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This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus for securities dated July 10, 2005, as amended.

OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

Nexi Capital S.p.A.

€2,200,000,000 Senior Secured Notes, consisting of:
€825,000,000 4¹/₈% Senior Secured Notes due 2023
€1,375,000,000 Senior Secured Floating Rate Notes due 2023

Nexi Capital S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy (the "Issuer"), is offering (the "Offering") €825.0 million in aggregate principal amount of its 4¹/₈% Senior Secured Notes due 2023 (the "Fixed Rate Notes") and € 1,375.0 million in aggregate principal amount of its Senior Secured Floating Rate Notes due 2023 (the "Floating Rate Notes," and together with the Fixed Rate Notes, the "Notes"). As of the Issue Date (as defined below), the Issuer will be a wholly-owned subsidiary of the Company (as defined herein).

The Fixed Rate Notes will bear interest at a rate of 4.125% per annum and will mature on November 1, 2023. The Issuer will pay interest on the Fixed Rate Notes semi-annually in arrears on November 30 and May 31 of each year, commencing on November 30, 2018. All or a portion of the Fixed Rate Notes may be redeemed at any time prior to November 30, 2019, at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes redeemed plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the redemption date and a "make whole" premium, as described in this offering memorandum. At any time prior to November 30, 2019, and commencing on the Issue Date, the Issuer may in each calendar year redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes (including any additional Fixed Rate Notes) at a redemption price equal to 103% of the principal thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date. In addition, prior to November 30, 2019, up to 40% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any additional Fixed Rate Notes) may be redeemed with the net proceeds of one or more specified equity offerings at a redemption price equal to 104.1250% plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, provided that at least 50% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any additional Fixed Rate Notes) remains outstanding after the redemption. The Fixed Rate Notes may be redeemed at any time on or after November 30, 2019, at the redemption prices set forth in this offering memorandum.

The Floating Rate Notes will bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 3.625% per annum, reset quarterly, and will mature on May 1, 2023. The Issuer will pay interest on the Floating Rate Notes quarterly in arrears on August 31, November 30, February 28 and May 31 of each year, commencing on August 31, 2018. All or a portion of the Floating Rate Notes may be redeemed at any time prior to May 31, 2019, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date plus a "make-whole" premium, as described in this offering memorandum. The Floating Rate Notes may be redeemed at any time on or after May 31, 2019, at the redemption prices set forth in this offering memorandum.

All, but not less than all, of the Notes may also be redeemed upon the occurrence of certain changes in applicable tax law. In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the Fixed Rate Notes or Floating Rate Notes, as applicable, validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Fixed Rate Notes or Floating Rate Notes, as applicable, validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Fixed Rate Notes or Floating Rate Notes, as applicable, that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of such Fixed Rate Notes or Floating Rate Notes, as applicable. Upon the occurrence of certain defined events constituting a change of control triggering event or upon certain asset sales, each holder of Notes of any series may require the Issuer to repurchase all or a portion of the Fixed Rate Notes or Floating Rate Notes, as applicable, at the redemption prices set forth in this offering memorandum. However, a change of control triggering event may not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with, or upon signing of a definitive agreement in respect of, such event.

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Pending the completion of the Reorganization (as defined herein), the Initial Purchasers (as defined herein) of the Notes will, concurrently with the issuance of the Notes on the Issue Date, deposit the gross proceeds from the Offering into a segregated escrow account in the name of the Issuer but controlled by the Escrow Agent (as defined herein). The release of the escrow proceeds (the date of such release, the "Escrow Release Date") to the Issuer will be subject to the satisfaction of certain conditions, including the completion of the Reorganization promptly (that is, within three business days) following such release. If the Reorganization is not consummated prior to December 31, 2018 (the "Escrow Longstop Date"), or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be equal to the aggregate issue price of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the special mandatory redemption date. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future senior indebtedness (including the Private Notes and the Issuer's obligations under the Revolving Credit Facility Agreement) (each term, as defined herein) and will be senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Notes and the Parent Guarantee (as defined below) will be structurally subordinated to any existing or future indebtedness and other obligations of the Company's subsidiaries that are not guarantors, including obligations owed to trade creditors and settlement obligations. On the Issue Date, the Notes will not be guaranteed. The Notes will be guaranteed (the "Parent Guarantee") by the Company on a senior, joint and several basis on the Completion Date (as defined herein).

Within five days of the Issue Date, the Notes and the Parent Guarantee (upon the granting thereof by the Company) will be secured on a first-priority basis by a pledge of (i) the entire share capital of the Issuer and (ii) all material bank accounts of the Issuer (other than the Escrow Account). In addition, on the Completion Date, the Notes and the Parent Guarantee will be secured on a first-priority basis by the Completion Date Collateral (as defined herein). Under the terms of the Intercreditor Agreement, the Collateral (as defined herein) will also secure the Private Notes and the Revolving Credit Facility (each term, as defined herein) and certain hedging obligations. Pursuant to the terms of the Intercreditor Agreement, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the creditors under the Revolving Credit Facility and certain other indebtedness will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes and the Private Notes. See "*Summary—The Offering—Collateral*." The validity and enforceability of the Parent Guarantee and the security and the liability of the Company and security providers will be subject to the limitations described in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*." The Parent Guarantee and the security interests granted in favor of the Notes and the Parent Guarantee may be released under certain circumstances, including certain IPO (as defined herein) events and, in the case of the Fixed Rate Notes, upon the Notes achieving investment grade.

There is currently no public market for the Notes. Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange (the "Official List") and to admit the Notes for trading on the Euro MTF market thereof.

This offering memorandum may not be reproduced or used for any other purpose, nor may it be furnished to any other person other than those to whom copies have been sent.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 31.

Issue Price for the Fixed Rate Notes: 100.000% plus accrued interest, if any, from the Issue Date.

Issue Price for the Floating Rate Notes: 100.000% plus accrued interest, if any, from the Issue Date.

Delivery of the Notes will be made in book entry form through a common depositary of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on or about May 18, 2018 (the "Issue Date"). See "*Book Entry, Delivery and Form*."

The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 above €100,000.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act ("Rule 144A") and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. You are hereby notified that

sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Notice to Certain Investors*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators and Bookrunners

BofA Merrill Lynch	Goldman Sachs International	UBS Investment Bank	Banca IMI

Joint Bookrunners

Banca Akros S.p.A.– Gruppo Banco BPM	Citigroup	Deutsche Bank	HSBC	J.P. Morgan	Mediobanca	MPS Capital Services	UBI Banca	UniCredit Bank

The date of this offering memorandum is May 17, 2018

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In making an investment decision, you should rely only on the information contained in this offering memorandum. None of the Issuer, the Company (as defined below) or any of the Initial Purchasers (as defined below) has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Company or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS THE NOTES ARE REGISTERED UNDER THE U.S. SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION,*" "*NOTICE TO CERTAIN INVESTORS*" AND "*TRANSFER RESTRICTIONS*." INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A UNDER THE U.S. SECURITIES ACT.

This offering memorandum has been prepared by the Issuer and the Company solely for use in connection with the proposed offering of the Notes. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. This offering memorandum may not be distributed to any person other than prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes.

Each of the Issuer and the Company, having made all reasonable enquiries, confirms that, to the best of its knowledge, information and belief (having taken all reasonable care to ensure that such is the case), this offering memorandum contains all information that is material in the context of the issuance and offering of the Notes and the Parent Guarantee, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this offering memorandum or any such information misleading in any material respect. The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Company since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date. The Issuer and the Company accordingly accept responsibility for the information contained in this offering memorandum.

None of the Initial Purchasers (as defined below) nor any employee of the Initial Purchasers has authorized the contents or circulation of this offering memorandum and does not assume any responsibility for, and will not accept any liability for, any loss suffered as a result of, arising out of, or in connection with this document or any of the information or opinions contained in it.

In accordance with normal and accepted market practice, none of the Trustee, the Security Agent, the Paying Agent, the Calculation Agent, the Registrar, or the Transfer Agent (each as defined herein) is responsible for the contents of this offering memorandum or expresses any opinion as to the merits of the Notes under this offering memorandum.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, the Company or any of their respective affiliates, or the Initial Purchasers. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful.

By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. The contents of this offering memorandum is not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the Group, the terms of the Offering and the merits and risks involved.

The information set forth in those sections of this offering memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. The Issuer, the Company, the Trustee, the Paying Agent, the Calculation Agent, the Transfer Agent and the Registrar will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book entry interests.

This Offering is being made in reliance upon exemptions from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own account.

The laws of certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any such restrictions. None of the Issuer, the Company, the Initial Purchasers, the Trustee, Paying Agent, the Calculation Agent, the Security Agent or their respective representatives are making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the Offering and sale of the Notes and the distribution of the offering memorandum, see "*Plan of Distribution,*" "*Notice to Certain Investors*" and "*Transfer Restrictions*."

To purchase the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the Notes or possess or distribute this offering memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, the Company, the Initial Purchasers, the Trustee, Paying Agent, the Calculation Agent, the Security Agent or their respective affiliates will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer, the Company or any other person that would permit an Offering or the circulation or distribution of this offering memorandum or any offering material in relation to the Issuer, the Company or the Notes in any country or jurisdiction where action for that purpose is required.

The Notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") will be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S") will be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") and registered in the name of the nominee of the common depositary. See "*Book Entry, Delivery and Form*."

Application has been made to the Luxembourg Stock Exchange for the listing of and permission to deal in the Notes on the Euro MTF and we intend to submit this offering memorandum to the competent authority in connection with the listing application. There can be no assurance that listing of the Notes will be maintained. Any investor or potential investor in the European Economic Area (the "EEA") should not base any investment decision relating to the Notes on the information contained in this offering memorandum after publication of the listing particulars and should refer instead to those listing particulars.

STABILIZATION

IN CONNECTION WITH THIS ISSUE, MERRILL LYNCH INTERNATIONAL (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE RESPECTIVE NOTES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION TO DO THIS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO CERTAIN INVESTORS

United States

None of the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority has approved or disapproved of the Notes or the Parent Guarantee, and none of the foregoing authorities have passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary could be a criminal offence in certain jurisdictions.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering memorandum under "*Transfer Restrictions*." The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*."

European **Economic** Area

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each member state ("EU Member State") of the EEA.

Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. 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 Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, 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 the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any EU Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EU Member State by any measure implementing the Prospectus Directive in that EU Member State.

Professional investors and ECPs (as defined below) only target market: Solely for the purposes of the product approval process of the Manufacturers, as defined in the Purchase Agreement (as defined in the offering memorandum), the target market assessment in respect of the securities described in this offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("ECPs") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors: The securities described in the attached offering memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. 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 Article 4(1) of MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Italy

No action has been or will be taken which could allow an Offering to the public in the Republic of Italy within the meaning of Article 1, paragraph 1, letter t) of Legislative Decree No. 58 of February 24, 1998, as subsequently integrated and amended (the "Italian Financial Act") and, in particular, the Offering has not been cleared by the Commissione Nazionale per la Società e la Borsa ("CONSOB") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to review by CONSOB. Accordingly, the Notes may not be offered, sold or delivered directly or indirectly in the Republic of Italy, and neither this offering memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Notes may be issued, distributed or published in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as referred to in Article 100 of the Italian Financial Act, and as defined in Article 35, first paragraph, letter (d) of CONSOB Regulation No. 20307 of February 15, 2018, as amended ("Regulation 20307"), pursuant to Article 34-*ter*, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "Issuer Regulation"), implementing Article 100 of the Italian Financial Act; and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuer Regulation.

The Notes may not be offered, sold or delivered and neither this offering memorandum nor any other material relating to the Notes, may be distributed or made available in the Republic of Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of this offering memorandum or any other material relating to the Notes in Italy is made in compliance with the selling restrictions above and must be made as follows: (a) by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Italian Financial Act, permitted to conduct such activities in Italy, as applicable, in accordance with Legislative Decree No 385 of September 1, 1993 (the "Italian Banking Act") as subsequently integrated and amended, the Italian Financial Act, the Italian Banking Act, the Issuer Regulation, Regulation 20307 and any other applicable laws and regulations; and (b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or other competent Italian authority. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this offering memorandum in the Republic of Italy, see "*Transfer Restrictions*."

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

United **Kingdom**

This offering memorandum is being distributed only to and is directed only at: (i) persons who have professional experience in matters relating to investments and are investment professionals as defined within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth bodies corporate and any other person falling within Article 49(2)(a) to (d) of the Order; (iii) persons outside the United Kingdom; and (iv) any other persons to whom it may otherwise lawfully be communicated or cause to be communicated (all such persons together being referred to as "relevant persons").

Each Initial Purchaser has represented and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers; and (ii) it has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

This offering memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients of this offering memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the United Kingdom. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements, including statements about market consolidation and our strategy, investment program, future operations, industry forecasts, expected acquisitions, transactions and investments, and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "seek," "target" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those expected in our forward-looking statements for many reasons, including the factors described in "*Risk Factors*." In addition, even if our actual results are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to:

- a deterioration in economic conditions in Italy;
- disruption of our ICT and information systems;
- a failure to adequately protect data;
- the impact of privacy and data protection regulation;
- an increase in or change to regulation Europe and consequently Italy;
- a reduction in our number of customers due to consolidation in the Italian banking market;
- condition of the Italian banking sector;
- an inability to maintain relationships with our partner banks;
- increased competition from third parties;
- an inability to successfully execute our strategy;
- increased insourcing of operations by our bank customers;
- the cost of adapting to and providing new technologies and services;
- credit risk from our customers and partner banks;
- political uncertainty in Italy;
- fraud by third parties;
- liability for the actions of our directors, employees, and others;
- adverse changes to payment network rules or standards;
- reliance on financial institutions for our clearing activities;
- liquidity risk;
- liabilities and losses in relation to Visa Europe;
- liabilities in relation to the failure to upgrade POS terminals in compliance with Visa's PIN Security Program;
- adverse changes to interchange regulations;
- failure to successfully integrate acquired businesses;

- failure to attract and retain key employees;
- inadequate risk management policies and procedures;
- adverse results of litigation;
- inadequate insurance coverage, or increased insurance costs;
- infringement of or failure to obtain the intellectual property rights of third parties;
- inability to obtain additional capital;
- disruptions due to labor disputes or work stoppages;
- impairments to goodwill, intangibles and investments;
- changes to our tax laws or challenges or changes to our tax position; and
- other factors discussed in this offering memorandum.

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our financial position, results of operations and liquidity. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as at the date of this offering memorandum, and we do not intend, and do not assume any obligation, to update forward-looking statements set out in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on these forward-looking statements.

INDUSTRY AND MARKET DATA

General

In this offering memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. Certain market data and economic and industry data and forecasts used in this offering memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. These external sources include publicly available data from the Economist Intelligence Unit and Euromonitor International. In considering the industry and market data included in this offering memorandum, prospective investors should note that this information may be subject to significant uncertainty due to differing definitions of the relevant markets described. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market related analyses and estimates, thus requiring us to rely on internally developed data. Consequently, we have made our estimates largely based on internal surveys and studies. There are no third party providers for industry rankings and market share information specific to the industry in which we operate. In the absence of such information, we have made statements regarding our industry and market share based on our experience, our own investigation of market conditions and our management's best estimates. While we believe our estimates to be reliable, they have not been verified by any independent sources and we cannot assure you that any of our assumptions are accurate or correctly reflect our position in the industry. Neither we nor any of the Initial Purchasers make any representation as to the accuracy of such information.

Primary Metrics

The primary metrics we use in this offering memorandum include market share, card spending and card payments penetration. Set forth below is a description of how these metrics have been calculated:

"Market share" refers to the percentage of a specified market accounted for by a certain provider in that market. Unless expressly stated otherwise, all references to market share in this offering memorandum are exclusively based on the Italian market. We measure market share (i) in our Merchant Services & Solutions and Cards & Digital Payments business units on the basis of total aggregate value of transactions generated by payment cards participating in the Visa or MasterCard card schemes, (ii) in the POS management market on the basis of the total number of POS managed and (iii) in the SEPA (defined herein) interbank clearing market and CBI Gateway market on the basis of the total number of transactions processed. Since we almost exclusively act together with partner banks in our issuing and acquiring activities, a single issuing or acquiring transaction may be counted both in our market share and in each partner bank's market share. In estimating our market share for each of our business units, we have made certain assumptions, a description of which is set forth below:

- ***Merchant Services & Solutions and Cards & Digital Payments.*** In the year ended December 31, 2017, we acted as a merchant acquirer and card issuer in payment card transactions representing €418.4 billion in value (including both issuing and acquiring transactions), which represent significant samples of the overall Italian card issuing and merchant acquiring markets. Owing to the large size of these samples, we believe that the distribution of market share among us and our competitors that we observe in these respective samples is representative of the market as a whole. In addition, we assume that consumer behavior with respect to the card issuing and merchant acquiring markets is independent such that consumers holding a payment card issued by any particular card issuer are not more or less likely to make card purchases at a merchant where that card issuer is also the merchant acquirer. We believe this assumption is reasonable because consumers typically make their purchasing decisions without considering, or even knowing, who acts as merchant acquirer for a given merchant. For the issuing market, our calculations are based on the aggregate volume of card spending by all payment cards issued in Italy, whether the spending takes place in Italy or abroad. For the acquiring market, our calculations are based on acquiring volumes for Italian merchants. We calculate our eCommerce electronic commerce or commerce conducted over the internet ("eCommerce") market share on the basis of volume of card spending by payment cards issued in Italy at any eCommerce merchant (regardless of geographical location), as well as volume of card spending (whether the cards were issued in Italy or abroad) at eCommerce merchants registered in Italy. On the basis of these assumptions and parameters, we believe that we are able to make reasonable estimates of overall market share in the Italian card issuing and merchant acquiring markets by applying the market share we observe in our respective samples as card issuer and merchant acquirer to estimate the total market size, including those transactions in which we are neither card issuer nor merchant acquirer. We believe that our assumptions and extrapolations of our own data result in reasonable estimates of overall market share in the Italian card issuing and merchant acquiring markets.
- ***SMEs***. Our market share of SMEs excludes: (i) the Online Commerce (eCommerce and mCommerce) market, given that the classification of SMEs refers only to merchants with brick-and-mortar stores; (ii) ATM withdrawals, since there are no merchants in an ATM transaction which involves consumers withdrawing cash and not purchasing a product or interacting with a merchant; and (iii) transactions made at gas stations, which

we exclude when calculating our market share because the merchant acquiring market at gas stations is highly fragmented, with a large number of different merchant acquirers, which is unrepresentative of the SME market.

"Card spending" measures the value of transactions executed through payment cards (including credit, charge, debit and prepaid cards) issued in a particular country, regardless of whether the payment card is used in the country of issuance or abroad.

"Card payments penetration," except where expressly stated otherwise, is defined as the value of card payment transactions divided by private consumer spending.

Third-Party Sources

Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness or the accuracy or completeness of the assumptions that the providers of the data reports have made in compiling this data. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Further, the providers of the data reports do not warrant, represent or guarantee the accuracy and completeness of any information in this offering memorandum, and neither do the providers of the data reports accept any responsibility or liability to any party who relies on any information contained in this offering memorandum. Research by Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing in the Issuer or any of its affiliates.

Proprietary Data

In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this offering memorandum was estimated, extrapolated or derived based on assumptions we deem reasonable and from our own research, surveys, studies and experience. In light of the absence of publicly available information on a significant proportion of participants in the industry, the data on market sizes and projected growth rates should be viewed with caution. Our internal estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this offering memorandum.

The projections and forward-looking statements in this section are not guarantees of future performance, and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "*Risk Factors*," "*Forward-Looking Statements*," "*Industry*" and "*Business*" for further discussion.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder. As of the date of this offering memorandum, Bankco's corporate name is Nexi S.p.A. We expect that the Bankco group will be renamed following completion of the Reorganization and that we will have exclusive rights to the Nexi brand.

CERTAIN DEFINITIONS

The following terms used in this offering memorandum have the meanings assigned to them below:

"Acquisitions" — collectively, our acquisitions of Mercury Payments, MPS Acquiring, Bassilichi and DB Acquiring.

"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.

"Agreed Security Principles" — has the meaning ascribed to it under "*Description of the Notes*."

"Bain Capital" — Bain Capital Investors, LP 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.

"Bankco" — ICBPI, our former banking activities or any successor entities carrying out such activities from time to time, as the context requires.

"Bassilichi" — Bassilichi S.p.A. and its subsidiaries.

"BMPS" — Banca Monte dei Paschi di Siena S.p.A.

"business unit" — means each of the business units specified in our Financial Statements: Merchant Services & Solutions, Cards & Digital Payments, Digital Banking Solutions and Other Services.

"Carige Acquiring" — the merchant acquiring business of Banca Carige S.p.A.

"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.

"Collateral" — has the meaning set forth in "*Summary—The Offering—Collateral.*"

"Company" — Latino Italy S.p.A. (formerly, Latino Italy S.r.l.).

"Completion Date" — means the first day on which both the Reorganization and the Refinancing have been completed, upon which the Notes, Private Notes and the Revolving Credit Facility will be secured by the Completion Date Collateral.

"Completion Date Collateral" — has the meaning set forth in the "*Summary—The Offering—Collateral*."

"DB Acquiring" — the merchant acquiring business formerly owned by Deutsche Bank S.p.A.

"Escrow Account" — the segregated escrow account in which the proceeds from the offering of the Notes will be deposited on the Issue Date. See "*The Transactions—Escrow Account.*"

"Escrow Agent" — Bankco.

"Escrow Agreement" — the agreement to be dated the Issue Date between the Issuer, the Trustee and the Escrow Agent relating to the Escrow Account into which the gross proceeds of the Notes will be deposited pending completion of the Reorganization.

"Escrow Longstop Date" — December 31, 2018.

"Escrow Release Date" — the date when the gross proceeds of the Notes will be released from escrow.

"EU" — European Union.

"euro," "EUR" or "€" — the lawful currency of EU Member States participating in the European Monetary Union.

"Existing Debt" — the Existing Notes and any outstanding borrowings under the Existing Revolving Credit Facility.

"Existing Notes" — the (i) €900,000,000 8¼%/9% Senior Secured Fixed Rate PIK Toggle Notes due 2021 and €200,000,000 Senior Secured Floating Rate PIK Toggle Notes due 2021, (ii) €600,000,000 privately-placed Senior Secured Floating Rate PIK Toggle Notes due 2021 and (iii) €600,000,000 7⅛% / 7⅞% Senior Secured Fixed Rate PIK Toggle Notes due 2021, in each case, issued by Mercury Bondco.

"Existing Revolving Credit Facility" — the revolving credit facility established under the existing revolving credit facility agreement entered into on November 10, 2015, by, among others, Mercury Bondco, the Sponsors' Holdcos, the Agent, the Security Agent and the Original Issuing Bank (each as defined therein).

"Former Shareholder Banks" — the selling banks which sold all or the majority of their interests in ICBPI to Holdco under the sale and purchase agreement dated as of June 19, 2015, or otherwise.

"Funding Reorganization" — the entry into of new financing agreements, mainly represented by the Settlement Obligations Factoring Agreement, to fund the Group's working capital.

"Group," "Nexi," "Nexi Payments Business," "we," "us," and "our"	refers to the certain assets, liabilities, revenues and costs comprising the payments business to be carried out by the Company and its subsidiaries following the Reorganization, as described in our Financial Statements included elsewhere herein, unless expressly stated otherwise or the context otherwise requires, such as with respect to certain events prior to the consummation of the Reorganization.
"Help Line"	Help Line S.p.A.
"Holdco"	Mercury UK Holdco Limited.
"Holdco Loan"	has the meaning set forth in "*The Transactions*."
"ICBPI"	Nexi S.p.A. (formerly, Istituto Centrale delle Banche Popolari Italiane S.p.A.).
"ICBPI Acquisition"	the acquisition by Holdco of a controlling interest in ICBPI.
"IFRS"	International Financial Reporting Standards, as adopted by the EU.
"Indenture"	the indenture governing the Notes to be entered into on the Issue Date among, *inter alios*, the Issuer and the Trustee.
"Initial Purchasers"	collectively, Merrill Lynch International, Goldman Sachs International, UBS Limited, Banca IMI S.p.A., Banca Akros S.p.A.—Gruppo Banco BPM, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Mediobanca—Banca di Credito Finanziario S.p.A., MPS Capital Services Banca per le Imprese S.p.A., UBI Banca S.p.A., and UniCredit Bank AG.
"Intercreditor Agreement"	the intercreditor agreement entered into on the Issue Date, among, among others, the Issuer, U.S. Bank Trustees Limited as trustee for the holders of the Notes, the facility agent with respect to the Revolving Credit Facility, certain creditors thereunder and the Security Agent, as amended, supplemented and restated from time to time.
"Issue Date"	on or about May 18, 2018, the date on which the Notes will be delivered in book entry form through a common depositary for Euroclear and Clearstream.
"Issue Date Collateral"	has the meaning set forth in the "*Summary—The Offering—Collateral*."
"Issuer"	Nexi Capital S.p.A.
"Italian GAAP"	generally accepted accounting principles in Italy.
"Mercury Bondco"	Mercury Bondco plc, the issuer of the Existing Notes.
"Mercury Funding Facility"	the Mercury Payments funding facility descried under "*Description of Certain Financing Arrangements—Settlement Obligations—Mercury Funding Facility.*"
"Mercury Payments"	Mercury Payment Services S.p.A.
"Mercury Processing"	Mercury Processing Services International d.o.o., which was disposed of in December 2016.
"MPS Acquiring"	the merchant acquiring and POS business formerly owned by BMPS.
"Nexi Payments"	Nexi Payments S.p.A. (formerly, CartaSi S.p.A.).
"non-GAAP aggregated basis"	means after giving effect to the adjustments set forth under "*Unaudited Non-GAAP Aggregated Financial Information*."
"Notes"	collectively, the €825,000,000 4$^{1}/_{8}$% Senior Secured Notes due 2023 (the "Fixed Rate Notes") and the €1,375,000,000 Senior Secured Floating Rate Notes due 2023 (the "Floating Rate Notes") offered hereby.
"Oasi"	Oasi Diagram S.p.A.
"Offering"	this offering of the Notes pursuant to this offering memorandum.
"Parent Guarantee"	the guarantee of the Notes by the Company on the Completion Date.
"Post-Completion Merger"	means the merging of the Issuer with and into the Company, which is expected to take place following the Reorganization.
"Private Notes"	the €400,000,000 aggregate principal amount of privately placed senior secured floating rate notes due 2024 to be issued on or about the Completion Date.
"Private Notes Commitment Letter"	the commitment letter dated as of April 29, 2018, between entities associated with Goldman Sachs Merchant Banking Division and the Issuer in relation to the Private Notes.
"Private Notes Guarantee"	the guarantee of the Private Notes by the Company on the Completion Date.
"Private Placement"	means the placement of the Private Notes (as contemplated by the Private Notes Commitment Letter).
"Proceeds Loans"	the loan of the proceeds of the Notes by the Issuer via one or more loans as lender, to the Company, as borrower, which will be drawn on or about the Escrow Release Date.
"Pro Forma Acquisitions"	the acquisitions of the MPS Acquiring business on June 30, 2017 and the acquisition of Bassilichi on July 3, 2017.
"pro forma basis"	means after giving effect to the adjustments set forth under "*Unaudited Pro Forma Combined Consolidated Financial Information.*"
"Refinancing"	the transactions described under "*The Transactions—The Refinancing*."

"Reorganization"	the transactions described under "*The Transactions—The Reorganization*."
"Revolving Credit Facility"	the revolving credit facility established under the Revolving Credit Facility Agreement, which is described in more detail in "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"
"Revolving Credit Facility Agreement"	has the meaning set forth in "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"
"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.
"Security Agent"	U.S. Bank Trustees Limited in its capacity as (i) security agent under the Intercreditor Agreement, the Revolving Credit Facility and the Indenture, (ii) legal representative (*mandatario con rappresentanza*) under the Indenture and (iii) representative (*rappresentante*) pursuant to and for the purposes set forth under Article 2414-*bis*, Paragraph 3, of the Italian Civil Code (as defined herein).
"Service Agreements"	certain agreements between Nexi Payments and Nexi S.p.A., mainly relating to the provision of IT and financial services to Nexi S.p.A.
"settlement obligations"	the obligations under the agreements described under "*Description of Certain Financing Arrangements—Settlement Obligations*."
"Settlement Obligations Factoring Agreement"	has the meaning set forth in *"Description of Certain Financing Arrangements—Settlement Obligations Factoring Agreement."*
"Sparkling"	the digital payments startup Sparkling 18 S.r.l. that we acquired on April 10, 2018 for a consideration of €3 million.
"Sponsors"	collectively, Advent, Bain Capital and Clessidra.
"Sponsors' Holdcos"	Mercury A Capital Limited, Mercury B Capital Limited and Mercury ABC Capital Limited.
"Sponsors' Newcos"	Mercury (AI) S.à r.l., Mercury (BC) S.à r.l. and Fides S.p.A., the shareholders of the Sponsors' Holdcos.
"Transactions"	the transactions described under "*The Transactions."*
"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.
"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.

