover with respect to transactions managed in its Merchant Services business unit by 17.8%, compared to the same period in 2019. Also SIA recorded a decrease in the number of managed transactions in its Card & Merchant Solution business unit, which decreased by 6.0% in the second quarter of 2020 compared to the same period in 2019. In addition, the Combined Group's liquidity and profitability have been and may continue to be negatively impacted by the COVID-19 pandemic. In the first six months of 2020, following the outbreak of COVID-19, both Nexi and Nets (pro forma for the acquisition of Polskie ePlatnosci) recorded a decrease in their revenues by 6.3% and 4.5%, respectively, compared to the same period in 2019. Also SIA experienced a decrease in its revenues by 3.0% in the second quarter of 2020 compared to the same period in 2019.

As of the date of this information release, several restrictions and social distancing measures remain in place, such as work from home policies, office closures and restrictions on the movement of the population across a country's territory, as well as travel bans and/or limitations in accessing a country from foreign countries, and more restrictive measures have been at times re-imposed, which continue to adversely affect the overall economy of the countries in which each of Nexi, Nets and SIA operate as well as the businesses of their customers. In addition to the initial wave of COVID-19, starting in October and November 2020, Italy and a number of European countries in which Nexi, Nets and SIA operate were affected by a resurgence (or "second wave") of rising COVID-19 case levels, resulting in regional and national lockdowns. For example, between October and December 2020, Nexi recorded a decrease in the number of managed transactions by 6.9% compared to the same period in 2019, which resulted in a decrease in revenues by 0.7%, compared to the same period in 2019. Over the same period, Nets recorded a decrease in the number of managed transactions with respect to its Issuer & eSecurity business unit by 5.7%, and a decrease in the card turnover with respect to transactions managed in its Merchant Services business unit by 19.7%, compared to the same period in 2019, which resulted in a decrease in net revenues by 4.3% (pro forma for the acquisition of Polskie ePlatnosci), compared to the same period in 2019. Over the same period, SIA recorded a slight increase in the number of managed card transactions by 4%, compared to the same period in 2019, due to an increase in managed transactions in the issuing segment of its Card & Merchant Solutions business unit, which resulted in an increase in its revenues by 7.0%. Further resurgences (or "waves") of COVID-19 are likely to occur and future lockdowns and other restrictive measures are foreseeable. We cannot predict when or where these waves may occur, the duration of such waves, how far into the future such waves may continue to occur nor can we predict with any certainty the impact of such subsequent waves, including the impact of future national or local lockdowns or other measures implemented by national or local authorities, which could lead to negative consequences to the Combined Group's customers, such as the inability of merchants to resume their business or cardholders to repay their balances. The prolonged impact of COVID-19 on the customers of the Combined Group could also increase credit losses related to the inability of merchants to resume their business or cardholders to repay their balances. See also "*Summary—COVID-19 Update / Recent Trading.*"

Even as lockdown and other measures are eased in response to the rollout of vaccinations, the outlook for the world economy following the outbreak of COVID-19 remains subject to unprecedented uncertainty and such uncertainty may be prolonged in many of the markets in which the Combined Group will operate. National economies have significantly contracted in 2020 as result of COVID-19, with GDP falling in most of the key markets in which Nexi, Nets and SIA operate (including Italy, whose GDP decreased by 8.9% in 2020, according to ISTAT). A recession could lead to an adverse impact on the Combined Group's results of operations. Adverse market conditions outside of Europe could impact global economic conditions which could have an adverse economic impact on Europe, including Italy and the other key markets in which the Combined Group will operate. Any of these developments may adversely affect financial markets and, therefore, the Combined Group's ability to finance the Combined Group's operations.

There can be no guarantee that additional liquidity will be readily available or available on favorable terms and in an amount sufficient to enable the Combined Group to service and repay its indebtedness or to fund the Combined Group's other liquidity needs. A shortage of liquidity and credit could trigger a worldwide economic recession, which could be exacerbated by adverse developments in global or national political and macroeconomic conditions. Any deterioration in financial markets could impair the Combined Group's ability to obtain financing in the future, including the Combined Group's ability to incur additional indebtedness to operate the Combined Group's ongoing operations, fund liquidity needs or to refinance the Notes.

Moreover, in the aftermath of both public health measures implemented, as well as temporary personnel initiatives implemented due to the impact of the COVID-19 pandemic, the Combined Group could be subject to an increase in litigation, including potential claims brought by or involving its employees or customers as a result of its response to the pandemic, including the measures each of Nexi, Nets and SIA have undertaken to reduce its impact. The extent of the effects of COVID-19 on the Combined Group's business is highly uncertain and will ultimately depend on future developments, including, but not limited to, the duration and severity of the outbreak and the length of time it takes for normal economic and operating conditions to resume. At the same time, the effects of COVID-19 on the business of the Combined Group will also depend on the level of exposure it has to high impact sectors for which it offers its acquiring services and that are the most affected by the restrictions imposed by governments (such as hospitality, restaurants and bars, travel and transports, car rental, entertainment etc.) with a direct impact on business volumes. In the case of Nets, high-impact sectors such as travel agencies, airlines and car rentals, accounted for approximately 5% and 2% of the total net merchant service charge, and for approximately 18% and 6% of total card turnover volumes, in the years ended December 31, 2019 and December 31, 2020, respectively (adjusted for customer churn). See also "—*Nexi is subject to potential credit risk from its customers, as well as short term credit risk from its partner banks, and if a significant number of cardholders, merchants or partner banks were to fail to satisfy their obligations on time, Nexi could experience material losses*", "—*Nets is exposed to the credit risk of its clients, "charge back" risk in respect of merchant insolvencies and other risks in relation to disputed transactions and/or the inability of a counterparty to pay sums due for services provided*", and "—*SIA is exposed to the credit risk of its clients*."

As a result of the above, COVID-19, or any future outbreak of another virus or other contagious disease, and any mitigating measures taken in response and/or any resulting economic downturn or recession could have a material adverse effect on the Combined Group's business, liquidity and results of operations. To the extent the COVID-19 pandemic adversely affects the Combined Group's business, financial condition, results of operations and prospects, as well as the Combined Group's ability to perform the Combined Group's obligations under the Notes, it may also have the effect of heightening many of the other risks discussed in this "*Risk Factors*" section.

***Economic conditions and political uncertainty in the markets in which each of Nexi, Nets and SIA operate may adversely affect consumer spending and economic activity, which may adversely impact the Combined Group's revenue and profitability.***

The revenue each of Nexi, Nets and SIA generate through the commissions they receive, in particular in connection with their card payment services, is a function of the number and size of payment transactions (volume driven revenues). These, in turn, are linked to the overall level of consumer, business and government spending in the markets in which they operate. Any macroeconomic developments which negatively impact the growth in any of the markets in which each of Nexi, Nets and SIA operate could impact both the volume driven component and the component generated by subscription fees (e.g., card, POS or ATM fees), since they would impact not only the volume of transactions but also the number of cards issued or the number of new generation POS distributed to merchants. In addition, SIA's activities in the markets for institutional payment services and in the capital markets expose it to risks arising from decreased economic and financial activity.

The Combined Group will be particularly exposed to economic conditions in Italy, from which Nexi generated all of its operating revenues, SIA generated 68.8% of its revenues from sales and services and the Combined Group generated, on a pro forma basis for the Mergers, 54% of its Pro Forma Operating Revenues, in each case for the year ended December 31, 2020. Accordingly, the Combined Group will face risks associated with weak economic conditions in Italy. The Italian economy is impacted by Italian, European and global macroeconomic developments. In recent years, the global financial and banking systems have been subject to considerable disruption and uncertainty and, currently, the short and medium term global economic outlook remain uncertain. The general economic situation in Italy influences consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. The general economic situation in Italy can change suddenly due to a variety of factors over which the Combined Group will have no control, such as government policy, monetary policy and the international economic situation. A prolonged deterioration of the general economic situation in Italy or an increase in interest rates in Italy could adversely affect the Combined Group's financial performance by reducing the number of digital payment transactions or the spend per transaction. Given that the Combined Group will have certain number of fixed and semi fixed costs, including the costs of its debt financing, rents and salaries, the Combined Group's ability to quickly adjust costs and respond to changes in its business and the economy may be limited. Similarly, an increase in the average cost of financing by the banks that finance the Combined Group's operations or a reduction in their commitments could result in increased cost of credit or reduced funding. Furthermore, if economic conditions cause the Combined Group's partner banks to tighten their credit requirements, this could reduce the number of cardholders and thus the number of digital payment transactions or the spend per transaction. In addition, consumption is positively correlated with macroeconomic and political developments in Italy. In the past, macroeconomic and political events have had a negative effect on the country's growth, and in the future could lead to a deterioration in investor and market confidence. Furthermore, spending cuts and other austerity policies in the past have had a negative impact on demand for goods and services, and this has had a negative effect on both economic growth and the employment rate.

As of the date of this information release, the rating assigned to Italy is Baa3, by Moody's (which has remained unchanged since October 2018), BBB- by Fitch (since April 2020, when it was lowered to this rating in light of the country's high and deteriorating public leverage), and BBB by S&P Global (since October 2020), in each case with a stable outlook. The ratings by Moody's and Fitch are the lowest level of the investment grade category in their respective scales.

The Combined Group may also be affected by political uncertainty in Italy, the emergence of which may negatively impact business confidence. While the current government is supported by a large majority of the Italian parliament, coalition governments in Italy have in the past failed, and it remains unclear whether the current government will be able to adequately address impediments to the country's growth, including as a result of the COVID-19 pandemic, such as the ratio of sovereign debt to GDP, the write-down of non-performing loans and the reduction of unemployment in Italy.

Continuation or further worsening of these difficult financial, political and macroeconomic conditions in Europe, Italy or any of the other markets in which Nexi, Nets and SIA operate, or a prolonged period of political instability could result in a decrease in the demand for the Combined Group's services due to a decrease in consumer spending, a decrease in economic activity and financial transactions or difficulties in carrying out ordinary activities. These circumstances could have a material adverse effect on the Combined Group's business, financial condition, results of operations and prospects. A deterioration in the state of the economy, or any new government taking positions or actions that further exacerbate economic uncertainty, or which are adverse to the Combined Group's industry or the economy or any of the markets in which the Combined Group will operate, could have significant effects on the financial resources of its customers, which could lead to a contraction in the demand for the Combined Group's services, with a material adverse impact on the Combined Group's business, financial condition and results of operations.

Finally, the outlook for the Italian, European and global economy remains subject to uncertainty, particularly in light of the impact of the COVID-19 pandemic, which may lead to prolonged periods of economic uncertainty in many of the Combined Group's geographies. See also "*—The outbreak of COVID-19 and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.*" A renewed or future recession could lead to an adverse impact on demand for the Combined Group's products and on the Combined Group's results of operations.

***Partner banks are the primary distribution channel for the Combined Group's business. If the Combined Group is unable to maintain its relationships with partner banks, or if such partner banks are unable to maintain relationships with merchants or cardholders, the Combined Group's business may be adversely affected.***

A significant portion of the business of each of Nexi, Nets and SIA is carried out through commercial relationships with partner banks and, in particular, through their network and branches. For example, as of December 31, 2020, Nexi had relationships with approximately 150 partner banks and generated approximately 40% and 51% of its operating revenues for the year ended December 31, 2020, through its top five and top ten partner banks (excluding the services provided to the partner banks under Nexi's Referral model), respectively (after giving effect to the ISP Acquisition). Over the same period, Nets had relationships with over 250 partner banks and generated approximately 18% and 26% of its net revenues (pro forma for the acquisition of Polskie ePlatnosci) for the year ended December 31, 2020, through its top five and top ten customers, respectively, of which the vast majority consist of banks. In addition, SIA relies on its relationships with partner banks, to which it provides several technological services and solutions across the payments value chain. See also "*—Nets and SIA are exposed to risks arising from low revenue diversification and Nexi and SIA individually are exposed to risks arising from high customer concentration.*"

Nexi, Nets and SIA rely on the continuing growth of their relationships with their partner banks, which are fundamental to their reputation and prospects. Nexi's relationships with its partner banks are primarily governed by open ended framework agreements that allow both the partner bank and Nexi to terminate the agreement at any time. These framework agreements are supplemented by specific service agreements that cover the operational aspects of the relationship and which, although for multi-year terms, also grant the partner bank the right to terminate at any time. Subject to certain exceptions, such as a recent agreement with ISP, most of Nexi's agreements with its partner banks do not provide for volume-based commitments by them. Nets' relationships with its partner banks are primarily governed by strategic partnerships and referral agreements in the Merchant Services business unit, and by framework or services agreements in the Issuer & eSecurity business line. SIA's relationships with its partner banks are primarily governed by framework agreements throughout its business units. Furthermore, certain agreements entered into by Nexi, Nets and SIA include provisions entitling the relevant counterparties to terminate the contractual relationship upon occurrence of certain events or upon provision of an advance termination notice. In this regard, the Combined Group is exposed to the risk of potential terminations of these agreements by its counterparties, with a consequent material adverse effect on its business, financial condition and results of operations.

The Combined Group is also exposed to potential decisions by partner banks to start insourcing the services currently provided by any of Nexi or Nets. For example, in 2009, following Nexi's acquisition of CartaSi (now Nexi Payments), Intesa Sanpaolo and UniCredit decided to insource their card issuing and merchant acquiring activities, resulting in lost business. Although Intesa Sanpaolo decided to resell its merchant acquiring business back to Nexi through the ISP Acquisition, other partner banks may decide to insource their business in the future. See also "*Presentation of Financial and Other Information—Historical Financial Information of the Issuer—ISP Acquisition.*" As of the date of this information release, none of the partner banks of Nexi, Nets and SIA have terminated their relationship with them and no material contracts for Nexi are expected to expire in 2021, although some partner banks have decided not to renew certain specific contracts upon expiry. If any of the Combined Group's partner banks were to terminate or decide not to renew their agreements with each of Nexi and Nets, the Combined Group would lose a key distribution channel for its products and services. The loss or deterioration of such relationships would have a material adverse effect on the Combined Group's business, financial condition and results of operations.

In addition, if partner banks of the Combined Group are unable to maintain relationships with merchants or cardholders, the Combined Group's business may be adversely affected. For example, in Nexi's Merchant Services & Solutions business unit, almost all of the merchants that Nexi directly manages originates from its acquisition of the acquiring business of Banca Monte dei Paschi di Siena, Deutsche Bank, Banca Carige and Intesa Sanpaolo, which, along with its other partner banks, provides Nexi with access to their branch networks and customers. Therefore, any significant closures or disposals of the partner banks' distribution network or any significant loss of merchants or cardholders by one or more of the partner banks, could result in a reduction in Nexi's distribution capacity, which, in turn, could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The condition of the banking sector in general and consolidation in the banking market could adversely affect the Combined Group's business and results of operations by reducing the number of customers of the Combined Group and increasing the risk of insourcing or the impact of customers switching to a different service provider.***

A significant part of Nexi's, Nets' and SIA's business consists in the provision of services to banks and financial institutions. As a result, the performance of banks and financial institutions can materially affect the Combined Group's future business. See also "*—Partner banks are the primary distribution channel for the Combined Group's business. If the Combined Group is unable to maintain its relationships with partner banks, or if such partner banks are unable to maintain relationships with merchants or cardholders, the Combined Group's business may be adversely affected*."

In recent years, European authorities have issued a series of laws and regulations aimed at preserving the stability of the European financial system, including rules on the liquidity and risk exposure of financial institutions, capital adequacy requirements, rules aimed at strengthening the resilience of financial institutions with regard to negative market developments and rules related to risk management. The main European financial institutions, many of which are the Combined Group's customers, have encountered, and could continue to encounter, difficulties in complying with this legislation and with the other requirements established by the relevant authorities. This could be further aggravated in case of negative evolutions of the macroeconomic and political situation in key markets in which the Combined Group will operate, such as Italy. Such regulation is also encouraging competition, which increases the pressure on banks.

Failure to comply with these rules could lead to the restructuring of the Combined Group's partner banks, which could entail losses for their subordinated creditors, could result in a total or partial write down or conversion of their subordinated creditors' receivables into shares and, finally, could result in an intervention by the relevant governments to nationalize such financial institutions. The nationalization or any form of rescue deal involving troubled financial institutions could have a negative impact on the Combined Group's relations with such financial institutions, and consequently could have a material adverse effect on the Combined Group's business, financial condition, reputation and results of operations. For example, the acquisition of Veneto Banca and Banca Popolare di Vicenza by Intesa Sanpaolo has led to a change in the scope of the Nexi's businesses with them, with a consequent decrease in its revenues and profit margins.

Furthermore, in the wake of the financial crisis, certain of the Combined Group's partner banks, including major partner banks in Italy, have accumulated significant non-performing loan positions. The ECB remains focused on the assignment of non-performing loans and continues to consider proposals for more stringent measures. All the major financial institutions have implemented measures to control the impact of such loans on their financial condition. For example, the ECB and the Italian government have implemented restructuring plans using the GACS scheme (Guarantee on Securitization of Non-performing Loans). However, should these financial institutions not comply with the plans to reduce non-performing loans, or if the restructuring and the write downs are not sufficient to adequately solve the problem of non-performing loans, the European authorities have the option of imposing penalties on the banks or may request repayment of the aid that the banks have received. These problems could be further aggravated in the event of a significant and persistent increase of the yield spread between government bonds and those of other European sovereigns, which could lead to a devaluation of the sovereign debt securities held by the banks, with the consequent need, in the most extreme cases, to proceed with recapitalizations in order to meet the capital requirements imposed by the applicable regulations and regulators such as the ECB and Bank of Italy. If the Combined Group's bank clients and reference partners will continue to be negatively influenced by these factors, this could have an adverse effect on the Combined Group's business, financial condition and results of operations.

In addition, given that the banking sector is very fragmented in key markets in which the Combined Group will operate, including Italy (with over 200 active banks), we expect the trend of mergers and consolidations in the banking and financial services sectors to continue in the future. Recent examples of consolidation in the Italian banking sector include the successful takeover bid launched in 2020 by Intesa Sanpaolo on UBI, and the takeover bid launched by Credit Agricole in 2020 for Credito Valtellinese. Consolidation trends may also directly impact the existing relationships with partner banks of Nexi, Nets and SIA. For example, following the completion of the takeover of UBI by Intesa Sanpaolo, a portion of the services Nexi previously provided to UBI are now provided to Intesa Sanpaolo (see "*Issuer's Business—Material Contracts—Agreements with Partner Banks—Agreements with Intesa Sanpaolo*"), while another portion of the services previously provided to UBI and pertaining to UBI's former activities which Intesa Sanpaolo transferred to BPER, is governed by Nexi's contractual arrangement with BPER. The consolidation of banking and financial services sectors in Italy is now also supported by recent regulation, such as the budget law 2021 which introduced the ability for institutions entering into a combination during the course of 2021 to benefit from the immediate conversion into tax credit of certain deferred tax assets (on and off-balance sheet) which Italian banks have accumulated over the course of the years with a corresponding positive impact on liquidity as well as on capital position.

Mergers and consolidations of financial institutions, depending on the entities involved, could reduce the number of current and potential clients and partner banks and consequently could have a material adverse effect on the Combined Group's business, financial condition, and results of operations. Mergers and consolidations of partner banks of the Combined Group could have an impact on the Combined Group's relationships with such banks, including the potential amendment or termination of its contractual arrangements with certain material partner banks as a result of such mergers and consolidations. Furthermore, if the Combined Group's customers or partner banks go bankrupt, merge or are acquired by other entities that are not the Combined Group's clients or distribution partners or that employ its services to a lesser extent, the Combined Group may incur potentially significant losses. Further consolidation in the banking sector would also entail a greater concentration of customers, which could lead to downward pressure on the Combined Group's prices due to the lower number of competitive forces affecting the market. Larger banks or financial institutions resulting from mergers or consolidations will have more bargaining power in negotiations with the Combined Group. While clients benefit from the economies of scale of the Combined Group, in the event that they grow through consolidation or are able to replicate such economies of scale autonomously, they could decide to insource the services the Combined Group will provide or that the Combined Group could carry out for them. Furthermore, the Combined Group's dependence on its partner banks becomes more significant the larger they become, and accordingly losing a single partner bank could have a greater impact on the Combined Group's revenue, profitability and cash flows following such consolidation.

Each of these developments could have a material adverse effect on the Combined Group's business, financial condition, and results of operations.

***It may be costly for the Combined Group to remain at the forefront of new technological developments and changes in the payments services industry, and a market disruptive technology or service in the payments industry or changes in the regulations governing the payments services industry could adversely affect the Combined Group's financial condition and results of operations.***

Nexi, Nets and SIA operate in markets subject to continuous technological developments that lead to more demanding industry standards and can result in rapidly evolving customer needs and preferences. For example, the international digital payment and digital services industry in which Nexi, Nets and SIA operate is subject to rapid and significant technological change, new product and service introductions, evolving industry standards, rules and regulations, evolving customer needs and preferences and the entrance of non-traditional competitors. In order to remain competitive, the Combined Group will need to anticipate and respond to these changes, which requires continued investment in, and time spent on, innovation and research and development.

While Nexi, Nets and SIA strive to maintain strong technological capabilities to remain at the forefront of their industry, the process of developing new, high technology products and services and improving existing products and services is however complex and uncertain. Any failure to anticipate, identify and keep pace with the changing needs of customers and emerging technological trends, as well as to introduce attractive and innovative products and services, could lead to a decline in the use of the Combined Group's products and services which could in turn significantly damage the Combined Group's market share and economic results. In addition, any delay in offering new products and services, or failure to differentiate the Combined Group's products and services or accurately predict and address market trends and demand, could render the Combined Group's products and services less desirable to the Combined Group's customers or even obsolete, which, in turn, could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

The payments market is reshaping itself over the long term and developing digital innovation as a core feature is crucial for the Combined Group's future success. The Combined Group must anticipate and respond to these industry and customer changes, including by taking advantage of the growth in e-commerce, in order to remain competitive. The Combined Group may be required to make investments to develop new technologies before knowing whether predictions will accurately reflect customer preferences, or if the Combined Group is not able to develop the necessary technologies internally, it may have to incur expenses in an attempt to obtain a license or acquire technologies from third parties.

While Nexi, Nets and SIA acquire and develop products and services that they expect will address new market opportunities that are not yet fully developed, there is no guarantee that these new market opportunities will develop as Nexi, Nets and SIA currently predict they will. There is also no guarantee that the Combined Group's products and services will secure broad customer or consumer acceptance, that such products and services will be consistent with developing industry standards, that the Combined Group will succeed in gaining market share in these new markets or that the Combined Group will fully recover investments made in acquiring or developing such products. For example, it is expected that the growth of the e-commerce market will be driven by a combination of factors, such as speed, costs, ease of use, security and quality of products and services offered to consumers and business. However, the Combined Group may not be able to develop or market technological advances and introduce new products in a manner and to an extent sufficient to remain competitive in the Combined Group's sector. Furthermore, the success of e-commerce activities also depends on financial institutions and other third parties marketing the Nexi's, Nets' and SIA's services to their customers. If any of these third parties should end, reduce or insufficiently increase their marketing efforts, this could have a material adverse effect on the Combined Group's business, financial condition and results of operations. More specifically, the Combined Group may not be able to invest the human and financial resources required to develop these products or make mistakes or incorrect assessments in the Combined Group's planning with regard to these sectors or encounter difficulties in launching the products. Furthermore, the Combined Group may not be able to meet the product development and delivery schedules due to unforeseen problems during the design, development or production stages of new products and the introduction of new technologies.

Delays in product development may also require further investments in research and development. If there is an increase in costs associated with the development of new products and the improvement of products for which the Combined Group will not achieve sufficient revenue, the development costs of new products may not be recoverable. An increase in costs or a decrease in revenue from new products, or both, could have a material adverse effect on the Combined Group's business, financial condition and results of operations. Failure to maintain innovation or the introduction of new or updated technologies that respond to changes in terms of consumption, merchants, payment card systems or regulatory requirements could have a material adverse effect on the Combined Group's competitiveness and could cause the Combined Group to lose market share, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations. In the wake of the increasing presence of internet systems and the emergence of smartphones and tablet computers, the financial services sector in which the Combined Group will operate could be altered by regulatory changes and/or emerging technologies aimed at competing with consolidated business models. New technologies, including continued progress in proximity payment devices (such as contactless payment cards), digital currencies (including cryptocurrencies and other technologies) and remote payment technologies (such as cloud based accounts), as well as the evolution of consumer behavior (including changes toward digitalization, cost transparency and mobility) are rapidly changing the way people perform commercial transactions worldwide and could result in a loss of the Combined Group's market share and may materially reduce its transaction levels and revenues. Traditional and nontraditional competitors, such as mobile phone, technology and telecommunications companies and aggregators, are working toward providing digital and mobile payment services both for consumers and merchants, eliminating the need for credit and debit cards. As a result, consumers could begin to use their payment cards less, or not to use them at all. Cryptocurrencies and cloud based solutions may substantially change the manner in which payment transactions are processed. Finally, central banks may introduce digital fiat money. For example, the European Central Bank has indicated that it is in the process of studying options for the deployment of a digital version of the euro. Digital fiat currencies may give consumers and other users of currencies, such as banks, direct access to payment systems, thereby drastically reshaping the digital payments landscape by removing the need for payment intermediaries and subverting Nexi's, Nets' and SIA's current business model.

While we expect innovative solutions, such as those developed to address the growing importance of omni-channel offerings in the industry and the ongoing digital transformation of retailers and other business, to constitute an important and increasing component of the Combined Group's offering, we cannot be certain that business will continue to pursue their "digital transformation" or adopt new technologies as swiftly or in the same manner as they have done in recent years or that the Combined Group will be able to launch new and successful products to address their needs on a timely basis or at all.

In addition to emerging technologies, regulatory changes in the key markets in which the Combined Group will operate can have an impact on consumers' use of payment cards. For example, at the end of 2015, under Law No. 208 of December 28, 2015, as subsequently amended, the Italian government set a maximum limit of €3,000 for cash transactions (unless the transfer is made through banks, Poste Italiane, virtual money institutions and/or payment institutions), an increased limit compared to the previous one of €1,000. This limit was subsequently reduced to €2,000 and, commencing January 1, 2022, will be further reduced to €1,000 pursuant to Law No. 157 of December 19, 2019, which amends Legislative Decree No. 231 of November 21, 2007 implementing the European Anti Money Laundering Directive. In addition , the Italian government has recently launched the "Italia Cashless" initiative under Law No. 160 of December 27, 2019, as implemented by the Ministerial Decree of the Ministry of Finance No. 156 of November 24, 2020. Under the "Italia Cashless" initiative, until June 30, 2022, participating consumers will receive a 10% refund on the amount of purchases made with payment cards or apps. While there is no minimum amount of expenditure, the government reimbursements are capped to €300 per year, consumers who made a minimum of 50 eligible payments per semester, will receive back 10% of the amount spent, up to a maximum of €150 per semester. Furthermore, consumers completing the highest number of transaction on a national scale will be awarded special bonuses. "Italia Cashless" also includes a lottery mechanism, whereby additional prizes are drawn and allocated to consumers. In addition, the Italian government has implemented other initiatives aimed at promoting digital payments, such as tax deductibility measures for certain expenses (i.e., medical expenses and interests on mortgages, among others) if the relevant payments are performed cashless, tax credits on merchant fees for small merchants and a progressive reduction of cap on the use of cash per single purchase. However, if the Italian government were to repeal the "Italia Cashless" initiative, or repeal or increase the maximum limit for cash transactions, consumers might decide to use their payment cards less and use cash for larger transactions instead. The Combined Group's competitors might be able to innovate or adapt to new regulations faster than the Combined Group, and new technologies could contribute to increasing competitive pressure, allowing competitors to offer more efficient services or to offer them at a lower cost. The Combined Group's success will depend in part on the Combined Group's ability to develop new technologies and to adapt to technological changes and the evolution of industry standards, which may require major research and development activities, entailing associated research and development costs. The Combined Group might not have, or might not be able to attract, the personnel necessary for such research and development activities. Any failure by the Combined Group to keep up with innovation, make the shift to m-commerce, which is device based and omni-channel, or improve the quality of the Combined Group's customers' experience could have a material adverse effect on the Combined Group's business, financial condition and results of operations. Finally, the trend of macroeconomic indicators and, in particular, the public perception in the European Union that economic conditions are worsening, could have negative effects on the Combined Group's business, financial condition and results of operations. In particular, with respect to the European Union, recently, on more than one occasion, fears have emerged that the European Monetary Union could end or that member states could leave the Eurozone. Any of the above-mentioned and similar events could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group's operations are dependent on ICT processing, and any disruption of its information systems could adversely impact the Combined Group's operations.***

The integrity, reliability and operational performance of each of Nexi's Nets' and SIA's ICT infrastructure and technology network are fundamental to their operations, prospects and reputation, and will be fundamental to the operations, prospects and reputation of the Combined Group. Particularly important parts of the Combined Group's ICT infrastructure are its national and international merchant acquiring and card issuing platforms, which comprise systems that process digital payment authorizations and settlements that assist with merchant customer remittances as well as the management of payment terminals (POS terminals and ATMs) and its payment services, which are subject to interbank standards such as the dispatch and receipt of messages, instructions and alerts, as well as its corporate banking systems.

Each of Nexi, Nets and SIA depend heavily on the efficient and uninterrupted operation of numerous systems, including their ICT infrastructure, computer systems, software, servers and data centers. While a significant portion of the Combined Group's processing activities related to the services offered by the Combined Group will be performed in-house by subsidiaries, including Nets, SIA and Nexi Payments, a portion of the Combined Group's processing activities will be outsourced to third-party providers, including equensWorldline. The existing business relationships of Nexi with equensWorldline is governed by an agreement which will expire in December 2024, with an automatic renewal for an additional year, subject to either party being entitled to withdraw by providing a notice six months prior to expiration. Nexi made significant investments in equipment and software to support Nexi's use of equensWorldline's services, making it difficult to replace them. Even though the SIA Merger will increase the portion of insourced processing activities of the Combined Group, if, in the future, the Combined Group were required to replace equensWorldline or other key service providers, or if Nexi's agreement with equensWorldline is not renewed, this could cause the Combined Group to incur higher costs or face delays or disruptions in the supply of the Combined Group's services, including as a result of the time required to replace equensWorldline or other key service providers, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Activities such as domestic and international card payment processing, card issuing, POS terminal management and the Combined Group's interfacing with domestic and international payment and messaging systems rely on uninterrupted availability of its merchant acquiring, card issuing and other platforms. The availability of Nexi's, Nets' and SIA's merchant acquiring and card issuing platforms and other products may be interrupted by damage or disruption to Nexi's, Nets' and SIA's third party service providers' ICT systems. For example, in 2013, Nets experienced operational issues resulting in downtime in the use of products such as Dankort, Denmark's first domestic debit card circuit, and NemID, the official Danish eID infrastructure, which have been caused by disruption to Nets' ICT system. Malfunctions can also be caused by migrations to new systems related to significant infrastructural changes. In 2014, when Nexi migrated its ICT infrastructure to SEPA, Nexi's provider equensWorldline suffered service interruptions due to temporary shutdowns and delays that also affected Nexi's customers. In 2013 a fault on the international power-supply line from Switzerland to Italy caused a major black-out in northern Italian regions, which impacted SIA's operations. Despite the fact that SIA was able to independently operate through its power generators, its service levels were impacted by the fact of certain third parties (including, for example, terminal handler concentrators and bank systems) became unavailable as a consequence of the outage. Disruptions can also occur in the context of significant infrastructural changes performed on SIA's infrastructure, for example due to migrations to new IT systems. In 2018, SIA's services suffered an outage due to a failure triggered by a latent bug in a system that had been recently installed. Lastly, interruptions can also be caused by cyber-attacks, human error, natural events (including earthquakes, conflagrations or floods) or breakdowns of infrastructural services (including blackouts of the electricity supply or the network connectivity).

Any failure in the Combined Group's infrastructure could result in material adverse consequences for the Combined Group's business operations. Moreover, given the possibility of high-profile interruptions of service in key financial and payment services such interruptions could also result in reputational damage. For example, in light of SIA's leading role in providing infrastructure services to financial institutions in Europe, any failure of SIA's ICT infrastructure could have potential negative consequences for the financial systems at large.

In order to limit the potential impact of any ICT issues, each of Nexi, Nets and SIA operate dedicated units which plan and performs disaster recovery tests on critical ICT systems (either managed internally or outsourced to external providers). Each of Nexi, Nets and SIA also have data backup contingency plans which, where necessary, allows them to restore data following any interruptions. Should such measures prove to be inadequate in the face of such interruptions, the Combined Group may be unable to maintain agreed levels of service or to reliably process customer transactions which, in turn, could result in lost revenue, a loss of customers to other payment services providers, the payment of contractual damages, damage to the Combined Group's reputation, other costs incurred to remedy breakdowns and exposure to other losses and liability. Although Nexi, Nets and SIA have insurance coverage for damage to property, business interruptions, cyber-attacks and professional indemnities, as applicable, such insurance might not be sufficient to cover all losses or failures that may occur.

The Combined Group also faces the risk that third party providers fail to perform their contractual obligations or to maintain adequate quality standards in such a way as to compromise the Combined Group's operations. The Combined Group will also depend on these suppliers to connect their platforms to those of third parties, including the Visa and MasterCard payment networks. Any damage to, or failure by the Combined Group's service providers to properly maintain their data centers, failure of the Combined Group's telecommunications links or inability to access these internet sites could cause interruptions in operations that adversely affect the Combined Group's ability to meet their customers' requirements and have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Finally, the Combined Group is exposed to the risk of liability to third-parties in relation to service continuity. While typically each of Nexi, Nets and SIA generally include contractual provisions that limit their liability, any services outages that result in adverse consequences to third parties may result in any of Nexi, Nets and SIA being liable to any such third parties. Nexi's, Nets' and SIA's agreements with third-parties occasionally include penalties in the event of failure to deliver contracted products or services and any of Nexi, Nets and SIA may become liable for such penalties. In addition, customers, including customers unaffected by the service outage, may opt to change suppliers in favor of the Combined Group's competitors.

The occurrence of any of the foregoing events or circumstances could have a material adverse effect on the Combined Group's business, financial condition, results of operations and reputation.

***Nexi, Nets and SIA rely on certain key suppliers in the operation of their business.***

Each of Nexi, Nets and SIA rely on certain key suppliers in the operation of their business. Nexi relies on third-parties for, among other things (i) the processing of most card payments that it manages, (ii) the supply of EMV-compliant smart cards and card customization, (iii) the supply of physical and electronic POS terminals, including in relation to the SmartPOS terminal that Nexi co-developed with Poynt, (iv) the supply of ATM terminals and (v) certain payment delivery, cheques, cash and other service providers. While reliance on third-parties increases efficiency and reduces the cost of operating Nexi's business, reliance on third parties exposes Nexi to risks arising out of interruptions in the operations or services of third-parties. Such interruptions may have a material impact on Nexi's operations, including in relation to Nexi's ability to provide its products and services. Nets and SIA also rely on certain key suppliers for key hardware and software. For example, both Nets and SIA operate their own ICT infrastructure, which include data centers and networks, among other components, and such data centers rely on servers and other network infrastructure for the procurement of which Nets and SIA rely on third-parties. Nets' payments infrastructure primarily relies on IBM for the provision of mainframe and midrange infrastructure for its card payment services. The Combined Group may be unable to replace Nexi's, Nets' or SIA's key suppliers with alternative suppliers, replace them at a reasonable cost or replace them swiftly. It may not be possible for the Combined Group to insource the production of certain products and services currently supplied by key suppliers.

***Nexi is subject to potential credit risk from its customers, as well as short term credit risk from its partner banks, and if a significant number of cardholders, merchants or partner banks were to fail to satisfy their obligations on time, Nexi could experience material losses.***

Nexi is exposed to credit risk in several areas of its business. Nexi faces credit risk in its acquiring business. As acquirer, Nexi effects settlement between counterparties, with the operator client receiving funds before Nexi receives them from: (i) the factor, for receivables generated by cards issued by Nexi that are covered by the Nexi Factoring Agreement and the Factorit Agreement; (ii) the cardholder banks for all other credits generated by cards issued by us and not covered by the Nexi Factoring Agreement and the Factorit Agreement; and (iii) international payment card schemes for cards issued by other issuers.

Moreover, with regard to acquiring services provided through contracts handled under different business models by the Merchant Services & Solutions business, Nexi, as acquirer, is exposed to counterparty risk for amounts paid to merchants before goods or services have been supplied to the consumer or before they are disputed by the cardholder. In the event of a dispute, the amount of the transaction is normally re-debited to the merchant and the purchase price is reimbursed by Nexi, as acquirer, to the cardholder.

Even in the event that Nexi is unable to recover the amount of the chargeback from its merchant clients, the rules of the international payment card schemes require the acquirer to return the entire amount of the transaction, including commissions, to the card issuer. If this were to occur, Nexi could incur a loss for the amount of the refund paid to cardholders or to international payment card schemes for cards issued by other issuers.

As an acquirer, Nexi is also exposed to risks associated with transactions in which it decides to authorize a payment card transaction for amounts which do not exceed €25.00 per transaction, prior to receiving approval from the card scheme operator or from the issuing bank or in relation to which authorization by the issuer is delayed or not available. In such cases, if Nexi decides to authorize a transaction that the issuer subsequently does not accept, Nexi, as an acquirer, could be liable for the amount of the transaction. In addition, Nexi faces exposure towards merchants which have been substantially impacted by the outbreak of COVID-19, such as merchants operating in the travel and airline industry. See also "*—The outbreak of the COVID-19 pandemic and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.*" These risks may increase in light of Nexi's ongoing expansion of its directly managed pool of merchants. See also "*Presentation of Financial and Other Information—Historical Financial Information of the Issuer—ISP Acquisition*".

Nexi also faces risk in its role as card issuer. As issuer, Nexi grants credit to cardholders to finance purchases with payment cards managed by its Cards & Digital Payments business unit. The collection time from cardholders depends on the type of card used. If the purchase is made with a debit card, there is no exposure on Nexi's part. In respect of purchases made with credit cards, Nexi, as issuer, is exposed between 15 and 45 days, on average. If the cardholder is unable to pay the balance due to bankruptcy or insolvency, the partner bank will reimburse the amounts due from the cardholder. In the event of the insolvency of a partner bank, Nexi tries to recover the amounts directly from the credit cardholders.

Even in cases where the card of an insolvent cardholder is blocked, the partner bank remains liable for payments made during the five days following the card being blocked. After five days, any additional amounts (i.e., payments effected from the sixth day onward) will be the responsibility of the issuer.

Although the risk of default by cardholders for the majority of our issuing activity is borne either by the factor under the Nexi Factoring Agreement or the Factorit Agreement in place, or, for cards not covered by the Nexi Factoring Agreement or the Factorit Agreement, by the partner banks, Nexi directly assumes this risk for cards Nexi issues that are not covered by the issuing licensing scheme (and whose related working capital as of December 31, 2020 represented approximately 1.8% of the total working capital generated by issuing activities). For a description of the Nexi Factoring Agreement and the Factorit Agreement, see "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Nexi Factoring Agreement*" and "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations—Factorit Agreement*."

In Nexi's Cards & Digital Payments business unit, Nexi is exposed (through its subsidiary Nexi Payments) to counterparty risk for fees due for services rendered to banks. Nexi is also exposed to credit risk of its merchant and banking clients who use Nexi's POS and ATM services, with potential material adverse effects on our business, financial condition and results of operations.

Nexi is also subject to credit risk in respect of the amount of international payment card scheme fees and its own merchant fees, in each case owed to it by merchants. Should the merchants fail to pay Nexi those amounts, Nexi could suffer potentially substantial losses, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nets is exposed to the credit risk of its clients, "charge back" risk in respect of merchant insolvencies and other risks in relation to disputed transactions and/or the inability of a counterparty to pay sums due for services provided.***

Nets is exposed to credit risk from partner banks, chargebacks as a result of failure to pay by merchants, contested transactions and failure to deliver products or services. When Nets operates as a merchant acquirer, it is exposed to the risk that it may not receive sums advanced to merchants before the moment at which the consumer is supplied with goods or services or before a complaint is made by the cardholder. In such cases, even if Nets is not able to recover the amount of the recharge from merchants, the rules of the international payment card schemes require the acquirer to return the full amount of the transaction, including fees, to the card issuer, bearing the loss for the amount of the refund paid to cardholders, or to the international payment card circuits for cards issued by issuers other than Nets. Moreover, again in the context of its acquiring business, Nets could authorize a transaction that has not yet been, or will not be, authorized by the credit card issuer, thus finding itself liable for the amount paid in the transaction. Nets is also exposed to credit risk arising from (i) fees charged by the international payment card schemes and (ii) its own fees payable by merchants.

Further, in the case of a dispute between a cardholder and a merchant, Nets is subject to so-called "charge back" risk. In the event that such a dispute is not resolved in favor of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. In the context of Nets' merchant acquiring business, if Nets is unable to collect such amounts from the merchant's account, or if the merchant refuses or is unable, due to closure, bankruptcy or any other reason, to reimburse Nets for a chargeback, Nets would bear the loss for the amount of the refund paid to the cardholder. Chargeback risk is greater with respect to transactions relating to certain industries, such as the airline, travel and transport industries, where there is a longer period between the date on which the transaction is processed and the delivery of the product or service (for example, purchase of an airline ticket for a date far in the future).

Although Nets has put in place policies to manage merchant-related credit risk (including, as necessary, requesting collateral and setting caps for monthly processing), it may experience significant losses from chargebacks in the future. For a description of the Nets' settlement obligations see also "*Description of*

*Certain Financing Arrangements—Nets' Settlement Obligations.*" Any increase in chargebacks not paid by Nets' merchants or customer defaults on any other obligations to Nets could have a material adverse effect on its business, financial condition, results of operations and prospects. For example, in 2019, Nets recorded significant costs in relations to the insolvency of one of its customers, the travel agency Thomas Cook. Following the insolvency of Thomas Cook, Nets was liable for refunding card schemes and/or issuing banks for potential refunds that may be claimed by customers of Thomas Cook who did not receive the services already paid for. The insolvency of Thomas Cook caused special items costs of €13.7 million and €193.4 million for the year ended December 31, 2020 and 2019, respectively.

The COVID-19 pandemic has resulted in increased merchant closures and bankruptcies (including, in particular, in the airline, travel and transport industries), which has heightened Nets' chargeback and merchant credit risk exposure. See also "*—The outbreak of the COVID-19 pandemic and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact*".

Finally, with respect to servicing activities, Nets is exposed to the risk of counterparty insolvency if the counterparty is unable to pay for the services provided by Nets.

The occurrence of such events could have a material adverse effect on Nets' business and, as a result, on the Combined Group's business, financial condition and results of operations.

***Nets' RatePay business offers "pay later" and "installment payment" solutions that expose Nets to consumer credit risk.***

Nets' RatePay business offers a "pay later" solution whereby consumers can delay payment for goods and services. Under this business model, RatePay will pay funds to merchants in respect of transactions prior to receiving such funds from the consumer. This business model exposes Nets to the risk that some consumers will default on their repayment obligations. In the case of such defaults, Nets will bear the loss for the defaulted amount.

Nets has a provision for outstanding receivables on its balance sheet, the amount of which is calculated based on historic and expected default trends. Provisions for bad debt losses are reviewed monthly, based on statistical models reflecting both recent developments and the duration of the receivables being still outstanding. As of December 31, 2020, total provisions for outstanding receivables amounted to €41.1 million. In addition, RatePay's account receivables for the same period, after bad debt deductions from consumers in the "pay later" solution business, amounted to approximately €154.9 million, with provisions on bad debt covering approximately 16.5% of Ratepay's overall account receivables. See also "*Description of Certain Financing Arrangements—Nets' Settlement Obligations—Cooperation Agreement.*" However, if default rates rise and bad debt losses exceed the amount provided for on Nets' balance sheet, also due to unexpected events or behaviors not accounted for in the abovementioned statistical models, such losses could have a material adverse effect on Nets' business, financial condition, results of operations and prospects.

Nets is also subject to the risk of default by merchants. In the event in which a merchant has already been paid by RatePay and a customer subsequently cancels its order in whole or in part, Nets records a receivable vis-à-vis the merchant for the relevant amount. Should the merchant become insolvent, Nets may be unable to recover the amount due from the merchant's account or to compensate such amount with future amounts to be paid to the merchant in light of future transactions completed by future customers. This risk is particularly present in relation to merchants operating in the fashion industry, which is subject to returns of purchased items. Nets has allocated specific provisions to its balance sheet to address the risk relating to merchants with an imminent insolvency risk.

Since the end of 2020, Nets, through its subsidiary RatePay, offers selected consumers the option to pay for goods and services via installments over up to 48 months through its "installment payment" solution. Under this business model, RatePay generally pays merchants the amount owed by consumers in advance of having received funds from consumers, exposing RatePay to credit risk until the amounts are paid by consumers when due. As of the date of this information release, Rate pay's account receivables from consumers in the "installment payment" solution business amounted to approximately €20.0 million. Following the entry into the Cooperation Agreement in February 2021, pursuant to which receivables arising from the "installment payment" solution business are sold and assigned on a non-recourse basis to a receivables purchaser, Nets is exposed to credit risk only in very limited circumstances. In particular, Nets is exposed to a credit risk only with respect to those receivables which are not covered by the Cooperation Agreement or, with respect to the receivables which are covered by the Cooperation Agreement, Nets is exposed to a credit risk only for the period of time between the acquisition of the receivables by RatePay and the sale of the receivables to the Purchaser under the Cooperation Agreement. See also "*Description of Certain Financing Arrangements—Nets' Settlement Obligations—Cooperation Agreement.*"

The COVID-19 pandemic has resulted in economic recessions and increased unemployment rates across Nets' markets, which could increase default rates and therefore heighten Nets' consumer credit risk exposure. See also "*—The outbreak of COVID-19 and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact*".

***SIA is exposed to the credit risk of its clients.***

SIA operates primarily with well-known customers with reliable credit, a large portion of whom operate in the financial industry. As a result, SIA is marginally exposed to credit risk in its day-to-day operations and in the management of financial and cash resources. When new customers are acquired, checks are performed on the credit-worthiness of the potential customer. In relation to debt collection activities, procedures have been put in place to monitor expected cash flows and for any debt recovery that may be necessary, and such procedures are primarily aimed at facilitating the process of validating invoices at commercial counterparties to speed up their collection. SIA has a provision for this consumer credit risk on its balance sheet, the amount of which is calculated based on historic and expected default trends. As of December 31, 2020, total provisions for SIA's consumer credit risk amounted to €6.5 million. See also "*SIA's Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative Disclosure on Market Risk—Credit Risk.*"

***Deterioration of any of Nexi's, Nets' or SIA's image or reputation could result in a material adverse effect on the Combined Group's business.***

A negative perception of any of Nexi, Nets or SIA by the Combined Group's customers, partners, counterparties, shareholders, investors and regulators due to, for example, loss of key personnel, a decline in stakeholder satisfaction from the services offered, ICT or security breaches or incidents, any breach of applicable regulation or tax regulation and/or the commencement of any legal, tax or arbitration proceedings against any of Nexi, Nets or SIA, regardless of whether the claims made are well founded, or the potential imposition of sanctions by the competent supervisory authorities, could substantially damage the Combined Group's reputation as well as the Combined Group's customers' trust, and could also impact the Combined Group's ability to maintain or create new business relationships and continue to access funding resources, including in the capital markets or through banking channels.

Given the significance of reputational risk and the negative effects that could arise from it, Nexi, Nets or SIA have implemented specific measures aimed at preventing operational and compliance issues that may have an effect on their reputation, including in the following areas:

- anti-money laundering;
- privacy;
- IT risk monitoring and control;
- business continuity management;
- brand and communications management of the Combined Group's products;
- crisis management ("task force" for reputation risk management);
- second level controls and monitoring of compliance risk and operational risk; and
- third level of controls overseeing the proper functioning of the overall internal control systems.

As part of their risk management, Nexi, Nets or SIA continuously monitor reputation risk, including: (i) assessing the potential reputation risk through periodic compliance assessments and periodic assessments on process operating risk; (ii) assessing the potential reputation risk in the design phase of new services/products; (iii) assessing the potential impacts on reputation of operational "incidents"; (iv) maintaining a reputation risk monitoring dashboard; and (v) maintaining a dashboard for monitoring the risk of misconduct.

Although we believe that Nexi, Nets or SIA have taken appropriate actions to monitor this risk, it cannot be ruled out that in the future, also due to outside factors, any of Nexi, Nets or SIA might suffer a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nets and SIA are exposed to risks arising from low revenue diversification and Nexi and SIA individually are exposed to risks arising from high customer concentration.***

Nets and SIA are exposed to risks arising from low revenue diversification. In particular, Nets and SIA generate their net revenues and revenues from sales and services primarily from their Merchant Services business unit and Card and Merchant Solutions business unit, respectively. For the year ended December 31, 2020, 67.5% of SIA's revenues from sales and services were generated from its Card and Merchant Solutions business unit, while 63% of Nets' net revenues (pro forma for the acquisition of Polskie ePlatnosci) were generated from its Merchant Services business unit. A decrease in net revenues in the Merchant Services business unit and revenues from sales and services in the Card and Merchant Solutions business unit, respectively, due, among others, to the loss of key customers, may have a material impact on Nets' and SIA's results of operations.

In addition, SIA relies on a small quantity of customers for a large portion of its revenues from sales and services. For the year ended December 31, 2020, SIA's top-ten customers generated 58% of SIA's revenues from sales and services. Although SIA's contracts with such customers typically have an average historical tenure of between four to five years, SIA relies on its relationship with such clients and on its ability to establish relationships with new clients to maintain its competitiveness on the market. Furthermore, certain of SIA's agreements with its most significant customers are entered into on an open-ended basis entitling the relevant counterparties to withdraw by providing an advance termination notice or to terminate the contractual relationship upon the occurrence of certain events. In addition, certain material contracts are due to expire in 2021 as well as in 2022, and the relevant customers or suppliers may decide not to renew their relationship with SIA. Any loss of a material contract could have a material adverse effect on SIA's revenues from sales and services and SIA's inability to retain such clients, or to replace business generated by such clients, may have an adverse effect on SIA's results of operations. As a result of SIA's low customer diversification, SIA is subject to the risk that concurrent contract renegotiations by its top customers may result in a materially adverse revision of its contract terms and may negatively affect the Combined Group's revenues and profitability. In addition, certain contracts with large customers include early termination clauses that may allow SIA's customers to terminate their contracts with SIA early. See also "*SIA's Business—Material Agreements*."

Moreover, a significant portion of the business of each of Nets and SIA is carried out through commercial relationships with partner banks and, in particular, through their network and branches. For example, as of December 31, 2020, Nets had relationships with over 250 partner banks and generated approximately 18% and 26% of its net revenues (pro forma for the acquisition of Polskie ePlatnosci) for the year ended December 31, 2020, through its top five and top ten customers, respectively, of which the vast majority consist of banks. At the same time, SIA relies on its relationships with partner banks, to which it provides several technological services and solutions across the payments value chain. Also Nexi relies on partner banks for a significant portion of its business. See also "*—Partner banks are the primary distribution channel for the Combined Group's business. If the Combined Group is unable to maintain its relationships with partner banks, or if such partner banks are unable to maintain relationships with merchants or cardholders, the Combined Group's business may be adversely affected*" and "*SIA's Business—Material Agreements*."

***Fraud by merchants, cardholders, suppliers or others could have a material adverse effect on the Combined Group's business, financial condition and results of operations.***

The Combined Group faces potential financial liability and could also suffer reputational damage in connection with fraudulent payment transactions, fraudulent credits by merchants or others, or fraudulent sales of goods or services, including fraudulent sales by the Combined Group's merchant customers. Examples of merchant fraud may include the sale of counterfeit goods or the deliberate use of a stolen or counterfeit credit or debit card, payment card number, or other credentials to record a false sale or a credit transaction by merchants or other parties, the processing of an invalid payment card, or the intentional non-delivery of goods or services sold in an otherwise valid transaction.

For example, as of December 31, 2020, Nexi was subject to fraudulent transactions in the amount of €4.9 million. Over the same period, Nets was subject to fraudulent transactions in the amount of €54.3 million. Such fraudulent transactions included unauthorized online transactions, counterfeited credit cards, stolen credit cards, lost credit cards, and other types of fraud. The main external fraud risks are represented by fraud in the issuing sector, which, in the case of Nexi, accounted for 0.08% of cardholder expenditure (gross fraud) in 2020.

Fraudsters use increasingly sophisticated methods to carry out their activities. Failure to identify thefts, as well as the failure to effectively manage the risk and prevent fraud, could increase the Combined Group's chargeback liability or cause the Combined Group to incur other liabilities, including penalties and fines. Although each of Nexi, Nets and SIA have sophisticated control and detection systems for potential frauds, such control and detection systems may not be able to prevent all cases of fraud, or may be subject to technical malfunctions. The Combined Group's business and reputation could also suffer as a result of fraudulent activities carried out by Nexi's, Nets' and SIA's employees. Although each of Nexi, Nets and SIA have comprehensive screening and detection systems to alert their transaction monitoring and risk teams of potential fraud, it is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities in connection with such events could have a material adverse effect on the Combined Group's business, financial condition and results of operations. In addition, 2020 recorded an increase in sophisticated social-engineering attacks (including vishing, smishing and phishing attacks) that have resulted in an increase in successful fraudulent 'cardholder not present' (CNP) transactions.

***Nexi, Nets and SIA are subject to the risk of litigation and other claims.***

From time to time, Nexi, Nets and SIA are involved in various litigation matters and governmental or regulatory investigations, prosecutions or similar matters arising out of their current or the Combined Group's future business. When Nexi, Nets and SIA determine that a significant risk of a future claim against them exists, they record provisions in an amount equal to their estimated liability. As of December 31, 2020, Nexi set aside total provisions for disputes in an amount of €2.1 million against aggregate claims of €115 million and SIA set aside total provisions for risks in an amount of €54.6 million (including €48.2 million paid to UniCredit in 2021 in relation to certain claims received by UniCredit related to certain services provided by SIA's subsidiary P4cards in favor of UniCredit during the period 2016-2020; see also "*—Material Contracts—Agreements with Partner Banks—Agreements with UniCredit*") against aggregate claims of €53.5 million. Over the same period, Nets did not set aside any provision for pending or threatened disputes. Nexi's, Nets' or SIA's insurance or indemnities or amounts they have provisioned may not cover all claims that may be asserted against them, and any claims asserted against them, regardless of merit or eventual outcome, may harm the Combined Group's reputation. See also "*—The Combined Group's business may suffer if Nexi, Nets or SIA are sued for infringing the intellectual property rights of third parties, or if they are unable to obtain rights to third party intellectual property on which the Combined Group's business depends.*"

As of the date of this information release, Nexi, Nets and SIA are involved in several general litigation claims, as described in the "*Issuer's Business—Legal Proceedings,*" "*Nets' Business—Legal Proceedings*" and "*SIA's Business—Legal Proceedings.*" There can be no assurance that any of Nexi, Nets and SIA will be successful in defending themselves in pending or future litigation claims or similar matters under various laws or that product specific provisions will be sufficient to cover litigation costs. Moreover, it may be difficult for each of Nexi, Nets and SIA to obtain and enforce claims related to existing litigation under the laws of certain countries in which they operate at affordable costs and without any materially adverse effects on Nexi's, Nets' or SIA's business in such country. In the aftermath of public health measures implemented in the jurisdictions in which any of Nexi, Nets and SIA operate due to the impact of the COVID-19 pandemic, the Combined Group could be subject to an increase in litigation, in particular in relation to Nexi's, Nets' or SIA's suppliers and employees, including with respect to health and safety measures. Any of these risks could result in considerable costs, including damages, legal fees and temporary or permanent ban on the marketing of certain products and this could have a material adverse effect on the Combined Group's business, financial condition, results of operations and on the Combined Group's ability to perform its obligations under the Notes.

