*This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value*

# NEXI S.p.A.

**INFORMATION DOCUMENT**

**REGARDING A RELATED**

**PARTY TRANSACTION OF MAJOR IMPORTANCE**

drafted pursuant to Article 5 and in accordance with the format set out in Annex 4 of the Regulation approved by Consob with resolution no. 17221 of 12 March 2010, as amended by resolution no. 19974 of 27 April 2017.

Information document made available to the public at the registered office of Nexi S.p.A. in Milan, Corso Sempione no. 55 and on the authorised storage mechanism "eMarket STORAGE", as well as published on the website www.nexi.it.

Date of publication: 23 December 2019

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### ENGLISH TRANSLATION FOR CONVENIENCE ONLY

This is a non-binding English courtesy translation of the Information Document published by Nexi S.p.A. on 23 December 2019 regarding a related party transaction of major importance.

The original Italian version of the Information Document – available on the authorised storage mechanism “eMarket STORAGE” and on the website www.nexi.it – is the only official and binding document related to the above-mentioned transaction.

In the event of inconsistencies, the original Italian version of the Information Document – available on the authorised storage mechanism “eMarket STORAGE” and on the website www.nexi.it – shall prevail in any event over this non-binding English courtesy translation.

Nexi S.p.A. does not accept any liability for the accuracy of the translation.

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## DEFINITIONS

A list of the most important terms used in this document and their definitions is provided below. These terms and definitions, unless otherwise specified, shall have the meanings set out below. All other terms used in this document have the meaning assigned to them and indicated in the text.

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| **Ancillary Agreements** | The ancillary agreements provided for in the Contribution agreement aimed at allowing, from an operational point of view, the transfer of the Business Unit from ISP to the Transferee which include: *(i)* the *"IT/Operation Migrations Plan"*; *(ii)* the *"Ancillary Service Agreement"*; *(iii)* the *"Interchange Agreement"*; *(iv)* the *"License Agreement"*, to be entered into between the Transferee and ISP, together with the *"Issuing & ATM Agreement"* intended to reshape, in the light of the new structure resulting from the Transaction, the existing commercial agreements between ISP and Mercury Payment Services regarding the management of payment cards and the cash withdrawals and advances made with payment cards at ISP Group ATMs. |
| **Business Unit** | All assets, both tangible and intangible (including, by way of example, agreements with suppliers and customers, accrued income and deferred expenses, the personnel necessary to carry out the activities of the transferred unit), organised by ISP to carry out merchant acquiring activities. |
| **Contribution** | The transfer of the Business Unit by ISP in favour of the Transferee as subscription and full payment of a share capital increase exclusively reserved to ISP, with the exclusion of the option right referred to in Article 2441, paragraph 4, of the Italian Civil Code. |
| **Distribution Agreement** | The 25-year agreement between the Transferee and ISP regulating the marketing and distribution of products and services of Nexi Group's "Merchant Digital Acceptance" business by ISP to its merchant customers. |
| **Information Document** | This information document, drafted pursuant to Article 5 and in accordance with the format set out in Annex 4 of the RPT Regulation. |

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| **ISP** | Intesa Sanpaolo S.p.A., a company incorporated under Italian law with shares listed on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., whose registered office is in Turin, Piazza San Carlo no. 156, registration number in the Turin Companies Register 00799960158, tax code 00799960158, VAT no. 11991500015, parent company of the Intesa Sanpaolo Banking Group, enrolled with the Register of Banking Groups, a member of the Interbank Deposit Protection Fund and the National Guarantee Fund. |
| **ISP-Mercury Sale and Purchase** | The transaction between ISP and Mercury for a number of Nexi shares representing approximately 9.9% of the relevant share capital. |
| **Issuers' Regulation** | The regulations adopted by Consob with resolution no. 11971 of 14 May 1999, as amended. |
| **Mercury** | Mercury UK Holdco Ltd., a company with registered office in London (UK), 111 Buckingham Palace Road. |
| **Mercury Payment Services** | Mercury Payment Services S.p.A., (formerly Setefi Services S.p.A.) a joint-stock company incorporated under Italian law whose registered office is in Milan, Viale G. Richard no. 7, tax code and registration number with the Milan, Monza-Brianza, Lodi Companies Register 08449660581 and VAT no. 10542790968. |
| **Nexi** or **Company** | Nexi S.p.A., a company incorporated under Italian law with shares listed on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., whose registered office is in Milan, Corso Sempione no. 55, registration number in the Milan, Monza Brianza, Lodi Companies Register and tax code 09489670969, and VAT no. 10542790968, |
| **Nexi Payments** | Nexi Payments S.p.A., a joint-stock company incorporated under Italian law whose registered office is in Milan, Corso Sempione no. 55, registration number with the Milan, Monza-Brianza, Lodi Companies Register |