GLOSSARY

"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 full scope of services necessary to enable a merchant to accommodate and execute digital payments.
"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.
"BPO" or "business process outsourcing"	the contracting of a specific business task to a third-party service provider.
"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"	the measure of the value of transactions executed through payment cards (including credit, charge, debit and prepaid 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.
"COMI"...	centre of main interests.
"charge 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.
"CONSOB"	Commissione Nazionale per le Società e la Borsa.
"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.
"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"	The 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).
"eCommerce"	electronic commerce or commerce conducted over the internet.
"EEA Agreement"..........................	the agreement on the European Economic Area, which came into force on January 1, 1994, which brings together the EU Member States and Iceland, Liechtenstein and Norway into a single market.
"EMV"	Europay MasterCard Visa, a technical standard for "smart" (or "chip") payment cards and for the payment terminals and ATMs which 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.
"EU Member State"	the 28 member states in the European Union.
"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*).

"GIANOS"	*Generatore Indici di Anomalia per Operazioni Sospette*, a software for the identification of suspicious activity, KYC procedures and the assessment of customer risk profiles.
"gift card"	a type of prepaid card that cannot be recharged and can no longer be used when the stored value is depleted.
"ICF" or "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.
"ICT"	information and communications technology.
"ICT security"	information and communications technology security, which is the security measure used to protect the information and communications technology of a company.
"issuer," "issuing bank" or "card issuer"	a bank or financial institution that provides payment cards and the services necessary to execute digital payments.
"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.
"mCommerce"	mobile commerce or commerce conducted over mobile devices such as tablet computers and smart phones.
"merchant"	a person or company offering goods or services for sale.
"merchant acquirer"	an entity that provides services necessary to enable a merchant to accommodate and execute digital payments.
"MSC" or "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. For an illustrative description of the Italian payment solutions fee cycle, see "*Industry—Economic Model of the Card Payments Industry*."
"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.
"offline POS"	a physical POS terminal. Physical POS terminals may be used in brick-and-mortar stores.
"online POS"	a POS that is incorporated into a website or mobile application and enables online payments.
"Online Commerce"	eCommerce and mCommerce.
"PagoBancomat"	an Italian payment network for debit 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.
"paytech"	payment technology.
"PCI DSS"	Payment Card Industry Data Security Services.
"popolari reform"	the adoption of a Law Decree by the Italian government on January 20, 2015 for the reform of the popolari mutual banks in Italy.
"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.
"private consumption"	the value of goods and services acquired and consumed by individuals, households and non-profit institutions serving households.
"scheme fee"	the fee paid by an issuing bank to the card scheme operator.
"SEPA"	the Single Euro Payments Area, a European initiative which integrates and simplifies the processing of electronic euro payments within SEPA's jurisdiction.
"shadow economy"	all economic activities that circumvent or evade the institutionally established fiscal rules as codified in a relevant tax code, therefore reducing tax collection in a country.
"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.
"Stability Act 2016"	Italian Law No. 208 of December 28, 2015.
"store card"	a payment card that may only be used in one store or group of stores.

"TARGET2"..................................	an interbank payment system for real-time gross settlement of transfers throughout the Eurosystem, used for whole-sale, large-value payments.
"TDES"	Visa's triple data encryption standard.
"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 applies its own brand and identity to it.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The Issuer is a direct wholly-owned subsidiary of Latino Italy S.p.A. (the "Company") and was incorporated on April 17, 2018, to facilitate the Transactions. The Issuer has no material assets or liabilities and has not engaged in any activities other than those related to its incorporation and the Transactions. The Company was incorporated as direct wholly-owned subsidiary of Mercury UK Holdco Limited ("Holdco") on April 26, 2016, to facilitate Holdco's acquisition of Mercury Payments Services S.p.A. ("Mercury Payments"). As such, no historical financial information for the Issuer or the Company is included in this offering memorandum.

We have included in this offering memorandum the audited special purpose carve-out financial statements of the Nexi Payments Business as of and for each of the years ended December 31, 2015, 2016 and 2017 (together, our "Financial Statements"). Our Financial Statements have been prepared on a carve-out basis to illustrate the effects of the Reorganization. Our Financial Statements reflect the historical financial information of the Nexi Payments Business and have been derived from the financial statements and accounting records of Holdco which controls the operations of the Nexi Payments Business. Because the Reorganization only concerns operations controlled by Holdco, it is treated as a transaction between entities under common control and consequently presented in continuity with the accounting values included in Holdco's consolidated financial statements, subject to certain adjustments discussed in the notes to our Financial Statements. Additionally, the carve-out statement of profit or loss of ICBPI for the year ended December 31, 2015, has been included because Holdco's acquisition of ICBPI was completed on December 18, 2015, and Holdco's consolidated statement of profit or loss for the year ended December 31, 2015 does not include the results of ICBPI. As a result, the statement of profit or loss for the year ended December 31, 2015, show ICBPI as the predecessor and Holdco as the successor.

The Financial Statements were derived from Holdco's and ICBPI's consolidated financial statements and accounting records, and reflect the financial position, results of operations and cash flows of the Nexi Payments Business in conformity with IFRS. The Financial Statements have been audited by KPMG S.p.A. Holdco will not guarantee the Notes. The Company has produced and published only stand-alone financial statements.

We expect that we will report our consolidated financial condition and results of operations for periods commencing after the Issue Date at the level of the Company which will guarantee of the Notes.

The historical financial information included in this offering memorandum, including certain of the financial information discussed in "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data*," "*Selected Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," has been derived from our Financial Statements.

Pro Forma Financial Information

We also present in this offering memorandum certain unaudited pro forma consolidated financial information (the "Unaudited Pro Forma Combined Financial Information") including our:

- unaudited pro forma combined statement of profit or loss for the year ended December 31, 2017, which gives effect to our acquisitions of MPS Acquiring and Bassilichi, the Offering and the Refinancing as if they had occurred on January 1, 2017; and
- unaudited pro forma combined statement of financial position as of December 31, 2017, which gives effect to the Offering and the Refinancing as if they had occurred on December 31, 2017.

We present the Unaudited Pro Forma Combined Financial Information to illustrate the estimated effects of the transactions described above on the Group's historical consolidated financial position and results of operations, as if all such transactions had occurred on January 1, 2017, with respect to the pro forma statement of profit or loss, and December 31, 2017, in the case of the pro forma statement of financial position. The pro forma adjustments are described in more detail in "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data*."

The Unaudited Pro Forma Combined Financial Information described above is based on available information and certain assumptions that we believe are reasonable. The Unaudited Pro Forma Combined Financial Information is presented for information purposes only and is not intended to represent or be indicative of the financial condition or results of operations that we would have reported had the transactions described above actually occurred during the periods and as of the dates presented, and the Unaudited Pro Forma Combined Financial Information does not purport to project our results of operations or financial condition for any future period. Our actual results may differ significantly from those reflected in the Unaudited Pro Forma Combined Financial Information for a number of reasons, including, but not limited

to, differences in assumptions used to prepare the Unaudited Pro Forma Combined Financial Information. The Unaudited Pro Forma Combined Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting Unaudited Pro Forma Combined Financial Information have been audited or reviewed. See "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data*" for the basis of preparation of the Unaudited Pro Forma Combined Financial Information.

The Unaudited Pro Forma Combined Financial Information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements included elsewhere in this offering memorandum.

Impact of the Reorganization

The Company will account for the Reorganization as a reorganization between entities under common control. Consequently, the Company will recognize all assets and liabilities conveyed in connection with the Reorganization at the carrying value assigned to them in our historical Financial Statements, without any fair value adjustments.

Non-GAAP Financial Information

Non-GAAP Financial Measures

We have included certain financial measures in this offering memorandum including: (i) Normalized EBITDA; (ii) Adjusted EBITDA; and (iii) the other metrics identified and defined under the heading "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data*" herein which are "non-GAAP financial measures" as defined under the rules of the SEC. Each of these are key metrics used by management to assess financial performance. Our business is capital-intensive and these additional metrics allow management to further evaluate our operating performance. You should not view these measures as a projection of our future results.

We believe these metrics provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) these are among the measures used by the management team to evaluate our operating performance; (ii) they are among the measures used by the management team to make day-to-day operating decisions; (iii) they are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry; and (iv) Adjusted EBITDA is a relevant metric under our historical financing arrangements. None of these metrics is a measurement of our financial performance under IFRS and should not be considered as alternatives to total comprehensive income/(loss) or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of liquidity. These non-GAAP measures should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. In addition, our measurements of these metrics may not be comparable to similarly titled measures of other companies. Different companies and analysts may calculate EBITDA-based measures differently, so making comparisons among companies on this basis should be done very carefully. For explanations and reconciliations of the non-GAAP financial measures discussed herein, see footnotes (A) through (H) in the section entitled "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data—Other Financial Data*."

Unaudited Non-GAAP Aggregated Financial Information

We also present in this offering memorandum certain Unaudited Non-GAAP Aggregated Financial Information including:

- certain selected unaudited non-GAAP aggregated statements of profit or loss information for the years ended December 31, 2016 and 2015, which give effect to the acquisitions of Mercury Payments, MPS Acquiring and Bassilichi as if each of these had occurred on the first day of each period; and

- certain selected unaudited non-GAAP aggregated statements of profit or loss information for the year ended December 31, 2017, which give full period effect to the acquisitions of MPS Acquiring and Bassilichi as if each of these had occurred on the first day of such period.

We believe that presenting the Unaudited Non-GAAP Aggregated Financial Information is useful to investors in evaluating our financial performance. Our historical Financial Statements give effect to the Reorganization for all periods presented, and our Unaudited Pro Forma Combined Financial Information for the year ended December 31, 2017, additionally gives full-period effect to the acquisitions of MPS Acquiring and Bassilichi, the Offering and the Refinancing. However, our historical Financial Statements for the years ended December 31, 2015 and 2016, do not give pro forma effect to the acquisitions of Mercury Payments, MPS Acquiring and Bassilichi, and our Unaudited Pro Forma Combined Financial Information does not cover these years. As a result, our historical Financial Statements are not directly

comparable with our Unaudited Pro Forma Combined Financial Information for the year ended December 31, 2017. Consequently, we are presenting the Unaudited Non-GAAP Aggregated Financial Information for the years ended December 31, 2015, 2016 and 2017, in this offering memorandum, as we believe this will aid comparability of our results of operations. See "*Unaudited Non-GAAP Aggregated Financial Information.*"

The Unaudited Non-GAAP Aggregated Financial Information has not been prepared in accordance with IFRS or any other generally accepted accounting standards. The Unaudited Non-GAAP Aggregated Financial Information should be considered in addition to, as opposed to in substitution for, our historical Financial Statements and the Pro Forma Financial Information.

Operating Data

Certain of the data provided in this offering memorandum gives pro forma effect to the acquisitions of Mercury Payments, MPS Acquiring and Bassilichi as of the dates and for the periods presented. This includes references to our number of managed payment cards, the value of transactions we processed, the number of transactions we processed, the number of managed POS, the number of clearing transactions, the number of e-banking licenses and the number of managed ATMs in the sections entitled "*Summary*," "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data—Other Aggregated Operating Information*" and "*Business.*"

Rounding

Certain numerical figures set out in this offering memorandum, including financial data presented in millions or in thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary slightly from the actual arithmetic totals of such information. In addition, as a result of such rounding, the totals of certain financial information presented in tabular form may differ from the information that would have appeared in such totals using the unrounded financial information.

EXCHANGE RATE INFORMATION

We publish our financial statements in euro. The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate (London) expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We make no representation that the euro or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last business day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

On May 2, 2018, the exchange rate of the euro compared to the U.S. dollar was €1.1967 per U.S. dollar.

	U.S.$ per €1.00			
	Period Average[(a)]	High	Low	Period End
Year				
2013	1.3300	1.3789	1.2819	1.3789
2014	1.3209	1.3866	1.2100	1.2100
2015	1.1096	1.2010	1.0492	1.0866
2016	1.1069	1.1527	1.0384	1.0547
2017	1.1300	1.2026	1.0427	1.2022
Month				
November 2017	1.1744	1.1928	1.1583	1.1891
December 2017	1.1837	1.2022	1.1724	1.2022
January 2018	1.2204	1.2492	1.1921	1.2415
February 2018	1.2348	1.2479	1.2209	1.2209
March 2018	1.2336	1.2444	1.2212	1.2291
April 2018	1.2278	1.2390	1.2101	1.2101
May 2018 (through May 2, 2018)	1.1992	1.2017	1.1967	1.1967

(a) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

SUMMARY

The following summary contains basic information about us and this Offering and is qualified by, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the Notes. For a more complete understanding of this Offering, we encourage you to read this entire offering memorandum carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulation" and our Financial Statements and the notes to the Financial Statements contained elsewhere in this offering memorandum.

Overview

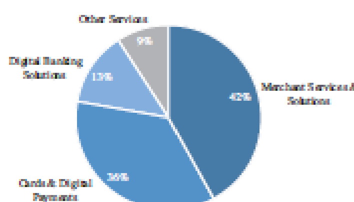
We are the leading paytech company in Italy. Our technology connects banks, merchants and consumers and enables them to make and receive digital payments. Our business is built on deeply-ingrained relationships with approximately 150 partner banks, which span more than 80% of the domestic banking sector. Our payment services hold leading market positions in Italy, serving 30 million cardholders and 860,000 merchants. With this platform, we are uniquely positioned to continue to grow with the Italian digital payments market, where card payments penetration is rapidly increasing from a lower base relative to other large European economies. We are committed to proactively driving the ongoing transition from cash to digital payments in Italy, with a focus on innovative products and best-in-class customer experience.

We have a history of growth through both organic development and synergistic acquisitions, as well as a successful financial track record characterized by strong cash flows and profitability. On a pro forma basis, we managed a stock of over 44 million payment cards and processed approximately 5 billion card transactions with a combined volume of € 418 billion comprising issuing volumes of €186.1 billion and acquiring volumes of €232.4 billion as of and for the year ended December 31, 2017. On a pro forma basis for the year ended December 31, 2017, we generated operating revenue of €951 million.

We conduct our business through four business units: Merchant Services & Solutions, Cards & Digital Payments, Digital Banking Solutions and Other Services. The graph below sets forth our operating revenue by business unit on a pro forma basis for the year ended December 31, 2017:

Operating Revenue by Business Unit

Total €951 million



Merchant Services & Solutions: Through our Merchant Services & Solutions business unit, we supply merchants with the necessary infrastructure to enable digital payment acceptance, and we execute card payments on the merchant's behalf. The services performed within our Merchant Services & Solutions business unit can be divided into core acquiring services and POS management. Core acquiring services are financial services such as the settlement of card payments to our merchants, technology services aimed at the fast, reliable and secure authentication and execution of payment transactions, and administrative services such as payment tracking and data analytics. POS management involves the configuration, activation and maintenance of the hardware and software required for digital payments, which is installed both at physical POS such as shops, grocery stores, restaurants, taxis, hotels and vending machines and online POS such as websites and mobile applications. Core acquiring and POS management services are usually sold as a bundle, which offers customers a full service benefit. We provide the majority of our acquiring services in cooperation with our partner banks. As a result, we benefit from their existing relationships and extensive branch networks for customer origination, while providing them with the benefit of our expertise and scale in the areas of procurement, processing and data security. However, we also serve certain merchants directly through our direct acquiring activities, with the partner bank acting solely as referral partner. Our Merchant Services & Solutions business unit generated €401 million, or 42%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Cards & Digital Payments: Through our Cards & Digital Payments business unit, we and our partner banks provide a wide spectrum of services in connection with the issuance of payment cards to cardholders, including product

development and procurement services relating to the design and production of durable and secure payment cards, anti-fraud and customer support services, pricing services, banking services such as the provision of an underlying credit allowance or savings account and credit scoring services, financial services such as the prefunding of card payments, technology services to ensure the fast, reliable and secure authentication and execution of payment transactions, administrative services such as payment tracking and monthly billing and data analytics services. We almost exclusively act alongside partner banks in the provision of issuing services, with our partner banks assuming the underlying cardholders' credit risk. We service most of the card issuing needs of our partner banks, allowing them to focus on their core lending business. Our Cards & Digital Payments business unit generated €338 million, or 36%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Digital Banking Solutions: In our Digital Banking Solutions business unit, we provide clearing services, digital corporate banking services, financial supply chain services and ATM management services. Clearing services comprise the provision of infrastructure for and management of the execution of account-based payments. We also operate as a clearing house for domestic and international SEPA payments. Our digital corporate banking services provide digital solutions to banks and corporate clients to help them manage their bank accounts and payments, such as a customizable e-banking platform. Our Digital Banking Solutions business unit also provides our market-leading CBI Gateway services. The CBI Gateway 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. ATM management services range from the complete management of an ATM fleet for banks to managing discrete parts of the value chain based on customer needs. Our Digital Banking Solutions business unit generated €124 million, or 13%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

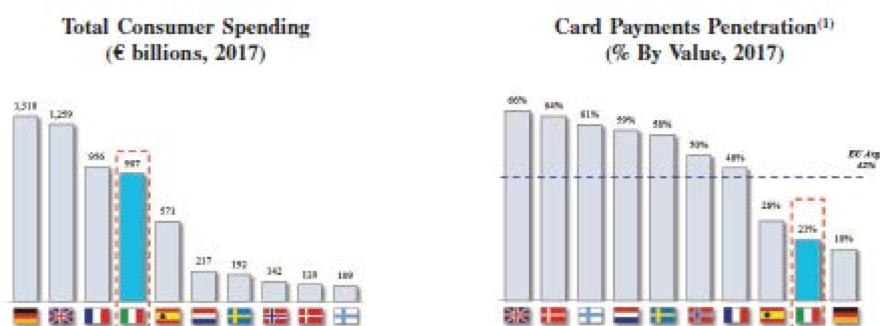
Other Services: Our Other Services business unit includes our remaining business activities which consist of strategically relevant business process outsourcing services and Help Line. Our Other Services business unit generated €88 million, or 9%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Our Strengths

Large Market with Secular Growth Tailwinds

We are uniquely positioned to capitalize on secular growth trends and favorable industry dynamics in one of Europe's largest markets as the share of digital payments in overall consumer spending in Italy converges with other developed European economies.

Our business benefits from a large domestic market. Italy is Europe's fourth-largest economy in terms of consumer spending, accounting for an estimated €900 billion in consumer spending in 2017, with growth in recent years underpinned by growing demand and consistent levels of household spending (source: Euromonitor International). The Italian payments infrastructure is also well-developed, with a high number of POS terminals per capita and the average number of payment cards per capita being largely consistent with other major Western European economies. However, payment cards in Italy are used less frequently than on average in Western Europe, with card payments penetration in Italy of 21% compared to 42% in Western Europe. As illustrated by the chart below, which compares the volume of card payments to the overall payments volume in selected countries, Italy has one of the lowest rates of card payments penetration in Europe and is also well below the EU average. Consequently, we believe that the Italian market has significant potential for further expansion in order to bring card payments penetration levels in line with other major European economies.



Source: Euromonitor International Consumer Finance 2018 Edition.

Note: Finland data based on modelled assumptions made by Euromonitor International.

(1) In the chart above, Card Payments Penetration is defined as card payment transactions excluding commercial transactions divided by total consumer spending.

Card payments penetration in Italy is growing rapidly. While card payments penetration grew at a CAGR of 6.8% from 2012 to 2014, growth recently accelerated to a CAGR of 8.2% from 2014 to 2017 (source: Euromonitor International). The rapid growth in card payments penetration significantly outpaced growth in the underlying nominal GDP of Italy which increased at a CAGR of 1.5% over the same period (source: Economist Intelligence Unit).

We believe continued growth will be driven by regulatory tailwinds, because digital payments are recorded, generate receipts and create a digital footprint. Accordingly, the Italian government and regulators are implementing policies that favor digital over cash payments to prevent tax avoidance, money laundering and corruption. With the Stability Act 2016, for example, the Italian government legally required all merchants and professionals to provide consumers with the option to pay by card instead of cash.

We also believe that demographic drivers add to the momentum behind the trend toward increased use of digital payment methods. Younger generations have grown up with online stores and are more familiar with mobile payment solutions, such that the share of the population with a natural inclination for digital payments is set to increase over the long term.

Technological developments are expected to accelerate growth. The increasingly widespread availability of fast broadband connections and smartphones is boosting eCommerce and mCommerce, both of which rely on digital payment forms. The introduction of contactless POS in physical retail locations such as shops, restaurants and taxis and mobile payment options such as our proprietary e-wallet Nexi Pay, Apple Pay, Samsung Pay and Google Pay added to the speed and convenience benefits drawing consumers and merchants to digital payments.

Established Market Leader in Italy

We are the clear and long-established leader in the Italian paytech sector, with top-ranking positions across several key markets, as illustrated by the following statistics:

- We are the largest merchant acquirer in the Italian market, with a 76% market share by value of payment card transactions on a pro forma basis for the year ended December 31, 2017 (excluding PagoBancomat), and we are the leading merchant acquirer for online payments in Italy as of December 31, 2017.

- We are the largest card issuer and the only co-issuer with significant scale in Italy, with a 62% market share by value of payment card transactions on a pro forma basis for the year ended December 31, 2017 (excluding PagoBancomat).

- We are the leading ATM manager in Italy, with a 43% market share by number of managed ATMs (processing services) as of December 31, 2016.

- We are Italy's leading provider of CBI Gateway services, with a 24% market share by number of e-banking licenses as of December 31, 2017.

We estimate that, on a pro forma basis, more than 88% of the total consumer card spending in Italy for the year ended December 31, 2017, (excluding PagoBancomat) flowed through at least one part of our business. Our position as the market leader allows us to serve our customers through one of the most comprehensive sets of products and services available in the Italian paytech sector. We have a clear understanding of the needs and expectations of a wide range of customers, including banks, merchants and cardholders, which enables us to innovate and respond with more tailored products and services. Our leading market positions and scale also allow us to create and take advantage of economies of scale and achieve stronger profitability without compromising the quality of our offering.

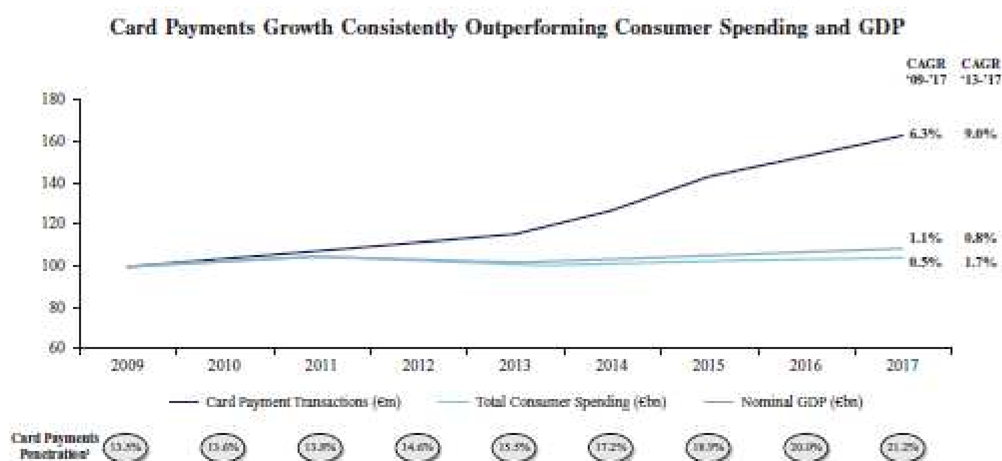
Attractive Bank Partnerships with Long-Term Relationships

We have a large and well-diversified customer base, including approximately 150 partner banks, 30 million cardholders and 860,000 merchants. Our customer base is built on referral relationships with our partner banks, which include most of the largest banking groups in Italy. Collectively, our partner banks account for more than 80% of the Italian banking sector by number of branches, which creates an effective and cost-efficient distribution network. Our partner bank relationships are deeply-entrenched and governed by contracts that are either long-term or renew automatically. Three of our material contracts with key partner banks expire after 2020 and two of our material contracts expire after 2025. Some of these relationships date back to our formation in 1939, and partner banks often expand the scope of services they source from us as our relationship develops. Our contracts with cardholders and merchants typically have an indefinite term. Our relationship base was further diversified and strengthened as a result of the Acquisitions, each of which provided new or improved access to partner banks, cardholders or merchants. Moreover, our Former Shareholder Banks and the sellers in the Acquisitions entered into contractual undertakings pursuant to which they agreed to continue their pre-existing business relationship with us for prescribed minimum time periods. Our relationships are further bolstered by our scale, expertise and switching costs. As a result, our business benefits from high customer retention rates. Each of our top ten partner banks

by number of managed cards has been a customer for more than 15 years, which we believe illustrates our customers' satisfaction with our services and the strength of our customer relationships.

Recurring and Resilient Revenues

Since 2010, our business has maintained a track record of stable revenue performance, with an upward trajectory. Our positive performance was driven by the sustained increase in card payments penetration in Italy over recent years, with consumer card spending growing at a CAGR of 6.3% from 2003 through 2017, more than triple the Italian GDP CAGR of 1.5% during the same period. Even during the recessionary years of the financial crisis card payments penetration continued growing, and also our business performance remained relatively stable. In this resilient market, we are the largest merchant acquirer with a 76% market share on a pro forma basis for the year ended December 31, 2017:



Source: Company estimates; Economist Intelligence Unit, Euromonitor International Consumer Finance 2018 Edition.

(1) In the chart above, Card Payments Penetration is defined as card payment transactions excluding commercial transactions divided by total consumer payment transactions managed by Nexi.

Scale and Competitive Positioning Leveraging on Technological Innovation

We believe we have a strong reputation as an innovation leader in Italy, having introduced a large number of highly innovative and differentiating products and solutions in recent years. Examples of innovative products and services we have recently brought to market include contactless payments, smart POS, our mobile payment application Nexi Pay, which is the most popular mobile payment application in Italy by number of downloads, our Samsung and Apple Pay gateway, a new eCommerce platform, cloud-based digital payments, integrated POS solutions and omni-channel payment solutions which enable merchants to accept customer payments across all sales channels, including by telephone, mobile phone, physical or online POS, via a single platform.

Our business benefits from the substantial investments we have already made in the development of digital payment solutions for banks and merchants, which we believe hold further opportunity for future revenue growth. Leveraging our positioning as an innovation leader, we believe we can reap significant benefits from our recent investments in our eCommerce and mCommerce service offering and are well-positioned to capture future growth in our market. In our Merchant Services & Solutions business unit we will soon bring to market our new Android POS platform, which is a more advanced POS solution with built-in data analytics tools for merchants. Similarly, our recently launched Nexi merchant mobile application provides merchants with the ability to analyze their customers' spending behavior using real-time business analytics, conveniently from their tablet or mobile phone. In our Cards & Digital Payments business unit we recently launched two innovative payment cards, our credit-with-installment card and our Nexi Black payment card. Our credit-with-installment card allows cardholders, at the moment they are authorizing their payment transaction at a POS, to pay in accordance with a customizable payment plan instead of an upfront payment of the full amount. Our new Nexi Black payment card is the first contactless card in Italy made of metal, which we expect to appeal to premium and lifestyle customers in particular. The card offers select customers access to exclusive services such as a personal planner, elevated credit limit, insurance coverage for the family and other prestigious benefits. In our Digital Banking Solutions business unit we recently won a competitive tender held by the consortium that manages the CBI Gateway, securing the exclusive right to become the only provider for the PSD2 Gateway, a new payments infrastructure to comply with the new PSD2 "open banking" rules. We have also launched an instant payments platform that allows our clients to instantly clear and settle account-based money transfers.

High Operating Leverage and Cash Conversion

We have a stable underlying business with significant operating leverage that has delivered consistent growth in operating revenue and resulted in high cash conversion (Normalized EBITDA less capital expenditures) in recent years.

Our operating revenue has grown from €510 million for the year ended December 31, 2015, to €951 million on a pro forma basis for the year ended December 31, 2017. Our revenue growth over this period significantly outperformed the macroeconomic environment in Italy, primarily driven by our targeted and value-accretive investments and bolt-on acquisitions of attractive payments assets as well as organic growth due to growing card payments penetration in the Italian market.

While growing our revenue, we also implemented cost-savings and synergy initiatives. These initiatives have allowed our Normalized EBITDA to increase at a CAGR of 22% from €249 million for the year ended December 31, 2015,

to €370 million for the year ended December 31, 2017 (in each case, on a non-GAAP aggregated basis). On a pro forma basis for the year ended December 31, 2017, our Normalized EBITDA was the second-largest in the European payments sector (comparing EBITDA as defined by each market participant). A large proportion of our principal cost components are fixed or semi-fixed such as ICT operation costs, general operating expenses and salaries. As a result, our business benefits from a significant degree of operating leverage which we expect to continue to support our profitability relative to increases in revenue. Our initiatives and operating leverage have contributed to the increase of our Normalized EBITDA margin from 27% for the year ended December 31, 2015, to 39% for the year ended December 31, 2017 (on a pro forma basis).

