CREATION OF THE EUROPEAN PAYTECH LEADER
A POWERFUL STRATEGIC COMBINATION BETWEEN NEXI AND NETS

Binding framework agreement signed for all-share merger

- ***Transformational combination with Nets, resulting in the creation of the European PayTech leader following the recently announced SIA merger***
- ***Substantial platform at scale. Extensive reach across >25 countries, with presence in most attractive, fast-growing and under-penetrated European markets***
- ***Full portfolio of solutions with key strengths in acquiring and e-commerce, underpinned by superior technology stack and capabilities across payment rails***
- ***Significant value creation opportunities for Nexi shareholders, with run-rate recurring cash synergies estimated at c.€170 million p.a., in addition to c.€150 million p.a. estimated for the SIA merger. 2022[1] Cash EPS accretion >25% expected for Nexi shareholders, assuming closing of both Nets and SIA transactions***
- ***c.€2.9 billion revenues and c.€1.5 billion EBITDA on a pro-forma aggregated basis in FY 2020E, including run-rate synergies[2]***
- ***Superior profitability and cash generation at scale, with enhanced business resilience stemming from geographic diversification, e-commerce exposure and significantly lower customer concentration***
- ***All-share merger on the basis of equivalent 2020E EV / EBITDA multiples, implying an enterprise and equity value for Nets of €7.8 billion and €6.0 billion, respectively[3]. No incremental debt raised to fund the combination of Nexi and Nets***
- ***Nets shareholders to receive 406.6 million newly issued Nexi shares, resulting in a pro-forma ownership of 39% in Nexi + Nets (or 31% when considering Nexi + Nets + SIA). Existing Nexi shareholders to own 61% in Nexi + Nets (or 48% when considering Nexi + Nets + SIA)***
- ***Transaction supported by reference shareholders of both Nexi and Nets, who will remain invested in the combined group. Lock-up mechanism in place for Nets shareholders***

Milan, Italy / Copenhagen, Denmark 15 November 2020 – Following the announcement made on 2 November 2020, Nexi, the PayTech leader in Italy, and Nets, a leading integrated Pan-European PayTech player, active in 20 countries and controlled by a consortium of private equity firms led by Hellman & Friedman ("**H&F**"), announce today that they have signed a framework agreement ("**FA**") regarding the combination of the two groups through an all-share merger (the "**Merger**").

The Merger, which is consistent with the consolidation process underway at European and global level in the digital payments sector, follows last month announcement by Nexi of the signing of a Memorandum of Understanding in relation to the strategic combination between Nexi and SIA, which is independent of the

[1] Including SIA and Nets run-rate synergies. Based on broker consensus estimates for Nexi in 2022; cash EPS calculated using the reported net income (excluding one off integration costs) to which total D&A (including D&A related to customer contracts) is added back net of tax
[2] Pro-forma aggregated figures for 2020, assuming closing of both Nets and SIA transactions
[3] Based on Nexi share price of €14.71 as of November 13th, 2020

Merger. The two transactions are not linked with each other but will each contribute to the ambition of creating a true European PayTech leader.

Upon closing of the two transactions, the new combined group encompassing Nexi, Nets and SIA (the "**New Group**") will become one of the European PayTech leaders with the scale, reach and breadth of capabilities to drive from a leading position the transition to digital and cashless in Europe. The New Group will offer enhanced future-proof innovative payment solutions across payment rails and channels, underpinned by a best-in-class technology stack and professional capabilities. It will leverage a strong complementary presence across both the most digitally-advanced and under-penetrated geographies in Europe. The New Group represents a winning platform that will be ideally positioned to further drive new partnerships with banks and merchants in-market and across Europe. The CEO of Nexi, Paolo Bertoluzzo, commented: "*The transaction, which follows the announced MoU for the merger with SIA, creates the European PayTech leader with unique scale and capabilities to best serve and support all our customers across Europe, from citizens to merchants, from partner banks to corporates, from public administration to other institutions. Nexi will transform into a European leader with access to a fourfold larger addressable market, still largely unpenetrated and growing double digit. The New Group, with reach in over 25 countries, will act as digitalization engine in Europe, driving the transition to digital and cashless.*

Nexi people, together with our reference shareholders, are at the same time truly inspired by the vision of the New Group and deeply committed to this new powerful step in our value creation journey. We are excited to join forces also with the highly talented people of Nets, who are driving such an effective transformation of their company. This combination of passionate and highly competent professionals in the New Group has the true potential to fuel innovation in the payment industry across Europe for years to come."