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| | 04107060966 and VAT no. 10542790968. |
| **Nexi-ISP Sale and Purchase** | The cash purchase by Nexi of the Shares of the Transferee issued – in the context of a share capital increase exclusively reserved to ISP, with the exclusion of the option right referred to in Article 2441, paragraph 4 of the Italian Civil Code – in favour of ISP in exchange for the Contribution. |
| **RPT Committee** | The Nexi committee, made up exclusively of non-executive, unrelated and independent directors, competent in relation to related party transactions under the RPT Procedure. |
| **RPT Procedure** | The procedure for related party transactions, approved by Nexi's Board of Directors on 8 March 2019 pursuant to Article 2391-*bis* of the Italian Civil Code and the RPT Regulation. |
| **RPT Regulation** | The Related Party Transaction Regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as amended by resolution no. 19974 of 27 April 2017. |
| **Shares of the Transferee** | The ordinary shares of the Transferee that will be issued – in the context of a share capital increase exclusively reserved to ISP, with the exclusion of the option right referred to in Article 2441, paragraph 4 of the Italian Civil Code –in favour of ISP in exchange for the Contribution, which will be transferred from ISP to Nexi as part of the Nexi-ISP Sale and Purchase transaction. |
| **Transaction** | The transaction which is the subject of this Information Document, consisting of the Contribution and the Nexi-ISP Sale and Purchase, as well as the signing of related agreements, including the Distribution Agreement and the Ancillary Agreements. |
| **Transferee** | Nexi Payments or Mercury Payment Services. |

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## GLOSSARY

A list of the most important technical terms used in this Information Document is provided below. These terms, unless otherwise specified, shall have the meanings set out below.

| | |
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| **Acquirer** | The party responsible for accepting payment cards at POS terminals installed by merchants to enable money transfers from cardholders to merchants. During a payment, the acquirer initiates the transaction in order to ask the card issuer for the necessary authorisation to complete the transaction. If the request is successful, the acquirer credits the merchant's account with the amount paid. |
| **Acquiring** | The activity carried out by the acquirer. |
| **ATM** | Automated Teller Machine, automated system for withdrawing cash from a holder's own bank account using a debit card or other types of payment cards in a networked cash dispenser. |
| **Book** | Directory of customers acquired by a partner bank. |
| **Issuer** | The party responsible for issuing activities. |
| **Issuing** | The activities related to the provision of services for issuing and managing payment instruments through physical and virtual cards within a network. |
| **Merchant** | Business that offers its customers the possibility to pay with a payment card. |
| **Merchant acquirer** | A service provider that provides a merchant with the necessary infrastructure to enable it to accept digital payments as well as the party responsible for receiving card payments on behalf of the merchant. |
| **Merchant acquiring** | The activity carried out by the merchant acquirer. |
| **Merchant fee** | The fee received by the merchant acquirer for the service of transferring the payment from the customer to the merchant. |
| **Partner Bank** | A bank that has entered into commercial agreements with Nexi group companies in one or more of the different businesses in which |

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| | Nexi group operates. |
| **POS** | Electronic device for making electronic payments using electronic currency, i.e. credit, debit or prepaid cards. |

**RECITAL**

This Information Document was prepared by Nexi pursuant to Article 5 and in accordance with the format set out in Annex 4 of the RPT Regulation to provide its shareholders and the market with information about the Transaction and the related agreements.

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Although ISP does not qualify as a related party of Nexi and, consequently, the Transaction does not, in itself, qualify as a transaction between related parties, the Company has decided, also for reasons of prudence, to apply the relevant rules to the Transaction having become aware, during the negotiations with ISP, that the latter was at the same time engaged in discussions with Mercury - Nexi's parent company (and, therefore, also a party related to it within the meaning of Article 1, letter a) of Annex 1 to the RPT Regulation) - concerning a possible acquisition of a stake in Nexi's share capital. More specifically, the Transaction, which directly involves the Company as a counterparty of ISP, exclusively concerns the Contribution and the Nexi-ISP Sale and Purchase as well as the signing of the related agreements, including the Distribution Agreement and the Ancillary Agreements, while ISP, as far as Nexi is aware, is also Mercury's counterparty in the context of the ISP-Mercury Sale and Purchase: please note that such transaction is not part of the Company's decision-making process.