Our business is highly cash generative and, in part because of our outsourced ICT processing model, requires only limited non-discretionary capital expenditures. Based on management estimates, our cash conversion ratio consistently remained at, or above, 73% on a non-GAAP aggregated basis in each of the three years ended December 31, 2015, 2016 and 2017.

Further, we believe the Reorganization will reduce our regulatory and compliance costs and will enable us to operate an efficient, capital-light business model, given that we will no longer be subject to banking supervision and the associated capital adequacy requirements.

Management Team with a Track Record of Delivery

When the Sponsors acquired Nexi in 2015, we already had a strong management team with deep industry expertise in place. Since then we have strategically enhanced our senior management to drive our expansion as leader in the Italian paytech sector with the hires in 2016 of Paolo Bertoluzzo as chief executive officer and Bernardo Mingrone as chief financial officer. Mr. Bertoluzzo was previously group chief for commercial operations and strategy for the Vodafone Group and has significant experience in leading public companies with a large market capitalization. Mr. Mingrone was previously group chief financial officer of UniCredit S.p.A. and deputy general manager in charge of finance and operations at BMPS and brings to us deep knowledge of public companies and the Italian banking market with which we partner. We have also brought onboard a new chief information officer, chief administrative officer and new business unit heads for each of our three core business units, Cards & Digital Payments, Merchant Services & Solutions and Digital Payments Solutions. Nexi acquired skilled and experienced personnel across all business units, with a particular focus on customer value management, digital payments products and ICT.

Our management team has developed a strong track record of identifying value-accretive acquisition targets, integrating the acquired companies, identifying and achieving synergies, enhancing profits and retaining and motivating high-quality management. Since 2015, we have acquired Mercury Payments, MPS Acquiring, Bassilichi, and DB Acquiring. These acquisitions have strengthened our customer relationships, added significant scale to our issuing, acquiring and POS management capabilities and expanded our customer base. In connection with these acquisitions and our strategic initiatives, we have already realized more than €64 million of synergies and cost efficiencies and expect to generate an additional €126 million of synergies and cost efficiencies within the next one to three years. Most recently, we expanded our leading Merchant Services & Solutions business unit capabilities with the acquisition of Carige Acquiring, which is expected to close in September 2018.

We recently completed the rebranding as Nexi, and our management has successfully implemented substantial strategic initiatives for the business. For example, our internal reorganization plan was initiated in mid-2017, which has already had a positive impact on our personnel costs.

In addition, we expect to continue to benefit from the market expertise, business relationships, knowledge and experience of the Sponsors. Advent and Bain Capital are among the pre-eminent global investors in the payments industry. In 2009, Advent invested in Vantiv, a public, U.S.-based payment processing and technology provider. In 2010, Advent and Bain Capital jointly invested in Worldpay, a UK-based international payments processor, which completed its initial public offering in October 2015 with a market capitalization of more than £5 billion. In 2018, Worldpay merged with Vantiv to create Worldpay, Inc., with an enterprise value of $31 billion as of January 16, 2018. In 2014, Advent and Bain Capital jointly invested in Nets. Nets went public in September 2016 at an enterprise value of $4.5 billion and was subsequently taken private again by Hellman & Friedman in connection with a takeover offer that valued the firm at $5.3 billion, with Advent and Bain Capital reinvesting in Nets. In 2017, Advent and Bain Capital jointly invested in Concardis, a German payment services provider.

Worldpay, Nets and Vantiv all experienced significant improvement in their operating performance under the ownership of our Sponsors, who have a track record in the payments industry of generating significant revenue growth and driving profitability through operational efficiencies. Under the ownership of Advent and Bain Capital, Worldpay grew its net revenue from £717 million in the year ended December 31, 2012 to £919 million in the twelve months ended June 30, 2015 (representing a CAGR of 10.4%) and increased its underlying EBITDA from £305 million in the year ended December 31, 2012 to £396 million in the twelve months ended June 30, 2015 (representing a CAGR of 11.1%). Building on their experience with Worldpay, Advent and Bain Capital implemented a similar strategy and best practices at Nets.

Prior to its initial public offering, Nets grew its gross revenue from DKK 8,607 for the year ended December 31, 2014 to DKK 10,084 for the year ended December 31, 2016 (representing a CAGR of 8.2%), and increased its "EBITDA before special items" from DKK 1,663 million for the year ended December 31, 2014 to DKK 2,619 million for the year ended December 31, 2016 (representing a CAGR of 25.5%).

Our Strategy

Leveraging our positioning, scale and capabilities as the leading paytech company in Italy, our ambition is to further expand our leading market position through the following strategies:

Accelerate the Transition from Cash to Digital Payments

We believe the Italian digital payments market, when compared to other major markets in Western Europe, exhibits low card payments penetration despite a relatively well-developed payment infrastructure. We further believe that this market dynamic creates a significant opportunity to grow our business as the card payments penetration in the Italian market converges with peer levels in European countries. Euromonitor International estimates that card payments penetration in Italy will grow at a rate of 5.1% per annum from 2017 through 2022, significantly faster than in most other major European economies. To capitalize on this opportunity, we plan to proactively drive the ongoing transition from cash to digital payments in the Italian market through improved customer digital experience and the deployment of innovative products meeting diversified customer needs. We believe that in conjunction with these efforts, we will continue to benefit from government and regulatory initiatives aimed at increasing the use of payment cards and digital payments in lieu of cash payments.

Deliver Innovative Products with Best-In-Class Customer Experience with Digital Focus

We intend to deliver innovative products that significantly improve the accessibility and convenience of digital payments. With tailor-made products and a best-in-class customer experience, we expect that our new products will both increase our market share and overall card payments penetration in Italy. Our partner banks are a core part of our strategy and, through an increasingly digital focus and superior support in customer value management and sales, we will seek to further enhance their customer experience.

In our Merchant Services & Solutions business unit, for example, we intend to develop a tailored, high-value core offering addressing SME merchants' payments needs across their physical retail locations, internet and mobile sales platforms with best-in-class customer service. We have also identified further opportunities in relation to the marketing of attractive packages of value-added services to merchants, including loyalty reward programs and the use of data analytics. As witnessed in other markets, the provision of value-added services has the ability to strengthen relationships with merchants by granting them access to services that increase sales for marginal incremental price. We are determined to leverage our leading position in the brick-and-mortar merchants market to further develop our Online Commerce presence, especially with highly visible large merchants requiring omni-channel integration. We will also continue to invest in our partner bank relationships and explore both closer referral partnerships to drive card issuances and merchant contracts and acquisitions of additional cardholder or merchant books.

In our Cards & Digital Payments business unit, we will focus on our digital mobile payments portfolio, including our popular mobile payment application Nexi Pay, which enables customers that download the mobile application to enter their payment card details and make purchases directly through their smartphone.

In our Digital Banking Solutions business unit, we intend to generate growth by scaling our clearing services, driving innovations in our instant payment platform to improve the convenience of digital transactions for end-users as they gradually migrate from paper checks to digital payment options and increasing the corporate market penetration of our custom payments solutions. We will continue to focus on quality and innovation leadership in respect of our digital corporate banking services delivered through our partner banks. We believe our ATM management business has reached a critical mass, and we intend to harness this scale to develop it into an even more profitable business by driving innovation for branch-based ATM development.

Invest in Technology Excellence, Security and World-Class Capabilities

We recognize the value of our track record as a market leader in innovation, which we will leverage to achieve world-class technology and security capabilities. Technology is reshaping key payments industry fundamentals globally and is critical to delivering innovative products and services to market. To stay on the leading edge of product development, we have invested approximately €1 billion in information technology, software capabilities, employees, customers and internal efficiencies to nurture future organic growth. Our main focus areas in terms of technology investments include investments to strengthen our IT control, to ensure the stability and security of our platform and to maintain architecture in line with evolving state-of-the-art developments. We will also seek to assume increased control over the business critical services of our customers by offering attractive personnel and technological service capabilities. Additionally, we intend

to continue investing in application-based services, smart POS, instant payments and digital and mobile payments and additional human resources to further develop our technological, data analytics and customer value management capabilities. With these investments we seek to further differentiate our customer experience in terms of security, control and simplicity.

Strengthen Our Presence in Underexploited Product Categories

We intend to grow our business by broadening our presence in underexploited product categories within our core business. For example, we target a number of new product launches in the debit cards category to complement the traditional, domestic debit card products currently available in the Italian market. Leveraging our capabilities in the areas of innovation and mobile technology, we will launch innovative debit cards that provide a richer, more digital experience to cardholders and rely on international card schemes. For instance, our debit cards will feature contactless payment functionality and host card emulation, so that they seamlessly integrate into our customers' mobile phones, tablets and personal computers. We have started negotiations with a number of financial institutions, offering to partner with us in the launch of these debit products, and have already signed contracts with several of these banks. To the extent we succeed in triggering a gradual switch from national debit to international debit cards in our market, both our issuing and acquiring activities could experience a significant benefit in terms of fee income.

Continue Delivering Positive Free Cash Flows to Support Deleveraging in the Short-to-Medium Term

We intend to maintain a focus on continuing improvements in positive free cash flow delivery by both increasing top line growth and enhancing operating efficiencies. We plan to grow our operating revenue through innovative products and new initiatives in each of our business units including in the areas of purchasing, human resources, IT processing & running, IT strategy, operations and with respect to our customer contact center. At the same time, we believe that we have significant potential to enhance our already strong profitability and strengthen our long-term business performance by improving our operational efficiency and through selective acquisitions. We executed operational efficiency measures in the first two years under the Sponsors' ownership, achieving significant growth in operating revenue, profitability and Normalized EBITDA. As a result, we believe that there are significant opportunities to further improve our profitability across our businesses. For example, we believe that we can generate cost-savings from three main sources, namely operational efficiencies, synergies realized in connection with the continued integration of our recent acquisitions as well as innovation and customer value management. We intend to use the resulting increases in free cash flow to delever the business in the short-to-medium term.

The Transactions

The Reorganization

We are currently in the process of spinning-off our regulated banking activities with the objective of concentrating our operations on payment related services. This will reduce the regulatory burden on our business, as we will no longer be subject to banking supervision and the associated capital adequacy requirements. Nexi Payments and Mercury Payments will be subject to the prudential requirements set for electronic money institutions and payment institutions, respectively.

The Reorganization will be effected through a series of corporate steps a brief summary of which is set forth below:

- On January 22, 2018, Holdco incorporated Equinova UK Holdco Limited ("Equinova") as its wholly-owned subsidiary.

- On January 30, 2018, we made a filing with the Bank of Italy to obtain authorization for the Reorganization. In accordance with the applicable law, the Bank of Italy consulted the European Central Bank because in connection with the Reorganization control over Bankco will be transferred from Holdco to Equinova. The Bank of Italy approved the Reorganization from an Italian regulatory perspective on April 11, 2018. The European Central Bank granted its consent to the transfer of control over Bankco to Equinova on April 27, 2018.

- On or about July 1, 2018, we expect to complete an internal reorganization which will comprise the following principal steps: (i) Nexi Payments will be converted from a payment institution (*istituto di pagamento*) into an electronic money institution (*istituto di moneta elettronica*); (ii) Bankco's non-banking payments-related assets and activities will be contributed to Nexi Payments by way of capital contribution; (iii) Holdco will extend an intercompany loan (the "Holdco Loan") in a principal amount of €380 million to ensure Bankco's compliance with regulatory capital adequacy requirements after the Reorganization; (iv) certain assets previously held by Bankco, most importantly Bankco's 98.74% shareholding in Nexi Payments (including MPS Acquiring and DB Acquiring), 100% shareholding in Oasi, 70% shareholding in Help Line and 100% shareholding in Bassilichi S.p.A. (including its interests in its subsidiaries, associates and investees) and

26.09% shareholding in Consorzio Triveneto S.p.A., which, together with Mercury Payments, constitute all material assets, licenses and intellectual property comprising the Nexi Payments Business, and the liability under the Holdco Loan will be conveyed to the Company by means of partial demerger of Bankco with and into the Company; and (v) Equinova will acquire all shares held by Holdco in Bankco and the Company's shares will be cancelled and re-issued to Holdco and certain minority shareholders.

- When the prior steps have been completed, Holdco will effectuate the Reorganization through the conveyance of all its shares in Equinova to its shareholders by way of distribution of the Equinova shares. As a result, the Sponsors' Holdcos will directly own all the shares in both Equinova, the new holding company for banking activities (and parent of Bankco), and Holdco, the holding company of our payments activities.

We refer to the foregoing collectively as the "Reorganization." See "*—Summary Corporate and Financing Structure*" and "*Use of Proceeds*." We intend to merge the Issuer with the Company, with the Company being the surviving entity (the "Post-Completion Merger"). We expect to complete the Post-Completion Merger following the Reorganization. The Post-Completion Merger is subject to certain conditions and may not be completed.

Escrow Account

Pending the completion of the Reorganization, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account in the name of the Issuer. The Escrow Account will be a segregated account held and controlled by the Escrow Agent. Because we will be subject to banking supervision and the associated capital adequacy requirements pending completion of the Reorganization, Bankco is required to hold the proceeds from the Offering and a third party outside our regulatory perimeter may not act as escrow agent. Pursuant to a shortfall agreement between the Issuer and the Company to be entered on or about the Issue Date, the Company will be required to contribute to the Escrow Account an amount necessary to fund the accrued interest on the Notes and Additional Amounts, if any, from the Issue Date to, but excluding, the special mandatory redemption date. The release of the escrow proceeds from the Escrow Account is subject to the satisfaction of certain conditions. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If these conditions are not satisfied on or prior to the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price for the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

The Refinancing

The covenants under our Existing Debt limit our ability to implement the Reorganization. As a result, we intend to refinance our Existing Debt in connection with the Reorganization, using the proceeds from the Offering and the Private Placement. The Refinancing will entail certain corporate steps a brief summary of which is set forth below:

- On April 25, 2018, the Issuer was designated as an unrestricted subsidiary pursuant to the terms of our Existing Debt.

- On the Escrow Release Date, the proceeds from the Offering will be released from escrow, and the Issuer will on-lend such proceeds to the Company via one or more proceeds loans (the "Proceeds Loans"). The Company will then upstream the proceeds so received to its immediate parent, Holdco, in part through a new loan and in part through repayment of the Holdco Loan created in connection with the Reorganization.

- Holdco will then upstream the proceeds so received to the Sponsors' Holdcos via loans.

- The Sponsors' Holdcos will use the proceeds so received to repay the proceeds loans they received from Mercury Bondco in connection with the issuance of the Existing Notes and any borrowings under the Existing Revolving Credit Facility, and Mercury Bondco will use the proceeds so received to redeem the Existing Notes and repay amounts outstanding under the Existing Revolving Credit Facility, if any. The Existing Revolving Credit Facility will be permanently cancelled on the Completion Date.

- The Reorganization, including the spin-off of Equinova to the Sponsors' Holdcos, is expected to occur one day prior to the completion of the Refinancing.

- On or about the Completion Date we expect the Private Placement to occur.

- In addition, on or about the Completion Date we expect to complete the Funding Reorganization, including our entering into the Settlement Obligations Factoring Agreement which will partially replace our legacy funding from Bankco. See "*Description of Certain Financing Arrangements—Settlement Obligations*" and "*Unaudited Pro Forma Combined Financial Information*."

- We expect that following the Completion Date, the Company will convene a shareholders meeting and declare a dividend to its shareholders. The portion of such dividend that is declared payable to Holdco, in its capacity as the Company's majority shareholder, will be set off against any loans under which the proceeds of the Offering were passed on to Holdco.

- We expect that Mercury Bondco, the issuer of the Existing Notes, will ultimately be wound up on a solvent basis and that its net assets will be contributed to the Sponsors' Newcos.

We refer to the foregoing collectively as the "Refinancing." See "*—Summary Corporate and Financing Structure,*" "*Use of Proceeds*" and "*Risk Factors—Risks Related to the Transactions*."

Our Principal Shareholders

Advent International

Founded in 1984, Advent is one of the largest and most experienced global private equity investors. With offices on four continents, Advent has established a globally integrated team of over 190 investment professionals focused on buyouts and growth equity investments in five core sectors. Since initiating its private equity strategy in 1989, Advent has invested $40 billion in over 335 private equity investments across 41 countries, and as of December 31, 2017, managed $42 billion in assets. Today, as Advent did more than 30 years ago, it seeks to invest in well-positioned companies and partner with management teams to create value through sustained revenue and earnings growth.

Bain Capital

Bain Capital is a leading global private investment firm that advises and manages capital across several asset classes, including private equity, venture capital, public equity and leveraged debt assets. Since its inception in 1984, Bain Capital and its affiliates have completed over 450 transactions and have made investments in more than 300 companies in a broad range of industries, including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital's global team of approximately 355 investment professionals creates value for its portfolio companies through its global platform and depth of expertise, managing approximately $95 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus. Bain Capital has investors from across the world that include sovereign wealth funds, public pension funds, foundations, insurance companies, family offices, high-net-worth individuals and funds of funds. The firm has a strong track record of investments in the European Financial and Business Services industry, including its investments in the Cerved Group, Concardis, Nets and Worldpay, as well as a number of market leading companies globally such as Bellsystem24, Burger King, Burlington Coat Factory, Domino's Pizza, HCA, Novacap, Samsonite, Securitas Direct and SigmaKalon. Headquartered in Boston, Bain Capital and its affiliates have offices in Chicago, Palo Alto, San Francisco, New York, Dublin, London, Luxembourg, Munich, Melbourne, Hong Kong, Shanghai, Mumbai, Sydney and Tokyo.

Clessidra

Clessidra SGR S.p.A. is the leading private equity firm exclusively dedicated to the Italian market. It was formed in 2003 and has completed 21 transactions and 17 add-ons in its first fifteen years of operation, each involving targets headquartered in Italy such as Anima, Cerved Group, Sisal, Pirelli, Balconi, Acetum and Buccellati. Leveraging the significant experience of its professionals in the field of private equity and complex financial transactions, Clessidra SGR has demonstrated a strong ability to identify, execute and create value for its investments.

Recent Developments

Acquisitions

We recently made two acquisitions. On April 3, 2018, we signed a binding agreement with Banca Carige for the acquisition of its merchant acquiring business for a consideration of €25 million, which is expected to close in September 2018. In addition, we acquired the digital payments startup Sparkling on April 10, 2018 for a consideration of €3 million.

Recent Trading

Based on our unaudited management carve-out accounts for the three months ended March 31, 2018, our operating revenue and Normalized EBITDA on a non-GAAP aggregated basis increased compared to the three months ended March 31, 2017. On a non-GAAP aggregated basis, operating revenue increased by approximately €15 million, or 7%, to approximately €230 million for the three months ended March 31, 2018, from approximately €215 million for the three months ended March 31, 2017. The increase was mainly due to higher operating revenue in our Merchant Services & Solutions and Cards & Digital Payments business units compared to the previous period. On a non-GAAP aggregated basis, Normalized EBITDA increased by approximately €12 million, or 15%, to approximately €93 million for the three months ended March 31, 2018, from approximately €81 million for the three months ended March 31, 2017. The increase

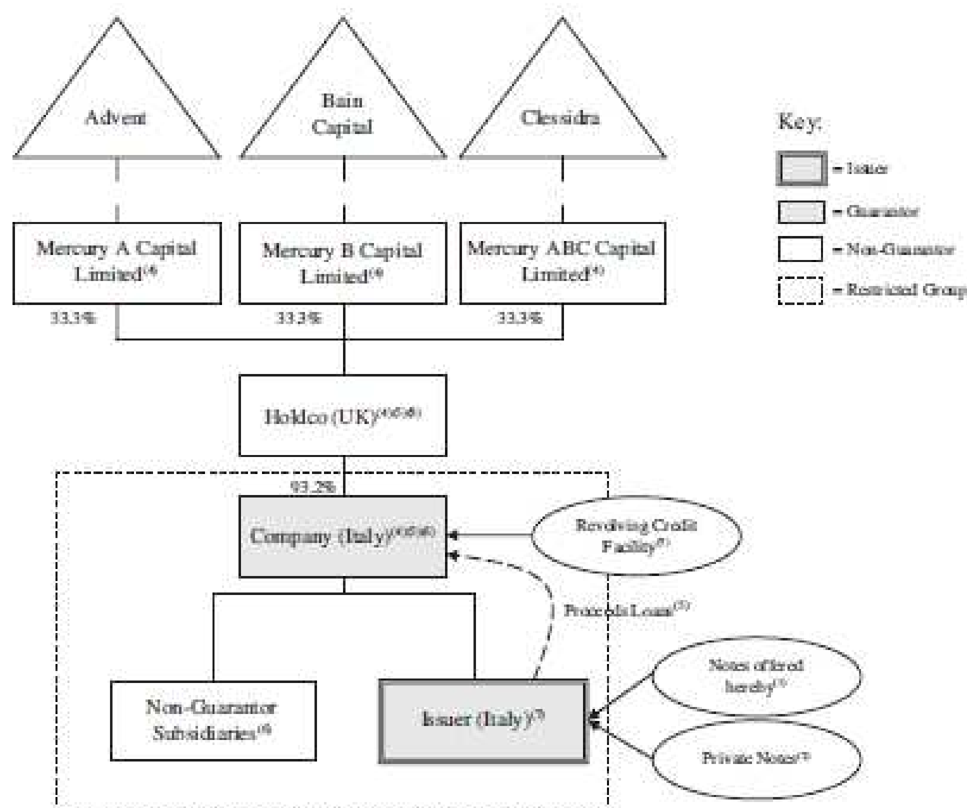
was driven by higher operating revenue and an increase in our Normalized EBITDA margin, because operating revenue increased faster than costs.

The number of managed transactions and the value of card transactions for the three months ended March 31, 2018, increased compared to the three months ended March 31, 2017 in line with recent trends. In our Cards & Digital Payments business unit, the number of managed transactions increased by approximately 9% and the value of card transactions increased by approximately 5%. In our Merchant Services & Solutions business unit, the number of managed transactions increased by approximately 12% and the value of card transactions increased by approximately 6%.

The preliminary financial results presented above are presented on a non-GAAP aggregated basis and are derived from our accounting records and internal management accounts and have not been prepared on the same basis as our Financial Statements. For a description of "Normalized EBITDA" and "operating revenue," see "—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data." For a description of the basis of preparation, please see "Unaudited Non-GAAP Aggregated Financial Information." This information has not been audited, reviewed or compiled, nor have any procedures been performed by our independent auditors 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. Our preliminary financial results 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 our financial or operational results for the three months ended March 31, 2018. Accordingly, the preliminary financial results presented above are subject to the completion of our results for the year ended December 31, 2018, may change and those changes may be material. See "Risk Factors" and "Forward-Looking Statements."

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following chart shows a simplified summary of our corporate and financing structure and principal outstanding financing arrangements immediately after the Transactions. The information below should be read together with the sections entitled "Description of the Notes," "Description of Certain Financing Arrangements," "Capitalization" and "Principal Shareholders."



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(1) The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment to all of the Issuer's existing and future senior indebtedness (including the Private Notes and the Issuer's obligations under the Revolving Credit Facility Agreement) and will be senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Notes will be effectively subordinated to all of the existing and future indebtedness of the Issuer that is secured by property or assets that do not also secure the Notes, to the extent of the value of such property and assets securing such indebtedness. On the Issue Date, the Notes will not be guaranteed. The Notes will be guaranteed by the Company on a senior basis on the Completion Date. Within five days of the Issue Date, the Notes and, upon the granting thereof by the Company, the Parent Guarantee will be secured on a first-priority basis by the Issue Date Collateral (defined herein). In addition, on the Completion Date, the Notes and the Parent Guarantee will be secured on a first-priority basis by the Completion Date Collateral. Under the terms of the Intercreditor Agreement, the Collateral will also secure the Private Notes, the Revolving Credit Facility and certain hedging obligations. Pursuant to the terms of the Intercreditor Agreement, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the creditors under the Revolving Credit Facility and certain other indebtedness permitted under the Indenture to receive such priority, will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes—Security*."

(2) On the Completion Date, the Issuer will issue the Private Notes, and on such date the Private Notes will be secured by the Collateral and guaranteed on a senior, joint and several basis by the Company. See "*Description of Certain Financing Arrangements—Private Notes*."

(3) On May 4, 2018, the Company and the Issuer, as borrowers and guarantors, entered into the Revolving Credit Facility Agreement which provides for aggregate borrowings of up to €325 million (equivalent). Within five days of the Issue Date, the Revolving Credit Facility will be secured on a first-priority basis by the Issue Date Collateral. In addition, on the Completion Date, the Revolving Credit Facility will be secured on a first-priority basis by the Completion Date Collateral. Under the terms of the Intercreditor Agreement, creditors under the Revolving Credit Facility will be repaid with proceeds from the enforcement of the Collateral in priority to the Notes and the Private Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*—Revolving Credit Facility*." The Revolving Credit Facility will not become available until the Completion Date. We expect the Revolving Credit Facility to be undrawn on the Completion Date.

(4) On or about July 1, 2018, we expect to complete an internal reorganization, which will comprise the following principal steps: (i) Nexi Payments will be converted from a payment institution (*istituto di pagamento*) into an electronic money institution (*istituto di moneta elettronica*); (ii) Bankco's non-banking payments-related assets and activities will be contributed to Nexi Payments by way of capital contribution; (iii) Holdco will extend an intercompany loan (the "Holdco Loan") in a principal amount of €380 million to Bankco to ensure Bankco's compliance with regulatory capital adequacy requirements after the Reorganization; (iv) certain assets previously held by Bankco, including Bankco's 98.74% shareholding in Nexi Payments (including MPS Acquiring and DB Acquiring), 70% shareholding in Help Line, 100% shareholding in Oasi, 100% shareholding in Bassilichi S.p.A. (including its interests in its subsidiaries, associates and investees) and 26.09% shareholding in Consorzio Triveneto S.p.A., and the liability under the Holdco Loan will be contributed to the Company by means of

a partial demerger with and into the Company; and (v) Equinova will acquire all shares held by Holdco in Bankco and the Company's shares will be cancelled and re-issued to Holdco and certain minority shareholders to Holdco.

Pending the completion of the Reorganization, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account in the name of the Issuer. On the Escrow Release Date, which will be a date no earlier than three business days prior to the completion of the Reorganization, the proceeds from the Offering will be released from escrow, and the Issuer will on-lend such proceeds to the Company via one or more Proceeds Loans. The Company will then upstream the proceeds so received to its immediate parent, Holdco, in part through a new loan and in part through repayment of the Holdco Loan created in connection with the Reorganization. Holdco will then upstream the proceeds so received to the Sponsors' Holdcos via loans. The Sponsors' Holdcos will use the proceeds so received to repay the proceeds loans they received from Mercury Bondco in connection with the issuance of the Existing Notes and borrowings under the Existing Revolving Credit Facility, and Mercury Bondco will use the proceeds so received to redeem the Existing Notes and repay amounts outstanding under the Existing Revolving Credit Facility. We expect that Mercury Bondco will ultimately be wound up on a solvent basis and that its net assets will be contributed to the Sponsors' Newcos.

Following the Completion Date, the Company will distribute available reserves to its shareholders, including Holdco. The main component of the distribution will consist of reimbursement of capital reserves. The outstanding amount under the upstream loans will be set-off with part of such distribution and cancelled.

(5) Neither Holdco nor any of Holdco's subsidiaries, other than the Company, will guarantee the Notes.

(6) The Company's non-Guarantor subsidiaries consist of Nexi Payments, Mercury Payments, Bassilichi, Oasi and Help Line. In connection with the Reorganization, the Company and its subsidiaries are expected to enter into new financing agreements in connection with their respective settlement obligations. See "*The Transactions*" and "*Description of Certain Financing Arrangements—Settlement Obligations*." Certain of the Company's subsidiaries will include minority investors following the Completion Date.

(7) As the covenants under our Existing Debt limit the ability of restricted subsidiaries under the Existing Debt to incur additional indebtedness, the Issuer has been designated as an unrestricted subsidiary pursuant to the terms of such Existing Debt. Following the Reorganization, we intend to merge the Issuer with and into the Company. The Post-Completion Merger is subject to certain conditions and may not be completed within the currently envisaged time frame or at all.

(8) Following completion of the Reorganization and the Refinancing, the CET1 perimeter applicable to the regulated banking activities to ensure compliance with capital adequacy requirements, which is measured at the level of Holdco prior to the Reorganization, will be measured at the level of Equinova and its subsidiaries. Pursuant to the Reorganization, the electronic money services business will be with Nexi Payments. Nexi Payments and Mercury Payments will be subject to the prudential requirements set for electronic money institutions and payment institutions, respectively. See "*Regulation*."

THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes and the Parent Guarantee, see "*Description of the Notes*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Issuer .... Nexi Capital S.p.A.

Guarantor .... On the Issue Date, the Notes will not be guaranteed. The Notes will be guaranteed by the Company on a senior, joint and several basis on the Completion Date.

Notes Offered:

Fixed Rate Notes .... €825,000,000 $4^{1}/_{8}$% Senior Secured Notes due 2023.

Floating Rate Notes .... €1,375,000,000 Senior Secured Floating Rate Notes due 2023.

Issue Date .... May 18, 2018.

Issue Price:

Fixed Rate Notes .... 100.000%, plus accrued and unpaid interest from the Issue Date, if any.

Floating Rate Notes .... 100.000%, plus accrued and unpaid interest from the Issue Date, if any.

Maturity Date

Fixed Rate Notes .... November 1, 2023.

Floating Rate Notes .... May 1, 2023.

Interest Rate:

Fixed Rate Notes .... 4.125% per annum.

Floating Rate Notes .... Three-month EURIBOR (with a 0% floor), plus 3.625% per annum, reset quarterly.

Interest Payment Dates:

Fixed Rate Notes .... Interest on the Fixed Rate Notes is payable semi-annually in arrears on November 30 and May 31 of each year, commencing on November 30, 2018. Interest on the Fixed Rate Notes will accrue from the Issue Date.

Floating Rate Notes .... Interest on the Floating Rate Notes is payable quarterly in arrears on August 31, November 30, February 28 and May 31, of each year, commencing on August 31, 2018. Interest on the Floating Rate Notes will accrue from the Issue Date.

Form and Denomination............. The Notes will only be issued in fully registered form and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes:.................. The Notes will:

- be general, senior obligations of the Issuer, secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Private Notes and the Issuer's obligations under the Revolving Credit Facility Agreement;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Company and its subsidiaries that is secured by property and assets that

do not secure the Notes, or which receives priority with respect to the application of proceeds from the enforcement of the Collateral, to the extent of the value of the property and assets securing such other indebtedness or obligation;

- be structurally subordinated to any existing or future indebtedness or obligations of the subsidiaries of the Company that are not the Issuer or a subsidiary guarantor (if any) of the Notes, including obligations owed to trade creditors and settlement obligations; and
- be guaranteed on a senior, joint and several basis on the Completion Date by the Company.

Ranking of the Parent Guarantee The Parent Guarantee will:

- be a senior obligation of the Company, secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Company that is not subordinated in right of payment to the Parent Guarantee (including the Company's obligations under the Revolving Credit Facility Agreement and guarantee of the Private Notes);
- rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Parent Guarantee;
- be effectively subordinated to any existing or future indebtedness of the Company and its subsidiaries that is secured by property and assets that do not secure the Parent Guarantee or which secures such indebtedness on a super senior basis, to the extent of the value of the property and assets securing such other indebtedness or obligation; and
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Company that are not the Issuer or a subsidiary guarantor of the Notes (if any), including obligations owed to trade creditors and settlement obligations.

As of December 31, 2017, on a pro forma basis after giving effect to the Transactions, the Group would have had €2,657.6 million of third-party financial debt (€2,200.0 million of which would have been represented by the Notes, €400.0 million of which would have been represented by the Private Notes and € 57.6 million of which would have been incurred at subsidiaries that will not guarantee the Notes) excluding unamortized debt issuance costs and € 658.0 million of pass-through fee payments and settlement obligations.

The obligations of the Company will be limited, including by certain contractual and legal limitations, as described under the heading "*Description of the Notes—The Notes Guarantees*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

The Parent Guarantee will be subject to the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Parent Guarantee will be subject to release under certain circumstances, including certain IPO events. See "*Description of the Notes—The Notes Guarantees—Notes Guarantees Release*" and "*Description of the Notes—IPO Debt Pushdown*."

Collateral....................................... Subject to the Agreed Security Principles, the Notes and (when granted by the Company) the Parent Guarantee will be secured on a first-priority basis:

(i) within five days of the Issue Date, by:

- a pledge of the entire share capital in the Issuer; and
- a pledge of all material bank accounts of the Issuer (other than the Escrow Account),

(collectively, the "Issue Date Collateral"); and

(ii) on the Completion Date, additionally by:

- a security assignment of any structural intercompany receivables owed by the Issuer to the Company;
- a pledge of Holdco's shares in the Company, which are expected to comprise not less than 93% of the Company's entire share capital as of the Completion Date;
- a security assignment of any structural intercompany receivables owed by the Company to Holdco;
- a pledge of all material bank accounts of the Company;
- a pledge of all of the Company's shares in its direct material subsidiaries;
- a security assignment of any structural intercompany receivables owed to the Company by any of its material subsidiaries; and
- a security assignment of the receivables under the Proceeds Loans owed to the Issuer by the Company,

(collectively, the "Completion Date Collateral" and, together with the Issue Date Collateral, the "Collateral").

The Collateral will also secure the Company's obligations under the Private Notes and the Revolving Credit Facility Agreement and certain hedging obligations. Under the terms of the Intercreditor Agreement, in the event of enforcement of the Collateral, the holders of the Notes and the Private Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations have been repaid in full. See "*Risk Factors—Risks Related to the Financial Profile of the Issuer and the Company—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking super senior to the Notes are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes*."

The Collateral securing the Fixed Rate Notes may be released if the Notes achieve investment grade status and the Collateral securing the Notes may be released upon certain IPO events. See "*Description of the Notes—Effects of a Rating Event and achievement of Investment Grade Status" and "—IPO Pushdown*."

The security interests in the Collateral may be limited by applicable law or subject to certain defences that may limit their validity and enforceability. In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. For more information on the security interests granted, see "*Description of the Notes—Security*" and for more information on potential limitations to the security interests, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests" and "Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests.*"

Escrow of Proceeds; Special Mandatory Redemption........... Pending the completion of the Reorganization, the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date, deposit the gross proceeds from the Offering into a segregated escrow account in the name of the Issuer but controlled by the Escrow Agent. The release of the escrow proceeds (the date of such release, the "Escrow Release Date") to the Issuer will be subject to the satisfaction of certain conditions. If the Reorganization is not consummated prior to December 31, 2018 (the "Escrow Longstop Date"), or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be equal to the aggregate issue price of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the special mandatory redemption date. Pursuant to a shortfall agreement between the Issuer and the Company to be entered on or about the Issue Date, the Company will be required to contribute to the Escrow Account an amount necessary to fund the accrued and unpaid interest on the Notes and Additional Amounts, if any, from the Issue Date to, but excluding, the special mandatory redemption date. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption" and "Risk Factors—Risks Related to the Transactions—If the conditions to the escrow are not satisfied, the Issuer will be required to redeem part or all of the Notes, which means that you may not obtain the return you expect on the Notes.*"

Intercreditor Agreement............. Each holder of a Note by accepting a Note will be deemed to have agreed to, and be bound by, the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the holders of the Notes will be limited accordingly and subject to the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Use of Proceeds............................ The proceeds from the offering of the Notes, together with proceeds from the issuance of the Private Notes, will be used to (i) to make one or more intercompany loans to the Company and to repay the Holdco Loan, for further distribution to ultimately be used to redeem in full any obligations outstanding under our Existing Debt and pay accrued interest and redemption premium on such Existing Debt and (ii) pay the costs, fees and expenses incurred in connection with the Transactions, including commitment, underwriting, arranging, placement, original issue discount, financial advisory, legal, accounting, ratings advisory and other transaction costs and professional fees. See "*The Transactions*" and "*Use of Proceeds*."

Additional Amounts..................... Any payments made by the Issuer with respect to the Notes, or the Company with respect to the Parent Guarantee, will be made without withholding or deduction for taxes unless required by law. If such withholding or deduction is required by law in any "relevant taxing jurisdiction," the Issuer or the Company, as applicable, will pay the additional amounts necessary so that the net amounts received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*."

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("Decree No. 461"), except where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or its agents. See "*Description of the Notes—Withholding Taxes*."

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of the Notes is resident for tax purposes in a country which allows for a satisfactory exchange of

information with Italy (as identified currently in Ministerial Decree of September 4, 1996 as subsequently amended and supplemented and, in the future, in any decree to be issued under Article 11(4)(c) of Decree No. 239; any such decree, the "White List") and such holder of the Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or in Decree No. 461 after the date hereof, including any change in the White List. See "*Certain Tax Consequences—Certain Italian Tax Considerations*."

Optional Redemption

Fixed Rate Notes .... The Issuer may redeem all or part of the Fixed Rate Notes at any time on or after November 30, 2019, at the relevant redemption price set forth under "*Description of the Notes—Optional Redemption*."

Prior to November 30, 2019, the Issuer may redeem all or part of the Fixed Rate Notes by paying a "make whole" premium as described under "*Description of the Notes—Optional Redemption*."

Prior to November 30, 2019, the Issuer may in each calendar year redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes (including any additional Fixed Rate Notes) at a redemption price equal to 103% of the principal amount of the Fixed Rate Notes to be redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date.

Additionally, at any time prior to November 30, 2019, up to 40% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any additional Fixed Rate Notes) may be redeemed with the net proceeds of one or more specified equity offerings at a redemption price equal to 104.1250% plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, provided that at least 50% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any additional Fixed Rate Notes) remains outstanding after the redemption.

Floating Rate Notes .... The Issuer may redeem all or part of the Floating Rate Notes at any time on or after May 31, 2019, at the relevant redemption price set forth under "*Description of the Notes—Optional Redemption*."

Prior to May 31, 2019, the Issuer may redeem all or part of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes by paying a "make whole" premium as described under "*Description of the Notes—Optional Redemption*."

Optional Redemption for Tax Reasons...................................... In the event of certain developments affecting taxation that become effective after the Issue Date, the Issuer may redeem either series of the Notes in whole but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but excluding, the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."

Change of Control .... Upon the occurrence of certain change of control triggering events, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of the purchase. See "*Description of the Notes—Change of Control.*"

Certain Covenants........................ The Indenture will limit, among other things, the ability of the Issuer to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain restricted payments;

- make certain investments;
- impose restrictions on the ability of their subsidiaries to pay dividends or make other payments to the Issuer;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Certain of the covenants will be suspended if and for as long as the Notes achieve investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants and Release of Fixed Rate Notes Security Interests on Achievement of Investment Grade Status*."

In addition, all of the security interests in the Collateral in respect of the Fixed Rate Notes will be released if the Fixed Rate Notes achieve investment grade status. See "*Description of the Notes—Certain Covenants—Suspension of Covenants and Release of Fixed Rate Notes Security Interests on Achievement of Investment Grade Status*."

Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

U.S. Federal Income Tax Considerations .... For a discussion of certain U.S. federal income tax considerations of an investment in the Notes, see "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations*." You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Notes.

Transfer Restrictions .... The Notes have not been registered under the U.S. Securities Act or the securities laws of any other jurisdiction and will not be so registered. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions.*" Holders of the Notes will not have the benefit of any exchange or registration rights.

Risk Factors .... Investing in the Notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section before making a decision whether to invest in the Notes.

No Prior Market .... The Notes will be new securities for which there is no existing market. Although the Initial Purchasers of the Notes have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

Listing .... Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF market (the "Exchange") thereof. There can be no assurance that the listing of the Notes will be maintained.

Governing Law .... The Indenture and the Notes will be governed by the laws of the State of New York. Under the terms of the Indenture, the governing law of the Indenture and the Notes may be amended with the consent of holders of at least a majority (50%) in principal amount of such Notes then outstanding.

The Intercreditor Agreement will be governed by the laws of England and Wales. Each Security Document (as defined under "*Description of the Notes—Certain Definitions—Security Documents*") will be governed by the laws of Italy or the United Kingdom, as the case may be.

Trustee...	U.S. Bank Trustees Limited.
Security Agent	U.S. Bank Trustees Limited as (i) Security Agent, (ii) legal representative (*mandatario con rappresentanza*) under the Indenture and (iii) representative (*rappresentante*) pursuant to and for the purposes set forth under Article 2414-*bis*, Paragraph 3, of the Italian Civil Code (as defined herein).
Paying Agent................................	Elavon Financial Services DAC, UK Branch.
Transfer Agent.............................	Elavon Financial Services DAC, UK Branch.
Registrar.......................................	Elavon Financial Services DAC.
Calculation Agent.........................	Elavon Financial Services DAC, UK Branch.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION AND OTHER DATA

The following tables summarize certain of our historical carve out financial information, Unaudited Pro Forma Combined Financial Information and certain other information for the periods ended on and as of the dates indicated below.

We have extracted the Group's summary financial information (i) with respect to the special purpose carve out statement of profit or loss information, statement of financial position information and statement of cash flows information for each of the years ended December 31, 2015, 2016 and 2017, from our Financial Statements included elsewhere in this offering memorandum and (ii) with respect to the unaudited pro forma statement of profit or loss information for the year ended December 31, 2017, and the unaudited pro forma statement of financial position information as of December 31, 2017, from the Unaudited Pro Forma Combined Financial Information. For a detailed description of the basis of presentation with respect to the historical carve out financial information and Unaudited Pro Forma Combined Financial Information, see "*Presentation of Financial and Other Information.*"

The Unaudited Pro Forma Combined Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. It has been derived by applying adjustments to the historical Financial Statements included elsewhere in this offering memorandum. The Unaudited Pro Forma Combined Financial Information does not purport to represent what our results of operations or financial position actually would have been if the events had occurred on the dates assumed, and such information does not purport to project our results of operations or financial condition for any future period. Neither the assumptions underlying our pro forma and other adjustments nor the resulting Unaudited Pro Forma Combined Financial Information have been audited or reviewed in accordance with any generally accepted accounting standards. Any differences between the summary Unaudited Pro Forma Combined Financial Information and our future results of operations and financial position may be material. The summary Unaudited Pro Forma Combined Financial Information should be read in conjunction with our Financial Statements and the notes. See "*—Unaudited Pro Forma Combined Financial Information*."

Prospective investors should read the summary data presented below in conjunction with, and the summary data presented below is qualified in their entirety by reference to, "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Unaudited Pro Forma Combined Financial Information*" and our Financial Statements, included elsewhere in this offering memorandum.

Summary Historical and Pro Forma Combined Statement of Profit or Loss and Other Comprehensive Income Information

	Nexi Payments Business Carve-Out				
	Predecessor (historical)	Successor (historical)	(historical)		(pro forma)[2]
	From January 1, 2015 through December 18, 2015	From December 19, 2015 through December 31, 2015	Year ended December 31		
(€ million)	2015[1]		2016	2017	2017
Net fee and commission income	520.3	(0.0)	546.8	864.8	970.9
Net interest income	(10.4)	(0.0)	(7.5)	(15.6)	(132.0)
Net trading / hedging/financial assets as fair value income and gain on disposal of investment	0.0	—	(0.5)	(0.4)	(0.4)
Net revenues from equity investments and AFS investments	0.0	—	0.4	0.3	0.3
Net operating revenue	**510.0**	**(0.0)**	**539.2**	**849.1**	**838.8**
Payroll and related costs	(96.1)	(0.2)	(112.5)	(195.5)	(229.5)
Other administrative expenses	(271.1)	(7.9)	(308.5)	(444.0)	(494.9)
Administrative expenses	**(367.2)**	**(8.1)**	**(421.0)**	**(639.5)**	**(724.4)**
Other net operating expenses/income	1.8	0.2	0.4	1.1	9.8
Impairment losses and net accruals for risks and charges	(11.3)	—	(8.8)	(2.7)	(3.1)
Operating costs (before depreciation and amortization)	**(376.8)**	**(7.9)**	**(429.5)**	**(641.1)**	**(717.7)**
Operating margin	**133.2**	**(7.9)**	**109.7**	**208.0**	**121.1**

Depreciation and amortization (included Depreciation and amortization on customer contracts)	(27.9)	—	(31.5)	(91.1)	(99.6)
Share of gains/losses of associates	—	—	0.0	2.3	(0.3)
Pre-tax profit	**105.3**	**(7.9)**	**78.2**	**119.2**	**21.2**
Income taxes	(34.2)	(2.3)	(15.3)	(41.2)	(27.8)
Net profit	**71.1**	**(10.2)**	**62.9**	**78.0**	**(6.6)**
Loss/(profit) for the period attributable to non-controlling interests	(3.0)	—	(4.1)	0.9	0.9
Other comprehensive income		—			—
Remeasurements of defined benefit liability	0.5	—	0.1	0.0	—
Available-for-sale financial assets—net changes in fair value	—	—	—	27.1	—
Total comprehensive income (loss) for the year	**71.6**	**(10.2)**	**63.1**	**105.1**	**—**

(1) The statement of profit or loss of ICBPI for the year ended December 31, 2015, has been included because Holdco's acquisition of ICBPI was completed on December 18, 2015, and Holdco's consolidated statement of profit or loss does not include the results of ICBPI. For periods prior to Holdco's acquisition of Bankco, the Financial Statements show ICBPI as the predecessor. For periods after the acquisition, Holdco is shown as the successor.

(2) For a detailed discussion of this information, see "*Unaudited Pro Forma Combined Financial Information.*"

Summary Historical and Pro Forma Statement of Financial Position Information

	Nexi Payments Business Carve-Out			
	(historical)			(pro forma)[1]
	As of December 31,			
(€ million)	**2015**	**2016**	**2017**	**2017**
Assets				
Cash and cash equivalents	0.0	8.4	134.4	120.4
Available-for-sale financial assets	218.3	47.6	83.3	83.3
Loans and receivables with banks	122.6	336.4	346.0	346.0
Loans and receivables with customers	2,350.8	2,548.3	2,779.4	1,002.4
Property, equipment	81.8	110.0	157.2	157.2
Intangible assets	979.5	1,822.2	2,650.5	2,655.9
Total assets	**4,052.4**	**5,207.4**	**6,573.1**	**4,790.0**
Liabilities				
Due to banks	1,967.2	1,859.7	2,492.6	715.6
Bond issued	—	—	—	2,534.5
Due to customers	28.3	45.8	63.4	63.4
Other liabilities	478.0	540.1	795.3	795.3
Total liabilities	**2,528.2**	**2,505.1**	**3,552.0**	**4,309.5**
Net investments	1,524.2	2,702.4	3,021.1	480.5
Total liabilities and net investments	**4,052.4**	**5,207.4**	**6,573.1**	**4,790.0**

(1) For a detailed discussion of this information, see "*Unaudited Pro Forma Combined Financial Information.*"

Summary Historical Cash Flow Statement Information

	Nexi Payments Business Carve-Out (historical)		
	Year ended December 31,		
(€ million)	**2015**	**2016**	**2017**
Cash flows from operating activities	126.0	(16.5)	712.5
Cash flows from investing activities	(1,659.9)	(1,159.6)	(890.8)
Cash flows from financing activities	1,533.9	1,184.5	304.3

Summary Historical and Pro Forma Segmental Statement of Profit or Loss and Other Comprehensive Income Information

	Nexi Payments Business Carve-Out			
	(historical)			(pro forma)[1]
	Year Ended December 31,			
(€ million)	**2015**	**2016**	**2017**	**2017**
Merchant Services & Solutions	180.5	208.0	352.5	401.2
Cards & Digital Payments	241.1	234.9	342.1	338.1
Digital Banking Solutions	59.2	60.1	97.4	123.7
Other Services	29.2	35.3	60.2	87.6
Operating revenue	**510.0**	**538.3**	**852.2**	**950.6**

(1) For a detailed discussion of this information, see "*Unaudited Pro Forma Combined Financial Information.*"

Other Financial Data[*]

(€ million, unless indicated otherwise)	Nexi Payments Business Carve-Out (historical) Year ended December 31, 2015[1]	2016	2017	(pro forma)[**] 2017
Normalized EBITDA[1]	135.9	179.6	346.9	368.7
Normalized EBITDA margin[1]	27%	33%	41%	39%
Adjusted EBITDA[1]				495.1
Pro forma net senior secured debt[2]				2,479.6
Pro forma net debt[3]				2,537.2
Pro forma interest expense[4]				101.5
Ratio of pro forma net senior secured debt[4] to Adjusted EBITDA[1]				5.0x
Ratio of pro forma net debt[3] to Adjusted EBITDA[1]				5.1x
Ratio of Adjusted EBITDA[1] to pro forma interest expense[4]				4.88x

(*) The metrics set forth in this section are non-GAAP financial measures as defined under the rules of the SEC.

(**) For a detailed discussion of this information, see "*Unaudited Pro Forma Combined Financial Information.*"

(1) We define Normalized EBITDA as net profit adding back income taxes, non-recurring/extraordinary items (as described in "*Management's Discussion and analysis of Financial Condition and Results of Operation*"), share of gains/losses of investees, depreciation and amortization (customer contract) and depreciation and amortization, in each case, as derived from the combined segment results set forth in our Financial Statements. We define Normalized EBITDA margin as Normalized EBITDA divided by operating revenue. We define Adjusted EBITDA as Normalized EBITDA, adjusted further as set forth below.

Normalized EBITDA and Adjusted EBITDA are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Normalized EBITDA and Adjusted EBITDA as presented in this offering memorandum may differ from and may not be comparable with similarly titled measures used by other companies, and differ from "Consolidated EBITDA" as defined in the section "*Description of the Notes*" of this offering memorandum and in the Indenture. We present Normalized EBITDA and Adjusted EBITDA for informational purposes only. This information does not represent the results we would have achieved had each of the items for which an adjustment is made occurred at the dates indicated. There can be no assurance that items we have identified for adjustment as nonrecurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Normalized EBITDA and Adjusted EBITDA are based on various assumptions and management estimates. These amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations for the periods presented, may not be comparable with our Financial Statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. We present Normalized EBITDA and Adjusted EBITDA because (i) these are among the measures used by the management team to evaluate our operating performance, (ii) they are among the measures used by the management team to make day-to-day operating decisions, (iii) they are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry and (iv) Adjusted EBITDA is a relevant metric under our historical financing arrangements. Normalized EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider such measures either in isolation or as a substitute for net income (loss), cash flow from operations or other methods of analyzing our results as reported under IFRS. Some of these limitations are:

- Normalized *EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;*
- *Normalized EBITDA and Adjusted EBITDA do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;*
- *Normalized EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;*
- *Normalized EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *Normalized EBITDA and Adjusted EBITDA do not reflect the impact of certain cash charges or the impact on earnings or changes resulting from matters that we consider not to be indicative of our future operations;*
- *although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Normalized EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and*
- *other companies in our industry may calculate Normalized EBITDA and Adjusted EBITDA differently, limiting their usefulness* as comparative measures.

None of these metrics is a measurement of our financial performance under IFRS and should not be considered as alternatives to net profit or other performance measures derived in accordance with IFRS, or as alternatives to cash flow

from operating activities as measures of liquidity. These non-GAAP measures should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our Financial Statements and using these non-GAAP financial measures only supplementally to evaluate our performance. See "*Presentation of Financial and Other Information—Non-GAAP Financial Information—Non-GAAP Financial Measures*."

Set forth below is a reconciliation of Normalized EBITDA and Adjusted EBITDA to net profit for each of the years ended December 31, 2015, 2016 and 2017, which we believe is their closest comparable IFRS measure.

	Nexi Payments Business Carve-Out			
	(historical)			**(pro forma)(*)**
	Year ended December 31,			
(€ million)	**2015**	**2016**	**2017**	**2017**
Net profit(A)	**60.9**	**62.9**	**78.0**	**(6.6)**
Income taxes	36.6	15.3	41.1	27.8
Non-recurring/extraordinary items(B)	10.6	69.9	139.0	138.9
Interest expense(C)	—	—	—	108.7
Share of gains/losses of investees	—	—	2.3	0.3
Depreciation & amortization (customer contract)	0.8	0.8	31.3	—
Depreciation and amortization	27.0	30.6	59.8	99.6
Normalized EBITDA	**135.9**	**179.6**	**346.9**	**368.7**
Cost savings(D)				43.9
Post-merger synergies(E)				38.1
Innovation and CVM initiatives(F)				44.4
Adjusted EBITDA				**495.1**

(*) For a detailed discussion of this information, see "*Unaudited Pro Forma Combined Financial Information*."

(A) Interest expense on the Notes is presented above net operating revenue in our statement of profit or loss and other comprehensive income. See *"Unaudited Pro Forma Combined Financial Information."*

(B) Represents non-recurring/extraordinary items, as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

(C) Represents our pro forma effective interest expense, as set forth in "*Unaudited Pro Forma Combined Financial Information*," which includes, among other things, amortized debt issuance costs incurred in connection with the Offering and the Private Placement and original issue discount.

(D) *Cost savings:* Represents the estimated run-rate increase in Normalized EBITDA that we believe is achievable within one to three years following the implementation of the measures set forth below, which aim to further improve our operational efficiency and each of which relates to steps and actions that have been taken or have been identified:

- *Purchasing*: This adjustment of €13.4 million gives effect to the run-rate impact of cost-cutting initiatives targeting our production costs and general and administrative expenses, which we launched in 2017 and are currently outperforming the targets we had set. We also give effect to the estimated run-rate impact of similar initiatives that we launched in the first quarter of 2018.

- *Human Resources*: This adjustment of €5.3 million gives effect to the run-rate impact of headcount rationalizations we contractually agreed in 2017, some of which become effective after the expiration of a transitional period, such that the full run-rate impact is expected to be realized by 2020.

- *IT Processing & Running*: This adjustment of €11.5 million gives effect to the run-rate impact of the successful renegotiation of our processing arrangements with key suppliers on more favorable terms, which we recently agreed pursuant to binding contracts. In addition, this adjustment gives effect to the estimated run-rate impact of additional savings on IT operating costs, which we have identified and which are included in our management forecast for 2018.

- *IT Strategy*: This adjustment of €4.2 million gives effect to estimated cost savings to be realized from a renegotiation of our arrangements with certain key suppliers, certain of which have been agreed pursuant to definitive agreements, and our IT costs savings initiatives relating to our IT infrastructure, ATMs, our CBI Gateway infrastructure, our software and our licensing activities.

- *Operations*: This adjustment of €6.3 million gives effect to estimated cost savings from other initiatives targeting our operational efficiency, including, among other things, measures aimed at the reduction of our shipping costs,

the streamlining of our production, the improvement of our fraud management and a reduction in maintenance interventions. Launched in 2017, these initiatives fully achieved their targets for the fiscal year 2017 and are expected to generate additional run-rate savings, beyond the current levels, within the next few years.

- *Customer Contact Center*: This adjustment of €3.1 million gives effect to the estimated cost-savings from initiatives targeting operational excellence at our customer contact center, including providing online Q&As as alternatives to reduce the number of calls, operator trainings to increase the rate of first contact resolutions and digital care. Launched in 2017, these initiatives fully achieved their targets for the fiscal year 2017 and are expected to deliver additional run-rate savings over the next one to two years.

We believe that the majority of expenses necessary to realize the anticipated cost savings described above, primarily including non-recurring restructuring expenses, have already been incurred in the year ended December 31, 2017. Additional costs that we expect to incur in the next one to three years to achieve these savings mainly consist of capital expenditures related to the implementation of our IT strategy.

(E) *Post-merger synergies:* Represents the estimated run-rate increase in Normalized EBITDA that we believe is achievable within one to three years following the implementation of the measures set forth below, which seek to achieve synergies from the integration of our recent acquisitions:

- *Bassilichi*: We have launched measures aimed at the full integration of Bassilichi into the Group by 2019. This adjustment of €26.9 million gives effect to (i) expected savings in general and administrative expenses from, among other things, the renegotiation of contracts, elimination of indemnities in favor of Bassilichi's board of directors and centralization of services and (ii) the run-rate impact of procurement savings generated by initiatives that have already launched and, in part, completed.

- *Mercury Payments*: This adjustment of €4.4 million gives effect to the expected run-rate impact of cost-synergies in our operations and the integration of Mercury Payments' central functions into our own, which we believe we can realize by the end of 2019.

- *IT Strategy (M&A)*: This adjustment of €6.8 million gives effect to the expected run-rate impact of cost-synergies from the integration of the IT platforms, technology and corporate systems of Bassilichi and Mercury Payments with our own.

We estimate that we will incur approximately €20.0 million in non-recurring restructuring and integration expenses in the next one to three years to achieve the post-merger synergies related to Bassilichi. We believe we will incur only limited amounts of non-recurring expenses to achieve the post-merger synergies related to Mercury Payments. With respect to our M&A related IT strategy, we expect to incur predominantly capital expenditures.

(F) *Innovation and CVM initiatives:* Represents the estimated run-rate increase in Normalized EBITDA that we believe is achievable within one to three years following the implementation of the initiatives set forth below, which target untapped potential in the areas of innovation and customer value management:

- *Innovation bundle*: This adjustment of €7.8 million gives effect to the expected run-rate impact from the launch of a new VAS/innovation bundle offering, which was defined in 2017 and launched in 2018, and the expansion of the services provided under two existing customer contracts. This adjustment was estimated on a run-rate basis, giving effect to contracts already signed.