The CEO of Nets, Bo Nilsson, commented: "*This transaction marks an important milestone in Nets' journey to become a European payments champion, from our beginning as a domestic player in Denmark and Norway to our evolution into a pan-European payments pure-play operator. Through constant innovation, and driven by the tremendous efforts of colleagues, Nets has re-shaped the Nordic and broader European payments landscape, in creating ever more valuable solutions for our customers and stakeholders. We are incredibly excited to join forces with Nexi, with whom we will continue to shape the industry and capture significant growth opportunities across the sector through our presence in structurally attractive payment markets such as Germany, Austria, and Switzerland, as well as in the fast growing Polish market. Denmark and the Nordics remain a key focus for the group, drawing on the expertise Nets has built in serving one of the most digitally advanced regions in Europe. Today's announcement is a true testament to the capability and dedication of everyone at Nets.*"

Nets' business profile

Headquartered in Denmark, Nets is one of the largest integrated Pan-European PayTech companies with leadership 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 Eastern Europe).

Through its two business units (Merchant Services and Issuer & eSecurity Services), Nets serves over 740,000 merchant RGUs[4], over 40 million cards and more than 250 financial institutions and handles over €125 billion card payments annually in the acquiring segment. Furthermore, Nets has developed a strong multi-regional e-commerce offering over the last three years.

[4] Merchant revenue generating units (RGUs) defined as sum of: acquiring merchants, number of rented terminals and eCom merchants (not adjusted for overlaps)

Nets was formed in 2010 through the merger of three Nordic payments companies: Denmark's PBS and Norway's BBS and Teller. With the acquisition of the leading Finnish digital payments provider Luottokunta in 2012, Nets became the leading pan-Nordic payments player.

Over the past 3 years, under Hellman & Friedman's ownership, Nets has undergone significant transformation and investments resulting in accelerated growth of its core business, both organically and through strategic M&A. Most recently this included the 2018 merger with Concardis which expanded Nets' footprint to structurally attractive payment markets such as Germany, Austria, and Switzerland, as well as the expansion into the fast growing Polish market through the acquisitions of Dotpay/eCard, P24, and PeP. Following the sale of Nets' Corporate Services account-to-account business ("**Corporate Services**") to Mastercard for €2.85bn, which is expected to close in Q1 2021, Nets' model has been successfully refocused on its core businesses, i.e. Merchant Services (62% of 2019 revenues[5]), with a strong e-commerce exposure and proposition, and Issuer & eSecurity Services (38% of 2019 revenues[5]), with key strengths in issuing processing and innovative digital payments methods.

Nets generated €1.1 billion in revenues and €387 million in EBITDA in 2019 pro-forma for the sale of the Corporate Services division and recent acquisitions in Poland[6], with an organic underlying revenues[7] growth of c.8% YoY in 2019. Nets also recorded solid and resilient performance in 2020 despite Covid-19, with organic underlying revenues[7] in Q3 growing c.4% YoY.

Creation of the European PayTech leader

The combination of Nexi with Nets is a game-changer in the European payments landscape creating one of the largest players in Europe with enhanced scale, client reach, distribution network and breadth of offering, which will further benefit from the recently announced SIA merger. A powerful strategic combination that will allow the New Group to:

- Create the largest pan-European platform with the scale to drive superior product and efficiency leadership, with c.€2.9 billion revenues and c.€1.5 billion EBITDA on a pro-forma aggregated basis for FY 2020E, including run-rate synergies;
- Benefit from significant growth potential from leadership and exposure to attractive European markets (ranging from fast-growing Italy to the structurally attractive Germany/DACH and Poland/CSEE regions to the highly advanced and innovative Nordic markets), with an overall addressable market expanded 4x vs. Nexi standalone to €4.6tn in terms of consumer spend and with an average digital payments penetration of 33%[8];
- Leverage a full portfolio of solutions across the payment ecosystem, with strong competences in acquiring and e-commerce, and the ability to support international merchants with vertical-specific solutions based on flexible customer journeys across countries, payment channels and rails;

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5 Figures pro-forma for Nets recent acquisitions (i.e.PoplaPay, PeP and PayPro excl. CCV CH) and for the sale of Corporate Services division

6 Pro-forma for PayPro, PoplaPay and PeP acquisitions; Sale of Corporate Services division already excluded from 2019 statutory accounts

7 Underlying revenue excludes one-off customer losses related to legacy issuing contracts, effect of contract renegotiation post bank consortium sale in 2014, one-off eID revenue and Corporate Services transitional services agreement. Based on constant scope and FX basis

8 Computed as average of card penetration weighted for consumer spend

- Create a best-of-breed technology platform leveraging on complementarity and scale, underpinned by >€300m IT & innovation spend per year and >3k product and tech development specialists[9];
- Achieve superior profitability and cash generation at scale, with enhanced business resilience stemming from geographic diversification, e-commerce exposure and significantly lower customer concentration;
- Be uniquely positioned to capture further organic and inorganic growth opportunities across Europe.