***Nexi's, Nets' and SIA's business is subject to a variety of regulatory regimes, which subject the Combined Group to certain operational restrictions and cause it to incur expenses.***

Nexi, Nets and SIA operate in a highly regulated industry and are exposed to the risk of changes in the regulatory framework under which they operate, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations. In addition, future changes in regulation may increase the Combined Group's compliance costs or further restrict the Combined Group's operations.

*The Second Payment Services Directive 2 ("PSD2")*

In particular, Nexi, Nets and SIA consider that there is a risk of incurring additional costs in connection with the implementation of (i) PSD2 on payment services and (ii) Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 (i.e., the fourth anti-money laundering directive, as amended and supplemented by Directive (EU) 2018/843 of the European Parliament and of the Council of May 30, 2018 (i.e., the fifth anti-money laundering directive – "AMLD V"), and Directive (EU) 2018/1673 of the European Parliament and of the Council of October 23, 2018 (i.e., the sixth anti-money laundering directive) (collectively, the "EU AML Framework").

In relation to the PSD2, Nexi, Nets and SIA expect to incur additional system and adjustment costs due to the following obligations imposed by the PSD2:

- *Reporting on information security*. In accordance with PSD2, payment institutions are required to report certain data security matters, such as statistics on fraudulent payments, to the relevant authority on an annual basis;

- *Interoperability of systems*. PSD2 provides for interoperability among payment service providers, on the one hand, and providers of services for disposal of payment orders and account information, on the other hand;

- *Protection obligations*. PSD2 requires payment service providers to protect all funds received from payment service users or through another payment service provider for the execution of payment transactions, subject to certain obligations related to the separation of funds, or by ensuring that the funds are covered by an insurance policy or a similar form of guarantee by an insurance company or credit institution not belonging to the same group as the payment service provider. See "*Regulation*."; and

- *Strong customer authentication*. PSD2 and the relevant implementing provisions thereof mandate the adoption of strong customer authentication when the payer accesses its payment account online, initiates an electronic payment transaction or carries out any action, through a remote channel, which may imply a risk of payment fraud or other abuses.

*Anti-Money Laundering*

In relation to the EU AML Framework, Nexi, Nets and SIA may incur additional costs related to the introduction of such new controls and procedures for an adequate customer verification and to improve the overall compliance with the provisions of the law related to money laundering and the financing of terrorism through, among others, local and alternative payment methods such as electronic currency. As of the date of this information release, procedures are in place to ensure compliance with the EU AML Framework; specifically, Nexi acquired the GIANOS 4D software, which analyzes customer risk profiles and identifies suspicious and anomalous transactions. We expect an increase in operating costs and personnel costs, since the verification processes will be more complex.

The EU AML Framework also sets forth a sanctions regime for breaches of the legislation. For example, in the event of serious and systematic failure to comply with the aforementioned duties, AMLD V provides that payment institutions and electronic money institutions are subject to an administrative sanction ranging from €30,000.00 to the greater of €5,000,000.00 or 10% of their total annual turnover when turnover is available and can be determined.

*Reporting and Accounting Requirements*

As has already happened in some European countries and in the United States, Nexi, Nets and SIA and merchants may also be subject to reporting and accounting requirements in order to facilitate taxation in e-commerce. If similar regulations are adopted in Italy, the Nordics or in any of the other markets in which Nets and SIA operate, the Combined Group may need to make investments to adjust its assets, with possible negative impacts on the Combined Group's operating performance. Compliance with and monitoring of applicable laws and regulations can be difficult, time consuming and costly. Furthermore, applicable laws and regulations and their interpretation and application may periodically change, and such changes could have a material adverse effect on the Combined Group's business.

*Changes in the Regulations Governing Digital Payments*

The Italian government is considering measures to encourage electronic payments in order to increase tax revenues and reduce tax evasion. A number of options are under advisement, including the reduction or elimination of merchant fees for payments under a certain threshold. The reduction or elimination of merchant fees for payments under a certain threshold could have a negative impact on Nexi's business, given that Nexi currently receive a commission for payments of any amount. The Combined Group's failure to comply with applicable laws or regulations could have a material adverse effect on the Combined Group's business, financial condition, reputation and results of operations.

***The Combined Group may incur losses as a result of unforeseen or catastrophic events.***

The Combined Group may incur losses as a result of unforeseen or catastrophic events, including labor action, interruptions in the distribution of energy, system failures or service interruptions in IT systems, fire, accidents, natural hazards, catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, criminal or terrorist acts, pandemics, transportation disruptions, problems in its supply agreements or other factors, could have a material adverse effect on its business operations. Any of the above may have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nexi's clearing activities, and SIA's operation and IT activities rely on various financial institutions.***

Nexi's clearing activities, and SIA's operation and IT activities are dependent on the financial institutions that participate in the clearing network. Although international standards provide regulatory guidelines aimed at preventing breakdowns of this network in the event of technological or system malfunctions or any other form of distress at an institutional level, a technical malfunction by any of the network participants is still possible and would cause Nexi, or SIA to face difficulties in processing payments and finalizing settlements. The impact of any such technical malfunction would be more pronounced as to real time clearing compared to other types of clearing due to the immediacy of real time clearing. These difficulties could indirectly cause considerable damage to the Combined Group's reputation and could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Unauthorized disclosure of data, whether through cyber security breaches, computer viruses or otherwise, or illegal storage or use of customer data by any of Nexi, Nets or SIA could expose the Combined Group to liability, protracted and costly litigation, affect the Combined Group's operations and damage the Combined Group's reputation.***

As part of their business, each of Nexi, Nets and SIA process payment card holders' personal data (including, in some cases, their names, addresses, credit and debit card numbers and bank details) as well as merchant data (including trade names, addresses, sales data and bank details). The security, confidentiality and integrity of the business and consumer information that is processed and stored by Nexi's, Nets' and SIA's servers and other information systems is critical to the successful operation of their business. Nexi's, Nets' and SIA's public profile may attract cyber-security attacks on their servers, other information systems and databases, which could compromise the security of Nexi's, Nets' and SIA's data or could cause interruptions in the operation of their business. Malicious actors currently include hostile governments, organized criminal groups, hacker collectives and others. Although Nexi, Nets and SIA have implemented a monitoring and incident management service which is active 24 hours a day, 365 days a year, unauthorized disclosure of data may occur as a result of computer security breaches caused by human error, cyber-attacks, malicious user activity, or physical security breaches due to unauthorized personnel gaining physical access.

For example, in July 2019, an anonymous user published a list of approximately 18,000 names (including surname, address and, only in a few cases, telephone numbers) on a foreign website, which such anonymous source claimed to refer to Nexi's customers. None of this data included financial information and, in many instances, the personal data published on the website did not correspond to customers' data included in Nexi's system. Nexi has not detected any ICT systems breaches and no data relating to payment cards managed by Nexi has been compromised. Following its immediate injunction, Nexi promptly obtained the removal of this data from the website. Nexi's, Nets' and SIA's customers' data is also processed by third-parties, and breaches of third-party systems may also result in unauthorized disclosure of data.

As a result of Nexi, Nets and SIA processing personal data, Nexi, Nets and SIA are also required to comply with the data protection and privacy laws and regulations in the jurisdictions in which they operate, in addition to the rules of credit card network systems (such as Visa and MasterCard). These laws and regulations impose certain protection and safeguarding standards with respect to the Combined Group's ability to collect and use the personal information of the Combined Group's existing and potential customers, and impose liability on the Combined Group for, among others, loss of control or unauthorized access of such data by third parties. Under existing payment card scheme rules, Nexi, Nets and SIA are responsible for maintaining the certifications related to the "payment card industry data security standard" administered by the Payment Card Industry (the "PCI") and, specifically, the PCI DSS, PCI 3D Secure, PCI Card Production Logical Security, PCI Card Production Physical Security and PCI PIN standards, as well as for monitoring compliance with the PCI DSS standards by merchants and third party service providers they use.

In May 2018, the European Union introduced Regulation (EU) 2016/679 ("GDPR"), which introduced a significant increase in sanctions for violations, strengthened the rights of individuals and imposed stricter obligations on companies that process personal data. Nexi, Nets and SIA must also comply with the principles set out in the GDPR, including lawfulness, fairness and transparency of processing, purpose limitation, data minimization and storage limitation, and, whenever possible, pseudonymization or encryption of data. There remains uncertainty with respect to the application and interpretation of GDPR and the application of penalties. Consequently, the Combined Group may be subject to challenges by the authorities and may incur fines or additional costs to ensure compliance, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Improper use of data of Nexi's, Nets' or SIA's customers, distributors and providers or breach of computer security could damage the Combined Group's reputation and dissuade Nexi's, Nets' and SIA's customers from using digital payments, or Nexi's, Nets' and SIA's digital payments services in particular, increase the Combined Group's operating expenses for correcting breaches or malfunctions, result in liability not covered by insurance or legal action, increase the risk of intervention by the supervisory authorities, lead to substantial sanctions and fines being imposed under international, Italian or European Union laws or regulations, or other applicable international laws or regulations, or by the payment networks, which would in turn adversely affect the Combined Group's ability to continue to participate in credit card issuance programs in partnership with banks.

In addition to the above, unauthorized disclosure by any of Nexi, Nets and SIA of merchants' or consumers' data could result in costs related to issuing new cards or compensating the affected merchants, including in relation to the reimbursement of fraudulent payments, as well as potential fines and penalties by national and European regulatory authorities. Furthermore, in the situations described above, payment card schemes may prohibit Nexi, Nets or SIA from processing transactions on their networks. Nexi's, Nets' and SIA's agreements with third parties that have access to merchant and consumer data, such as, for example, persons carrying out processing activities (such as equensWorldline), debt collection, IT, marketing, and other services on Nexi's, Nets' and SIA's behalf, contain standard clauses on confidentiality and compliance with privacy and security; however, such third parties may nonetheless breach these contractual provisions, thus resulting in the unauthorized disclosure of customer data. If Nexi, Nets or SIA or a third party were to fail to comply with their contractual and/or regulatory obligations relating to the processing of consumer data, it could result in the loss of cardholder data by merchant clients and other third party partners and could require Nexi, Nets or SIA to terminate their relationship with the merchants responsible for the breach. This could result in damage to the Combined Group's reputation, fines and/or penalties by payment card schemes and/or a loss of affiliation with payment card international circuits, with consequent material adverse effects on the Combined Group's business, financial condition and results of operations.

Furthermore, in the situations described above, payment card schemes may prohibit Nexi, Nets or SIA from processing transactions on their networks. Nexi's, Nets' and SIA's agreements with third parties that have access to merchant and consumer data, such as, for example, persons carrying out processing activities (such as equensWorldline), debt collection, ICT, marketing, and other services on their behalf, contain standard clauses on confidentiality and compliance with privacy and security; however, such third parties may nonetheless breach these contractual provisions, thus resulting in the unauthorized disclosure of customer data. If Nexi, Nets or SIA or a third party were to fail to comply with their contractual and/or regulatory obligations relating to the processing of consumer data, this could result in the loss of cardholder data by merchant clients and other third-party partners and could require Nexi, Nets or SIA to terminate their relationship with the merchants responsible for the breach. This could result in damage to the Combined Group's reputation, fines and/or penalties by payment card schemes and/or a loss of affiliation with payment card international circuits, with consequent material adverse effects on the Combined Group's business, financial condition and results of operations.

***Breakdowns of Nexi's, Nets' and SIA's processing systems or defects in Nexi's, Nets' and SIA's software could damage customer relations and subject the Combined Group to liability.***

The services that Nexi, Nets and SIA deliver are designed to securely and reliably process complex transactions, often in real time. In addition, Nexi's, Nets' and SIA's services provide reports and other information on processed transactions, transaction volumes and timing. Any failure to deliver a secure and reliable service, or deteriorated quality of service or service outages, could have a material adverse effect on the Combined Group's business, customers, users and reputation.

In addition, Nexi, Nets and SIA operate various services that involve the collection, accounting and management of cash inflows and outflows for multiple parties across the payment services chain, such as banks and other financial institutions. Any technical defect in Nexi's, Nets' or SIA's software, errors in the application or interpretation of contractual rules within systems or undetected fraud could result in cash flow accounting errors, which could damage Nexi's, Nets' or SIA's customers and subject the Combined Group to liability. Moreover, service outages could prevent merchant customers from being able to process card payments for the duration of the outage. Any of these outages could adversely affect Nexi's, Nets' and SIA's reputation for reliability, which may in turn adversely affect the Combined Group's business, financial condition, results or operations and prospects.

***Regulation in the areas of privacy, information security and data protection could increase Nexi's, Nets' and SIA's costs and affect or limit how the Combined Group collects and/or uses personal information and the Combined Group's business opportunities.***

The payments industry in which Nexi, Nets and SIA operate is highly regulated and Nexi, Nets and SIA are subject to numerous laws and regulations on privacy, information security and data protection. The most important of these laws and regulations relates to the collection, protection and use of personal and company data, data on consumer credit and other information and the provision of credit ratings, including the GDPR (as defined below), as well as national laws implementing each of them. Nexi, Nets and SIA are also subject to industry standards and Nexi's, Nets' and SIA's own privacy policies, in addition to privacy obligations owed to third parties.

Nexi, Nets and SIA receive, store and process highly sensitive personal and commercial information, as well as other data concerning both customers and other companies and individuals. There is a growing awareness and attention by the public and government agencies in the fields of marketing and privacy regarding the interests of individuals covered by provisions on the protection of personal data. This awareness and attention could give rise to the adoption of new laws and/or regulations or the amendment of those currently in force, which could have a negative impact on the Combined Group's business. In particular, in addition to increased compliance costs, the adoption of new laws and/or regulations or amendments to laws and regulations currently in force can create significant risks of business interruption of the activities the Combined Group will carry out if it is no longer able to process data in the manner in which Nexi, Nets and SIA have done so in the past.

Nexi, Nets and SIA undertake to comply with all applicable laws, policies, legal obligations, decisions, regulations of relevant local, European and foreign authorities, as well as industry codes of conduct relating to privacy and data protection. These laws and regulations are frequently revised and subject to different interpretations, and as a result, Nexi's, Nets' and SIA's internal practices may conflict with them. In addition, courts in Italy, the Nordics and other markets in which Nets and SIA operate and the European Union may not always apply these regulations in the same way.

Any breach of, or alleged failure by Nexi, Nets and SIA to comply with, these regulations or Nexi's, Nets' and SIA's privacy policies, or any data security breach involving the unauthorized processing, provision or transfer of information, could result in corrective government action, litigation or public statements against the Combined Group by consumer interest groups or others and could lead to penalties, including significant administrative pecuniary sanctions and criminal sanctions by the Italian regulator in relation to infringements of the GDPR imposed by the competent authorities, including the Italian Data Protection Authority, and result in Nexi's, Nets' and SIA's partners and customers losing their confidence in the Combined Group.

Any violations of applicable laws or the Combined Group's policies by third parties that Nexi, Nets and SIA have relationships with, such as customers, banks and financial institutions, suppliers or developers could also put the information contained in Nexi's, Nets' or SIA's database at risk and could in turn have a material adverse effect on the Combined Group's business. Compliance with current regulations, as well as with any future laws or other regulatory measures (which the Combined Group will be required to comply with) might result in additional adjustment costs and under certain circumstances could require changes to the manner in which Nexi, Nets and SIA perform certain activities which could have an adverse effect on the Combined Group's business.

Failure to comply with privacy, data protection and information security legislation could result in burdensome regulatory reviews and measures or government investigations and actions, litigation, fines and sanctions and could further result in damage to Nexi's, Nets' or SIA's reputation. These breaches could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Competition for each of Nexi's, Nets' or SIA's business is intense and the Combined Group may lose market share, fail to gain market share or face downward pricing pressure.***

Nexi, Nets and SIA operate in highly competitive markets. In each of Nexi's, Nets' and SIA's market segments, Nexi, Nets and SIA compete on technology, variety, price of offered services, speed, performance, quality and reliability, reputation and customer service. The markets are also experiencing a period of rapid transformation due to changes in customer payment habits, the emergence of new international competitors (e.g., SumUp, iZettle, Revolut or N26), the growth of international players active across borders (e.g., Worldline/Ingenico, Adyen, Chase Paymentech Europe, Global Payments, WorldPay), technological innovation and recent legislation at European and national level.

Nexi, Nets and SIA face competition from large players, including large international acquirers, such as Worldline/ Ingenico, Adyen, Evo Payments and others, and international processors, such as Global Payments/TSYS, Fiserv/First Data and Elavon. These competitors offer along the value chain similar services to those provided by Nexi, Nets and SIA. In some cases, competitors may have financial, technological and marketing resources that are significantly higher than those of Nexi, Nets and SIA and they may have gained greater experience in other markets. If Nexi's, Nets' and SIA's competitors are better able to exploit these advantages, the Combined Group may not be able to attract or retain customers, which could have a material adverse effect on the Combined Group's business, financial condition, reputation and results of operations. Furthermore, if Nexi, Nets or SIA fail to respond to technological changes or consumer payment preferences, the Combined Group may lose its market share compared to competitors.

Nexi, Nets and SIA face new competitive pressure from international payment companies focused on e-commerce and m-commerce sectors. Given that these market segments are very attractive, they are characterized by strong competitive pressure from international payment companies which provide omni-channel propositions, such as Adyen, Stripe and, with specific reference to e-commerce and m-commerce, PayPal. Other non-traditional payment service providers, such as Google, Apple, Samsung and Amazon, could become significant competitors of the Combined Group should they decide to increase their focus on payments, becoming competitors in one or more payment services that Nexi, Nets and SIA provide. These companies have substantial financial resources and solid networks and are highly appreciated by consumers. These companies may gain a greater share of digital payment transactions and the Combined Group's business, financial condition and results of operations could be materially adversely affected, in particular through e-commerce and m-commerce. In addition, Nexi, Nets and SIA face new competitive pressure from other international players, such as SumUp and iZettle, on the acquiring side, and challenger banks, such as Revolut, N26, or Hype, on the issuing side.

Nexi, Nets and SIA also face competitive pressure with respect to their POS services from alternative payment methods, such as QR code payments on the acquiring side (and, particularly, e-commerce transactions), which are provided by several competitors, including PayPal, Satispay or MobilePay, that are generally account-to-account based payments (IBAN-based).

In addition, Nexi, Nets and SIA face the threat of a further opening of the market as a result of changes in the applicable regulatory framework (including, in particular, the PSD2 Directive and new next generation PSD2 services), and the threat of disintermediation of Nexi's, Nets' and SIA's activities as a result of new technological developments. In particular, the "open banking" initiatives guarantee the right of access by third party providers to the account establishment institute, particularly with regard to:

- Account Information Service Providers (AISPs), i.e., licensed payment service providers who can offer the possibility of aggregating customers account information from multiple accounts (accessible online) into a single instrument; and
- Payment Initiation Service Providers (PISPs), i.e., licensed payment service providers who can offer users who have an online payment account the opportunity to initiate a payment transaction directly from their account, for example for the purchase of goods or services via the Internet, without using a credit card.

The "open banking" could lead in the medium/long term to greater market opening and partial disintermediation of the traditional value chain of digital payments, for example in the area of e-commerce, where payment services providers could initiate a transfer from the payer's account to the merchant's account, provided valid customer's consent. In this case, open banking could accelerate the penetration of A2A payment methods. Such services are already available in some European countries, even pre-PSD2 (e.g. Klarna/Sofort in Germany and other western EU countries) and could also gain market share in the Italian market. Major retailers or e-commerce companies (such as Amazon, Alibaba) may decide to launch and promote payment services of this nature, to reduce the costs associated with card transactions. These services could expand from the e-commerce field to other types of payment, such as physical payments to companies (P2B), companies refunds (B2P), or institutions (P2G). Given the current limits affecting the user experience of payment initiation services ("PIS"), we currently expect competition from this type of providers to arise only in the medium term, provided that these services will develop their UX. Furthermore, the portfolio of services provided by Nexi, Nets and SIA already include this kind of services, which allows the Combined Group to provide these services to its customers, should PIS services gain significant future traction on the market.

Nexi, Nets and SIA also face increased competition from traditional payment participants, in particular from international schemes like Visa and MasterCard. These companies may adopt increasingly aggressive strategies to expand their market share in the markets in which Nexi, Nets and SIA operate, for instance by exploiting new regulations, Nexi's, Nets' and SIA's dependence on maintaining operating licenses or memberships with them, or Nexi's, Nets' and SIA's dependence on the use of certain technology they may control. In particular, both MasterCard and Visa are enriching their offer by creating new services across the entire value chain (e.g., account-to-account payments) See also "—*Nexi, Nets and SIA are exposed to risks arising from their reliance on payment networks*." Finally, the Combined Group might face new competition, even though on a medium-long term period, emerging from non-traditional players which may offer alternative payment methods, types, currencies, technologies and databases that generally bypass the traditional systems. Such non-traditional competitors include, for example, providers of blockchain solutions (or, relatedly, bitcoin solutions), which do not rely on traditional card schemes or banking networks to process digital payments. Blockchain solutions facilitate payments without the need to go through a third party, by processing transactions via a network of computers that continuously records transactions processed through it. In the long term, the evolution of blockchain and distributed ledger technology might lead to the growth of new payment technologies also able to disintermediate part of the value chain of payment cards, for example through the use of dedicated crypto currencies (such as Bitcoin or Ethereum), including for large international payments (such as Ripple). Should cryptocurrencies become a payment method largely used by consumers, Nexi, Nets and SIA would start face competition also from these players, as these new technologies may affect one or more aspects of the digital payments ecosystem in which the Combined Group will operate and could have a material adverse effect on the Combined Group's business, financial condition, and results of operations.

Some of Nexi's, Nets' and SIA's competitors may offer a range of products and services that is wider and more comprehensive than those of the Combined Group. For example, Nexi's, Nets' and SIA's competitors may offer integration with mobile device to a greater degree than they do. Nexi's, Nets' and SIA's competitors may also introduce new products to rival or even replace certain products they offer. In addition, Nexi's, Nets' and SIA's competitors may have a greater ability than Nexi, Nets and SIA to develop, and to devote financial and operational resources to, the research, development, marketing and/or acquisitions of new technologies and services. Nexi's, Nets' and SIA's competitors may use more effective advertising and marketing strategies, may have or achieve broader brand recognition or merchant acceptance than any of Nexi, Nets or SIA, or may develop better security solutions and/or more competitive pricing arrangements than us.

A decline in the markets for any of Nexi's, Nets' and SIA's services as a result of increased competition, a decrease in consumer spending, or a shift in consumer payment preferences could have a material adverse effect on Nexi's, Nets' and SIA's business or result in a temporary or permanent loss of market share. As customers become more and more demanding and new generations enter the market, attention to the end customer and managing the client experience is becoming increasingly important. In the event that Nexi, Nets and SIA are not able to develop products that customers appreciate or that are easy for them to use, the Combined Group could lose market share as customers move to Nexi's, Nets' and SIA's competitors or as a result of Nexi's, Nets' and SIA's failure to attract new customers.

Any failure to remain competitive could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The digital payments industry could experience a decline in digital payment transactions, including a decline in the use of recurring and one-time account-based payments and credit or debit cards as a payment mechanism for consumers, as well as other adverse developments.***

Despite historical growth trends in markets where the Combined Group will operate, if the number of digital payment transactions does not continue to grow or if consumers or business do not continue to use Nexi's, Nets' and SIA's products and services, it could have a material adverse effect on the Combined Group's business, financial condition, and results of operations.

A substantial part of Nexi's, Nets' and SIA's business is linked to credit and debit card payments. If consumers do not continue to use credit or debit cards as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, credit and debit cards and other payment forms that is adverse to the Combined Group, or if the Combined Group is unable to continue to expand the number of agreements with merchants in Nexi's, Nets' or SIA's markets at current or historical levels, this could have a material adverse effect on the Combined Group's business, financial condition and results of operations. The facilitation of direct access to accounts as a result of PSD2 may result in increased competition and opportunities for traditional and non-traditional payment providers (including those which compete with us) which offer alternative payment methods and may result in growth in account-based payments more broadly. For example, peer-to-peer payment platforms such as MobilePay in Denmark could shift from card-based payments to account-based payments which could have an adverse effect on Nets' revenues and earnings.

To the extent that the overall card-based payment market decreases and such decrease occurs faster than the increase in the market for digital payments effected through account-based payments, the Combined Group's revenues and earnings could also be adversely affected. In addition, if margins are lower in these new areas, then the Combined Group's profitability could decrease, at least temporarily and until such margins increase and/or the initial development expenses are absorbed. Moreover, if there is an adverse development in the credit or debit card payment industry in general, such as new legislation or regulation that makes it more difficult for the Nexi's, Nets' or SIA's customers to do business or for consumers to use credit or debit cards as a payment mechanism for their transactions, or if consumers or business do not continue to adopt Nexi's, Nets' or SIA's products and services, the Combined Group's business, financial condition and results of operations may be adversely affected.

***The Combined Group's business requires funding to manage settlement needs.***

Nexi and Nets rely on third party funding to manage settlement needs. For example, Nexi relies on third party funding to manage its settlement needs, which, depending on the business line involved, may require coverage of between one and 45 business days, or, in some cases, an even longer period of time. Funding to cover Nexi's needs is primarily provided by (i) the Nexi Factoring Agreement, for a total amount of outstanding factored receivables not exceeding €3,200,000,000, (ii) the Factorit Agreement, providing for a revolving credit line for up €350,000,000, (iii) the Credit Mandate, pursuant to which, Depobank undertakes to make daily advances on behalf of or in the interest of its partner banks, as requested from time to time by Nexi Payments, up to a maximum daily amount of €450,000,000, (iv) the Mercury Funding Facility, providing for a current account credit facility in an available amount of up €200 million, (v) certain bilateral credit facilities with an aggregate available amount of €1,310.0 million (which are utilized to cover acquiring activities, receivables from issuing activity not covered by the Nexi Factoring Agreement, the Factorit Agreement or by revolving credit facilities and other potential short run operational funding needs) as well as (vi) the Revolving Credit Facility (providing a €350 million line available to cover potential general liquidity shortfalls and business needs). See also "*Description of Certain Financing Arrangements—The Issuer's Settlement Obligations.*" Also Nets' relies on third party funding to manage its settlement needs, which, depending on the business line involved, may require coverage of between one and 40 days, or, in some cases, an even longer period of time. Funding to cover Nets' needs is primarily provided by €125.0 million in committed funds under the Securitization Agreement, up to €200,000,000 of receivables purchased by the receivables purchaser under the Cooperation Agreement, and certain bilateral credit facilities in an amount of €788 million (equivalent) in respect of overdraft, intra-day clearing facilities and money market lines sourced by other banks to mainly cover activities in the Merchant Services business segment. See "*Description of Certain Financing Arrangements—Nets' Settlement Obligations.*" In addition, one of SIA's subsidiaries, Greece SIA S.A., has entered into a bilateral credit facility utilized to cover its short run operational funding needs, which was drawn in an amount of €5.9 million as of the date of this information release. See "*Description of Certain Financing Arrangements—SIA Indebtedness—SIA's Funding Sources.*"

Nexi and Nets face the risk that they may not be able to renew these facilities at all or on equivalent terms, or that their counterparties may terminate their agreements with us. For example, the Credit Mandate entered into between Nexi Payments and Depobank (now merged into BFF) shall expire on June 30, 2022, with a tacit renewal for recurring one-year periods. While Nexi Payments and BFF have entered into a term sheet to amend certain terms of the Credit Mandate, including its duration, no guarantee could be given that the Credit Mandate will be actually amended. In addition, the Nexi Factoring Agreement grants UniCredit Factoring S.p.A. the right to revoke factoring plafond assigned to Nexi's partner banks in a number of circumstances, including for such banks' failure to comply with capital adequacy requirements or insolvency, and to terminate the contract with Nexi if the latter ceases to be registered on the register of electronic money institutions, or fails to comply with capital adequacy requirements. Moreover, the Nexi Factoring Agreement and certain of the bilateral facilities contain change of control and/or cross default provisions. Similarly, the Securitization Agreement and the Cooperation Agreement entered into by Nets' subsidiary RatePay grant the relevant receivables purchasers the right to terminate the contracts upon the occurrence of certain events of default, including certain change of control events.

In terms of settlement needs, Nexi experiences a daily cash shortage to be covered in its Merchant Services & Solutions business line for the period between the date Nexi credits the merchant and the date Nexi is reaccredited by the schemes. This period can last from one to three days, with amounts averaging approximately €162 million on a daily basis in the year ended December 31, 2020. In Nexi's Cards & Digital Payments business, the period between the date the cardholder effects a transaction and the date the cardholder is debited can last between 15 and 45 days on average. In addition, a cardholder may request that the monthly payment be paid in instalments, thereby extending the cardholder's debt over time, which Nexi then covers. The amount of cash resources required for this business line is, on average, equal to €1.6 billion per month. Further, there are a few days of the year, for example in December and during summer peak and Easter periods, as well as during weekends and public holidays, where Nexi experiences higher transaction volumes due to the increase in consumer shopping and, accordingly, there can be greater need for sources to manage the lag between cash outflows and inflows and the related settlement amounts. In terms of Nets' settlement needs in its acquiring business, Nets typically settles the payable owed by the card scheme to the merchant after receiving the corresponding amount by the card scheme. In some circumstances, Nets settles the payable owed by the card scheme to the merchant one day after the card purchase is made, thereby acquiring the merchant's corresponding receivable against the card scheme which is settled either later that same day or on the next subsequent business day. In its "pay later" solution, Nets' subsidiary RatePay pays merchants the amount owed by consumers, nets of its fees and commissions, in advance of having received funds from consumers, while in the "installment payment" solution, Nets' subsidiary RatePay offers selected consumers the option to pay for goods and services via installments over up to 48 months, with the majority of installments falling below 12 months. See also "*Description of Certain Financing Arrangements—Nets' Settlement Obligations.*"

While Nexi, Nets and SIA believe that they have sufficient funding to cover their short term settlement needs, they may in the future be required to replace an existing lender or counterparty under their funding agreements, which could lead to increased expenses or a potentially lengthy interruption in services, due to the time required to find and negotiate an agreement with a replacement. Given the continuous need for lines to support the settlement activity, any failure to finance such activity could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group may incur liabilities for the actions of Nexi's, Nets' and SIA's directors, employees, agents, representatives and intermediaries.***

Conducting business in an ethical manner is of crucial importance for the Combined Group's reputation, status with regulators and business prospects. Any contact by Nexi's, Nets' or SIA's directors, employees, agents or partners with the public administration (including, for example, in the context of relations with the public administration for assistance in managing digital transactions for payments in cash by their clients) entails, in certain circumstances, risks related to, among other things, fraud, bribery, corruption, embezzlement and other fraudulent activities by Nexi's, Nets' or SIA's employees and could result in them being involved in investigations relating to such activities. Furthermore, Nexi's, Nets' and SIA's business activities may also involve risks relating to potential claims which may result from activities or errors by their employees and may result in breaches of security measures or damage to third parties. Nexi, Nets and SIA are also exposed to the risk that their directors, employees or agents may commit cybercrimes such as breaches of the computer systems of their competitors, gain unlawful access to bank data (including customer data) and may cause damage to the Combined Group's computer systems and documents.

As of the date of this information release, Nexi and SIA have adopted an organizational, management and control model pursuant to Legislative Decree No. 231/2001 ("Decree 231"), as a defense against the administrative responsibility that could be attributed to Nexi or SIA pursuant to Decree 231 for offenses committed in the Nexi's or SIA's interest or for Nexi's or SIA's benefit by Nexi's or SIA's employees, directors and representatives. However, the adoption of 231 model by Nexi and SIA is not sufficient on its own to prevent sanctions under Decree 231. While maintaining, implementing and updating the internal control systems, Nexi and SIA may not be able to prevent or detect the commission of the offences covered in Decree 231, especially given the nature and size of the Combined Group. Any proceedings relating to alleged offences covered by Decree 231, regardless of their outcome, could be costly and divert management's attention from other aspects of the business, cause adverse publicity and reputational damage and could have an adverse effect on the Combined Group's business, financial condition and results of operations. Any of the above circumstances, including the failure to properly implement and update such control systems, may expose the Combined Group to civil and administrative penalties under the provisions of Decree 231 and cause damage to the Combined Group's reputation. Specifically, under Decree 231, each of Nexi and SIA can be held liable for certain offenses committed in their interest or benefit in Italy or abroad (e.g., corruption, fraud against the state, corporate offenses, market abuse, certain environmental and workplace safety violations) by persons that have a relationship with Nexi or SIA, as applicable, at the time of committing the offense in question, including third party agents, partners or intermediaries, unless Nexi or SIA, as applicable, can demonstrate that such persons intentionally violated their internal control models and that it would have been impossible for Nexi or SIA, as applicable, to prevent such breach. In such circumstances, Nexi and SIA may be subject to fines, confiscations of profits or other penalties, including the termination of authorizations, permits, licenses, concessions and loan agreements, including subsidized loans, the suspension of Nexi's or SIA's operations or a prohibition on contracts with public administrations. In such a case, the duration of such punitive measures could range from a minimum of three months to a maximum of two years. Certain of the above mentioned legal sanctions may also be applied as interim measures during investigations. However, in very serious cases, some of these measures can be imposed permanently. In certain circumstances, as an alternative to the penalties described above, a court could appoint a third party professional (*custode giudiziario*) to run the company, which would result in the profits obtained during the controlled administration period being automatically confiscated by the administrator. The occurrence of any of these events could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nexi, Nets and SIA are exposed to risks arising from their reliance on payment networks.***

Part of the Nexi's and Nets' business is conducted through license agreements with card scheme operators, such as Visa and MasterCard. Pursuant to these license agreements, the card scheme operators periodically issue binding rules (i.e., mandates) aimed at ensuring compliance with technical standards regarding Nexi's and Nets' issuing and acquiring activities and the operation of POS terminals and payment cards. New mandates generally have deadlines for compliance defined on an annual and multi-year basis. In addition, SIA provides technological solutions to customers operating on payment networks.

Whenever a new mandate is issued, Nexi and Nets start an updating procedure, which requires the development of adaptation software and, if applicable, intervention on the POS terminals and/or the payment cards in circulation. In a very limited number of situations, these costs fall on the merchants, who could exercise the right to withdraw from their agreements with Nexi or Nets or the partner banks rather than bear such costs, with a consequent adverse effect on the Combined Group's business, financial condition and results of operations.

Furthermore, card scheme operators can change their rules and have done so in the past, including changes to ICT system requirements, with little notice to their members. Payment networks generally establish the rules for the allocation of responsibilities between the participants in the payment networks and the structure, and modify these rules for many reasons, including as a result of changes in the regulatory framework, in order to maintain or attract new participants or to promote their strategic initiatives.

From time to time, card scheme operators change both the interchange fees and card scheme fees that they charge to Nexi or Nets as well as to the merchant acquirers (for example, MasterCard announced that it will impose a fivefold increase in interchange fees for online credit card payments from the UK to the European Union, starting October 2021). Due to competitive pressures, merchant expectations, or for other reasons, Nexi or Nets may be unable to pass a portion or all of such fee increases to their customers through corresponding increases in Nexi's or Nets' charges, which could result in Nexi or Nets absorbing a portion or all of such increases in the future. In addition, interchange and other fees are subject to increased scrutiny by regulators, and new regulations impose a cap on interchange fees and require greater pricing transparency of the breakdown in fees which could lead to increased price-based competition, lower margins and higher rates of customer churn.

In some cases, payment networks are in competition with Nexi and Nets and their ability to modify and improve their rules at their sole discretion may provide them with an advantage in selling or developing their own services that are capable of competing, directly or indirectly, with the services provided by Nexi or Nets. For example, Nets operates national debit card networks in Denmark (through Dankort) and Norway (through BankAxept) that compete with other card schemes, including the international credit and debit card schemes of Visa and MasterCard. Furthermore, as certain Dankort and BankAxept cards are co-badged with Visa as Visa/Dankort cards, or Visa/BankAxept cards, Nets is exposed to risks related to competition with, changes to and an increase in use of or preference for, Visa's card scheme in Denmark or Norway, which are two of Nets' key countries of operation. Such competition has increased as a result of requirements under the EU Interchange Fee Regulation, which provides payers and payees with the ability to select their preferred payment brand or application when engaging in payment transactions that involve co-badged payment instruments. Pursuant to this requirement, Nexi and Nets must ensure that the terminal products and services that they offer can facilitate this. Failure to do this could expose the Combined Group to the risk of litigation from international card schemes. See "*—The EU Interchange Fee Regulation may adversely affect the Combined Group's results of operations.*" and "*—Competition for each of Nexi's, Nets' or SIA's business is intense and the Combined Group may lose market share, fail to gain market share or face downward pricing pressure.*" Domestic debit card payment systems in the United Kingdom, Ireland, Luxembourg, the Netherlands and Finland have progressively been eliminated as a result of the establishment of the Single Euro Payments Area and competition from Visa Debit and Debit MasterCard products that compete directly with such domestic products, and the can be no guarantee that domestic payment networks that Nexi, Nets or SIA operate will continue to be able to compete with large international providers.

As a result of their scale and size, Visa and MasterCard have considerable influence in determining new policies and in ensuring compliance with such policies. If Visa and MasterCard no longer retained their large market share, the Combined Group's business could be adversely affected. In addition, if Nexi or Nets cease to be registered as a member or no longer have the status of provider of certified services, or any changes to the rules or standards of payment cards associations or other payment networks were made, including changes to the interpretation and implementation of applicable rules or standards resulting in increased operating costs or Nexi's and Nets' limited ability to provide transaction processing services to their customers, the Combined Group's business, financial condition and results of operations could be materially adversely affected.

Furthermore, should Nexi or Nets fail to comply with the rules of the system as a result of changes to the rules or standards, the Combined Group or merchants could be fined. If Nexi or Nets are unable to pass on these costs to their customers, such penalties and fines could increase the Combined Group's operating costs, and the Combined Group's profit margins could be reduced.

Failure to comply with the credit card system rules could also entail the restriction, suspension or termination of Nexi's or Nets' licenses for acquiring payment transactions or for acting together with the sponsoring banks in service agreements for the use of their BIN and their license. Should this occur, the Combined Group would not be able to process transactions by using the credit card system in question, with a material adverse effect on the Combined Group's business, financial condition and results of operations.

In addition, any material breach by Nexi or Nets may result in the deterioration of their relationships with the card scheme operators, which could result in fewer business development opportunities or, in some cases, the termination of their relationship with the Combined Group.

Lastly, a significant portion of SIA's business relates to the provision of payment acceptance- and issuing-related services through its Card & Merchant Solutions business line, with regard to domestic (e.g. Pagobancomat), and international (e.g. Visa, MasterCard, Alipay etc.) schemes. SIA's services in the sector encompass processing and value-added services that allow for payments through traditional (e.g. card-based) and digital (ApplePay, SamsungPay, etc.) payment services. As such, SIA therefore relies on the relationships between its customers and the relevant payment schemes, and may be materially adversely affected if any of its customers fails to comply with the rules of the system, or if their license is restricted, suspended or otherwise terminated.

***This information release contains numerous alternative performance measures, which are not prepared according to any recognized accounting standard, are not audited or reviewed and may be compiled on a basis that is different to similarly titled measures reported by other companies.***

This information release includes a number of alternative performance measures ("APMs") that are not identified as accounting measures in the framework of the IFRS and, therefore, may not be comparable with those presented by other groups.

With reference to the interpretation of these APMs:

- these measures are calculated solely on the basis of the historical data of Nexi, Nets and SIA;
- although they are derived from the Financial Statements, APMs are not identified as accounting measures under IFRS and are not audited;
- the APMs must not be considered as substitutes for the indicators provided for under the International Accounting Standards;
- APMs are not indicative of the Combined Group's future performance;
- since APMs are determined on a basis which is not regulated by IFRS, the criteria applied for the relative determination of APMs, as well as the definition and calculation of APMs presented in this information release, may not be homogeneous with the criteria adopted by other groups and therefore, APMs may presented in this information release not be comparable with similarly titled APMs presented by other groups;
- APMs must be read together with the Financial Statements; and
- the APMs presented in this information release are presented on the same basis for all the periods for which financial information is included in this information release.

Therefore, examination of the APMs by an investor without taking into account the above mentioned critical issues could mislead such investor in the evaluation of the Combined Group's business, financial condition and results of operations and lead to an incorrect, inappropriate or inadequate decision by such investor. See "*Presentation of Financial and Other Information*."

***The EU Interchange Fee Regulation may adversely affect the Combined Group's results of operations.***

Card issuer compensation fees, known as "interchange fees," are subject to regulation by the European Union pursuant to the EU Interchange Fee Regulation. As expected, the EU Interchange Fee Regulation may impact merchant acquirers' operations in EU markets in which the Combined Group operates in terms of client billing, pricing and contracting. Additionally, the EU Interchange Fee Regulation requires changes to terminals to reflect changes to the "Honor All Cards" rule (a rule obliging all merchants to accept payment cards issued under the same brand), co-badging and steering rules (rules which prevent merchants from steering consumers in the choice of a payment instrument instead of cash), as well as costly changes to Nexi's and Nets' existing merchant agreements.

These or other provisions of the EU Interchange Fee Regulation could result in increased costs, additional operational and commercial complexity, and disrupt the Combined Group's systems and operations. This could have a material adverse effect on the Combined Group's business, financial condition, results of operations and prospects.

***The Combined Group may not be able to attract, integrate, manage and retain qualified personnel or key employees.***

Nexi's, Nets' and SIA's operating results depend in significant part upon the continued contribution of their boards of directors, key senior management and of highly qualified technical, financial and operations personnel. Nexi's, Nets' and SIA's operations require, among other things, stringent control of financial systems and operations, the continued development of management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel, sufficient internal succession planning for key roles and the presence of adequate supervision. The personal connections and relationships of Nexi's, Nets' and SIA's key management are important to the conduct of their business. If Nexi, Nets or SIA were to unexpectedly lose a member of their key management or fail to maintain one of the strategic relationships of their key management teams, the Combined Group's business and results of operations could be materially adversely affected.

In particular, the success of the Combined Group's business depends on its ability to successfully adapt to rapidly changing technological, social, economic, and regulatory developments. This necessitates a range of specialist personnel, particularly in the areas of engineering, fintech, technical support, finance and controls, sales, administration and operations, and requires the Combined Group to retain, recruit, and develop the necessary personnel who can provide the needed expertise across the entire spectrum of the Combined Group's business and operations. The market for qualified personnel is competitive and the Combined Group may not succeed in recruiting additional personnel, or may fail to replace departing personnel with suitable successors. There may be a limited number of persons with the requisite skills to serve in this position and there can be no certainty that the Combined Group will be able to identify or employ qualified internal or external candidates within a reasonable timeframe. In addition, the Combined Group's competitors may increase remuneration packages for desirable personnel, which may result in an inability to recruit suitable personnel or may force the Combined Group to increase remuneration of certain categories of employees or of new recruits. The Combined Group 's efforts to retain and develop personnel may also result in additional expenses, which could adversely affect the Combined Group's profitability. The Combined Group cannot guarantee that key personnel, including executive officers, will remain in their employment or that it will be able to attract and retain qualified personnel in the future, which could have a material adverse effect on the Combined Group's business. Certain of Nexi's, Nets' and SIA's employees have not entered into non-compete agreements, which may result in adverse consequences should any of such employees become employed by a competitor. The Combined Group's rapid increase in scale and the integration of the component business of the Combined Group may result in insufficient integration of its operations, which may in turn result in inefficiencies in its operations and suboptimal management and decision-making processes. In addition, the Mergers may result in difficulties in retaining qualified employees as a result of, among other things, discontent with the Mergers or with their execution.

***Nexi's, Nets' and SIA's risk management policies and procedures may not be fully effective in mitigating their risk exposure.***

Nexi's, Nets' and SIA's risk management policies and procedures may not be fully effective in identifying, controlling and managing the risks to which they are exposed. Some of Nexi's, Nets' and SIA's risk assessment methods depend on information provided by third parties and public information related to markets, clients or other elements that are not otherwise available. In some cases, this information may not be accurate, complete or up to date. If Nexi's, Nets' and SIA's policies and procedures are not fully effective, or if they are unable to detect all the risks which Nexi, Nets or SIA are or could be exposed to, the Combined Group could suffer damage to its reputation or be involved in litigation or be exposed to regulatory measures and/or fines and penalties that could have a material adverse effect on the Combined Group's business, financial condition and results of operations. See also "*—The Combined Group may incur liabilities for the actions of Nexi's, Nets' and SIA's directors, employees, agents, representatives and intermediaries.*"

***Nexi's, Nets' and SIA's insurance coverage may not be adequate to cover all possible losses and the insurance costs may increase.***

Nexi, Nets and SIA seek to maintain comprehensive insurance coverage at market rates, including property damage and business interruption, directors' and officers' liability, employer liability, and general liability insurance, as well as insurance coverage against unlawful acts by employees. Such insurance policies do not cover all types of losses and liabilities that directors and officers may face in the performance of business activities and are in any case subject to limits, sub limits, overdrafts and/or deductibles, exclusions and conditions. There can be no guarantee that Nexi's, Nets' and SIA's insurance policies will be sufficient to cover the full amount of damages or liabilities that they may face, nor can it be guaranteed that they will be able to renew current insurance policies on favorable terms and conditions or to renew them without interruptions in coverage. Furthermore, if Nexi, Nets and SIA or other payment services providers suffer significant losses or make significant insurance claims, their ability to obtain insurance coverage in the future at commercially reasonable rates could be adversely affected, with a material adverse effect on the Combined Group's business, financial condition and results of operations. It is unclear if, and how, insurance policies of Nexi, Nets and SIA will cover any damages that they may suffer in relation to the COVID-19 outbreak and how their insurers will handle any related requests for damages in the future. Should the insurance providers of Nexi, Nets and SIA fail to cover losses or damages as a result of the COVID-19 outbreak, or should they modify their approach in the future, the business, financial condition, results of operations and prospects of the Combined Group could be adversely affected. Finally, there can be no assurance of the financial abilities of the insurance companies to meet their claim payment obligations.

***Joint ventures and other partnerships arrangements may expose the Combined Group to risks.***

From time to time Nexi, Nets and SIA enter into joint ventures and other partnership arrangements with other parties in relation to projects in which they have an interest. For example, Nets has entered into a number of joint ventures, and is expected to continue to do so, including in relation to the establishment of P24Dotcard sp. z o.o. and PayPro S.A., two Polish payments processors. In addition, Nets operates a joint venture with PostNord AB (formerly, Post Danmark A/S), in connection to the joint operation of e-Boks A/S. Joint ventures and partnership arrangements can often require unanimous approval of the parties to the joint venture or partnership arrangement or their representatives for certain fundamental decisions, which means that each party may have a veto right with respect to such decisions. This could, in turn, lead to a deadlock in the operations of the joint venture or partnership. Further, Nexi, Nets and SIA may be unable to exert control over strategic decisions made in respect of such joint venture or partnership. Any failure of such other parties to meet their obligations to Nexi, Nets or SIA or to third parties, or any disputes with respect to the parties' respective rights and obligations, could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group's business may suffer if Nexi, Nets or SIA are sued for infringing the intellectual property rights of third parties, or if they are unable to obtain rights to third party intellectual property on which the Combined Group's business depends.***

Nexi, Nets and SIA rely on the strategic protection of their intellectual property rights, including through the use of trademarks, copyrights and licenses. Nexi, Nets and SIA also rely on trade secrets, know how, continuous technological innovation and license rights as well as rules against unfair business practices, confidentiality agreements and contractual arrangements, to protect ownership of their services and develop, maintain and strengthen their competitive position. However, it cannot be excluded that, in the future, third parties might bring claims for infringement of their intellectual property rights by Nexi's, Nets' or SIA's systems or products. Such infringement claims, even if without merit, may cause Nexi, Nets or SIA to incur significant costs in defending those claims. Nexi, Nets or SIA may be required to discontinue using any infringing technology and selling any related services, to expend resources to develop non-infringing technology, or to purchase licenses or pay royalties for other technology. Future disputes and/or claims by third parties in relation to intellectual property rights may adversely affect the Combined Group's business, financial condition and results of operations.

In addition, if Nexi, Nets and SIA are unable to protect their technology and intellectual property, their competitors may, even temporarily, misappropriate Nexi's, Nets' and SIA's technologies and intellectual property rights and develop competing services, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Nexi's, Nets' and SIA's use of trade secrets creates the risk that they may be unable to prove ownership of certain products. For example, SIA has not registered certain proprietary technologies which it has developed internally to conduct its business, and relies instead on trade secrets to protect such technologies from adoption by competitors. This may make it difficult for SIA to prove its ownership of such technologies and the fact that it developed such technologies before other third parties. This may, in turn, increase the difficulty of protecting such technologies through court proceedings. SIA is currently involved in a dispute with Itside S.r.l. and Mobysign Limited in connection, among others, with the alleged violation of a patent by its Jiffy solution, and has not recorded provisions to account for any damages arising therefrom. While SIA does not believe this dispute to be material, it cannot be excluded that the Combined Group will not be involved in material intellectual property disputes in the future.

In addition, Nexi, Nets and SIA may be required to bring legal action to protect their industrial secrets and know how, or to enforce their rights or contest the scope and validity of the property rights of third parties. Nexi, Nets and SIA may not be successful in defending against challenges brought against their intellectual property rights, may be required to pay royalties for the use of patents or trademarks of third parties for key technologies or may need to make substantial investments to research and develop suitable alternatives. Finally, Nexi, Nets and SIA rely on their ability to obtain third party intellectual property rights under license. These third parties may not be willing to license the intellectual property rights necessary for Nexi's, Nets' and SIA's business or be unwilling to grant such rights on terms that are favorable to Nexi, Nets and SIA. As a result, Nexi, Nets and SIA may not be able to continue offering the products and services on which Nexi's, Nets' and SIA's business depends, with a consequent material adverse effect on the Combined Group's business, financial condition and results of operations.

Any court proceedings Nexi, Nets and SIA commence could be expensive and time consuming and may divert management's attention from other business aspects. Furthermore, Nexi, Nets and SIA may be unsuccessful in such legal proceedings, and any damages or other means of protection awarded may be of no commercial value. Further, any successful action for infringement may be useless if it takes too long to be concluded and the intellectual property right or the product developed on the basis of such right becomes obsolete. While Nexi, Nets and SIA are not currently involved in any material intellectual property litigation, it cannot be guaranteed that this will continue to be the case, or that Nexi, Nets and SIA will be successful should such a dispute arise.

Failure to protect Nexi's, Nets' and SIA's intellectual property rights could reduce the Combined Group's competitive advantage and result in losing customers to competitors, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group may require additional capital in the future, which may not be available on commercially favorable terms, or at all.***

In response to changes to the Combined Group's strategy, to accelerate strategy implementation, or to unanticipated changes to the regulatory or competitive environment, the Combined Group may need to raise additional capital in order to:

- take advantage of expansion or growth opportunities, as was the case, for example, for the ISP Acquisition, through which Nexi acquired Intesa Sanpaolo's over 380,000 points of sale;
- acquire, form joint ventures with or make investments in complementary businesses or technologies;
- develop new products, services or capabilities; or
- respond to competitive pressures.

The Combined Group may seek to raise new capital in the future through public or private debt or equity financings. Any additional financing that the Combined Group may need may not be available on favorable terms or at all, which could adversely affect the Combined Group's future plans and the Combined Group's ability to execute the Combined Group's strategy and could have a material adverse effect on the Combined Group's business, financial condition and results of operations and prospects.

***If any of Nexi, Nets or SIA experience labor disputes or work stoppages, the Combined Group's business could be materially adversely affected.***

Each of Nexi, Nets and SIA is subject to several collective bargaining agreements in certain countries in which they operate, such as Italy, and have a variety of labor agreements with unions and government authorities. See "*Issuer's Business—Employees,*" "*Nets' Business—Employees*" and "*SIA's Business—Employees.*" While we believe that each of Nexi, Nets and SIA have good relations with unions and employees generally, there can be no assurance that their relations will not deteriorate and that they will not experience labor disputes in the future. Any failure to extend or renegotiate collective bargaining agreements on terms favorable to the Combined Group, or at all, could have a material adverse effect on the Combined Group's business. There can be no assurance that the Combined Group's employees will not make claims or that the Combined Group will not incur work stoppages in the future, which if they occurred, would have a material adverse effect on its business, financial condition or results of operations. In addition, the Italian constitution provides that all employees of Italian companies have the right to set up and join trade unions and to carry on union activities, including appointing workers' representatives to negotiate with their employer. The right to go on strike is provided for under Italian law. Nexi's and SIA's employees may go on strike in the future, including as a result of the Mergers and associated reorganization efforts. Any work stoppages resulting from employee strikes could hinder Nexi's and SIA's ability to provide standard level of customer service.

Furthermore, in the event of a market downturn, or other events leading to a decrease in the Combined Group's business volume, including in relation to any actions taken in response to the outbreak of the COVID-19 pandemic, the Combined Group may have to downsize their activities, including by reducing staff and discontinuing some operations. In response to the outbreak of the COVID-19 pandemic, Nexi, Nets and SIA have taken measures aimed at reducing labor costs, such as submitting requests to redundancy funds for eligible employees. Flexibility in human resource management is, however, significantly affected by labor laws and regulations and by the terms of the agreements between each of Nexi, Nets and SIA, unions and government authorities. Labor law and union practices provide significant protections for worker rights in various countries where Nexi, Nets and SIA operate, including Italy. If there is a market decline or a reduction in business and the Combined Group is unable to reorganize its workforce consistently with the resulting fluctuation in work load, or otherwise to adjust its production capacity, or is required to incur significant costs in connection therewith, this could have a material adverse effect on the Combined Group's business, financial condition, results of operations and on the Issuer's ability to perform its obligations under the Notes.

***Goodwill, intangibles and investment impairments may have negative effects on the Combined Group's results of operations.***

As at December 31, 2020, Nexi had intangible fixed assets of €3.7 billion (of which €2.9 billion related to goodwill). Such assets represented 58.7% of Nexi's total consolidated assets. All of Nexi's intangible fixed assets are valued at cost. Intangible assets other than goodwill, or with a finite useful life, are amortized on a straight line basis over their useful life. At the end of each financial year, and every interim accounting period, where there is any indication that an asset may be impaired, its recoverable amount is calculated. The amount of the loss is the difference between the carrying amount and the recoverable amount, and is recognized in the statement of profit or loss. Any impairment will not affect Nexi cash flows. As at December 31, 2020, Nets had intangible fixed assets of €5.3 billion (of which €4.1 billion related to goodwill). Such assets represented 58.9% of Nets' total consolidated assets. Nets' financial assets at amortized cost are subsequently measured at amortizes cost using the effective interest rate method, less impairments. Interest income arising under the effective interest rate method is recognized in financial income in the income statement. Losses arising from impairment are recognized in the income statement under external expenses. Nets' goodwill arising from the acquisition of a business is carried at the date of acquisition of the business less accumulated impairment losses, if any goodwill is not amortized. The carrying amount of goodwill is tested annually and if events or changes in circumstances indicate impairment. As at December 31, 2020, SIA had intangible fixed assets of €0.8 billion (of which €0.5 billion related to goodwill). Such assets represented 62.5% of SIA's total consolidated assets. SIA's financial assets that are held according to a hold-to-collect business model and contractual terms of the financial asset call for cash flow at specific dates represented solely by payments of principal and interest on the principal amount outstanding are amortized at cost. On initial recognition, assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument. After initial recognition, the financial assets in question are valued at amortized cost, using the effective interest rate method.