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This Information Document was prepared following the resolution of the Company's Board of Directors dated 19 December 2019 and was promptly made available to the public, within the terms set forth in Article 5, paragraph 3 of the RPT Regulation, at Nexi's registered office in Corso Sempione, no. 55, as well as on the Company's website (www.nexi.it) and on the authorised storage mechanism "eMarket STORAGE".

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Please note that Nexi has exercised its right to waive the disclosure obligations under Article 70, paragraph 6, of the Issuers' Regulations, pursuant to Article 70, paragraph 8, of said Regulations. Accordingly, the publication of the Information document pursuant to Annex 3B of the Issuers' Regulations is not required.

# 1. WARNINGS

## 1.1. Risks related to potential conflicts of interest arising from the Transaction

Although ISP does not qualify as a related party of Nexi and, consequently, the Transaction does not, in itself, qualify as a transaction between related parties, the Company has decided, also for reasons of prudence, to apply the relevant rules to the Transaction having become aware, during the negotiations with ISP, that the latter was at the same time engaged in discussions with Mercury - Nexi's parent company (and, therefore, also a party related to it within the meaning of Article 1, letter a) of Annex 1 to the RPT Regulation) - concerning a possible acquisition of a stake in Nexi's share capital.

More specifically, the Transaction, which directly involves the Company as a counterparty of ISP, exclusively concerns the Contribution and Nexi-ISP Sale and Purchase, as well as the signing of the related agreements, including the Distribution Agreement and the Ancillary Agreements, while ISP, as far as Nexi is aware, is also Mercury's counterparty in the context of the ISP-Mercury Sale and Purchase: please note that such transaction is not part of the Company's decision-making process.

In this particular case and as a mere matter of principle, the potential conflict of interest arising from the Transaction is that the Transaction itself and the ISP-Mercury Sale and Purchase substantially occur at the same time, along with Mercury's partially divestment of its investment in Nexi. In other words, given such substantially concomitance, there could be a risk, albeit entirely theoretical, that the Transaction could no longer be considered advantageous or that the price paid by Nexi to ISP for the Transaction itself might not be deemed appropriate, deriving such risk from the concomitance of the payment from ISP to Mercury for the ISP-Mercury Sale and Purchase.

In light of the above, the Company has accordingly shared with all its independent directors, including the members of the RPT Committee and the members of the Board of Statutory Auditors, its decision to have the Transaction be subjected, also in the light of a prudential and substantial interpretation of the relevant regulations, to the provisions of the RPT Procedure.

## 2. INFORMATION ABOUT THE TRANSACTION

### 2.1. Characteristics, form, terms and conditions of the Transaction

The Transaction, in its entirety, consists of:

- the transfer of all assets, both tangible and intangible (such as, for example, agreements with suppliers and customers, accrued income and deferred expenses, the personnel necessary to carry out the activities of the transferred unit), organised by ISP to carry out merchant acquiring activities in favour of Nexi Payments or Mercury Payment Services (both of which are authorised to carry out the activities of the Business Unit), as subscription and full payment of a share capital increase exclusively reserved to ISP, with the exclusion of the option right referred to in Article 2441, paragraph 4 of the Italian Civil Code. Without prejudice to the value attributed to the Business Unit by the parties, equal to Euro 1,000,000,000 (one billion), the number of Shares of the Transferee due to ISP and the related issue price, will be determined by the Board of Directors of Nexi Payments or Mercury Payment Services near the date on which the Transaction will be completed. Therefore, following the full subscription and payment of the above-mentioned capital increase, ISP will be the holder of an equity interest in the Transferee's share capital (see Paragraph 2.1.1 of the Information Document);
- Nexi-ISP Sale and Purchase whereby Nexi will purchase, in cash, all the shares that ISP will hold – in the context of the above-mentioned share capital increase – in the Transferee in exchange for the Contribution, which will essentially take place at the same time as the issuance in favour of ISP of the above-mentioned equity interest in the Transferee as a result of the Contribution. The price of the Nexi-ISP Sale and Purchase is set at an amount equal to the agreed value of the Business Unit (*i.e.*, one billion Euro) (see Paragraph 2.1.1 of the Information Document). Nexi will raise the related funding through an increase in existing debt, using the most appropriate means identified by the Company, as is customary in transactions of this type. In this regard, it should be noted that two leading banks (other than ISP) have undertaken to grant the Company a credit line of up to Euro 1,000,000,000 (one billion), which will also be used for the payment of the consideration of the Nexi-ISP Sale and Purchase;
- the 25-year distribution agreement between the Transferee and ISP regulating the marketing and distribution by ISP to its merchant customers of products and services of Nexi Group's Merchant Digital Acceptance business which will be signed at the same time the Contribution is finalised (see Paragraph 2.1.2 of the Information Document);
- the additional Ancillary Agreements aimed at allowing, from an operational point of view, the transfer of the Business Unit from ISP to the Transferee, and, in the light of the new structure resulting from the Transaction, the redefinition of the existing commercial agreements between ISP and Mercury Payment Services regarding the management of payment cards and the cash withdrawals and advances made with payment cards at ISP Group ATMs (see Paragraph 2.1.3 of the Information Document).