- *E-Commerce*: This adjustment of €0.6 million gives effect to the expected run-rate impact of the commercialization of a state-of-the-art eCommerce solution launched in the fourth quarter of 2017. This adjustment was estimated on a run-rate basis, giving effect to re-pricings that have already been agreed.

- *Apple Pay*: This adjustment of €0.8 million gives effect to the expected run-rate impact of the launch of our Apple Pay and Samsung Pay solutions, which will be gradually implemented over the course of 2018, with the run-rate impact expected to materialize starting in 2019. The adjustment was estimated on the basis of contracts that have already been signed with client banks.

- *Customer Value Management*: This adjustment of €28.4 million gives effect to the expected run-rate impact of our acquisition of Carige Acquiring, for which we have already signed an acquisition agreement that is expected to close in the fourth quarter of 2018, and CVM initiatives with respect to both our existing customer base and our recently acquired merchant books, also in relation to upgrades required to fully comply with Payment Card Industry Data Security Standards ("PCI DSS"). The adjustment was estimated on the basis of the CVM initiatives that were already launched in the fourth quarter of 2017 or first quarter of 2018 or are included in our management forecast for 2018. We expect that the full run-rate impact from these initiatives will materialize starting in 2019.

- *International Debit*: This adjustment of €5.2 million gives effect to the expected run-rate impact of new product launches in the debit cards segment to complement the traditional, domestic debit card products currently available in the Italian market. The adjustment was estimated on the basis of contracts that have already been signed with client banks.

- *ACH Instant Payments*: This adjustment of €1.0 million gives effect to the expected run-rate impact of ACH Instant Payments, which is a product that is already developed. The adjustment was estimated on the basis of two contracts that have already been signed, with official launch planned for 2018.

- *PSD2 Gateway*: This adjustment of €0.5 million gives effect to the minimum guaranteed payment we are entitled to pursuant to our exclusive right to develop the PSD2 Gateway, which was awarded to us by the CBI Consortium (the consortium that manages the CBI Gateway) following a competitive tender. We believe the adjustment reflects a conservative business case in terms of Normalized EBITDA growth.

We believe that the large majority of product development and CVM costs related to the implementation of the innovation and CVM initiatives set forth above have already been incurred in the year ended December 31, 2017. As a result, we do not currently expect to incur a material amount of additional costs in the next one to three years to achieve the benefit from these initiatives.

The adjustments described in footnotes (D) through (F) above are based upon forecasts and estimates and are in part based upon historical information of acquired entities which cannot be independently verified by our management. Our estimates of cost savings, post-merger synergies and innovation and CVM initiatives are based upon a number of expectations and assumptions, which may prove to be incorrect. As such, although we believe that we will be able to realize the earnings underlying these adjustments, our actual results of these initiatives may differ and any anticipated cost savings, synergies and run-rate revenue uplifts may not be achieved to the extent and within the time frame anticipated, if at all, and we may be required to expend more funds in respect of these initiatives than we currently anticipate. See "*Risk Factors—Risks Related to Our Business—Our selective acquisition strategy exposes us to risks, including the risk that we may not be able to successfully integrate acquired businesses*" and "*Risk Factors—Risks Related to the Transactions.*" The financial information presented in this offering memorandum has been formulated subject to significant assumptions and limitations and may not reflect what our actual results of operations and financial condition would have been had the transactions accounted for therein occurred as of and for the periods presented, and such financial information may not be indicative of our future operating performance.

(2) Pro forma net senior secured debt includes debt outstanding under the Notes, the Private Notes and the Revolving Credit Facility, if any, net of our pro forma cash and cash equivalents, and excludes pass-through fee payments and settlement obligations. See "*Capitalization.*"

(3) Pro forma net debt includes pro forma senior secured debt and debt under local facilities, net of cash and cash equivalents. See "*Capitalization.*"

(4) Represents the pro forma interest expense on our pro forma total debt. Excludes amortized debt issuance costs incurred in connection with the Offering and the Private Placement and excludes original issue discount. Pro forma interest expense is presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Refinancing occurred on January 1, 2017, nor does it purport to project our interest expense for any future period or our financial position at any future date.

Other Aggregated Operating Information(1)(2)

	As of and for the year ended December 31,		
	2015	**2016**	**2017**
Number of managed transactions (in million)	4,216	4,572	4,976
Issuing(3)	*1,795*	*1,955*	*2,134*
Acquiring(3)	*2,423*	*2,616*	*2,841*
Number of managed cards (in thousands)	41,504	41,968	44,212
Debit cards(3)	*20,914*	*21,630*	*22,690*
Charge cards(3)	*11,442*	*11,679*	*11,915*
Prepaid cards(3)	*8,733*	*8,261*	*9,240*
Credit cards(3)	*416*	*397*	*367*
Value of card transactions (€ million)	380,486	397,417	418,431
Issuing(3)	*168,805*	*176,951*	*186,063*
Acquiring(3)	*211,681*	*220,466*	*232,368*

Number of managed POS (in thousands)	1,213	1,274	1,385
Number of clearing transactions (in thousands)	682,947	868,719	914,960
Number of e-banking licenses (in thousands)	507	524	519
Number of managed ATMs (in thousands)	22	21	21

(1) The other aggregated operating information presented above was prepared on the same basis as the Unaudited Non-GAAP Aggregated Financial Information. See "*Presentation of Financial and Other Information*" and "*Unaudited Non-GAAP Aggregated Financial Information*."

(2) The figures presented above are subject to variation from period to period, including due to seasonality and acquisitions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition*" and "*Risk Factors—Risks Related to Our Business.*"

(3) The figures presented above aggregate the number of transactions managed under our licensing, servicing and direct issuing and acquiring models.

RISK FACTORS

An investment in the Notes entails risks. There are a number of factors, including those specified below, that may adversely affect our ability to make payments under the Notes. You could therefore lose a substantial portion or all of your investment in the Notes. Consequently, an investment in the Notes should be considered only by persons who can assume such risk. You should note that the risks described below are not the only risks that we face. The risks described below are all of the risks we consider to be material. However, there may be additional risks that we currently consider immaterial or of which we are currently unaware, and any of these risks could have the effects set forth above. Our business, financial condition and results of operations could be materially adversely affected by any of these risks.

Risks Related to Our Business

Economic conditions in Italy may adversely affect consumer spending in Italy, which may adversely impact our revenues and profitability.

We operate primarily within the Italian market, from which we derive almost all of our revenue, making us vulnerable to risks associated with economic weakness in Italy.

The revenue we generate through the fees we receive, in particular in our Merchant Services & Solutions and Cards & Digital Payments business units, is a function of the number and volume of payment transactions. These, in turn, are tied to the overall level of consumer, business and government spending in Italy. General economic conditions in Italy influence consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. Such general economic conditions may change unexpectedly as a result of a large number of factors over which we have no control, such as government policy, monetary policy and international economic conditions. A sustained deterioration in general economic conditions in Italy, or increases in interest rates in Italy, may adversely affect our financial performance by reducing the number of digital payment transactions or spend per transaction. Furthermore, if economic conditions cause our partner banks to tighten credit requirements, this could decrease the number of cardholders and therefore the number of digital payment transactions or spend per transaction. Since we have a certain amount of fixed and semi-fixed costs, including debt servicing costs, rent and salaries, our ability to quickly adjust costs and respond to changes in our business and the economy may be limited. In light of all of the above, a reduction in the amount of consumer spending could result in a decrease of our revenue and profits and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Consumer spending is positively correlated to macroeconomic and political developments in Italy. In the past, macroeconomic and political events have had a negative effect on the country's growth, and continued uncertainty could lead to deterioration of investor and market confidence. In October 2017, for example, Moody's maintained Italy's economic outlook as negative, despite the improvement of certain economic indicators, due to Italy's persistently high sovereign debt level and the significant holdings of non-performing loans by major Italian banks (see below "*—The condition of the Italian banking sector may affect our business*") and the failure of the Italian government to implement fiscal reforms that would mitigate this vulnerability. Moreover, Italian unemployment rates remain high by OECD standards. These factors, coupled with continued political uncertainty in Italy resulting from the outcome of the recent Italian general election (March 4, 2018), and consequent uncertainty regarding the priorities of the new government (see "*—Our business may be affected by political uncertainty in Italy*"), make it more difficult to reduce the ratio of government debt to GDP (see below "*—The condition of the Italian banking sector may affect our business*"), write down non-performing loans and reduce unemployment, and therefore could have an adverse effect on the environment in which we operate, in particular on consumer spending in Italy. Continuation or further worsening of these difficult financial and macroeconomic conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations are dependent on ICT and information systems and our ICT processing is outsourced to third parties and; any disruption of our outsourced information systems, whether widespread or localized, could adversely impact our operations.

The integrity, reliability and operational performance of our ICT infrastructure and technology network are critical to our operations and reputation. Important ICT infrastructure includes our merchant acquiring platform, which comprises systems that process digital payment authorizations and settlements that assist with merchant customer remittances. Our card issuing platform, which regulates the use of our payment cards by cardholders, is also very significant. Both of these systems are outsourced to third-party service providers. In certain cases, we have made substantial investments in the equipment or software of a particular supplier, making it difficult for us to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer us favorable prices or ceases to produce equipment or provide the support that we require. For example, in the past several years we have made substantial investments to outsource our data center to equensWorldline (whose data centers are located in Europe) to whom we also outsource our merchant acquiring platform. See "*Business—Information and Communications Technology*." In addition to our merchant

acquiring and card issuing platforms, we rely on fully-outsourced services for clearing and settlement (ACH) connectivity, application centers and foreign transactions in our Cards & Digital Payments business unit.

The availability of our merchant acquiring and card issuing platforms and other products may be interrupted by damage or disruption to our or our third-party service providers' ICT systems. For instance, we have historically experienced a small number of serious failures in the ICT systems provided by our main third-party ICT service providers. These failures were primarily due to malfunctions of hardware or coding errors in software products. Failures can also be caused by the migration to new systems. For example, when we migrated our ICT infrastructure to SEPA in 2014, our provider equensWorldline encountered service interruptions due to temporary blocks and delays which also affected our customers. Such disruption may be due to malicious increases in system usage (including as a result of a denial of service or similar attacks which exceed network or gateway capacity), hardware or software defects, human error, unauthorized access, fire, power loss, natural hazards, the impact of war and terrorism, disasters or similarly disruptive events, as well as planned upgrades and improvements which may be subject to developmental delay or fail to be effective. There can be no assurance of the continued performance, accuracy, compliance and security of any of our third-party providers. In particular, in the case of an industry-wide cyclical upturn or in the case of high demand for a particular product, our suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to us, should these suppliers elect to fulfil the accounts of other customers first. We perform a part of our disaster recovery operations ourselves and utilize select third parties for other aspects of recovery. To the extent we outsource our disaster recovery operations, we are at risk of the vendor's unresponsiveness in the event of breakdowns in our systems.

In addition, the services we provide are dependent on links to telecommunications providers that we do not control. We require telecommunications providers to process data and depend on internet sites in the fulfilment of solutions and services and in responding to customer inquiries. Data storage and processing by these links to telecommunications providers may fail due to power outages, technical errors and other malfunctions. Our own backup data may not be sufficient to restore the data lost as a result of such a failure, and we may not be able to compensate for a loss of data or failure in data processing in a timely manner or at all. In addition, we depend on our telecommunications providers to send our information and data to servers around the world, including those for Visa and MasterCard. Any damage to, or failure by our service providers to properly maintain our data centers, failure of our telecommunications links or inability to access these internet sites could cause interruptions in operations that adversely affect our ability to meet our customers' requirements and have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

Our merchant customers require us to maintain a certain level of systems availability, and failure to maintain agreed levels of service availability or to reliably process our customers' transactions could result in loss of revenues as well as in customers switching to a different payments services provider. A loss of customers due to performance issues, system interruptions or other failures could result in a loss of revenues, payment of contractual or consequential damages, reputational harm, additional operating expenses in order to remediate any failures, and exposure to other losses and liabilities. Although we maintain property and business interruption insurance, any such insurance may not be adequate to compensate us for all losses or failures that may occur.

There are a limited number of adequate third-party suppliers available to us. If our contractual arrangements with any third-party providers are terminated or no longer offered on reasonable terms, we may not be able to find an alternative supplier on a timely basis, on equivalent terms or without significant expense or at all. We maintain relationships with a limited number of third-party suppliers including equensWorldline and SIA. Bankadati is a key ICT supplier for the management of our Digital Banking Solutions business unit. Our ability to renew our existing contracts upon the expiration of such contracts or to enter into new contractual relationships with suppliers of products or services on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, that may be beyond our control. In addition, our suppliers may enter into arrangements with our competitors or may directly compete with us, as does our ICT service provider, SIA, which competes with our clearing services and card issuing services.

The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

Unauthorized disclosure of data, whether through cyber security breaches, computer viruses or otherwise, or illegal storage or use of customer data by us could expose us to liability, protracted and costly litigation, affect our operations and damage our reputation.

We process sensitive personal consumer data (including, in certain instances, consumer names, addresses, credit and debit card numbers and bank account details) and merchant customer data (including merchant names, addresses, sales data and bank account details) as part of our business, and therefore we must comply with strict data protection and privacy laws in Italy and the European Union, as well as comply with card scheme rules. These laws and rules impose certain standards of protection and safeguarding on our ability to collect and use personal information relating to customers and potential customers, and could make us liable in the event of a loss of control of such data or as a result of unauthorized

third-party access. Unauthorized data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access.

We and our customers and suppliers who carry out our outsourcing, have been in the past and could be in the future subject to security breaches by hackers. A future breach of our system, or that of one of our customers or outsourcing partners, may subject us to material losses or liability, including payment network fines and assessments, and claims for unauthorized purchases with misappropriated credit, debit or card information, impersonation or other similar fraud claims. In addition, PSD2 provides that in the event of a major operational or security incident, the payment service provider shall, without undue delay, notify the relevant authority in its home country. A misuse of such data or a cyber security breach could harm our reputation and deter customers from using digital payments generally and our services specifically, increase our operating expenses in order to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, result in the imposition of material penalties and fines under Italian, EU or other applicable law international laws or regulations or by the payment networks, and adversely affect our continued participation in credit card schemes and partnerships with banks. Recent data breaches in Europe, such as Tesco Bank's data breach of around 17,000 customers in March 2018, are examples of the heightened threat of cyber attacks. Target, the US retailer, was also fined in 2017 for a customer data breach that took place in 2013, paying out over $18 million. The monetary and reputational consequences of a cyber attack could have a material adverse effect on our business, financial condition, reputation and results of operations.

The unauthorized disclosure of merchant or cardholder data by us could result in significant reputational damage, costs to be paid to credit card issuers for the issuance of new payment cards, costs related to compensating merchant customers, and significant fines and sanctions by the card schemes or Italian governmental bodies. We could also be prohibited by the card schemes from processing transactions on their networks, which would have a material adverse effect on our business, financial condition and results of operations.

Under card scheme rules, we are responsible for maintaining compliance with the Payment Card Industry Data Security Standards ("PCI DSS"), and for monitoring PCI DSS compliance by certain of our third parties (including our merchant customers and third-party service providers). However, there can be no assurance that we will be able to ensure compliance by our own systems or by third parties in this regard. In addition, certain of our agreements with third parties who have access to merchant and consumer data may fail to include enforceable confidentiality obligations, and even if included, these contractual requirements may not be followed or may not prevent the unauthorized use or disclosure of data. Any failure by a third-party to comply with our contractual licensing or regulatory requirements, including requirements with respect to the handling of consumer data, could lead to the loss of cardholder data by our merchant customers and other third-party partners for whom we are responsible, and could require us to terminate our relationship with violating merchants. This could result in reputational damage, significant fines or penalties from the card schemes, the loss of card scheme membership, and a material adverse effect on our business, financial condition, results of operations and prospects.

Regulation in the areas of privacy, information security and data protection could increase our costs and affect or limit how we collect and/or use personal information and our business opportunities.

We are subject to extensive European and Italian laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, consumer credit data and other information and the provision of credit ratings, including EU Directive No. 95/46/EC (the "European Data Protection Directive") and the GDPR (as defined below) as well as national laws implementing each of them (see "*—Our business is subject to a variety of regulatory regimes, and changes in law and regulation impose or could impose operational restrictions on us, increase our expenses and/or otherwise have a material adverse effect on our business—Data Protection*").

In particular, we receive, store and process highly sensitive personal and business information, as well as other data regarding both our customers and other businesses and individuals. There is increasing awareness and concern among the general public, governmental bodies, and others regarding marketing and privacy matters, particularly as they relate to individual privacy interests. These concerns may result in new or amended laws and regulations that could adversely impact our business. In particular, and in addition to incurring compliance costs, changes to such laws and regulations may create significant business interruption risks if we are no longer able to use customer data in the manner in which we have previously.

We are subject to industry standards and the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable EU and Italian laws, policies, legal obligations, decisions, opinions of relevant local and foreign authorities and industry codes of conduct relating to privacy and data protection. These laws and regulations are subject to frequent revisions and differing interpretations, have generally become more stringent over time and may be inconsistent between countries or conflict with other rules or our practices. It is also possible that these obligations may not be applied consistently across courts belonging to primary levels of jurisdiction in Italy or the EU.

Any failure or perceived failure by us to comply with such obligations or our privacy policies, or any compromise of security that results in the unauthorized processing, release, or transfer of information, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our members and customers to lose trust in us, which could have a material adverse effect on our business. Additionally, if third parties we work with, such as customers, banking and financial institutions, suppliers or developers, violate applicable laws or our policies, such violations may also put the information in our database at risk and could in turn have a material adverse effect on our business. Furthermore, compliance with current and new laws and regulations may result in additional compliance costs and, under certain circumstances, require changes in the way we conduct our business, which, in each case, could adversely impact us. See "*Business*" and "*Regulation*."

EU Member States, including Italy, have implemented the European Data Protection Directive and are implementing the GDPR, which obligates the controller and/or processor of an individual's personal data to, among other things, take technical and organizational measures necessary to protect personal data, and such compliance much be achieved by May 24, 2018. Regulatory compliance costs are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation. Such failures could have a material adverse effect on our financial condition and results of operations. Such failures could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to a variety of regulatory regimes, and changes in law and regulation impose or could impose operational restrictions on us, increase our expenses and/or otherwise have a material adverse effect on our business.

We are subject to complex regulatory requirements applicable to companies supplying payments services. Regulators oversee a number of areas of our business, including transparency and propriety in dealings with customers, reporting and registration obligations, money laundering prevention and data protection. See "*Regulation*." Any failure to comply with regulation, or adapt to regulation as and when it changes, may have a material adverse effect on our business, financial condition, results of operations and prospects.

The Second Payment Services Directive 2 ("PSD2")

PSD2 was published on December 23, 2015 and aims to create a level playing field for the payments ecosystem participants and promote usage of account-based payments. PSD2 was implemented in Italy by Legislative Decree No. 218 of December 15, 2017, which came into force on January 13, 2018 (the "Decree 218"). Decree 218 amended the existing Italian framework for interchange fees for card-based payment transactions as well as the applicable sanctions for payment institution charges for cross-border payments. PSD2 will facilitate third parties' direct access to bank accounts and, accordingly, provide opportunities for, and likely result in, increased competition among ecosystem participants. We expect to incur additional system and compliance costs as a result of PSD2 requirements in respect of:

Information security reporting. In accordance with PSD2, payment institutions are required to annually report to the relevant competent authority certain security related data, such as statistical data in connection with fraudulent payments;

Interoperability of systems. PSD2 also includes requirements in relation to the interoperability among account servicing payment providers, on the one hand, and payment initiation services and account information services providers, on the other hand. Should our business and payments platforms not meet the requirements to comply with such interoperability standards, we may be required to incur significant additional costs or initiate substantial changes to our information technology infrastructure and systems; and

Safeguarding requirements. PSD2 requires payment service providers to safeguard all funds which have been received from the payment service users or through another payment service provider for the execution of payment transactions either by adhering to certain requirements regarding separation of funds or by having the funds covered by an insurance policy or a similar form of guarantee from an insurance company or credit institution which does not belong to the same group as the payment service provider. We may incur compliance costs relating to the safeguarding requirements under PSD2.

Anti-Money Laundering

The EU's Fourth Anti-Money Laundering Directive ("MLD4") was enacted on May 20, 2015 and it was required to be transposed into the national laws of EU Member States by June 26, 2017. In Italy, on May 25, 2017, legislative decree no. 90 came into effect to implement MLD4. The new provisions require the implementation of new procedures and tools in particular in relation to different aspects of anti-money laundering, including customers identification and know-your-customer checks. We may incur additional costs to establish new controls and procedures to review its customer

due diligence and onboarding processes and enhance our general compliance with money laundering and terrorist financing requirements with respect to local and alternative payment methods such as electronic money. As of the date of this offering memorandum, we are undergoing procedures to ensure compliance with this directive, in particular, we have acquired the Gianos 4D software which analyses customer risk profiles and identifies suspicious and anomalous transactions. Once full implementation of the MLD4 has taken place in Italy, we will take further measures to comply with the regulation. We expect there to be an increase in operating and employee costs as both our simple and enhanced due diligence processes will be more complex. MLD4 introduces certain minimum requirements on sanctions levels, e.g., maximum administrative pecuniary sanctions of at least twice the amount of the benefit derived from the breach where that benefit can be determined, or at least EUR 1 million.

Data Protection

Our databases contain personal data of our consumers, and our ability to obtain, retain and process such data is governed by data protection and privacy regulations and guidance issued by, among others, the European Union under the Data Protection Directive 95/46/EC. Changes to these regulations that affect our business is currently underway. The new EU General Data Protection Regulation (Regulation (EU) 2016/679 ("GDPR")) has been adopted and will become effective as of May 25, 2018. On March 21, 2018, the Italian Government has approved a preliminary scheme of legislative decree in order to adapt the current national rules to the provisions set forth under GDPR. The GDPR provides for a number of changes to the EU data protection regime, involving the partial replacement of the current national data protection laws by an EU regulation. Once it applies, the GDPR will strengthen individuals' rights and impose stricter requirements on companies processing personal data. For example, the GDPR might lead to an increase in requests from data subjects based on their enhanced rights such as the right to be forgotten, rights of deletion, and restriction of processing rights. We will also be required to ensure that data minimization is embedded across the organization so that only the appropriate amount of data required for any particular purpose is processed, that we delete any unnecessary datasets, and that we anonymize data wherever possible. See "*—Regulation in the areas of privacy, information security and data protection could increase our costs and affect or limit how we collect and/or use personal information and our business opportunities*." The increased compliance obligations and penalties for processors under the GDPR are likely to result in an increase in the cost of the data processing services that we enter into with third parties. The GDPR also provides for significantly increased sanctions and penalties, which will require heightened escalation and notification processes with associated response plans should a serious breach occur. We have developed a comprehensive readiness program and have an internal working group assessing the necessary steps required for implementation of the GDPR across our business. However, as Italian law has not as yet fully implemented the GDPR, the exact consequences of the GDPR on our business will continue to be analyzed during 2018. See "*Regulation—Data Protection.*"

While we strive to comply with all applicable laws and regulations, compliance with, and monitoring of, the applicable laws and regulations may be difficult, time consuming and costly. Further, applicable laws and regulations and their interpretation and application may change from time to time, and those changes could have a material adverse effect on us. In addition, a failure to comply with applicable laws or regulations could also have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

Consolidation in the Italian banking market could adversely affect our business and results of operations by reducing the number of our customers and increasing the risk of insourcing or the impact of our customers switching to a different service provider.

We expect a trend of mergers and consolidations in the banking and financial services industry in Italy to potentially continue. The Italian banking sector is highly fragmented, with more than 300 banks. In light of such fragmentation, and the current regulatory framework, further consolidation could take place. In our Merchant Services & Solutions business unit, the top ten partner banks accounted for 47% of net operating revenue on a pro forma basis for the year ended December 31, 2017. In our Cards & Digital Payments business unit, the top ten partner banks accounted for 67% of our net operating revenue on a pro forma basis for the year ended December 31, 2017. No single partner bank accounted for more than 18% of our net operating revenue in the year ended December 31, 2017. Most of our partner banks are *popolari* banks, and mergers and consolidations of financial institutions (including *popolari* banks) may reduce our number of customers, potential customers and partner banks in our distribution model, which could adversely affect our revenues. Further, if our customers or partner banks fail or merge with or are acquired by other entities that are not our customers or distribution partners or that use fewer of our services, we will likely generate less revenue from such customers. Should the Italian banking sector further consolidate, this would lead to greater customer concentration which could in turn lead to downward pricing pressures under our customer contracts due to fewer competitive forces shaping the market. It is also possible that the larger banks or financial institutions which emerge from mergers or consolidations would have greater leverage in negotiating terms with us. Our customers benefit from the economies of scale in our business, but to the extent that our customers grow through consolidation or otherwise are able to replicate such economies of scale themselves, they may decide to insource the functions we provide or could provide. Additionally, our dependency on partner banks increases with their scale, such that the loss of a single partner bank could have a greater impact on our revenues, profitability and cash flows once it has consolidated with other banks. Any of these developments could have a material adverse effect on our business, financial condition, results of operations and prospects.

The condition of the Italian banking sector may affect our business.

A substantial portion of our business is derived from the provision of services to financial institutions, and our customers account for more than 80% of the Italian banking sector by number of branches. Our Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solution Services are provided under partnership agreements with our Italian partner banks. The condition of Italian financial institutions may negatively affect our business. In recent years, European authorities have enacted a number of laws and regulations aimed at preserving the stability of the European financial system, including regulations concerning liquidity and risk exposure of financial institutions, capital requirements, the resilience of financial institutions to adverse market developments, and risk management. Major Italian financial institutions, many of which are our customers, have faced, and may continue to face, difficulties in complying with such legislation and with other requirements established by the relevant authorities. This may be further exacerbated by the macroeconomic and political environment in Italy. Regulation is also driving more competition and investments in the payments sector, which is placing further pressure on Italian banks. Sustained failure to comply with these regulations could result in restructuring plans imposed on such Italian banks and their junior creditors becoming subject to bail-ins that could result in a full or partial write-down or conversion into equity of junior creditors' claims, and, eventually, could entail an intervention by the Italian government aiming at the nationalization of these financial institutions. Nationalization of financial institutions or financial institutions experiencing other forms of great financial difficulty or financial pressure could have a negative impact on our relationship with such financial institutions and consequently have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, in the wake of the financial crisis Italian banks have accumulated significant holdings of non-performing loans. The ECB remains focused on the disposal of non-performing loans and continues to consider proposals for more stringent measures. Major Italian financial institutions have put in place several measures in order to control the impact of these loans on their financial position, including the adoption of restructuring plans approved by the ECB and the Italian government and the use of the GACS scheme (*Garanzia sulle Cartolarizzazioni delle Sofferenze*). However, should these Italian financial institutions fail to comply with these plans to reduce non-performing loans, or if restructurings and write downs are not sufficient to adequately address the non-performing loan problem, the European authorities may impose sanctions against Italian banks or require the reimbursement of any aid received by such banks.

Moreover, should the Italian government disagree with the measures proposed by the European Commission or the ECB with respect to Italian financial institutions, or feel it necessary to take actions in contravention of existing EU law or regulation, such as an unauthorized bailout, there is a possibility of a withdrawal of Italy from the European Union. Any of these factors could have a material adverse impact on the entire banking sector which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

If the Italian banks who are our customers and referral partners continue to be adversely affected by the foregoing factors, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our partner banks are the primary distribution channel for our business. If we are unable to maintain the relationships with partner banks, or if our partner banks are unable to maintain relationships with merchants or cardholders, our businesses may be adversely affected.

A substantial portion of our business is conducted through partner banks which originate the business relationship with customers for our Merchant Services & Solutions and Cards & Digital Payments business units through an extensive branch network and preexisting business relationships. See "*Business—Our Services—Merchant Services & Solutions*" and "*—Cards & Digital Payments*." We rely on the continuing growth of our merchant and cardholder relationships and our relationships with partner banks, in particular with key partner banks such as Intesa Sanpaolo, BMPS and Deutsche Bank S.p.A., are key to our business and prospects. We have entered into various customer contracts with Intesa Sanpaolo, see "*Business—Material Contracts*." For example, we entered into three core contracts with Intesa Sanpaolo concerning our supply to Intesa Sanpaolo of card management, ATM and POS processing services. Virtually the entirety of our merchant customer base was developed out of our partnerships with BMPS and Deutsche Bank S.p.A., which have provided access to their network of bank branches and customers and acted as a merchant referral source. A substantial portion of our Cards & Digital Payments business unit is generated with BMPS and our business relationship with BMPS is based on various contracts pursuant to which BMPS guarantees our Cards & Digital Payments business unit a certain minimum amount of revenue, along with penalties for any shortfalls against such minimum.