In particular, IAS 36 establishes the principles for recognizing, measuring and disclosing the impairment of various kinds of assets, including goodwill, illustrating the principles that an issuer should follow to ensure that its operations are reflected on its balance sheet at a value that is not higher than the recoverable value. IAS 36 requires a comparison to be made between the carrying amount and the recoverable amount of goodwill whenever there is an indication of impairment, and at least once a year, when full-year financial statements are prepared. The recoverable amount of goodwill is calculated with reference to cash generating units, as goodwill is unable to produce cash flows on its own. See also "*Risks related to the Transactions—As a result of the Mergers, we expect to record a significant amount of goodwill, which could thereafter be subject to the risk of impairments in the event of adverse changes to the underlying assumptions as to the results and cash flows from the acquired businesses*."

Although any impairment would not have a cash impact, the future development of the macroeconomic environment or other factors could lead to possibly significant impairments to be recognized in the future, with potentially a material adverse effect upon the Combined Group's business, financial condition, results of operations and prospects.

***Nets provides digital payment services to merchants that are active in certain high-risk industries including, among others, the gambling, dating, adult entertainment and nutrition industries and the exchange of cryptocurrency business.***

Nets offers merchant acquiring and gateway services to European merchants that are active in operations that Nets considers to be high-risk, including as a result of their involvement in, among others, the gambling, dating, adult entertainment, and nutrition industries and in the exchange of cryptocurrency business. While Nets has put internal controls in place and its revenues from operations in the abovementioned industries are marginal, these categories of activities are exposed to increased fraudulent activity, including money laundering, among others. As a result, Nets may become liable for chargebacks and other liabilities in relation to payments processed for such customers. In addition, banks and payments networks may refuse to process payments to and from such customers. Nets' involvement in such activities could, in addition, result in reputational damage.

For example, regulation of the gambling industry changes from country to country, often substantially, and ranges from lack of regulation to models are necessary for the operation of a gambling business. Online, as opposed to in-person, gambling is also subject to stringent regulation. Often, regulation in the field of gambling is unclear, and the operation of gambling businesses tends to rely on established practice. Nets' operations in respect of its customers in the gambling industry may result, in any given jurisdiction where Nets provides its services, in either direct application of laws that limit or prohibit payment processing related to gambling, or in a secondary offence (e.g., aiding and abetting of illegal gambling) under specific laws or rules aimed at prohibiting payment processing related to gambling. As a result, Nets and its officers and directors may be subject to investigation, and may be found guilty of participating in or aiding and abetting illegal gambling operations, including under criminal laws. See "*—Certain companies within the Combined Group are subject to oversight by regulatory authorities and central banks and face risks relating to investigations*." In addition, Nets delivers products and services to customers that operate cryptocurrency exchanges. Cryptocurrencies are occasionally used for illicit ends, including money laundering, and, while Nets has internal controls in place, it may not be able to detect when its products and services are used for illicit ends.

***Nexi, Nets and SIA are subject to risks in relation to potential failure to perform know-your-customer checks.***

Nexi, Nets and SIA are required by applicable laws to perform know-your-customer check when contracting with certain parties. While Nexi, Nets and SIA perform know-your-customer checks on new customers, Nexi, Nets and SIA do not, or might not, have complete know-your-customers files on all clients. While Nexi, Nets and SIA do not believe that such complete files are required, they do not intend to terminate their contractual relationship with such clients, authorities may take a different view.

***Changes in tax laws or challenges to the tax position of each of Nexi, Nets and SIA could adversely affect the Combined Group's results of operations and financial condition.***

Nexi, Nets and SIA are subject to complex tax laws. Changes in tax laws could adversely affect the tax position of each of Nexi, Nets and SIA, including in relation to effective tax rate or tax payments. Nexi, Nets and SIA often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with Nexi's, Nets' and SIA's interpretation of these laws. If Nexi's, Nets' or SIA's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require Nexi, Nets and SIA to pay taxes that they currently do not collect or pay or increase the costs of their services to track and collect such taxes, which could increase their costs of operations or their effective tax rate and have a negative effect on their business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group may fail to achieve its growth strategy within the timeframe expected, or at all.***

The Combined Group may fail to implement its growth strategy on time or with the expected results. During the 2019-2020 period, each of Nexi, Nets and SIA incurred non-recurring costs related to strategic initiatives to implement their growth strategy. In particular, during the 2019-2020 period, Nexi recorded €146.9 million of non-recurring costs related to, among the others, the rebranding from CartaSi to Nexi, the reorganization of the Nexi business, the restructuring plan of certain subsidiaries, the ISP Acquisition, and acquisitions and costs associated with integrating acquired companies into Nexi, in addition to the costs relating to the non-recurring financing transactions and to developing new products, and €34.9 million of capital expenditure relating to investments in IT and strategy transformation projects for the year ended December 31, 2020. During the 2019-2020 period, Nets recorded €531.6 million of non-recurring costs related to reorganization, restructuring and refurbishment, business set-ups, acquisitions and disposals, transformation programme and costs arising from the insolvency of the client Thomas Cook and other losses, handling costs etc. Over the same period, SIA recorded €27.0 million of non-recurring costs related to M&A and corporate projects and restructuring charges.

If the Combined Group is not able to fully implement its growth strategy initiatives or if it fails to achieve the expected results, it may incur unexpected costs or fail to realize revenue, which could have a material adverse effect on the Combined Group's business, financial condition or results of operations.

***Nexi, Nets and SIA enter into agreements with related parties; such transactions could result in inefficiencies in the resource allocation process, expose the Combined Group to risks that are not adequately measured or monitored, and cause damage to the Combined Group and its stakeholders.***

As part of their business, each of Nexi, Nets and SIA enter into agreements with related parties on a regular basis. These agreements mainly relate to ICT outsourcing services, credit mandate and facility services, commercial services and other consulting services. Transactions with related parties entail risks, including tax risks, associated with transactions with parties that, being part of the Combined Group's decision making structures or otherwise closely connected to them, may not be objective or impartial in their decisions relating to these transactions. It cannot be guaranteed that if such transactions had been concluded between or with unrelated third parties, such third parties would have negotiated and executed such agreements, or concluded the transactions, on the same conditions and in the same manner. Related party transactions could result in inefficiencies in the resource allocation process; expose the Combined Group to risks that are not adequately measured or monitored; and cause damage to the Combined Group, its stakeholders and/or its subsidiaries.

***The Combined Group's market position may expose it to risks arising from antitrust regulation.***

The Combined Group's business is subject to European and national competition laws, rules and regulations. The Combined Group is exposed to antitrust risks at both the European and national level in the markets in which it operates, for instance in acquiring, card issuing and clearing services. Competition authorities have the power to initiate procedures pursuant to existing regulations, to require a party to cease applying contractual terms found to be anti-competitive, and to impose fines and other sanctions and remedies for noncompliance with relevant regulatory requirements. The Combined Group holds relevant market shares, for instance, with respect to clearing and acquiring activities in Italy. In a 2009 measure issued by the Italian antitrust authority ("AGCM") concerning the acquisition of a controlling stake in SI Holding, the controlling company of CartaSi, now Nexi Payments, involving Nexi's predecessor ICBPI, the authority found that ICBPI had a market share of more than 45% in the issuing market and 61% in the acquiring market, and therefore held a dominant position in national markets, based on AGCM practice of treating the issuing and acquiring markets as two separate markets. Nexi expressly undertook to the Authority to comply with certain specific benchmarks of conduct. See "*Regulation*" for a description of these undertakings. More recent antitrust decisions, however (such as COMP/M.9776 – WORLDLINE/INGENICO (2021)), have suggested that the relevant geography for the issuing- and acquiring-related markets may be the entire European Union rather than the national market, especially with respect to e-commerce transactions. Nexi believe this interpretation is consistent with recent regulation. In particular, the European Regulation on Interchange Fees (Regulation (EU) 2015/751), together with the introduction of SEPA (Single Euro Payments Area), is redrawing the geographical borders of the reference market. In addition, the increasing importance of technical and ICT aspects has increased the uncertainty surrounding the difference between the payment processing and acquiring markets, thereby increasing competitive pressure in both markets. Notwithstanding a potential shift in defining the relevant market, regulators may maintain that the Combined Group holds a dominant position in certain markets. A similar view may be supported by the Bank of Italy's 2017 report on Nexi's markets, which attributed significant market share to Nexi, both in terms of value and volume, in particular for credit card transfers. If a regulator were to determine that the Combined Group holds a dominant position, this may result in regulatory restrictions on the Combined Group's ability to act freely in these markets, set the price of the Combined Group's products or services, or maintain existing operations or business segments, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations. Moreover, any future acquisitions or disposals could be subject to in depth investigation by the antitrust authorities, particularly if the traditional definition of the relevant markets remains unchanged notwithstanding the technological and regulatory developments described above. See also "*Risks related to the Transactions—The Mergers are subject to certain conditions, uncertainties and risks and, if they are not consummated, the Issuer may redeem the Notes at 100% of the issue price, plus accrued and unpaid interest*."

***Changes to accounting standards may affect reporting of Nexi's, Nets' and SIA's financial condition and results of operations.***

Each of Nexi's, Nets' and SIA's Financial Statements are prepared and presented in accordance with IFRS. Any changes in these accounting standards may have a significant impact on Nexi's, Nets' and SIA's financial condition and results from operations. In particular, there are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (the "IASB") and IFRS standards are subject to change. Certain IFRS standards have been recently revised by the IASB. Further, Nexi's, Nets' and SIA's assumptions, estimates and judgments related to complex accounting matters could significantly affect Nexi's, Nets' and SIA's financial results. IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to Nexi's, Nets' and SIA's business, including, but not limited to, revenue recognition, impairment of long lived assets, leases and related economic transactions, intangibles, self-insurance, income taxes, property and equipment, litigation and equity based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by Nexi, Nets or SIA could require them to make changes to their accounting systems to implement these changes that could increase their operating costs, and could significantly change the Combined Group's reported or expected financial performance.

***Certain companies within the Combined Group are subject to oversight by regulatory authorities and central banks and face risks relating to investigations.***

Certain companies within the Combined Group are subject to oversight regulatory authorities and central banks in certain of the jurisdictions in which they operate. In the exercise of their supervisory and oversight powers, regulatory authorities and central banks may conduct periodic inspections of Nexi, Nets and SIA. These inspections could result in a request for organizational measures and the strengthening of controls aimed at overcoming any shortcomings that were detected, or, depending on the extent of any such shortcomings, could lead to the commencement of disciplinary proceedings against corporate representatives and/or Nexi's, Nets' and SIA's subsidiaries, any of which could have a material adverse effect on the Combined Group's business, financial conditions and results of operations. For example, the Bank of Italy, one of the regulatory authorities that has supervisory powers over Nexi in Italy, carried out an inspection of Nexi Payments from February to May 2018 to ascertain compliance with regulations on transparency of transactions and fairness of customer relations. While Nexi's organizational and management structure were considered adequate for monitoring the rules on transparency and fairness in customer relations, the Bank of Italy identified areas for improvement, such as internal regulations, operating practices and internal architecture. Between 2019 and 2021, several subsidiaries of Nets have been subject to inspection by competent authorities, including the German federal financial supervisory authority (BaFin), the Danish financial supervisory authority and the Polish financial supervisory authority, which carried out inspections related to several areas, including anti-money laundering. The competent authorities identified several areas of improvements, which Nets addressed or is in the process of addressing. For example, in the context of the BaFin's ongoing investigation, one of Nets's subsidiary was required to disclose its anti-money laundering and know-your-customer procedures applicable, among others, to its business related to high risk industries. See also "*—Nexi, Nets and SIA are subject to risks in relation to potential failure to perform know-your-customer checks*" and "*—Nets provides digital payment services to merchants that are active in certain high-risk industries including, among others, the gambling, dating, adult entertainment and nutrition industries and the exchange of cryptocurrency business*". While Nexi and Nets have taken measures to address the various findings identified by the competent authorities, it cannot be ruled out that Nexi, Nets and SIA and their subsidiaries will, in the future, be subject to additional assessments or specific requests. If this were the case and the supervised companies were not able to adapt promptly to the requests by the authorities and/or fail to comply with the measures imposed on them, they could be subject to sanctions or various measures, including the revocation of the relative authorizations, which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nexi is exposed to market and currency risks with respect to the securities it holds.***

Nexi holds shares issued by Visa Inc. in the context of its acquisition of Visa Europe Limited, a company which used to manage the Visa circuit in Europe, in 2016. In particular, as of December 31, 2020, Nexi held both Class A Preferred shares, which are convertible into Class A ordinary shares of Visa Inc. and are traded on regulated markets, as well as Class C Visa Shares, which are convertible into Class A Preferred shares (and subsequently into Class A ordinary shares) of Visa Inc. on the basis of certain conversion criteria and are not traded securities, in an aggregate amount of €151.6 million (equivalent), based on their market value as of December 31, 2020. During the first quarter of 2021, Nexi converted into Class A ordinary shares, and subsequently sold, its Class A Preferred Visa shares almost entirely, for a value of €87.0 million (equivalent, at the date of sale). With respect to the shares in Visa Inc. it still holds, Nexi is exposed to the risk that the market value of such securities may fluctuate. In addition, Nexi is exposed to potential fluctuation in currency exchange rates with respect to the US dollar component of the shares in Visa Inc. it still owns. As of the date of this information release, Nexi did not hedge market risk in connection with its Visa Shares. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Qualitative Disclosure on Financial Risk—Market Risk*." A significant decrease in the market value of the Visa Inc. shares could have an adverse effect on the financial condition of Nexi.

***As a beneficiary in the partial proportional demerger conducted in the context of the reorganization of Nexi in 2018, Nexi is jointly and severally liable with Depobank for Depobank's liabilities outstanding at the effective date of the demerger.***

In 2018, Nexi completed a corporate reorganization which included, among other corporate transactions, the partial and proportional demerger of Depobank, in connection with which Depobank (subsequently merged into BFF Bank), as the demerged company, contributed certain assets and liabilities to Nexi as beneficiary company (*società beneficiaria*). Under Italian law, Nexi and Depobank remained jointly liable, proportionally to the actual value of the net equity retained and transferred, for Depobank's liabilities which arose prior to the effective date of the demerger and remained outstanding at that date. Such joint and several liability applies to the extent that such liabilities and debts are not satisfied by Depobank when due, and is limited, subject to exceptions, to the actual value of the net equity transferred to Nexi in its capacity as beneficiary of the demerger, and survives until such liabilities are satisfied. It cannot be ruled out that any of the creditors of Depobank may be able to provide evidence in court that the actual value of the transferred net assets was higher than that indicated in the deed of demerger, with the consequence that Nexi may be held jointly and severally liable for the liabilities and debts transferred to Depobank even beyond the actual value of the transferred net assets. The limitation of liability does not apply to certain specific debts and liabilities. For example (i) under Article 30, Paragraph 2 of Legislative Decree No. 231/2001, the beneficiary of the demerger is jointly liable for the payment of pecuniary penalties due by the demerged company without application of the limit of the actual value of the transferred net equity, if the branch of business in which the offense was committed was transferred, even in part, to the beneficiary, and (ii) under Article 173, Paragraph 13 of Presidential Decree No. 917/1986 and Article 15 of Legislative Decree No. 472/1997, with respect to tax liabilities only (taxes, penalties and interest) and in derogation of the provisions of the Italian Civil Code, the beneficiary can be jointly liable with the demerged company for an amount higher than the transferred net equity. Any requirement to make payments under the above joint liability regime could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Estimates about Nexi's, Nets' or SIA's future performance are subject to a number of assumptions and Nexi's, Nets' and SIA's actual results may differ significantly from such estimates.***

Nexi, Nets and SIA have occasionally made and may occasionally make statements about their estimated future performance, including by providing their ambitions and targets to the market. Such estimates, which include forward-looking statements, are based on projections prepared by the management of Nexi, Nets or SIA, as applicable. Estimates are based upon a number of assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Nexi, Nets and SIA and are based upon specific assumptions with respect to future business decisions, some of which will change. For example, the outbreak of COVID-19 pandemic caused inevitable uncertainty as to the prospects for future recovery and had an impact on the ability of Nexi, Nets and SIA to achieve the ambitions or targets which they communicated to the market. See also "*—The outbreak of the COVID-19 pandemic and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which Nexi, Nets and SIA operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.*" Estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the estimates that each of Nexi, Nets or SIA make will not materialize or will vary significantly from actual results. Actual results may vary from any estimates made and the variations may be material. See also "*Industry and Market Data*."

***Risks related to the disposals of non-core businesses.***

As part of the Combined Group's strategy to consolidate the Combined Group's competitive position in the digital payments business, Nexi, Nets and SIA have sold, or are in the process of selling, their shares in non-core businesses. For example, on March 5, 2021, Nets completed the Centurion Disposal, the disposal of the Nets' account-to-account based services including clearing and instant payment services, and e-billing solutions. In connection with disposals, Nexi, Nets and SIA provide customary representations, warranties and indemnities to their counterparties. Although these indemnity obligations are subject to certain limitations, if Nexi, Nets and SIA were to be required to make payments or assume liability as a result of such obligations, including with respect to claims by third parties, the Combined Group's business, financial condition and results of operations could be materially adversely affected.

In addition, disposals may last for prolonged periods of time and may require substantial investments of resources and capabilities. For example, as part of the Centurion Disposal, Nets undertook to continue to provide services to the acquirer of the disposed business, including financial, IT and back office services for several years, which may result in substantial expenditure of resources and capabilities on the Combined Group. In addition, disposals, including the Centurion Disposal, may require the attention of the Combined Group's senior management, reducing its senior management's attention to its core business operations.

***The information about the Combined Group's, Nexi's, Nets' and SIA's industry, market share and competitive position in this information release may not be accurate and relies on certain estimates and assumptions.***

This information release contains some key information regarding the Combined Group's. Nexi's, Nets' and SIA's business activities and information on their competitive positioning in the markets in which they operate, as well as forecasts on future market developments, which are made by Nexi, Nets and SIA on the basis of their specific knowledge of the sector, available data and experience, including certain estimates and assumptions. For instance, this information is set out in the description of the Combined Group's, Nexi's, Nets' and SIA's business activities, markets and competitive positioning, their future plans and strategies, as well as in expected trends. Such information has not been verified by independent third parties. See also "*Industry and Market Data*."

Moreover, the underlying definitions of the markets, operators, related activities, instruments and business models, as well as the data calculation methodologies, may diverge from those that may be relevant in connection with any regulatory filings. For instance, unless otherwise specified, data and information on the industry, the market and the parties to the Mergers provided in this information release are aggregated data, which cover various levels of the value chain of the payment sector, as well as different services and business models. Furthermore, Nexi's, Nets' and SIA's results, competitive positioning and performance in their business sectors and/or in the various geographical areas referred to herein may vary in the future due to known and unknown risks, uncertainties and other risks, including those referred to in these risk factors, and Nexi's, Nets' and SIA's estimates and assumptions may prove to be wrong.

Furthermore, certain market share information and other industry data and information presented in this information release and, in particular, the estimated market growth rates and other industry related forecasts, were prepared prior to or concurrently with the outbreak of the COVID-19 pandemic, which has since had an adverse effect on Nexi's, Nets' and SIA's business. Not all of this data or information has been updated to account for the ongoing impact and adverse effect of the COVID-19 pandemic on the markets in which they operate. Consequently, the Combined Group's, Nexi's, Nets' and SIA's market shares and growth rate thereof following the impact of the COVID-19 pandemic could materially deviate from those presented in this information release. See "*—The outbreak of the COVID-19 pandemic and the resulting economic downturn that has and is expected to continue to have a material adverse effect on the business, liquidity and results of operations of the Combined Group. The spread of the COVID-19 pandemic has caused significant disruptions in Italy and the other European markets in which the Combined Group operates, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.*"

***Nexi's, Nets' and SIA's board members and senior executives may have conflict of interests.***

Certain members of Nexi's, Nets' and SIA's boards of directors and certain senior executives have interests or obligations that may result in a conflict of interests with their duties towards Nexi, Nets and SIA. If such directors are faced with decisions with potentially different implications for Nexi, Nets and SIA and for their personal interests or obligations, this may create a conflict of interests or the appearance of a conflict of interests.

***Nets and SIA are exposed to currency risk.***

Due to their international operations, Nets and SIA are exposed to currency risk. Currency risk refers to the risk that fluctuations in the foreign exchange market will negatively affect cash flow, net result and equity. Currency exposure, defined as all unhedged exposure in foreign currency, is split into two types of exposure: transaction exposure and translation exposure. Nets and SIA sell their products in currencies other than the euro and are, therefore, exposed to transaction risk. Transaction exposure arises from commercial and finance-related transactions and payments in a currency other than an operation's functional currency (i.e., from internal purchases, sales between manufacturing units and market companies, external sales and purchases as well as from financing transactions in foreign currencies). Firm commitments to acquire businesses may also expose Nets and SIA to foreign currency transaction risk. Nets' and SIA's financial statements are both exposed to translation exposure, which arises as a result of foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies.

**Risks Related to the Transactions**

***The Issuer does not currently control Nets or SIA, will not control Nets until the consummation of the Nets Merger, and will not control SIA until the consummation of the SIA Merger.***

The Issuer will not obtain control of Nets until the consummation of the Nets Merger and will not obtain control of SIA until the consummation of the SIA Merger. The current shareholders of Nets and SIA may not operate the business of Nets and SIA in the same way that we would.

In addition, Nets, prior to the consummation of the Nets Merger, and SIA, prior to the consummation of the SIA Merger, will not be subject to the covenants to be included in the Indenture. We cannot assure you that Nets, prior to the consummation of the Nets Merger, and SIA, prior to the consummation of the SIA Merger, will not take any action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

Furthermore, gaining control of Nets and SIA will likely continue to require substantial time and focus from management, which could adversely affect management's resources to operate the business. Likewise, employees may be uncomfortable with the Mergers or feel otherwise affected by it, which could have an impact on work quality and retention. Any of the risks associated with the Issuer's lack of control over Nets and SIA until the consummation of the Mergers or the risks associated with gaining control over Nets and SIA could have a material adverse effect on the Combined Group's business, financial position and results of operations.

***The Mergers may entitle certain customers of each of Nexi, Nets and SIA and certain of their other respective business partners and joint ventures to terminate their agreements, or otherwise request changes to the terms of contracts with them as a result of change of control and other contractual provisions or otherwise.***

Each of the Nets Merger and the SIA Merger may constitute a change of control under certain agreements entered into by, respectively, Nexi, Nets and SIA and their respective subsidiaries or joint ventures, including license agreements with card scheme operators, and may entitle these third parties to terminate their agreements with Nexi, Nets and SIA, or, in some cases, request adjustments of the terms of the agreements.

In the event of termination of any material contract as a result of the Nets Merger or the SIA Merger, as applicable, there can be no assurance that the Combined Group would be able to successfully replace the products or services that were provided under the relevant contract at attractive prices or at all. Likewise, if the Combined Group were required to amend any such contract, there can be no assurance that the terms of such amendment will not be materially adverse to the Combined Group or will not otherwise impact the Combined Group's business or operations. Accordingly, any termination or amendment of a significant contract as a result of the change of control could materially or adversely affect the Combined Group's business and the ability to provide services to the Combined Group's customers. It is also possible that material supply contracts could be terminated or amended in other circumstances. If the Combined Group fails to become a party to a material contract that historically has formed part of any of the Nexi's, Nets' or SIA's respective businesses or any such arrangement is terminated, this could have a material adverse effect on the Combined Group's business, results of operations and financial condition.

***The Mergers may give rise to a change of control event under certain existing financing agreements.***

The Mergers may in certain circumstances constitute a change of control under certain financing agreements to which Nexi, Nets or SIA are party to. A change of control may result in a mandatory prepayment of certain of the existing indebtedness of Nexi, Nets and SIA, and may entitle lenders or noteholders to terminate their agreements with any of Nexi, Nets and SIA, or, in some cases, request adjustments of the terms of the agreements. In such circumstances, any of Nexi, Nets and SIA may not have sufficient funds available to enable it to repay their respective existing indebtedness in full, and they may also be unable to refinance their debt on commercially acceptable terms, or at all. See "*—The Issuer may not be able to repurchase the Notes upon a change of control repurchase event*" and "*Description of Certain Financing Arrangements*." Any failure to repay or otherwise refinance such indebtedness could result in an event of default thereunder and under any future debt agreements. All or any of the above may have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***Nets and SIA may have liabilities that are not known to us or that are greater than anticipated, and any indemnities under the Nets Framework Agreement or the SIA Framework Agreement or other agreements may be insufficient.***

Nets and SIA may have liabilities that we failed or were unable to discover in the course of performing due diligence investigations in connection with the Mergers, which have been carried out in accordance with the applicable antitrust regulations and the limitations arising therefrom. In addition, the extent of liabilities we discovered in connection with the due diligence investigations or after the Mergers may be greater than we expected. We may learn of additional information about Nets and SIA that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. For example, we could become liable for overdue payables of Nets and SIA to suppliers and employees that are not currently known to us, or we could become subject to tax or pension liabilities in respect of historical periods that we are not currently aware of or the amount of which we underestimated. In conducting our due diligence in connection with the Mergers, we were required to rely on resources available to us, including public information, information provided by Nets and SIA and third-party consultants and advisers. Additionally, some information contained in this information release has been derived from public sources and, in the case of historical information relating to Nets and SIA, has been provided to us by Nets and SIA, and we have relied on such information supplied to us in the preparation of this information release. There can be no assurance that the due diligence we undertook has revealed or highlighted all relevant facts necessary or helpful in evaluating the Mergers. Any such unknown or previously underestimated liabilities, individually or in the aggregate, could have a material adverse effect on the Combined Group's business, financial condition and results of operations and the ability of the Issuer to fulfil its obligations under the Notes.

The due diligence process is inherently subjective. If the due diligence investigation failed to identify material information regarding the Mergers, we may later be forced to write down or write off the value of certain assets, significantly modify the Combined Group's business plan or incur impairment or other charges.

Similarly, if the materialization of certain risks, which may or may not be identified during due diligence, occurs, it may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties.

***As a result of the Mergers, we expect to record a significant amount of goodwill, which could thereafter be subject to the risk of impairments in the event of adverse changes to the underlying assumptions as to the results and cash flows from the acquired businesses.***

We expect to record substantial amounts of goodwill in connection with the Mergers. Following the recording of the definitive amounts of goodwill, we may subsequently experience unforeseen issues with Nets' and SIA's businesses, which may adversely affect the anticipated returns or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets for Nets and SIA. In accordance with IFRS, goodwill is tested for impairment annually, or when changes in the circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts units are determined on the basis of value in use calculations, which depend on certain key assumptions. If management's projections change, the estimate of the recoverable amount of goodwill could fall significantly and result in impairment. While impairment does not affect reported cash flows, the decrease of the estimated recoverable amount and the related non-cash charge in the income statement could have a material adverse effect on the Combined Group's results of operations, net equity or financial condition.

***The Combined Group may not be able to enforce claims relating to a breach of the representations and warranties provided in connection with the Nets Framework Agreement and the SIA Framework Agreement, and the Combined Group's ability to recover losses suffered as a result of such a breach may be limited.***

In connection with the Mergers, certain parties to the Nets Framework Agreement and to the SIA Framework Agreement have given certain customary representations and warranties and indemnities. Nonetheless, third parties could seek to hold the Combined Group responsible for certain of the liabilities such persons have agreed to retain, and the Combined Group may not be able to enforce its claims against such persons relating to breaches of these representations and warranties. The liability of the Combined Group's counterparties under these agreements can be very limited. Moreover, even if the Combined Group is able to eventually recover any losses resulting from a breach of these representations and warranties, the Combined Group may temporarily be required to bear these losses itself. In addition, if one of the Combined Group's counterparties in connection with the Nets Framework Agreement and the SIA Framework Agreement becomes insolvent or files for bankruptcy, the Combined Group's ability to recover any losses suffered as a result of that counterparty's breach may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings. In the event of such breach, the Combined Group could incur losses, which could adversely impact the Combined Group's business, results of operations, financial condition and prospects.

***We may be unable to complete the Nets Merger or the SIA Merger within the anticipated time frame, or at all.***

We intend to merge the Issuer with Nets and SIA, with the Issuer being the surviving entity. In order to complete both the Nets Merger and the SIA Merger, there are various steps that we must take, including the preparation of merger plans, reports by the directors of the companies involved in the Mergers (*relazioni dell'organo amministrativo*) and reports by an independent expert appointed by the court, assessing the fairness of the exchange ratios agreed in the context of the Mergers, as well as the obtainment of relevant consents from third parties, including competent authorities. There can be no assurance that the independent expert to be appointed in connection with the SIA Merger will release their report or that the other steps required for the Mergers will be taken in a timely manner, or at all. Subject to certain exceptions, the Mergers can only be implemented following the expiration of 60 days after the latest filing with the competent companies' registry of the resolutions approving the Nets Merger or the SIA Merger, as applicable. Within this 60-day deadline, the creditors of the companies involved in the Nets Merger or the SIA Merger, respectively, are entitled to challenge the Nets Merger or the SIA Merger, as applicable.

***The Combined Group may not be able to realize the anticipated cost savings, revenue synergies and capital expenditure efficiencies in connection with the Mergers.***

Following each of the Nets Merger and the SIA Merger, the Combined Group expects to realize certain operational efficiency and cost saving measures. In particular, the Combined Group intends to achieve estimated €320 million of total run-rate recurring cash synergies per annum in connection with the Mergers, of which approximately €170 million have been identified in connection with the Nets Merger and approximately €150 million have been identified in connection with the SIA Merger, arising from operational improvements and cost savings, revenue synergies and capital expenditure efficiencies, which are expected to be achieved through a clear and focused integration plan. In particular, (i) approximately 90% of cost savings, amounting to approximately €195 million, are expected to be achieved by 2024, (ii) approximately €75 million have been identified as the EBITDA impact of estimated revenue synergies (equivalent to an impact of approximately €112 million at revenue level), and (iii) approximately €50 million are expected to be achieved as recurring capital expenditures resulting from the Mergers. Estimated additional €65 million from one-off capex savings are expected to be realized from the SIA Merger.

The Combined Group may not be able to realize these measures, either in the amount or within the timeframe currently anticipated, and the costs of achieving these measures may be higher than expected. The Combined Group's ability to realize such cost savings, revenue synergies and capital expenditure efficiencies may be affected by a number of factors, including increases in expenses related to the Mergers, substantial time and focus from management, which could adversely affect their ability to operate the business of the Combined Group. These factors may offset, partially or in whole, the cost savings from the Mergers.

Moreover, successful integration and the realization of synergies following the completion of the Mergers require, among other things, proper co-ordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations following the completion of the Mergers could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realization. Moreover, the integration of Nexi's existing operations with the operations of Nets and SIA could interfere with the respective businesses and divert management's attention from other aspects of the Combined Group's business, which could have a negative impact on the Combined Group's business and results of operation.

In addition, the Combined Group's ability to realize the anticipated cost savings, revenue synergies and capital expenditure efficiencies is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond its control, such as labor laws, changes to government regulation governing or otherwise impacting its industry, employee strikes, changes in the political environment in countries where the Combined Group operates, obtaining appropriate approvals and licenses, operating difficulties, customer preferences, changes in competition and general economic or industry conditions. Consequently, the Combined Group may overestimate the cost synergies that will result from the Mergers or underestimate the cost of implementing such synergies. Failure to realize the expected synergies could have a material adverse effect on the Combined Group's business, financial condition and results of operations. In addition, antitrust authorities may consider that the Combined Group holds a dominant position in certain markets and this may ultimately result in potential limitations to its freedom to act on the market. Any of these factors could materially adversely affect our ability to execute our strategy and the Combined Group's business, financial condition and results of operations.

***The Combined Group may fail to identify and acquire appropriate companies or assets to further the Combined Group's growth or it may fail to integrate any acquired companies, including Nets and SIA into Nexi, or realize expected synergies and may be responsible for liabilities attributable to the acquired businesses.***

As part of its growth strategy, the Combined Group will evaluate opportunities for acquiring complementary businesses that may supplement the Combined Group's internal growth. Each of Nexi, Nets and SIA acquire businesses on a regular basis. For example, in 2019, Nexi completed the acquisition of the merchant acquiring business of Intesa Sanpaolo through the ISP Acquisition. See also "*Presentation of Financial and Other Information—Historical Financial Information of the Issuer—ISP Acquisition.*" Nets also has undergone a rapid increase in size as a result of M&A activity. Between

2019 and 2020, Nets acquired majority stakes in several companies, including the acquisition of the entire capital stock of PayPro S.A., Dotcard Sp. z.o.o., Poplatek OY and Poplatek Payments OY, Centrum Rozliczeń Elektronicznych Polskie ePlatnosci and CCV. In addition, in 2019 Nets expanded into Germany through its merger with the Concardis Payment Group GMBH. At the same time, SIA completed significant acquisition in 2018, acquiring the central and south-eastern European card processing business of First Data Corporation, which included the entire capital stock of certain subsidiaries in Greece and Slovakia, among others.

However, the Combined Group may also not be able to identify and acquire appropriate companies or assets. In addition, any acquisition or other strategic transaction that the Combined Group may undertake in the future could result in the assumption of debt and contingent liabilities, as well as an increase in interest expense and amortization expense relating to goodwill or other intangible assets or a decrease in cash and cash equivalents. The Combined Group may encounter difficulties in integrating acquired entities into the Combined Group's existing business, incur higher than expected costs or fail to achieve the benefits or synergies expected from such acquisitions, and integrations of acquired entities could change the Combined Group's relations with employees, customers and suppliers. The Combined Group may also face the risk that its competitors may follow similar acquisition strategies and have greater financial resources available for investment or accept less favorable conditions than those which the Combined Group is able to accept, preventing it from acquiring such targets, to the benefit of the Combined Group's competitors.

Furthermore, the abovementioned acquisitions were carried out on the basis of a series of assessments, estimates and assumptions by management about the business, profitability and quality of the assets to be acquired, as well as other elements, which are in turn based on a limited set of information generally obtained through usual due diligence activities and which could prove to be incorrect. Moreover, in the context of certain of the abovementioned acquisitions, the Combined Group has entered into commercial partnerships with the selling parties, further complicating the integration process. The execution and completion of acquisitions on terms and conditions that are different from those anticipated could jeopardize the Combined Group's ability to compete with other operators in the industry and, consequently, to consolidate its position, which would have a material adverse effect on the Combined Group's business, financial condition and results of operations.

If the Combined Group is unable to efficiently manage, in whole or in part, the processes which are necessary to effectively integrate an acquired business, including Nets or SIA, this would have a material adverse effect on the Combined Group's margins and on its ability to generate cash and, as a consequence, have repercussions on the sustainability of its financial indebtedness. In addition, if the Combined Group invests in acquisitions and/or research and development to target new products, services and solutions for markets or trends that do not develop as anticipated or at all, it could have difficulty recovering the costs that it has incurred in relation to any acquisitions or in researching and developing these new products, services and solutions and, to the extent that such investments have been capitalized, incur significant write-offs.

Furthermore, even if the Combined Group will be in a position to integrate an acquired business, it may be unable to do so successfully. For example, there can be no assurance that the Combined Group will be able to fully integrate Nets' and SIA's operations into Nexi without encountering difficulties, which may include, among other things, the loss of key employees, diversion of management's attention, the disruption of Nexi's, Nets' or SIA's respective ongoing businesses or possible inconsistencies in standards, procedures and policies. Certain of Nets' and SIA's international contracts have terms and conditions that are different from Nexi's standard contracts, and the Combined Group may not be able to integrate them as quickly as it would like. Moreover, in the context of the Mergers, the Combined Group has entered into commercial partnerships with the selling parties, further complicating the integration process. The integration process may disrupt the businesses and, if implemented ineffectively, would restrict the realization of the full expected benefits. The failure to meet the challenges involved in integrating Nets' and SIA's businesses and to realize the anticipated benefits of the Mergers could cause an interruption of, or a loss of momentum in, the Combined Group's activities and could have a material adverse effect on the Combined Group's business, financial condition and results of operation. In addition, the Combined Group may not have, or be able to retain, employees with the appropriate skill sets for the tasks associated with the integration plan of the Combined Group and could experience employee departures and early retirement, all of which could adversely affect the integration.

An acquisition may also require the approval of governmental, regulatory or antitrust authorities at the national or European Union level, which may block, impose conditions on, or delay the transaction, which could prevent the Combined Group from completing such acquisitions in a timely manner or at all, thereby preventing it from taking full advantage of growth opportunities. For example, the SIA Merger is subject to clearance by the competent authorities, including antitrust authorities which may impose commitments.

Integration of acquired businesses involves risks, including, for example, managing geographically separated organizations, systems, and facilities, management of risk, client onboarding processes, integrating personnel with diverse business backgrounds and organizational cultures, complying with foreign regulatory requirements, fluctuations in currency exchange rates, enforcement of intellectual property rights in some foreign countries, difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of those new markets, and general economic and political conditions. In addition, if the Combined Group fails to integrate successfully and efficiently any acquisition, it could be subject to increased financial costs, additional burdens on management time or degradation in the quality of the Combined Group's products and services, particularly with respect to the products and services offered by the acquired entity. Moreover, the Combined Group may acquire liabilities in connection with the acquired businesses, including legal risks related to the compliance practices of such acquired business, such as anti-money laundering, anti-bribery and other sanctions controls. While the Combined Group may have the benefit of representations, warranties and indemnities from its relevant counterparties, such indemnities are subject to certain limitations and exclusions, and may be insufficient to completely cover the Combined Group against claims and legal actions by third parties, unforeseen costs and liabilities that were not discovered during its due diligence exercise or with respect to which it is not possible, for whatever reason, to obtain compensation. In the event in which the Combined Group is held liable for the abovementioned liabilities and the indemnification provisions contained in the agreements regulating the relevant acquisition are not, in whole or in part, effective, or, in any case, insufficient to cover such liabilities, the Combined Group's business, financial condition and results of operations could be materially adversely affected.

**Risks Related to the Financial Profile of the Issuer**

***The Unaudited Pro Forma Consolidated Financial Information included in this information release has been formulated based on, and is subject to, significant assumptions and limitations and may not reflect what the results of operations and financial condition of the Combined Group would have been if the transactions reflected therein had occurred on the dates presented.***

This information release contains the Unaudited Pro Forma Consolidated Financial Information. The Unaudited Pro Forma Consolidated Financial Information has been prepared in order to represent the main effects on the balance sheet of the Issuer as at December 31, 2020, and the income statement of the Issuer as of and for the year ended December 31, 2020, of the following transactions: (i) the Nets Merger, the Nets Reorganization and the repayment of the Existing Nets Indebtedness, (ii) the SIA Merger and the repayment of the Existing SIA Indebtedness, (iii) the ISP Acquisition and the financing of the ISP Acquisition, (iv) the historical acquisition by Nets of Polskie ePlatnosci, (v) the Centurion Disposal, (vi) the UniCredit Master Service Agreement Extension and (vii) the payment of costs, fees and expenses related to the foregoing (collectively, the "Pro Forma Transactions").

While the Unaudited Pro Forma Consolidated Financial Information is based on available information and assumptions that the Issuer believes to be reasonable and has been prepared on the basis of the accounting principles used to prepare the Issuer's Consolidated Financial Statements, the Unaudited

Pro Forma Consolidated Financial Information is presented for information purposes only and is not intended to represent or be indicative of the Issuer's financial condition or results of operations that it would have reported had the Pro Forma Transactions and adjustments described above actually occurred during the period and as of the dates presented, and the Unaudited Pro Forma Consolidated Financial Information does not purport to project the Issuer's results of operations or financial condition for any future period. The Unaudited Pro Forma Consolidated Financial Information should not be considered in isolation or be used as a substitute for an analysis of the historical operating results of each of Nexi, Nets or SIA. The Issuer's actual results may differ significantly from those reflected in the Unaudited Pro Forma Consolidated Financial Information, which has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act. For information on how this information was compiled, see "*Presentation of Financial and Other Information—Unaudited Pro Forma Consolidated Financial Information*." Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma consolidated financial information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

***The Unaudited non-GAAP managerial information included in this information release has been prepared for illustrative purposes only; it does not represent actual revenues of the Combined Group and reliance on such data could lead you to incorrectly assess the Issuer's financial position.***

This information release contains certain unaudited non-GAAP managerial information for the year ended December 31, 2020. The unaudited non-GAAP managerial information presented in this information release has been prepared for illustrative purposes only to reflect the effect of the Pro Forma Transactions and may not necessarily be representative of the results of the Combined Group for such prior periods or any future period. Actual results may differ significantly from those reflected in the unaudited non-GAAP managerial information, which has not been prepared in accordance with IFRS or any other generally accepted accounting standard. For information on how this information was compiled, see "*Presentation of Financial and Other Information—Non-GAAP Financial Information—Non-GAAP and Other Performance Measures*."

***The normalized or adjusted data included in this information release has been presented to facilitate comparison of results between periods; it is not indicative of future performance of any of Nexi, Nets and SIA, and reliance on such data without understanding the limitations described below could lead you to incorrectly assess our financial position.***

This information release contains certain normalized or adjusted data derived from the Financial Statements that have been adjusted to exclude certain revenues and charges of a non-recurring nature. Normalization (which Nexi uses to prepare, inter alia, Operating revenues, Normalized EBITDA, and Normalized EBITDA margin) and adjustments (which SIA uses to prepare, inter alia, Adjusted EBITDA and Nets uses to prepare EBITDA b.s.i. and Adjusted EBIT) seek to represent the financial performance of each of Nexi, Nets or SIA, as applicable, net of the effects of certain non-recurring events and transactions. With respect to the interpretation of such normalized or adjusted data, it should be noted that: (i) normalized or adjusted data differ significantly from the corresponding data that are included in or can be inferred from the accounts of each of Nexi, Nets and SIA, considering the significance of the corresponding corporate transactions, (ii) normalized or adjusted data is calculated exclusively on the basis of historical data of each of Nexi, Nets and SIA and are not indicative of their future performance, (iii) normalized or adjusted data may be inconsistent with data adopted by other companies/groups and, as such, may not be comparable, and (iv) normalized or adjusted data must be read in conjunction with the Financial Statements. The normalized data start from, but are different in nature from, the Financial Statements. PricewaterhouseCoopers S.p.A. performed its audit activity in order to express its opinion on the Issuer's Consolidated Financial Statements, PricewaterhouseCoopers Société Coopérative in order to express its opinion on the Nets Consolidated Financial Statements and Deloitte & Touche S.p.A. in order to express its opinion on the SIA Consolidated Financial Statements. None of PricewaterhouseCoopers S.p.A., PricewaterhouseCoopers Société Coopérative or Deloitte & Touche S.p.A. have performed audit procedures with the objective of expressing an opinion on individual balance sheet items or on the normalized or adjusted data presented in this information release and therefore have not expressed any opinion on individual balance sheet items or on the normalized or adjusted data.

Use of the normalized or adjusted data without taking into account the limitations referenced above could lead you to incorrectly assess our economic, equity and/or financial position and thus make an incorrect, non-advisable or inadequate investment decision.

***The Issuer's substantial debt service obligations could have a material effect on its business and could prevent it from fulfilling its obligations with respect to the Notes.***

The Issuer has a significant amount of indebtedness with substantial debt service obligations. As of the date of this information release, on an as adjusted basis after giving pro forma effect to the Pro Forma Transactions, on a consolidated basis the Issuer would have had an aggregate principal amount of third-party financial debt of €6,358.4 million outstanding, excluding unamortized debt issuance costs, pass-through fee payments and settlement obligations. The Issuer would also be subject to certain settlement obligations and settlement factoring agreements carried out on and off balance sheet, which require it to sell a substantial portion of its settlement obligation receivables to the factoring counterparties. In addition, the Issuer has €350.0 million available for borrowing under the Revolving Credit Facility. See "*Capitalization*" and "*Description of Certain Financing Arrangements*."

The Issuer's significant leverage could have important consequences for the Issuer's business and operations and for you as a holder of the Notes, which may include, but not be limited to:

- making it difficult for the Issuer to satisfy its obligations with respect to the Notes;
- increasing its vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of its cash flow from operations to the payment of principal and interest on indebtedness, thereby reducing the availability of such cash flow to fund working capital and settlement obligations, capital expenditures, technological innovation or other general corporate purposes;
- limiting its flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which it operates;
- limiting its ability to borrow additional funds and increasing the cost of any such borrowing; and
- limiting its ability to upstream cash from the Issuer's subsidiaries, none of whom will initially guarantee the Notes to help meet its obligations under the Notes.

Any of these or other consequences or events resulting from the Issuer's substantial indebtedness could have a material adverse effect on the Issuer's ability to satisfy its debt obligations, including under the Notes. Although the terms of the Indenture limit the Issuer's ability to incur additional indebtedness, such limitations are subject to significant exceptions and qualifications, and the incurrence of additional indebtedness would exacerbate the risks described above.

***The Issuer's failure to comply with the covenants under the Indenture or its other outstanding debt agreements, including as a result of events beyond its control, could result in an event of default which could materially and adversely affect the financial condition and results of operations of the Combined Group.***

The Indenture will require the Issuer to comply with various covenants, and the Credit Facilities and the Existing Indenture require, the Issuer to comply with various covenants, including certain financial covenants, which require the Issuer and certain of its subsidiaries to maintain specified financial ratios, satisfy specified financial tests and comply with operational parameters and certain other undertakings. The Issuer's and its relevant subsidiaries' ability to meet these financial ratios and financial tests could be affected by deterioration in the Group's operating results, as well as by events beyond the Group's control, including unfavorable economic conditions, and there can be no assurance that the Issuer and its relevant subsidiaries will be able to meet these financial ratios and financial tests. Moreover, the Credit Facilities include certain events of default (such as breaches of representations, warranties and undertakings and if the Issuer or certain of its subsidiaries fail to make payment when due on certain other debt) that are different from the events of default set forth in the Indenture, in the Existing Indenture, in the 2027 Trust Deed and in the 2028 Trust Deed. If an event of default occurs under the Credit Facilities, the Existing Indenture, the Indenture, the 2027 Trust Deed, the 2028 Trust Deed or any of the Group's other debt instruments and is not cured or waived, the holders of the defaulted debt could terminate their commitments and declare all outstanding debt, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under the Group's debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand as a result of an event of default under the Credit Facilities or other debt instruments. In these circumstances, the Group's assets and cash flow may not be sufficient to repay in full the defaulted debt and its other debt, including the Notes then outstanding. If some or all of these instruments were accelerated, the Group could be forced into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

***The Issuer is subject to restrictive debt covenants and events of default that may limit the Issuer's ability to finance future operations and to pursue business opportunities and activities.***

The terms of the Notes and the Indenture will restrict, and the terms of the Existing Indenture, of the 2027 Trust Deed and of the 2028 Trust Deed restrict, among other things, the Group's ability to:

- create or incur certain liens;
- guarantee indebtedness; and
- merge, consolidate or sell, lease or transfer all or substantially all of the Issuer's assets.

All of these limitations are subject to significant exceptions and qualifications. Additionally, the Issuer may be subject to restrictive debt covenants under its other debt financing agreements, including those relating to the Credit Facilities. The covenants to which the Group is subject could limit the Issuer's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in its interest.

In addition, the Issuer will be subject to affirmative and negative covenants contained in the Facilities Agreements, including a total net leverage ratio which, if exceeded, (and not cured) may result in an event of default which could allow the lenders thereunder to accelerate the facilities including declaring them immediately due and payable.

The realization of any of these risks could have a material adverse effect on the Issuer's financial position and ability to fulfill its obligations under the Notes.

***If the Issuer is unable to service its indebtedness or repay or refinance its indebtedness as it becomes due, the Issuer may be forced to sell assets or it may go into default, which could cause other indebtedness to become due and adversely affect the trading value of its debt securities, including the Notes.***

If the Issuer is unable to pay interest on its indebtedness when due, or to repay or refinance the principal amount of its indebtedness when due, the Issuer will be in default under the terms of the documents governing such indebtedness, including the Indenture if the Issuer does not pay interest or principal when due under the Notes. If that happens, the holders of the Notes and of the Issuer's other indebtedness could elect to declare the indebtedness immediately due and payable and, in the case of the Revolving Credit Facility, terminate their lending commitments. Prior to or after these defaults, the holders of the Issuer's indebtedness could exert pressure on the Issuer to sell assets or take other actions, including the initiation of bankruptcy proceedings or the commencement of an out-of-court debt restructuring, which may not be in the best interests of the Issuer or holders of the Issuer's debt securities, including the Notes. If the Issuer attempts an asset sale, whether on its own initiative or as a result of pressure from lenders or holders of its indebtedness, the Issuer may not be able to complete a sale on terms acceptable to it. Ultimately, this could result in non-payment of amounts due under the Notes. Any default under the Issuer's indebtedness, or the perception that the Issuer may default, would also adversely affect the trading value of the Issuer's debt securities, including the Notes.

***A portion of the Issuer's indebtedness bears interest at floating rates and the Issuer is therefore subject to interest rate volatility.***

The Issuer does not currently hedge the risk of interest rate changes, although it is exposed to the risk that significant interest rate fluctuations could occur. Without giving effect to the Transactions, as of December 31, 2020, 53% of the Issuer's outstanding financial indebtedness bore interest at floating rates, particularly EURIBOR. In addition, the Factoring Agreement and the majority of the Issuer's bilateral facilities bear interests at floating rates. Interest rate fluctuation is the result of various factors that are outside of the Issuer's control, such as monetary policies and macroeconomic trends in general, as well as the economic and political uncertainty in the European countries in which the Issuer operates, including Italy in particular. For more information on the risks associated with the economic situation and political uncertainty in Italy, see *"—Risks Related to the Combined Group's Business and Industry—Economic conditions and political uncertainty in the markets in which each of Nexi, Nets and SIA operate may adversely affect consumer spending and economic activity, which may adversely impact the Combined Group's revenue and profitability.*" Changes in interest rates affect the market value of the Issuer's financial assets and liabilities and the level of the Issuer's financial expenses, since some of the Issuer's debt bears interest at variable rates. Although the Issuer has procedures in place to identify, monitor and manage the risk of interest rate changes, such procedures may prove to be inadequate, whether due to the occurrence of unexpected events or otherwise. A significant increase in the interest rate of the Issuer's indebtedness would have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Issuer is a holding company and relies on its subsidiaries for cash to service its indebtedness, including the Notes.***

The Issuer is a holding company with no business operations other than management of the equity interests it holds in its subsidiaries. The Issuer is dependent upon the cash flow from its operating subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes. The Issuer's subsidiaries may not always generate distributable profits and, if they do, they may choose not to distribute them. Any negative results recorded by the Issuer's subsidiaries, as well as any decline in values of the Issuer's equity investments in them, could negatively affect the Combined Group's business, financial condition and results of operations. In addition, the Combined Group's subsidiaries, SIApay and Nexi Payments, are Payment Institutions (*Istituti di Pagamento*). In addition, Nexi Payments is an Electronic Money Institution (*Istituto di Moneta Elettronica*). As a result, both Nexi Payments and SIApay are regulated entities whose ability to distribute dividends is subject to compliance with applicable capital requirements. The distribution of dividends by Nexi Payments and SIApay could be prohibited or limited by the need to comply with the applicable capital requirements. For more information on the capital requirements applicable to Nexi Payments and SIApay, see "*Regulation*." In addition, certain Nets' subsidiaries, namely Nets Denmark A/S, Concardis GmbH, Paytrail Oy, RatePay GmbH, Paypro S.A., Ecard S.A., Dotpay Sp. z o.o., Paylane Sp. z o.o., BillBird S.A. as well as Nets' associate WEAT Electronic Datenservice GmbH (in which Nets holds 40% of its share capital) are regulated entities in their respective jurisdictions. Applicable tax laws may also subject any distribution of dividends to further taxation. Applicable laws may limit the amounts that some of the Issuer's subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of the Issuer's subsidiaries to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available to each of them and the ability to pay its debt when due.

***Our Significant Shareholders may control or otherwise influence important actions we take, and their interests may conflict with yours.***

After giving effect to the Transactions, Evergood H&F, AB Europe, Eagle (AIBC), Mercury, CDPE, FSIA Investimenti, Intesa Sanpaolo and GIC Pte Ltd (the "*Significant Shareholders*") will own between 63% and 67% of the issued and outstanding ordinary shares of the Issuer. Consequently, the Significant Shareholders will have a significant influence over matters submitted to a shareholder vote, including, for example, approval of the Issuer's Consolidated Financial Statements, the distribution of dividends, and the appointment and revocation of the Board of Directors and the Board of Statutory Auditors.

The Significant Shareholders can take actions which could potentially lead to a change of control under certain outstanding debt instruments of Nexi, Nets and SIA. For example, the Significant Shareholders may grant a pledge on their shares in the Issuer as security of their obligations under certain financing arrangements they are, or may become, party to (such as, for example, margin loans or similar agreements). If a sufficient percentage of the Significant Shareholders enter or have entered into such arrangements and breach their respective obligations under their financing arrangements secured by a pledge on their shares in the Issuer, this could lead to a change of control of the Issuer, which in turn may trigger a change of control under certain outstanding debt instruments of Nexi, Nets and SIA. In addition, the Significant Shareholders can decide to sell some or all of their shares in the Issuer, which could, in certain circumstances, trigger a change of control under certain outstanding debt instruments of Nexi, Nets and SIA.

***A downgrade of the Issuer's credit rating would impact the cost and availability of future borrowings and could adversely affect the trading and price of the Notes.***

A rating is not a recommendation to buy, sell or hold any issued financial instrument and may be suspended, decreased or withdrawn at any time by the rating agency that assigned it. A suspension, reduction or withdrawal of an assigned rating may adversely affect the market price of the Notes. In addition, after giving effect to the Transactions, certain debt of Nets and SIA, such as the Nets Notes, will become financial indebtedness of the Combined Group at the subsidiary level, which may affect the Issuer's credit rating. See also "*Description of Certain Financing Arrangements—Nets Indebtedness*".

The Issuer and the Issuer's Existing Senior Notes are currently rated Ba3 with a positive outlook by Moody's, BB- with positive creditwatch by S&P Global, and BB- with positive rating watch by Fitch.