Therefore, following the completion of the Transaction, Nexi group:

- will become owner of the Business Unit, through an increase of the existing debt; and
- will have entered into a long-term marketing and distribution agreement with one of the major national banking groups and, in the light of the new structure resulting from the Transaction, will have reshaped the existing commercial agreements between ISP and

Mercury Payment Services regarding the management of payment cards and the cash withdrawals and advances made with payment cards at ISP Group ATMs.

For the sake of completeness and to Nexi knowledge, it should be noted that, within the context of finalising the Transaction, ISP-Mercury Sale and Purchase is also expected to be finalised and, as a result, ISP will acquire a 9.9% stake in Nexi's share capital. However, it should be also noted that the completion of the Transaction (and therefore the signing and execution of the related agreements, including the Distribution Agreement and the Ancillary Agreements) is not conditional on, nor it assumes the completion of, the ISP-Mercury Sale and Purchase.

### 2.1.1. The agreement governing the Contribution and the agreement governing the Nexi-ISP Sale and Purchase

The Contribution is regulated by an agreement signed between Nexi and ISP on 19 December 2019 which defines, among other things, the size of the Business Unit and its contractual value and regulates the share capital increase exclusively reserved to ISP with the exclusion of option rights pursuant to Article 2441, paragraph 4, of the Italian Civil Code.

The Contribution is to be made pursuant to Article 2343-*ter*, paragraph 2, letter (b) of the Italian Civil Code. Therefore, prior to determining the number of shares and the price of the reserved share capital increase, ISP shall provide the Transferee with "*an appraisal which refers to a date no more than six months prior to the transfer and which complies with the generally accepted principles and standards for valuing assets subject to transfer, on condition that it comes from an expert who is independent of the transferor, the company and the shareholders who individually or jointly exercise control over the transferor or the company itself, and who is adequately and professionally qualified*".

The cash flows generated by the Business Unit from 1 January 2020 to the date the Transaction is finalised, according to conventional standards, will belong to the Business Unit and will therefore be accounted for and transferred by ISP to the Transferee upon finalisation of the Contribution.

Compensation mechanisms are envisaged, exclusively in favour of the Transferee which are intended to compensate, among other things, any differences between the 2019 EBITDA estimated by the parties and the actual reported 2019 EBITDA, as well as differences between the *merchant fees* accounted for by ISP and those actually generated by the Business Unit in the 24 months following the finalisation of the Contribution. An *earn-out* mechanism for ISP to be paid after 30 June 2025 is also included only in the case the Business Unit's overall profitability in the period 2021-2024 exceeds the target objectives set out in the Business Plan (as defined below).

Finally, there is a number of representations and warranties in relation to the Business Unit (such as, for example, the validity of the agreements in the book, the absence of litigations, compliance with the law in the management of activities and relations with employees), the violation of which results in the payment, as it is customary in similar transactions, of specific compensatory amounts by ISP to the Transferee which are subject to both time and quantitative limitations (*de minimis*, absolute deductible and caps). Exceptions to these quantitative and temporal limitations are cases of wilful misconduct or gross negligence by ISP or claims resulting from the violation of certain special warranties (such as, for example, ISP meeting the requirements to enter into the Transaction, ownership of the Business Unit, and compliance with labour law, for which there are *ad hoc* temporal and quantitative limitations). ISP is also required to compensate the Transferee for any liability not specifically included in the Business Unit, such as, by way of example, disputes relating to the book that arose after the date the Contribution was completed but stemming from events occurring prior to that date.