Although our relationships with our partner banks are governed by contracts, certain contracts are not long-term and in certain cases may be terminated by our partner banks with three months' notice. See "*Business—Material Contracts*." We have agreed certain contractual protections with certain partner banks see "*Business—Material Contracts—Agreements with Partner Banks*." To the extent we are unable to maintain our relationships with our partner banks to the extent that partner banks view us as unable to provide market-leading products or customer experiences or to the extent such banks decide to insource certain activities or partner with a competitor instead of partnering with us, we would lose our primary distribution channel for our Merchant Services & Solutions and Cards & Digital Payments business units and

our primary customers in our Digital Banking Solutions business unit. The loss or deterioration of these relationships would have a material adverse effect on our business, financial condition, results of operations and prospects.

Competition for each of our businesses is intense and we may lose market share, fail to gain market share or face downward pricing pressure as a result of competition. This could harm our business.

The markets where our Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions business units operate, are highly competitive. In each of our businesses, we mainly compete on the basis of technology, price, speed and performance, quality and reliability, brand, reputation and customer service. The Italian payments market has a large capacity for growth, given the lack of card payments penetration compared to other large European countries. Nonetheless, the Italian market is increasingly competitive and experiencing a period of rapid transformation due to customer habits, technological innovation and recent European and domestic legislation. A decline in the market for any of our 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 our business or result in a temporary or permanent loss of market share. Our Merchant Services & Solutions business unit, for instance, experienced a slight decrease in the market share of its PagoBancomat business during 2016 and 2017. As customers become more sophisticated, and as younger generations enter the market, end-customer focus and customer experience management is becoming increasingly important. If we are not able to develop products that provide services valued by customers or user-friendly customer experiences, we may lose market share as a result of customers moving to competitors as well as a failure to capture new customers. Further, some competitors may have or develop a lower cost structure. We may face increased competition in the future as new national and international companies enter the market and existing competitors expand their services. Some competitors may have or develop a lower cost structure. New competitors or alliances among competitors could emerge, resulting in a loss of business for us and a corresponding decline in revenues and profit margin. In certain cases, our competitors may have substantially greater financial, technological and marketing resources than we do as well as greater expertise gained in other markets. If competitors are better able to exploit these advantages, we may not be able to attract or retain customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, if we fail to respond to changes in technology or consumer payment preferences, we could lose business to competitors.

Our competitors include well-established payments services providers in Italy such as UniCredit and Poste Italiane. See "*Industry.*"

If competition causes us to reduce the fees we charge in order to attract or retain customers, there is no assurance that we would be able to successfully control our costs or maintain our profit margins. Moreover, if we are unable to offer consistently higher transaction acceptance rates to our merchant customers compared to our competitors, we face the risk that we will lose merchant customers and market share to those competitors. One or more of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are also facing new competitive pressure from international payments firms such as Adyen and Stripe as well as non-traditional payments services providers such as Google, Apple and Samsung, which may compete in one or more of the payments services which we provide. These companies have significant financial resources and robust networks and are highly regarded by consumers. If these companies gain a greater share of total digital payments transactions or if we are unable to successfully react to changes in the industry spurred by the entry of these new market participants, it could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, we also face competitive pressure from new payment technologies which in some cases do not require the use of a payment card. These solutions use an online technology that allows customers to transfer funds from their bank account or credit card to another individual's account via the internet or a mobile phone. Direct settlement systems are not common for payments between merchants and consumers, however it is possible that their acceptance will increase in the future, resulting in direct settlement transactions in retail stores. Any failure to remain competitive could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to execute our strategies with respect to developing and marketing value-added services to merchant customers, scaling our clearing services and driving innovations in our instant payments platform.

Our strategy to deliver best-in class customer experiences with a digital focus is centered on the continued improvement of our service offering for SME customers and select large merchants, including by value-added services such as data analytics and rewards programs, improving our customer value management and sales support infrastructure for our partner banks and the scaling of our clearing services and driving innovation in our instant payments platform. We can provide no assurances, however, that we will be able to make the investments in technology, marketing and human resources that may be required to develop these value-added services, nor can we guarantee that any investments will result in an increase in our market share. Additionally, we rely heavily on our partner banks referral networks in order to market value added services to our merchant customers; if these relationships undergo any material adverse changes, this could impact our ability to execute this strategy. The failure to execute our strategy could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face the risk of our partner banks insourcing the services we currently provide.

We often compete against our existing or potential customers' in-house services. Many of our customers have or could in the future have the capacity, scale and strategic rationale necessary to provide the services we provide in-house, leading them to undertake a cost analysis of whether it is preferable to insource or continue to outsource their payments requirements. In addition, customers may find insourcing preferable because they are able to exercise greater control over insourced functions and are able to adapt insourced functions more quickly to changing business needs or customer preferences. This could result in a decrease in the number of our customers, or require us to lower our fees in order to match the costs associated with in-house services. For example, in 2009 following the acquisition of Nexi Payments by ICBPI, Intesa Sanpaolo and UniCredit, decided to insource their card issuing and merchant acquiring businesses, resulting in a loss of business for us. In addition, our servicing model platform in both our Merchant Services & Solutions and Cards & Digital Payments business units are based on the premise that banks have primarily insourced those functions and only require assistance in servicing those businesses. Additional insourcing or changes in how banks insource in the future could have a material adverse effect on our business, financial condition, results of operations and prospects.

It may be costly for us 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 our results of operations, financial condition and prospects.

We operate in industries that are subject to technological advancements, developing industry standards and changing customer needs and preferences. We strive to maintain strong technology capabilities in order to remain at the forefront of our industry and the process of developing new, high-technology products and services and enhancing existing products and services is complex, costly and uncertain, and any failure by us to accurately anticipate customers' changing needs and emerging technological trends could significantly harm our market share and results of operations. The payments market is being reshaped in the long term and it is vital for our future success to develop digital innovation as a core competence. We must anticipate and respond to these industry and customer changes in order to remain competitive within our markets, including taking advantage of eCommerce growth and mobile wallet innovations. We may need to make capital expenditure in order to develop new technologies before knowing whether our predictions will accurately reflect customer preferences, or, if we are unable to develop the necessary technologies internally, we may have to spend money in an attempt to license or acquire technologies from third parties. We believe that future growth in the electronic commerce market will be driven by a combination of factors including speed, cost, ease-of-use, security and the quality of products and services offered to consumers and businesses. However, we may be unable to develop or commercialize technological advances and introduce new products in a manner and to an extent sufficient for us to remain competitive within our industry. In addition, the success of our electronic commerce businesses also relies on financial institutions and other third parties to market our services to their customers. If any of these third parties abandons, curtails or insufficiently increases its marketing efforts, it could have a material adverse effect on our business, results of operations and financial condition. We may, among other things, lack capacity to invest the required level of human and financial resources necessary to develop these products, commit errors or misjudgments in our planning in these areas or experience difficulties in implementing rollouts. In addition, we may not be able to meet our product development and delivery schedules as a consequence of unforeseen problems during the design, development or manufacturing phases of new product and technology introductions. Delays in product development may also lead to a need for greater investments in research and development. If we encounter increased costs associated with new product development and product enhancements for which we are unable to realize sufficient revenues, the costs of the related new product development may not be recoverable. The increase in costs of, or the decrease in revenues from, newly developed products, or both, could have a material adverse effect on our business, financial condition and results of operations. Any failure to remain innovative or to introduce new or upgraded technologies that are responsive to changing consumer, merchant customer, card scheme or regulatory requirements may have a material adverse effect on our competitiveness and could cause us to lose market share, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

As the leading paytech company in italy, we operate in the financial services sector. In the wake of increasing internet penetration and the advent of smartphones and tablet computers, the financial services sector may be disrupted by changing regulations and/or emerging technologies that seek to compete with established business models. New technologies, including continuing advancements in the areas of proximity payment devices (such as contactless payment cards), digital currencies (including bitcoin and other technologies) and remote payment technologies (such as cloud-based accounts), and evolving consumer behavior (including shifts towards digitization, cost transparency and mobility) are rapidly changing the way people transact business around the world. Traditional and non-traditional competitors such as mobile, technology and telecommunications companies and aggregators are working to deliver digital and mobile payments services for both consumers and merchants, which may obviate the need for credit and debit cards. As a result, consumers may decide to make less use, or no use at all, of their payment cards.

In addition to emerging technologies, changes in regulations can impact consumers' use of payment cards. For example, in late 2015, pursuant to Law No. 208 of December 28, 2015, as amended (the "Stability Act 2016"), the Italian government placed a cap of €3,000 on cash transactions (unless the transfer is carried-out through banks, Poste Italiane,

cyber-money institutions and/or payment providers). Such cap has been confirmed by Legislative Decree No. 90 of May 25, 2017 (amending Legislative Decree No. 231 of November 21, 2007, which implemented the European Anti-Money Laundering Directive (the "AML Decree")). However, if the Italian government were to repeal or raise the cap on cash transactions, consumers may decide to use their payment cards less in favor of cash for these larger transactions.

Our competitors may be able to innovate or adjust to new regulations faster than we can, and new technologies may increase competitive pressure by enabling our competitors to offer more efficient or lower-cost services. Our success will depend in part on our ability to develop new technologies and adapt to technological changes and evolving industry standards, which may require us to undertake significant research and development, including accompanying research and development costs. We may not have, or may not be able to attract, the level of human resources necessary for these research and development efforts. If we are unable to continue to keep pace with innovation, manage the shift to mobile, device-based and multi-channel commerce or improve the quality of our customers' experience, our business, financial condition, results of operations and prospects could be adversely affected.

Our business requires funding to manage working capital needs.

We must have access to sufficient funding in order to manage our working capital needs. For example, our clearing-related balances comprise the aggregate of receivables from card issuing banks and settlement assets less the aggregate of receivables from merchant creditors, settlement obligations. We experience working capital outflow when, for example, we become liable to merchants for transactions that have been processed but that have not yet settled. Settlement obligations are settled after the incoming settlement receivables. Clearing working capital typically has a positive effect; however, there are a few days in the year, for example in December and during the summer peak and Easter periods, where we experience higher transaction volumes due to the increase in consumer shopping volume during peak holiday periods and, accordingly, there can be greater need for funding to manage fluctuations in working capital. We have credit lines available which we believe are sufficient to cover any short-term need for funding our clearing services. See "*Description of Certain Financing Arrangements—Settlement Obligations*" for further discussion relating to how we manage our funding needs for the different parts of our business. Any failure by the Group to secure adequate funding on reasonable terms could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

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

Although our partner banks typically assume the ultimate credit risk for the vast majority of our payment cards under their contracts with us, we are subject to credit risk from two primary sources. First, in our Merchant Services & Solutions business unit, we typically bridge differences in the timing of settlement between counterparties, such that our merchant customers receive funds from us prior to us receiving matching funds from the cardholder and its bank that transacted with the merchant. Second, we extend credit to cardholders in our Cards & Digital Payments business unit to fund such customers' payment card purchases. Subject to whether the payment card used to complete the purchase was a credit, charge or debit card, the outstanding balances may be settled with the cardholder or its bank in up to 45 days. If a cardholder fails to settle its outstanding balance and we do not cancel their card for failing to repay the balance after a certain amount of time, typically five days after payments fall due to us from cardholders, we, and not the partner bank, may incur the liability for additional amounts charged to the card. If a cardholder is unable to pay its balance due to bankruptcy or insolvency, we can claim amounts owed from the relevant partner bank. If a partner bank becomes insolvent, we can seek to collect amounts owed to us directly from the relevant cardholders. Our financial losses relating to servicing our Merchant Services & Solutions and Cards & Digital Payments business units amounted to €1.5 million for the year ended December 31, 2017. For a detailed description of our credit risk exposure see "*Description of Certain Financing Arrangements*."

Furthermore, with respect to direct acquiring, licensing agreements and the associate model, in our Merchant Services & Solutions business unit, we are subject to credit risk from our merchant customers for the amount we pay for transactions where goods or services have not yet been provided by the merchant to the consumer, or which are disputed by the cardholder. In such an instance, the transaction amount is normally "charged back" to the merchant and the purchase price is refunded by us to the cardholder. Even if we are unable to collect the chargeback amount from our merchant customer, the card scheme rules require us to return the full payment amount, including the issuer fee and scheme interchange fees, to the card issuing bank (paying via the card schemes). If we are unable to subsequently collect this amount from our merchant customer, due to the merchant's insolvency, a dispute or other unwillingness to pay, or for other reasons, then we could bear the loss for the amount of the refund paid to the consumer or cardholder. Our efforts to manage our credit risk by proactively identifying at-risk merchants or obtaining collateral from at-risk merchants may prove unsuccessful in mitigating the risk of a default on such obligations by one or more of our significant merchant customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. See "*Description of Certain Financing Arrangements.*"

In addition, we are subject to risks relating to transactions in which we make a determination as to whether to authorize a payment card transaction which, in any event does not exceed €25.0 per transaction, prior to receiving approval from the card scheme operator or the issuing bank in cases where the authorization from the card issuing bank is delayed or unavailable. In such instances, if we decide to authorize a transaction which the card issuing bank subsequently does not accept, then we may be liable for the amount of the transaction.

We are also subject to credit risk for the amount of the issuer interchange fees, scheme fees, and our own fees. In each transaction that is carried out, fees are received by the card issuer (including us, if we are acting as such), the card scheme and the merchant acquirer (including us, if we are acting as such). We do not always net out these fees when we pay our merchant customers the transaction payment amount, but in certain instances we instead send a monthly invoice. If a materially significant number of merchants refuse or delay to pay these fee invoices, we could experience a material loss.

In our Cards & Digital Payments business unit we are primarily exposed to the credit risk of other banks and mutual funds. See "*Business—Customers*." Under the Framework Settlement Agreement (as defined herein) that we expect to enter into with Bankco, we will guarantee the partner banks' payment obligations up to an overall cap. See "*Description of Certain Financing Arrangements—Settlement Agreement*."

Our business may be affected by political uncertainty in Italy.

We are also affected by political uncertainty in Italy related to the outcome of the general election held on March 4, 2018, which resulted in a hung parliament. As of the date of this offering memorandum, no new government has been appointed, and it is unclear whether a new government will be appointed or whether further elections will be held. Even if a new government is appointed, there is uncertainty as to whether it will maintain power through a regular term. Prolonged political instability in Italy may result in decreased demand for our services as a result of a decrease in consumer spending or in challenges in conducting our business as usual. This may have a material adverse effect on our business, financial condition and results of operations.

Fraud by merchants, cardholders, suppliers or others could have a material adverse effect on our business, financial condition and results of operations.

We have potential financial liability and could suffer reputational damage for fraudulent digital payment transactions, fraudulent credits initiated by merchants or others, or fraudulent sales of goods or services, including fraudulent sales by our merchant customers. Examples of merchant fraud could 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 credit transaction by merchants or other parties, the processing of an invalid payment card, or intentional failure to deliver merchandise or services sold in an otherwise valid transaction. For the year ended December 31, 2017, our Merchant Services & Solutions and Cards & Digital Payments business units were subject to fraudulent transactions in an amount of €5.5 million. The cases of fraud can be categorized into unauthorized internet transactions, counterfeit credit cards, stolen credit cards, lost credit cards and other cases, which accounted for approximately 29%, 7%, 47%, 14% and 3% of all fraudulent transactions during such period, respectively. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud and failure to identify theft and to effectively manage risk and prevent fraud could increase our chargeback liability or cause us to incur other liabilities, including sanctions and fines. Although we have comprehensive screening and detection systems to alert our transaction monitoring and risk teams of potential fraud, these may be ineffective in preventing all instances of fraud or be subject to technological interruptions and it is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may incur liabilities for the actions of our directors, employees, agents, representatives and intermediaries.

Conducting our business in an ethically acceptable manner is important to our reputation, status with regulators and business prospects. Any contact by our directors, employees, agents or partners with public administration (including, but not limited to, in the context of interactions held with public administration to assist in the management of digital transactions for cash payments from their customers) involves, under certain circumstances, risks associated with, among others, fraud, bribery, corruption, incorrect use of public contribution and other fraudulent activities by our employees and related investigations. In addition, our business activities may also involve risks related to possible accidents, which may be due to our employees' activities or mistakes and may consist of crimes such as breach of security measures or damages to third parties. Furthermore, we are exposed to the risk that our directors, employees or agents could commit IT-related crimes, which may consist of violating the IT systems of our competitors, unlawful access to banking data (including that of our customers) and damages to our own IT systems and documents.

Although we will maintain, give effect to and update internal monitoring systems (including the internal control model pursuant to Italian Legislative Decree No. 231/2001, "LD 231/2001") aimed, *inter alia*, at preventing direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, fraud, deception, tax evasion,

environmental crimes and any other illegal or otherwise unethical conduct, we may be unable to detect or prevent every instance of such conduct involving our directors, employees, consultants, partners, agents and third party agents representatives and intermediaries and our monitoring systems (including our internal controls and procedures, policies and our risk management system) may not be sufficient to prevent, detect and identify inadequate practices, and violation of law by such individuals, especially given our profile and size as well as in light of the extent of our cooperation with them.

Any of the foregoing circumstances (including our failure to adequately implement and update such monitoring systems) may expose us to civil and administrative penalties pursuant to the provisions of LD 231/2001, as well as to reputational damage as a result of such occurrences. In particular, pursuant to LD 231/2001, we may be held responsible for certain crimes committed in Italy or abroad (including, among others, corruption, fraud against the state, corporate offenses, market abuse, certain environmental violations and workplace safety violations) in our interest or for our benefit, by individuals having a functional relationship with us at the time the relevant crime was committed, including third party agents, partners or intermediaries, unless we were able to prove that such individuals fraudulently violated such internal control model and it was for us impossible to avoid such violation. In such circumstances, we may be subject to fines, confiscation of profits or legal sanctions, including the termination of authorization, permits, licenses, concessions and financing arrangements, including facilitated financing, suspension of our operations, or prohibitions on contracting with public authorities. The duration of these disqualifications range from a minimum of three months to a maximum of two years, although in very serious cases, some of these disqualifications can be applied permanently. Certain of the above-mentioned legal sanctions may also be applied as interim measures during investigations. As an alternative, under certain circumstances, to the legal sanctions, the court may appoint a judicial custodian to run the company, with the consequence that the profits gained during the receivership period are automatically confiscated. These allegations may expose us to liability under LD 231/2001.

Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Changes in payment network rules or standards could adversely affect our business, financial condition and results of operations.

The majority of the transactions we process are through international payment card schemes run by two key card scheme operators, Visa and MasterCard, which together process approximately 90% of our card payment transactions. In order to access the international card schemes' networks in providing acquiring and processing services, we must have the relevant operating licenses or memberships required by Visa and MasterCard and other card schemes. As part of our registration with card schemes, we and our merchant customers are subject to operating rules, including mandatory ICT systems requirements. The card schemes can change (and have in the past changed) their rules, including changes to ICT system requirements, with little notice to their members, particularly in response to regulatory changes.

Payment networks generally establish their rules to allocate responsibilities among the payment networks' participants and structure and change such rules for any number of reasons, including as a result of changes in the regulatory environment, to maintain or attract new participants or to serve their own strategic initiatives. In some cases, payment networks compete with us and their ability to modify and enhance their rules in their sole discretion may provide them an advantage in selling or developing their own services that may compete directly or indirectly with our services. Moreover, if the card schemes become more dependent on proprietary technology and seek to provide value added services to issuers and merchants, there is a heightened risk that the rules and standards they promulgate will be prompted by their own self-interest. Given the size and scale of Visa and MasterCard, they have significant leverage in setting new policies and ensuring compliance with those policies. Our business would also be harmed if Visa and MasterCard no longer maintained their large market share. The termination of our member registration or our status as a certified service provider, or any changes in card association or other payment network rules or standards, including interpretation and implementation of the rules or standards, that increase our cost of doing business or limit our ability to provide transaction processing services to or through our customers, could have a material adverse effect on our business, financial condition and results of operations.

If we are in non-compliance with any scheme rules as a result of changes to the rules or standards, we or our merchant customers may receive a fine and such fines and penalties could increase our operating costs, and we may be unable to pass these costs along to customers, which could result in lower profit margins. Additionally, if a violation is material enough, there is a risk of damaging the relationship we have with the card schemes to such an extent that their willingness to expand their business relationships, or continue their existing business relationship with us is restricted and, in certain cases, could lead them to terminate their relationship with us. Failure to comply with the card scheme rules could also result in the restriction, suspension or termination of our licenses to acquire payment transactions or to act with sponsoring banks under servicing agreements to use their BIN and license. If this were to occur, we would be unable to process transactions using the relevant card scheme, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

As a former member of Visa Europe, we may become liable for liabilities and losses of Visa Europe.

We were a member of Visa Europe Limited ("Visa Europe"), a mutually-owned card scheme prior to its acquisition by Visa Inc. By virtue of our former membership, we potentially have liability that is unlimited in terms of both time and the potential quantum of liability 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. Although investigations by competition authorities in Europe in respect of credit and debit interchange rates have closed following certain commitments made by Visa Europe to the European Commission and the introduction of the EU Interchange Regulation, several retailers in Europe have brought court proceedings against, or entered into so-called "standstill" agreements with, Visa Europe and other Visa entities in relation to alleged breach of competition law. It is not currently possible to predict the outcome of the proceedings against Visa Europe or the potential impact, if any, of these proceedings on us, the members and other former members of Visa Europe. Although, unlike certain former Visa Europe members in the United Kingdom, we have not entered into a formal loss sharing agreement with other members, in the event that Visa Europe were to lose any such court proceedings and sought to claim against its members or former members, under the terms of the Visa Europe operating regulations and such a claim were successful, it is possible that our exposure to this potential uncapped liability could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may become liable for liabilities related to our failure to upgrade our POS terminal fleet in compliance with Visa's PIN Security Program.

Visa's Triple Data Encryption Standard ("TDES") seeks to protect customers' confidential PIN authorization codes by establishing certain technical standards for ATMs and POS terminals. In accordance with the protocol prescribed by Visa's TDES, we were required to replace or upgrade our entire fleet of POS terminals by the end of 2015, failing which penalties would apply. We failed to comply with this deadline but subsequently obtained an extension from VISA to the end of 2017 and a waiver of any penalties until such time, provided that we (i) submit reports on the progress of the update on a recurring basis, (ii) provide a formal letter of indemnity to VISA in case VISA's customers sustain any damages from our non-compliance with TDES and (iii) acknowledge that no further extension will be granted and penalties will accrue from January 1, 2018.

While we have launched an upgrade initiative, there can be no assurance that it will be completed in a timely manner, so as to avoid liability and the imposition of penalties. As a result, any failure by us to comply with the terms of the extension could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, merchants may not agree to bear certain costs associated with the replacement or upgrade of POS terminals and, as a consequence, may exercise termination rights under their contracts with us. This could have a material adverse effect on our revenue and business.

We rely on various financial institutions in connection with our clearing activities.

Our clearing activities are dependent on the financial institutions which participate in the clearing network. Although Directive 98/26/EC of the European Parliament and of the Council of May 19, 1998 on settlement finality in payment and securities settlement systems as well as certain international standards provides regulatory guidance to avoid a failure of this network in the event of technological or system failures or any other form of institutional distress, a technical malfunction by any participant is still possible and would lead to us facing difficulty in processing payments and finalizing settlements. The impact of such a technical malfunction would be more pronounced as to real-time clearing than it would for other clearing, including intraday, due to the immediacy of real-time clearing. Such difficulties could indirectly cause significant reputational damage to us and could have a material adverse effect on our business, financial condition, results of operations and prospects.

The EU Interchange Fee Regulation may adversely affect the results of operations of our Merchant Services & Solutions business unit.

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 (the implementation of which in Italy is monitored by the Ministry of Economy and Finance, in cooperation with the Bank of Italy and the Italian Competition Authority) may impact merchant acquirers' operations in terms of client billing, pricing and contracting, and certain merchants have obtained reductions in their merchant service charges. Our commission fees have been modified as a result and, if in future we and our merchant customers are unable to agree price reductions, we may lose customers. 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 our 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 our systems and operations. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our selective acquisition strategy exposes us to risks, including the risk that we may not be able to successfully integrate acquired businesses.

As part of our growth strategy, we evaluate opportunities for acquiring complementary businesses that may supplement our internal growth. Since 2016, we have acquired Mercury Payments, MPS Acquiring, Bassilichi, DB Acquiring, Carige Acquiring and the Sparkling businesses. However, there can be no assurance that we will be able to identify and purchase suitable businesses or assets in the future. Any acquisition or other strategic transaction we may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and amortization expenses related to goodwill and other intangible assets or in the use by us of available cash on hand to finance any such acquisitions. We may experience difficulties in integrating future acquired entities into our business, incur higher than expected costs and not realize all the anticipated benefits or synergies of these acquisitions, if any. Such transactions may also disrupt our relationships with current and new employees, customers and suppliers. In addition, the success of any acquisition depends in part on our ability to integrate the acquired company, which may involve unforeseen difficulties and may require a disproportionate amount of our management's attention and our financial and other resources. Although we typically conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover all operational deficiencies or material liabilities of an acquired business for which we may be responsible as a successor owner or operator, and actual developments may differ significantly from our expectations. The failure to successfully integrate these acquired businesses or to discover such liabilities could adversely affect our financial condition and results of operations. Moreover, our competitors may also follow similar acquisition strategies and may have greater financial resources available for investments or may be willing to accept less-favorable terms than we can accept, which may prevent us from acquiring the businesses that we target to the benefit of our competitors.

Furthermore, acquisitions of additional diversified payments companies may require the approval of governmental or regulatory authorities (either at the national or EU-level), which can block, impose conditions on, or delay the process which could result in a failure on our part to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth. In addition, our debt burden may increase if we borrow funds to finance any future acquisition, which could have a negative impact on our cash flows and our ability to finance our overall operations. There can be no assurance that we will be successful in completing business acquisitions or integrating previously acquired companies.

We may not be able to attract, integrate, manage and retain qualified personnel or key employees.

Our future operating results depend in significant part upon the continued contribution of our board of directors, key senior management and technical, financial and operations personnel. Management of our growth will require, among other things, stringent control of financial systems and operations, the continued development of our 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 our board of directors and key management are important to the conduct of our business. If we were to unexpectedly lose a member of our key management or fail to maintain one of the strategic relationships of our key management team, our business and results of operations could be materially adversely affected.

In particular, the success of our business depends on our 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, technical support, finance and controls, sales, administration and operations, and requires us to retain, recruit, and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our business and operations. The market for qualified personnel is competitive and we may not succeed in recruiting additional personnel, or we 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 we cannot assure you that we will be able to identify or employ qualified internal or external candidates within a reasonable timeframe. Our efforts to retain and develop personnel may also result in additional expenses, which could adversely affect our profitability. We cannot guarantee that key personnel, including executive officers, will remain in our employment or that we will be able to attract and retain qualified personnel in the future, which could have a material adverse effect on our business.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure.

Our risk management policies and procedures may not be fully effective in identifying, monitoring and managing the risks we face. Some of our risk evaluation methods depend on information provided by third parties and on public information regarding markets, customers or other matters that are otherwise not generated by us. In some cases, that information may not be accurate, complete or up-to-date. If our policies and procedures are not fully effective or if we are not always successful in capturing all risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the risk of litigation and other claims.

From time to time, we are involved in various litigation matters and governmental or regulatory investigations, prosecutions or similar matters arising out of our current or future business. See *"Business—Legal Proceedings."* Our insurance or indemnities or amounts we have provisioned may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. As a former member of a mutually owned card scheme (Visa Europe), we have joint and several liability along with all other members of Visa Europe in respect of certain matters raising the possibility, for example, that a class action against Visa Europe could result in liability for us. This liability may continue despite the recent acquisition by Visa Inc. of 100% of the share capital of Visa Europe from Nexi Payments and the other shareholders of Visa Europe. This is because, for example, Visa Inc. and the other parties thereto entered into a litigation management deed which sets forth agreed upon procedures for the management of the existing and potential litigation relating to the setting and implementation of multilateral interchange fee rates in the Visa Europe territory. The provisions of the litigation management deed may allocate certain litigation related expenses and losses to Visa Europe and there can be no assurance that this will not trigger our liability. Furthermore, there is no guarantee that we will be successful in defending ourselves in pending or future litigation or similar matters under various laws. Should the ultimate judgments or settlements significantly exceed our insurance coverage or provisions, they could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. Although we carry property damage and business interruption, directors' and officers' liability, employers' practice liability and general liability insurance as well as insurance coverage against dishonest acts by employees, our insurance policies do not cover all types of losses and liabilities and are subject to limits and excesses. There can be no assurances that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured and we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we or other payment services providers sustain significant losses or make significant insurance claims, then our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Our business may suffer if we are sued for infringing the intellectual property rights of third parties, or if we are unable to obtain rights to third-party intellectual property on which our business depends.