Synergies and value creation

In addition to ~€150 million p.a. of recurring cash synergies from the recently announced SIA merger, the combination of Nexi and Nets is expected to provide significant value creation opportunities from highly visible and properly phased ~€170 million of estimated run-rate recurring cash synergies, of which:

- ~€95 million in lower operating expenses through rationalization of IT and tech platforms together with the creation of shared services and competence centers, and central procurement;
- ~€60 million in revenue synergies, of which €40 million at EBITDA level, from cross-selling of digital solutions to SMEs, enhanced e-commerce and omni-channel proposition for local, regional and international merchants, increased penetration in attractive verticals and upselling to a value-added service model for national and international banks;
- ~€35 million in recurring capex synergies through product development at scale, joint investment planning and best-of-breed technology platforms consolidations;
- >80% of EBITDA synergies are expected to be achieved by year 2024;
- Total integration costs estimated at ~1x total recurring annual cash synergies.

The combined ~€320 million p.a. of recurring cash synergies from Nets-SIA represent a significant value creation opportunity for Nexi shareholders, with 2022 Cash EPS[10] accretion estimated >25% including run-rate synergies (and c. 15% on a phased-in basis) assuming closing of both Nets and SIA transactions.

Taking into account the estimated synergies, the envisaged combination of Nexi with Nets and SIA is expected to benefit from pro forma aggregate revenues as of 2020E equal to €2.9 billion, EBITDA of €1.5 billion and Operating Cash Flow of €1.2 billion[11].

Integration and synergy delivery plan

A clear, focused and properly phased integration and synergy delivery plan has been defined for both Nets and SIA, taking into account the fact that the areas of overlap in the efforts across Nexi-Nets and Nexi-SIA are limited. Nexi-Nets synergies are mainly focused on merchant services for revenues and on outside of Italy for costs; Nexi-SIA synergies are mainly focused on issuing and digital banking & corporate solutions for revenues and on Italy only for costs.

Initially, Nets management will remain focused on delivering Nets' highly accretive standalone growth plan, while from 2021 Nexi-SIA integration will start with full focus on Italy. Later from 2022 the Nets integration will also start with the longer term goal of creating One European Platform.

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[9] Including CCV CH and PeP

[10] Based on broker consensus estimates for Nexi in 2022; cash EPS calculated using the reported net income (excluding one off integration costs) to which total D&A (including D&A related to customer contracts) is added back net of tax; cash EPS accretion calculated taking into account benefit from estimated reduction in overall cost of funding for the combined entity

[11] 2020 figures based on broker consensus for Nexi. Operating cash flow calculated as EBITDA net of ordinary capex and change in working capital

At the same time, from the very beginning, a focused set of joint fast-track initiatives will be launched to make sure that value creation from synergies starts immediately from closings. These initiatives will focus on delivering one European e-commerce and multichannel proposition, one SME next generation proposition, one technology plan, immediate joint resource planning (opex and capex) and purchasing.

This focused and phased transformation program will be led by a highly experienced management team. At the same time, the breadth and depth of seniority and talent within Nexi, Nets and SIA will guarantee the continued total focus on delivering growth and development of the ordinary activities of each business while the transformation is executed.

Transaction structure

The framework agreement envisages a merger of Nets into Nexi on the basis of equivalent 2020E expected EV / EBITDA multiples. The strategic combination will be executed as an all-share merger whereby Nets' shareholders will receive about 406.6 million new Nexi shares[12], resulting in a pro-forma ownership of 39% in Nexi + Nets (or 31% when considering Nexi + Nets + SIA). Nexi shares issued to Nets' shareholders will be subject to a lock-up mechanism of up to 24 months post-closing, with 1/3 locked up for 6 months, 1/3 locked up for 12 months and the remaining 1/3 locked up for 24 months.

Under the terms of the Merger, Nets is valued at an enterprise value of €7.8 billion and an equity value of €6.0 billion, based on Nexi's share price equal to €14.71 as of 13th November 2020, resulting in an implied EV/EBITDA 2020E of ~20x[13]. In addition, a potential earn-out of up to €250 million will be payable in newly issued Nexi shares in 2022, contingent on the 2021 EBITDA performance of Nets (at a significantly lower implied multiple).