Moreover, these changes in the rating might not promptly reflect changes in the Issuer's solvency situation or creditworthiness. In determining the rating assigned to the Issuer and the Issuer's Notes, the rating agencies take into account, and continue to monitor, various indicators relating to the Issuer's creditworthiness, including, by way of example, profitability, liquidity, and asset quality. Should the Issuer be unable to maintain adequate levels for one or more of these indicators, its rating might be lowered (known as downgrading). A downgrading could have an adverse effect on the Issuer's ability to access various liquidity instruments, as well as on the Issuer's ability to compete in the capital markets, with an increase in financing costs and consequent material adverse effect on the Combined Group's business, financial condition and results of operations. In addition to the foregoing, the rating attributed to the Issuer and the Notes may also be influenced by other factors such as a deterioration of the yield spread between Italian sovereign bonds and other European sovereign bonds and the rating attributed to the Italian State as well as the national and international macroeconomic environment. In the same manner, the downgrading of the Italian sovereign rating could also cause the ratings agencies to lower the Issuer's rating or that of the Notes. Since the Issuer's rating and the Issuer's Notes' rating are sub-investment grade, the Issuer's debt bears a higher interest rate than that of investment-grade issuers. Issuers of high yield debt securities may have greater difficulties in accessing credit, particularly in times of volatility in the financial markets. Therefore, the Issuer may not be able to easily access new financing if required and/or to refinance the existing debt, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

***Certain entities of the Combined Group must comply with capital adequacy requirements, which may limit or adversely affect their business.***

Certain entities of the Combined Group are regulated entities. In Italy, the Combined Group's subsidiaries, SIApay and Nexi Payments, are a Payment Institution (*Istituto di Pagamento*) and an Electronic Money Institution (*Istituto di Moneta Elettronica*), respectively. As a result, SIApay and Nexi Payments are subject to detailed regulation, primarily related to capital adequacy, including rules setting forth minimum capital thresholds and the qualitative composition of capital resources. In particular, following the implementation of PSD2 in Italy, these institutions must calculate their capital requirements in accordance with the provisions of the "Supervisory Provisions for Payment Institutions and Electronic Money Institutions" (Bank of Italy Order of July 23, 2019). Such provisions make extensive reference to Regulation (EU) No. 575/2013 on prudential requirements for banks and investment firms (the "CRR"—as amended from time to time) and the "Supervisory Provisions for Banks" (Bank of Italy Circular No. 285 of December 17, 2013—as amended from time to time), which permits the necessary adjustments and simplifications in order to duly take into account the different levels of complexity of these entities. In addition to the supervisory provisions, the Bank of Italy, using its discretionary power following an assessment of the regulated entity, could require these institutions to have capital that is up to 20% higher than the amount that would be required under the Supervisory Provisions for Payment Institutions and Electronic Money Institutions. The Bank of Italy may also allow Payment Institutions and Electronic Money Institutions to hold capital up to 20% lower than the base amount. Nexi Payments' and SIApay's capital requirements are influenced by a number of variables, including the need to address the impacts of the new and more challenging regulatory requirements introduced by the European regulator as well as an assessment of possible market scenarios that could require additional capital resources to support the Combined Group's subsidiaries' business and investments. As of December 31, 2020, Nexi Payments and SIApay had capital ratios in excess of the applicable minimum requirements by €32.0 million and €1.8 million, respectively. However, they face the risk that, due to unforeseen events or factors beyond their control, they may need to resort to capital strengthening measures in the future in order to meet the capital adequacy standards set by the new prudential regime introduced by PSD2, which could have a negative effect on the business, financial condition and results of operations of Nexi Payments and SIApay or the Combined Group. In addition, a regulator could at its discretion require additional capital or impose new parameters for the purpose of calculating capital adequacy requirements, including, for example, following any prudential review processes, or could adopt unfavorable interpretative positions of applicable capital adequacy requirements, leading to the inability of Nexi Payments and SIApay to comply with the capital requirements, any of which could have a material adverse effect on the Combined Group's business, financial condition and results of operations. In addition, certain Nets' subsidiaries, namely Nets Denmark A/S, Concardis GmbH, Paytrail Oy, RatePay GmbH, Paypro S.A., Ecard S.A., Dotpay Sp. z o.o., Paylane Sp. z o.o., BillBird S.A. as well as Nets' associate WEAT Electronic Datenservice GmbH (in which Nets holds 40% of its share capital) are regulated entities in their respective jurisdictions. While as of the date of this information release all regulated entities part of the Combined Group maintain capital ratios in excess of the applicable capital requirements, a failure by any of these entities to comply with applicable regulation may have a material adverse effect on the Combined Group's business, financial condition and results of operations.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

### Introduction

This section includes the unaudited pro forma balance sheet as at December 31, 2020, and the unaudited pro forma income statement and total profitability as of and for the year ended December 31, 2020 of the Issuer, accompanied by the related explanatory notes (the "Unaudited Pro Forma Consolidated Financial Information"), approved by the Issuer's Board of Directors on March 11, 2021.

The Unaudited Pro Forma Consolidated Financial Information has been prepared for the purpose of inclusion in the offer documents relating to the Offering, including this information release.

In particular, the Unaudited Pro Forma Consolidated Financial Information has been prepared in order to represent the main effects on the balance sheet as at December 31, 2020 and the income statement for the year ended December 31, 2020, of the following transactions (collectively, the "Pro Forma Transactions"):

- the Nets Merger, defined as the merger of the Issuer with Nets, with the Issuer being the surviving entity, pursuant to the Nets Framework Agreement, and the Nets Reorganization as more fully described under "*Summary—The Transactions—The Nets Merger*";
- the repayment of the Existing Nets Indebtedness, through (i) the proceeds from the issuance of the 2028 Existing Senior Convertible Notes and (ii) a portion of the proceeds from the Offering, as more fully described under "*Summary—The Transactions—The Refinancing*;"
- the SIA Merger, defined as the merger of the Issuer with SIA, with the Issuer being the surviving entity, pursuant to the SIA Framework Agreement, as more fully described under "*Summary—The Transactions—The SIA Merger*";
- the repayment of the Existing SIA Indebtedness, through a portion of the proceeds from the Offering, as more fully described under "*Summary—The Transactions—The Refinancing*;"
- the ISP Acquisition and the financing of the ISP Acquisition;
- the historical acquisition by Nets of Polskie ePlatnosci;
- the Centurion Disposal;
- the UniCredit Master Service Agreement Extension; and
- the payment of costs, fees and expenses related to the foregoing.

The Unaudited Pro Forma Consolidated Financial Information has been prepared on the basis of the historical data extracted from the Issuer's Consolidated Financial Statements approved by the Board of Directors on March 11, 2021.

The Unaudited Pro Forma Consolidated Financial Information has been prepared in order to simulate, according to evaluation criteria consistent with the historical data and in compliance with the relevant legislation, the main effects of the Pro Forma Transactions on the Group's equity, financial and economic situation, as if they had occurred on December 31, 2020 with respect to the statement of financial position and, on January 1, 2020, with reference to income statement.

However, the information contained in the Unaudited Pro Forma Consolidated Financial Information represents a simulation, provided for illustrative purposes only, of the possible effects that could derive from the Pro Forma Transactions. In particular, since the pro forma data is constructed to retrospectively reflect the effects of subsequent transactions, despite compliance with commonly accepted rules and the use of reasonable assumptions, there are limitations due to the nature of the pro forma data. Therefore, if the Pro Forma Transactions had actually taken place on the assumed dates, the same results would not necessarily have been shown in the Unaudited Pro Forma Consolidated Financial Information. Moreover, considering the different purposes of the pro forma data with respect to the historical data of the Financial Statements and the different methods for calculating the effects of the Pro Forma Transactions with reference to the pro forma balance sheet and the pro forma income statement, these statements must be read and interpreted without seeking accounting links between them.

The pro forma information was prepared in accordance with the accounting criteria and standards we adopted in the Consolidated Financial Statements. For a description of the accounting criteria and standards adopted for the preparation of the Consolidated Financial Statements, refer to the relevant explanatory notes to the Consolidated Financial Statements included elsewhere in this information release.

Lastly, it is noted that the Unaudited Pro Forma Consolidated Financial Information does not in any way represent a forecast of the Group's future results and should therefore not be used in this regard.

**Transactions**

***The Nets Merger***

On November 15, 2020, we entered into the Nets Framework Agreement (as amended from time to time) pursuant to which we agreed to merge with Nets in an all-share merger, with Nexi being the surviving entity. The Nets Merger is expected to close on or about June 2021 (the "Nets Merger Closing Date").

The consummation of the Nets Merger is subject to the satisfaction of certain conditions precedent which are listed in the Nets Framework Agreement, including the obtainment of applicable regulatory and foreign direct investments authorizations. Under the terms of the Nets Framework Agreement, we have agreed to take all necessary steps to obtain the required clearances to consummate the Nets Merger. Upon satisfaction of the conditions precedents to the Nets Merger, Nexi and Nets will enter into a deed of merger which will include the key terms of the Nets Merger. If these conditions are not satisfied on or prior to February 15, 2022, and such date has not been extended by the parties, the Nets Framework Agreement may be terminated. The Nets Framework Agreement contains customary warranties and indemnities given by Nets and its shareholders as to capacity, title and disclosure as well as customary covenants regarding, among other things, the conduct of the business and the affairs of Nets and Nexi pending the completion of the Nets Merger. The liability of the shareholders of Nets for any breach of a warranty is subject to certain thresholds and limitations. The Nets Framework Agreement also provides for (i) an earn-out provision linked to the financial performance of Nets in the year ended December 31, 2021, in favor of the Nets' existing shareholders, which will be payable through the issuance of additional ordinary shares by the Issuer in an amount which will not exceed in any event €250.0 million (the "Nets Earn-Out"), and (ii) an earn-out linked to the Centurion Disposal, in favor of the Nets' existing shareholders of the Issuer, depending on the actual price paid by MasterCard in connection with the Centurion Disposal, which will be payable through the issuance of between zero and 25,000,000 additional ordinary shares by the Issuer or through a cash payment from the Nets' existing shareholders in favor of the Issuer (the "Centurion Earn-Out").

The consummation of the Nets Merger (including the repayment of the Existing Nets Indebtedness, as well as the payment of estimated transaction fees and expenses) is expected to require a combination of debt financing and equity. In particular, the repayment of the net amount of the Existing Nets Indebtedness will be financed through (i) a portion of the proceeds of the Notes, in the aggregate principal amount of €1,044.0 million and (ii) the proceeds from the 2028 Existing Senior Convertible Notes in the aggregate principal amount of €1,000.0 million. A portion of the existing indebtedness of Nets related to funding needs in connection with its settlement obligations in the amount of €788.0

million, and financial liabilities mainly related to leasing contracts of Nets in the amount of €85.7 million, is expected to be rolled-over into the Issuer following the Nets Closing Date. See also "*Description of Certain Financing Arrangements—Nets Indebtedness*." In addition, on the Nets Merger Closing Date, the Issuer is expected to issue 406,628,176 newly-issued ordinary shares. In connection with the Nets Merger, on December 30, 2020, the Issuer entered into the Nets Commitment Letter, providing for a committed bridge facility of €1,700.0 million available to finance a portion of the Nets Merger, refinance the Existing Nets Indebtedness and the related transaction fees and expenses and/or for general corporate purposes of the Issuer. Following the issuance of the 2028 Existing Senior Convertible Notes, on March 5, 2021, the Nets Commitment Letter was amended to reduce the amount of the committed bridge facility to €1,000.0 million. On or about the Issue Date, the Nets Commitment Letter is expected to be terminated.

***The Nets Reorganization***

Prior to the Nets Merger Closing Date, Nets will issue new ordinary shares to be subscribed in full by its direct shareholder Nets Topco, with the subscription price for such new ordinary shares to be set off against (i) the aggregate amount owed by Nets under existing shareholder loans as at the date of issuance of such new ordinary shares and (ii) the aggregate amount owed by Nets under existing preferred equity certificates held by Nets Topco in Nets as at the date of issuance of such new ordinary shares (the "Nets Reorganization"). As of December 31, 2020, the aggregate amounts outstanding under (i) the existing shareholders loans was €1,632.7 million and (ii) the existing preferred equity certificates was €772.8 million. Following the Nets Reorganization, the abovementioned shareholder loans and preferred equity certificates will be converted into equity and the related liabilities will be cancelled.

***The SIA Merger***

On February 11, 2021, we entered into the SIA Framework Agreement pursuant to which we agreed to merge with SIA in an all-share merger, with Nexi being the surviving entity. The SIA Acquisition is expected to close by December 31, 2021 (the "SIA Merger Closing Date").

The consummation of the SIA Merger is subject to the satisfaction of certain conditions precedent which are listed in the SIA Framework Agreement, including (i) clearance by the antitrust authorities, (ii) obtainment of applicable regulatory and foreign direct investments authorizations and (iii) approval by the SIA and the Issuer's shareholders' meetings (including, with respect to the Issuer's shareholders' meeting, for the purposes of exempting the triggering of mandatory tender offer obligations connected with the SIA Merger). Under the terms of the SIA Framework Agreement, we have agreed to take all necessary steps to obtain the required clearances to consummate the SIA Merger. Upon satisfaction of the conditions precedents to the SIA Merger, Nexi and SIA will enter into a deed of merger which will include the key terms of the SIA Merger. If these conditions are not satisfied on or prior to June 30, 2022, and such date has not been extended by the parties, the SIA Framework Agreement may be terminated. The SIA Framework Agreement contains customary warranties and indemnities given by SIA and its shareholders as to capacity, title and disclosure as well as customary covenants regarding, among other things, the conduct of the business and the affairs of SIA and Nexi pending the completion of the SIA Merger. The liability of the shareholders of SIA for any breach of a warranty is subject to certain thresholds and limitations. The SIA Framework Agreement also provides for an option by CDPE, one of the Issuer's shareholders following the SIA Merger, to request a capital increase of SIA to mitigate the dilutive effects of the Nets Merger on the shareholdings to be held by the SIA shareholders in the Issuer following the SIA Merger (the "SIA Capital Increase").

The consummation of the SIA Merger (including the repayment of the Existing SIA Indebtedness, as well as the payment of estimated transaction fees and expenses) is expected to require a combination of debt financing and equity. In particular, the repayment of the net amount of the Existing SIA Indebtedness will be financed through a portion of the proceeds of the Notes in the aggregate principal amount of €991.0 million. A portion of the existing indebtedness of SIA related to funding needs in connection with its settlement obligations in the amount of €5.9 million, and financial liabilities mainly related to leasing contracts of SIA in the amount of €103.0 million, is expected to be rolled-over into the Issuer following the Nets Closing Date. See also "*Description of Certain Financing Arrangements—SIA Indebtedness*." In addition, on the SIA Merger Closing Date, the Issuer is expected to issue 270,054,060 newly-issued ordinary shares (or a higher number of shares in case the SIA Capital Increase is exercised).

### *The Refinancing*

On the Issue Date, we will use (i) a portion of the proceeds from the Offering in the aggregate principal amount of €1,044.0 million, together with the proceeds of the 2028 Existing Senior Convertible Notes, to refinance the net principal amount of the Existing Nets Indebtedness, (ii) a portion of the proceeds from the Offering in the aggregate principal amount of €991.0 million, to refinance the net amount of the Existing SIA Indebtedness and (iii) the remaining portion of the proceeds from the Offering in the aggregate principal amount of €66.0 million, to pay fees and expenses incurred in connection with the Mergers and the foregoing transactions (collectively, the "Refinancing"). Although the Issuer intends to use the proceeds of the Notes in connection with the Mergers, the Issuer may elect as of the Release Date to use the remaining proceeds from the Notes for any general corporate purpose (including to repay its existing indebtedness).

### *The Centurion Disposal*

On August 6, 2019, Nets entered into the Centurion Acquisition Agreement, pursuant to which it agreed to sell its account-to-account based services including clearing and instant payment services, and e-billing solutions to MasterCard/Europay U.K. Limited and MasterCard International Incorporated (the "Centurion Disposal"). As a result of the Centurion Disposal, the operations Nets previously conducted through its account-to-account business were classified as discontinued operations in the audited consolidated financial statements as of and for the year ended December 31, 2019. The Centurion Disposal was consummated on March 5, 2021.

### *ISP Acquisition*

On December 19, 2019, the Issuer entered into the ISP Acquisition Agreement, pursuant to which it agreed to buy the merchant acquiring business of Intesa Sanpaolo (the "ISP Acquisition"). The ISP Acquisition was consummated on June 30, 2020. As a consequence the ISP Acquisition is not reflected in Nexi's profit and loss for the first six months of 2020.

### *PeP Acquisition*

On October 26, 2020, Nets consummated the acquisition of Polskie ePlatnosci (the "PeP Acquisition"). As a consequence, the PeP Acquisition is reflected in Nets' profit and loss for the last two months of 2020.

### *The UniCredit Master Service Agreement Extension*

In 2016, SIA and UniCredit entered into a master services agreement, pursuant to which SIA agreed to provide certain card processing services and services relating to the management of POS and ATM terminals to UniCredit (the "UniCredit Master Service Agreement"). In February 2021, SIA and UniCredit entered into a revised master services agreement (the "UniCredit Master Service Agreement Extension"), pursuant to which the parties agreed to extend the duration of the UniCredit Master Service Agreement, which had an initial duration of ten years, to 2036 and renegotiated certain terms of the UniCredit Master Service Agreement. In order to strengthen its relationship with UniCredit, SIA made a payment of €48.2 million to UniCredit, to settle certain requests pertaining to events and circumstances relating to SIA's subsidiary P4cards in the period from 2016 to 2020. These circumstances (including, among others, a significant recorded increase in transaction volumes) have ultimately resulted in an alteration of the contractual balance as negotiated in the UniCredit Master Service Agreement.

**Presentation of Pro Forma Financial Statements**

The presentation of the Pro Forma Financial Statements is carried out on a multi-column basis to present analytically the Pro Forma Transactions subject to pro forma adjustments.

The Unaudited Pro Forma Consolidated Financial Information is not, by its nature, capable of offering a representation of our economic, equity and financial position, because they are constructed to retrospectively reflect the effects of subsequent transactions, despite compliance with accounting rules and the use of reasonable assumptions.

For a correct interpretation of the information provided by the pro forma data, it is necessary to consider the following aspects:

(i) since these representations were constructed on hypotheses, if the Pro Forma Transactions were carried out on the dates taken as reference for the preparation of pro forma data, rather than on the respective effective dates, the historical data would not necessarily have been the same as the pro forma data; and

(ii) the pro forma data does not reflect forecast data as it is prepared in such a way as to represent the significant, isolable and objectively measurable effects deriving from the Pro Forma Transactions, without taking into account the potential effects due to changes in management policies and operational decisions resulting from the Pro Forma Transactions.

Moreover, in consideration of the different purposes of the pro forma data with respect to the historical data of the financial statements and the different methods for calculating the effects of the Pro Forma Transactions with reference to the balance sheet and the income statement, the Unaudited Pro Forma Consolidated Financial Information must be read and interpreted separately, without seeking accounting links between them.

*Pro Forma Balance Sheet at December 31, 2020*

The following table shows the pro forma adjustments made to represent the significant effects of the Pro Forma Transactions on the balance sheet at December 31, 2020:

| (in € million) | Consolidated balance sheet | Pro Forma adjustments: Nets - Pro-forma Consolidated balance sheet | Pro Forma adjustments: Accounting for Nets Merger and Transaction Costs | Pro Forma adjustments: Refinancing | Pro-forma Consolidated balance sheet for Nets Merger | Pro Forma adjustments: SIA - Pro-forma Consolidated balance sheet | Pro Forma adjustments: Accounting for SIA Merger | Pro-forma Consolidated balance sheet for Nets and SIA Merger |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | | (5) | (6) | |
| **ASSETS** | | | | | | | | |
| Cash and cash equivalents | 159.1 | 367.0 | (97.8) | 533.3 | 961.6 | 161.4 | — | 1,123.0 |
| Financial assets at fair value through profit or loss | — | 9.1 | — | — | 9.1 | — | — | 9.1 |
| Financial assets at fair value through OCI | 151.7 | — | — | — | 151.7 | — | — | 151.7 |
| Financial assets measured at amortized cost | 1,540.6 | 1,095.6 | — | — | 2,636.2 | 11.1 | — | 2,647.3 |
| *a) loans and receivables with banks* | 578.7 | 44.2 | — | — | 622.9 | — | — | 622.9 |
| *b) loans and receivables with financial entities and clients* | 961.9 | 1,051.4 | — | — | 2,013.3 | 11.1 | — | 2,024.4 |
| Equity investments | — | 36.0 | — | — | 36.0 | 0.7 | — | 36.7 |
| Property, equipment | 186.9 | 183.1 | — | — | 370.0 | 153.2 | — | 523.2 |
| Investment property | 2.1 | — | — | — | 2.1 | — | — | 2.1 |
| Intangible assets | 3,707.4 | 5,295.2 | 3,401.1 | — | 12,403.7 | 820.4 | 3,970.1 | 17,194.2 |
| *of which: goodwill* | 2,856.5 | 4,064.6 | 3,401.1 | — | 10,322.2 | 521.0 | 3,790.1 | 14,633.3 |
| Tax assets | 54.9 | 34.9 | — | — | 89.8 | 94.8 | — | 184.6 |
| *a) current* | 4.4 | — | — | — | 4.4 | 67.3 | — | 71.7 |
| *b) deferred* | 50.5 | 34.9 | — | — | 85.4 | 27.5 | — | 112.9 |
| Non-current assets held for sale and discontinued operations | 1.7 | — | — | — | 1.7 | — | — | 1.7 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other assets | 481.7 | 395.1 | — | — | 876.8 | 440.8 | (180.0) | 1,137.6 |
| **Total assets** | **6,286.1** | **7,416.0** | **3,303.3** | **533.3** | **17,538.7** | **1,682.4** | **3,790.1** | **23,011.2** |
| **LIABILITIES** | | | | | | | | |
| Financial liabilities measured at amortized cost | 3,862.9 | 3,054.8 | — | 419.9 | 7,337.6 | 1,125.2 | — | 8,462.8 |
| *a) due to banks* | 2,226.4 | 1,950.7 | — | 419.9 | 4,597.0 | 1,125.2 | — | 5,722.2 |
| *b) due to financial entities and clients* | 370.8 | 1,104.1 | — | — | 1,474.9 | — | — | 1,474.9 |
| *c) securities issued* | 1,265.7 | — | — | — | 1,265.7 | — | — | 1,265.7 |
| Financial liabilities at fair value through profit or loss | 22.9 | 351.0 | — | 135.5 | 509.4 | — | — | 509.4 |
| Hedging derivatives | — | 7.8 | — | — | 7.8 | 3.2 | — | 11.0 |
| Tax liabilities | 243.3 | 222.6 | (23.5) | (5.3) | 437.1 | 59.3 | — | 496.4 |
| *a) current* | 19.1 | 12.5 | (23.5) | (5.3) | 2.8 | 8.3 | — | 11.1 |
| *b) deferred* | 224.2 | 210.1 | — | — | 434.3 | 51.0 | — | 485.3 |
| Liabilities associated with non-current assets held for sale and discontinued operations | 0.5 | — | — | — | 0.5 | — | — | 0.5 |
| Other liabilities | 557.5 | 515.6 | — | — | 1,073.1 | 144.0 | — | 1,217.1 |
| Post-employment benefits | 14.8 | 6.1 | — | — | 20.9 | 26.9 | — | 47.8 |
| Provisions for risks and charges | 26.4 | 37.0 | — | — | 63.4 | 6.4 | — | 69.8 |
| Equity | 1,557.8 | 3,221.1 | 3,326.8 | (16.8) | 8,088.9 | 317.4 | 3,790.1 | 12,196.4 |
| *Group equity* | 1,548.1 | 3,087.7 | 3,326.8 | (16.8) | 7,945.8 | 317.4 | 3,790.1 | 12,053.3 |
| *Equity attributable to non-controlling entities* | 9.7 | 133.4 | — | — | 143.1 | — | — | 143.1 |
| **Total liabilities and net equity** | **6,286.1** | **7,416.0** | **3,303.3** | **533.3** | **17,538.7** | **1,682.4** | **3,790.1** | **23,011.2** |

*Pro Forma Income Statement for the Year Ended December 31, 2020*

The following table shows the pro forma adjustments made to represent the significant effects of the Pro Forma Transactions on the income statement for the year ended December 31, 2020:

| (in € million) | Consolidated income statement | Pro Forma adjustments: Nets - Pro-forma Consolidated income statement | Pro Forma adjustments: Refinancing | Pro Forma adjustments: ISP Acquisition | Pro-forma Consolidated income statement for Nets Merger | Pro Forma adjustments: SIA - Pro-forma Consolidated income statement | Pro Forma adjustments: UniCredit Master Service Agreement Extension | Pro-forma Consolidated income statement for Nets Merger and SIA Merger |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | | (5) | (6) | |
| Fee for services rendered and commission income .............. | 1,644.0 | 1,742.4 | — | 153.4 | 3,539.8 | 758.6 | — | 4,298.4 |
| Fee for services received and commission expense ............. | (637.8) | (723.7) | — | (100.5) | (1,462.0) | (14.6) | — | (1,476.6) |
| **Net fee and commission income**.............. | **1,006.2** | **1,018.7** | — | **52.9** | **2,077.8** | **744.0** | — | **2,821.8** |
| Interest and similar income ... | 15.3 | 12.2 | — | — | 27.5 | 0.5 | — | 28.0 |
| Interest and similar expense .. | (87.9) | (112.5) | 8.8 | (18.2) | (209.8) | (16.7) | — | (226.5) |
| **Net interest income**.............. | **(72.6)** | **(100.3)** | **8.8** | **(18.2)** | **(182.3)** | **(16.2)** | — | **(198.5)** |
| Profit / loss on trading activity / hedging on financial assets and liabilities designated at FV through profit or loss.................... | (0.1) | 26.0 | — | — | 25.9 | — | — | 25.9 |
| Dividends and profit / loss from investments and sale of assets at fair value through OCI................... | (6.6) | — | — | — | (6.6) | (1.9) | — | (8.5) |
| **Financial and operating income**.............. | **926.9** | **944.5** | **8.8** | **34.7** | **1,914.9** | **725.9** | — | **2,640.8** |
| Personnel expenses............ | (180.6) | (375.7) | — | (1.3) | (557.6) | (207.9) | — | (765.5) |
| Other administrative expenses............ | (350.0) | (460.8) | — | (1.1) | (811.9) | (266.8) | — | (1,078.7) |
| **Total administrative expenses** ........... | **(530.6)** | **(836.5)** | — | **(2.4)** | **(1,369.5)** | **(474.7)** | — | **(1,844.2)** |
| Other operating income, net......... | (4.4) | 10.7 | — | — | 6.3 | 4.2 | — | 10.5 |
| Net value adjustments on assets measured at amortized cost.................... | (6.9) | (25.5) | — | (5.4) | (37.8) | (1.1) | — | (38.9) |
| Net accruals to provisions for risks and charges.............. | 0.2 | (19.4) | — | — | (19.2) | (52.9) | — | (72.1) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Amortization depreciation and net impairment losses on tangible and intangible assets.................. | (175.3) | (338.0) | — | — | (513.3) | (164.6) | (11.3) | (689.2) |
| **Operating margin**............ | **209.9** | **(264.3)** | **8.8** | **26.9** | **(18.6)** | **36.8** | **(11.3)** | **6.9** |
| Profit (Loss) from equity investments and disposal of investments........ | (0.2) | 1.1 | — | — | 0.9 | (0.1) | — | 0.8 |
| **Pre-tax profit from continuing operations**......... | **209.7** | **(263.2)** | **8.8** | **26.9** | **(17.7)** | **36.7** | **(11.3)** | **7.7** |
| Income taxes...... | (79.7) | 15.9 | (2.1) | (10.3) | (76.2) | (21.7) | 2.7 | (95.2) |
| Profit (Loss) after tax from discontinued operations .......... | (0.7) | — | — | — | (0.7) | — | — | (0.7) |
| **Profit for the year** .................. | **129.3** | **(247.3)** | **6.7** | **16.6** | **(94.6)** | **15.0** | **(8.6)** | **(88.2)** |
| Profit for the year attributable to the owners of the parent................ | 127.9 | (255.1) | 6.7 | 16.3 | (104.2) | 15.0 | (8.6) | (97.7) |
| Profit for the year attributable to non-controlling interests............. | 1.4 | 7.8 | — | 0.3 | 9.5 | — | — | 9.5 |
| Items that will be reclassified subsequently to profit or loss....... | 30.8 | (0.3) | — | — | 30.5 | (0.7) | — | 29.8 |
| Items that will be reclassified subsequently to profit or loss....... | (0.2) | (115.9) | — | — | (116.1) | (1.0) | — | (117.1) |
| **Other comprehensive income (net of tax)**.................... | **30.6** | **(116.2)** | — | — | **(85.6)** | **(1.7)** | — | **(87.3)** |
| **Total comprehensive income**.............. | **159.9** | **(363.5)** | **6.7** | **16.6** | **(180.3)** | **13.3** | **(8.6)** | **(175.5)** |
| Comprehensive income attributable to the parent company.. | 158.3 | (364.7) | 6.7 | 16.6 | (183.1) | 13.3 | (8.6) | (178.3) |
| Comprehensive income attributable to non-controlling interests............. | 1.6 | 1.2 | — | — | 2.8 | — | — | 2.8 |

## Notes to the Unaudited Pro Forma Consolidated Financial Information

### *Basis of Presentation and Accounting Standards Used*

The Unaudited Pro Forma Consolidated Financial Information has been prepared by adjusting the historical data for the year ended December 31, 2020 taken from the Issuer's Consolidated Financial Statements, in order to simulate the main equity, financial and economic effects that could derive from the Pro Forma Transactions.

The accounting standards adopted for the preparation of the Unaudited Pro Forma Consolidated Financial Information are the same used for the preparation of the Issuer's Consolidated Financial

Statements and, in particular, the International Financial Reporting Standards, which include all International Accounting Standards, all International Financial Reporting Standards and all the interpretations of the IFRS Interpretations Committee previously called Standing Interpretations Committee, adopted by the European Union.

All information contained in this document is expressed in thousands of Euro, unless otherwise indicated.

***Description of Pro Forma Adjustments made for the Preparation of the Unaudited Pro Forma Consolidated Financial Information***

The pro forma entries made to prepare the Unaudited Pro Forma Consolidated Financial Information are briefly described below.

*Unaudited Pro Forma Balance Sheet*

*Note 1— Consolidated Balance Sheet*

The column includes the Issuer's consolidated balance sheet at December 31, 2020, extracted from the Issuer's Consolidated Financial Statements.

*Note 2— Nets Pro Forma Consolidated balance sheet*

The column includes the Nets Pro-forma Consolidated balance sheet at December 31, 2020, extracted from the Nets Consolidated Financial Statements, prepared as shown below:

| | | Pro Forma adjustments | | |
|---|---|---|---|---|
| **(in € million)** | **Nets Consolidated balance sheet** | **Nets Reorganization** | **Project Centurion** | **Nets Pro-forma Consolidated balance sheet** |
| | (2A) | (2B) | (2C) | |
| **ASSETS** | | | | |
| Cash and cash equivalents | 172.5 | — | 194.5 | 367.0 |
| Financial assets at fair value through profit or loss | 9.1 | — | — | 9.1 |
| Financial assets at fair value through OCI | — | — | — | — |
| Financial assets measured at amortized cost | 1,095.6 | — | — | 1,095.6 |
| *a) loans and receivables with banks* | 44.2 | — | — | 44.2 |
| *b) loans and receivables with financial entities and clients* | 1,051.4 | — | — | 1,051.4 |
| Equity investments | 36.0 | — | — | 36.0 |
| Property, equipment | 183.1 | — | — | 183.1 |
| Investment property | — | — | — | — |
| Intangible assets | 5,295.2 | — | — | 5,295.2 |
| of which: goodwill | 4,064.6 | — | — | 4,064.6 |
| Tax assets | 34.9 | — | — | 34.9 |
| *a) current* | — | — | — | — |
| *b) deferred* | 34.9 | — | — | 34.9 |
| Non-current assets held for sale and discontinued operations | 1,779.9 | — | (1,779.9) | — |
| Other assets | 395.1 | — | — | 395.1 |
| **Total assets** | **9,001.4** | — | **(1,585.4)** | **7,416.0** |

| | | | | |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Financial liabilities measured at amortized cost | 7,069.1 | (1,623.8) | (2,390.5) | 3,054.8 |
| *a) due to banks* | 5,965.0 | (1,623.8) | (2,390.5) | 1,950.7 |
| *b) due to financial entities and clients* | 1,104.1 | — | — | 1,104.1 |
| *c) securities issued* | — | — | — | — |
| Financial liabilities at fair value through profit or loss | 1,123.8 | (772.8) | — | 351.0 |
| Hedging derivatives | 44.6 | — | (36.8) | 7.8 |
| Tax liabilities | 417.6 | — | (195.0) | 222.6 |
| *a) current* | 207.5 | — | (195.0) | 12.5 |
| *b) deferred* | 210.1 | — | — | 210.1 |
| Liabilities associated with non-current assets held for sale and discontinued operations | 44.5 | — | (44.5) | — |
| Other liabilities | 515.6 | — | — | 515.6 |
| Post-employment benefits | 6.1 | — | — | 6.1 |
| Provisions for risks and charges | 37.0 | — | — | 37.0 |
| Equity | (256.9) | 2,396.6 | 1,081.4 | 3,221.1 |
| Group equity | (390.3) | 2,396.6 | 1,081.4 | 3,087.7 |
| Equity attributable to non-controlling entities | 133.4 | — | — | 133.4 |
| **Total liabilities and net equity** | **9,001.4** | — | **(1,585.4)** | **7,416.0** |

*Note 2A— Nets Consolidated balance sheet*

The column includes the Nets consolidated balance sheet at December 31, 2020, extracted from the Nets Consolidated Financial Statements and reclassified using the balance sheet statement adopted by Nexi. It should be noted that such reclassifications have been identified, for the purposes of preparing the Unaudited Pro Forma Consolidated Financial Information, taking into account the information available to Nexi at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information. It should also be noted that the analysis carried out, up to the date of preparation of this document, did not reveal any significant differences between the accounting policies adopted by the two groups.

*Note 2B— Nets Reorganization*

As a result of the Nets Reorganization, the financial liabilities of Nets arising from the existing shareholder loans and the existing preferred equity certificates will be extinguished and converted into equity. This column shows the effects of the extinguishment of such financial liabilities and the corresponding increase in shareholders' equity.

*Note 2C— Centurion Disposal*

On March 5, 2021, Nets completed the Centurion Disposal, receiving the total amount of the sale price amounting to €2,850 million, net of the cash and cash equivalents held by the perimeter of the companies disposed. As provided by the Nets Framework Agreement, these proceeds will be used, prior to the Nets Merger Closing Date, to repay certain loans held by Nets and to extinguish certain derivative financial instruments associated with them.

The column shows the effects of the extinguishment of financial liabilities relating to the loans and derivative financial instruments in question, including unamortized transaction costs.

The column also includes i) the elimination of the assets and liabilities associated with the Centurion Disposal accounted for in the line " Non-current assets held for sale and discontinued operations" and "Liabilities associated with non-current assets held for sale and discontinued operations", ii) the estimated, ii) the recognition in shareholders' equity of the capital gain deriving from these disposals, equal to €1,114.6 million, net of the €33.2 million of unamortized transaction costs associated with the loans.

*Note 3— Accounting for Nets Merger*

The Nets Merger, if analyzed not considering the SIA Merger, is a business combination as a result of which, Nexi acquires control over Nets.

These transactions fall within the scope of IFRS 3 - Business combinations, which provides that the purchaser, on the effective date of the transaction, records the identifiable assets acquired, the liabilities and contingent liabilities assumed at fair value, with the exception of deferred tax assets and liabilities, assets and liabilities relating to employee benefits and assets held for sale which are recognized on the basis of the relevant accounting standards.

*Provisional determination of the consideration for the Nets Merger*

The determination of the consideration of the net assets acquired is carried out, in accordance with the provisions of IFRS 3, on the basis of fair values as of the date in which control is acquired (i.e., the Nets Merger Closing Date).

As previously indicated, the Nets Merger provides for the issuance of a fixed number of Nexi Shares at the Nets Merger Closing Date plus additional Nexi Shares associated with the Nets Earn-Out and the Centurion Earn-Out.

The consideration will be determined on the basis of the stock market prices at the Nets Merger Closing Date.

For the purposes of the preparation of the Unaudited Pro Forma Consolidated Financial Information, the consideration for the Nets Merger has been provisionally determined assuming that the shares for the Nets Earn-Out and the Centurion Earn-Out will actually be issued and assuming such earn-outs, on the basis of the evidence available at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information, equal to €194.1 million and €109.9 million respectively.

On the basis of the foregoing, the Nexi Shares to be issued to service the Nets Merger are estimated as a total 426.6. The consideration is therefore equal to €6.5 billion (the “Nets Consideration”) based on the value of a Nexi Share at a date close to the date of preparation of the Unaudited Pro Forma Consolidated Financial Information.

In accordance with IFRS 3, on the Nets Merger Closing Date, the difference between the Nets Consideration and the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed is recognized: i) if positive, as goodwill, or ii) if negative as a gain in profit and loss. In this circumstance, since the fair values of the identifiable assets acquired, the liabilities and contingent liabilities is not yet available at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information, in accordance with paragraph no. 45 of IFRS 3, the aforementioned difference was determined provisionally, as the difference between the Nets Consideration and the value of the net book equity of Nets at 31 December 2020, i.e., the most updated values available at the date of this document, as shown below.

| (in € million) | |
|---|---|
| Nets Consideration | 6,488.8 |
| Provisional fair values of the net assets acquired | 3,087.7 |
| **Provisional Goodwill** | **3,401.1** |

It should be noted that, in accordance with IFRS 3, the Provisional Goodwill may change with respect to what is shown here as a result of i) the definition of the fair values of the identifiable assets acquired and the identifiable liabilities assumed, net of the related tax effect, where applicable, ii) the value of a Nexi Share on the Nets Merger Closing Date and iii) the actual value of the Nets Earn-Out and the Centurion Earn-Out. In this regard, paragraph no. 45 of IFRS 3 provides for a "valuation period" during which the Company must proceed with a preliminary initial accounting for the acquisition and complete the valuation of the net assets acquired at a later time and in any case within 12 months from the date of the transaction.

*Additional costs to the Mergers*

For the completion of the Mergers, Nexi has estimated that it will incur non-recurring costs for a total of €122.6 million, of which €24.8 million already reflected in the consolidated profit loss for the year ended December 31, 2020. This column also shows therefore the recognition of the costs that will still have to be incurred for the completion of the Mergers, equal to a total of €97.8 million, and the related tax effect, estimated at 24%.

*Note 4— Refinancing*

The column includes the effects of the refinancing of the Existing Nets Indebtedness and the Existing SIA Indebtedness using the proceeds from the Offering together with the proceeds of the 2028 Existing Senior Convertible Notes.

Specifically, the following table shows the proceeds deriving from the Offering and from the 2028 Existing Senior Convertible Notes:

| (in € million) | |
|---|---|
| Offering (notional amount) | (2,100.0) |
| Transaction costs | 23.0 |
| **Book value (a)** | **(2,077.0)** |
| 2028 Existing Senior Convertible Notes - notional amount (b) | (1,000.0) |
| Present value | 135.5 |
| Transaction costs (c) | 14.2 |
| **Book value** | **(850.3)** |
| **Nets cash and cash equivalent (a)+(b)+(c)** | **3,062.8** |
| Initial recognition of the convertible option of the 2028 Existing Senior Convertible Notes | (135.5) |

The aggregate principal amount of the Notes has been estimated to be €2,100.0 million for the sole purpose of the preparation of this Unaudited Pro Forma Consolidated Financial Information. For the same purposes, we have made assumptions based on current market conditions on the effective interest rate on the Notes at the Issue Date, taking also in account other financial expenses associated with the Offering, estimated to be €23.0 million.

The following table shows the outstanding notional amounts of the Existing Nets Indebtedness and the Existing SIA Indebtedness:

| (in € million) | |
|---|---|
| Nets financial indebtedness (book value) | 1,618.3 |
| Transaction costs to be amortized | 22.1 |
| **Notional amount outstanding** | **1,640.4** |
| SIA financial indebtedness (book value) | 889.1 |
| **Notional amount outstanding** | **889.1** |

The following table shows the cumulative effects of the use of the Offering and from the 2028 Existing Senior Convertible Notes to repay the outstanding notional amounts of the Existing Nets Indebtedness and the Existing SIA Indebtedness on the items "Financial liabilities measured at amortized cost" and "Cash and cash equivalents":

| (in € million) | |
|---|---|
| **Financial liabilities measured at amortized cost** | |
| Offering | 2,077.0 |
| 2028 Existing Senior Convertible Notes | 850.3 |
| Existing SIA Indebtedness | (889.1) |
| Existing Nets Indebtedness | (1,618.3) |
| | **419.9** |
| **Cash and cash equivalent** | |
| Offering | 2,077.0 |
| 2028 Existing Senior Convertible Notes | 985.8 |
| Existing SIA Indebtedness | (889.1) |
| Existing Nets Indebtedness | (1,640.4) |
| | **533.3** |

*Note 5— SIA Pro Forma Consolidated balance sheet*

The column includes the SIA Pro-forma Consolidated balance sheet at December 31, 2020, extracted from the SIA Consolidated Financial Statements, prepared as shown below:

| (in € million) | SIA Consolidated balance sheet | Pro Forma adjustments UniCredit Master Service Agreement Extension | SIA Pro-forma Consolidated balance sheet |
|---|---|---|---|
| | **(5A)** | **(5B)** | |
| **ASSETS** | | | |
| Cash and cash equivalents | 161.4 | — | 161.4 |
| Financial assets at fair value through profit or loss | — | — | — |
| Financial assets at fair value through OCI | — | — | — |
| Financial assets measured at amortized cost | 11.1 | — | 11.1 |
| *a) loans and receivables with banks* | — | — | — |
| *b) loans and receivables with financial entities and clients* | 11.1 | — | *11.1* |
| Equity investments | 0.7 | — | 0.7 |
| Property, equipment | 153.2 | — | 153.2 |
| Investment property | - | — | — |
| Intangible assets | 820.4 | — | 820.4 |
| *of which: goodwill* | 521.0 | — | *521.0* |
| Tax assets | 94.8 | — | 94.8 |
| *a) current* | 67.3 | — | *67.3* |
| *b) deferred* | 27.5 | — | *27.5* |
| Non-current assets held for sale and discontinued operations | — | — | — |
| Other assets | 260.8 | 180.0 | 440.8 |
| **Total assets** | **1,502.4** | **180.0** | **1,682.4** |
| **LIABILITIES** | | | |
| Financial liabilities measured at amortized cost | 857.9 | 267.3 | 1,125.2 |
| *a) due to banks* | 857.9 | 267.3 | *1,125.2* |
| *b) due to financial entities and clients* | — | — | — |
| *c) securities issued* | — | — | — |
| Financial liabilities at fair value through profit or loss | — | — | — |
| Hedging derivatives | 3.2 | — | 3.2 |
| Tax liabilities | 64.0 | (4.7) | 59.3 |
| *a) current* | 13.0 | (4.7) | *8.3* |
| *b) deferred* | 51.0 | — | *51.0* |
| Liabilities associated with non-current assets held for sale and discontinued operations | — | — | — |
| Other liabilities | 163.5 | (19.5) | *144.0* |
| Post-employment benefits | 26.9 | — | *26.9* |
| Provisions for risks and charges | 54.6 | (48.2) | *6.4* |
| Equity | 332.3 | (14.9) | 317.4 |
| *Group equity* | 332.3 | (14.9) | *317.4* |
| *Equity attributable to non-controlling entities* | — | — | — |
| **Total liabilities and net equity** | **1,502.4** | **180.0** | **1,682.4** |

*Note 5A— SIA Consolidated balance sheet*

The column includes the SIA consolidated balance sheet at December 31, 2020, extracted from the SIA Consolidated Financial Statements and reclassified using the balance sheet statement adopted by Nexi. It should be noted that such reclassifications have been identified, for the purposes of preparing the Unaudited Pro Forma Consolidated Financial Information, taking into account the information available to SIA at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information. It should also be noted that the analysis carried out, up to the date of preparation of this document, did not reveal any significant differences between the accounting policies adopted by the two groups.

*Note 5B— UniCredit Master Service Agreement Extension*

The column represents the effects of the accounting of the UniCredit Master Service Agreement Extension.

Specifically, the UniCredit Master Service Agreement Extension resulted in a cash-out of €267 million, including VAT of €39 million (of which €19,5 million not deductible), incurred by drawing on the resources of a bridge loan (made available in an amount equal to Euro 400 million, actually used by SIA in an amount of Euro 267 million).

With reference to the non-deductible portion of VAT, the related estimated tax effect of 24% was considered.

It should be noted that, for the purposes of the SIA Group financial statements, the lump sum of €180 million paid for the UniCredit Master Service Agreement Extension qualifies as a consideration paid to the customer as part of a contractual amendment, according to IFRS 15.70 and IFRS 15.20, with recognition of the consideration as a non-current asset and transfer to the income statement as a reduction of the revenues of the service covered by the contract over the period of extension of the performance obligation in which the corresponding benefits are expected, i.e., the period 2027-2036, in direct correlation to the expected revenue volumes.

*Note 6— Accounting for SIA Merger*

The SIA Merger qualifies as a "roll-up transaction", that is a business combination as a result of which none of the entities involved obtains control over the others. The entity resulting from the Mergers will therefore be a public company without a controlling shareholder.

These transactions fall within the scope of application of IFRS 3 - Business Combinations, which provides that for any business combination transaction, even in the event that none of the entities involved obtains control over the others, an accounting acquirer is in any case identified, on the basis of the parameters identified in IFRS 3 paragraphs B14 – B18, and such acquirer, at the effective date of the transaction, accounts for the same by recording the identifiable assets acquired, the liabilities and the contingent liabilities assumed at their fair values, except for deferred tax assets and liabilities, assets and liabilities relating to employee benefits and assets held for sale which are recognized on the basis of the relevant accounting standards.

Specifically, Nexi was identified as an accounting acquirer taking into account the parameters identified in IFRS 3 paragraphs B14 – B18 and in particular the following elements:

- Nexi is the entity that issues shares and which does not terminate as a result of the Mergers;
- the composition of the senior management of the entity resulting from the Mergers: the current CEO of Nexi will be confirmed as CEO of the entity resulting from the Mergers and will have the power to decide the management of the same;

- Nexi is the combining entity whose relative dimensions are significantly greater than those of the other entities involved in the Merger.

*Provisional determination of the consideration for the SIA Merger*

The determination of the consideration of the net assets acquired is carried out, in accordance with the provisions of IFRS 3, on the basis of the fair values at the date in which control is acquired (i.e., the SIA Merger Closing Date).

As previously indicated, the SIA Merger provides for the issuance of a fixed number of Nexi Shares at the SIA Merger Closing Date effective.

Specifically, the consideration will be determined on the basis of the stock market prices at the SIA Merger Closing Date. Based on the foregoing, the consideration is therefore equal to Euro 4.1 billion (the "SIA Consideration") based on the value of a Nexi Share at a date close to the date of preparation of the Unaudited Pro Forma Consolidated Financial Information.

In accordance with IFRS 3, on the SIA Merger Closing Date, the difference between the SIA Consideration and the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed is recognized: i) if positive, as goodwill , or ii) if negative as a gain in profit and loss. In this circumstance, since the fair values of the identifiable assets acquired, the liabilities and contingent liabilities is not yet available at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information, in accordance with paragraph no. 45 of IFRS 3, the aforementioned difference was determined provisionally, as the difference between the SIA Consideration and the value of the net book equity of SIA at 31 December 2020, i.e., the most updated values available at the date of this document, as shown below.

| **(in € million)** | **SIA Merger** |
|---|---|
| SIA Consideration | 4,107.5 |
| Provisional fair values of the net assets acquired | 317.4 |
| **Provisional Goodwill** | **3,790.1** |

It should be noted that, in accordance with IFRS 3, the Provisional Goodwill may change with respect to what is shown here as a result of i) the definition of the fair values of the identifiable assets acquired and the identifiable liabilities assumed, net of the related tax effect, where applicable, and ii) the value of a Nexi Share on the SIA Merger Closing Date. In this regard, paragraph no. 45 of IFRS 3 provides for a "valuation period" during which the Company must proceed with a preliminary initial accounting for the acquisition and complete the valuation of the net assets acquired at a later time and in any case within 12 months from the date of the transaction.

Finally, it should be noted that this column also represents the effects of the accounting of the UniCredit Master Service Agreement Extension. Specifically, as part of the SIA Merger, Nexi will have to account for the fair value the identifiable assets acquired, including the value of SIA's client relationships. In this perspective, the UniCredit Master Service Agreement Extension qualifies as a portion of the value of the larger contract that SIA has in place with the UniCredit Group. Therefore, although the fair value of the identifiable assets acquired, of the liabilities and potential liabilities assumed is not available in its entirety at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information, the UniCredit Master Service Agreement Extension has been reclassified among the client relationships within Intangible assets.

*Unaudited Pro Forma Income Statement*

*Note 1—Consolidated income Statement*

The column includes the consolidated income statement for the year ended December 31, 2020 extracted from the Issuer's Consolidated Financial Statements.

*Note 2— Nets Pro Forma Consolidated income statement*

The column includes the Nets Pro-forma income statement for the year ended December 31, 2020, extracted from the Nets Consolidated Financial Statements, prepared as shown below:

| (in € million) | Nets Consolidated income statement | Pro Forma adjustments | | | Nets Pro-forma Consolidated income statement |
|---|---|---|---|---|---|
| | | Nets Reorganization | Project Centurion | PeP Acquisition | |
| | (2A) | (2B) | (2C) | (2D) | |
| Fee for services rendered and commission income | 1,567.4 | — | — | 175.0 | 1,742.4 |
| Fee for services received and commission expense | (592.3) | — | — | (131.4) | (723.7) |
| **Net fee and commission income** | **975.1** | — | — | **43.6** | **1,018.7** |
| Interest and similar income | 12.2 | — | — | — | 12.2 |
| Interest and similar expense | (326.1) | 88.9 | 127.6 | (2.9) | (112.5) |
| **Net interest income** | **(313.9)** | **88.9** | **127.6** | **(2.9)** | **(100.3)** |
| Profit / loss on trading activity / hedging on financial assets and liabilities designated at FV through profit or loss | 26.0 | — | — | — | 26.0 |
| Dividends and profit / loss from investments and sale of assets at fair value through OCI | — | — | — | — | — |
| **Financial and operating income** | **687.2** | **88.9** | **127.6** | **40.8** | **944.5** |
| Personnel expenses | (361.0) | — | — | (14.7) | (375.7) |
| Other administrative expenses | (450.2) | — | — | (10.6) | (460.8) |
| **Total administrative expenses** | **(811.2)** | — | — | **(25.3)** | **(836.5)** |
| | | — | — | | |
| Other operating income, net | 10.7 | — | — | — | 10.7 |
| Net value adjustments on assets measured at amortized cost | (25.5) | — | — | — | (25.5) |
| Net accruals to provisions for risks and charges | (19.4) | — | — | — | (19.4) |
| Amortization depreciation and net impairment losses on tangible and intangible assets | (321.1) | — | — | (16.9) | (338.0) |
| **Operating margin** | **(479.3)** | **88.9** | **127.6** | **(1.5)** | **(264.3)** |
| Profit (Loss) from equity investments and disposal of investments | 1.1 | — | — | — | 1.1 |
| **Pre-tax profit from continuing operations** | **(478.2)** | **88.9** | **127.6** | **(1.5)** | **(263.2)** |
| Income taxes | 20.8 | — | (3.6) | (1.3) | 15.9 |
| Profit (Loss) after tax from discontinued operations | 61.5 | — | (61.5) | — | — |
| **Profit for the year** | **(395.9)** | **88.9** | **62.5** | **(2.8)** | **(247.3)** |
| Profit for the year attributable to the owners of the parent | (403.7) | 88.9 | 62.5 | (2.8) | (255.1) |
| Profit for the year attributable to non-controlling interests | 7.8 | — | — | — | 7.8 |
| Items that will be reclassified subsequently to profit or loss | (0.3) | — | — | — | (0.3) |

| | | | | | |
|---|---|---|---|---|---|
| Items that will be reclassified subsequently to profit or loss | (115.9) | — | — | — | (115.9) |
| **Other comprehensive income (net of tax)** | **(116.2)** | **—** | **—** | **—** | **(116.2)** |
| **Total comprehensive income** | **(512.1)** | **88.9** | **62.5** | **(2.8)** | **(363.5)** |
| Comprehensive income attributable to the parent company | (513.3) | 88.9 | 62.5 | (2.8) | (364.7) |
| Comprehensive income attributable to non-controlling interests | 1.2 | — | — | — | 1.2 |

*Note 2A— Nets Consolidated income statement*

The column includes the Nets consolidated income statement for the year ended December 31, 2020, extracted from the Nets Consolidated Financial Statements and reclassified using the income statement adopted by Nexi. It should be noted that such reclassifications have been identified, for the purposes of preparing the Unaudited Pro Forma Consolidated Financial Information, taking into account the information available to Nexi at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information. It should also be noted that the analysis carried out, up to the date of preparation of this document, did not reveal any significant differences between the accounting policies adopted by the two groups.

*Note 2B— Nets Reorganization*

As a result of the Nets Reorganization, the financial liabilities of Nets arising from the existing shareholder loans and the existing preferred equity certificates will be extinguished and converted into equity. This column shows the effects of the extinguishment of such financial liabilities and the corresponding decrease in Interest and similar expense.

*Note 2C— Project Centurion*

On March 5, 2021, Nets completed the Centurion Disposal, receiving the total amount of the sale price amounting to €2,850 million, net of the cash and cash equivalents held by the perimeter of the companies disposed. As provided by the Nets Framework Agreement, these proceeds will be used, prior to the Nets Merger Closing Date, to repay certain loans held by Nets and to extinguish certain derivative financial instruments associated with them.

The column represents the effects of the elimination of financial charges accounted for in the Nets Consolidated Financial Statements in relation to the above mentioned loans and derivative financial instruments. The column also includes the elimination of the results of the assets and liabilities associated with the Centurion Disposal accounted for in the line "Profit / loss of assets held for sale after taxes".

*Note 2D— PeP Acquisition*

The column reflects the costs and revenues of PeP relating to the period of the fiscal year 2020 prior to the acquisition and, therefore, not included in the Nets Consolidated Financial Statements.

*Note 3— Refinancing*

The column shows the effects on the financial charges of the early repayment of the Nets Financial Debt to be implemented, following the Nets Merger, using a portion of the proceeds of the Offering, as detailed in the following table:

| (in € million) | |
|---|---|
| **Existing Nets Indebtedness** | |
| Elimination of interest expense incurred | 60.9 |
| Transaction costs to be amortized | (22.1) |
| | **38.8** |
| Tax impact | (14.6) |
| **Existing SIA Indebtedness** | |
| Elimination of interest expense incurred | 11.7 |
| Tax impact | (2.7) |
| **Offering** | |
| Interest expenses | (42.2) |
| Tax impact | 10.1 |
| **Convertible bond** | |
| Interest expenses | (21.1) |
| Tax impact | 5.1 |

*Note 4—ISP Acquisition*

As mentioned above, the ISP Acquisition was completed on 30 June 2020. This column reflects the costs and revenues of the merchant acquiring activities acquired by ISP for the first half of 2020.