Product development and differentiation in our industry requires the use of intellectual property rights, particularly trademarks, licenses and trade secrets. These proprietary rights are important to our business, and our ability to compete effectively with other companies in the market is enhanced by the ability to access technology through cross-trading intellectual property rights. We also rely upon trade secrets, know-how, continuing technological innovations and licensing rights to develop, maintain and strengthen our competitive position. We pursue a policy of generally obtaining patent protection in key jurisdictions for patentable subject matter in our proprietary devices and also attempt to review third-party patents and patent applications to the extent publicly available to develop an effective patent strategy, avoid infringement of third-party patents, identify licensing opportunities and monitor the patent claims of others. Third parties may in the future assert claims that our systems or products infringe their proprietary rights. Such infringement claims, even if without merit, may cause us to incur significant costs in defending against those claims. We may be required to discontinue using any infringing technology or services, pay damages or royalty fees, expend resources to develop non-infringing technology, dedicate significant financial and management resources to defend these claims, or purchase licenses or pay royalties for alternative technology.

Similarly, we depend on our ability to license intellectual property from third parties. These or other third parties may become unwilling to license intellectual property that is necessary to our business on terms that are acceptable to us. In both cases, we may be unable to acquire licenses on satisfactory commercial terms or at all. As a result, we may find that we are unable to continue to offer the products and services upon which our business depends.

We may be unsuccessful in our applications for any pending or future patent applications. Any current or future patents issued or licensed to us may be challenged, invalidated or circumvented, and the rights granted thereunder may not provide a competitive advantage to us or prevent competitors from entering markets that we currently serve. Furthermore, we may not be able to protect our own proprietary technology and other intellectual property, which could enable competitors to develop services that compete with our own. We rely on copyright, trademark, and trade secret laws, as well as confidentiality, licensing and other contractual arrangements to establish and protect the proprietary aspects of our services. See *"Business—Intellectual Property."* If we are unable to prevent misappropriation of our intellectual property, competitors may be able to use and adapt such intellectual property to our detriment.

We may initiate litigation to enforce our patents, protect our trade secrets and know-how, or determine the enforceability, scope and validity of the proprietary rights of others. Any lawsuits that we initiate could be expensive, time-consuming and divert management's attention from other business concerns. In addition, we may not prevail in

lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. In addition, any successful infringement proceedings may be economically worthless for us if they take too much time and the intellectual property right, or the product developed on the basis of it, becomes obsolete. Any such failure to protect our intellectual property could diminish our competitive advantage and cause us to lose customers to competitors, which would adversely affect our financial condition and results of operations.

We may require additional capital in the future, which may not be available to us on commercially favorable terms, or at all.

In response to changes to our strategy, or to unanticipated changes to the regulatory or competitive environment, we may need to raise this additional capital in order to:

- take advantage of expansion or growth opportunities;
- acquire, form joint ventures with or make investments in complementary businesses or technologies;
- develop new products, services or capabilities; or
- respond to competitive pressures.

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

If we experience labor disputes or work stoppages, our business could be materially adversely affected.

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. We cannot guarantee that our employees will not go on strike in the future. Any work stoppages resulting from employee strikes could hinder our ability to provide our standard level of customer service. In addition, we have collective bargaining agreements with our employees. Any failure to extend or renegotiate our collective bargaining agreements on terms favorable to us, or at all, could have a material adverse effect on our business. There can be no assurance that our employees will not make claims or that we will not incur work stoppages in the future, which if they occurred, would have a material adverse effect on our business, financial condition or results of operations.

Goodwill, intangibles and investment impairments may have negative effects on our results of operations.

As of December 31, 2017, we had intangible assets of €2.8 billion (of which €2.2 billion related to goodwill). Such assets represented 77% of our net investments. However, in connection with our acquisitions of MPS Acquiring, Bassilichi and DB Acquiring, we have recognized significant goodwill, a portion of which is expected to be reallocated to other intangible assets that will be amortized over their useful life. As a result, we expect that we will incur additional amortization charges which may decrease our intangible assets. All of our intangible assets are measured 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 our cash flows.

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 our cash generating units, as goodwill is unable to produce cash flows on its own.

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 our business, financial condition, results of operations and prospects.

Changes in tax laws or challenges to the Group's tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws. Changes in tax laws could adversely affect our tax position, including our effective tax rate or tax payments. We 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 our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to the Transactions

The Reorganization may not achieve the desired results for our business.

The Reorganization is being undertaken to focus our business operations on payment-related services. Our expectation is that the Reorganization will reduce the regulatory burden on our business, as we will no longer be subject to banking supervision and the associated capital adequacy requirements arising therefrom, and position us for capitalizing on our strengths and achieving our strategies. In addition, we estimate that we will incur substantial costs in connection with the implementation of the Reorganization, which are currently estimated at approximately € 21 million. Out of these total costs, approximately €7 million have already been incurred in the year ended December 31, 2017. However, the Reorganization has not yet occurred, and the business and operations resulting therefrom will constitute a new venture that has not previously operated as a consolidated entity. The integration of these businesses is a complex undertaking that is subject to inherent risks and the potential that such integration takes substantially more time and cost than expected, or that it is ultimately unsuccessful. In particular, the primary source of operational funding for the Nexi Payments Business after the reorganization is expected to be via settlement receivables factoring arrangements entered into with a number of third parties, whereas previously much of our business relied on internal sources of funding. Any failure of such third parties under our operational financing arrangements could subject our business to significant operational risk or a shortfall in funding. Ultimately, no assurance can be given that the Reorganization and the business resulting therefrom will be successful. The failure of the Reorganization to achieve its desired results for our business or the failure of our business to operationally succeed following the Reorganization could have a material adverse effect on our business, financial condition, results of operations, and could have a significant impact on our ability to make payments on the Notes.

If the conditions to the escrow are not satisfied, the Issuer will be required to redeem part or all of the Notes, which means that you may not obtain the return you expect on the Notes.

As of the Issue Date and prior to the completion of the Reorganization, the gross proceeds of the Offering will be deposited into the Escrow Account. The release of escrow proceeds from the Escrow Account will be conditional on the completion of the Reorganization and subject to certain other conditions, some of which are outside our control, as set out under the Escrow Agreement. If the Reorganization is not consummated on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events that trigger escrow termination, the entire aggregate principal amount of the Notes will be subject to special mandatory redemption at a price equal to the issue price of the respective Notes without the payment of any call premium. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If the Notes become subject to special mandatory redemption, you may not obtain the return you expect to receive on the Notes. The Escrow Account will not be subject to a charge or other security interest granted in favor of holders of the Notes, and in lieu of prefunding any interest that may accrue on the Notes prior to the last date on which the Notes may be redeemed pursuant to a special mandatory redemption, the Company will enter into a shortfall agreement with the Issuer to cover interest accrued on the Notes and Additional Amounts, if any, from the Issue Date to the special mandatory redemption date. In the event such guarantee is not honored, the Issuer will not have sufficient funds to make these payments.

The escrow funds will be initially limited to the gross proceeds of the Offering and may not be sufficient to pay the applicable special mandatory redemption price, which is equal to the issue price of the respective Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the applicable special mandatory redemption. In the event that the escrow funds are insufficient to pay the applicable special mandatory redemption price, plus any such accrued and unpaid interest and Additional Amounts, the Company and the Issuer will be required to pay such accrued and unpaid interest and Additional Amounts, if any, owing to the holders of the Notes.

Your decision to invest in the Notes is made at the time of purchase. Changes in the business or financial condition of the Group, or the terms of the Reorganization or the Refinancing, may have an impact on the creditworthiness of the Issuer and the Company, and you will not be able to rescind your decision to invest in the Notes as a result of any such change prior to the release of the gross proceeds of the Notes from the Escrow Account.

The Escrow Account will be an account of an affiliate of the Issuer and will not be pledged in favor of holders of the Notes or the Trustee.

On the Issue Date, the Issuer will be subject, along with Holdco and its other subsidiaries at such time, to banking supervision and the associated capital adequacy requirements pending completion of the Reorganization. As a result, to avoid breaching such capital adequacy requirements, Bankco is required to hold the proceeds of the Notes and act as escrow agent, and a third party may not act as escrow agent. In addition, due to the restrictions under our Existing Debt, Bankco is not permitted to pledge the Escrow Account in favor of holders of the Notes or the Trustee. As a result of these restrictions, holders of the Notes will not benefit from protections typically found in similar escrow accounts for proceeds of indebtedness held pending certain conditions precedent. Amounts in the Escrow Account will be subject to the same credit risk in respect of Bankco as any other deposit accounts of Bankco. Upon any insolvency or bankruptcy of Bankco, amounts in the Escrow Account could be subject to losses, including loss of the entire amount of the proceeds of the Notes, which would result in the inability of the Issuer to either use the proceeds of the Notes for the Refinancing or to subject the Notes to a special mandatory redemption.

Employees of Bankco may challenge or delay the Reorganization or otherwise increase the transaction costs associated with the Reorganization.

Upon completion of the Reorganization, we will assume the current employment contracts of around 383 full-time equivalent employees of Bankco. Under applicable Italian labor law, employees may challenge the transfer of their employment agreement to us on the grounds that their employment does not actually relate to the acquired business. Conversely, employees whose contracts were not transferred to us could bring a claim, alleging that their employment does relate to the acquired business and that their employment contract should thus have been transferred to us pursuant to the Reorganization. In addition, Italian law entitles certain employees to challenge the determination that we constitute a standalone business. If a claim alleging any of the foregoing was successful, the competent court could void all or a portion of the transfer of employee contracts currently contemplated in the Reorganization or could require us to assume additional employment contracts or compensate employees whose contracts were unlawfully not transferred. As a result, any such claims could result in the termination of the Reorganization, materially delay the Reorganization or otherwise increase the transaction costs associated with the Reorganization. See "—*We may not be able to attract, integrate, manage, and retain qualified personnel or key employees.*"

This offering memorandum includes adjustments to Normalized EBITDA and Adjusted EBITDA derived from management accounts or projections that should not be relied upon in isolation when making an investment decision.

We present in this offering memorandum Normalized EBITDA and Adjusted EBITDA. This metric is derived using various assumptions, including assumptions related to the continuation of historical trends and success rates in the implementation of our cost savings measures, the continuation of our bargaining power over suppliers, the compliance of our counterparties with certain contracts they entered into with us, the accuracy of current forecasts and sustainable demand for the services to be launched as part of our innovation and CVM initiatives. The assumptions we have made with respect to Normalized EBITDA and Adjusted EBITDA that we present in this offering memorandum are based on our past experience and our current estimates and business plan. These adjustments to Normalized EBITDA and Adjusted EBITDA amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our results of operations for the periods presented, may not be comparable with our consolidated financial statements or the other financial information included in this offering memorandum. Such risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by Normalized EBITDA and Adjusted EBITDA. While we believe that we will be able to realize the earnings underpinning to our adjustments, there can be no guarantee that we will do so, and any failure to do so could have a material adverse effect on our business, financial position and results of operations.

The financial information presented in this offering memorandum has been formulated subject to significant assumptions and limitations and may not reflect what our actual results of operations and financial condition would have been had the transactions accounted for therein actually occurred as of and for the periods presented, and such financial information may not be indicative of our future operating performance.

The Financial Statements, the Unaudited Pro Forma Combined Financial Information and the Unaudited Non-GAAP Aggregated Financial Information presented in this offering memorandum have all been formulated to give effect to the acquisitions of certain businesses as if such acquisitions had happened in the periods presented. None of these presentations reflect the full actual historical results of Holdco, the Company or the Issuer for any period. Accordingly, the Financial Statements do not fully reflect what Holdco's actual results of operations and financial condition would have been had Holdco or the Company held the assets and conducted the operations that the Company intends to hold and conduct following the Transactions during the periods presented, or what Holdco's results of operations and financial condition will be in the future.

The Financial Statements have been prepared on a carve-out basis to illustrate the effects of the Reorganization and give effect to the Reorganization as if it had occurred on January 1, 2015. As a result, the Financial Statements are subject to significant assumptions, and so may not be indicative of either our historical results or our future expectations of performance.

The Unaudited Pro Forma Combined Financial Information further adjusts the Financial Statements to give effect to the Refinancing (including the Private Placement), the Offering, the Reorganization (including the Holdco Loan), the Funding Reorganization and the Service Agreements and the Pro Forma Acquisitions as if such transactions had occurred on January 1 or December 31, 2017, respectively. These pro forma combined results are not directly comparable to our Financial Statements included elsewhere in this offering memorandum and are presented for informational purposes only. Neither the assumptions underlying the adjustments nor the resulting Unaudited Pro Forma Combined Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. The Unaudited Pro Forma Combined Financial Information is based on certain assumptions that we believe are reasonable. Our assumptions may prove to be inaccurate over time. This information is inherently subject to risks and uncertainties. This information may not give an accurate or complete picture of what our financial condition or results of operations would have been had these transactions occurred on the dates indicated.

The Unaudited Non-GAAP Aggregated Financial Information provides an analysis of estimated effects on the Group if all of the relevant transactions had occurred on January 1, 2015, but should not in itself be read as financial information of the Group. The Unaudited Non-GAAP Aggregated Financial Information represents the sum of the Financial Statements and selected financial information extracted from the historical financial statements of Mercury Payments, MPS Acquiring and Bassilichi. The Unaudited Non-GAAP Aggregated Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and, therefore, does not represent Holdco's actual financial position or results. The Unaudited Non-GAAP Aggregated Financial Information is based on certain assumptions that we believe are reasonable. Our assumptions may prove to be inaccurate over time. Accordingly, the Unaudited Non-GAAP Aggregated Financial Information may not reflect what Holdco's results of operations and financial condition would have been had Holdco been a combined company during the periods presented, or what Holdco's results of operations and financial condition will be in the future. You should not place undue reliance on the Unaudited Non-GAAP Aggregated Financial Information.

For more information on the presentation of financial information in this offering memorandum, including their limitations, see "*Presentation of Financial and Other Information*."

The timing of the Reorganization and the challenge of integrating previously independent businesses make evaluating the business and future financial prospects of the Group difficult. The Group's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently organized or combined companies, and those risks may not be suitably reflected in the Financial Statements, the Unaudited Pro Forma Combined Financial Information and the Unaudited Non-GAAP Aggregated Financial Information presented in this offering memorandum.

The Company, as a beneficiary in the partial proportional demerger envisaged in the context of the Reorganization, will be jointly and severally liable with Bankco for Bankco's liabilities outstanding at the effective date of the demerger.

The Reorganization includes, among other corporate transactions, the partial proportional demerger of Bankco to the Company, in the context of which Bankco, as demerged company (*società* scissa), will convey certain assets and liabilities to the Company as beneficiary company (*società beneficiaria*).

Pursuant to Article 2506-*quater*, third paragraph of the Italian civil code (*codice civile*) approved by the Royal Decree No. 262 of March 16, 1942, as subsequently amended and restated (the "Italian Civil Code"), from the effective date of the demerger, Bankco and the Company will remain jointly and severally liable—within the limit of the actual net assets, respectively, left or assigned—for the liabilities of Bankco that 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, if enforced, are not paid by Bankco and, is limited to, subject to certain exceptions, the actual value of the net assets conveyed to the Company as a beneficiary in the demerger and survives until such liabilities are satisfied.

Among the exceptions, the limitation of liability up to the actual value of the net assets conveyed to the Company as a beneficiary does not apply with respect to certain specific debts and liabilities. For example (i) pursuant to Article 30, paragraph 2, Legislative Decree No. 231/2001, the beneficiary of a demerger has uncapped liability for penalties ordered against the demerged company provided that the operations in the context of which the relevant crime was committed were transferred to the beneficiary, and (ii) pursuant to Article 173(13) of Decree of the President of the Republic No. 917/1986 and Art. 15 of Legislative Decree No. 472/1997, solely with regard to tax liabilities (taxes, penalties and interests) and as an exception to the provisions of the Italian Civil Code, the beneficiary may be jointly liable with the demerged company for an amount greater than the net equity transferred.

Risks Related to the Financial Profile of the Issuer and the Company

The Issuer is a finance subsidiary that has no revenue-generating operations of its own and no assets other than the obligations under the Proceeds Loans, and the Issuer is substantially dependent on payments under the Proceeds Loans to service its debt, including its obligations under the Notes.

The Issuer was incorporated for the purpose of issuing the Notes and the Private Notes and does not have any operations or assets (other than receivables under the Proceeds Loans after the making thereof) of its own. The Issuer's cash flows and the ability of the Issuer to service its debt, including the Notes and the Private Notes, will depend entirely on the ability of the Company, the obligor under the Proceeds Loans, to make payments on the Proceeds Loans, and on the ability of the Issuer to borrow from other sources, including under the Revolving Credit Facility. If the Company does not make sufficient payments to the Issuer under the Proceeds Loans, and if the Issuer is unable to raise additional debt financing or borrow under the Revolving Credit Facility, it will not be able to make payments on the Notes.

The Company is a holding company that is dependent on distributions from its subsidiaries to make payments on the Proceeds Loans and to service interest and principal payments under the Notes.

The Company, which from the Completion Date will be the sole initial guarantor of the Notes and which, after the Post-Completion Merger, is expected to be the successor to the Issuer as the primary obligor under the Notes, is a holding company with no revenue-generating operations of its own and its only significant assets are the equity interests it holds in its subsidiaries. The Company will be dependent on the cash flows from its subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Proceeds Loans and initially the Parent Guarantee and from and after the Post-Completion Merger, the Notes. Therefore, the ability of the Company to make payments under the Proceeds Loans, and consequently the ability of the Company to make payments on the Notes, will depend primarily on the operating performance and financial condition of the Company's other subsidiaries, none of whom are expected to guarantee or otherwise be required to make payments on the Notes. The operating performance and financial condition of the operating subsidiaries of the Company, and the ability of such subsidiaries to provide funds to the Company by way of dividends or otherwise, will in turn depend, to a certain extent, on general economic, financial, competitive, market and other factors described under "*Risk Factors*," many of which are beyond the Company's and the Issuer's control. If the subsidiaries of the Company do not generate income and cash flow sufficient to enable the Company to meet its payment obligations under the Proceeds Loans, and if the Company is unable to raise additional debt financing or borrow under the Revolving Credit Facility, the Issuer will not be able to make payments on the Notes.

Various regulations and current or future agreements in respect of the subsidiaries of the Company may restrict the ability to, and in some cases prohibit, the ability of subsidiaries of the Company to distribute cash to the Company. Applicable laws and regulations, including local corporate laws, tax laws, foreign exchange controls, the EU Alternative Investment Fund Managers Directive and regulatory capital requirements, may also limit the amounts that the subsidiaries of the Company are permitted to pay as dividends or distributions to the Company. See "*Regulation*." Any restrictions on distributions by such subsidiaries could adversely affect the ability of the Company to make payments on the Proceeds Loans and, consequently, on the ability of the Issuer to make payments on the Notes. In addition, financial assistance and corporate benefit restrictions may prevent upstream loans from being made to the Company by its subsidiaries. Although the Indenture restricts the ability of the subsidiaries of the Company from entering into certain future consensual restrictions on their ability to pay dividends and make other payments to the Company, there are significant qualifications and exceptions to these limitations.

Whether or not our operating subsidiaries make dividends or distributions to the Company will be resolved upon by each subsidiary's respective shareholders' meeting, upon proposals by the relevant board of directors of such subsidiary, who are under no legal obligation to cause such company to pay a dividend or make a distribution. The determination of each board of directors will also depend on the level of distributable reserves of such subsidiary, and we cannot assure you that our operating subsidiaries will distribute dividends in an amount sufficient to service the Proceeds Loans or the Notes, or at all. Holders of the Notes will not have any direct claim on the cash flows or assets of the Company's subsidiaries, and such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Proceeds Loans or the Notes or to make funds available to the Company or the Issuer for these payments.

Our substantial leverage and debt service obligations could have a material effect on our financial health and could prevent us from fulfilling our obligations with respect to the Notes or the Parent Guarantee.

Upon completion of the Transactions, we will have a significant amount of indebtedness with substantial debt service obligations. As of December 31, 2017, on an as adjusted basis after giving pro forma effect to the Transactions, on a consolidated basis we would have had an aggregate principal amount of third-party financial debt of €2,657.6 million outstanding, excluding unamortized debt issuance costs, pass-through fee payments and settlement obligations. We would also be subject to certain settlement obligations and settlement factoring agreements carried out on and off balance sheet, which require us to sell a substantial portion of our settlement obligation receivables to the factoring counterparties. In

addition, we would also have had €325.0 million available for borrowing under the Revolving Credit Facility. See "*Capitalization*" and "*Description of Certain Financing Arrangements*."

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

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our 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, capital expenditures, technological innovation or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and
- limiting our ability to upstream cash from our subsidiaries, none of whom will initially guarantee the Notes to help meet our obligations under the Notes and the Parent Guarantee.

Any of these or other consequences or events resulting from our substantial indebtedness could have a material adverse effect on our ability to satisfy our debt obligations, including under the Notes. Although the terms of the Indenture limit our ability to occur 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 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, among other things, the Group's ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Company;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Company;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- impair security interests for the benefit of the holders of the Notes; and
- undertake activities or hold assets other than those typically undertaken by a finance subsidiary.

The Private Notes will be subject to substantially the same affirmative and negative covenants.

All these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*" Additionally, we may be subject to restrictive debt covenants under our other debt financing agreements, including those relating to the Private Notes or the Revolving Credit Facility. The covenants to which the Group is subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to affirmative and negative covenants contained in the Revolving Credit Facility, including a drawn super senior leverage ratio which, if exceeded, acts as a draw stop to new drawings under the Revolving

Credit Facility, and a "note purchase condition" which limits repayments, prepayments, purchases and redemptions of the Notes. Any draw stop or default under the Revolving Credit Facility could limit our available liquidity.

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

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

The Fixed Rate Notes will mature on November 1, 2023, the Floating Rate Notes will mature on May 1, 2023 and the Private Notes will mature on the date that is the sixth anniversary of the Completion Date and our Revolving Credit Facility will mature 54 months following the Completion Date. If we are unable to pay interest on our indebtedness when due, or to repay or refinance the principal amount of our indebtedness when due, we will be in default under the terms of the documents governing such indebtedness, including the Indenture if we do not pay interest or principal when due under the Notes. If that happens, the holders of the Notes and of our 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 our indebtedness could exert pressure on us 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 company or holders of our debt securities, including the Notes. If we attempt an asset sale, whether on our own initiative or as a result of pressure from lenders or holders of our indebtedness, we may not be able to complete a sale on terms acceptable to us. Ultimately, this could result in non-payment of amounts due under the Notes. Any default under our indebtedness, or the perception that we may default, would also adversely affect the trading value of our debt securities, including the Notes.

Risks Related to the Notes, the Parent Guarantee and the Security Interests

The Issuer, Holdco and the Company will have control over the Collateral, and the sale or diminution of particular assets could reduce the pool of assets securing the Notes.

The Security Documents relating to the Notes will allow the Issuer, Holdco, the Company and any other Collateral providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral to the extent that it relates to their assets. So long as no acceleration event has occurred and subject to certain conditions, the Issuer, Holdco, the Company and any other Collateral providers may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling or otherwise disposing of the Collateral in accordance with the terms of the Indenture, using cash in secured bank accounts and making ordinary course cash payments, including repayments of intercompany indebtedness.

The Notes will not be initially secured by all of the Collateral and the Company will not initially guarantee the Notes.

On the Issue Date the Notes will not be secured by all of the Collateral, as further described under "*Description of the Notes—Security*." We will agree in the Indenture to take such necessary actions to secure the Notes (subject to the Agreed Security Principles and certain perfection requirements) within five days of the Issue Date on a first-priority basis in the Issue Date Collateral and on the Completion Date on a first-priority basis in the Completion Date Collateral. There can be no assurance, however, that we will be successful in procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture. The security interests will be limited to the same extent as those under the Revolving Credit Facility and otherwise as set forth under "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*," which limitations could be significant. See also "*—Enforcement of the Parent Guarantee and the security interests in the Collateral granted by the* Company *and by Holdco will be subject to insolvency and other laws that may adversely affect the validity and enforceability of the Parent Guarantee and the Collateral*." Security interests and guarantees in respect of the Notes may be subject to clawback under applicable local insolvency laws. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

On the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by the Company. On the Completion Date the Company will grant the Parent Guarantee. We will agree in the Indenture to take such necessary actions so that the Company provides the Parent Guarantee on the Completion Date by executing and delivering to the Trustee a supplemental indenture substantially in the form attached to the Indenture. The Company is a holding company with no revenue generating operations of its own and relies solely on distributions from its subsidiaries and third-party financing for its funding needs. The Parent Guarantee and any future guarantee (if any) will be limited as set forth in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and certain future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes.

The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes and enforcement of the security interests. The Security Agent is required to apply turned over amounts and other recoveries by the Security Agent from enforcement actions toward discharging certain obligations (including, among others, those under the Revolving Credit Facility, certain hedging obligations and future indebtedness that may be so secured (the "Super Senior Obligations")) in priority to applying any such amounts toward discharging the Notes and the Private Notes. As such, in the event of a foreclosure or enforcement action in respect of the Collateral, you may not benefit from such recoveries if the then outstanding claims under such Super Senior Obligations are greater than the proceeds recovered and in any event the proceeds available for repayment of the Notes and the Private Notes will be reduced by an amount equal to the Super Senior Obligations. Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under such Super Senior Obligations have been discharged, be applied *pro rata* in repayment of the Notes, the Private Notes and any other indebtedness that ranks *pari passu* with the Notes.

Furthermore, claims of secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness. As of December 31, 2017, on a pro forma basis after giving effect to the Transactions, the Group would have had €2,657.6 million of third-party financial debt (€2,200.0 million of which would have been represented by the Notes, €400.0 million of which would have been represented by the Private Notes and €57.6 million of which would have been incurred at subsidiaries that will not guarantee the Notes) excluding unamortized debt issuance costs and €658.0 million of pass-through fee payments and settlement obligations.

We may also issue further indebtedness which will be entitled to rank *pari passu* with the Notes and the Private Notes in right and priority of payment and which will be entitled to share in the Collateral with the Notes on a *pari passu* basis. In the event that any such debt is further issued, your creditor voting rights will be diluted proportionately to the amount of indebtedness incurred.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, the obligations under the Notes and, when granted by the Company, the Parent Guarantee will be secured on a first-priority basis by security interests over the Collateral that also secure our obligations under the Super Senior Obligations (as defined above) and certain other permitted future indebtedness. The Indenture also permits the Collateral to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement, and the Indenture regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action.

The Security Agent is not required to take enforcement action unless instructed to do so in accordance with the provisions described in the following paragraphs.

If either (i) the holders of the aggregate principal amount of the then outstanding Notes, the senior lenders, creditors in respect of indebtedness ranking *pari passu* with the senior creditors (including the Private Notes) and creditors in respect of certain non-priority hedging obligations (the "Senior Secured Credit Participations") which aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "Majority Senior Secured Creditors") or (ii) the creditors holding more than 50% of the total participations in Super Senior Obligations at that time (the "Majority Super Senior Creditors") wish to issue enforcement instructions, they shall deliver those instructions to the Security Agent and the other agents, trustees and hedge counterparties.

The Security Agent is required to act in accordance with instructions received from the Majority Senior Secured Creditors; however, (i) if and to the extent the obligations under the Super Senior Obligations have not been fully discharged in cash within six months of enforcement instructions first being issued by either the Majority Senior Secured Creditors or the Majority Super Senior Creditors or (ii) if the Majority Senior Secured Creditors have not made a determination as to method of enforcement within three months of enforcement instructions first being issued by either the Majority Senior Secured Creditors or the Majority Super Senior Creditors, then the enforcement instructions provided by the Majority Super Senior Creditors will prevail.

If the Majority Senior Secured Creditors have not made a determination as to the method of enforcement of the transaction security they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing) and the Majority Super Senior Creditors (i) determine in good faith that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any

of the transaction security or on the expected realization proceeds of any enforcement of the transaction security and (ii) deliver enforcement instructions that they reasonably believe to be consistent with the enforcement principles contained in the Intercreditor Agreement and necessary or advisable to enhance the prospects of achieving the enforcement objective described therein before the Security Agent has received any enforcement instructions from the Majority Senior Secured Creditors, then the Security Agent will act in accordance with the enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Obligations are discharged.

If at any time an insolvency event has occurred with respect to any debtor (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors), the Security Agent shall act to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from the Majority Super Senior Creditors until the Super Senior Obligations are discharged.

If the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) do not instruct the Security Agent to enforce, or instruct the Security Agent to cease enforcing the transaction security, then creditors holding more than 50% of the total second lien credit participations (if any, or, in certain cases, creditors holding 50% of the total Topco credit participations, if any) may instruct the Security Agent to enforce.

The Security Agent may also refrain from acting in accordance with any instructions until it has been indemnified and/or secured to its satisfaction that it may in its discretion require for any cost, loss or liability which it may incur in complying with those instructions.