The execution of the Merger does not require additional new debt and the about €1.5 billion of Nets' financial debt to be refinanced at closing is already backed by a committed bridge facility[14] granted by a pool of primary international banks. Nexi keeps its commitment to maintain a prudent capital structure and consistent financial policy.

The transaction carries the full support of the reference shareholders of both Nexi and Nets, who will remain invested in the New Group. Intesa Sanpaolo, existing large shareholder in Nexi as well as established partner for both Nexi and Nets, also expressed its full support to the combination with Nets as well as its strategic relevance and rationale.

[12] Excluding earn out shares or other shares related to a precedent M&A transaction executed by Nets where potential cash-in in favour of Nets is possible (in case of cash out then Nets shareholders would make a cash payment in favour of Nexi)

[13] Based on latest FY2020 pro-forma EBITDA forecast of €381m

[14] Total committed bridge facility of up to €1.7 billion including transaction costs and other general purposes

Upon closing of Merger, Hellman & Friedman would own 21%[15], Advent International & Bain Capital 13%[16],Mercury UK 12%[17], Intesa Sanpaolo 6%, GIC Private Equity 4%[18], with a free float of 44%[19].

Upon closing of the Merger and the envisaged SIA merger, CDP[20] would own 17%, Hellman & Friedman 16%[21], Advent International & Bain Capital 10%[22], Mercury UK 10%[23], Intesa Sanpaolo 5%, GIC Private Equity 3%[24], with a free float of 38%[25].

The New Group will remain listed on the Italian Stock Exchange.

Governance

Upon Closing, Group Board of Directors will be chaired by Michaela Castelli, current Nexi Chair. The New Group will be led by the current Group CEO of Nexi, Paolo Bertoluzzo, as Group CEO. The current Group CEO of Nets, Bo Nilsson, will become non-executive Board member of Nexi and Chairman of Nets.
Hellman & Friedman will appoint also another Board member as a result of the transaction.

Approvals and conditions

The Merger has been approved by the Nexi's Board of Directors following also the issuance of the favourable opinion of the Company's Committee for Related Party Transactions[26].

The Merger with Nets is independent of the envisaged combination with SIA, where confirmatory due diligence and documentation preparation are ongoing; signing of binding documentation for the SIA merger is also expected to incorporate the adjustments to be made to reflect the effects of the Nets transaction. The Nets and SIA transactions envisage sequential antitrust review processes, starting with the Nets merger, which is intended to close earlier.

Nexi EGM and related whitewash vote to approve the Merger is expected to take place in Q1 2021 and the execution of the merger deed with Nets is anticipated in Q2 2021, following regulatory approvals.
The SIA transaction is expected to be completed in Q3 2021.

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[15] Including co-investors of Hellman & Friedman

[16] Not including stakes owned via Mercury UK

[17] Holding company owned by a consortium of funds managed by Advent International, Bain Capital and Clessidra

[18] Representing GIC's economic interest in Nets that will be held indirectly through the Hellman & Friedman holding company from closing

[19] Including 2.3% stake of GIC's public market division

[20] Controlling shareholder of SIA. Any reference to CDP shall be read as including also any indirect investment through FSIA Investimenti, a company held 70% by FSI Investimenti (in turn controlled by CDP Equity with a 77% stake) and 30% by Poste Italiane

[21] Including co-investors of Hellman & Friedman

[22] Not including stakes owned via Mercury UK

[23] Holding company owned by a consortium of funds managed by Advent International, Bain Capital and Clessidra

[24] Representing GIC's economic interest in Nets that will be held indirectly through the Hellman & Friedman holding company from closing

[25] Including 1.8% stake of GIC's public market division

[26] The Merger qualifies as a related party transaction given that among Nets's indirect shareholders there are certain funds managed by Advent International Corporation and Bain Capital Investors LP, that also manage funds that own a stake in Mercury UK HoldCo Ltd, reference shareholder in Nexi

Closing is also subject to the satisfaction of the conditions set out in the FA which include, amongst others, relevant merger control and other regulatory approvals as well as the completion of the sale of Nets' Corporate Services to Mastercard.

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Nexi is advised by HSBC, Centerview, BofA Securities and Goldman Sachs as financial advisors. Legance – Avvocati Associati and Linklaters are acting as legal counsels, Bain&Co and Alix as industrial advisors, PWC as due diligence advisor for financial and accounting matters and KPMG for tax matters. Nexi's Committee for Related Party Transactions is advised by Lazard and Prof. Gabriele Villa as financial advisors and Studio Legale Galbiati, Sacchi e Associati as legal counsel.