Finally, the Contribution agreement also envisages (i) ISP's commitment to refrain from directly or indirectly engaging in activities that compete with those of the Business Unit, and (ii) a mutual commitment by both parties to refrain from soliciting the employees of the other. These obligations will apply for two years from the date the Transaction is completed.

Accordingly, the agreement governing the Nexi-ISP Sale and Purchase is a streamlined document since it regulates the aforementioned sale and purchase at a fixed price which is equal to the agreed value of the Business Unit (*i.e.*, one billion Euro), and subject to the Contribution being finalised. There are mutual representations and warranties customary for transactions of this kind (including the ability to carry out the sale and purchase transaction and the full and exclusive ownership of the shares at stake).

The Transaction as a whole remains subject to certain conditions precedent to be satisfied by the 31 October 2020 deadline (the "Long Stop Date"), which may be extended by a further 60 days. These conditions include (*i*) obtaining authorisations, or otherwise not being denied its execution, from the Bank of Italy and the European Central Bank; (*ii*) obtaining clearance from the European antitrust authority; (*iii*) release of the appraisal pursuant to Art. 2343-*ter* of the Italian Civil Code that values the Business Unit at or above the original contractual value attributed to it by the parties; and (*iv*) absence of legislative changes or industry agreements that could significantly affect the value of the Business Unit and its profitability.

### 2.1.2. The Distribution Agreement

The Distribution Agreement regulates the 20-plus year business relationship between Nexi group and ISP group for the marketing and distribution to ISP merchant customers of the products and services (present and future) of Nexi group "Merchant Digital Acceptance" business (the "**M&DA Products**").

More precisely, the Distribution Agreement governs the terms and conditions under which, on one hand, (*i*) the Transferee will supply M&DA Products to the merchant customers belonging to ISP (and the Italian companies of the ISP group) across a large number of European countries and, on the other hand, (*ii*) ISP and the Italian companies of the ISP group will promote and distribute M&DA products in these countries to their merchant customers, through their distribution network, guaranteeing that, for the duration of the agreement, the Transferee will have a minimum "internal market share".

The partnership established under the Distribution Agreement runs for an initial period of twenty-five years from the date the Transaction is finalised and automatically renews for a further ten years (unless one of the parties gives notice of termination at least one year in advance).

The agreement also stipulates that ISP will maintain the Transferee as its preferred partner for the development and provision of new products and services in connection with the Merchant Digital Acceptance activities.

As regards the economic aspects, following standard practice, the Transferee will be required to pay ISP an annual fee based on the revenues the Transferee will generate from the provision of M&DA Products through ISP's sales network and those of its Italian subsidiaries, subject to meeting the minimum targets agreed between the parties.

The agreement provides ISP with a right of withdrawal in the event that, as a result of a change of control over the Transferee, whether direct or indirect, a direct competitor of ISPs acquires control - either individually or in concert with others - of the Transferee (including jointly with third parties).

Finally, for the entire duration of the contract and for the 24 months following its expiry, the parties mutually undertake to comply with an obligation not to solicit the employees of the other party.

### 2.1.3. The Ancillary Agreements

In the context of the agreement governing the Contribution, following its signing, the parties will negotiate in good faith certain technical agreements which will have to be defined before or at the same time as the Transaction closing date, in order to allow, from an operational point of view, the transfer of the Business Unit from ISP to the Transferee and the "standalone" operations of the Business Unit following the closing of the Transaction, as well as to reshape some existing commercial agreements, in light of the new structure resulting from the Transaction.

According to the provisions of the agreement governing the Contribution, when negotiating the terms and conditions of the Ancillary Agreements in question, the parties shall comply with the indications contained in certain annexes to the agreement governing the Contribution and shall also include terms and conditions that are consistent with the previous agreements between the same parties.

The Ancillary Agreements envisaged in the Contribution agreement include: (*i*) the "*IT / Operation Migrations Plan*"; (*ii*) the "*Ancillary Service Agreement*"; (*iii*) the "*Interchange Agreement*"; (*iv*) the "*License Agreement*"; and (*v*) the "*Issuing & ATM Agreement*".

It should be noted that the "*Issuing & ATM Agreement*" is intended to regulate - given the modified structure resulting from the Transaction - the terms and conditions for the provision, by the subsidiary Mercury Payment Services to ISP, of the issuing services and the services relating to the management of cash withdrawals and advances made with payment cards at ISP group ATMs. To ensure continuity, including operational continuity, in commercial relations between the parties, the "*Issuing & ATM Agreement*" is based on an overview of the contractual provisions of the so-called "Setefi Agreements" currently in force between the parties. The duration of the "*Issuing & ATM Agreement*" - which is longer than that of the Setefi Agreements and is in line with the Distribution Agreement - is twenty-five years from the date the Transaction is completed and may be renewed for a further ten years.