*Note 5— SIA Pro Forma Consolidated income statement*

The column includes the SIA Pro-forma Consolidated income statement for the year ended December 31, 2020, extracted from the SIA Consolidated Financial Statements, prepared as shown below:

| | | Pro Forma adjustments | |
|---|---|---|---|
| (in € million) | SIA Consolidated income statement | UniCredit Master Service Agreement Extension | SIA Pro-forma Consolidated income statement |
| | (5A) | (5B) | |
| Fee for services rendered and commission income | 758.6 | — | 758.6 |
| Fee for services received and commission expense | (14.6) | — | (14.6) |
| **Net fee and commission income** | **744.0** | **—** | **744.0** |
| Interest and similar income | 0.5 | — | 0.5 |
| Interest and similar expense | (14.3) | (2.4) | (16.7) |
| **Net interest income** | **(13.8)** | **(2.4)** | **(16.2)** |
| Profit / loss on trading activity / hedging on financial assets and liabilities designated at FV through profit or loss | — | — | — |
| Dividends and profit / loss from investments and sale of assets at fair value through OCI | (1.9) | — | (1.9) |
| **Financial and operating income** | **728.3** | **(2.4)** | **725.9** |
| Personnel expenses | (207.9) | — | (207.9) |
| Other administrative expenses | (266.8) | — | (266.8) |
| **Total administrative expenses** | **(474.7)** | **—** | **(474.7)** |
| Other operating income, net | 4.2 | — | 4.2 |

| | | | |
|---|---|---|---|
| Net value adjustments on assets measured at amortized cost | (1.1) | — | (1.1) |
| Net accruals to provisions for risks and charges | (52.9) | — | (52.9) |
| Amortization depreciation and net impairment losses on tangible and intangible assets | (164.6) | — | (164.6) |
| **Operating margin** | **39.2** | **(2.4)** | **36.8** |
| Profit (Loss) from equity investments and disposal of investments | (0.1) | — | (0.1) |
| **Pre-tax profit from continuing operations** | **39.1** | **(2.4)** | **36.7** |
| Income taxes | (22.3) | 0.6 | (21.7) |
| Profit (Loss) after tax from discontinued operations | — | — | — |
| **Profit for the year** | **16.8** | **(1.8)** | **15.0** |
| Profit for the year attributable to the owners of the parent | 16.8 | (1.8) | 15.0 |
| Profit for the year attributable to non-controlling interests | — | — | — |
| Items that will be reclassified subsequently to profit or loss | (0.7) | — | (0.7) |
| Items that will be reclassified subsequently to profit or loss | (1.0) | — | (1.0) |
| **Other comprehensive income (net of tax)** | **(1.7)** | **—** | **(1.7)** |
| **Total comprehensive income** | **15.1** | **(1.8)** | **13.3** |
| Comprehensive income attributable to the parent company | 15.1 | (1.8) | 13.3 |
| Comprehensive income attributable to non-controlling interests | — | — | — |

*Note 5A— SIA Consolidated income statement*

The column includes the SIA income statement for the year ended December 31, 2020, extracted from the SIA Consolidated Financial Statements and reclassified using the income statement adopted by Nexi. It should be noted that such reclassifications have been identified, for the purposes of preparing the Unaudited Pro Forma Consolidated Financial Information, taking into account the information available to SIA at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information. It should also be noted that the analysis carried out, up to the date of preparation of this document, did not reveal any significant differences between the accounting policies adopted by the two groups.

*Note 5B— UniCredit Master Service Agreement Extension*

The column includes the effects of the financial charges deriving from the bridge loan agreement entered into by SIA to support the disbursements connected to the UniCredit Master Service Agreement Extension and the related tax effects.

*Note 6— UniCredit Master Service Agreement Extension*

As part of the SIA Merger, Nexi will have to account for the identifiable assets acquired at fair value, including the value of SIA's client relationships. In this perspective, the UniCredit Master Service Agreement Extension qualifies as a portion of the value of the larger contract that SIA has in place with the UniCredit Group. Therefore, although the fair value of the identifiable assets acquired, of the liabilities and potential liabilities assumed is not available in its entirety at the date of preparation of the Unaudited Pro Forma Consolidated Financial Information, the UniCredit Master Service Agreement Extension has been reclassified among the client relationships within the Intangible assets.

The column shows the effects of the UniCredit Master Service Agreement Extension and, specifically, the effects of the depreciation of this asset by on a straight-line basis up to the expected end date of the UniCredit Agreements (2036).

## Pro Forma Reclassified Income Statement

Set forth below is a summary of the Pro Forma Reclassified Income Statement, as at December 31, 2020.

| | | Pro Forma adjustments | | | | Pro Forma adjustments | | |
|---|---|---|---|---|---|---|---|---|
| **(in € million)** | **Consolidated income statement** | **Nets - Pro-forma Consolidated income statement** | **Refinancing** | **ISP Acquisition** | **Pro-forma Consolidated income statement for Nets Merger** | **SIA - Pro-forma Consolidated income statement** | **UniCredit Master Service Agreement Extensions** | **Pro-forma Consolidated income statement for Nets Merger and SIA Merger** |
| **Operating revenue**.................... | **993.9** | **1,018.7** | — | **50.0** | **2,062.6** | **748.2** | — | **2,810.8** |
| Personnel expenses.................... | (155.3) | (323.5) | — | (1.3) | (480.0) | (209.3) | — | (689.3) |
| Operating costs ......... | (284.9) | (327.5) | — | (1.1) | (613.5) | (260.1) | — | (873.6) |
| **Total Costs** | **(440.2)** | **(651.0)** | — | **(2.3)** | **(1,093.5)** | **(469.4)** | — | **(1,562.9)** |
| **Normalized EBITDA** ................ | **553.7** | **367.7** | — | **47.7** | **969.1** | **278.8** | — | **1,247.9** |
| Amortization & depreciation ............. | (145.0) | (226.2) | — | — | (371.2) | (164.5) | — | (535.7) |
| Amortization & depreciation(customer contracts) ................. | (32.2) | (111.8) | — | — | (144.0) | — | (11.3) | (155.3) |
| Interest and financing costs......................... | (65.2) | (74.3) | 8.8 | (20.8) | (151.5) | (18.2) | — | (169.7) |
| Non-recurring items ........................ | (102.3) | (218.6) | — | — | (320.9) | (59.3) | — | (380.2) |
| **Pre-tax profit**........... | **208.9** | **(263.2)** | **8.8** | **26.9** | **(18.6)** | **36.8** | **(11.3)** | **6.9** |
| Income taxes............ | (79.6) | 15.9 | (2.1) | (10.3) | (76.1) | (21.7) | 2.7 | (95.1) |
| **Profit for the year** .......................... | **129.3** | **(247.3)** | **6.7** | **16.6** | **(94.7)** | **15.1** | **(8.6)** | **(88.2)** |
| Profit for the year attributable to non-controlling interests.................... | 1.4 | 7.8 | — | 0.3 | 9.5 | — | — | 9.5 |
| **Profit for the year attributable to the owners of the parent**...................... | **127.9** | **(255.1)** | **6.7** | **16.3** | **(104.2)** | **15.1** | **(8.6)** | **(97.7)** |

## Pro Forma Net Financial Positon

Set forth below is a summary of the Pro Forma Net Financial Position, as at December 31, 2020.

| (in € million) | Consolidated net financial position | Pro Forma adjustments: Nets - Pro-forma Consolidated net financial position | Pro Forma adjustments: Refinancing | Pro Forma adjustments: Transaction costs | Pro Forma adjustments: SIA - Pro-forma Consolidated net financial position | Pro-forma Consolidated net financial position for Nets Merger and SIA Merger |
|---|---|---|---|---|---|---|
| A. Cash | 159.1 | 172.0 | 533.3 | (97.8) | — | 766.6 |
| B. Other cash and cash equivalents | 340.0 | 194.5 | — | — | 161.4 | 695.9 |
| C. Securities held for trading | — | — | — | — | — | — |
| **D. Liquidity (A) + (B) + (C)** | **499.1** | **366.5** | **533.3** | **(97.8)** | **161.4** | **1462.5** |
| **E. Current financial receivables** | **—** | **—** | **—** | **—** | **11.1** | **11.1** |
| F. Current bank payables | (10.3) | (8.0) | — | — | (397.8) | (416.1) |
| G. Current portion of non-current debt | — | (498.5) | — | — | (86.0) | (584.5) |
| H. Other current financial payables | (4.4) | (570.9) | — | — | (45.3) | (620.6) |
| **I. Current financial debt (F) + (G) + (H)** | **(14.7)** | **(1,077.4)** | **—** | **—** | **(529.1)** | **(1,621.2)** |
| **J. Net current financial position (I) + (E) + (D)** | **484.4** | **(710.9)** | **533.3** | **(97.8)** | **(356.6)** | **(147.6)** |
| K. Non-current bank payables | (44.0) | (1,226.3) | (419.9) | — | (535.8) | (2,226.0) |
| L. Notes issued | (1,265.7) | — | — | — | — | (1,265.7) |
| M. Other non-current financial payables | (1,456.7) | (83.5) | — | — | (63.5) | (1,603.7) |
| **N. Non-current financial debt (K) + (L) + (M)** | **(2,766.4)** | **(1,309.8)** | **(419.9)** | **—** | **(599.3)** | **(5,095.4)** |
| **O. Net financial position (J) + (N)** | **(2,282.0)** | **(2,020.7)** | **113.4** | **(97.8)** | **(955.9)** | **(5,243.0)** |

# ISSUER'S BUSINESS

## Our History

We trace our roots to 1939, when six Italian banks joined to establish Istituto Centrale delle Banche Popolari Italiane S.p.A. or ICBPI, an undertaking to provide essential banking infrastructure to the entire network of Italy's cooperative banks. In keeping with this objective, we gradually expanded our service offering, both organically and through a series of synergistic acquisitions. Our expansion positioned us at the forefront of developments in payment technology and enabled us to drive innovation in the Italian market over the course of the following decades. Set forth below are the key acquisitions and events that have contributed to our position as the major paytech in Italy:

- In 2004, we acquired the payments business and debit card activities of *Banca Popolare di Lodi*, which widened our network of partner banks to include the *Casse di Risparmio* bank.

- In 2008, we started to expand our POS management business through the acquisition of Cim Italia.

- In 2009, we acquired Nexi Payments (formerly, CartaSi), the leading Italian provider of digital payment services, with a strong presence in issuing, acquiring, POS and ATM management.

- In 2014, we further expanded our Cards & Digital Payments business unit through the acquisitions of C-Card and Unicard, which we subsequently merged with Nexi Payments.

- In 2015, we were acquired by the Advent, Bain Capital and Clessidra, which provided us with insights into operational excellence gained from these sponsors' investments in other leading payments companies such as WorldPay, Nets and Vantiv and provided us with the financial resources to consolidate the Italian payments sector. Following that acquisition, we undertook several strategic initiatives: (i) investment in our technology infrastructure, including in application-based services and IT control; (ii) selective acquisitions in the payments sector, including Mercury Payment, Bassilichi and the acquiring businesses of BMPS, DB and Carige; (iii) promoting significant recurring cost savings and operational efficiencies; (iv) our rebranding as Nexi; and (v) enhancements to our senior management.

- In 2016, we acquired Mercury Payment, which provides payment services to Intesa Sanpaolo, one of the largest banking groups in Italy. Apart from strengthening this key relationship, the acquisition also added significant scale to our issuing, acquiring and POS management capabilities.

- In 2017, we completed the acquisition of three additional businesses; the acquiring business of BMPS, the acquiring business of DB and Bassilichi. These acquisitions provided us with direct access to BMPS customers (improving the monetization of our BMPS relationship), enhanced our offering of POS management and ancillary services (via Bassilichi) and further increased the overall number of our merchant customers.

- At the end of 2017, we commenced a review of our corporate structure to align it more closely with our core business. In November 2017, we changed our name to Nexi S.p.A. and adopted the Nexi brand. In addition, we spun off Depobank S.p.A., which contained our banking activities, to focus on our core payments activities and driving innovation in our industry. Following the abovementioned review, the relevant commercial registers were updated to remove Nexi as a banking group and therefore, we are not subject to prudential supervision at consolidated level, while our subsidiary Nexi Payments remains subject to supervision by the Bank of Italy.

- In 2018, we expanded our leading Merchant Services & Solutions business unit capabilities by acquiring the merchant acquiring business of Carige, and the start-up company Sparkling, one of the most innovative companies in the new digital payments industry and one of the seven companies in the world that MasterCard has included among its “platinum digital vendors.”

- In January 2019, we entered into an agreement to dispose of our entire stake in Oasi S.p.A. to Cedacri S.p.A., which closed on February 25, 2019.
- In April 2019, Nexi was listed on the MTA organized and managed by Borsa Italiana. Mercury UK retained a controlling interest in Nexi.
- In July 2019, we closed the sale of our entire stake in Moneynet S.p.A. to the Is Group.
- In December 2019, we entered into an agreement to purchase the merchant acquiring business of Intesa Sanpaolo for a consideration of approximately €1 billion, which closed on June 30, 2020. We also entered into a long-term marketing and distribution partnership, whereby Intesa Sanpaolo agreed to promote and distribute the technological solutions and innovative services developed by Nexi.
- In October 2020, we announced our intention to merge with SIA. SIA is one of the major European players in the market for payment technologies and infrastructure services. SIA provides key infrastructure and technological services to financial institutions, central banks, companies and public administrations.
- In November 2020, we announced our intention to merge with Nets. Headquartered in Denmark, Nets is one of the largest integrated European growth paytech companies with a well-established position in the Nordics, one of the most digitally advanced regions globally, as well as in underpenetrated geographies with significant growth potential (such as the Nordics, Germany, Austria, Switzerland, Poland and Southern and Eastern Europe).
- In April 2021, the acquiring, processing and issuing services of Mercury Payment have been transferred to Nexi Payments.

**Our Services**

We are the major paytech company in Italy. Our service offering encompasses virtually every aspect of digital payment acceptance, including issuing, acquiring, POS and ATM management, data analytics and other value-added services, clearing services, corporate banking, as well as Help Line, support and security services. The underlying arrangements with our partner banks, in which the partner banks assume the cardholders’ credit risk, ensure that we engage in low-risk businesses despite the associated funding activity. We have three business units:

- *Merchant Services & Solutions*, through which we and our partner banks supply merchants with the necessary infrastructure to enable digital payment acceptance and execute card payments on the merchant’s behalf.
- *Cards & Digital Payments*, through which we and our partner banks provide a wide spectrum of services in connection with the issuance of payment cards to cardholders, prefunding of cardholder receivables and fast, reliable and secure authentication and execution of payment transactions.
- *Digital Banking Solutions*, through which we provide clearing and related services, digital corporate banking services and ATM management services.

The table below shows our operating revenues by business unit for the periods indicated, without giving effect to the ISP Acquisition.

| | Year ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | (in € million) | |
| Merchant Services & Solutions | 500.0 | 479.0 |
| Cards & Digital Payments | 380.0 | 387.4 |
| Digital Banking Solutions | 113.9 | 117.7 |
| **Operating revenues** | **993.9** | **984.1** |

Set forth below is a more detailed description of our principal business activities.

***Merchant Services & Solutions***

*Overview*

A merchant acquirer is a bank or other service provider such as the Group that is authorized by the relevant banking institution to operate as acquirer, provides a merchant with the infrastructure necessary to enable digital payment acceptance, and executes card payments on a merchant's behalf. Through business relationships with partner banks, we provide a full range of innovative services for merchants, which allow them to accept digital payments for transactions carried out at retail outlets as well as digital transactions conducted over the Internet, known as e-commerce (with particular regard to e-commerce, we launched our *NexiGo* service in 2020, which allows users to publish catalogues on their social media pages, to receive orders and payments, and to organize deliveries, with embedded calendar options). Furthermore, we provide administrative services such as tracking merchant payments, producing monthly reports, data analysis services for merchants and banks, customer care services and dispute management and communication and support services through promotional campaigns (for example, through our *Nexi Business* Merchant App). To provide this wide range of services, the Merchant Services & Solutions business unit makes use of approximately 450 dedicated professionals (belonging to different units, such as: marketing, sales, ICT and operations, as well as an internal "digital factory" dedicated to the development of applications for merchants).

The Merchant Services & Solutions business unit generated €500.0 million, or 50.3%, (or €549.9 million, or 53.0%, after giving effect to the ISP Acquisition) of our operating revenues for the year ended December 31, 2020. The services provided by this operating unit can be divided into payment acceptance services, also referred to as acquiring services, and POS management. We operate with different service models, characterized by a different relationship with the partner banks and thus a different coverage of the payments value chain.

POS management involves the configuration, activation and maintenance of POS, its integration into the merchant's accounting software, and the provision of fraud, dispute management and customer assistance through a dedicated call center. POS comprises two categories:

(i) physical POS: electronic devices (traditional-wired, portable or cordless) enabling payments to be made by electronic money (i.e., by credit, debit or prepaid cards) that are installed at most retail outlets (such as large-scale retail trade, apparel stores, drug stores, grocery stores, electronics stores, restaurants and hotels, etc.); and

(ii) e-commerce POS: payment interfaces on websites or mobile applications on smartphones that allow online shopping (such as our innovative *SmartPOS* solution) without the need for a physical POS.

Depending on the service model, we manage different aspects of the payments value chain:

(i) in the Direct and Referral models, we directly serve certain operators. In these cases, we independently define the commercial policies and pricing that apply to merchants. In relation to merchants under the Referral model, partner banks recruit and refer merchants. We primarily sell our acquiring and POS as a bundle, although we do also sell individual service components to certain of our customers; and

(ii) in models based on partnerships—Licensing, Associates and Servicing—we cooperate with partner banks in the provision of our services on the acquiring side and of POS management services, using their branch networks and existing relationships for the acquisition and management of customers, while at the same time making our expertise and know-how available on all technological and service aspects. Under these models, banks retain the commercial and economic relationship with the merchant and retain the role of acquirer at the retail level. See "*—Partnership-Based Acquiring and POS Management*."

We organize our Merchant Services & Solutions business unit across the business models described below.

*Direct and Referral Acquiring and POS Management*

In the direct acquiring model, we manage transactions in relation to certain large merchants directly without the involvement of a partner bank. These merchants include insurance companies, companies operating in the large-scale retail industry, telecommunications companies (to which we provide acquiring services for the domiciliation of payments, for example) and luxury goods companies. Following our acquisition of BMPS' and DB merchant acquiring and POS contracts on June 1 and July 1, 2017, respectively, of Carige's acquiring business in September 2018 and, more recently, the ISP Acquisition (which closed in June 2020), we significantly expanded the pool of merchants that we manage directly. For example, through the ISP Acquisition, we acquired the Intesa Sanpaolo's merchant acquiring business consisting of approximately 180,000 merchants, which generated a total volume of transactions equal to approximately €61.6 billion and had a positive impact of €102.3 million on our EBITDA, in each case for the year ended December 31, 2020. See also "*Presentation of Financial and Other Information—Historical Financial Information of the Issuer—ISP Acquisition*". In addition, we actively monitor the ongoing consolidation process in the banking sector, and may therefore complete other future acquisitions which could further expand our directly managed merchant pool.

Under the direct acquiring model, we contract with the merchant directly, while the referral banks provide services and sales support on our behalf *vis-à-vis* merchants. The referral banks' remuneration is negotiated on a case-by-case basis and governed by specific contractual agreements.

*Partnership-Based Acquiring and POS Management*

In service models based on partnerships, the services carried out in favor of merchants are divided between us and our partner banks. We are generally responsible for the production of account statements, dispute management, credit collection, fraud management and customer service through our dedicated call center, whereas the computer processing part of acquiring transactions is outsourced to certain of our suppliers (such as SIA and equensWorldline; see also "*—Material Contracts—Agreements with ICT Providers—SIA Agreements*"). The scope of the services that we provide depends on whether our partner bank has entered into a license agreement or servicing agreement with us. With regard to POS management services, regardless of the type of acquiring service provided, our partnerships with our partner banks for acquiring can take the form of a bilateral or trilateral contract. In the bilateral contract, we invoice services through the partner bank, which is exclusively responsible for contracting with the merchant for this type of service. In the trilateral contract, we invoice the POS management services directly to the merchants, transferring part of the revenues generated to the relevant partner banks.

*Licensing Model*

*Traditional Licensing Model*

Under the traditional licensing model, we act as the acquirer almost exclusively on international payment schemes. We enter directly into the contractual relationship with each merchant referred to us by a partner bank and manage credit, charge, debit and prepaid card payment for merchants, while partner banks retain the commercial and economic relationship with the merchant. We have different forms of standard contracts for specific market sectors, such as online sales, sales in currencies other than Euro, and sales in the hotel and car rental sectors. We are therefore responsible for concluding merchant-customer agreements and process the transactions they originate. In addition, we provide fraud detection services as well as dispute, support and call center functions.

The licensing agreement sets forth the terms and conditions with which the merchant must comply regarding acceptance of payment cards for the payment of goods or services, as well as the service that we provide to the merchant.

We usually terminate or modify the traditional agreement by giving two months' written notice; the merchant may terminate the contract without notice, in which case the merchant must cease to manage transactions with payment cardholders. In such cases, if a merchant terminates the contract, it must pay us any amounts due and must return all the related products we provided under the contract.

The licensing model is typically utilized by partner banks that seek to derive the full benefit from the economies of scale associated with our size in the Italian acquiring industry, the broad range of services we offer, our business know-how and specific knowledge of the industry.

The primary banks with whom we partner on a traditional licensing model are Banco BPM, BPER and Crédit Agricole.

Under a traditional licensing agreement, we obtain our revenue directly from merchants by charging a service fee set by our partner banks for the acceptance of payment transactions (a "merchant fee") and a service fee, set by our partner banks, for POS management (rental, maintenance and management fee and one-off fees for technical assistance). The license agreements provide for a defined portion of these fees to be passed on to the partner banks. We must also pay fees to the issuer of the payment card ("interchange fees"), to the international and national card scheme operators ("scheme fees") and any interest accrued in connection with the advance of liquidity to merchants.

*Associate Licensing Model*

Under our associate licensing model, we manage the relationship with the card scheme operators on behalf of a partner bank, providing value added services, POS management services and processing services (currently outsourced to SIA and equensWorldline). See also "*—Material Contracts—Agreements with ICT Providers—SIA Agreements.*" The partner bank then retains all acquiring functions as well as the commercial and economic relationship with the merchant and manages the relationship with the merchant (for instance with respect to commission collection). We receive a transaction fee from the partner bank for each transaction we process, which covers the costs we incur in connection with the transaction.

*Servicing Model*

Under the servicing model, we provide value added services, processing services (which are currently outsourced to SIA and equensWorldline) and POS management services, which mainly relate to the set-up and maintenance of the merchant's payment acceptance hardware and software, as well as Bancomat's application center platform, while the partner bank enters into the contractual relationship with the merchant and also maintains its own contractual relationship with the card scheme operators.

Partner banks typically use the servicing model when they prefer to maintain an exclusive relationship with the merchant.

While the terms of our servicing agreements are customized and thus vary, servicing agreements often generate lower fees and lower revenues compared to licensing agreements. For every merchant acquiring transaction under a servicing agreement, we receive a flat fee from the partner bank which covers the costs we incur in connection with the transaction.

*Market Position*

As of December 31, 2020, we estimate that the aggregate value of acquiring transactions managed by us across various levels of the value chain and under different models through the Merchant Services & Solutions business unit amounted to €222 billion (a 14.5% decline compared to 2019, primarily due to the consequences on merchants of protracted COVID-19 related restrictions), including acquiring transactions on ATM withdrawals, with the total number of transactions amounting to 3.1 billion (a 12.9% decline compared to 2019). Under different models and across the payments value chain, as of December 31, 2020, we managed transactions in relation to approximately 900,000 merchants.

*Impact of the Mergers*

The Nets Merger will enhance our e-commerce offerings to merchants, from large corporate chains to small- and medium-sized enterprises and micro merchants, expand our distribution channels and reduce our current customer concentration. As of December 31, 2020, Nets had approximately 250 partner banks, 470 value-added resellers, and more than 460 direct sales representatives across its business lines. Nets' merchant customers are primarily based in the Nordics. Upon completion of the Nets Merger, the Combined Group will operate in all of the main European markets, including the Nordics, Germany, Austria, Switzerland, Poland and Southern Eastern Europe. The SIA Merger will strengthen our offering on the acquiring side as a result of the integration of SIA's processing, commerce and e-commerce services, data-analytics and infrastructure and infrastructure and data centers across the payments value chain.

***Cards & Digital Payments***

*Overview*

Through this unit, we provide, in cooperation with our partner banks, a wide range of issuing services, relating to the supply, issue and management of payment cards (including credit and prepaid cards) for individuals and businesses with advanced anti-fraud systems to ensure the speed, reliability and security of user authentication systems and the execution speed of payment transactions. We also provide administrative services such as payment tracking, production of monthly statements, data analytics and pricing services, customer and dispute management services, communication services and customer development services (through promotional campaigns and loyalty programs such as, for example, customer engagement initiative through websites and applications for mobile phones). In addition, we also offer innovative smartphone and smartwatch payment solutions integrated with ApplePay, GooglePay and SamsungPay, among others.

Lastly, in the issue and management of payment cards, depending on the type of service agreement in place, we and our partner banks provide credit line banking services and related credit assessment services, as well as financial services to hedge the exposure generated by credit card payments. To provide this wide range of services, the Cards & Digital Payments business unit makes use of 463 dedicated professionals, belonging to different units, such as marketing, sales, ICT and operations, supported by 471 contact center staff.

Our Cards & Digital Payments business unit generated €380.0 million, or 38.2%, of our operating revenues for the year ended December 31, 2020. The Cards & Digital Payments business unit primarily acts alongside our partner banks to satisfy the majority of their card-issuing needs (partnership-based issuing). To a far lesser extent, this business unit also issues payment cards directly to retail customers and large corporate customers without the involvement of partner banks. Most of the cards issued are of the “balance” type, i.e., that require cardholders to pay off their balance on a monthly basis. We issue revolving cards, which allow the cardholder to pay off the balance in instalments, only in partnership with banks, which bear the risk of the insolvency of cardholders and thus all related credit risk.

*Direct Issuing Agreements*

When we issue deferred and prepaid cards directly, our customers are primarily companies that retain our services to manage their employees’ expenses or retail customers. With respect to cards directly issued by us and not subject to factoring under the Factoring Agreement, the credit risk is assumed directly by us vis-à-vis the cardholders. The related working capital of cards issued directly by us and not subject to factoring under the Factoring Agreement as of December 31, 2020 represented approximately 1.8% of the total working capital generated by our issuing activities. Lending by direct customers is subject to an assessment and credit scoring process, with possible requests for additional guarantees (e.g., bank guarantees). Under direct issuing arrangements, we receive all the issuing fees generated by payment cards but also retain the ultimate credit risk associated with them. The credit exposure generated by our direct issuing business only accounts for approximately 2.1% of the aggregate credit exposure from all of our issuing activities.

*Other Issuing Agreements*

When we carry out activities in partnership with banks, both the issuing activities and the associated commission income are divided between us and the relevant partner bank. Our partner banks originate the business relationship with cardholders, relying on their branch networks and existing relationships with cardholders, while we handle the authentication and execution of card payments. The allocation of additional services depends on the specific agreement with each partner bank. A key determinant in that respect is whether the partner bank has the necessary scale and strategic rationale to acquire its own BIN (*bank identification number*) from international card scheme operators.

Under a first category of agreements, we handle all card issuing functions, while the bank retains the commercial and economic relationship with the cardholder. In such cases, we act as the issuer of the payment card. We directly enter into a contractual relationship with each cardholder customer referred to us by a partner bank, manage the entire stock of cards for such partner bank, provide and manage the relationship with the card scheme operator and license our BIN to the partner bank, while the bank retains the commercial and economic relationship with the cardholder. Additionally, we undertake the product development and marketing, customer care, fraud management and commission collection activities associated with the payment card. Most of the payment cards issued pursuant to such agreements are co-branded with both the Nexi logo and the partner bank’s logo. Credit risk management, credit scoring, distribution and pricing is entirely managed by the partner bank. Among our main customers adopting this solution are Banco BPM (with respect to the relationship with former Banco Popolare), Crédit Agricole-Cariparma, Mediolanum, Banca Popolare Sondrio, Carige, Credito Valtellinese and BPER (with respect to the relationship with former Unipol Banca). Pursuant to this first category of agreements, we collect revenue directly from customers holding payment cards, in the form of card management fees for certain services (e.g., for cash withdrawals and loyalty program membership) and from merchant acquirers through international card scheme operators (interchange fees). A portion of these revenues are passed on to the partner banks. We also pay a fee to international card scheme operators (scheme fees) and interest in connection with the deferment of payments owed by cardholders. We may amend the contract by giving cardholders two months’ notice; however, where the amendment concerns tariffs, prices, conditions governed by consumer protection laws and legislation on transparency of payment services, amendments must be justified. We have the right to terminate such contracts for cause without notice or, in the absence of cause, by giving two months’ notice. The circumstances in which it is possible for us to terminate a contract are numerous and include cardholder default. Cardholders may also terminate at any time without penalty.

Under a second category of agreements, we manage the relationship with the card scheme operator on behalf of a partner bank which manages the relationship with the cardholder (for instance, with respect to revenue collection) and retains the commercial and economic relationship with the cardholder. BMPS is one of our key customers who cooperate with us based on this kind of agreement. Pursuant to these agreements, we receive service fees from the relevant partner bank, to whom we charge a fixed fee based on the volumes of card stocks, number of transactions and transaction value. We review the pricing of the commission components on an annual basis or whenever needed (for example, in the event of regulatory changes), but the bank retains the commercial and economic relationship with the cardholder. Revisions to service fees are generally accepted as changes that result from a variation to services offered or general cost structure changes.

Under a category of agreements with banks, we provide a more limited range of card issuing services and also collect lower fees. In particular, pursuant to these agreements our partner banks are responsible for and handle product development, customer care, marketing, distribution, price setting and fee collection but rely upon us on an outsourcing basis for operational processing services (which we outsource to third parties) and other specific services in the payments value chain (e.g., card supply and claims management). The partner bank (rather than us) enters into the contractual relationship with each cardholder customer and relies on its own BIN and relationship with the card scheme operators. Agreements in this category are typically entered into with financial institutions that have sufficient scale and strategic rationale to insource part of their payment card issuing business. Examples of who cooperate with us based on such agreements include Intesa Sanpaolo, Deutsche Bank, Banco BPM (with respect to the relationship with former BPM), BPER, Credem and ICCREA. While these agreements are customized and thus their duration and renewal terms vary, on average these have a duration of at least three years. We receive a fee from the partner bank that is based on the volumes of cards stock, number of transactions and transaction value.

*Market Position*

As of December 31, 2020, we estimate that the aggregate value of issuing transactions managed by us across various levels of the payments value chain and for different kinds of customers through the Cards & Digital Payments business unit amounted to €196 billion (a 7.6% decrease compared to 2019 primarily due to the consequences of protracted COVID-19 related restrictions), with the total number of transactions amounting to 2.6 billion (a 4.0% decline compared to 2019).

*Impact of the Mergers*

The Nets Merger will enhance our back-end core payment processing, account management and fraud and dispute management services by integrating Nets' end-to-end issuer services, through which Nets managed transactions in respect of over 40 million cards in the year ended December 31, 2020, and Nets' significant footprint in the Nordics, the Baltics and in South Eastern Europe.

The SIA Merger will enhance our technological payment processing capabilities, by integrating SIA's processing platforms and by adding SIA's approximately 17.3 billion of card payment transactions managed in 2020, across the entire payments value chain and under all models, strengthen our position in the Italian debit card space, by integrating SIA's PagoBancomat and Bancomat networks, and integrating SIA's omnichannel payment services which leverages SIA's established relations with large Italian corporates.

***Digital Banking Solutions***

*Overview*

Through this business unit, we provide solutions including ATM Management, Clearing Services and Digital Corporate Banking Services. To provide this range of services, this unit makes use of more than 300 dedicated professionals belonging to different units, such as marketing, sales, ICT and operations, as well as three internal "digital factories" dedicated to the development of applications. Our Digital

Banking Solutions business unit generated €113.9 million, or 11.5%, of our operating revenues for the year ended December 31, 2020.

We organize our Digital Banking Solutions business unit across the three business lines described below.

*ATM Management*

We set up and maintain ATMs in Italy on behalf of our bank customers. ATMs are a key component of banks' multichannel strategies, where the digital experience is becoming increasingly important. As of December 31, 2020, we managed approximately 13,000 ATMs on behalf of 15 partner banks. Of those, approximately 4,300 are cash in terminals, allowing cash deposits in addition to withdrawals.

The management of ATMs takes various forms and is subject to customer-specific requirements. The service may provide the complete management of the ATM machines ("full fleet"), which comprises purchasing (in a limited number of cases), development of computer applications, management, function monitoring and maintenance or may cover only parts of the listed services (e.g., the provision in outsourcing of the listed services). Our commissions are typically dependent on the breadth of the service provided for each ATM machine, the number of ATMs managed and/or transactions executed.

*Clearing Services*

Within the Italian market, we operate as a clearing house (ACH—Automated Clearing House) for domestic and international payments in compliance with standard interbanking schemes. Through a dedicated platform (which is managed by equensWorldline), we provide services related to collection and payment orders for our partner banks and provide for the calculation of bilateral and multilateral balances that have to be settled on a later date. Clearing services are provided both directly and through partner banks. The latter is typically the case for smaller banks that do not have an order volume significant enough to justify the costs of membership. We recently launched ACH Instant Payments, a multichannel platform focused on the management of instant transfers. The service differs from traditional clearing for the speed of execution and the continuous availability of the service.

Revenue for the provision of our clearing services is generated from commissions based on the number of offsetting operations or fixed commissions charged for recurring services.

*Digital Corporate Banking Services*

We provide digital solutions that help corporate clients of our partner banks to manage their bank (so called corporate customers) accounts and payments, as follows:

- *Electronic/mobile banking services*: we realize customized e-banking platforms for our bank customers or corporate customers. For the year ended December 31, 2020, we granted approximately 0.48 million licenses of our e-banking platform (a 2.4% increase compared to 2019).

- *CBI Gateway, pensions and collections:* we create, market and install specialized payment platforms providing group-wide bank accounts and payment management systems to banks and corporate customers. This business unit also provides our market-leading CBI Gateway services. The CBI Gateway is an Italian multi-bank payment platform that was initially designed to facilitate interbank payments and communication. CBI Gateway was subsequently integrated into a payment hub connected with public authorities allowing for direct payment collection and delivery of supporting documentation.

- *CBI Globe—Open Banking Gateway:* CBI Globe is the service that allows the interconnection between banks and third parties through dedicated platforms. The service aims to simplify account management for customers by offering both information and device services, taking advantage of the business opportunities introduced by the PSD2 directive. As of December 31, 2020, we managed approximately 15 million transactions through the CBI Globe Open Banking Gateway.

- *Services for digital and multichannel payments:* we provide banks or companies with service, white label applications for electronic invoice management and storage and other financial supply chain products, enabling prepaid card recharging, payment of bills, payment of postal orders and other services via the internet, mobile phones or ATMs including SMS alert services.

Revenue in our digital corporate banking services unit is generated from commissions based on the number of e-banking licenses, fixed commissions charged for recurring services and service commissions for projects of realization and customization of platforms.

*Impact of the Mergers*

The Nets Merger will strengthen our offering of processing, clearing and settlement services and will enhance our digitization services through the integration of Nets' authentication, digital signature, document e-access and bill payments hub businesses. Nets also developed and operates Denmark's eID scheme, used by over 99% of the Danish population. In addition, Nets has strong relationships with over 250 financial institutions in more than 15 European countries.

The SIA Merger will strengthen our portfolio and capabilities across the payments ecosystem, rails and payments value chain as a result of SIA's fully integrated end-to-end payments technologies. SIA is the payments processing partner of choice for a range of banks, central banks and other financial institutions and provides mission-critical payment technologies to over 2,300 clients across various levels of the payments value chain. Its products are best-in-class for quality and reliability. SIA employs over 1,100 internal product and technology development researchers and operates 8 data centers across Europe. We expect to integrate SIA's integrated collection platforms, ACH layer and ACH & clearing platform technologies, as well as its data & analytics technologies and infrastructure and data centers into our digital banking & corporate solutions business unit.

On a pro forma basis for the Mergers, we expect to provide mission-critical services to over 1,200 financial institutions, clearing approximately 15 billion transactions per year, and employing over 800 dedicated professionals. Our data centers and networks will include approximately 1,600 nodes, over 25,000 servers in 42 data centers allowing for over 35 petabytes of storage, based on data available as of December 31, 2019.

**Customers**

As of December 31, 2020, we managed, directly or through approximately 150 partner banks, transactions in relation to approximately 43 million payment cards relating to 30 million holders across various levels of the payments value chain and under various business models and approximately 900,000 merchants.

Our customer base is built on referral relationships with approximately 150 partner banks, including two of the largest banking groups in Italy, Intesa Sanpaolo and BMPS. As of December 31, 2020, our partner banks in respect of various services account for more than 80% of the Italian banking sector by number of branches. Our top five and top ten partner banks represented approximately 40% and 51% of our total operating revenues for the year ended December 31, 2020, after giving effect to the ISP Acquisition. In addition, we did not experience the loss any material partner bank, while we significantly strengthened our partnership with Intesa Sanpaolo by completing the ISP Acquisition and entering into other partnership agreements. See also "*—Material Contracts—Agreements with Partner Banks—Agreements with Intesa Sanpaolo*"). As such, our activities and prospects are dependent on us maintaining and growing our relationships with our partner banks. However, because our distribution strategy is built on referral partnerships in which we rely on our partner banks' large branch networks and customer relationships for the marketing of our products, we depend on the continued success of these mutually beneficial partnerships.

We believe that our partner banks are incentivized to outsource their payment activities due to their scale, which creates cost advantages across production, processing and oversight activities. In addition, we benefit from long-lasting and deeply-entrenched customer relationships with our partner banks, some of which date back to our formation in 1939, which are bolstered by the fact that a significant portion of our issuing and acquiring contracts renew automatically, including the contracts with Intesa Sanpaolo and BMPS. Our business also benefits from long-standing experience and expertise in the industry and our deep understanding of the customer base in the Italian market. For instance, because our co-issued payment cards are co-branded with our Nexi logo, a partner bank would incur costs when switching co-issuer as it would have to replace its existing card stock. Each of our top ten partner banks has been a customer for more than 15 years, which we believe illustrates our customers' satisfaction with our services. In particular, on an adjusted basis without taking into account UBI-related operating revenues (in light of the successful takeover bid launched by Intesa over UBI in 2020), partners banks representing approximately 77% of our operating revenues for the year ended December 31, 2019 having agreements expiring in 2020, have renewed their contracts with us, with the remaining partner banks representing 23% of our operating revenues for the year ended December 31, 2019, having agreements expiring in 2020, renewing their contracts on a yearly basis. In addition, certain of our key partner banks have decided to maintain long-term relationship with us. For example, the acquiring contract with BMPS has terms to maintain their level of business with us for a period of ten years as of acquisition closing in December 2016 and during 2017, respectively. Furthermore, in the context of the ISP Acquisition we also agreed to provide Intesa Sanpaolo with card management services, as well as management services relating to manual cash disbursement transactions performed through payment cards on Intesa Sanpaolo's ATM network, for a period of twenty-five years (renewable for another ten years) as of the ISP Acquisition closing in June 2020 (see "*—Material Contracts—Agreements with Partner Banks—Agreements with Intesa Sanpaolo*"). Finally, under our cardholder and merchant agreements, the termination of our relationships with the end user could not be effected by the partner bank alone but would require the end user's consent.

***Key Features of the Relationships with our Partner Banks***

Most of the relationships with our partner banks, including our top partner banks by revenue, are governed by framework agreements setting out the terms and conditions of the partnership. In the year ended December 31, 2020, partner banks accounted for approximately 70% of our operating revenues. Our top five and top ten partner banks represented approximately 40% and 51% of our total operating revenues for the year ended December 31, 2020, pro forma for the ISP Acquisition. In the year ended December 31, 2020, after giving effect to the ISP Acquisition, approximately 11% of our operating revenues was generated from framework agreements with our top five partner banks expiring on or prior to 2023, 25% of our operating revenues was generated from framework agreements with our top five partner banks expiring on or after 2025, and 29% of our operating revenues was generated from framework agreements with our top five partner banks expiring on or after 2025 and from recurring annual contracts. No material contract with our partner banks expires in 2021. See also "*—Material Contracts—Agreements with Partner Banks.*"

The table below shows the percentage of operating revenues recorded in the year ended December 31, 2020, on a pro forma basis by residual maturity of framework contracts with partner banks divided by positioning in generating our operating revenues, after giving effect to the ISP Acquisition:

| | Recurring Annual Contracts in 2021[(1)] | 2025+ | 2024 | 2023 | 2022 | 2021 | Total |
|---|---|---|---|---|---|---|---|
| Banks Nos. 1 - 5 | 3.3% | 25.3% | — | 10.4% | 0.7% | — | 39.7% |
| Banks Nos. 6 - 10 | 5.6% | 1.9% | 1.0% | — | 2.5% | — | 10.9% |
| Banks Nos. 11 - 20 | 6.7% | 1.5% | — | — | 1.1% | 0.8% | 10.1% |
| Other banks | 9.7% | — | — | — | — | — | 9.7% |
| Direct/referral | 3.8% | 25.7% | — | — | — | — | 29.5% |
| **Total** | **29.1%** | **54.4%** | **1.0%** | **10.4%** | **4.3%** | **0.8%** | **100.0%** |

(1) Recurring Annual Contracts includes contracts entered into with an open-ended duration or contracts with automatic renewal (in both cases unless terminated by one of the parties).

## Our New Products and Services

We have introduced significant new products and services. Since 2018, we have been renewing our commercial offer for our various business lines. In particular, the most significant products launched since 2018 include:

### *Merchant Services & Solutions Business Line*

New products and services in our Merchant Services & Solutions business line include:

(i) *New e-commerce payment gateway:* In particular, our online and mobile payment acceptance platform now includes the acceptance of alternative payment methods (e.g., PayPal, Alipay).

(ii) *Merchant App—Nexi Business:* Nexi Business App is a data-centric mobile application allowing smart tracking of a merchant's business in real time (card payments, cash etc.), and through self-care activities and access to a business insights dashboard, powered by advanced analytics, where merchants can compare key performance indicators of their business versus their industry as well as against businesses of varying sizes, both at the local and national level, and gain insights on their customer profile. In addition, our Nexi Business App also provides a direct communication channel to merchants, and may therefore be used also for streamlining the provision of additional services or other products, as well as for marketing other commercial initiatives and promotions. We believe that the Nexi Business App will contribute to merchants' increased willingness to accept cashless forms of payment, given the possibility to access valued-add ancillary services such as business critical data.

(iii) *Micropayments:* This is an offer primarily aimed at small business merchants, that we launched to encourage these merchants to accept micropayments by providing for the reimbursement of all commissions on digital payments of up to €10.

(iv) *SmartPOS:* To drive digitalization and expand our merchant services portfolio from traditional acquiring further into value added and software services, we were the first in Italy to introduce SmartPOS devices, targeting both SMEs and innovative retail chains. The SmartPOS offering consists of advanced smart terminals and a powerful and flexible Android-based operating system. SmartPOS proposition includes a proprietary app store onboard, which merchants can use to download apps and combine a variety of value-added services and software to help our merchants run their business more efficiently and in a more integrated way. Due to exclusive software partnerships with selected cash register providers, the SmartPOS (including SmartPOS Mini, our portable device solution) can become an all-in-one device for SMEs, acting as an electronic cash register. Given its value-added features and convenience for merchants, we believe that the SmartPOS could contribute to increased merchant willingness to accept digital payments, thereby driving cashless penetration in Italy. Additional POS innovations include a new portfolio of available terminals, a premium service to guarantee assistance within four hours; and SmartPOS/SmartPOS Mini.

(v) *Nexi mPOS*: In 2020 we completely redesigned our mobile POS solutions, by developing this innovative app with multi-hardware capabilities. *Nexi mPOS* is tailored for the needs of small merchants, while targeting mobile customers.

(vi) *Protection Plus*: PCI merchant services to ensure consumer data protection. The Protection Plus service is a program to support and assist merchants with the certification against PCI-DSS (Payment Card Industry Data Security Standards) made mandatory by international circuits.

(vii) *Omni-acceptance*: Extension of the offer of acceptance of payments by circuits alternative (e.g., meal vouchers and minor issuer circuits, such as UPI, JCB, American Express).

(viii) *LAKA*: We are investing in the LAKA (Large and Key Accounts) segment, which includes our most sophisticated customers, to deploy omni-channel payments solutions providing a seamless purchasing experience to end customers, thereby serving sophisticated end-users operating under a multi-channel and, in some instances, multi-country model. In addition, we provide large merchants with integrated apps or software components for omni-channel mobile payments solutions, with specific offers for various industry segments.

(ix) *Xpay:* Xpay gateway, serving a wide range of customers the e-commerce space, from SMEs and mid-sized merchants to large merchants, offers a broad array of payment methods and is capable of accepting over 400 payment methods. A merchant can enroll with a streamlined, fully digital process and be live in 24 hours. In addition, Xpay offers plug-ins for many cart and shop management platforms such as Woo, Magento e PrestaShop.

(x) *Internet of Things:* We are well-positioned to capture the opportunities arising from invisible payments and the rise of IoT, payments. Xpay Invisible is our offer eliminating explicit exchange of credentials during each payment, thereby increasing efficiency of the payment experience and driving digital penetration domestically.

***Cards & Digital Payments Business***

New products and services in our Cards & Digital Payments business line include:

(i) *Mobile, app and digital solutions*: these are represented by the *Nexi Pay App* (an innovative tools for interaction with cardholders through a new smartphone app), *Mobile Payment services* (such as Apple Pay, Samsung Pay, Google Pay, Garmin Pay, Fitbit Pay, SwatchPAY and YAP, a mobile pay solution for prepaid cards dedicated to Millennials), *Bancomat C-less* (a card allowing holders of Bancomat payment cards to pay contactless using NFC technology), and developments to our core credit products to drive digitalization, usage and penetration (in particular, we are working on a dynamic credit limit extension that would bring potentially significant commission inflows while not absorbing capital).

(ii) *Innovations across our card products*: *Prepaid Cards* (by expanding offering to non-bank customers, non-resident citizens and teenagers), *International Debit* (by means of two newly developed international debit cards, one addressed to a mass market target and the second being an international premium debit card complemented by certain value added services; in addition, the former card is available as a corporate card for micro-entrepreneurs and independent professionals, allowing for online purchases, mobile payments and international payments), *Black Card* (a contactless, metal-veneer card with dedicated services, designed for high net-worth individuals), *Excellence and* Prestige (our premium credit cards), *Corporate Cards* (which now include centralized or individual debit, credit cards for SMEs and VAT numbers and debit cards for SMEs and VAT numbers), *Virtual Corporate* Cards (being our latest generation cards allowing an efficient management of B2B purchases of goods or services, as well as employee travel expenses), and *National Debit Cards* (where we are developing our business through virtualization, e commerce usage and selected mobile payment use cases).

(iii) *Instalment payment optionality (EasyShopping) and spending control*: these are services allowing for payment in instalments for single purchases and for customers to manage and control the use of the card by setting spending limits.

(iv) *Customer Engagement Programs*: these include *iosi* (a paying service dedicated to Nexi cardholders) with an entry level membership, *iosiSTART*, (which includes *ioSPECIALE*, a monthly portfolio of special offers and gift cards, *ioSICURO*, a set of additional security features and insurances to customers, and *ioVINCO*, our instant-win program based on transactions made in order to incentivize customers to increase their frequency of card use and access to our digital channels). In addition, we developed *iosiPLUS* for our premium customers; through *iosiPLUS*, on top of the entry level membership, customers receive access to *iosi PLUS COLLECTION* (our premium loyalty program allowing points to be accrued with every expense made and prizes to be consequently redeemed for our catalogue), *iosi PLUS EMOTION* (a service comprising a full selection of gifts, updated on a monthly basis, which customers can select and choose), and lastly *iosi PLUS TRAVEL* (a full-service dedicated online travel agency, providing special conditions and reserved add-on services including, among others, COVID-19 protection insurances). and

(v) *Customer Value Management Services*: a full set of services tailored for our partner banks and aimed at increasing customer value, based on customer behavior.

(vi) Moreover, through our *Customer Value Management*, we also support to Italian government's "Italia Cashless" program and offer an advanced data science team as well as marketing automation services to our partner banks, so as to improve the provision of payments solutions to end users.

***Digital Banking Solutions Business Line***

New products and services in our Digital Banking Solutions business line include: (i) *Check Image Truncation*, a service allowing for the electronic payment of checks through image exchange; (ii) *Instant Payments*, a platform for the interbank management of real time IBAN-based payments (average transaction execution time of 1.5 seconds) with pan-European interoperability thanks to the agreement with the other major European instant ACH (EBA clearing) and the connection, which started in August 2019, with the ECB Tips infrastructure; (iii) *Digital Corporate Banking*, a service bundle, aimed at the B2B Corporate digital payments market, for which we are the largest Italian corporate front-end/digital banking solutions provider, already helping a number of banks and corporates, with approximately 480,000 licenses granted for our e-banking platform, to simplify their daily business, ensure easy, efficient payment operations and optimize finance management; and *ATM Revolution*, a renewal campaign targeting our ATM systems, which enabled us to provide a 360° offer to our customers, starting from the development of the physical interface with the customer to the implementation of an improved ATM cash-in mix offering. *ATM Revolution* covers 34% of our managed ATMs, a 2% increase compared to 2020.

***Other Business Opportunities***

As we deploy these products and services, we continue to invest and seek out new business opportunities to support our long-term growth prospects. Such opportunities include the following:

- *Corporate Digital Payments.* We see significant future potential for corporate digital payments and we are well positioned to have a central role, thanks to our digital corporate solutions in Digital Corporate Banking, Collections and Commercial Cards. We are working on a new comprehensive and integrated offering, in order to best position ourselves to address the rise of B2B payments, which combines different businesses including corporate cards, virtual payment accounts, instant payments and electronic invoice management.

- *PSD2.* We have already made important steps toward capturing the opportunities created by the introduction of PSD2. We won the tender held by the consortium CBI (the consortium that is managing Italian corporate banking interoperability infrastructure) to build the pan-Italian open banking gateway, CBI Globe, which we launched in June 2019. The CBI Globe PSD2 gateway is the first PSD2-compliant platform in Europe and it not only allows Italian banks to comply with PSD2 requirements, but it also represents the key infrastructure needed to fully capture the wide range of open banking opportunities (such as the TPP Gateway, developed in 2020, and the PIS solution, currently under development). Despite our favorable position in the open banking sector, as already mentioned, in the medium-/long-term open banking could lead to further market opening, higher competitive pressure from both domestic and foreign operators and partial disintermediation or cannibalization of the traditional payments value chain in which we mainly operate.

- *YAP.* Launched in 2018, YAP is our mobile-centric payments platform with a fully digital onboarding process, offering instant issuing of prepaid virtual cards, mobile in-store payments (through ApplePay and GooglePay), online payments on e-commerce platforms and peer-to-peer (P2P) capabilities. YAP combines payments solutions with smart engagement characteristics, so as target unbanked or light-banked young Italians and their families, thus increasing penetration of digital payments and e-commerce. As of December 31, 2020, the YAP platform has approximately 870,000 customers (64% of whom are under 30), with 36% of registered customers being active in the fourth quarter of 2020. YAP boasts a strong net promoter score (averaging 50 in 2020), a rating of 4.8 in the App Store and 4.5 on the Android store, and a strong viral growth component (as approximately 75% of new customers are gained through member-gets-member initiatives). YAP supports our business by attracting the younger generations into our customer base, enabling at the same time their financial inclusion and education, while offering innovative payment methods. Lastly, partner banks are provided with a market-validated and fully-managed solution increasing their customer attraction capabilities.

- *Big Data.* We are harnessing new data-enabled products, such as customer consumption analysis for large merchants, enhanced customer experience features for our consumers, developing existing bank tools and deploying dynamic real-time predictive tools enabling in-depth monitoring of activities and fraud prevention. Although we have sophisticated control and detection systems in place to alert our competent offices for the control of operations and risk of potential fraud, these may not be able to prevent all cases of fraud or be subject to technical malfunctions, causing increases in recharges (so-called chargebacks) or other liabilities associated with such events.

## Suppliers

### *Overview*

We believe that we are not dependent on any single source supplier for any material part of our business and do not have any material exposure to single suppliers, except that our business is dependent on our continued membership in the leading card schemes provided by Visa, MasterCard and Bancomat. We have a long-standing partnership with these card scheme providers which we expect to continue.

Our key suppliers include (i) equensWorldline and SIA for processing of payments as well as providers of mass printing and delivery services in relation to account statements and credit cards, (ii) suppliers of smart cards that comply with the EMV (Europay MasterCard Visa) technical standard and related personalization services, including Thales and Idemia (formerly, Oberthur), an Advent portfolio company, (iii) Poynt, our SmartPOS supplier, for advanced terminals characterized by a powerful and flexible operating system based on Android (iv) suppliers of POS terminals for our Merchant Services & Solutions (such as, Ingenico Italia and Verifone Italia) and (v) suppliers of ATMs for our ATM management services. The services provided by SIA will be insourced following completion of the SIA Merger. For a description of our contractual relationships with some of these suppliers, see "—*Material Contracts—Agreements with ICT Providers.*"

### *Card Scheme Operators*

Card scheme operators primarily include Visa, MasterCard and Bancomat, American Express, Diners Club, JCB and UnionPay International. Card schemes are payment networks linked to payment cards (such as debit, charge or credit cards) of which banks or other eligible financial institutions can become members. See "*—Material Contracts—Agreements with Card Scheme Operators.*" By becoming a member of the scheme, the bank has the ability to issue or acquire payment cards operating on the network of that card scheme and to charge fees in respect thereof. The card scheme operator charges a scheme fee for such access.

The number of card scheme operators is limited, and Visa and MasterCard have significant scale, such that our business depends on our continuing relationship with these card scheme operators. See "*Risk Factors— Risks Related to the Combined Group's Business and Industry— Nexi, Nets and SIA are exposed to risks arising from their reliance on payment networks.*"

We primarily transact with Visa Inc., MasterCard Worldwide and Bancomat. For a description of our contractual relationships with these card scheme operators, see "*—Material Contracts—Agreements with Card Scheme Operators.*"

## Sustainability

We strive to operate our business sustainably. In 2020 we adopted a comprehensive sustainability policy, which enshrines our sustainability strategies and commitments. This policy defines the principles that guide us in the evaluation, planning, management, monitoring and reporting of our sustainability strategy. We strive to become a benchmark for Italy's sustainable growth.

### *Energy and other resources*

Our IT infrastructure, including our data centers, inherently consume energy. We strive to minimize such energy usage. Our approach to energy efficiency is optimization through our products and services life-cycles, spanning design, planning and implementation, and extends to the operations phase via monitoring & control systems and technologies. In 2019 we completed the full insourcing of Nexi Payments' four data centers, which allows us to optimize and reduce energy consumption. These four data centers are now adopt energy-efficient solutions based on international best practices and tried-and-tested technologies, deliver more reliable and energy-efficient performance, and are also ISO 9001 and ISO 14001 certified. Efficient, environmentally friendly cooling is provided by groundwater in the summer months and by ambient air in the winter. Combined, this system delivers substantial energy savings compared to traditional cooling plants.

Furthermore, in 2020 we have expanded our insourcing to two data centers owned by Bassilichi, and to two further data centers owned by Mercury Payment. As a consequence, we have now delivered an even stronger degree of energy efficiency, decommissioning obsolete systems and using facilities equipped with state-of-the-art energy and cooling systems.

We are also actively planning to steadily phase out old IT systems and replace them with next generation ones that, when benchmarked against like performance, are less energy consuming. Future IT systems also stand to allow for reduced physical storage requirements by delivering higher performance per unit size, thus lowering demands on space and which in turn spell savings in terms of data center refrigeration requirements.

***Greenhouse Gas Emissions***

To minimize our impact on the environment, we seek to reduce GHG emissions that are generated by our operations. Recently, our efforts in this regard turned primarily on curbing emissions at our headquarters. In addition, we also encourage all of our employees to adopt sustainable behaviors and habits, especially in terms of mobility.

## Material Contracts

In connection with our business activities, we entered into a large number of customer, license, supplier, service and partnership agreements. The below list contains certain selected material agreements, segmented with reference to different types of contracts.

***Agreements with End-Users***

*Merchant Services & Solutions Agreements (Traditional Licensing)*

When operating under the traditional licensing model for our Merchant Services & Solutions, the partner bank originates and has the commercial and economic relationship with a merchant customer but we have the contractual relationship with the merchant.