Credit Suisse and J.P. Morgan are acting as lead financial advisors to Nets with Deutsche Bank and Morgan Stanley acting as additional financial advisors. Freshfields Bruckhaus Deringer are acting as legal counsel, and Ernst & Young as due diligence advisors for accounting and tax matters.

Mercury UK is advised by Mediobanca, Citi and Barclays as financial advisors and by Pirola Pennuto Zei & Associati as tax advisor.

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Conference call

On November 16th, 2020 at 8am CET Nexi will host a conference call. Link for the registration:
CLICK HERE

The presentation and the replay of the conference call will be available on the Company website at https://www.nexi.it/en/investor-relations/presentations-announcements.html

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This press release contains forecast information which hence are, as such, uncertain. The forecast information are based on various assumptions, expectations, projections and forecast data relating to future events and subject to multiple uncertainties and other risk factors out of the control of Nexi and/or Nets and/or the other parties to which they belong. Several factors exist which may lead to results and trends significantly different from the implied or express contents of the forecast information and, thus, such information do not amount to a reliable indicator of future performance. Nexi, Nets and the other parties mentioned in this press release undertake no obligation to publicly update or review the forecast information as a consequence of new information, future events or other reasons, except where required by applicable law.

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The signing of the binding framework agreement for the Merger represents a related party transaction pursuant to Consob Regulation no. 17221/2010 ("Consob Regulation") and internal Nexi policies ("Nexi Policies"). The Merger qualifies as a transaction of major relevance in light of the exceeding of the thresholds identified by the Company pursuant to art. 4, par. 1, let. a) of the Consob Regulation. Accordingly, the Nexi's Committee for Related Party Transactions released unanimously a non-binding favourable opinion pursuant to Nexi Policies and Nexi will publish, within the terms provided for by law, the informative document pursuant to art. 5, paragraph 1, of Consob Regulation.

Nexi
Is the leading PayTech Company in Italy, listed on MTA of Borsa Italiana. We operate in strong partnership with ~150 partner banks. Our integrated end-to-end omni-channel technology connects banks, merchants and consumers enabling digital payments. We help simplify payments for our clients and digitalize the Italian economy. Nexi operates in three areas: Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions:

Merchant Services & Solutions: Nexi, together with its partner Banks, serves ~ 900,000 merchants;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41.6 million payment cards

Digital Banking Solutions: Nexi manages 13,100 ATMs, approximately 469,000 e-banking workstations and 947 million clearing transactions in 2019. It has also developed, as a technological partner, the open banking system of CBI S.c.p.a. to which the main Italian banks have already joined.

Nets
At Nets, we see easier products and solutions as the foundation for growth and progress – both in commerce and society. With headquarters in Copenhagen, Denmark, and more than 4,000 employees located across Europe, we help financial institutions, businesses and merchants across Europe make tomorrow a little easier for their customers while delivering unrivalled security and stability. Powering payment solutions for an easier tomorrow. www.nets.eu

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Pro forma financial profile

Based on 2020E figures (€bn unless otherwise stated)	Nexi[1]	Nets[2]	SIA	Recurring synergies	Combined[2] *2020E, including run-rate synergies*
Net revenues	1.03	1.05	0.74	0.11	2.88[3]
EBITDA	0.58	0.38	0.28	0.27	1.50
EBITDA margin	*56%*	*36%*	*38%*		*52%*
Ordinary capex	(0.09)	(0.12)	(0.09)	0.05	(0.24)
Operating cash flow[5]	0.48	0.23	0.19	0.32[4]	1.21
Operating cash flow conversion rate[6]	*83%*	*60%*	*69%*		*81%*
Net leverage[7]	*3.7x*	*4.8x*	*3.4x*		*3.3x*
Number of Nexi shares (m)	627.8	406.6	270.0		1,304.5

Note: Any data and financial information contained in this press release are preliminary.
(1) Nexi broker consensus
(2) Nets data pro forma for the acquisition of PeP and disposal of Corporate Services business to Mastercard
(3) Net of intercompany adjustments
(4) Including recurring capex synergies
(5) Operating Cash Flow calculated as EBITDA net of Ordinary Capex and Change in WC
(6) Including run rate synergies; cash conversion rate calculated as Operating Cash Flow divided by EBITDA
(7) Nexi and SIA net leverage calculated based on latest available NFP and LTM EBITDA as of Sep 20. Nets' leverage calculated as latest available adjusted NFP (Aug 20) over 2020E pro-forma EBITDA