## 2.2. Related parties involved in the Transaction, the nature of the relationship and, where this is disclosed to the management bodies, the nature and extent of the interests of such parties in the Transaction

Although ISP does not qualify as a related party of Nexi and, consequently, the Transaction does not, in itself, qualify as a transaction between related parties, the Company has decided, also for reasons of prudence, to apply the relevant rules to the Transaction having become aware, during the negotiations with ISP, that the latter was at the same time engaged in discussions with Mercury - Nexi's parent company (and, therefore, also a party related to it within the meaning of Article 1, letter a) of Annex 1 to the RPT Regulation) - concerning a possible acquisition of a stake in Nexi's share capital.

More specifically, the Transaction, which directly involves the Company as a counterparty of ISP, exclusively concerns the Transfer and the Nexi-ISP Sale and Purchase, as well as the signing of the related agreements, including the Distribution Agreement and the Ancillary Agreements, while ISP, as far as Nexi is aware, is also Mercury's counterparty in the context of the ISP-Mercury Sale and Purchase: please note that such transaction is not part of the Company's decision-making process.

In this particular case and as a mere matter of principle, the potential conflict of interest arising from the Transaction is that the Transaction itself and the ISP-Mercury Sale and Purchase substantially occur at the same time, along with Mercury's partially divestment of its investment in Nexi. In other words, given such substantially concomitance, there could be a risk, albeit entirely theoretical, that the Transaction could no longer be considered advantageous or that the price paid by Nexi to ISP for the Transaction itself might not be deemed appropriate, deriving such risk from the concomitance of the payment from ISP to Mercury for the ISP-Mercury Sale and Purchase.

In light of the above, the Company has accordingly shared with all its independent directors, including the members of the RPT Committee and the members of the Board of Statutory Auditors, its decision to have the Transaction be subjected, also in the light of a prudential and substantial interpretation of the relevant regulations, to the provisions of the RPT Procedure.

### 2.3. Economic justifications and attractiveness of the Transaction for the Company

The Transaction falls within the Nexi group Merchant Services & Solutions business segment and aims to significantly increase and diversify the revenues of Nexi Group in the book of merchant contracts generated by the ISP network with its customers. The Business Unit has over 300 thousand contracts, making it a very interesting opportunity for Nexi.

The Transaction is therefore consistent with the strategic objectives communicated by Nexi in the recent listing process aimed at expanding the scale of its operations and is also in line with transactions already carried out by Nexi in the recent past (*i.e.*, the acquisition of the acquiring businesses of Deutsche Bank, Banca del Monte dei Paschi di Siena and Banca Carige).

Pursuant to the terms of the agreement regulating the Contribution and the Distribution Agreement, the commercial relationship between Nexi group and the ISP group will be based on the "*Referral*" service model. Therefore, as a result of the Transaction, Nexi, through the Transferee, will directly manage the contracts with customers and the circuit of the ISP network, which is the main banking network in Italy, and will collect the entire merchant fee apart from a fee paid to ISP for the marketing and distribution services it provides.

Furthermore, the alignment of the duration of the Distribution Agreement to the industrial partnership for issuing and ATM acquiring services with ISP - a partnership started in 2016 with the acquisition of Setefi S.p.A. (now Mercury Payment Services S.p.A.) - will allow Nexi to benefit from increased financial flows generated by these services and enable it to consolidate the business relationship between Nexi and ISP.

The Transaction will lead to improved profitability and efficiency, thanks to the possibility of capitalising on (i) the economies of scale inherent in merchant acquiring activities by leveraging the current structures and expertise of the Nexi group, namely the "Merchant Services & Solutions" business line, and (ii) the potential benefits with the activities linked to issuing and ATM acquiring services under the "Setefi contract" that is being extended.

### 2.4. Method for determining the price and assessing its fairness with the market value of similar transactions

As described in more detail in the preceding paragraphs of this Information Document, the Transaction envisages (i) that as a result of the Contribution of the Business Unit into the Transferee, ISP will receive newly issued Shares of the Transferee; and (ii) that all such Shares of the Transferee will be immediately sold by ISP to Nexi. The price of the Nexi-ISP Sale and Purchase (equivalent to the contractual value attributed by the parties to the Business Unit) is equal to Euro 1,000,000,000 (one billion) (the "**Price**").