Our relationships with the majority of the merchants that use our payment processing systems are governed by a standard-form, Italian law merchant agreement which allows merchants to accept payment cards. The agreement contains the terms and conditions of (i) the merchant's rights and obligations regarding the acceptance of our payment cards for payment of goods or services and (ii) the service we provide to the merchant. In particular, under the terms of the merchant agreement, the merchant agrees to provide our cardholders with goods or services, and we agree to pay the merchant the amount which we collect in connection with the purchase of those goods or services. We may withdraw from or amend the merchant agreement by providing two months' written notice. The merchant may withdraw from the agreement without advance notice, at which point the merchant is required to cease carrying out transactions with our cardholders. If it withdraws from the agreement, it must pay all amounts due and return to us all relevant materials. There are a number of variations to the standard merchant agreement which apply to specific industries and markets, such as those merchants engaged in electronic (internet) sales, mail and telephone sales, sales in a currency other than euro, hotel sales, and car rentals.

For a description of the credit risk we incur in connection with such agreements, see "*Description of Certain Financing Arrangements— The Issuer's Settlement Obligations.*"

*Card Issuing Cardholder Agreements (Traditional Licensing)*

When operating under the traditional licensing model in our Cards & Digital Payments business unit, we enter into a contractual relationship with each cardholder customer referred to us by the partner bank, while the bank retains the commercial and economic relationship with the cardholder.

Our relationship with cardholders is governed by a standard-form Italian law-governed cardholder agreement. Under the terms of this agreement, we agree to issue the cardholder with a payment card and provide relevant support services. Cardholders may purchase goods and services and withdraw cash using the Nexi payment card. In exchange, the cardholder agrees to pay us the amounts due under the payment card's account statement, and authorizes us to automatically deduct these amounts from a nominated bank account. We may amend the agreement by giving two months' notice to the cardholder. However, where the amendment relates to rates, prices, conditions that are governed by Italian consumer laws, or other contractual conditions, amendments may only be made for justified reasons (*giustificato motivo*). We may withdraw from the agreement with no notice where there is a justified reason, or otherwise by giving two months' notice. We may terminate the agreement in a number of circumstances, including under circumstances in which the cardholder fails to comply with its payment obligations. The cardholder may withdraw from the agreement without penalty at any time. There are a number of variations to the standard cardholder agreement which take into account certain specific circumstances. For example, a variation of the cardholder agreement exists to allow for the issuance of company cards to employees, and for the issuance of cards to prepaid cardholders.

We also adopt the traditional licensing model when we issue credit and prepaid cards directly, without the involvement of a partner bank.

For a description of the credit risk we incur in connection with such agreements, see "*Description of Certain Financing Arrangements— The Issuer's Settlement Obligations.*"

***Agreements with Partner Banks***

*Traditional Licensing (Merchant Services & Solutions and Cards & Digital Payments)*

A partner bank acts as an intermediary in most of our relationships with merchants (for Merchant Services & Solutions) and cardholders (for Cards & Digital Payments) for cases where we do not operate through our Direct and Referral models. We use a standard-form agreement with most of these banks to provide for cooperation between the two parties in connection with our Merchant Services & Solutions and Cards & Digital Payments business units. Under these agreements, we agree to notify the bank of anomalous circumstances or transactions surrounding the use of our credit cards, send monthly statements and an annual summary of terms and conditions to customers, process payment authorizations, and handle claims and disputes with cardholders. Under our Merchant Services & Solutions agreements we agree to manage the merchant network, send invoices and an annual summary of terms and conditions to merchants, and handle claims and disputes with merchants. In the course of providing both our Merchant Services & Solutions and Cards & Digital Payments services, we agree to notify the *Centrale d'Allarme Interbancaria* and the international card scheme operators of revoked, lost and stolen credit cards, provide any other notices or reports required under law, and provide the bank with customer documentation and data necessary to fulfill its legal disclosure obligations. The partner bank makes a number of undertakings to Nexi. In relation to our Merchant Services & Solutions business units, the partner bank agrees to process merchants' requests to be provided with our services, cooperate with us in supplying these merchants with the necessary materials and documentation, and pay us the amounts owed us by these merchants. In relation to our Cards & Digital Payments business unit, the partner banks agree to select eligible potential cardholders (in light of their creditworthiness), process requests for and delivery of payment cards to the cardholders and deduct payment amounts from cardholders' accounts and credit our account with the corresponding amount, which means that the partner bank, and not Nexi, is responsible for payments made under a payment card. In relation to both our Cards & Digital Payments and Merchant Services & Solutions business units, the partner bank agrees to ensure that relevant legal and regulatory regimes (including anti-money laundering and know-your-customer ("KYC" procedures)) are complied with, provide us with the necessary personal and economic data for each cardholder and merchant, maintain its ATM and POS terminals at the merchant's site in compliance with the networks rules established by the card scheme operators, and retain customer data for a certain minimum period.

Under the agreement, the partner bank is liable for damages arising from its failure to comply with the provisions of the agreement. We are liable: (i) except in the case of fraud by the cardholder, for losses arising from the use of lost or stolen payment cards or misuse of payment cards if the transaction occurred after the cardholder notified us of such a loss or theft (in accordance with the agreement and Italian law); (ii) for losses arising from fraud by merchants; (iii) for cardholder insolvencies arising from our failure to comply with the agreement; and (iv) cardholder insolvencies arising from unauthorized payment card use.

Most agreements are entered into on an open-ended basis, while certain agreements entered into prior to 1990 provide for two-year duration terms and a yearly tacit renewal. Under both agreement forms, either party may terminate the agreement by giving three months' notice. We may unilaterally amend the terms and conditions of the agreement and the bank documents we prepared in connection with the execution of the agreement (*Circolari Banche*) by giving 60 days' notice, during the first 30 days of which the bank may withdraw from the agreement. Where the bank withdraws from the agreement, we will continue to manage existing payment cards and the bank will continue to bear the risk of cardholder insolvencies until the relevant payment cards have expired.

*Associate Licensing and Servicing (Merchant Services & Solutions and Cards & Digital Payments), and Digital Banking Solutions*

The associate licensing and servicing agreements for our Merchant Services & Solutions and Cards & Digital Payments business units as well as the agreements in our Digital Banking Solutions business unit, all of which are entered into with partner banks, are customized and thus vary on a case by case basis. Still, the majority of agreements in our Digital Banking Solutions business have the following common characteristics: (i) short/medium term duration (three years on average) with a tacit yearly/two-year renewal provision and either party being able to withdraw by serving a three-month prior written notice (ii) obligation for us to provide our services in accordance with mutually agreed key performance indicators and service levels, breach of which triggers penalty payments in favor of the relevant partner bank.

For a description of the credit risk we incur in connection with such agreements, see "*Description of Certain Financing Arrangements— The Issuer's Settlement Obligations.*"

*Agreements with Intesa Sanpaolo*

<u>*ISP New Issuing & ATM Agreements*</u>

In the context of the ISP Acquisition, on June 30, 2020, we entered into an agreement with Intesa Sanpaolo, through our subsidiary Mercury Payment, pursuant to which we undertook to provide Intesa Sanpaolo with card management services, as well as management services relating to manual cash disbursement transactions performed through payment cards on Intesa Sanpaolo's ATM network (the "ISP New Issuing & ATM Agreement"). The ISP New Issuing & ATM Agreement has been subsequently assigned to Nexi Payments. These services were previously provided to Intesa Sanpaolo through Mercury Payment by virtue of a set of agreements entered into in 2015 (the "Original ISP Agreements"). Under the Original ISP Agreements, we also undertook to provide POS processing and servicing services. These are no longer included in the ISP New Issuing & ATM Agreements, as the relevant ISP business unit has been transferred to the Issuer by means of the ISP Acquisition.

*<u>ISP Distribution Agreement</u>*

In the context of the ISP Acquisition we also entered into a distribution agreement with Intesa Sanpaolo (the "ISP Distribution Agreement"). The ISP Distribution Agreement is a long-term agreement which establishes a long partnership in marketing and distribution, whereby Intesa Sanpaolo will promote and distribute to its merchant customers both current and future technological solutions and/or innovative services that will be developed by us as part of our "Merchant Digital Acceptance" business (the "MD&A Solutions"). Specifically, we will offer the MD&A Solutions to the merchant customers of Intesa Sanpaolo (and od its subsidiaries) in certain European countries, while in turn, Intesa Sanpaolo and its subsidiaries agreed to promote the MD&A products with their merchant customer base and to distribute them through their network in the abovementioned territories.

The ISP Distribution Agreement also includes an exclusivity commitment for a certain period, as well as, following the expiration thereof, privileged access rights to Intesa Sanpaolo's network (as well as to the networks of Intesa Sanpaolo's Italian subsidiaries) and certain guaranteed minimum supplying quotas. Furthermore, Intesa Sanpaolo agreed to retain us as preferred partner for the development and the servicing of new products and solutions in the "Merchant Digital Acceptance" business. As consideration for the aforementioned undertakings by Intesa Sanpaolo, we agreed to pay an annual retrocession fee based on the revenues that will be generated by distributing the MD&A Solutions on the Intesa Sanpaolo group network, subject to the achievement of previously agreed targets. Intesa Sanpaolo may terminate the ISP Distribution Agreement in the event in which, as a consequence of a direct or indirect change of control affecting Nexi Payments, control vests with a certain direct competitor of Intesa Sanpaolo (even when acting in concert with third parties). Upon expiration, the ISP Distribution Agreement is subject to tacit renewal for another 10-year period (provided no party exercised its right to withdraw by providing a one year written notice).

*<u>Additional ISP Agreements</u>*

In the context of the ISP Acquisition we have entered into:

(i) an ancillary services agreement relating to the management of the merchant acquiring business transferred to us with the ISP Acquisition, lasting until expiration or early termination of the ISP Distribution Agreement;

(ii) an interchange agreement governing "on us" transactions. These include transactions with payment cards issued by Intesa Sanpaolo for the purchase of goods and/or services by means of any of the MD&A Products at POS, among others, of merchants transferred to us by means of the ISP Acquisition. This agreement shall last until expiration or early termination of the ISP Distribution Agreement; and

(iii) a license agreement, whereby ISP granted us an exclusive right to use certain trademarks related to the transferred merchant acquiring business. Upon expiration, this agreement is tacitly renewable with either party able to withdraw by providing a six months written notice.

*Agreements with BMPS*

*<u>BMPS Issuing and Acquiring Agreement</u>*

We entered into a commercial agreement with BMPS (in 2016) pursuant to which we undertook to provide BMPS with several services related to our Merchant Services & Solutions and Cards & Digital Payments business units, including management of credit card transactions and ATM terminals, as well as the management of relationships with certain card scheme operators (the "BMPS Issuing and Acquiring Agreement"). However, as of July 2017 and as a result of the acquisition of the merchant acquiring business of BMPS, the BMPS Issuing and Acquiring Agreement no longer governs our Merchant Services & Solutions business unit. In exchange for the provision of card issuing services, BMPS has agreed to pay us certain fees. The BMPS Issuing and Acquiring Agreement expires in May

2023 subject to tacit renewal for another two-year period. Both parties have agreed to waive their respective termination rights during this period.

*BMPS Marketing and Distribution Agreement*

We have entered into a marketing and distribution agreement with BMPS, pursuant to which BMPS will make available and promote, market and distribute our products and services to its merchant customers, on an exclusive basis for five years starting from June 2017, and will refer its customers interested in such products and services to Nexi (the "BMPS Marketing and Distribution Agreement"). In exchange, we have agreed to provide BMPS with our merchant products and services, meeting specific quality standards, and to pay BMPS certain agreed fees. The BMPS Marketing and Distribution Agreement expires in 2027, subject to tacit renewal for another five-year period. Both parties may withdraw from the BMPS Marketing and Distribution Agreement by providing one-year written notice.

*BMPS POS, ATM and Corporate Banking Agreements*

We entered into a framework agreement with BMPS (in 2016), through our subsidiary Bassilichi, which now merged into Nexi Payments, pursuant to which BMPS undertook to assign certain POS, ATM and CBI Gateway services to our subsidiary Bassilichi for agreed per annum fees and subject to a minimum turnover guarantee (the "BMPS Framework Agreement"). As of July 2017, the POS services are no longer governed by the BMPS Framework Agreement as a result of the acquisition of the merchant acquiring business of BMPS. An intercompany agreement is in place for the provision of POS services between Nexi and Bassilichi. The BMPS Framework Agreement expires in 2023, subject to tacit renewal for another two-year period.

Pursuant to the terms of the BMPS Framework Agreement, our subsidiary Bassilichi has entered into three commercial agreements with a subsidiary of BMPS, under which Bassilichi undertook to provide BMPS with (i) services related to ATM management, including help desk, hardware assistance and installation, (ii) services related to the POS management, including help desk, hardware assistance, e-commerce and POS rental, and (iii) services related to interbanking corporate payments service, including services related to the CBI Gateway.

On December 30, 2020, we entered into a new service agreement with BMPS relating to the issuing and integrated management of payment services on card scheme operators for international debit cards (the "New BMPS Agreement"). Pursuant to the New BMPS Agreement, we have been granted a five-year exclusivity period for providing our payment services in relation to transactions completed by holders of international debit cards. The New BMPS Agreement expires in December 2030 and BMPS can withdraw at this end of this period, by providing a one-year written notice. BMPS will also be able to withdraw between the expiration of the five-year exclusivity period and December 2030, subject to the payment of a penalty to us.

*Agreements with Deutsche Bank S.p.A.*

*Deutsche Bank S.p.A. Marketing and Distribution Agreement*

We have entered into a marketing and distribution agreement with Deutsche Bank S.p.A., as amended, pursuant to which Deutsche Bank S.p.A. will make available and promote, market and distribute our products and services through its network, on an exclusive basis for a certain period of time, and will refer its customers interested in such products and services to Nexi (the "DB Marketing and Distribution Agreement"). In exchange, we have agreed to provide Deutsche Bank S.p.A. with our merchant products and services, meeting specific quality standards, and to pay Deutsche Bank S.p.A. certain agreed fees. The DB Marketing and Distribution Agreement expires in 2027, subject to tacit renewal for another five-year period. Both parties may withdraw from the DB Marketing and Distribution Agreement by providing six months' written notice.

*Deutsche Bank S.p.A. Cash Advance and Remote Payment Agreement*

We have entered into an agreement with Deutsche Bank S.p.A., pursuant to which, starting from July 2017, we will provide acquiring, cash advance and remote payment services for payment cards used on ATM terminals owned by Deutsche Bank S.p.A. (the "DB Cash Advance Agreement") In particular, under the DB Cash Advance and Remote Payment Agreement, we will provide the following services; (i) acquiring and cash advance services for international payment cards issued on the VISA and MasterCard card scheme operators; and (ii) acquiring and payment/remote payment services for Pagobancomat cards. The DB Cash Advance and Remote Payment Agreement is open-ended. Either party has the right to withdraw by providing a ninety-day notice. Furthermore, the DB Cash Advance and Remote Payment Agreement will automatically terminate in the event in which, following expiration or termination of the DB Marketing and Distribution Agreement (see above), we do reach an agreement with Deutsche Bank S.p.A. on an amended contractual relationship within six months.

*Agreements with Banca Carige S.p.A.*

*Banca Carige S.p.A. Acquiring Cooperation Agreement*

Following our acquisition of Banca Carige S.p.A.'s acquiring business in September 2018, we have entered into a cooperation agreement relating to the acquiring sector pursuant to which, starting from September 2018, Banca Carige S.p.A. and certain of its subsidiaries will promote and distribute certain of our products and services to their merchants (the "Carige Acquiring Cooperation Agreement"). The Carige Acquiring Cooperation Agreement also includes an exclusivity commitment for a certain period of time. Carige Acquiring Cooperation Agreement expires in September 2028, subject to tacit renewal for another five-year period (provided either party has not withdrawn by serving a one year written notice). Following expiration of this first five-year renewal period, the Carige Acquiring Cooperation Agreement is tacitly renewed for additional one year-periods, but either party may withdraw by serving a one-hundred-eighty day written notice.

*Banca Carige S.p.A. Debit and Prepaid Cards Cooperation Agreement*

We have entered into a cooperation agreement with Banca Carige S.p.A. in April 2018, whereby we undertook a joint development process of international debit cards and prepaid cards, both to be distributed under an exclusivity undertaking for a certain period through the network of Banca Carige S.p.A. and of certain of its Italian subsidiaries ("the Carige Debit and Prepaid Cards Cooperation Agreement").

The Carige Debit and Prepaid Cards Cooperation Agreement expires in 2028 subject to tacit renewal for another five-year period (provided either party has not withdrawn by serving a one year written notice). Following expiration of this first five-year renewal period, the Carige Debit and Prepaid Cards Cooperation Agreement is tacitly renewed for additional one year-periods, but either party may withdraw by serving a one-hundred-eighty day written notice.

*Agreements with Depobank*

*IT Outsourcing Agreement*

Pursuant to the outsourcing agreement dated June 29, 2018, entered into between us and Depobank (the "Outsourcing Agreement"), we agreed to provide Depobank with certain IT services. In particular, we manage the applications used by Depobank to provide its banking services and also manage Depobank's technology services. These services include application services (i.e., corporate systems and payments applications), application and remedial maintenance services, operational support services, data user administration, back-up and recovery services, data storage services and infrastructural services. In exchange, Depobank pays us approximately €10 million per year. The Outsourcing Agreement expires in 2026 with regard to certain "core" services, and in 2021 for certain "non-core" services. In addition, the Outsourcing Agreement provides for customary termination clauses in case of serious breaches by the relevant party, penalties in case of failure by the Issuer to provide certain level of services, a limited indemnification provision as well as the undertaking from us to provide assistance in case of expiration, withdrawal or termination of the Outsourcing Agreement, at Depobank's request, for a period not exceeding a duration of twelve months. On May 12, 2020, we entered into a term sheet with Depobank to amend certain terms of the Outsourcing Agreement.

*Commercial Services Agreement*

Pursuant to the commercial services agreement dated June 29, 2018, as amended on January 14, 2020, entered into between us and Depobank (the "Commercial Services Agreement"), we agreed (i) to promote and market certain of Depobank's products related to the payments business to its current and potential customers and to manage the related commercial relations and (ii) to evaluate the opportunity to develop, promote and market new Depobank's products, also at Depobank's request, which could be beneficial to Depobank's business. In exchange, Depobank pays us an annual fee based on the annual business volumes generated by Depobank from certain customers indicated in the Commercial Services Agreement, in relation to the activities described above. The Commercial Services Agreement has an indefinite duration and, starting from December 31, 2025, both parties could withdraw by providing twelve-months advance notice. In addition, the Commercial Services Agreement provides for customary termination clauses in case of serious breaches by the relevant party, penalties in case of failure by us to provide certain level of services and a limited indemnification provision.

*Credit Mandate*

We maintain a credit mandate agreement with Depobank, whereby the latter provides certain services related to the settlement needs of Nexi Payments. For a description, see "*Description of Certain Financing Arrangements—the Issuer's Settlement Obligations—Credit Mandate.*"

***Agreements with Card Scheme Operators***

*Visa Agreements*

*Visa International Services Association*

On October 13, 1986, Servizi Interbancari, S.p.A. (Nexi's predecessor) entered into a card member license agreement with Visa International Services Association. Under this agreement, Visa International Services Association granted Servizi Interbancari S.p.A. a perpetual, non-assignable and non-exclusive license to use Visa's trademarks. We also agreed to comply with certain qualitative standards, as established by Visa International Services Association from time to time, with regard to the use of the abovementioned trademarks. This agreement is open-ended, and automatically terminates should we cease to remain a member of the Visa card scheme (either following withdrawal or expulsion). Furthermore, either party has the right to terminate the agreement in the event of breach by the other party, by serving a written notice specifying the effective date of the termination, which can be no earlier than 120 days from receipt of such notice. Visa International Services Association has the right to terminate the agreement if Servizi Interbancari ceases to be a card member of MasterCard, fails to comply with the standards for use of MasterCard's marks, or discontinues use of MasterCard's marks for a period of one year. We have the right to terminate the agreement by giving 30 days' written notice.

*Visa Inc. and Visa Europe Limited*

Visa Europe is a leading European card scheme operator, providing the brand, systems, electronic money services and operating rules that govern its European payments business and infrastructure. Visa Europe was spun off from the joint predecessor of Visa Europe and Visa Inc. in October 2007 in preparation of Visa Inc.'s initial public offering on the New York Stock Exchange in 2008. When Visa Europe was spun-off, it was restructured as a not-for-profit membership association and cooperative and became owned by those banks and other service provider members who, as members of Visa Europe, issue payment cards or who provide card acquiring services (such as Nexi Payments). At the time of spin-off, Visa Europe was owned by the approximately 3,700 European banks and other payment service providers that operate Visa branded products and services within Europe. See "—*Acquisition of Visa Europe by Visa Inc.*"

*Visa Membership Deed*

We became a member of Visa Europe on September 10, 2009. At that time, each member of Visa Europe owned one redeemable ordinary share in Visa Europe. These shares have limited economic value and their voting and economic rights are mainly based on sales volumes of the particular member or group of members. In the context of the acquisition of Visa Europe by Visa Inc. in 2016, we have received certain shares by Visa Inc. In particular, as of December 31, 2020, we held both Class A Preferred shares, which are convertible into Class A ordinary shares of Visa Inc. and are traded on regulated markets, as well as Class C Visa Shares, which are convertible into Class A Preferred shares (and subsequently into Class A ordinary shares) of Visa Inc. on the basis of certain conversion criteria and are not traded securities, in an aggregate amount of €151.6 million (equivalent), based on their market value as of December 31, 2020. During the first quarter of 2021, we converted into Class A ordinary shares, and subsequently sold, our Class A Preferred Visa shares almost entirely, for a value of €87.0 million (equivalent, at the date of sale). See also "*Risk Factors—Risks Related to the Combined Group's Business and Industry—Nexi is exposed to market and currency risks with respect to the securities it holds*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Qualitative Disclosure on Financial Risk*."

Under the membership deed we have been granted certain rights of membership and given participation entitlements as permitted by the Visa membership regulations. Under the membership deed, Visa Europe agreed to grant us the right to use certain intellectual property of Visa Europe (which grant of rights is set out in a separate Trade Mark Agreement and Technology License Agreement). In exchange, we agreed to comply with the obligations imposed on us by various membership documents and to comply with Article 30 of the articles of association of Visa Europe, which is described below. Visa Europe had the right to change our participation entitlements at any time. We may terminate our membership by giving 180 days' notice, while Visa Europe may terminate our membership for good cause, or for a termination event as defined in the Visa membership regulations.

By virtue of our former membership in Visa Europe, we have potential joint and several liability that is unlimited in terms of both time and amount under the terms of the Visa Europe operating regulations, along with all other members of Visa Europe in respect of actual losses incurred by Visa Europe in Visa Europe's operation of the card scheme. See "*Forward-Looking Statements*."

*Acquisition of Visa Europe by Visa Inc.*

On November 3, 2015, Visa Inc. announced that it had entered into a transaction agreement with Visa Europe of which we were a shareholder, pursuant to which Visa Inc. agreed to acquire 100% of the share capital of Visa Europe for a total consideration of up to €21.2 billion. On June 21, 2016, Visa Inc. closed its acquisition of Visa Europe for a total consideration of up-front cash consideration of €12.2 billion ($13.9 billion) and preferred stock convertible upon certain conditions into class A common stock or class A equivalent preferred stock of Visa Inc., equivalent to a value of €5.3 billion ($6.1 billion) at Visa Inc.'s closing stock price of $77.33 on June 21, 2016, and following the third anniversary of the closing, an additional €1.0 billion, plus 4% compound annual interest. Because we were a shareholder of Visa Europe at the time, we participated in the sale proceeds and received upfront consideration in an amount equivalent, net of non-controlling interests and taxes, to €219.7 million.

*MasterCard Agreement*

On January 1, 1986, Servizi Interbancari, S.p.A. (Nexi's predecessor) entered into a card member license agreement with MasterCard, which is the only material agreement governing our relationship with MasterCard. Under this agreement, MasterCard granted Servizi Interbancari S.p.A. a perpetual license to use MasterCard's marks. Servizi Interbancari agreed to cause those merchants with whom

Servizi Interbancari had an agreement to honor all MasterCard payment cards, and to disburse cash advances at its non-U.S. offices to MasterCard holders. The agreement is open-ended, however MasterCard has the right to terminate the agreement if Servizi Interbancari ceases to be a card member of MasterCard, fails to comply with the standards for use of MasterCard's marks, or discontinues use of MasterCard's marks for a period of one year. Servizi Interbancari has the right to terminate the agreement by giving 30 days' written notice.

*Bancomat/PagoBancomat Agreements*

Since 1997 we partner with the Bancomat S.p.A. consortium with regard to the Bancomat and Pagobancomat licenses. In 2018, we entered into an agreement with Bancomat S.p.A. governing both our membership of the Bancomat consortium, as well as the license to use the Bancomat and Pagobancomat trademarks. Under this agreement, the Bancomat S.p.A. granted Nexi Payments a non-exclusive and non-assignable license to join the Bancomat and PagoBancomat schemes, authorizing us to (i) engage in issuing, processing and distribution activities of physical and virtual cards authorized on the Bancomat and Pagobancomat schemes; (ii) engage in installation activities of POS terminals (both virtual and physical), ATM terminals, and other physical and virtual terminals, all authorized to operate on the Bancomat and Pagobancomat schemes; and (iii) use Bancomat and PagoBancomat's trademarks in SEPA countries. In exchange, Nexi Payments agreed to pay certain membership fees. The Bancomat consortium has the right to terminate the agreements if Nexi Payments fails to pay membership fees or if Nexi Payments is expelled from the consortium. The license agreement has a duration of one year and is subject to yearly automatic renewals, unless Nexi Payments serves a three-month written notice of termination or Nexi Payments is subject to merger or demerger transactions. Bancomat S.p.A. may also terminate the agreement in the event in which no operating, issuing or acquiring activity is carried out by us on the Bancomat or Pagobancomat circuits for at least twelve consecutive months.

***Agreements with ICT Providers***

*equensWorldline and SIA Agreements*

Below is a description of the key terms and conditions of the agreements between us and, respectively, SIA and equensWorldline.

*SIA Agreements*

On December 28, 2005, SIA (formerly known as *Società per i Servizi Bancari S.p.A.*) and Nexi Payments entered into an agreement, subsequently amended, regulating the provision of certain services from SIA (in compliance with specific quality standards referring, among others, to SIA's processing activity in the following areas: Cards & Digital Payments, Merchant Services & Solutions and Payments Services. The agreement, with an original expiration date of December 31, 2011, is subject to automatic annual renewal. The parties can indicate an intention not to renew the agreement with at least twelve months' written notice before the expiration date. In the event that SIA exercises its right to withdraw from the agreement, Nexi Payments can request, and obtain, that SIA (by means of a notice sent by Nexi Payments within 180 calendar days prior to the termination date) continues to provide the services for up to 24 months from the effective date of termination. The agreement also prohibits Nexi Payments from soliciting SIA employees for the entire duration of the agreement (including any renewal thereof). While we plan on insourcing the services provided by SIA following completion of the SIA Merger, we may be unable to complete the SIA Merger within the anticipated time frame, or at all. In that event, we may still need to rely on SIA as a supplier under the abovementioned agreement. See "*Risk Factors—Risks Related to the Transactions—Nexi may be unable to complete the Nets Merger or the SIA Merger within the anticipated time frame, or at all.*"

*equensWorldline Agreement*

On November 3, 2015, we, Equens SE and Worldline SA signed a term sheet that sets forth the principal terms and conditions to be reflected in any new and future service supply agreement for processing activity within the merchant acquiring value chain (each, a "New Supply Agreement"). This term sheet provides that each New Supply Agreement shall have a duration that varies according to the successful completion of Worldline SA's acquisition of Equens SE. The term sheet provides that the duration of each New Supply Agreement is five years from the closing of the corporate transaction mentioned above, completed in 2016, with the establishment of equensWorldline. The New Supply Agreement expires in December 2024 and provides for an automatic renewal for an additional year, subject to either party being entitled to withdraw by providing a notice six months prior to expiration.

With respect to intellectual property rights, we acknowledge that the intellectual property rights in the software relating to the IT platform operated and/or used by Equens SE for the provision of the services remain with Equens SE or any of its suppliers. We shall have ownership rights in any software which, in agreement with Equens SE, Equens SE will develop specifically for us. Such software shall be entirely and exclusively funded by us. Finally, the term sheet provides that Equens SE is not our exclusive supplier of the services detailed in (i) the New Supply Agreements and (ii) the two service agreements signed on November 1, 2008 between ICBPI and Equens Italia S.p.A. and between Nexi Payments and Equens Italia S.p.A. In addition, on November 3, 2015, ICBPI and Equens SE entered into an agreement to establish an exclusive distribution relationship relating to the services offered by ICBPI to banks and customers active in the Italian market, on the basis of the above-mentioned term sheet for a certain period of time and may be terminated before then in the event of any material deviations from the key financial terms set forth in the term sheet.

**Sales and Marketing**

In our Merchant Services & Solutions business unit we typically pair with partner banks. Our partner banks' branch networks have deep local roots and are present across all of Italy. Leveraging these capabilities and relationships with existing and new customers, the partner banks make referrals of both eligible, potential cardholders (for Cards & Digital Payments) and merchants (for Merchant Services & Solutions). Since we are among the major providers of payment services on both the issuing and the acquiring side in Italy, this creates a mutually dependent relationship between ourselves and our partner banks.

In the Digital Banking Solutions business unit we employ a direct sales model to market our services to bank, corporate and public sector customers. We generally rely on a wide range of marketing channels including traditional advertising channels and materials, as well as online content management and direct marketing.

**Information and Communications Technology**

Information and communications technology ("ICT") is a critical part of our business. We rely on an IT system which, through an integrated architecture encompassing the whole Group, allows us to manage our IT processes centrally. More specifically, the entire payments value chain associated with software development and implementation is controlled through this system. We utilize a broad portfolio of software applications and technical infrastructures, both for internal purposes and to provide services to our customers. We have developed a sophisticated matrix to decide which ICT systems we outsource and which ones we develop in-house.

The IT processing platform of our Group consists of the following application components: (i) Physical Digital Channels and Connection Layers, (ii) Transaction Processing Hub, (iii) Customer Management and (iv) Technology and Security Infrastructure.

- *Physical Digital Channels and Connection Layers.* The architectural component consists of the set of software programs and hardware infrastructures suitable for creating and managing the interface between the physical access channels and our Information System. The following elements form this component:

(i) the systems that produce and manage the user interface and that guarantee an efficient information management by users of our systems;

(ii) the software layers that guarantee an interchangeability of the protocols of communication with external bodies, such as payment platforms;

(iii) the publication of APIs (Application Programming Interfaces), including those that comply with current standards (PSD2); and

(iv) the specific application systems referring to the access channel, such as, for example, the life cycle management of ATM and POS channel devices.

- *Transaction Processing Hub.* The structural component consists of the software programs and hardware infrastructures designed to manage various aspects of a payment transaction, ensuring its integrity, security and speed of execution. This architectural component specifically and separately manages the transactions related to:

  (i) the management of payment cards according to the different models of service of licensing and servicing, and divided into issuing and acquiring components;

  (ii) the management of payment transactions relating to e-commerce and digital corporate banking; and

  (iii) the parametric access to international card scheme operators such as example VISA, MasterCard and American Express.

- *Customer Management.* The structural component is made up of the whole of the software programs and hardware infrastructure suitable for connecting in a parametric access flows from the physical channels with the processing systems of the transactions, so as to allow efficient customer management.

- *Technology and Security Infrastructure.* The structural component consists of the set of software programs and hardware infrastructures, aimed at providing the IT service as a whole, i.e.:

  (i) to ensure the continuity of operation of the IT service;

  (ii) to provide adequate performance in terms of quality, reliability and speed of the transactions; and

  (iii) to ensure the security, confidentiality and protection of the IT system with respect to access, use and integrity of the information contained therein.

Our IT solutions allow us to be a reference partner for our customers in the field of digital payments. Our ecosystem boasts approximately 1,000 connections with our customers, developed over the last 20 years, which are the basis of long-standing relationships with our customers.

We have further strengthened our relationships with our customers through the development of plug-in solutions that supplement our product offering within our customers' IT systems. Our technological skills enjoy considerable recognition at national level, as shown by our selection as national partner of Italian banks for the implementation of PSD2. Following the roll-out of the CBI Globe initiative (i.e., the development of the pan-Italian open-banking gateway), the CBI Consortium has also entrusted us with developing new functionalities, allowing banks and fintech companies to deliver digital services that meet the growing needs of corporate and retail clients, ultimately strengthening our strategic positioning in the field of digital payments.

***Cloud Architecture and Customer Service Management***

We have benefited from our cloud architecture and Customer Management Service systems to increase commercial effectiveness and improve our customer service, also by means of a chat service and advanced customer relationship management tools integrated on a comprehensive web interface. We have developed a sales tool that provides a 360-degree view of the customer, from sales reporting to customer management and marketing campaigns. This tool will be integrated into the customers' banking systems, thereby strengthening the technological partnership between us and our customers.

***Use of Strategic Partnerships or Internal Capabilities to Manage Processing Activities***

We use a combination of internal capabilities and strategic partnerships. For example, some payment features are managed in cooperation with our strategic partners, while we manage the gateway connections and technology. In particular, we have relationships with SIA and equensWorldline for the supply of services of processing.

Robust technology infrastructure that includes security technologies and a hybrid cloud data center for reliability, scalability and rapid deployment

Our data center and IT infrastructure are built and optimized to support the digital transformation. We use hybrid technology that combines an in-house data center with public cloud service providers such as AWS and Azure. We also maintain a higher level of service by operating our data centers in active-active mode. The applications are divided between two main sites ensuring reliability in the event of any failure, including the malfunction of an entire data center.

In the financial years from December 31, 2018 to December 31, 2020, we invested over €410 million (including capex and operating expenses in the 2018-2020 period) in our technological infrastructure, starting a process of efficiency and cost reduction, with the completion of more than 55 transformation projects.

## Employees

***Overview***

We view our employees as key strategic levers and as fundamental contributors to our success. We believe that in diversity lies strength and that all our employees should be given an equal opportunity to succeed regardless of employees' politics, trade union membership, religion, race, language, gender, age and family status. As of December 31, 2020, we had a total of 1,989 full-time equivalent employees, excluding temporary workers. Our total number of employees included 95 top managers, 698 middle managers and 1,197 white collar employees.

***Training and Benefits***

We deliver training to our employees via an integrated system of personalized schemes and innovative methods and approaches, each striving to harness and develop their skills and capabilities. In 2020, we provided each employee with an average of approximately 30.0 hours of training. In 2019 we adopted a Learning Management System for the purposes of monitoring and advertising all courses available to employees, and we are currently focusing on a medium- to long term training planning.

We provide our employees with generous benefits, including additional pension contributions, health coverage extended to the employee's family, disability contributions, insurance advice, paid time off-work for medical consultations and sizeable cash awards earmarked for specific projects or for outstanding employee contributions.

### *Stock Options*

We currently have in place certain stock option plans under which Mercury UK has certain selected employees (the "Beneficiaries") the right to the free assignment by Mercury UK of our shares, vested over 24 months, under the circumstances set out in the plan documentation (the "Mercury UK Grant Plan"). The purpose of the Mercury UK Grant Plan, the full cost of which is borne by Mercury UK, is to further align the interests of the Beneficiaries, whose contribution is deemed to be of significant strategic importance, with the objectives of the shareholders.

### *Unionization*

Our employees are subject to the following Italian national collective bargaining agreement (*Contratto Collettivo Nazionale del Lavoro or CCNL*): (i) the "*CCNL*" for employees of credit companies (*Contratto Collettivo Nazionale di Lavoro per le Imprese Creditizie*); (ii) the "*CCNL*" for managers of credit companies (*Contratto Collettivo Nazionale di Lavoro per i Dirigenti delle Imprese Creditizie*), applicable to our top managers; (iii) the "*CCNL*" for employees of commercial companies (*Contratto Collettivo Nazionale di Lavoro del Commercio*); and (iv) additional collective bargaining agreements that govern working hours, bonus payments, contributions to pension funds and other benefits.

There is no central works council for the entire Group. However, all of its employees are represented by works councils at the company level. We consider our relations with employees, works councils and unions to be satisfactory and have not had any significant labor issues during the past three years.

### *Pensions*

Italian law provides that, upon termination of employment, Italian employees are entitled to severance pay (*trattamento fine rapporto*) based on their annual salary, the duration of their employment and the rate of inflation. We make pension contributions on behalf of our employees as required by applicable Italian law. In addition, we have pension commitments in respect of former executives and their relatives. Other than increases in contributions required by law, we do not expect significant pension liabilities going forward. As of December 31, 2020, the amount set aside under our severance indemnities under employees' contracts of employment amounted to €14.8 million.

## Intellectual Property

### *Brands*

We operate a broad business portfolio and use a number of recognizable brands across our businesses and business units. We use the Nexi brand to market our services in our Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions business units. Since most of our payment cards are co-branded with the Nexi brand appearing alongside the partner bank's logo, the Nexi brand is well established in the marketplace, with strong growth since its launch in November 2017. We use the Help Line trademark in our Digital Banking Solutions business unit. We use the Nexi brand to market our services in our Cards & Digital Payments business unit. In our Cards & Digital Payments business unit we also use the FastInvoice brand for products and services in connection with e-invoicing. We expect to register additional brands and trademarks in the future.

### *Trademarks, Domains and Patents*

As of the date of this information release, we hold numerous trademark registrations in Italy and Europe including Nexi, Help Line, Moneynet, Mercury Payment, Mercury Payment Services, Moneta & Figura and others. We hold numerous internet domains relating to each of our brands and business units, and we believe that we hold all internet domains that are material to our businesses. We do not hold any patents that are material to our businesses.

We aim to protect our domain names through a strategy aimed at preventing misuse of domain names lexically identical or similar to the name Nexi. We have purchased numerous domain names resembling (even remotely) "Nexi" or goods, trademarks and/or our subsidiaries over a wide range of domains, so as to inhibit misuse of domains similar to our official domain names. Regular internet scans are also carried out by the relevant offices or by external companies to identify, for example, any cases of the misuse of the "Nexi" name and to take the necessary protective action. We also use an external service for the technical and orderly management of the registration and maintenance of domains and for their renewal. Two separate offices (IT and Marketing/Communication) independently supervise the management of our domain names in order to increase effectiveness and to prevent operational errors.

***Licenses***

We have obtained a license to perform payments services, under our Moneynet business. Furthermore, Nexi Payments has obtained an authorization by the Bank of Italy to operate as a payment institution. See "*Regulation*." In addition, we are dependent on the licenses we have obtained from each of Visa, MasterCard, Bancomat, PagoBancomat, American Express, Diners Club and JCB to participate in national and international card schemes, perform payments services and issue payment cards. The underlying license agreements include a change of control clause and can be terminated at any time, subject to notice periods of between three and twelve months. See "*—Material Contracts—Agreements with Card Scheme Operators.*"

## Property, Plant and Equipment

As of the date of this information release our headquarters at Corso Sempione 55, 20149, Milan, is the only real estate asset that we consider to be a material part of our business.

## Insurance

As part of our insurance program, we maintain liability and property/business interruption insurance policies, professional liability, cyber risk and electronic equipment insurance. We are not currently involved in any material claims under any of our insurances.

For the benefit of our directors and officers, we have entered into global directors and officers ("D&O") insurance policies to cover our present, former and future directors and officers, general managers, authorized officers and senior staff. The D&O insurance policies cover financial losses resulting from liability of our directors and officers and we believe the limitations of the Group's coverage are in line with industry practice.

## Legal Proceedings

From time to time, we become involved in legal proceedings in the ordinary course of our business. We have assessed the potential liabilities that may arise from currently pending litigation and have determined provisions on the basis of prudential criteria. As December 31, 2020, we set aside total provisions for disputes in an amount of €2.1 million against aggregate claims of €115 million. We note that the outcome of legal proceedings can be extremely difficult to predict and we offer no assurances in this regard.

***Ongoing Disputes***

Ongoing disputes as of the date of the information release are set forth below.

*In Innovation In Networking vs. Nexi Payments*

On January 26, 2021, In Innovation In Networking commenced proceedings before the Court of Milan against Nexi Payments in its capacity as operator of the SmartPOS marketplace. In Innovation In Networking sought the payment of approximately €32.0 million as compensation for (i) costs incurred in connection with the development of the *whatsin* app; and (ii) potential profits lost due to failure to sell the *whatsin* app. In addition, In Innovation In Networking also sought an unspecified amount for reputational damages and damages due to alleged unfair competition. The first hearing is scheduled on April 30, 2021.

*Nexi vs. Cedacri*

On May 16, 2020, the Issuer initiated arbitration proceedings against Cedacri S.p.A. ("Cedacri") under the applicable provisions of a share purchase agreement (the "Oasi SPA") entered into with regard to the sale by the Issuer to Cedacri of the entire share capital of Oasi S.p.A. ("Oasi"). The Issuer is seeking the application of the earn-out provisions under the Oasi SPA and the payment by Cedacri of a purchase price adjustment. Cedacri has in turn claimed the violation by the Issuer of certain covenants and representation and warranties provisions under the Oasi SPA in relation to the calculation of Oasi's 2018 EBITDA levels, which are used as a parameter both for the calculation of potential earn-out payments as well as for determining subsequent adjustments to the purchase price. As of the date of this information release this arbitration is ongoing. A decision by the arbitral tribunal is expected by December 2021.

## NETS' BUSINESS

### Nets' History

Headquartered in Denmark, Nets is the result of the combination of PBS, BBS and Teller, three Nordic companies that played key roles in the deployment of payment services in the Nordic region. Set forth below are the key events and acquisitions that have contributed to Nets' well-established position in the payment services and financial transactions sector in the Nordics and elsewhere:

- PBS was founded in 1968 as PBS, a joint undertaking by a pool of Danish banks to establish an electronic payments service. Since its foundation, Nets gradually expanded its service offering, both organically and through a series of strategic acquisitions.
- In 1972, Bankkort and Bankgirosentralen, the two largest players in the Norwegian electronic payment services market, merged into BBS. BBS was the largest payments services provider in Norway and provided key services including Bankgiro and eFaktura.
- In 1974, PBS introduced direct debit payments in the Danish market.
- In 1977, Teller was established as Visa Norge. Teller player a key role in the rollout of the international payment circuit Visa in Norway.
- In 1983, Nets introduced Dankort, Denmark's first domestic debit card circuit.
- In 1991, BBS launched BankAxept, Norway's first domestic debit card circuit and currently Norway's most commonly used payment method.
- In 2003, Teller started providing MasterCard acquiring services.
- In 2005, BBS acquired Ingenico AB (Sweden).
- In 2006, Teller acquired exclusive rights for American Express acquiring services in the Nordic region.
- In 2007, BBS acquired LD Betalingssystemer, strengthening its position in the Danish market.
- In 2009, BBS acquired Sagem Denmark and Manison (Finland).
- In 2010 the BBS, PBS and Teller brands were combined to form Nets.
- In 2012, Nets acquired Luottokunta, Finland's largest acquirer, further strengthening its position in the Nordics.
- In 2015, Nets acquired Nordea Merchant Acquiring, the Nordics and Baltics, merchant acquiring and international payment cards business of Nordea, strengthening its position in the Nordics and expanding into the Baltics.
- In 2019, Nets expanded in to Germany, Austria, and Switzerland through its merger with Concardis, and into Poland, through its acquisitions of DotPay/eCard and P24.
- In 2020, Nets acquired Polskie ePlatnosci (PeP), to further strengthen its position in Poland.
- In 2019, Nets won a European Union tender to deliver MitID, a new domestic Danish eID service.

- In 2020, Nets announced its intention to merger with Nexi, thus contributing to the creation of a major European player in the market for digital payment technologies and infrastructure services.

- In 2020, Nets further strengthened its expansion in the Nordics by acquiring the Finnish software development company Poplatek Oy and Poplatek Payments Oy

- In 2020, Nets continued to expand its presence in the DACH region by acquiring the leading Swiss payment terminal provider CCV

- In 2021, Nets sold its corporate services account-to-account business to MasterCard for €2.85 billion, refocusing its business towards its core payments services including merchant services, e-commerce, issuing services and technological innovation. See also "*Presentation of Financial and Other Information—Historical Financial Information of Nets—Centurion Disposal.*"

- In January 2021, Nets consummated the acquisition of Checkout Finland Oy, a rapidly growing company within the e-commerce business segment, with closing of the transaction expected to complete in April 2021.

**Nets' Services**

Nets is one of the largest integrated European paytech companies, with a well-established position in the Nordics, one of the most digitally advanced regions globally, as well as in underpenetrated geographies with significant growth potential (such as Germany, Austria, Switzerland, Poland and Southern and Eastern Europe). Furthermore, Nets has developed a strong multi-regional e-commerce offering over the last three years. Nets has two main business units:

- *Merchant Services*, through which Nets provides in-store, online and mobile payment acceptance and omni-channel payment solutions to merchants across the Nordic region and elsewhere.

- *Issuer & eSecurity Services*, though which Nets provides outsourced processing services to more than 250 financial institutions, primarily banks, across the Nordic, SEE and United Kingdom as well as complementary services including fraud and dispute solutions, and mobile wallet technology.

Through its two business units (Merchant Services and Issuer & eSecurity Services), Nets managed transactions in respect to over 740,000 merchant revenue generating units (RGUs), over 40 million cards and more than 250 financial institutions in the year ended December 31, 2020. Over the same period, Nets managed more than 6 billion transactions in its Issuer & eSecurity Services business unit and processed transactions with a transaction value of approximately €104 billion in its Merchant Services business unit. The table below shows Nets' gross revenues by business unit for the periods indicated, as reported in Nets Consolidated Financial Statements.

| **(in € million)** | **Year ended December 31,** | |
|---|---|---|
| | **2020** | **2019** |
| Merchant Services | 1,190.2 | 1,477.2 |
| Issuer & eSecurity Services | 377.2 | 406.0 |
| **Revenue, gross** | **1,567.4** | **1,883.2** |

Set forth below is a more detailed description of Nets' principal business activities.

***Merchant Services***

*Overview*

Through its Merchant Services business unit, Nets provides in-store, online and mobile payment acceptance and omni-channel payment solutions to merchants across the Nordic region and elsewhere. Nets seeks to be a one-stop-shop for merchants it serves across the payments value chain in the countries in which it operates. This business unit's offering allows merchant customers to use Nets as their single card acceptance vendor. A broad range of value added services caters to the merchant as they grow and new needs emerge throughout their lifecycle, including invoice and receipts management, consumer and merchant financing, as well as loyalty and other omni-channel solutions. Merchant Service products and services are also offered individually and on a custom basis, depending on the needs of the customer. The integration of Merchant Services' products and services enables significant cross-selling opportunities between, for example, merchant acquiring customers and payment acceptance solution customers.

Products and services in the Merchant Services business unit include merchant acquiring and payment acceptance solutions for e-commerce and m-commerce, including through mobile devices, POS terminals, and omni-channel solutions. Nets' e-commerce payment acceptance solutions act as virtual terminals that powers websites' checkout pages to enable shoppers to complete transactions digitally, from both personal computers and smartphones. In addition, each of Nets' POS terminals, which are offered both for sale and rental, are integrated with Nets' proprietary software. Nets estimates that approximately half of the POS terminals utilized for Nets' services are designed to accept contactless payments using NFC and, going forward, Nets expects to POS terminals to accept payments by mobile wallet.

The Merchant Services business unit generated €1,190.2 million, or approximately 75.9%, of Nets' gross revenues for the year ended December 31, 2020. Nets organizes its Merchant Services product proposition and service delivery across five business lines described below.

*Connect*

The Connect business line provides connectivity solutions that allow merchants to access Merchant Services' payment acceptance and omni-channel infrastructure. These solutions include configuration and authorization services, as well as e-commerce payment engines and gateways for online payments and physical POS terminals for in-store payments.

The Connect product propositions includes the following:

- *Easy*, a full-service collecting PSP that provides merchants with e-commerce gateway services, card acquiring, alternative payment methods - APM money management and funds settlement, the combination of which fully addresses and integrates merchants' online and mobile payments acceptance needs in a seamless experience for all parties involved.

- *Netaxept* (Nets 360), an internet payment service provider - iPSP that offers flexible and customizable gateway services for payment acceptance needs that are adequately complex to warrant a separate integration.

- *P24* (in Poland) and *Paytrail* (in Finland), one of the leading sets of A2A PSPs based on a direct bank-to-bank payment method, which is integrated with 180+ and 12+ banks in Finland, respectively.

- *RatePay,* an innovative white-label buy-now-pay-later gateway proposition, which is operational in the DACH region and is based on paying out funds to the merchant upon order fulfilment and collecting funds from the merchant's end customer, integrating credit scoring, funds settlement as well as debt recovery and collections in the process.

- Sales and leasing of POS terminal hardware manufactured by third-parties.
- *Viking*, Nets' proprietary terminal payments acceptance applications allow for features independent of hardware manufacturers, in addition to delivery of non-APMs and VAS at the point of sale.
- *Poplatek*, a modern online payments acceptance application that acts as a technical foundation for the next generation of payments acceptance applications.

*Pay*

The Pay business line includes Nets' core acquiring processing infrastructure and related VAS and allows for merchants' acceptance of payments from end customers through the connectivity enablers referenced in the Connect section above. Services include, among others, (i) card authorization switching and routing; (ii) scheme clearing and settlement; (iii) merchant settlement services; and (iv) merchant financing.

The proprietary Merchant Services processing platform is highly cost efficient and carries the ability to support national protocols, debit schemes and other variations in the local payments environment. Furthermore, the Pay business line encompasses projects that consolidate and drive further cost leadership by leveraging the Issuer & eSecurity Service business unit's UNI platform, as well as accelerate innovation within acquiring infrastructure for Nets Financing propositions.

*Experience*

The Experience business line seeks to ensure an efficient, effective and seamless experience for merchants when interacting with Nets. By automating and streamlining the various processes necessary to on-board and service merchant customers and consolidating information from the internal platforms used within the Nets Group over various service stacks, Merchant Services provides merchants with a full suite of portals for matters including, but not limited to, digital on-boarding, account maintenance / self-service, and retrieval of various reports. Such portals include *MyNets*, and *SmartPay* and *MyConcardis* in DACH.

*Grow & Learn*

The Grow & Learn business line encompasses the analytical tools provided by Nets to merchants. These tools aggregate and present in an actionable, user-friendly way data around the particular merchant's payments and, to the extent features are included in the relevant bundle, customers that allow the merchant to learn about their customers and thus grow the business. Furthermore, Merchant Services' analytical tools accommodate API compatibility and a related marketplace, allowing for increased integration and modularity in retrieval of the data made available to the Merchant Services customers. Current commercial concepts under development include event-driven and real-time data analytics.

*Protect*

The Protect business line consists of risk management tools and proactive security issue detection services provided to merchant customers, both as customary part of Merchant Services bundles and, for VAS, as add-ons for self-monitoring and white-labelling in an intuitive and simple user interface. The offering seeks to assure and provide confidence to merchants that partnering with Nets will, if not eliminate, keep payments-related fraud and risks to an absolute minimum. Technically, the service act as an aggregator of third-party applications with proprietary Nets builds and support that, in this combination, monitors and assigns scores to consumer and merchant transaction risk to mitigate adverse developments.

***Issuer & eSecurity Services***

*Overview*

Through its Issuer & eSecurity Services business unit Nets provides outsourced processing services to more than 250 issuers of payment cards, primarily banks, mainly across the Nordic and SEE, as well as complementary services including fraud and dispute solutions, and mobile wallet technology. In addition, Nets also provides its services to Ikano Bank in the United Kingdom. The business unit also includes the operation and processing services relating to the national debit card schemes in Denmark (Dankort) and Norway (BankAxept). Nets is also a provider of the e-Security and digitization services. Such services include delivery of e-Security solutions through MitID (a Danish eID solution to authenticate individuals' identity when communicating with the Government, banks as well as private companies, allowing for a seamless customer experience across multiple end-channels) and digitization services enabling customers to simplify workflows and processes supporting customers in their digital transformation.

Nets provides a complete end-to-end service and full life-cycle management of cards from both international and domestic card schemes across the entire payments value chain which allows Nets to capture significant value across the digital payments ecosystem and to take a holistic approach that enables it to provide integrated solutions that benefit from the full range of its capabilities. As a result, solutions are optimized for merchants, card issuers such as banks or financial institutions, as well as corporate entities and government agencies that require interlinked digital network and payments solution capabilities.

Nets' Issuer & eSecurity business unit generated €377.2 million, or 24.1%, of Nets' gross revenues for the year ended December 31, 2020. In 2020, Nets processed more than 6 billion transactions related to approximately 40 million of cards in its Issuer & eSecurity Services business unit.

Nets' product capabilities cover all stage of the customer journey and are enabled through a modular platform architecture. Nets' modular platform approach allows issuers to mix-and-match and seamlessly integrate services into their target operating environment. This approach enables issuers to create a digital customer journey across products and services. A single account structure allows issuers to create limitless sub-accounts tied to a master account. Issuers enable one account experience but 'mix-and-match' services across products such as Supplementary Card, Debit Card, Virtual Card, Loans and Instalment Plans. Moreover, issuers can easily test and assess solution designs via POT exercises and sandbox test environments which results in issuers being able to launch new products in a matter of months rather than years, significantly decreasing time investments and enhancing go-to-market capabilities.

Nets organizes its Issuer & eSecurity Services business unit across the five business lines described below.

*Account Management Services (AMS)*

Account Management Services provides issuers with the capabilities to transform their customer journey across multiple channels and payment methods. The Account Management Services platform combines a suite of capabilities and services that have been integrated in an end-to-end solution to create a seamless, personalized, secure and flexible payment experience for issuers as well as their respective customers.

Account Management Services provide issuers with an end-to-end solution for managing customer, corporate card issuance and account management services across cards and financing products offered by issuers. The platform flexibility provides issuers with the optionality of selecting services that deliver a differentiated and unique customer experience (CX) and a rail-agnostic solution. The single account structure enables issuers to create limitless sub-accounts, tied to a master account – providing overarching control whilst at the same time providing a unique and differentiated CX. Issuers enable one account experience but ‘mix-and-match’ services across products, such as but not limited to, Supplementary Card, Debt Card, Virtual Card, Loans and Instalment Plans.

The platform’s flexibility, which allows for issuer configurability, modularity and suite of APIs enables Issuers to leverage a rich feature set, with E2E support of multiple schemes, currencies and card types, as described above.

*Core Payment Processing*

Nets’ Core Payment Processing capabilities enable the front-end processing of cards and alternative payment transactions. These services can be combined with either non-Nets CMS or fully integrated with Nets CMS, providing optionality and flexibility to issuers.

To this effect, the primary activities provided by Nets with regards to Core Payment Processing consist of real-time transaction handling, which includes (i) authorization and (ii) switching and routing, each on both the issuing and the acquiring side of a transaction to local and international card schemes and payment organizations.

Additionally, financial batch transactions, which consist of clearing messages, which Nets both manages and routes via gateways to card organizations is another core capability provided within Core Payment Processing.

*Risk Management Services (RMS)*

Nets Risk Management Services work in conjunction with issuers to provide secure and seamless digital customer journeys. This capability is made possible due to a comprehensive data suite, AI, as well as numerous additional digital tools that help issuers in optimizing the balance between conversion and fraud reductions, in a cost-efficient manner.

Within Risk Management Services, there are a variety of product and service capabilities provided to customers, which include but are not limited to:

- *3-D Secure / ACS*, which provides a frictionless user experience for the end customer, issuer insights as a result of the wealth of data elements and increased conversion via RBA and whitelisting. Additionally, and equally important to Nets’ issuer customers, it provides compliance with PSD2.

- *Real-time fraud monitoring and detection capabilities*, which offer real-time decision-making capabilities and are supported by AI and machine learning, which leads to continuous reduction in successful fraud attempts while simultaneously improving valid customer transaction turnover rates. This process and capability is made possible due to multiple robots that have been continuously trained over more than four years through deployment for both internal and customer process automation.