For this purpose, Nexi's Board of Directors determined the Price based on a business plan covering the period 1 January 2020 - 31 December 2029 that was shared with ISP and is attached to the Distribution Agreement (the "**Business Plan**"), based on the valuation process illustrated below and adopting valuation methods commonly used, including at international level, for transactions of this type. In this regard, the Board also availed itself of the support of Mediobanca - Banca di Credito Finanziario S.p.A. and Bank of America Securities, as financial advisors.

For the purposes of determining the Price, methodologies have been used that are consistent with national and international practice, applying those deemed most appropriate, taking into account the objectives of the analyses and the specific features of the Transaction. More specifically, with regard to the Transaction, the Board of Directors felt that the Discounted Cash Flow Model is the only applicable method insofar as there are neither listed companies having characteristics similar to those of the business unit involved in the Transaction, nor comparable prior transactions, other than those carried out by Nexi itself, making it impossible to apply alternative control methods.

**<u>The Discounted Cash Flow Method</u>**

The Discounted Cash Flow ("**DCF**") method determines the "**Enterprise Value**" or "**EV**" as the net present value of its operating assets. EV is equal to the sum of the "Expected cash flows", excluding the component relating to the debt position of the company being valued, ("**UFCF**") discounted using the "Weighted average cost of capital" ("**WACC**"). The UFCF represents the resources the company has available to satisfy both equity and debt providers. UFCF is calculated by adding non-cash operating costs (e.g. depreciation and amortisation) to net operating profit after tax ("**NOPAT**") and subtracting CAPEX and changes to Net Working Capital ("**NWC**"). The present value of the UFCF beyond the specific forecast period (n) is defined as the "Terminal value" (or "**TV**"). To calculate the TV, it is common practice to discount the UFCF of the last specific forecast year, normalised for extraordinary items, at the WACC and, if deemed appropriate, to apply a growth rate ("**g**"). The value of the business can then be calculated by applying the following formula:

$$EV = \sum_{t=1}^{n} \frac{\mathrm{UFCFt}}{(1 + \mathrm{WACC})\hat{}\mathrm{t}} + \frac{\mathrm{TV}}{(1 + \mathrm{WACC})\hat{}\mathrm{n}}$$

where WACC is calculated using the following formula:

$$\mathrm{WACC} = \frac{\mathrm{D}}{\mathrm{D + E}} \text{ x } (1 + \mathrm{t}) \text{ x } \mathrm{Kd} + \frac{\mathrm{E}}{\mathrm{D + E}} \text{ x } \mathrm{Ke}$$

where "**D**" is equal to the net financial position, "**E**" is equal to equity, "**t**" is equal to the tax rate, "**Kd**" is equal to the pre-tax cost of debt, and finally "**Ke**" is equal to the cost of equity.

In the specific case, the economic value of the "company" was determined to be the present value of the cash flows over the 2020-2029 Business Plan period and taking the TV component into account in order to reflect the long-term nature of the partnership with ISP. Applying this methodology resulted in Price valuations of around one billion Euro. The Price represents an implied EV/EBITDA multiple of 10.5x, calculated on forecast 2020 EBITDA of € 95 million stated in the Business Plan and consistent with transactions previously completed by Nexi.

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It should be noted that the RPT Committee has commissioned the independent experts Mr Giovanni Petrella and Mr Andrea Resti to compile a fairness opinion on the fairness of the price offered in the Transaction. The RPT Committee has ascertained that with regard to Mr Giovanni Petrella and Mr Andrea Resti there are no situations, even potential ones, of conflict of interests of any kind with respect to the guidelines set out in paragraph 2.4 of Attachment 4 of the RPT Regulation, which have been explicitly confirmed. Mr Patuelli did not take part in the identification and appointment of these independent experts, given his role as Chairman of ABI - Associazione Bancaria Italiana.

Mr Giovanni Petrella and Mr Andrea Resti judged the price of the Transaction, equal to Euro 1,000,000,000 (one billion), to be fair.

The analyses and valuation considerations made with respect to the Transaction by the above-mentioned independent experts are contained in the fairness opinion issued to the RPT Committee, a full copy of which is attached to the opinion of the RPT Committee regarding the Company's interest in carrying out the Transaction, as well as the convenience and substantive fairness of the related terms and conditions, which is included in this Information Document as **Annex 1**.

## 2.5. Illustration of the economic, equity and financial effects of the Transaction

The Transaction qualifies as a transaction of major importance for the purposes of the RPT Procedure and the RPT Regulation since at least one of the materiality indicators set out in Annex 3 of the RPT Regulation exceeds the 5% threshold.

Specifically, Nexi's market capitalisation at the close of the last trading day within the period covered by the most recently published accounting document (*i.e.* the Consolidated Interim Financial Report at 30 September 2019) was Euro 5,873 million: therefore, significant transactions are those whose value exceeds Euro 294 million which corresponds to 5% of the Company's capitalisation. However, the value alone of the "amount paid to/from the contractual counterparty" for the Nexi-ISP Sale and Purchase, equal to Euro 1,000 million, means that the Transaction qualifies as a transaction of major importance.

The Transaction is estimated to add approximately €95 million to the Nexi Group's 2020 EBITDA, resulting in an EPS accretion well above 10 percentage points.

As mentioned above, Nexi will raise the funds needed to pay the Price by increasing its existing debt thereby increasing the expected net debt/EBITDA ratio for 2020 to 3.4x which is in line with what was communicated by Nexi at the time of the listing. The medium- to long-term target for this ratio continues to be approximately 2.0x-2.5x.

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It should be noted that Nexi has exercised its right to waive the disclosure obligations under Article 70, paragraph 6, of the Issuers' Regulations, pursuant to Article 70, paragraph 8, of said Regulations. Accordingly, the publication of the Information document pursuant to Annex 3B of the Issuers' Regulations is not required.

### 2.6. Change in amount of remuneration of the members of the Board of Directors of the Company and/or its subsidiaries as a result of the Transaction

No changes in the remuneration of the members of the boards of directors of Nexi and its subsidiaries are expected as a result of the Transaction.

### 2.7. Members of the administrative and control bodies, general managers and managers of the Company involved in the Transaction who may be related parties

Members of the Board of Directors, members of the Board of Statutory Auditors, general managers or managers of Nexi are not involved in the Transaction as related parties.

### 2.8. Approval of the Transaction

As mentioned above, on 19 December 2019, Nexi's Board of Directors unanimously approved the Transaction. This resolution was approved, pursuant to the RPT Regulation and the RPT Procedure, based on the previously expressed non-binding favourable opinion of the RPT Committee.

As the Company qualifies for the exemption granted by Article 10, paragraph 1, of the RPT Regulation for newly listed companies, cited in Article 9.11. of the RPT Procedure, the procedure for transactions with related parties of lesser importance set out in Article 8 of the RPT Procedure has been applied to the Transaction.

It should be recalled that the RPT Committee - composed exclusively of non-executive, unrelated and independent directors, namely Ms Luisa Torchia (Chairman), Mr Antonio Patuelli and Ms Marinella Soldi - is entrusted, pursuant to the RPT Procedure, with the task of expressing an opinion, in this case non-binding for the Company, regarding the Company's interest in carrying out the Transaction, as well as the convenience and substantive fairness of the related terms and conditions.

In particular, the RPT Committee - after the decision to apply the provisions of the RPT Procedure to the Transaction, and after having been informed of the Transaction and the possible ISP-Mercury Sale and Purchase transaction - promptly initiated the preparatory activities to review the Transaction. More specifically, such disclosure dealt with the manner in which the Transaction was to be executed and the conditions envisaged for its completion, the process for its valuation, the underlying interests and rationale for the Transaction, as well as the risk for the Company. Also, the RPT Committee exercised its right to request information and make observations, receiving prompt feedback from the management involved in the Transaction.

The RPT Committee was assisted, in the decision-making process, by the law firm Galbiati, Sacchi e Associati and by independent experts Mr Giovanni Petrella and Mr Andrea Resti for assessment of the economic convenience of the Transaction.

Upon completion of these assessments, on 19 December 2019 the RPT Committee unanimously expressed its opinion regarding the Company's interest in carrying out the Transaction, as well as its convenience and substantial fairness of the relevantterms and conditions. This opinion, including a complete copy of the fairness opinion issued by independent experts Mr Giovanni Petrella and Mr Andrea Resti, is attached to this Information Document in Annex 1.

### 2.9. Importance of the Transaction when considered cumulatively as per Article 5, paragraph 2, of the RPT Regulation

The importance of the Transaction is not the result of its accumulation with other transactions.

*This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value*

**ANNEXES**

**Annex 1**: Opinion of the RPT Committee