- *Prevention capabilities*, which provide a suite of tools including AI enabled SmartBlock, which delivers an intelligent and efficient process of dealing with compromised cards.

- *Dispute resolution capabilities*, which provide a suite of digital transformation tools and managed services that reduce both issuer cost as well as time required to manage disputes.

*Digitalization Services (Digital Enablement)*

Nets’ end-to-end digitalization capabilities assist banks and merchants in making the customer digital on-boarding process efficient by removing friction points across the process, thereby aiding conversion of prospects to customers in a time and cost efficient manner. Additionally, Nets’ digitalization capabilities allow for a seamless payment experience for the end-customer, thereby enabling banks and merchants to not only convert but also effectively retain customers.

The digitalization proposition consists of two key platforms, which are predominantly transaction priced, along with a base subscription:

- *ediEX*, natively integrated with Account Management Services, provides billing and recurring payment services. The platform is a merchant gateway that can be used via either APIs or through a self-service portal. The platform is connected to various bill payment methods and provides an overview of the bills that are sent to both customers and businesses. By leveraging customer data and a repository of data points, the platform is able to distribute bills to customers and business via channels through which they are most likely to pay on time – increasing payment receipt efficiency for customers of the platform.

- *Trust services capabilities*, which consist of authentication and digital signing services. The platform provides APIs that customers can seamlessly plug into their work-flows. Both the authentication and digital signing process is conducted through integrations with relevant digital identity schemes in Europe.

*eIdentity Infrastructure (Digital Enablement)*

Nets' Digital Enablement offering consists of:

- *NemID*, which is the official Danish eID infrastructure and is delivered to both the Danish government as well as banks. The solution enables enrolment of citizens according to international standards, safely stores digital identities and enables users to securely use digital identities. Currently, approximately 99% of the Danish population uses NemID to authenticate their identity when communicating with the government, and also uses NemID to communicate with banks and private companies, allowing for a seamless customer experience across multiple end-channels.

- *MitID platform*, which is being built on Nets' reference architecture and leverages previous knowledge from NemID. The platform is modular and flexible to the extent that it can be used by other Governments and banks to handle the identification and authentication process.

**Customers**

As of December 31, 2020, Nets provided its products and services at various levels of the payments value chain to over 100,000 customers across the EEA, Switzerland and the United Kingdom. Nets' largest, top-five and top-ten customers generated 4%, 18% and 26%, respectively, of Nets' net revenues for the year ended December 31, 2020, pro forma for the acquisition of Polskie ePlatnosci. Nets' contractual relationships with its top-ten and top-five customers in the Issuer & eSecurity business segment have an average historical tenure of five to six years, and six years, respectively. Nets' contractual relationships with its top-ten and top-five customers in the Merchant Services business unit have an average historical tenure of three years. No customer accounted for more than 4.3% of Nets' gross revenues for the year ended December 31, 2020. In the Merchant Services business unit, Nets serves merchants through a broad set of distribution channels, including partner bank relations, value-added resellers and web developers as well as through a direct sales force. In the Issuer & eSecurity Services business unit, Nets collaborates closely with card issuers, institutions and other partners to design user experience propositions throughout the digitized journey. In-house sales are conducted through the Nets' dedicated regional sales force.

Merchant Services products and services are distributed through a network composed of an in-house and partner sales force, allowing for significant depth, reach and penetration of key customer types. Partner sales are derived through strategic partnership agreements with banks, partnerships with merchant integrators and value-added services providers. Nets has created a broad network of partner web developers to facilitate easy and seamless integrations and support. Large e-commerce merchants have typically invested significantly in their own webshops and payment solutions, and they generally require tailored integrated solutions, which they develop in tandem with Nets. For the year ended December 31, 2020, the majority of Merchant Services' new sales were generated by Merchant Services customers who were sourced directly by Nets' in-house sales force and the minority of revenue was generated by customers who were sourced indirectly by partner sales.

Merchant Services' customers of Nets include major corporate customers, such as large supermarket chains, petrol station chains, hotel groups, and restaurant chains, small and medium enterprises , such as independent and small-chain retailers, as well as e-commerce customers, which include online-only retailers and service providers as well as LAKAs and SME customers with e-commerce and m-commerce needs. In addition, Nets also services Dankort, Denmark's domestic debit card scheme.

In the Issuer & eSecurity Services business unit, customers are primarily financial institutions. Customers of card processing services are primarily financial institutions acting in their capacity as issuing banks. Nets offers card processing through operation of card schemes such as Visa and MasterCard to a wide range of participants, as well as domestic card schemes such as Visa/Dankort, BankAxept and Dankort. The principal focus for card processing customers is security, operational stability and cost efficiency, with the ability to offer a full end-to-end service being an important feature as well. These considerations encourage financial institutions to seek card processors that can offer value-added services such as fraud prevention and CMS in addition to core transaction processing. Nets has set up senior key account directors and local account teams to perform extensive stakeholder management at all decision levels at customer banks. This provides the opportunity to discuss various strategic themes at an executive level, leading to the prospect of bundling of services across the digital payments ecosystem. The term for typical contracts is between three and five years, and Nets has been focusing on customer retention initiatives to ensure customer retention and contract renewal. Contracts are entered into on a non-exclusive basis.

**Suppliers**

Nets believes that it is not dependent on any single source supplier for any material part of its business, except that its business is dependent on its continued membership in the leading card schemes provided by Visa and MasterCard. Nets has a long-standing partnership with these card scheme providers which it expects to continue. Nets has multiple active vendors providing goods and services, with technology and IT vendors representing a large proportion of the total number of vendors. Nets' technology vendors range from well-known names to niche development and consultancy providers and provide networks, hosting, disaster recovery and application development services, as well as hardware and software to support Nets' payment processing capabilities and its IT infrastructure. Among Nets' material suppliers are IBM and Ingenico. Nets uses IBM for the operation of platforms, including operation of Nets' mainframe. Nets has used IBM for outsourcing since 2007. Ingenico is Nets' primary supplier of the POS terminals that Nets offers to its merchant customers.

Additional key suppliers of Nets include (i) Larsen Toubro InfoTech, TCS and Endava for the development and maintenance of applications, both onsite, nearshore and offshore, (ii) suppliers of and IT-related operating services, including Firstdata and CGI, (iii) software suppliers including Oracle and Microsoft, (iv) suppliers of printing and postage services (mainly in Denmark and Norway) and (v) suppliers of certain outsourced services related to facility management and telecommunication services. For a description of Nets' contractual relationships with some of these suppliers, see "—*Material Contracts—Agreements with ICT Providers.*"

**Sustainability**

Nets strongly supports and commits to the pursuance of ethical values in the operations of its business. In 2018 Nets became a signatory under the UN global compact, and consequently implemented a comprehensive corporate social security framework (The "Nets CSR Framework"). By adhering to the

UN global compact, Nets committed to making the UN global compact and its principles in the areas of human rights, labor, environment and anticorruption an integral part of its strategy, culture and day-to-day operations. To this extent, Nets also committed to report on a yearly basis on its progress towards the implementation of such principles. Nets' solutions are aimed at expanding the adoption of digitalizing processes, thereby reducing the environmental footprint of payments. While Nets works relentlessly to earn and renew the trust of its stakeholders, it also focuses on developing its business solutions in a responsible manner.

The Nets CSR Framework includes a comprehensive CSR policy and eight additional policies, all embedding the principles of the UN global compact. Each policy is tailored for addressing individual targets, and identifies dedicated policy managers tasked with policy activation and implementation activities.

***Energy and other resources***

Nets' business depends on data warehouses that can contribute to high energy consumption if not monitored and managed accurately. As part of the Nets CSR Framework, Nets supports a preventative approach to environmental challenges, and sets targets for reducing inefficiencies in operations as well as cooperating practices to include partners and suppliers in both the development and deployment of environmentally friendly solutions across the payments value chain. In particular, Nets' environmental policy includes clear commitments to reduce energy consumption. Overall, in 2020 Nets achieved healthy progress for all monitored parameters pertaining to these areas.

Furthermore, with a view at further minimizing its environmental footprint, Nets moved the majority of its employees to new headquarters in 2019. Renovation works pertaining to these headquarters were conducted in compliance with circular economy principles, thereby reusing and restoring materials already present at the site, while at the same time ensuring a sustainable outcome. As a result, the new Nets headquarters have been completed with minimum waste of resources. In addition, strict measures were implemented to ensure that the subsequent management of the building complies with environmentally green practices.

***Greenhouse Gas Emissions***

To minimize its impact on the environment, Nets also seeks to reduce GHG emissions that are generated by its operations. Nets' efforts in this regard turn on its employees transportation, as Nets' operations emit few GHG by themselves.

Nets encourages all its employees to adopt sustainable behaviors and habits, especially in terms of mobility. For example, to minimize emissions of its employees use of cars, Nets has partnered among others with the motorist association FMD in implementing a car-pooling app. This app is specifically aimed at offering Nets' employees new options for getting to and from work, thus reducing overall congestion, pollution and travel time.

**Innovation**

Nets believes that innovation has always been key to its competitiveness and success. Nets' proprietary technology platform is a fundamental component of its business model. Key features of the platform are its integration into financial infrastructure and customer systems, its reach into merchants' physical and digital sales channels, and capabilities across the payment ecosystem as well as adjacent services and processes needed to securely operate nationwide critical key infrastructure.

Nets depends on the security, stability and scalability of its technology services, as well as the cost leadership of its technology group. Nets' stability is of critical importance to its customers, and it works to maintain its systems proactively, and to prevent, identify and resolve any stability incidents, which it has done by implementing software and hardware solutions, including logging and monitoring, as well resolution procedures based on industry best-practice. Nets' proprietary technology includes card payment services, which are based on software code developed for or by Nets to be operated on its platforms. Nets is the sole owner of the intellectual property related to such software, although the infrastructure is mostly based on common technology that is primarily supplied by Nets' vendors, including IBM. For example, Nets relies on vendors, such as IBM, to provide mainframe and midrange infrastructure which are used, inter alia, in connection with certain card payment services.

Nets' technology systems are built on a number of platforms across countries and business segments, but are integrated for purposes of operations and management. Nets has set up data centers, servers and other computing equipment, and invested in each component of the platform. All data centers have backup infrastructure for resiliency and disaster recovery. Nets' cost leadership initiatives are based upon establishing an efficient sourcing model, including the use of offshore and nearshore technology locations where appropriate for product development. The breadth in sourcing capabilities drives cost efficiency, access to additional talent and faster time to market.

Maintenance and development of all of Nets' technology platforms is done through a mix of internal and external resources. Nets' vendors are subject to audits by Nets, and by external independent auditors, as to their compliance with their contractual obligations, which include data security provisions.

Nets provides information security to its customers by implementing various information security tools, complemented by regular audits and assessments, such as annual audits by or on behalf of Visa and MasterCard, third-party audit examination, periodic risk assessments supported by threat intelligence, periodic penetration tests and vulnerability analysis. To the extent that these audits and assessments identify any issues or non-compliance, Nets has procedures in place and works with the applicable external parties to ensure timely resolution of such issues or non-compliance.

Nets' security team consists of a variety of cyber-security and fraud management experts with diverse backgrounds, including former domestic and international law enforcement, military, financial services, security technology, and cyber threat analysis experts. The team's primary function is to protect its core operations. However, Nets also leverages their talent and expertise to advise customers on security-related matters, and share relevant information with anti-fraud groups across the financial services industry and with law enforcement entities around the world. During the course of 2020, Nets notified 21 potential violations to competent law enforcement authorities, without being issued any sanction in this respect.

Nets believes that its dedication to innovation will enable it to maintain its competitiveness.

## Material Contracts

In connection with its business activities, Nets entered into a large number of customer, license, supplier, service and infrastructure agreements. The below list contains certain selected material agreements, as well as the description of certain standard terms and conditions that are generally applied by Nets in the agreements entered into with certain counterparties. The agreements listed below are segmented with reference to different types of contracts.

### *Merchant Services business line*

*Customer agreements*

- *Large and key accounts (i.e., LAKA) Agreements*: in relation to the vast majority of LAKA customer relationships Nets typically negotiates framework agreements containing provisions that vary between customers, but that often include three-year terms with the ability to terminate on three or six months' notice. Some of these agreements also refer to specific provisions of Nets' standard terms and conditions, specifically tailored for certain business categories (e.g., cruise lines, hotels and card hires), or addressing specific payment methods (such as app payments, recurring payments, or contactless payments).

- *Small and Medium-Sized Enterprises Agreements*: in relation to SME customers, Nets operates with standard prices and agreements, which are tailored by channel and segments. Generally, these contracts are open-ended and can be terminated with six months' notice. Standard terms and conditions applicable to these contracts also provide that Nets shall not be involved by the merchant in any claims from cardholders relating to the product/service being paid, and that changes to fees may be notified by Nets by means of a thirty-day prior notice.

- *e-commerce*: the *e-commerce* sub-segment relies on cross-selling to existing and new LAKAs and SME customers, further to the addition of new online-only retailers and service providers. In order to offer these services (which include, among others, online payments acceptance, bank account to bank account fund transfers, buy now & pay later payment services, and VAS to customers), Nets generally enters into cooperation agreements with selected distribution partners.

***Issuer & eSecurity Services***

*Card processing*

Customers of card processing services are primarily financial institutions acting in their capacity as issuing banks. The term for typical contracts is between three and five years, and the contractual commitments are entered on a non-exclusive basis.

*Dankort*

Through its subsidiary Nets Denmark A/S (which owns the Dankort scheme), Nets has entered into several issuing license agreements, allowing Danish banks to issue cards operating on the Dankort scheme. These agreements have an open-ended duration, until terminated by either party. In addition to the abovementioned license agreements, Nets has also entered into certain services agreements with banks that have been licensed to operate on Dankort, whereby Nets has agreed to act as issuing service provider and provide processing services.

Nets has also entered into an agreement with the Danish Chamber of Commerce, setting out principles for preserving the Dankort card as a commonly available and up-to-date payment card in Denmark, which are in force indefinitely, unless terminated. As part of their ongoing relationship, Nets and the Danish Chamber of Commerce successfully presented a joint proposal aiming to replace the regulated merchant services charge price model applicable to the Dankort POS with a new model, characterized by increased flexibility. Such new model was introduced by the Danish regulator in July 2020.

*eID Agreements*

Nets and the Danish Agency for Digitization (*Digitaliseringsstyrelsen*) entered into several agreements regarding the development and supply of digital identities, and the approval of OCES-certificates. OCES-certificates are used as a security standard approved by the Danish Data Protection Agency, in order to ensure that transactions and the use of digital signatures are securely executed. eID services allow merchants and financial institutions to identify their customers online, verifying and ensuring their identity. As part of its Issuer & eSecurity Services, Nets offers digital identities for the Nordic region (e.g. MitID, due to replace NemID with regard to the Danish market), and has entered into specific cooperation agreements with technological providers and other partners.

***Agreements with Card Scheme Operators***

In order to operate its business, Nets requires licenses by Europe's largest payment networks. In this regard, Nets has entered into license agreements with major card schemes such as Visa, MasterCard, UP, JCB, American Express and Diners/Discover. Pursuant to the agreements with Visa, MasterCard and JCB, each of Visa, MasterCard and JCB may require Nets to provide notice of a change of control, as defined under each of these agreements, allowing them to terminate the relevant scheme agreements if a change of control occurs.

***Agreements with ICT Providers***

Summarized below are agreements pertaining to the supply of, among others, application development and application management services (ADAM), IT outsourcing services and POS terminals by key providers.

*Larsen Toubro InfoTech and Endava Agreements*

On December 19, 2018, and 21 December 2018, Larsen Toubro InfoTech ("LTI") and Endava (as suppliers) and Nets (as customer) entered into separate master services agreement, both regulating the provision of certain ADAM services by LTI and Endava related to the development and maintenance of Nets' operating applications. The services are provided by LTI and Endava based on individual service orders submitted by Nets. Both master services agreements, with an original expiration date of December 19, 2021 and 21 December 20121, respectively, may be renewed for an additional two-year period subject to Nets notifying LTI or Endava, as the case may be, of its intention to renew the agreement at least ninety days prior to the relevant expiration date. Nets may moreover withdraw from both master services agreements, or from the provision of a specific service thereunder, by providing a six-month prior notice.

*IBM Agreements*

The relationship between Nets and IBM dates to 2007, when the two parties entered into a technology and operations agreement, subsequently amended and replaced by the current master services agreement, entered into on March 31, 2017. Pursuant to the master services agreement, IBM agreed to provide certain IT-related services, including the operation and maintenance of Nets' mainframe, midrange, electronic storage, networking capacity and related software. In addition, the provision of further ancillary services is governed by separate agreements. The master services agreement expires on March 31, 2022, but Nets is entitled to renew it for additional six-month periods (up to a total of twenty-four months), by providing a ninety-day notice prior to the applicable expiration date. In addition, Nets may terminate the master services agreement at convenience, by providing a six-month prior notice.

*Firstdata Agreements*

On December 20, 2012, Concardis (currently owned by Nets) and First Data first entered into a framework agreement, subsequently amended and supplemented by means of a supplementary agreement entered into on August 26, 2019, which extended the framework agreement's duration until December 31, 2023, updated the prices applicable for the services provided by Firstdata, and carved-out certain services previously provided (e.g., services pertaining to paper-based transactions). The framework agreement governs the supply by Firstdata of technical processing and outsourcing services concerning the acquiring and processing of debit and credit card transactions. The framework agreement is tacitly renewable for recurring one-year periods following its expiration date, provided that either party may cause the agreement to expire without being renewed by serving a two-year prior notice in advance of the applicable expiration date.

*Ingenico Agreement*

On January 1, 2020, Nets and Ingenico entered into a purchase and distribution agreement governing the non-exclusive supply by Ingenico of POS terminals, software, and related accessory services (including training and support) to Nets. The agreement expires on January 1, 2024, and provides for a renewal for an additional year if both parties agree in writing at least six months prior to the scheduled expiration date.

## Employees

### *Overview*

Nets' culture and reputation as a leader in the industry enables it to recruit and retain some of the best available talent. Nets aims to offer its employees equal opportunities for promoting their careers, regardless of nationality, ethnicity, disability, age, gender, sexual orientation, religion or belief. As of December 31, 2020, Nets had a total of 4,130 full-time equivalent employees, excluding temporary workers. Nets' total number of employees included 6 top managers, approximately 550 managers and 3,574 white collar employees.

### *Training and Benefits*

Nets believes that continuous professional development is key for its success, as it ensures employee competence in a highly dynamic environment. In 2019, Nets launched several personal growth and training initiatives including a digital learning platform, and an up-to-date corporate training curriculum.

Nets provides its employees with generous benefits, including additional pension contribution.

### *Unionization*

Nets believes that its relations with unions are good. Nets continuously engages in dialogue with union representatives on work-related concerns and on the prevention of any possible form of discrimination, enabling efficient monitoring of internal practices and procedures. Nets considers its relations with employees to be satisfactory and have not had any significant labor issues during the past three years.

### *Pensions*

Nets has entered into defined benefit plans and defined contribution plans with its employees. As of December 31, 2020, the net amount set aside under Nets' pension obligations under its employees' contracts of employment amounted to €6.1 million.

## Intellectual Property

### *Brands*

Nets operates a broad business portfolio and uses a number of recognizable brands across its business units, which include, among others, the Nets and the Concardis brands. Nets expects to register additional brands and trademarks in the future.

### *Trademarks, Domains and Patents*

As of the date of this information release, Nets holds numerous trademark registrations in Denmark and Europe including Nets, Concardis, DotPay and others. Nets holds numerous internet domains relating to each of its brands and business units. Furthermore, Nets holds all internet domains that it believes are material to its businesses. Nets holds no patents that are material to its business.

### *Licenses*

Nets has obtained a license by, among others, the Danish Financial Supervisory Authority to operate as a payment institution, in order to offer Nets' financial services as part of its Merchant Services business line. In addition, certain Nets subsidiaries are also dependent on the licenses obtained from competent supervisory authorities in Germany (Concardis), Finland and Poland. In addition, Nets entered into license agreements with major card schemes such as Visa, MasterCard, JCB and others. These underlying license agreements with the card schemes include a change of control clause and can be terminated at any time, subject to notice periods of between three and twelve months. See "*—Material Contracts—Agreements with Card Scheme Operators.*"

**Property, Plant and Equipment**

As of the date of this information release Nets does not own any real estate assets it considers to be material.

**Insurance**

As part of its insurance program, Nets maintains property damage, cyber, transportation, general & product liability, professional indemnity and crime insurance policies. Nets is not currently involved in any material claims under any of its insurances.

For the benefit of its directors and officers, Nets entered into global directors and officers (the "Nets D&O") insurance policies to cover its present, former and future directors and officers, general managers, authorized officers and senior staff. The Nets D&O insurance policies cover financial losses resulting from liability of its directors and officers. Nets believes that the limitations of the Nets D&O policies coverage are in line with industry practice.

**Legal Proceedings**

From time to time, Nets becomes involved in legal proceedings in the ordinary course of its business. When Nets becomes involved in a legal proceeding, Nets assessed potential liabilities that may arise and allocates provisions on the basis of prudential criteria. As of December 31, 2020, Nets did not set aside any provision for pending or threatened disputes. The outcome of legal and tax proceedings can be extremely difficult to predict and Nets offers no assurances in this regard.

***Ongoing Disputes***

Ongoing disputes as of the date of the information release are set forth below.

*Danish Antitrust Authority proceedings*

In 2016, the Danish Antitrust Authority ("DAA") opened an investigation on Nets (formerly known as Teller A/S) with particular regard to the terms of multiple agreements entered into with Danish customers. Following the investigation, the DAA found that certain of these agreements contained illegal exclusivity clauses. Nets challenged the DAA's findings before the competent Danish first instance court, and was unsuccessful. Subsequently, Nets appealed the first instance court's decision (the "First DAA Proceeding"). The First DAA Proceeding is pending as of the date of the information release.

Furthermore, Nets challenged before the competent Danish first instance court separate decisions by the DAA issued in 2012 whereby certain fees charged by Nets to Dankort for online payment transactions have been found excessive (the "Second DAA Proceeding"). Nets was unsuccessful in first instance, and subsequently appealed. On February 17, 2021, the competent Danish court of appeals rejected Nets' appeal. As of the date of this information release, Nets has appealed the decision before the Danish Supreme Court.

It is also possible that third parties could bring an action for damages against Nets in respect of any loss attributable to the conduct respectively challenged in the First DAA Proceeding and the Second DAA Proceeding. In particular, as of the date of this information release, one customer brought an action claiming approximately €0.5 million in damages in connection with the First DAA Proceeding, while two other entities brought actions claiming approximately €5.2 million in combined damages, plus interests, in connection with the Second DAA Proceeding. These additional proceedings are all currently stayed, pending conclusion of the First DAA Proceeding and the Second DAA Proceeding.

*Payment Consultants S.à.r.l. litigation*

On December 28, 2020, Payment Consultants S.à.r.l. filed a claim against Concardis (currently owned by Nets) before the Regional Frankfurt court, requesting approximately €12.0 million in damages as compensation for the allegedly invalid termination of a cooperation agreement between the two parties. Concardis terminated this agreement in 2020 due to a key indirect shareholder of Payment Consultants facing arrest and bank fraud charges in the United States. The proceeding is pending as of the date of this information release.

# SIA'S BUSINESS

## SIA's History

SIA was founded in 1977 as a joint undertaking by a pool of Italian banks, the Bank of Italy and the Italian Banking Association to develop the Italian National Interbank Network, the Italian national interbank payment network. Since its foundation, SIA gradually expanded its service offering, both organically and through a series of strategic acquisitions. Set forth below are the key events and acquisitions that have contributed to SIA's position as the European leader in the market for payment technologies and infrastructure services:

- In 1983, SIA launched Bancomat and PagoBancomat, the first Italian national ATM and debit card circuit.
- In the 1990s SIA played a major role in the automation of the markets of the Italian Stock Exchange (*Borsa Italiana*) and in launching MTS (*Mercato Telematico dei Titoli di Stato*), the Italian wholesale government bond market platform, and MID (*Mercato Interbancario dei Depositi*), the Italian interbank deposit market. In the same decade, SIA invested in the shift from magnetic payment cards to microchip cards and launched the major microchip product offerings in the Italian market, FASTpay, e-Wallet and Microcircuit.
- In the 2000s, SIA began its expansion into Europe and started to develop technologically-advanced services in connection with the euro and the Eurozone. SIA began servicing membership with international EMV circuits and standards and also developed the EBA STEP2 platform for retail payments in euros as well as innovative processing solutions for the issuing and acquiring businesses. In addition, SIA started to provide post-trading services to Monte Titoli, the main Italian clearing house.
- Between 2010 and 2014, SIA continued its expansion into key networking infrastructure and started offering access to the T2S platform and developed its SIAnet financial Ring system for access to trading venues. SIA also started providing central banks and CSDs with collateral management services. In 2013, SIA was among the two companies selected to deliver 4CBNet, a European high-speed core backbone network for TARGET2 and TARGET-2 Securities ensuring continuity of information dataflow between Deutsche Bundesbank, Banca d'Italia, Banque de France and Banco de España. SIA also started the development of Jiffy, a solution for real-time peer-to-peer payments.
- Between 2015 and 2019, SIA continued to leverage its networking technologies and its European and international expansion. In cooperation with EBA Clearing, SIA developed and deployed a pan-European instant payments infrastructure. SIA continued to invest in the development of key technologies including a data center with an Active/Active architecture allowing for high-availability applications, solutions for extreme contingencies, *SIAchain*, the first private blockchain/distributed ledger infrastructure with a pan-European geographical distribution of its architecture, the development of a system for access to ESMIG, the Eurosystem single market infrastructure gateway, by national financial institutions. SIA also obtained a Target Instant Payments Settlement certification, developed a POS enabled to accept payments with BANCOMAT Pay, Apple Pay, Samsung Pay, Alipay and WeChat Pay, and deployed a new interbank payments system for the Central Bank of New Zealand.
- In 2019, SIA further expanded its geographical reach by acquiring SIA Greece and SIA Slovakia, positioning itself as a leader in some of the most dynamic and fastest growing regions in Europe in the electronic payments sector.
- In 2020, SIA announced its intention to merger with Nexi, thus contributing to the creation of a major European player in the market for digital payment technologies and infrastructure services.

**SIA's Services**

SIA is one of the major European players in the design, deployment and management of payment technology and infrastructure services, and provides its services to over 850 financial institutions. SIA has three business units:

- *Card & Merchant Solutions*, through which SIA provides payment acceptance- and issuing-related services, for domestic (e.g. Pagobancomat) and international (e.g. Visa, MasterCard, Alipay etc.) schemes. SIA's services in the sector encompass processing and value-added services that allow for payments through traditional (e.g. card-based) and digital (ApplePay, SamsungPay, etc.) payment services, together with a wide range of additional services dedicated to physical commerce and e-commerce.
- *Digital Payment Solutions*, through which SIA engages in activities related to account-to-account payments, from services related to the acceptance and processing solutions for retail and corporate payments for banks and financial institutions (e.g., SEPA, instant payment, and domestic payments) to services related to clearing (provided by EBA Clearing) and settlement systems for central banks (e.g. real-time-gross settlement (RTGS) systems, automated clearing houses etc.). This unit also includes digital banking services, corporate remote banking, PSD2 and open banking platforms and specialized collection tools for the public sector.
- *Capital Market & Network Solutions*, through which SIA provides network services and access to Eurosystem (ESMIG), innovative blockchain-based solutions, as well as services and solutions dedicated to the operation of the capital markets

The table below shows SIA's revenues from sales and services by business unit for the periods indicated.

| | Year ended December 31, | | Change | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 vs. 2019 | % |
| | (in € million, except for %) | | | |
| Card & Merchant Solutions | 511.9 | 490.5 | 21.4 | 4.4% |
| Digital Payment Solutions | 155.3 | 150.8 | 4.5 | 3.0% |
| Capital Market & Network Solutions | 91.4 | 92.0 | (0.6) | (0.7)% |
| **Total revenues from sales and services** | **758.6** | **733.2** | **25.4** | **3.5%** |

Set forth below is a more detailed description of SIA's principal business activities.

***Card & Merchant Solutions***

*Overview*

Through its Card & Merchant Solutions business unit, SIA offers services related to the issuing and management of payment cards, as well as merchant acquiring services for both Italian and international payment circuits, and services for managing payments. Through this business unit, SIA also manages ATM terminals for its financial institution customers. SIA manages platforms that enable the transmission of card acceptance confirmations in near-real-time. SIA also offers the support of a specialized team to provide support in relation to payment transactions, fraud and potential disputed transactions. SIA also offers an interbank toll-free number dedicated to blocking cards.

SIA's Card & Merchant Solutions business unit generated €511.9 million, or 67.5%, of SIA's revenues from sales and services for the year ended December 31, 2020.

SIA organizes its Card & Merchant Solutions business unit across the two business lines described below.

*Issuing side of the card payment sector*

This business line, encompasses services offered in the issuing side of the digital payments sector, includes card management, fraud prevention and management, value-added and customer support services;

As part of the card management business line, SIA provides platforms and other services supporting card issuers in issuing all types of payment cards: credit cards, debit cards, prepaid cards, gift cards, combo cards (i.e., debit and credit), corporate cards, co-branded and private label cards. SIA's offer is based on an end-to-end business model, addressing card customization, authorizations and transaction management, PIN management and scheme settlement.

The fraud prevention and management business line offers advanced and efficient services based on the SIA's card management platform complemented by the Falcon product of Fair Isaac Corporation. Services being offered include Smart Agent (a digital platform allowing users to communicate quickly and effectively with their customers), 3D Secure (a method of authenticating transactions where *cardholder not present* (CNP), *chip* and *PIN* technologies cannot be employed), and MyControl (an innovative form of fraud prevention based on card present and non-present permissions, geoblocking and velocity spending limits).

The main value-added services included in the Issuing business line include the loyalty service (allowing holders a cash bonus if the debit or credit cardholder makes a purchase using the discount promoted by a subscribing retailer) and the reporting and information analysis service (offering data to manage payment applications, along with predictive business analytics). These products are complemented by SMS alert communications services.

In addition, SIA offers for both the issuing and the acquiring sides of the digital payments sector, dedicated customer support services aimed at providing efficient back-office activities, enhanced by IT components, for the optimization of both merchant management and cardholder management tasks.

*Acquiring side of the card payment sector*

This business line, encompasses services offered on the acquiring side of the digital payments sector, and includes back and front end management, fraud prevention, value-added POS, virtual POS customer support, financial and digital wallet services.

The back-end management solutions are mainly dedicated to merchants, and include the SMAC service (enabling acquiring processing through a modular, multicurrency, multilingual system supporting the main payment schemes with PA DSS/PCI certification). Conversely, front-end management services are aimed at enabling acquirers to accept cards of major international payment card schemes on their terminals. The main solutions in this respect include the international network switch gateway services, terminal handling and ATM/POS management services.

Fraud prevention and claim management solutions in the acquiring business line are based on the RiskShield and DCM (Dispute and Chargeback Management Services) solutions. RiskShield, operated in partnership with Inform GmbH, is fully integrated with SIA's authorization and back-end solutions in the acquiring business line. DCMS complements the offer to issuers, by providing issuers a single interface tool to handle all types of exceptions, and supporting multiple circuits.

Value-added POS services include a *Retailer* portal permitting merchants to check and view the performed transactions, in addition to a *POS MultiPay* solution facilitating payment processes for business networks. A further recent innovation is SIA's *SmartPOS line*, which enhances the value-added services offer by leveraging on the Android operating system.

*VirtualPOS* solutions are streamlined through a virtual gateway, allowing to easily and securely accept and manage payments made on open networks with major payment cards and in accordance with applicable security standards. SIA has recently also updated the VirtualPOS service by introducing new payment methods such as Amazon Pay, Apple Pay, Google Pay, as well as integration with social tools including WeChat.

Financial services and digital wallet services include distributing the VISA/MasterCard license on the Italian market, as well as payment services in a single app, thereby allowing use on different appliances, such as private *Store Value Accounts* or digital payment cards.

***Digital Payment Solutions***

*Overview*

Through its Digital Payment Solutions business unit, SIA provides systems and services that allow for the execution of electronic payments (other than those involving cards) through bank channels (e.g., wire transfers and direct debits). This business unit includes SIA's activities aimed at supporting the digital transformation of payments, as well as core services for new financial operators, including those relating to: (i) electronic invoicing and storage; (ii) real-time/instant retail payments; (iii) payment collection; (iv) payment performance; and (v) treasury services for companies.

The main products and services offered by SIA in its Digital Payment Solutions business unit include (i) treasury services, which are services aimed at both corporate and public sector entities, offering centralization of cross-border treasury processes and connection with SWIFT, CBI and Poste Italiane circuits, (ii) digital payments solutions including *EasyWay*, a specialized payments hub for the payments sector, available 24/7 on all channels used by payment service providers in the SEPA area, (iii) services related to clearing access and clearing activities, including *SITRAD*, the Interbank System for Automatic Data Transmission relating to, among others, the management of collection transactions between banks, (iv) other clearing-related services including open banking platforms and modular services integrating different application layers that meet the compliance requirements of PSD2, (v) settlement services, services that provide for the settlement of pre-financed payments or credit transfers, with final and irrevocable settlement before a predetermined closing time, (vi) database management services, (vii) monitor and business intelligence services; and (viii) multichannel services, a service bundle including e-vouchers, gift cars, transport ticket payment/renewals (through the SIA Smart Mobility Suite) and services allowing payments to the public sector (e.g., the EasyPA solution allowing users to connect to PagoPA). SIA's Digital Payment Solutions business unit generated €155.3 million, or 20.5%, of SIA's revenues from sales and service for the year ended December 31, 2020.

SIA organizes its Digital Payment Solutions business unit across the business lines described below.

*Treasury Services*

In relation to corporate entities, treasury services include Multinetwork, a hub dedicated to centralize cross-border treasury processes by simplifying transactions with counterparty banks and reaches SWIFT, CBI and Poste Italiane circuits; and eDentity, a digital module allowing for e-signature of payment transactions in compliance with company policies. With regard to public sector entities, SIA's treasury services offer includes Electronic Order and Payment Approvals, a solution for the full replacement of paper-based payment orders, SIOPE+ (allowing digital monitoring of payment transactions) and the Public Sector Entity Solution (allowing a full integrated management of treasury information and flows).

*Digital Payments Solutions*

The digital payments solutions sub-segment includes Jiffy, an innovative application allowing real-time cash transfers between individuals via smartphone (since 2019 integrated on the Bancomat network), and MyBank. *MyBank* is a pan-European solution by EBA Clearing simplifying the offer of e-services by financial institutions, with particular attention to *e-commerce* payments by means of *SEPA Credit Transfer* and *SEPA Direct Debit*.

*Clearing Access and Related Technologies*

SIA's clearing access services are based on its own payment hub, *EasyWay*. *EasyWay* is made available 24/7 on all channels used by *Payment Service Providers* (PSP) and supports the new *EPC SCT Instant Credit Transfer* scheme, while being connected with the RT1 platform managed by EBA Clearing. An additional solution are (i) the HUB SDD service for SDD and SEDA, aimed at managing transactions and communications between both the borrower's bank and the creditor's bank; and (ii) the ABH service, whereby a PSP client, being already a member of the National Interbank Network (*Rete Nazionale Interbancaria - RNI*), may receive services provided in the RNI area and use SIA's centralized interbank operating procedures.

Clearing services are differentiated between those with and without a domestic focus. Within the domestic clearing area, SIA's main offer is the SITRAD, the Interbank System for Automatic Data Transmission (*Sistema Interbancario di Trasmissione Automatica dei Dati*), which it has managed since 1977. SITRAD mainly relates to the management of exchanges between banks of collection transactions not migrated to SEPA, and has been complemented with check truncation offers. Non-domestic clearing services are provided by EBA by means of SIA's technology, which allows access via a single interface to the *BICOMP-SEPA* and *EBA-STEP2* schemes, enabling the settlement of domestic operations and the settlement of cross-border operations in the *TARGET2* scheme via *EBA-STEP2*. Furthermore, SIA has also developed RT1, EBA Clearing's new digital platform for instant payments.

*Other Clearing-related services*

As part of its other clearing-related services, SIA offers: (a) an *Open Banking Platform* solution composed by a modular platform integrating different application layers that meet the compliance requirements of PSD2 as well as the development of new services; (b) multicurrency collections and payments services; (c) foreign payments procedures for businesses, able to be integrated with a customer's own information system; (d) reconciliation management services offering back office solutions for the management and reconciliation of correspondent bank accounts; and (e) payment institution services, including in particular the Easybox solution for new entrants on the market for payment systems.

*Settlement Services*

Settlement services include the *Perago RTGS* solution, a system for settlement of payments involving significant amounts being wired offering advanced multi-currency functionality with local and regional configurations. In addition, SIA also developed the *Xhub* system, allowing for supervision and control over business-related processes and operating performance at any time. Lastly, to satisfy the growing needs of emerging economies, *CSD* has been designed as an innovative platform offering accounting records system simple to use and compliant with the applicable requirements by *Central Security Depositories* (CSD).

*Database Management Services*

The databases managed by SIA are key for the Italian banking sector. In particular, SIA is entrusted with the Italian national *ABI-CAB-BIC* database, being the official archive of the Italian banking community for the provision of the *IBAN/BIC* derivation service to banks. In addition, SIA also manages the Central Interbank Warning System (*CAI - Centrale di Allarme Interbancaria*), a computerized archive of bank and postal cheques, aimed at increasing the reliability of the payment instruments through a centralized management and collection of information. Further services in this business line include (i) the request for automatic coding solution, which assigns, registers and discloses the codes relating to companies (*RAC-AZI*, *RAC-ALLIN*), ATM Bancomat (*RAC-ATM*) and

Pagobancomat merchants and points of sale (*RAC-POS*): and (ii) system master database managing services dedicated to the creation and dissemination of information for addressing interbank exchange transactions in the SITRAD context.

*Monitor and Business Intelligence Services*

The monitor and business intelligence business line primarily includes *EasyData*, permits the monitoring, reconciliation and analysis of all the vital business data generated by a business. *EasyData* can be transformed into an operational, control or business tool to suit the requirements and needs of the users (marketing, sales, operations, finance, etc.).

*Multichannel Services*

Multichannel services are divided into (i) digital contents; (ii) top-ups; (iii) utilities, giro slips and levies; (iv) services for the healthcare sector; (v) services for the transport sector. These include innovative solutions such as CBILL, a service enabling users, via one of the channels made available by their banks, to settle outstanding debts; EasyPA, which provides users a platform to connect to PagoPA, which is the payment system enabled to accept any form of electronic payment by individuals and businesses to public sector entities; and the *EMV Transit Payments* system, allowing passengers to use their contactless payment card as a travel ticket.

***Capital Market and Network Solutions***

*Overview*

Through its Capital Market and Network Solutions business unit, SIA provides two types of services: Capital Markets and Blockchain & Network Services. To provide this range of service, SIA offers products and services tailored to the needs of the capital markets payments processing value chain, including execution venue managers, market participants, post-negotiation securities settlement managers, and authorities. SIA delivers its services through (i) trading & post-trading platforms; (ii) collateral management services for central financial institutions (such as central banks); (iii) surveillance and market compliance products. In addition, SIA also provides blockchain, secure messaging and connection services.

The main services provided by SIA as part of its Capital Market and Network Solutions business unit are (i) capital markets services, a services bundle that includes bookbuilding infrastructure services, trading platforms, and post-trading modular solutions, (ii) connectivity services, services that include multi-venue connectivity infrastructure and trading infrastructure, while allowing access to the SWIFT IP network, (iii) secure messaging services, service that allow to connect via a single access interface (ESMIG) to the Eurosystem Market Infrastructures, to EBA's clearing platform for instant payments and to the National Interbank Network (RNI) and (iv) data transfer services, services that enable the access and exchange of large sets of data, and the simplification of user application integration activities. SIA's Capital Market & Network Solutions business unit generated €91.4 million, or 12.0%, of SIA's revenues from sales and services for the year ended December 31, 2020.

SIA organizes its Capital Markets & Network Solutions business unit across the two business lines described below.

*Capital Markets Services*

As part of the capital markets services business line, SIA's services are further divided into the (a) primary market; (b) trading; (c) post-trading; and (d) compliance and surveillance sections. Within the primary market section, SIA's main solution is the *SIABookBuilding* application, which offers a centralized bookbuilding system for financial instrument placement activities by an issuer on the equity market. With regard to trading, SIA's offer is based on the innovative TradeImpact platform (which is new generation fully scalable, modular and customizable solution to meet the relevant customer's needs), the established TODEAL access platform and the Public Offering Service (OPV), the latter allowing syndicate members to participate in public offers for the sale or exchange of shares and bonds. Post-trading services are centered around the *SIA-CMS* (Collateral Management System), a solution designed to manage assets used as collateral for the management of counterparty risks, the *Smart Integrator Advanced solution*, which supports loosely coupled service interaction and modular configuration, and the Instrument Liquidation Service, which enables access to the RNI minimizing at the same time the need for customers to make technological investments. The compliance and surveillance segment is based on the SIAEagle service bundle, which includes *SIA Eagle Intermediaries* (a compliance platform for financial intermediaries, fully modular and independent, that provides automatic monitoring systems) and *SIA EAGLE Surveillance* (a framework of trade surveillance functionalities and templates).

*Blockchain & Network Services*

The blockchain and network services are mainly centered around (i) blockchain; and (ii) network solutions. Blockchain products include *SIAchain*, a private infrastructure created by SIA to develop innovative blockchain applications based on Distributed Ledger Technology (DLT), in addition to several innovative projects and partnerships (e.g. the Spunta Bank Project, aimed at applying blockchain technology to interbank processes, and the partnerships with Quant Network, focused on researching the interoperability between blockchain technologies and services for banks and financial institutions). Network solutions mainly include *SIAnet Financial Ring*, a one-stop solution covering the value chain of the security exchange industry, *Co-location MTS and Eurex solution*, an ultra-low latency connection providing space for trading infrastructure, and the *SWIFT Connectivity Management (SCM)* service (which provides logical network access to the SWIFT IP network).

As part of the Blockchain & Network Services business line, SIA also provides secure messaging services. These are represented by the SIA-Colt connectivity solution, offered in partnership with Colt, and allowing for central and commercial banks, CSDs, clearing houses, custodians and other PSPs to connect via a single access interface (ESMIG) to the main Eurosystem Market Infrastructures (e.g., Target2, Target2 Securities, TIPS and ECMS). This solution is further enhanced by SIA's access services to the EBA Instant Payment platform, the EBA STEP2 platform, and the Italian RNI.

SIA's secure messaging services also include data transfer services. Data transfer services are offered by means of (i) the *messaging Services Suite*, a bundle offering full integration of the user's applications, thereby freeing them from the need to handle complex transfer processes (retry, status management, monitoring, etc.); (ii) *Big Data Transfer*, a secure messaging solution for the access and exchange of large sets of data; and (iii) the *ISV Program* (a comprehensive solution for the integration of SIA's products with those developed by independent software vendors (ISV). The ISV program is particularly tailored to the needs of the European financial community, facilitating multi-network solutions.

Furthermore, within the Blockchain & Network Services business line SIA manages SIAnet, a network composed by over 100 *SIAchain* nodes and an high speed, low-latency fiber network stretching over 209 thousand kilometers. SIA is the main European provider of services for EBA Clearing activities, facilitating through its technology a large portion of EBA's Clearing's activities on its STEP2 platform.

**Customers**

As of December 31, 2020, SIA provided its services to over 2,300 customers at various levels of the payments value chain in 51 countries. SIA's top-five and top-ten customers generated 44% and 58%, respectively, of SIA's revenues from sales and services for the year ended December 31, 2020. SIA's contractual relationships with its top-ten customers have an average historical tenure of between four to five years. For a description of the agreement's with SIA's key customers, see "*—Material Contracts*."

SIA's revenues are mainly generated by its Card & Merchant Solutions business unit, which accounted for 67.5% of its revenues from sales and services, and are generated by a limited amount of customers.

SIA divides its customer base into the following five main groups:

(i) *Central Institutions*: SIA serves central banks, clearing houses, bank associations, as well as deposit & loan institutions. Central institutions are being primarily provided by SIA's clearing, large database management, and compliance related services.

(ii) *Financial Institutions*: SIA's financial institutions customers include national and multinational banks, brokers/traders, and payment institutions, for which offers highly efficient technological services and solutions covering the entire extent of the payments value chain;

(iii) *Corporates*: SIA corporate customers include large telecommunication companies, retail chains, multi-utility companies, petrol companies, as well as local transport companies. Such customers require highly tailored skills for the development of complex projects requiring high degrees of performance and safety, to be applied both in relation to payment cards and platforms, as well as treasury processes,;

(iv) *Public Sector*: SIA's aim in relation to its public sector clients is to ensure efficiency in operations and improvements in the management of financial flows. A primary focus is therefore on document management and other multichannel services for the payment of levies; and

(v) *Capital Markets*: SIA's capital markets customers are mainly represented by supervisory authorities, trading venues, central security depositories associations and other operators on the financial markets. By leveraging its strong technological know-how in the design and management of customized solutions, SIA's focus is on providing high degrees of performance and reliability for these high-demanding customers.

**Suppliers**

SIA believes that it is not dependent on any single source supplier for any material part of its business, except that its business is dependent on its subsidiary SIApay's continued membership in the leading card schemes provided by Visa, MasterCard, JCB, UPI and Bancomat schemes. SIApay has a long-standing partnership with these card scheme providers which it expects to continue. SIA's main suppliers include IBM, which provides technological services including hardware leasing, software licensing, VTS, which provides outsourcing IT infrastructure services, mainly on mainframe plus, in addition to certain distributed servers, network and storage services, and Tim, which provides connectivity, data-center co-location and related maintenance services.

SIA has a strict procurement procedure in force which regulates the purchase of products and services. SIA's procurement policies are aimed at ensuring an effective and efficient supply process, by monitoring services and products being purchased, by ensuring constant compliance of suppliers with SIA's requirements, and by identifying the best price to quality ratio for each need. In addition, SIA prepares a procurement plan through which it defines purchasing strategies towards suppliers and the market. Since 2015, SIA also employs a procurement platform which allows it to manage the entire procurement process, from initial qualification to performance evaluation aspects.

**Sustainability**

SIA believes in generating shareholder value through an ethical and socially responsible business model. In 2015, SIA implemented a corporate and social responsibility policy (SIA's "CSR Policy") to codify its ethical values and its commitment to pursuing such values in the operations of its business. SIA's CSR Policy mandates the protection of the environment and of its resources, among other things.

In implementing its CSR Policy, SIA goes above and beyond the minimum requirements established by law and seeks to act in accordance to what it believes to be the right course of action.

SIA pursues cost-effective purchasing in compliance with ethical principles, which prohibit using suppliers that do not comply with the ethical principles followed by SIA and included in its code of ethics. This objective is achieved through group purchases and contracts, as well as through technical and economic evaluation metrics both on budgets and on existing cost expenses.

SIA believes in minimizing its environmental footprint. To do so, SIA deploys the best technologies available to protect the environment by minimizing its consumption of energy and other resources. In addition, it has initiated substantial initiatives, such as a sustainable mobility program, to reduce its greenhouse gas (GHG) emissions.

***Energy and other resources***

SIA's operates IT delivery platforms which, by their nature, require energy to operate. To reduce the amount of energy that it consumes, SIA aggressively and continuously upgrades its IT delivery platforms in order to reduce their energy consumption. As a result of its efforts, SIA's current-generation servers have drastically increased their energy efficiency levels compared to previous generations of products while at the same time continuing to deliver the same reliable and high-performance service for which SIA is known.

SIA also seeks to optimize the use of its hardware infrastructure by leveraging unused capacity. To do so, SIA has increased adoption and deployment of cloud-based solutions and virtualized and containerized software. In addition to requiring a lower energy consumption than their traditional counterparts, these technologies help maximizing the capacity usage of installed hardware infrastructure, thereby increasing the throughput of each of SIA's systems while reducing overall energy consumption.

SIA also optimizes energy and resources consumed by real estate that it operates. SIA's headquarters in Milan are equipped with a system consisting of 323 silicon photovoltaic solar panels, which produced over 72.5 kWh of clean electricity in 2020 and significantly contributing to reducing SIA's fuel consumption.

To further reduce the environmental impact of its business operations SIA has increasingly adopted green energy. SIA purchased 11,372 MWh of certified biomass in 2020 to power its electricity consumption needs its main Italian offices. Approximately half of SIA's energy consumption in 2020 comes from renewable energy.

***Greenhouse Gas Emissions***

To minimize its impact on the environment, SIA seeks to reduce GHG emissions that are generated by its operations. SIA's emission-reducing initiatives are various. SIA's efforts in this regard turn primarily on its employees transportation, as SIA's operations emit few GHG by themselves.

SIA encourages all its employees to adopt sustainable behaviors and habits, especially in terms of mobility. For example, to minimize emissions of its employees use of cars, SIA incentivizes increased use of public transportation by its employees and has entered into agreements with local transport providers in the Milan metropolitan area (i.e., ATM and Trenord) to facilitate the acquisition of bus and train tickets by its employees. Pursuant to these special agreements, a total of 250 and 84 travel passes have been issued by ATM and Trenord, respectively, to SIA employees in 2019. SIA subsidizes transportation passes through an annual payment to employees who purchase a public transport pass that lasts at least 5 months. In 2019, 410 passes were purchased by SIA employees pursuant to this scheme, for total contributions paid by SIA amounting to approximately €74,000. Charging stations are available for employee-owned electric cars in SIA's parking lots at SIA offices. These charging stations resulted in approximately 950 kWh in charges during 2019.

**Innovation**

SIA believes that innovation has always been key to its competitiveness and success. SIA continuously invests in innovation to increase its competitive capabilities and to fulfill the rapidly changing needs of its customers. SIA believes that continued innovation will be a driver for future growth. In 2020, SIA spent approximately €47.0 million on innovation. SIA's product & technology development team employs over 1,100 researchers. In addition to its own team, SIA cooperates with business and institutional partners on research projects.

SIA is involved in nine research projects, relating to AI, biometrics for invisible payments, big data, blockchain, business intelligence and open infrastructure, among others. Several of SIA's research projects result in technologies that are implemented in its products and services, thus contributing to the transformation and improvement of SIA's offer to customers. For example, SIA's EasyPA solution achieved remarkable success by allowing end users to join the PagoPA system and consequently to make electronic payments to Italian public sector entities easily and reliably, resulting in an overall simplification of the payment process relating to taxes, duties and fines and enabling individuals as well as businesses to access the PagoPA payment solution from a variety of channels and in full compliance with PSD2 standards. SIA's specialists are at the forefront of also other innovative products and projects including, among others, blockchain infrastructure, digital onboarding, digital asset custody, innovative network services, payment ecosystem enabler, and trading of credits on blockchain, among others. Since 2021, SIA is also involved both as an investor and as an industrial partner in a three-year fintech accelerator project, in cooperation with Casse Depositi e Prestiti Venture Capital SGR, Digital Magics, Startupbootcamp and Fintech District.

In addition, SIA maintains strong connections with leading universities and research centers across Europe, sponsoring numerous study and research initiatives. For example, as part of a project with the Polytechnic University of Milan, in 2019 SIA contributed to a study on key issues affecting digital innovation in businesses and in the public sector.

SIA believes that its dedication to innovation will enable it to maintain its competitiveness.

**Material Contracts**

***Agreements with Partner Banks***

*Agreement with UniCredit*

In 2016, SIA and UniCredit entered into a master services agreement, pursuant to which SIA agreed to provide certain card processing services and services relating to the management of POS and ATM terminals to UniCredit (the "UniCredit Master Service Agreement"). In February 2021, SIA and UniCredit entered into a revised master services agreement (the "UniCredit Master Service Agreement Extension"), pursuant to which the parties agreed to extend the duration of the UniCredit Master Service Agreement, which had an initial duration of ten years, to 2036 and renegotiated certain terms of the UniCredit Master Service Agreement. In order to strengthen its relationship with UniCredit, SIA made a payment of €48.2 million to UniCredit, to settle certain requests pertaining to events and circumstances relating to SIA's subsidiary P4cards in the period from 2016 to 2020. These circumstances (including, among others, a significant recorded increase in transaction volumes) have ultimately resulted in an alteration of the contractual balance as negotiated in the UniCredit Master Service Agreement.

*Agreement with MPS*

On March 8, 1993 SIA entered into a framework agreement with MPS governing the provision of card issuing and processing services, clearing services for domestic payment transactions, as well as ancillary network and support services. In addition, on January 23, 2017, SIA and MPS entered into an addendum agreement whereby SIA undertook to provide check-image truncation and related messaging services to MPS. While the framework agreement has an open-ended duration, most of the services it governs are provided on a yearly basis by SIA, and are subject to a yearly tacit renewal provision. Either party is allowed to partially withdraw from the provision of all or part of the services under the framework agreement, by notifying the intention to cease providing or accepting a certain service, as the case may be, with a six-month prior written notice.

*Agreements with Intesa Sanpaolo*

On July 1, 2019, SIA and Intesa Sanpaolo renewed a master framework agreement governing the provision of, among others, comprehensive services for the issuing and acquiring of cards connected to the PagoBancomat and Bancomat schemes, fast-bank services, as well as clearing services and payment processing services. In addition, SIA and Intesa Sanpaolo are also part to a separate agreement, entered on July 2, 2019, governing the provision of network access and messaging services, with particular regard to the RNI. The master framework agreement expires on December 31, 2023, and allows Intesa Sanpaolo to withdraw, starting from December 31, 2021, with regard to all or part of specific services being provided, by providing a forty-five day prior written notice. The master framework agreement is not tacitly renewable.

*Agreements with BNL*

On July 27, 2016, SIA and BNL renewed a framework agreement, subsequently amended on April 13, 2018, governing the provision of a wide range of payments-related services. In particular, SIA undertook to provide issuing and acquiring services for payment cards operating on domestic and international schemes, as well as clearing and network services, among others. In addition, on April 29, 2019, SIA and BNL entered into a further amendment, whereby the initial duration period of the framework agreement has been extended to December 31, 2021. BNL has also been granted an option to extend the framework agreement for an additional year, subject to SIA being notified by June 30, 2021. In addition, BNL is entitled to withdraw by providing a 30-day prior written notice, should certain events listed in the framework agreement, including a change of control of SIA, have occurred. In this regard, SIA has an obligation to notify BNL of those events within sixty days from their occurrence, only in the event in which SIA failed to comply with applicable anti-mafia declaration requirements.

*Agreement with Alphabank*

On December 11, 2015, SIA’s Greek subsidiary New SIA Greece S.A. (formerly known as First Data Hellas Processing Services and Holdings S.A.) entered into a service agreement with the Greek bank Alphabank. Effective January 1, 2016, the service agreement governs the provision by SIA to Alphabank and its affiliates of a bundle of services pertaining to, among others, ATM acquiring and processing, antifraud, merchant acquiring and processing, data warehouse, payment card issuing and processing, back office, contact center and print & mail services. Alphabank may also require the provision of additional services not initially included in the service agreement, in which case the parties shall enter into negotiations for executing an addendum agreement. The service agreement expires on December 31, 2022, and does not provide for tacit renewal. Alphabank is also entitled to terminate the service agreement at convenience by providing a twelve-month prior written notice, or also in the event of a change of control of SIA’s Greek subsidiary, by providing a three-month prior written notice, subject in this latter case, among others, to the entity acquiring control being a competitor of Alphabank.

### *Agreements with payments institutions*

*Agreement with Postepay*

In July 2019 SIA and Postepay renewed an agreement regulating the provision by SIA of processing services for cards issued by Postepay on domestic as well as international payment schemes, effective January 1, 2019. SIA also undertook to provide infrastructure services for Postepay's cards and management services for Postepay's card loyalty program. The agreement expires on December 31, 2021, and has no tacit renewal provision. Moreover, Postepay is entitled to withdraw from the agreement at any time, by providing a thirty-day prior written notice.

*Nexi Agreement*

On December 28, 2005, SIA (formerly known as *Società per i Servizi Bancari S.p.A.*) and Nexi Payments entered into an agreement, subsequently amended, regulating the provision of certain issuing and acquiring services. While Nexi plans on insourcing the services provided by SIA following completion of the SIA Merger, Nexi may be unable to complete the SIA Merger within the anticipated time frame, or at all. In that event, Nexi may still need to rely on SIA as a supplier under the abovementioned agreement. See "*Issuer's Business—Material Contracts—Agreements with ICT Providers*."

### *Agreements with Capital Markets customers*

*Agreement with Monte Titoli S.p.A.*

On December 18, 2017 SIA and Monte Titoli S.p.A. entered into an outsourcing agreement for the provision by SIA of facility management and application management systems, in addition to certain ancillary and accessory services. In the context of the outsourcing agreement, Monte Titoli retains the ownership of its proprietary software, which is required by SIA to provide the outsourced services. Furthermore, SIA granted Monte Titoli a license to use one of its application software, for the purposes set forth in the outsourcing agreement. The delivery, use and deposit of source codes under the outsourcing agreement is governed by a separate escrow agreement, entered into by Monte Titoli and SIA for the benefit of Monte Titoli. The outsourcing agreement expires on December 31, 2022, and is tacitly renewable for additional three-year periods, unless terminated by either party by a ninety-day prior written notice. In addition, Monte Titoli may terminate the provision of certain of the services contemplated under the outsourcing agreement by providing a ninety days prior written notice. In the event in which the outsourcing agreement terminates or expires, subject to a request by Monte Titoli, SIA shall continue to provide Monte Titoli with its services and cooperation until a new supplier has been contracted, in any case for a period not to exceed twelve months. Furthermore, Monte Titoli is entitled to terminate the outsourcing agreement in the event of a change of control affecting SIA, provided that the entity acquiring control is a competitor of a company belonging to the London Stock Exchange Group.

*Agreements with MTS S.p.A.*

In February 2016 SIA entered into a master service agreement with MTS S.p.A. governing the provision of services by SIA relating to trading of financial products. In addition, SIA and MTS have entered into a separate letter of intent governing the transfer of intellectual property rights. The master service agreement expires on December 31, 2021. MTS may withdraw at any time by providing a one-hundred-eighty day prior written notice to SIA. In addition, SIA agreed not to compete with MTS for the entire duration of the agreement and for an additional period of one year following its expiration, with particular regard to activities comparable to the ones ordinarily carried out by MTS. MTS is entitled to terminate the master service agreement in the event of a change of control of SIA, provided that the entity acquiring control is a competitor of MTS, or in the event in which SIA acquires control over a competitor of MTS.

*EBA Clearing Agreements*

During 2013, SIA and EBA Clearing entered into a processing services agreement, as subsequently amended, governing the provision of payment processing services, as well as hardware management and hosting services. The processing services agreement is open-ended, and either party is entitled to withdraw by providing a thirty-six months written notice prior to the end of a calendar year quarter. In addition, EBA Clearing may terminate the agreement with specific regard to certain included services, by providing a six months prior written notice. EBA Clearing may also terminate the agreement by providing a eighteen-month prior notice, in the event of a change of control of SIA, provided that the entity acquiring control is either a competitor of EBA Clearing, or a bank or other financial institution within the meaning of EU Directive 2009/100/EC.

Furthermore, on August 2016 SIA and EBA Clearing entered into a joint development agreement relating to EBA Clearing's instant payment platform. In particular, SIA agreed to develop, test and deliver the hardware, software and infrastructure required to enable the operability of the abovementioned instant payment solution, as well as to provide certain additional value-added services to enhance the features and functionalities of the platform. As part of this joint development agreement, the software being developed may be deployed in extra-European countries subject to EBA Clearing and SIA agreeing on the relevant conditions.

***Agreements with ICT & Telecommunications Providers***

*IBM Agreements*

On December 28, 2005, SIA and IBM renewed their contractual relationship based on a services agreement entered in 2004, by entering into an addendum, subsequently amended, governing the provision of certain technological services by IBM, in compliance with specific quality standards. In addition, SIA and IBM also entered into a mainframe and equipment lease agreement. Pursuant to these contractual arrangements, IBM agreed to provide SIA with hardware leasing services, as well as software installation, licensing and maintenance services. The agreements expire on December 31, 2024. SIA is entitled to withdraw at the end of each calendar year by providing a ninety-day prior written notice to IBM, and by paying a termination fee.

*VTS Agreement*

On March 31, 2017, SIA's subsidiary P4cards and VTS entered into a services agreement governing the provision of technological services and hardware by VTS including, among others, cross functional services for interface set-up and execution, data center planning, support and maintenance services, and services relating to server and network management. This services agreement expires on March 31, 2023. At least one year prior to its expiration date, either party can start a contractually regulated negotiation phase aimed at renewing the services agreement, and if negotiations are not successfully completed, the services agreement's duration will be automatically extended by additional six months. In addition, P4Cards may withdraw from the agreement by providing a nine-month prior written notice, and by paying a termination fee.

*TIM Agreement*

On May 23, 2019 SIA and TIM entered into a master services agreement governing the provision by TIM of connectivity, data-center co-location and related maintenance services. The master services agreement expires on December 31, 2022. SIA is entitled to withdraw by providing a sixty-day prior written notice or, in relation only to certain specific services, a thirty-day prior written notice.

## Employees

### *Overview*

SIA's employees are a crucial resource for SIA's success. SIA believes that in diversity lies strength and that all its employees should be given an equal opportunity to succeed regardless of employees' politics, trade union membership, religion, race, language, gender, age and family status. As of December 31, 2020, SIA had a total of 3,610 full-time equivalent employees, excluding temporary workers. SIA's total number of employees included 42 top managers, 1,062 middle managers and 2,556 white collar employees. As of December 31, 2020, 106 of SIA's employees belong to protected categories.

### *Training and Benefits*

In order to provide all of its employees with the means to succeed at SIA, SIA provides training and support. In 2020, SIA invested €0.9 million in training and provided over 73,000 hours of employee-training. 341 of SIA's 3,551 employees worked remotely on a permanent basis during 2019, which increased to approximately 90% of SIA's staff during the COVID-19 pandemic, with a daily average of 370 employees working at SIA's offices in 2020. SIA won a gold medal for excellence in learning for excellence in staff training.

SIA provides its employees with generous benefits, including 6% of an employee's salary in additional pension contributions, health coverage extended to the employee's family, disability contributions, contributions for an employee's children's education and flexible working hours.

### *Unionization*

SIA's employees are subject to the following Italian national collective bargaining agreement (*Contratto Collettivo Nazionale del Lavoro or CCNL*): (i) the "*CCNL*" for employees of credit companies (*Contratto Collettivo Nazionale di Lavoro per le Imprese Creditizie*); (ii) the "*CCNL*" for managers of credit companies (*Contratto Collettivo Nazionale di Lavoro per i Dirigenti delle Imprese Creditizie*), applicable to our top managers; (iii) the "*CCNL*" for employees of commercial companies (*Contratto Collettivo Nazionale di Lavoro del Commercio*); and (iv) additional collective bargaining agreements that govern working hours, bonus payments, contributions to pension funds and other benefits.

### *Pensions*

Italian law provides that, upon termination of employment, Italian employees are entitled to severance pay (*trattamento fine rapporto*) based on their annual salary, the duration of their employment and the rate of inflation. SIA makes pension contributions on behalf of our employees as required by applicable Italian law. Other than increases in contributions required by law, SIA does not expect significant pension liabilities going forward. As of December 31, 2020, the amount set aside under SIA's severance indemnities and other benefits under its employees' contracts of employment amounted to €26.9 million.

SIA has no central works council, as its employees are represented by works councils at the relevant company level. SIA considers its relations with employees, works councils and unions to be characterized by cooperation, and has not had any significant labor issues during the past three years.

## Intellectual Property

### *Brands*

SIA operates a broad business portfolio and uses a number of recognizable brands. SIA's main brand is the SIA brand that it uses to market its services across all its business units. In addition, SIA uses the

*SIAchain* trademark in its Capital Market and Network Solutions business unit. In its Digital Payment Solutions business unit SIA also uses the Fastpay, P4cards, SIA Easyway and Jiffy trademarks. SIA expects to register additional brands and trademarks in the future.

***Trademarks, Domains and Patents***

As of the date of this information release, SIA holds numerous trademark registrations in Italy and elsewhere including the European Union and the WIPO international register, among others. SIA holds numerous internet domains relating to each of its brands and business units. SIA holds all internet domains that it believes are material to its business. SIA holds the following patents that are material to its business: Italian patent no. IT201700012583A1, Italian patent no. IT201700094765A1 and US patent no. US2015134458A1.

***Licenses***

As a payment systems service provider, SIA is subject to oversight by the Bank of Italy and to periodical reporting obligations. In addition, SIAPay has obtained an authorization by the Bank of Italy to operate as a payment institution, in order to offer the financial services that it offers as part of its Card & Merchant Solutions business unit. SIAPay also depends on the licenses it has obtained to join certain payment circuits (such as Visa, MasterCard, Bancomat and JCB) as a principal member, while SIA supplies SIAPay with technological infrastructure services. See "*—Material Contracts—Agreements with Card Scheme Operators.*"

**Property, Plant and Equipment**

As of the date of this information release, SIA does not own any real estate asset it considers material for its business.

**Insurance**

As part of its insurance program, SIA maintains liability and property/business interruption insurance policies, professional liability, third-party liability and ICT related insurance policies. SIA is not currently involved in any material claims under any of its insurances.

For the benefit of its directors and officers, SIA entered into global directors and officers (the "SIA D&O") insurance policies to cover its present, former and future directors and officers, general managers, authorized officers and senior staff. The SIA D&O insurance policies cover financial losses resulting from liability of its directors and officers. SIA believes that the limitations of the SIA D&O policies coverage are in line with industry practice.

**Legal Proceedings**

From time to time, SIA becomes involved in legal proceedings in the ordinary course of its business. When SIA becomes involved in a legal proceeding, SIA assessed potential liabilities that may arise and allocates provisions on the basis of prudential criteria. As of December 31, 2020, SIA set aside total provisions for risks of €54.6 million (including €48.2 million paid to UniCredit in 2021 in relation to certain claims received by UniCredit related to certain services provided by SIA's subsidiary P4cards in favor of UniCredit during the period 2016-2020; see also "*—Material Contracts—Agreements with Partner Banks—Agreements with UniCredit*"). The outcome of legal and tax proceedings can be extremely difficult to predict and SIA offers no assurances in this regard.

***Ongoing Disputes***

Ongoing disputes as of the date of the information release are set forth below.

*Lanit Arbitration*

In 2015, SIA began supplying software development services for a new payments system for the Central Bank of Russia (the "RCB"). Due to local regulatory requirements, SIA partnered with Lanit Jsc ("Lanit"), a Russian company. Lanit acted as systems integrator for this project. As a results of design issues, the RCB terminated its agreement with Lanit, which resulted in the termination of Lanit's partnership agreement with SIA. Lanit entered into a settlement agreement with the RCB, whereby Lanit agreed to pay the RCB approximately $8.7 million. Lanit then requested that SIA pay past certain alleged outstanding invoices and damages, claiming that the design issues that led to termination by the RCB were attributable to SIA. SIA rejects all claims, and suspended all outstanding payments to Lanit. On December 28, 2020, Lanit filed a formal request for arbitration at the Stockholm Arbitration Chamber, claiming total damages of $28 million. The arbitration proceeding is ongoing as of the date of the information release.

*VAT litigations*

As of the date of the information release, SIA is involved in three disputes with Italian tax authorities related to VAT refunds and unpaid corporate income and business taxes related to the period between 2012 and 2016 in an amount of €27.9 million. The proceedings are pending as of the date of this information release.

# DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

## The Issuer's Settlement Obligations

As of December 31, 2020, after giving effect to the Transactions, we had €1,053.9 million of settlement obligations and pass-through fee payments. A description of our funding requirements arising from such settlement obligations is set forth below.

### *Funding Requirements*

Our business revolves around the settlement of card payments and the provision of short-term funding to both cardholders and merchants. In the context of card payments, funds are routed from the cardholder's account bank via the card scheme's network to the merchant's account bank or, in case of "on us transactions", i.e., transactions where we act both as issuers and acquirers, by us directly to the merchant's account bank, with payment processors such as Nexi acting as pure intermediaries in the funds flow. See "*Risk Factors—Risks Related to the Combined Group's Business and Industry—Nexi and Nets' business require funding to manage settlement needs*."

In our licensing business, we have direct relationships with cardholders and merchants:

- *Issuing licensing:* when acting for a charge cardholder in its issuing licensing business, we settle the payable owed by the cardholder to the card schemes one day after the card purchase is made but receive payment from the cardholder only on a monthly basis when the balance shown in the cardholder's account statement becomes due. As a result, we provide funding to our customers for between 15 and 45 days in average, because the first day in each billing period is the first day of a given month, whereas the outstanding balance for that period covers the entire month and generally only becomes due on the 15th day of the next subsequent month. Our partner banks provide collection guarantees in respect of the receivables outstanding from those cardholders who fall into remit. In the year ended December 31, 2020, our monthly balance of accounts receivable outstanding from charge cardholders averaged approximately €1,600 million and peaked at approximately €3,100 million. We also provide funding to holders of revolving credit cards, who can elect to pay their outstanding balance in instalments or roll it over from month to month. The underlying contracts of revolving credit cards provide that partner banks fund the full amount of the outstanding balance on a monthly basis by way of an overdraft facility made available to us, regardless of the proportion of the balance that the credit cardholder decides to roll over. When we receive payment on receivables outstanding from credit cardholders, we use such funds to reduce the outstanding balance under the relevant partner bank's overdraft facility. Because the number of our managed credit cards has historically been substantially smaller than the number of our managed charge cards, during the year ended December 31, 2020, the monthly average balance of accounts receivable outstanding from partner banks in relation to credit cards was only €190 million, with peaks reaching up to €241 million.

- *Acquiring direct/referral/licensing:* when acting for a merchant customer under our acquiring direct/referral/licensing business, we settle the payable owed by the card scheme to the merchant one business day after the card purchase is made, thereby acquiring the merchant's corresponding receivable against the card scheme which is settled only on the next subsequent business day. Pursuant to the clearing and authentication process the card scheme will only authorize the attempted card purchase if sufficient funds are available. As a result, we have virtual certainty that our back-to-back receivable against the card scheme will be settled on the next business day, without incurring any material credit risk. However, due to the one-business day funding gap, we incur a negative settlement balance. In the year ended December 31, 2020, our daily negative settlement balance from these activities averaged approximately €162 million and peaked at approximately €449 million.

In our servicing business, we service the issuing and acquiring needs of our partner banks but have no direct relationship with cardholders or merchants:

- *Issuing servicing:* when acting for a partner bank in its issuing servicing business, we settle the payable owed by such partner bank's cardholder to the card schemes one business day after the card purchase is made and receive payment from our partner bank on the next subsequent business day. As a result, we have a back-to-back receivable against the partner bank during the period between settling the payable and receiving payment from the partner bank. Due to the one-business day funding gap, we incur a negative settlement balance from these activities.

- *Acquiring servicing:* when acting for a partner bank in its acquiring servicing business, we settle the payable owed by the card scheme to the partner bank's merchant one business day after the card purchase is made, but receive payment from the card scheme only on the next subsequent business day. As a result, we have a back-to-back receivable against the card scheme during the period between settling the payable and receiving payment from the card scheme. Due to the one-business day funding gap, we incur a negative settlement balance from these activities.

Our daily negative settlement balance from servicing activities in the year ended December 31, 2020, averaged approximately €92 million and peaked at approximately €263 million. Such balance is directly managed by Depobank (now merged into BFF) under the Credit Mandate and is not recorded in our balance sheet.

Licensing agreements generate higher settlement requirements than servicing agreements, whose funding requirements are directly covered by Depobank, pursuant to the terms of the Credit Mandate. As far as our issuing licensing activity is concerned, which accounts for the large majority of our settlement obligations generated by the licensing agreements, the underlying agreements with our partner banks provide that the funding costs generated by the settlement lines dedicated to the issuing licensing activity are passed through to them.

***Funding Sources***

We continually review our funding sources to ensure we manage our funding requirements in the most efficient manner for our customers. Set forth below is a description of our funding sources for the card issuing and merchant acquiring settlement. We manage funding exposure associated with revolving credit cards through drawings on our partner banks' overdraft facilities. Our funding exposure in connection with cards issued under the licensing scheme is managed mainly through the use of two revolving credit lines and a bridge facility under the Factoring Agreement and the Factorit Agreement, the material terms of which are described below, as well as through bilateral bank credit lines. With respect to merchant acquiring settlement exposure, we fund acquiring licensing activities directly, drawing on bank lines or overdrafts sourced from other banks. With respect to our issuing and acquiring servicing activities, Depobank acts as settlement bank on the partner banks' behalf pursuant to the Credit Mandate described below without funding us. In addition, Mercury Payment utilizes capacity available under the Mercury Funding Facility, which is also described below.

Finally, the Revolving Credit Facility is also available to finance or refinance our settlement obligations and/or for general corporate purposes. See also "—*2024 Facilities Agreement*."

***Credit Risk***

Based on our historical data, we believe that our issuing and acquiring business involves only an immaterial amount of credit risk. In the issuing licensing business, under our agreements with partner banks, such partner banks assume the credit risk of their cardholders. As a result, we have recourse in our issuing licensing business both against the cardholder (whose deposits are generally covered by deposit insurance in case of bank failure, up to a cap of €100,000) and the relevant partner bank in case we fail to collect payment on a receivable. The agreements further provide that our partner bank is obliged to notify us of a payment default of its cardholder customer, which is when we would normally stop funding receivables of such cardholder. The partner bank's guarantee only ceases to be effective five days after our receipt of their notification. In our issuing servicing business, we have recourse to the issuing partner bank only. In our acquiring business, each transaction is only cleared and executed when the card scheme has irrevocably confirmed that it can be executed, which means that all settlement participants (including the card scheme, card issuer and merchant acquirer) have approved and guaranteed execution. As a result, we have virtual certainty that we will collect payment on the next following business day. See "*Risk Factors— Risks Related to the Combined Group's Business and Industry——Nexi is subject to potential credit risk from its customers, as well as short term credit risk from its partner banks, and if a significant number of cardholders, merchants or partner banks were to fail to satisfy their obligations on time, Nexi could experience material losses.*"

***Factoring Agreement***

On June 26, 2018, Nexi Payments and UniCredit Factoring S.p.A. ("UniCredit Factoring") entered into a factoring agreement, as subsequently amended on July 4, 2018, August 3, 2018, May 27, 2019, July 15, 2020, and October 2, 2020, (the "Factoring Agreement") governing the terms of the transfer by Nexi Payments ("Transferor") to UniCredit Factoring (the "Factor"), on an ongoing basis, of its present and future accounts receivable: (i) deriving from the use of charge cards (i.e., cards that require cardholders to pay off their balance on a monthly basis) issued by the Transferor and inclusive of the service fee applied by Nexi (and, therefore, excluding revolving credit cards, which allow the cardholder to pay the balance in instalments) (the "Nexi Credit Cards"); (ii) owed to the Transferor by cardholders of the Nexi Credit Cards (the "Debtors") who are also customers of the partner banks distributing the Nexi Credit Cards where the accounts underlying such cards were opened; and (iii) backed by the undertaking of the partner banks arising out of the agreements in force with Nexi Payments concerning the Nexi Credit Cards, which can be traced back to the predefined contractual schemes included in the Factoring Agreement (the "Bank's Framework Agreement"), concerning the amounts resulting from the monthly records prepared and issued by such partner banks (hereinafter the "Receivables").

Effective March 1, 2021, the Factoring Agreement is no longer applied to the transfer of Receivables deriving from Debtors that are customers of Banca Popolare di Sondrio S.p.A., as these transfers are governed by the Factorit Agreement (as described below).

Receivables with one or more of the following characteristics are expressly excluded from the Factoring Agreement: (i) whose risk of insolvency of the Debtors is not guaranteed by the relevant partner banks pursuant to the Bank's Framework Agreement; (ii) which are subject to repayment postponements arising from the use of both balance and revolving credit cards or in respect of which cardholders are allowed to pay the balance in instalments; (iii) which refer to a Bank's Framework Agreement that has become ineffective and/or is substantially different from the relevant scheme included in the Factoring Agreement (where such difference may have a detrimental effect on the Guarantee (as defined below)); (iv) arising from the use of Nexi credit cards not settled through the SDDs or for which Nexi has recalled the SDDs; (v) arising from the use of cards issued by the Transferor for which customers have requested repayment or revocation of the SDD; and (vi) relating to Debtors' credit positions.

The relationship between the Transferor and the partner banks in relation to the Receivables are governed by the Bank's Framework Agreement, which includes an undertaking by the partner banks to guarantee the insolvency risk of its customer's Debtors (the "Guarantee") whose benefit is assigned to the Factor.

To enable the transfer of the Receivables, the Factor has made available to the Transferor the following credit lines for the duration of the Factoring Agreement and for a total amount of outstanding factored receivables not exceeding €3,200,000,000 (together the "Credit Facilities"):

(a) a non-recourse, revolving credit line for up to €2,900,000,000 intended for non-recourse (i.e., pro-soluto) final purchase of Receivables with a maximum duration of three months falling within the pro-soluto limit (i.e., the maximum amount granted to each partner bank (other than those with a recourse limit) which applies to non-recourse factoring (the "Non-Recourse Credit Facility")). These Receivables are transferred on a daily basis (at the same time as they come into existence) and purchased by the Factor up to the agreed ceiling for: (i) the Non-Recourse Credit Facility; and (ii) the recourse ceiling granted to each partner bank concerned, with the Factor undertaking the risk of Debtor insolvency and bearing the loss if the Debtor does not pay the amount of the related Receivables;

(b) a recourse, revolving credit line for up to €300,000,000 intended for the advance with recourse of Receivables with a maximum duration of three months up to the recourse ceiling (i.e., the maximum amount granted to each partner bank (other than those with a non-recourse ceiling) which applies to recourse factoring (the "Recourse Credit Facility")). These Receivables are thus on a daily basis (at the same time as they come into existence) and purchased by the Factor up to the agreed limit: (i) the Recourse Credit Facility; and (ii) the recourse ceiling provided for each partner bank concerned. The advances paid by the Factor to the Transferor to allow the transfer of the Receivables included in the recourse ceiling is thus made within the thresholds available under (i) the Recourse Credit Facility and (ii) the ceiling granted to each partner bank with the Factor being excluded from the risk of insolvency of the assigned Debtors and relating to failures by them to pay the amount of the related Receivables; and

(c) a bridge facility of €70,000,000, aimed at obtaining financing through an advance on Receivables that have come into existence and are transferred on the same business day on which the Recourse Credit Facility is provided (or, as the case may be, on the following non-business day as identified in the Factoring Agreement). Such Receivables are identified by the Transferor to the Factor, on the business day following their transfer, through a notice providing the relevant data on an aggregate basis (the "Bridge Facility"). The draw-down period of the Bridge Facility is normally one working day and, in any case, may not exceed seven calendar days.

With respect to the non-recourse ceiling granted to each partner bank referred to in paragraph (a) above, the Factor has the right to revoke the credit lines in the following cases:

(a) a partner bank does not comply with the capital requirements provided for by law, regulations or guidelines of the relevant regulatory bodies concerning (a) the minimum CET1 ratio requirement or (b) the total capital ratio;

(b) the 20% risk weight does not apply in the calculation of the risk-weighted assets in respect of the relevant partner bank; or

(c) in the event of the partner bank's insolvency (without prejudice to the validity and effectiveness of any transfer of the Receivables already effected, even if not yet collected).

In the event of revocation under paragraphs (a) and (b) above, the Factor shall be required to grant a Recourse Credit Facility in the same amount following the revocation of the Non-Recourse Credit Facility.

The Transferor may, for no more than four times a year, request an increase of the non-recourse ceiling with reference to one or more partner banks. The Transferor may also request a maximum of additional ten increases of the non-recourse ceiling per single bank every year.

If the Factor refuses to accept the request to raise the non-recourse ceiling submitted by the Transferor, the Transferor will be released from its obligation to transfer additional Receivables owed to the Debtors of the partner bank having a ceiling in relation to which the request to increase the ceiling has been rejected (the "Additional Receivables without Recourse") and shall have the right to transfer the Additional Receivables without Recourse to other parties.

With regard to the recourse ceiling granted to each partner bank under paragraph (b) above, the Factor is entitled to revoke such plafond if the partner bank is insolvent and, concurrently, the Transferor is released from the obligation to transfer other Receivables relating to that partner bank (without prejudice to the validity and effectiveness of the transfer in relation to the Receivables already assigned, even if not collected). The Transferor has also the right and for no more than four times a year, to request an increase of the recourse ceiling with reference to one or more partner banks. The Transferor may also request a maximum of additional ten increases of the recourse ceiling per single bank every year. If the Factor refuses to accept the request to increase the recourse ceiling submitted by the Transferor, the Transferor will be released from the obligation to transfer additional receivables owed to the Debtors of the partner bank granted with a recourse ceiling in relation to which the request to increase the plafond has been rejected (the "Additional Receivables with Recourse") and will have the right to assign the Additional Receivables with Recourse to other parties.

The Transferor, in exchange for the provision of the Credit Facilities by the Factor, transfers to the Factor on an ongoing basis from the date of the first transfer (i.e., July 1, 2018) all the Receivables due from the Debtors. The Factor purchases the Receivables undertaking to pay, as the case may be: (i) the transfer price, for the Receivables included in the non-recourse ceiling; or (ii) the advances for the Receivables within the non-recourse ceiling. Payments made by the Debtors through the partner banks relating to the Receivables are collected by the Transferor on a pledged account and subsequently transferred, on a daily basis, to the Factor.

In line with market practice, the Factoring Agreement provides for the issuance by Nexi Payments of customary representations and warranties to the Factor. In addition, the Factoring Agreement contains a cross default clause under which Nexi Payments has undertaken not to breach any provision contained in any financing agreement other than the Factoring Agreement which may result in the request for a payment (in advance of the original due date) in excess of €100,000,000.

The Factoring Agreement will expire on June 30, 2023. The Factor has undertaken to negotiate in good faith the agreement's renewal upon the Transferor's request at least twelve months prior to its expiration. Should Nexi Payments receive, at least two years after the signing of the Factoring Agreement, offers from other parties for the structuring of a factoring transaction involving the provisions of credit lines having similar characteristics to the Credit Facilities, the Transferor has agreed, on equal terms, to prefer the Factor (so-called "right to match").

Nexi Payments may terminate the Factoring Agreement at any time, without justification or cause, by giving at least five working days' notice to the Factor and paying the Factor a variable penalty to be calculated according to the date of exercise of the right of withdrawal (the "Penalty Fee"). In addition to the above, Nexi Payments may withdraw in the following cases: (i) if, as a result of the change in the 20% risk weighting for the purposes of calculating risk-weighted assets (RWA), the Factor revokes, in respect of one or more partner banks, the non-recourse ceiling; and (ii) if, for whatever reason, the portion of the advances with recourse is equal or exceeds the portion of the Receivables acquired within the non-recourse ceiling (to be calculated gross of the deleted receivables, i.e., credits excluded from the transfer since directly financed by the partner banks (the "Deleted Receivables")). In the event of withdrawal under (i) and (ii) above, Nexi Payments must pay the Factor a one-off all-inclusive amount, regardless of the date of exercise of the right of withdrawal and will not be compelled to pay the Penalty Fee. In any case, Nexi Payments will be entitled to withdraw from the Factoring Agreement at any time and without any penalty or charge in the event of a breach by the Factor of its confidentiality obligations under the Factoring Agreement.

Deleted Receivables and Additional Receivables without and with Recourse (where existing) result in a corresponding reduction in the Credit Facilities by an amount corresponding to the non-recourse ceiling or the recourse ceiling granted to the partner bank concerned by the aforesaid deletion/exclusions. This reduction does not entail charges to be borne by Nexi Payments where it does not exceed the total amount of €800 million. If, as a result of exceeding the above threshold, the weighted average of the probability of default of a partner bank (whose Receivables are still being transferred under the Factoring Agreement) worsens, the Factor may request an increase (up to a maximum of 20 bps) in the spread applicable to the non-recourse ceiling. If Nexi Payments and the Factor do not reach an agreement on the new financial terms within 45 days from the first day of trading, Nexi Payments may withdraw by paying a one-off all-inclusive amount and will not be compelled to pay the Penalty Fee.

The Factor has the right to terminate the Factoring Agreement in the event that the Transferor, among others: (i) is no longer registered with the register of electronic currency institute or does not comply with the capital requirements required by the regulations; (ii) defaults on a payment under the Factoring Agreement and such failure is not remedied within 15 days; (iii) does not transmit the information flows in accordance with the contractual provisions; (iv) does not fulfill one of the contractual obligations set forth in the Factoring Agreement and such failure is not remedied within 15 days; (v) is subject to monitoring or emergency, or executive or precautionary measures in an amount exceeding €50,000,000; (vi) receives a judicial conviction in an amount exceeding €25,000,000 or a judicial or legal mortgage is registered on assets owned by the Transferor; (vii) is subject to an insolvency procedure, including voluntary ones; (viii) receives notices of assessment, tax files and/or registration for the payment of taxes, unless the payment of the related debt is discharged within 30 days or documents are provided within the same period proving (a) that the claim is groundless, or (b) that the amount has been paid in instalments. Finally, the Factor may terminate the Factoring Agreement in the event that the board of directors of the Transferor is dismissed, in whole or in part, as a result of a measure of the administrative judicial authority, or a measure is issued by the administrative judicial authority that prevents the latter from carrying out its activity or limits its performance.

***Factorit Agreement***

On February 23, 2021, Nexi Payments and Factorit S.p.A. ("Factorit") entered into a factoring agreement (the "Factorit Agreement") governing the terms of the transfer by Nexi Payments to Factorit, on an ongoing basis, of Nexi Payment's present and future accounts receivable with the following characteristics: (i) deriving from the use of charge cards (i.e., cards that require cardholders to pay off their balance on a monthly basis) issued by Nexi Payments on behalf of Banca Popolare di Sondrio S.p.A. ("BPS") and inclusive of the service fee applied by Nexi (and, therefore, excluding revolving credit cards, which allow the cardholder to pay the balance in instalments) (the "BPS Credit Cards"); (ii) owed to Nexi Payments by cardholders of the covered BPS Credit Cards (the "BPS Debtors") who are also customers of partner banks other than BPS, which is however the bank where the accounts underlying such cards are opened; and (iii) backed by the undertaking of BPS arising out of the agreements in force with Nexi Payments concerning the BPS Credit Cards, which can be traced back to the agreement included in the Factorit Agreement (the "BPS Framework Agreement") (hereinafter the "BPS Receivables").

The BPS Framework Agreement includes an undertaking by BPS to guarantee the insolvency risk of its customer's Debtors (the "BPS Guarantee"), whose benefit Nexi Payments assigned to Factorit. In turn, to enable the transfer of the BPS Receivables, Factorit has made available to Nexi Payments, for the entire duration of the Factorit Agreement, a revolving credit line for up €350,000,000, intended for the non-recourse (i.e., pro-soluto) final purchase of BPS Receivables (the "Factorit Credit Facility").

Nexi Payments may, for no more than four times a year, request an increase of the Factorit Credit Facility ceiling. If Factorit refuses to accept the request to raise the ceiling, Nexi Payments shall be entitled to terminate the Factorit Agreement effective the first day of the month immediately following the date on which Factorit received the relevant termination notice.

Nexi Payments agreed to transfer to Factorit on an ongoing basis all the BPS Receivables due from the BPS Debtors, up to a total aggregate amount equal to the Factorit Credit Facility. Factorit purchases the BPS Receivables undertaking to pay the relevant transfer price. Payments made by the BPS Debtors are collected by Nexi Payments on an account opened with Banca Popolare di Sondrio where collections are automatically transferred to Factorit, on a daily basis. Each payment received from a BPS Debtor and transferred to Factorit determines an equal decrease in the amounts drawn under the Factorit Credit Facility.

The Factorit Agreement also provides for the issuance by Nexi Payments of customary representations and warranties.

The Factorit Agreement has a duration of three years, expiring on the third anniversary of its effective date. Factorit has undertaken to negotiate in good faith the agreement's renewal upon Nexi Payment's request at least twelve months prior to the Factorit Agreement's expiration.

Nexi Payments may withdraw from the Factorit Agreement without charges at any time following six months from its effective date, without justification or cause, by giving at least one-hundred-eighty days' notice to Factorit for the first year of duration of the Factorit Agreement, and thirty-days' should withdrawal occur later.

Factorit has the right to terminate the Factorit Agreement in the event that Nexi Payments, among others: (i) is no longer registered with the register of electronic currency institute or does not comply with the capital requirements required by the regulations; (ii) defaults on a payment under the Factorit Agreement and such failure is not remedied within 15 days; (iii) does not transmit the information flows in accordance with the contractual provisions; (iv) does not fulfill one of the contractual obligations set forth in the Factoring Agreement and such failure is not remedied within 15 days; or (v) is subject to an insolvency procedure, including voluntary ones.

Finally, Factorit may terminate the Factorit Agreement should the BPS Framework Agreement be terminated or should a potential amendment to either the BPS Guarantee or the BPS Framework Agreement be carried out, which Factorit reasonably believes may significantly affect the BPS Guarantee or prevent Factorit from purchasing, in whole or in part, the BPS Receivables on a non-recourse (i.e., pro-soluto) basis pursuant to applicable laws.

The effectiveness of the Factorit Agreement is subject to the prior installation and successful testing of the IT infrastructure enabling information flows between Factorit and Nexi Payments.

***Credit Mandate***

Nexi Payments provides some of its partner banks with the support needed in order to meet their issuing and acquiring exposures, respectively, to international circuits (mainly Visa and MasterCard) and affiliated merchants. These activities, including the settlement, are carried out by Nexi Payments on behalf of and/or in the interest of the partner banks in accordance with the servicing and/or processing agreements agreed. In particular, the management of the above issuing and acquiring activities causes a mismatch between (i) the cash flow settlement operations carried out by Nexi Payments, on behalf and/or in the interest of the partner banks, with the international circuits and with the affiliated merchants (settlement activities) and (ii) the reimbursement, by the partner banks, of the amounts advanced by Nexi Payments in the context of the cash flow settlement.

In order to provide these services, on June 29, 2018, Nexi Payments has granted Depobank (now merged into BFF) a credit mandate pursuant to Article 1958 et seq. of the Italian Civil Code, as subsequently amended on January 14, 2020 (the "Credit Mandate"), pursuant to which, Depobank undertakes to make daily advances on behalf of or in the interest of its partner banks, as requested from time to time by Nexi Payments, up to a maximum daily amount of €450,000,000.

As a result of the granting of the Credit Mandate, pursuant to Article 1958, first paragraph, of the Italian Civil Code, Nexi Payments guarantees Depobank full and timely fulfilment of all and each of the payment obligations of the partner banks, which will arise for the latter from the advances made in their favor by Depobank and in an amount equal to the amounts from time to time advanced and in any case up to a maximum amount of €450,000,000 (the "Guarantee").

Following the failure of any of the partner banks to reimburse in full: (i) amounts overdue by at least ten working days; or (ii) amounts overdue in excess of €25,000,000, Depobank has the right to enforce the bank guarantee, up to the amounts outstanding, by written notice to Nexi Payments, following receipt of which Nexi Payments must pay Depobank the amount requested within five working days, without prejudice to Nexi Payments' right to contest the validity of the request. Following Nexi Payments' fulfilment of the Guarantee, it assumes Depobank's rights as creditor of the partner banks whose fulfilment triggered the Guarantee.

The Credit Mandate shall expire on June 30, 2022, with tacit renewal for recurring one-year periods, unless either party communicates in writing its intention to withdraw within six months of the expiry of this period.

If the Credit Mandate is revoked by Nexi Payments, the latter should hold Depobank harmless and indemnified against all costs, expenses, damages or liabilities arising from such revocation. Each party may terminate the Credit Mandate, following six months' written notice, where: (i) the execution of the Credit Mandate becomes impossible and/or excessively burdensome as a result of recommendations issued by the relevant regulator; (ii) the parties do not reach an agreement on the new fee (as indicated below) to be applied to the portfolio of new client banks; and (iii) the parties do not reach an agreement on the portfolio of new partner banks, on the maximum amount, or on the subject of the Credit Mandate. The Credit Mandate provides for a yearly flat fee in favor of Depobank. The amount paid in the financial year ended December 31, 2020 under the Credit Mandate amounted to €1.2 million on a pro forma basis.

In May 2020, Nexi Payments has entered into a term sheet with BFF to amend certain terms of the Credit Mandate, including the amendment of certain economic terms and the extension of the duration of the Credit Mandate. See also "*Risk Factors— Risks Related to the Combined Group's Business and Industry—Nexi and Nets' business require funding to manage settlement needs*."

***Bilateral Credit Facilities***

We have entered into a number of bilateral credit facilities with an aggregate available amount of €1,310.0 million as of the date of this information release, in place at Nexi Payments, which are utilized to cover acquiring activities, receivables from issuing activity not covered by the Factoring Agreement, the Factorit Agreement, or by revolving credit facilities and other potential short-run operational funding needs.

***Mercury Funding Facility***

On December 15, 2016, Intesa Sanpaolo, as lender, and Mercury Payment, as borrower, entered into a master credit agreement and a supplement thereto, as amended on June 30, 2020 (together, the "Mercury Funding and Settlement Agreement"), providing for unsecured, unguaranteed borrowings in an aggregate principal amount of up to €200 million. The Mercury Funding and Settlement Agreement provides for a current account credit facility in an available amount of up €200 million which bears interest at a floating rate per annum. The proceeds of such facility must be used in connection with the settlement and collection of payments. When used for this purpose, we categorize the facilities under the Mercury Funding and Settlement Agreement as settlement obligations of Mercury Payment. In addition, up to €15 million of the amount available can be utilized for receivables factoring (other than settlement obligations) and €20 million may be utilized for other working capital obligations (such as payment of salaries, taxes, social security contributions and purchases from suppliers). The Mercury Funding and Settlement Agreement provides for customary representations, warranties and covenants for the Italian funding market. Mercury Payment is required to ensure that all payments received from the card schemes or Intesa Sanpaolo (in its capacity as partner bank), as well as any payments of invoices factored to Intesa Sanpaolo under the Mercury Funding and Settlement Agreement, are transferred to a designated account of Mercury Payment with Intesa Sanpaolo. The term of the Mercury Funding and Settlement Agreement is indefinite. The Mercury Funding Facility is expected to be incorporated into an existing settlement line with an aggregate principal amount of €950.0 million (which could be increased to up to €200 million to cover intraday settlements of Nexi Payments) currently provided by Intesa Sanpaolo to Nexi Payments. See also "—*Bilateral Credit Facilities*."

**The Issuer's Other Liabilities**

In addition to the above, as of December 31, 2020, we had debt in an amount equal to €58.6 million outstanding under the following financial liabilities: (i) credit lines with an aggregate principal amount of €0.6 million in place at Nexi Payments, which have been repaid in full as of the date of this information release; and (ii) €58.0 million of other financial liabilities, mainly related to (a) leasing contracts in the amount of €30.7 million, which are accounted for as financial liabilities following adoption of IFRS 16, and (b) the ISP Earn-Out, in the amount of €27.3 million.

**Nets Indebtedness**

***Nets Notes***

On April 6, 2017, Nassa Topco AS (a direct subsidiary of Nets) issued €400.0 million in aggregate principal amount of its senior notes due 2024, which was partially redeemed on March 21, 2018, with the aggregate principal amount reduced to €219.6 million (the "Nets Notes"), the gross proceeds of which were used to refinance certain existing indebtedness of Nets and to pay related fees and expenses. The Nets Notes were issued at a price of 99.648%.

*Ranking*

On the issue date, the Nets Notes were guaranteed by Nets and certain subsidiaries of Nets. In addition, the Nets Notes have been designated as senior secured obligations of Nets under a subsequent intercreditor agreement entered into, among others, by certain creditors or Nets and the trustee of the Nets Notes. As a result, the Nets Notes are subject of the terms and conditions of such intercreditor agreement, and are secured by the same guarantors and by the same assets as for other Nets indebtedness identified in such intercreditor agreement. Under the intercreditor agreement, the Nets Notes ranks *pari passu* in right of payment with the indebtedness mentioned therein, and will receive (or, following prepayment and cancellation in full of such facilities, would have received) proceeds from the enforcement of the security *pari passu* with such indebtedness. However, if prepayment and cancellation in full of the indebtedness under the intercreditor agreement occurs, the security and additional guarantees will be released and discharged, without prejudice to any guarantee pre-existing the intercreditor agreement.

Accordingly, following the repayment of the Existing Nets Indebtedness, the Nets Notes will become senior unsecured obligations of Nets and will rank *pari passu* in right of payment with all existing and future senior unsecured obligations of Nets that are not expressly subordinated in right of payment to the Nets Notes. In addition, the Nets Notes will rank senior in right of payment to all future obligations of Nets that are expressly subordinated in right of payment to the Nets Notes, if any, and will be effectively subordinated to all existing and future secured obligations of Nets to the extent of the value of the property and assets securing such obligations.

*Interest Rates, Payment Dates and Maturity*

The Nets Notes bear interest at a rate of 2.875% per annum. Interest on the Nets Notes is payable semi-annually in arrears, with interest payment dates on each January 15 and July 15 of each year, commencing on January 15, 2018. The Nets Notes will mature on April 8, 2024.

*Optional Redemption*

Nassa Topco AS is entitled at its option to redeem all or a portion of the Nets Notes (i) at any time prior to January 6, 2024, by giving not less than 10 and no more than 60 days' notice, at a redemption price equal to 100% of the principal amount thereof, plus an applicable "make whole" premium and (ii) thereafter, by giving not less than 30 and no more than 60 days' notice, at a redemption price equal to 100% of the principal amount thereof, plus in each case accrued and unpaid interest and additional amounts, if any, to the date of redemption.

*Mandatory Redemption*

Upon the occurrence of certain events constituting both a change of control and a ratings event, Nassa Topco AS is required to offer to repurchase the Nets Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, Nassa Topco AS may redeem the Nets Notes at any time, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any.

*Covenants*

The indenture governing the Nets Notes contains covenants that, among other things, limit the ability of Nets and certain of its subsidiaries to:

- create or permit to exist certain negative pledges;
- claim waivers of stay or extension of usury laws;
- guarantee additional indebtedness; and
- consolidate, merge or transfer all or substantially all of its assets.

These covenants are subject to a number of important grace periods and exceptions.

*Events of Default*

The indenture governing the Nets Notes contains customary events of default, including, among others, the non-payment of principal or interest on the relevant Nets Notes, certain failures to perform or observe any other obligation under the indenture governing the Nets Notes, the failure to pay certain indebtedness, cross-default or cross-acceleration of indebtedness, or insolvency or entering into insolvency proceedings. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Nets Notes.

*Listing*

The Nets Notes are listed on the Official List of the Luxembourg Stock Exchange.

***Nets' Settlement Obligations***

*Funding Requirements*

Part of Nets' business revolves around the settlement of card payments and the provision of short-term funding to merchants. In the context of card payments, funds are routed from the cardholder's account bank via the card scheme's network to the merchant's account bank, with payment processors such as Nets acting as pure intermediaries in the funds flow. See "*Risk Factors—Risks Related to the Combined Group's Business and Industry—Nexi and Nets' business require funding to manage settlement needs*."

In its Merchant Services business, Nets has direct relationships with merchants:

- *Acquiring business*: when acting for a merchant customer in its acquiring business, Nets typically settles the payable owed by the card scheme to the merchant after receiving the corresponding amount by the card scheme. In some circumstances, Nets settles the payable owed by the card scheme to the merchant one day after the card purchase is made, thereby acquiring the merchant's corresponding receivable against the card scheme which is settled either later that same day or on the next subsequent business day. Pursuant to the clearing and authentication process, the card scheme will only authorize the attempted card purchase if sufficient funds are available. As a result, Nets has virtual certainty that its back-to-back receivable against the card scheme will be settled on the next business day, without incurring any material credit risk.

- *"Pay Later"* solution: through its subsidiary RatePay, Nets offers a "pay later" solution whereby consumers can delay payment for goods and services. Under this business model, RatePay pays merchants the amount owed by consumers, net of its fees and commissions, in advance of having received funds from consumers, exposing RatePay to credit risk until the amounts are paid by consumers. In the year ended December 31, 2020, RatePay's account receivables after bad debt deductions from consumers in the "pay later" solution business amounted to approximately €154.9 million, with provisions on bad debt covering approximately 16.5% of Ratepay's overall account receivables, while account payables to merchants in the "pay later" solution business amounted to approximately €79.9 million.

- *"Installment Payment"* solution*:* since the end of 2020 through its subsidiary RatePay and as part of its "Pay Later" solution, Nets offers selected consumers the option to pay for goods and services via installments over up to 48 months. The term of the majority of installments currently falls below 12 months. Under this business model, RatePay generally pays merchants the amount owed by consumers in advance of having received funds from consumers, exposing RatePay to credit risk until the amounts are paid by consumers when due. As of the date of this information release, RatePay's account receivables from consumers in the "installment payment" solution business amounted to approximately €20.0 million. Following the entry into the Cooperation Agreement in February 2021, Nets is exposed to credit risk only in very limited circumstances. See "—*Credit Risk*."

In its Issuer & eSecurity Service business, Nets services the issuing and acquiring needs of more than 250 issuers of payment cards, primarily banks, but has no direct relationship with cardholders or merchants. When acting for a partner bank in its Issuer & eSecurity Service business, Nets settles the payable owed by the partner banks' cardholders to card schemes with no funding need as partner banks either pay Nets in advance of settling the schemes or pay the schemes directly themselves.

*Funding Sources*

Nets continually reviews its funding sources to ensure it manages its funding requirements related to customer flows. Set forth below is a description of Nets' funding sources for the Merchant Services acquiring business, the "pay later" solution and the "installment payment" solution businesses. Nets manages funding exposure associated with its Merchant Services acquiring business related to the use of credit cards through drawings on overdraft, intra-day clearing facilities and money market lines sourced from other banks. With respect to its exposure in the "pay later" solution business, Nets currently funds its activities mainly through the use of the Securitization Agreement. Nets is also evaluating the possibility to obtaining additional funding with respect to its "pay later" solution business in light of an expected increase in the volumes of this business in the near future. With respect to its exposure in the "installment payment" solution business, starting from February 2021, Nets funds its activities mainly through the use of the Cooperation Agreement.

*Credit Risk*

Based on its historical data, Nets' believes that its Merchant Services, "pay later" solution and "installment payment" solution businesses involve only an immaterial amount of credit risk. In the Merchant Services business, each transaction is only cleared and executed when the card scheme has irrevocably confirmed that it can be executed, which means that all settlement participants (including the card scheme, card issuer and merchant acquirer) have approved and guaranteed execution. As a result, Nets has virtual certainty that it will collect payment on the next following business day.

However, Nets is exposed to credit risk if it does not receive sums advanced to merchants before the moment when the consumer is supplied with goods or services or before a complaint is made by the cardholder. If Nets is not able to recover the amount of the recharge from merchants, the rules of the international payment card schemes require the acquirer to return the full amount of the transaction, including fees, to the card issuer, bearing the loss for the amount of the refund paid to cardholders, or to the international payment card circuits for cards issued by issuers other than Nets. See also "*Risk Factors— Risks Related to the Combined Group's Business and Industry—Nets is exposed to the credit risk of its clients, "charge back" risk in respect of merchant insolvencies and other risks in relation to disputed transactions and/or the inability of a counterparty to pay sums due for services provided*."

In the "pay later" solution business, receivables acquired by RatePay from merchants which satisfy certain eligibility criteria are sold and assigned to third-parties under the Securitization Agreement on a recourse basis. Therefore, Nets is exposed to a credit risk in its "pay later" solution business. With respect to the "pay later" solution business, Nets has an annual provision on its balance sheet, the amount of which is calculated based on historic and expected default trends. As of December 31, 2020, total provisions for outstanding receivables amounted to €41.1 million. In the "installment payment" solution business, receivables acquired by RatePay under factoring agreements with merchants which satisfy certain eligibility criteria are sold and assigned on a non-recourse basis to third-parties under the Cooperation Agreement. Therefore, Nets is exposed to a credit risk only with respect to those receivables which are not covered by the Cooperation Agreement or, with respect to the receivables which are covered by the Cooperation Agreement, Nets is exposed to a credit risk only for the period of time between the acquisition of the receivables by RatePay and the sale of the receivables to the Purchaser under the Cooperation Agreement. In addition, these business models exposes RatePay to the risk that some consumers will default on their repayment obligations. In the case of such defaults, RatePay will bear the loss for the defaulted amount. See "*Risk Factors—Risks Related to the Combined Group's Business and Industry—Nets' RatePay business offers "pay later" and "installment payment" solutions that expose Nets to consumer credit risk*."

*Merchant Services Business Credit Facilities*

Certain subsidiaries of Nets have entered into a number of overdraft, intra-day clearing facilities and money market lines to manage their funding requirements with respect to the Merchant Services Business. In particular, Nets and its subsidiaries are parties to certain local facilities, including (i) two overdraft facilities, which may be utilized by way of withdrawals and debits from certain transaction accounts or as linked facilities, in an aggregate principal amount of €205.0 million, (ii) two intraday facilities in relation to global cash pooling services with an aggregate intra-day limit of €400 million, (iii) an intraday overdraft credit facility with a credit limit of €110.0 million, (iv) a short-term loan in an aggregate principal amount of €30 million, which could also be used for general corporate purposes, (v) an intraday overdraft credit facility with a credit limit of NOK400.0 million, (vi) an overdraft and guarantee credit facility with a credit limit of PLN 77,000,000, and (vii) three overdraft facilities in an aggregate principal amount of €9.7 million.

*Securitization Agreement*

On December 19, 2019, RatePay GmbH (a wholly-owned subsidiary of Nets) as receivables seller ("Ratepay" or the "Transferor"), Orange Finance S.A., acting for the account of its Compartment "Spree" as receivables purchaser (the "Purchaser") and NIBC Bank N.V. (formerly NIBC Bank Deutschland AG) as program administrator (the "Administrator"), entered into a German law governed receivables purchase agreement, as subsequently amended on March 10, 2021 (the "Securitization Agreement"). Pursuant to the terms of the Securitization Agreement, the Purchaser acquires certain existing account receivables deriving from payments made by certain debtors to merchant customers of the Transferor in connection with e-commerce purchases of products or services by the Debtors (the "Receivables"). The Receivables are sold and assigned on a revolving basis to the Purchaser. The Transferor acts as servicer of the Receivables, which remain on the Transferor's balance sheet and are consolidated into the Nets Consolidated Financial Statements in accordance with IFRS.

The Purchaser is a Luxembourg special-purposes vehicle which receives promissory loan notes (*schuldschein*) to refinance the purchase price for the receivables. In the context of the Securitization Agreement, on July 4, 2018, the Purchaser, the Administrator and certain lenders, among others, have entered into a promissory loan notes agreement (*Schuldscheindarlehen*), as subsequently amended on December 19, 2019 (the “Schuldschein Loan Agreement”). Pursuant to the Schuldschein Loan Agreement, the lenders thereunder agreed to provide the Purchaser with up to €125.0 million in committed funds to finance its purchasing undertakings under the Securitization Agreement, granting pro-quota relevant promissory loan notes (*schuldschein*) to the Purchaser, and providing the funds which are drawn by the Purchaser on an ongoing basis. As of the date of this information release, €112.6 million have been drawn by the Purchaser in connection with the Schuldschein Loan Agreement. The Schuldschein Loan Agreement has a duration of 364 days, and thereafter a monthly tacit renewal. Each lender is however entitled to terminate the Schuldschein Loan Agreement, as applicable to its financing commitments, by providing a 10-working day prior written notice of termination to the other parties. In this event, the termination of the Schuldschein Loan Agreement shall be effective following 364 days from the first day of the month immediately following the month in which the termination notice was served.

The terms of the Securitization Agreement provide for RatePay to provide extensive and frequent portfolio reporting as well as financial reporting. In its role as seller and servicer under the Securitization Agreement, RatePay is also subject to certain financial covenants, and has given certain representations, all of which are customary for this type of receivables financing.

RatePay has also provided security over its seller account to the Purchaser which shall at all times have a balance no lower than €2.0 million.

The Securitization Agreement has a duration of 364 days, and thereafter a monthly tacit renewal. Either party is entitled to withdraw by providing 10-working day prior written notice of termination to the other parties. The Securitization Agreement can also be terminated by the Purchaser upon occurrence of certain event of defaults, including insolvency events and change of control events. The Transferor may withdraw from the Securitization Agreement in certain circumstances, including in case the Schuldschein Loan Agreement is assigned by a lender without the Transferor being notified in advance.

In addition, the Securitization Agreement provides for a “stop purchase” event (i.e., the Purchaser shall no longer be required to purchase Receivables from the Transferor) in case certain conditions are breached and not remedied pursuant to terms of the Securitization Agreement. In particular, the Purchaser will accept the offer to purchase and acquire full title of a Receivable unless, among others: (i) certain risk concentration limits have been violated; (ii) the transaction account of the Purchaser has a balance lower than €0.25 million, or (iii) the maximum utilization percentage of the securitization program is met. Moreover, the Purchaser shall be bound to acquire the Receivables being offered only to the extent that the purchasing account has sufficient available funds for this purpose, without violating the abovementioned conditions.

*Cooperation Agreement*

On February 5, 2021, RatePay as receivables seller (“Installment Transferor”), and a German cooperative bank (*Volksbank*) as receivables purchaser (the “Installment Purchaser”), entered into a receivables purchase agreement in an amount of up to €200,000,000 (the “Cooperation Agreement”). Pursuant to the Cooperation Agreement, the Installment Purchaser acquires certain existing accounts receivables deriving from installment payment arrangements entered into by the Installment Transferor with certain consumers, whereby the Installment Transferor offers these consumers the option to pay for goods and services via installments over up to 48 months (the “Installment Receivables”). The Installment Receivables are sold and assigned on a non-recourse basis to the Installment Purchaser. The Installment Transferor has also provided certain representations, all of which are customary for this type of receivables financing.

The Cooperation Agreement has an indefinite duration with a minimum duration until December 31, 2025, unless either party communicates in writing its intention to withdraw within twelve months of the expiry of this period. After December 31, 2025, either party is entitled to terminate the Cooperation Agreement by providing a three-month written notice prior to the end of the first semester of the relevant year.

***Nets' Other Liabilities***

In addition to the above, Nets had €85.7 million of other financial liabilities as of December 31, 2020, mainly related to leasing contracts, which are accounted for as financial liabilities following adoption of IFRS 16.

**SIA Indebtedness**

***SIA's Funding Sources***

One of SIA's subsidiaries, Greece SIA S.A., has entered into a bilateral credit facility utilized to cover its short-run operational funding needs, which was drawn in an amount of €5.9 million as of the date of this information release. The available capacity under this bilateral credit facility is €7.1 million.

***SIA's Other Liabilities***

In addition to the above, SIA had €102.1 million of other financial liabilities (net of transaction costs) as of December 31, 2020, mainly related to leasing contracts, which are accounted for as financial liabilities following adoption of IFRS 16.