To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes (in addition to the Private Notes), the voting interest of holders of Notes in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

The creditors of any Super Senior Obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so. In addition, if the Security Agent sells Collateral consisting of the shares of any of the Company's subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Parent Guarantee or other guarantee of the Notes (if any), and the liens over any other assets of such entities securing the Notes and the Parent Guarantee may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

Delays in enforcement could decrease or eliminate recovery values. In addition, the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents, except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Notes, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against the Issuer and the Company in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The pledge of the shares in the Company by Holdco only relates to those shares held by Holdco, and not shares held by certain minority investors.

Following completion of the Transactions, Holdco will hold approximately 93.2% of the shares in the Company. The remaining 6.8% of shares in the Company will be held by certain minority investors, primarily comprising certain shareholders of ICBPI who did not sell their shares in connection with the purchase of ICBPI by the Sponsors' Holdcos in 2015. As a result of the presence of such minority shareholders in the Company, the pledge of the shares in the Company held by Holdco will not cover all the shares in the Company, and as a result, any enforcement in respect of such share pledge will only result in a portion of the shares in the Company being subject to such enforcement.

The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and future secured indebtedness may be secured by certain assets that do not secure the Notes.

The Notes will be secured only to the extent of the value of the Collateral. See "*Description of the Notes—Security*" for a description of the Collateral. Not all of our assets secure the Notes, and the Indenture allows the Issuer to secure certain future indebtedness permitted to be incurred with certain property and assets that do not secure the Notes. If an event of default occurs and the obligations under the Notes are accelerated, the Notes and the Parent Guarantee and any other guarantee of the Notes will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured indebtedness of the Issuer with respect to any property or assets excluded from the Collateral securing the Notes.

While the Indenture creates certain obligations to provide additional guarantees and grant additional security over assets or a particular type or class of assets, whether as a result of granting guarantees in favor of other indebtedness or otherwise and limits the ability to grant security in favor of other indebtedness if not granted in favor of the Notes, such obligations are subject to the Agreed Security Principles. The Agreed Security Principles set forth in the Indenture will set out a number of limitations on the rights of the holders of the Notes to be granted security or guarantees in certain circumstances. See "*Description of the Notes—The Notes Guarantees.*" The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, such agreed security principles may operate to permit other indebtedness to be structurally or effectively senior to the Notes.

The Collateral is limited to certain specific assets, the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such collateral may be reduced or diluted under certain circumstances.

If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favor of holders of the Notes. In the event of an enforcement of the security interests in respect of the Collateral, the proceeds from the sale of the assets underlying the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. The Collateral (including the Completion Date Collateral) provided as security for the Notes is limited to liens granted over the shares of the Company, the shares of the Issuer and the shares of the Company's material subsidiaries, receivables under the Proceeds Loans, structural intercompany receivables and to liens over material bank accounts of the Issuer (other than the Escrow Account), and the Company. See "*Description of the Notes—Security*." Trade receivables, inventories, intellectual property rights, real property or other assets of the Issuer and the restricted subsidiaries under the Indenture will not constitute part of the Collateral. No appraisal of the value of the Collateral has been made in connection with this Offering. The value of the assets underlying the pledges will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, regulatory restrictions that could affect such sale, the ability to sell the assets in an orderly sale and the condition of the economies in which operations are located and the availability of buyers.

The shares and other Collateral that is pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of such Collateral may not be liquid and its value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. In the event of foreclosure, the transfer of our business operations may be prohibited or only permitted to a limited group of investors eligible to hold such assets, thereby decreasing the pool of potential buyers. Furthermore, entry into the Security Documents, enforcement of the Collateral and any transfer of our operations may require, in certain jurisdictions, governmental or other regulatory consents, approvals or filings or might otherwise be challenged. Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of

the Collateral may be significantly decreased. Most of our assets will not secure the Notes, and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. In particular, a substantial portion of our assets constituting settlement receivables are subject to factoring arrangements whereby such receivables are sold to a third party and in any event do not constitute Collateral. In addition, the value of the Collateral may fluctuate over time.

With respect to any shares of the material subsidiaries of the Company pledged to secure the Notes and the Parent Guarantee thereof, such shares may also have limited value in the event of bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time. If the proceeds of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Issuer's and the Company's remaining assets.

The Indenture also permits the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to such assets which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. In particular, by operation of the terms of the Intercreditor Agreement, security interests in the Collateral may be released if a lien is granted on the Collateral in favor of other indebtedness so long as such lien is a Permitted Lien (as defined under "*Description of the Notes—Certain Definitions—Permitted Liens*"). Moreover, if we issue additional Notes under the Indenture or make drawings under the Revolving Credit Facility, holders of such Notes and lenders under the Revolving Credit Facility would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of (or guarantees and security granted in favor of) debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions.

The granting of security interests to secure the Notes, the Private Notes and the Revolving Credit Facility may create hardening or voidance periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness or the transfer or the assignment of a security interest may restart or reopen hardening periods in certain jurisdictions, including Italy. The applicable hardening or voidance period for these new security interests can run from the moment each new security interest has been granted, perfected, amended, shared or recreated (as applicable). At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening or voidance period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

In addition, the granting of a shared security interest to secure future indebtedness or the transfer or the assignment of the security interest may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. *See "Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests."*

The Indenture will also permit the Group to undertake certain internal "permitted reorganizations," which allow for the release/retake of certain Collateral to consummate such transactions. In the event that such permitted reorganizations are completed as described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*."

Enforcing your rights as a holder of the Notes or under the Parent Guarantee thereof or the Collateral across multiple jurisdictions may prove difficult.

The Issuer and the Company are incorporated under the laws of Italy. The Collateral includes a pledge of any structural intercompany receivables owed by the Company to Holdco, which is incorporated under the laws of England and Wales. In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in multiple jurisdictions in respect of the Collateral. Your rights under the Notes, the Parent Guarantee, any other guarantee of the Notes and the Collateral are likely to be subject to insolvency and administrative laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral.

The insolvency, administration and other laws of the jurisdiction of organization of the Issuer, the Company, any other guarantor (if any), and Holdco may be materially different from, or conflict with, each other, and with the laws of the

United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the Notes, Parent Guarantee, any other guarantee of the Notes and the Security Documents in these jurisdictions or limit any amounts that you may receive. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests.*"

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral securing the Notes give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on such Collateral.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

The security interests that will secure the obligations of the Issuer under the Notes and the obligations of the Company under the Parent Guarantee will not be granted directly to the holders of the Notes but to the Security Agent, and thus the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents except through the Security Agent as provided in the Intercreditor Agreement. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions. In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the relevant Security Agent ("Parallel Debt") mirroring the obligations of the Issuer and the Company owed to holders of the Notes under or in connection with the Indenture, as applicable ("Principal Obligations"). All or part of the pledges and other security interests in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under law in certain of these jurisdictions and to the extent that the security interests in the Collateral created under the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Parent Guarantee and Security Interests*."

For example, in Italy the Collateral will not be granted directly to the holders of the Notes but will be created and perfected in favor of the Security Agent, acting also in its capacity as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests, Parent Guarantee and any other guarantee of the Notes assisting bond issuances can be validly created in favor of an agent (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests, Parent Guarantee and any other guarantee of the Notes. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest, Parent Guarantee and any other guarantee of the Notes by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the

debtor made during a certain legally specified period (the "suspect period"). A longer period may apply to any Collateral governed by Italian law which may be granted after the Offering.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors.

In case of insolvency of the Company, the enforcement of any collateral provided by the Company may be subject to certain restrictions. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security, as applicable. The security interests in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fail or are unable to take the actions necessary to perfect any of these security interests and, for the avoidance of doubt, the Security Agent shall have no obligation to take any steps or action to perfect the security interests in the Collateral under the Indenture and the Intercreditor Agreement. Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or action to perfect, or ensure the perfection of, any such liens.

The granting of new security interests in connection with the issuance of the Notes may create hardening periods for such security interests. See "*—The granting of the security interests in connection with the issuance of the Notes, or the incurrence of (or guarantees and security granted in favor of) debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions.*"

There are circumstances other than the repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.

Under a variety of circumstances, and subject to compliance with the terms of the Intercreditor Agreement, the Collateral securing the Notes will be released automatically, including a sale or other disposition of such Collateral in a transaction that does not violate the asset sale covenant of the Indenture, as applicable, in connection with an enforcement sale permitted under the Intercreditor Agreement and in certain circumstances, connection with an initial public offering of the Company or one of its subsidiaries. See "*Description of the Notes—Security—Release of Liens*" and "*Description of the Notes—IPO Debt Pushdown*." In addition, in certain circumstances, upon achievement of investment grade status, the Collateral securing the Fixed Rate Notes will be released. See "*—The Indenture will contain provisions permitting certain covenants to be suspended and permitting security interests in respect of the Collateral for the Fixed Rate Notes to be released upon achievement of an investment grade status, and the Intercreditor Agreement will contain a provision permitting debt to be pushed down to an IPO entity with security and debt claims above such entity released*." In addition, liens granted in respect of the shares of the Issuer, the intercompany receivables owed to the Issuer and the material bank accounts of the Issuer will be released upon the Post-Completion Merger if it occurs. The Indenture will also permit us, subject to certain restrictions, to designate a material subsidiary of the Company (other than the Issuer) as an unrestricted subsidiary. If we designate a material subsidiary of the Company as an unrestricted subsidiary for purposes of the Indenture, all of the liens on the shares of a material subsidiary by the Company that is designated as an unrestricted subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary as such will reduce the aggregate value of the Collateral securing the Notes to the extent liens securing the shares of a material subsidiary of the Company.

Holders of the Notes generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

We are organized under the laws of Italy and are Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by or on our behalf in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, we will pay such Additional Amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. We are not liable to pay any Additional Amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 ("Decree 239") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("Decree 461"), except where the procedures required under Decree 239 in order to benefit from an exemption have not been complied with due to the actions or omissions by us or our agents.

In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*" and "*Tax Consequences—Certain Italian Tax Considerations*."

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree 239 or Decree 461 where a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained in the Italian Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and, supplemented from time to time and replaced, (the "White List"), and such holder complies with certain certification requirements there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree 239 after the date hereof, including any change in the White List.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Italian Legislative Decree No. 239 of April 1, 1996 will be met by the relevant foreign intermediaries.

The regime provided by Decree 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes resident in countries included in the White List applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See "*Tax Consequences—Certain Italian Tax Considerations*."

The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Parent Guarantee and the security interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

Within five days from the Issue Date, our obligations under the Notes, subject to certain agreed security principles, will be secured by security interests over the Issue Date Collateral. Upon the initial issuance of the Notes on the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by the Company. The Company will enter into a supplemental indenture to become a party to the Indenture and guarantee the Notes on a senior secured, joint and several basis on the Completion Date. The Issuer and the Company are incorporated under the laws of Italy. There is a rebuttable presumption that the centre of main interests ("COMI") as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings is the jurisdiction where the registered office is situated. In addition, the Collateral will include a pledge over the shares of the Issuer, and the Company's shares in its material subsidiaries incorporated under the laws of Italy, and pledges of certain present intercompany receivables.

The insolvency laws of foreign jurisdictions may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuer, the Company or any of the Company's material subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Although laws differ across jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of the Parent Guarantee against the Company, the enforceability of any other guarantee of the Notes and the enforceability of the security interests in the Collateral (the "Security Interests"). In certain circumstances the court may also void the Security Interest or the Parent Guarantee if the Company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under a relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Company or the appointed insolvency administrator may challenge the Parent Guarantee and the Security Interests, and intercompany obligations generally, as preferences, transaction at an undervalue, invalid charges, fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of the Company's obligations under the Parent Guarantee or the Security Interests provided by a security provider;
- direct that the Issuer and the holders of the Notes return any amounts paid under the Parent Guarantee, any other guarantee or any Security Interest to the Company or security provider or to a fund for the benefit of the Company's or security provider's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes, the Parent Guarantee and any other guarantee of the Notes, or if security interests are found to be preferences, transactions at an undervalue, fraudulent transfers or conveyances or are otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of the Company or a security provider under the security interests will be limited to the amount that will result in such guarantee or security interest not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from the Company and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Parent Guarantee, any other guarantee of the Notes or any security interests may be set aside, in which case the entire liability may be extinguished. See also "*—Enforcement of the Parent Guarantee and the security interests in the Collateral granted by the Company and by Holdco will be subject to insolvency and other laws that may adversely affect the validity and enforceability of the Parent Guarantee and the Collateral*."

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Parent Guarantee (or any other guarantee of the Notes) was issued or the security interests created, the guarantee of the Notes or security provider:

- issued the guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued the guarantee or created such security interest in a situation where a prudent business person as a shareholder of such guarantor or security provider would have contributed equity to such guarantor or security provider or where the relevant beneficiary of the guarantee or security interest knew or should have known that such guarantor or security provider was insolvent or a filing for insolvency had been made; or
- received less than reasonably equivalent value for incurring the debt represented by such guarantee or security interest on the basis that such guarantor or security interest were incurred for the benefit of another person, and only indirectly for such guarantor's or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the such guarantee or security interest, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which such guarantor's or security provider's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

Different jurisdictions evaluate insolvency on various criteria, but a guarantor or security provider generally may, in different jurisdictions, be considered insolvent at the time it issued a guarantee or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that we are solvent, and will be so after giving effect to the Transactions, there can be no assurance as to which standard a court would apply in determining whether the Company or a security provider was "insolvent" as of the date a guarantee was issued or security interests were created or that, regardless of the method of valuation, a court would not determine that a guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a guarantor or security provider was insolvent on the date a guarantee was issued or security interests were created, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

For an overview of certain insolvency laws and enforceability issues as they relate to guarantees of the Notes and security interests, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

The Notes will not be guaranteed by any subsidiary of the Company, and any future guarantee of the Notes by a subsidiary of the Company is likely to be subject to significant limitations or may not be permitted at all.

The Notes will not initially be guaranteed by any subsidiary of the Company, and no subsidiary of the Company is under any obligation under the Indenture to grant a guarantee of the Notes in the future. See "*—Risks Related to the Financial Profile of the Issuer and the Company—The Company is a holding company that is dependent on distributions from its subsidiaries to make payments on the Proceeds Loans and to service interest and principal payments under the*

Notes." If a subsidiary of the Company does guarantee the Notes in the future, such a guarantee, and any security interest in Collateral granted by such subsidiary guarantor in favor of the Notes, will be subject to certain defenses available under law, including those that relate to fraudulent conveyance, financial assistance, corporate benefit, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally. Such limitations will act to limit the obligation under such guarantee or security interest to an amount which will be determined in light of applicable laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions under value. The effect of any such limitation could be that the value of such subsidiary guarantee or Collateral to a holder of the Notes is significantly reduced, or even eliminated, or as the case may be, that a subsidiary would not be legally permitted to guarantee the Notes. For more information, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests.*"

Enforcement of the Parent Guarantee and the security interests in the Collateral granted by the Company and by Holdco will be subject to insolvency and other laws that may adversely affect the validity and enforceability of the Parent Guarantee and the Collateral.

The Company is incorporated under the laws of Italy and Holdco is organized under the laws of England and Wales. Enforcement of the obligations under the Parent Guarantee against, and/or any Collateral provided by the Company, will be subject to certain defenses available to the Company or Holdco, as the case may be, under applicable law, including those that relate to fraudulent conveyance, financial assistance, corporate benefit, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally. These defenses and laws may act to limit the amounts recoverable thereunder, and the Parent Guarantee granted under the Indenture and the Security Documents will be drafted so as to limit their value to the maximum amount that can be guaranteed or secured by the Company or Holdco under the applicable laws of each jurisdiction. Accordingly, enforcement of the Parent Guarantee against the Company would be subject to certain defenses available to the Company generally or, in some cases, to limitations contained in the terms of the Parent Guarantee or the Security Documents in light of the statutory requirements applicable to the Company. As a result, the Company's liability under the Parent Guarantee or the value of the Collateral could be materially reduced. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

It is possible that the Company or Holdco, or a creditor of the Company, or the bankruptcy trustee in the case of a bankruptcy of the Company or Holdco, may contest the validity and enforceability of the Parent Guarantee or the security interests in the Collateral, and the applicable court may determine that the Parent Guarantee should be limited or voided. To the extent that agreed limitations on the guarantee obligation apply, the Notes would be to that extent effectively subordinated to all liabilities of the Company, including trade payables of the Company. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

The Parent Guarantee, when granted on the Completion Date, will be significantly limited by applicable laws and subject to certain limitations and defenses.

On the Completion Date, the Company will guarantee the prompt payment of the Notes. The Parent Guarantee will provide the holders of the Notes with a direct claim against the Company. However, the obligations of the Company under the Parent Guarantee will be limited under the Indenture to a maximum amount pursuant to applicable laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions at an undervalue, or which would otherwise cause the Company to be deemed insolvent under applicable law or the Parent Guarantee to be deemed void, unenforceable or *ultra vires*, or cause the directors of the Company to be held in breach of applicable corporate or commercial law for providing such Parent Guarantee.

In addition to the above, under article 1938 of the Italian Civil Code, if a corporate guarantee is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee or by reference to a separate document, such as the Indenture). It has been held that such determination must be proportionate to the guarantor assets. If such determination is deemed disproportionate to the assets of the Company, there is a risk that the Parent Guarantee could be declared void. In light of the above, pursuant to Article 1938 of the Italian Civil Code, the maximum amount that the Company may be required to pay in respect of its obligations under the Indenture shall not exceed 150% of the aggregate principal amount of the Notes.

As a result, the Company's liability under the Parent Guarantee could be materially reduced or eliminated depending upon the amount of its obligations and upon applicable laws. For more information, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the Parent Guarantee have not been, and will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United

States except to QIBs in accordance with Rule 144A, in offshore transactions to non-U.S. persons in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*."

The Notes will initially be held in book entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Global Notes (as defined below) will trade in book entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined below), will be issued in exchange for book entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, none of the Issuer, the Trustee, the Transfer Agent, the Registrar or the Paying Agent will have any responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if investors own a book entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike a holder of the Notes (which is expected to be a nominee for the common depositary), owners of book entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book entry interests, if investors own book entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*."

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Notes after completing the Offering. However, they have no obligation to do so and may discontinue market making activities at any time without notice. In addition, such market making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Company are organized or incorporated outside the United States, and their business is conducted outside the United States. The directors and executive officers of the Issuer and the Company are non-residents of, and substantially all of their assets are located outside of, the United States. Although the Issuer and the Company will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Company. In addition, as substantially all of the assets of the Issuer and the Company and its subsidiaries and those of their

directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, in light of decisions of the U.S. Supreme Court, actions of the Issuer and the Company may not be subject to the civil liability provisions of the federal securities laws of the United States.

Additionally, there is uncertainty as to whether the courts of foreign jurisdictions would enforce (i) judgments of United States courts obtained against the Issuer or the Company and the directors and executive officers who are not residents of the United States predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in such foreign jurisdictions against us or such persons predicated upon the United States federal and state securities laws.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Italy. For further information see "*Service of Process and Enforcement of Civil Liabilities*."

The Indenture will contain provisions permitting certain covenants to be suspended and permitting security interests in respect of the Collateral for the Fixed Rate Notes to be released upon achievement of an investment grade status, and the Intercreditor Agreement will contain a provision permitting debt to be pushed down to an IPO entity with security and debt claims above such entity released.

The Indenture will contain a provision permitting certain covenants to be suspended upon two or more rating agencies granting the Notes an investment grade rating. As a result of the operation of such provision, the limitations on the incurrence of indebtedness, the payment of dividends or distributions to our shareholders, restrictions on distributions from restricted subsidiaries, affiliate transactions, and on certain activities of the Issuer would no longer apply. The result of such suspension under such circumstances would be that the holders of the Notes would benefit from fewer protections against us taking actions that could adversely affect our ability to pay amounts due under the Notes.

In addition, the Indenture will also contain a provision permitting the release of security interests in the Collateral in respect of the Fixed Rate Notes upon two or more rating agencies granting the Fixed Rate Notes an investment grade rating. As a result of such provision, upon the conditions thereto having been met, all of the security interests in the Collateral in favor of the Fixed Rate Notes would be released. If the Fixed Rate Notes were later to be downgraded and no longer have an investment grade status, the security interests in the Collateral would not be reinstated.

There can be no assurance, whether before or after an initial public offering, that the Notes will ever achieve or maintain an investment grade rating.

On, in contemplation of, or following an initial public offering of an entity within the Group, the terms of the Intercreditor Agreement will provide (and the Indenture and the Notes shall be subject to such provisions and shall include corresponding terms providing) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any additional intercreditor agreement) and the Security Documents shall operate from the IPO entity with security and claims and obligations at entities other than the IPO entity and its subsidiaries falling away, as described in "*Description of Certain Financing Arrangements—Intercreditor Agreement—Required Consents—Provisions Following an IPO*."

The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender.

If a change of control triggering event (as defined in the Indenture) occurs, the Issuer will be required to make an offer to purchase all the outstanding Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of purchase. The indenture governing the Private Notes will contain a substantially equivalent provision. In such a situation, the Issuer may not have enough funds to pay for all of the Notes and Private Notes that are tendered under any such offer. If a significant principal amount of Notes and/or Private Notes are tendered, the Issuer will likely have to obtain financing to pay for the tendered Notes and Private Notes. However, the Issuer may not be able to obtain such financing on acceptable terms, if at all. A change of control may also result in a mandatory prepayment under the Revolving Credit Facility Agreement and agreements governing any future indebtedness and may result in the acceleration of such indebtedness. Any failure by the Issuer to offer to purchase the Notes upon a change of control triggering event would constitute a default under the Indenture, which would, in turn, constitute a default under the Private Notes and the Revolving Credit Facility Agreement.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a change of control as defined in the Indenture. In addition, the occurrence of certain events that might otherwise constitute a change of control triggering event will be

deemed not to be a change of control triggering event, provided that upon consummation thereof, a certain consolidated leverage ratio of the Issuer and its restricted subsidiaries is met.

In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the Fixed Rate Notes or Floating Rate Notes, as applicable, validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Fixed Rate Notes or Floating Rate Notes, as applicable, validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Fixed Rate Notes or Floating Rate, as applicable, that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of such Fixed Rate Notes or Floating Rate Notes, as applicable. See "*Description of the Notes—Optional Redemption*."

The interests of the Sponsors may conflict with your interests as a holder of the Notes.

Advent, Bain Capital and Clessidra indirectly own the majority of the shares of the Issuer and of Bankco. As a result, our shareholders have and will continue to have, directly or indirectly, the power to affect our legal and capital structure as well as the ability to elect and change our management and to approve other changes to our operations and to influence the outcome of matters requiring action by our shareholders. Our shareholders' interests in certain circumstances may conflict with your interests as noteholders, particularly if we encounter financial difficulties or are unable to pay our debts when due. For example, the shareholders could vote to cause us to incur additional indebtedness. Our shareholders are in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Our shareholders may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, our shareholders have held, hold or may hold interests in our suppliers or customers. Our shareholders and their affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of our business or sales of our shares which would result in changes to our shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to you as a holder of Notes.

The term "all or substantially all" in the context of a change of control has no clearly established meaning under relevant law and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

Upon the occurrence of a transaction that constitutes a change of control under the Indenture, the Issuer will be required to make an offer to repurchase all outstanding Notes tendered. The definition of "change of control" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries (taken as a whole), to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," it has no clearly established meaning under relevant law, varies according to the facts and circumstances of the subject transaction and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, and therefore it may be unclear whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders,*" the majority required to pass an extraordinary resolution at any meeting of holders of Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%), depending on the nature of the resolution, to bind all holders of the Notes, including holders of Notes who did not attend and vote at the relevant meeting, and holders of Notes who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or to change the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 75% to 50%.

No assurance can be given that the listing of the Notes will satisfy the listing requirement of Decree No. 239.

No assurance can be given that the listing of the Notes on the Official List of the Luxembourg Stock Exchange will satisfy the listing requirement of Decree No. 239 of April 1, 1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26% and, subject to certain exceptions, see "*Description of the Notes—Withholding Taxes*," we would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

You may face foreign currency exchange risks or other tax consequences as a result of investing in the Notes.

The Notes will be denominated and payable in euro. If you are a U.S. investor, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar because of economic, political and other factors over which we have no control. Depreciation of the euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to U.S. investors on a U.S. dollar basis. Investing in the Notes by U.S. investors may have other significant tax consequences. See "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations*."

Holders of the Notes may have adverse tax consequences in the event of an IPO Debt Pushdown.

Under certain circumstances, we may undertake an IPO Debt Pushdown (as described under "*Description of the Notes—IPO Debt Pushdown*"), pursuant to which the Company is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things the Senior Secured Group (and all related provisions) will now refer to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the indenture governing the Notes. Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new Notes as in place after such modifications ("New Notes"). If such modifications resulted in a deemed exchange, such a deemed exchange could be treated as a taxable transaction for U.S. federal income tax purposes in which certain beneficial owners of the Notes could be required to recognize gain or loss. Furthermore, for U.S. federal income tax purposes the New Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount. In such event, U.S. Holders (as defined under "*Certain Tax Consequences—Certain U.S. Federal Income Tax Considerations*") would be required to include that original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to modification of the Notes in connection with the IPO Debt Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID (as defined herein), if any.

THE TRANSACTIONS

The Reorganization

We are currently in the process of spinning-off our regulated banking activities with the objective of concentrating our operations on payment related services. This will reduce the regulatory burden on our business, as we will no longer be subject to banking supervision and the associated capital adequacy requirements. Nexi Payments and Mercury Payments will be subject to the prudential requirements set for electronic money institutions and payment institutions, respectively.

The Reorganization will be effected through a series of corporate steps a brief summary of which is set forth below:

- On January 22, 2018, Holdco incorporated Equinova UK Holdco Limited ("Equinova") as its wholly-owned subsidiary.

- On January 30, 2018, we made a filing with the Bank of Italy to obtain authorization for the Reorganization. In accordance with the applicable law, the Bank of Italy consulted the European Central Bank because in connection with the Reorganization control over Bankco will be transferred from Holdco to Equinova. The Bank of Italy approved the Reorganization from an Italian regulatory perspective on April 11, 2018. The European Central Bank granted its consent to the transfer of control over Bankco to Equinova on April 27, 2018.

- On or about July 1, 2018, we expect to complete an internal reorganization which will comprise the following principal steps: (i) Nexi Payments will be converted from a payment institution (*istituto di pagamento*) into an electronic money institution (*istituto di moneta elettronica*); (ii) Bankco's non-banking payments-related assets and activities will be contributed to Nexi Payments by way of capital contribution; (iii) Holdco will extend an intercompany loan (the "Holdco Loan") in a principal amount of €380 million to ensure Bankco's compliance with regulatory capital adequacy requirements after the Reorganization; (iv) certain assets previously held by Bankco, most importantly Bankco's 98.74% shareholding in Nexi Payments (including MPS Acquiring and DB Acquiring), 100% shareholding in Oasi 70% shareholding in Help Line and 100% shareholding in Bassilichi S.p.A. (including its interests in its subsidiaries, associates and investees) and 26.09% shareholding in Consorzio Triveneto S.p.A., which, together with Mercury Payments, constitute all material assets, licenses and intellectual property comprising the Nexi Payments Business, and the liability under the Holdco Loan will be conveyed to the Company by means of partial demerger of Bankco with and into the Company; and (v) Equinova will acquire all shares held by Holdco in Bankco and the Company's shares will be cancelled and re-issued to Holdco and certain minority shareholders to Holdco.

- When the prior steps have been completed, Holdco will effectuate the Reorganization through the conveyance of all its shares in Equinova to its shareholders by way of distribution of the Equinova shares. As a result, the Sponsors' Holdcos will directly own all the shares in both Equinova, the new holding company for banking activities, and Holdco, the holding company of our payments activities.

We refer to the foregoing collectively as the "Reorganization." See "*—Summary Corporate and Financing Structure*" and "*Use of Proceeds*." We intend to merge the Issuer with the Company, with the Company being the surviving entity (the "Post-Completion Merger"). We expect to complete the Post-Completion Merger following the Reorganization. The Post-Completion Merger is subject to certain conditions and may not be completed.

Escrow Account

Pending the completion of the Reorganization, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account in the name of the Issuer. The Escrow Account will be a segregated account held and controlled by the Escrow Agent. Because we will be subject to banking supervision and the associated capital adequacy requirements pending completion of the Reorganization, Bankco is required to hold the proceeds from the Offering and a third party outside our regulatory perimeter may not act as escrow agent. Pursuant to a shortfall agreement between the Issuer and the Company to be entered on or about the Issue Date, the Company will be required to contribute to the Escrow Account an amount necessary to fund the accrued interest on the Notes and Additional Amounts, if any, from the Issue Date to, but excluding, the special mandatory redemption date. The release of the escrow proceeds from the Escrow Account is subject to the satisfaction of certain conditions. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If these conditions are not satisfied on or prior to the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price for the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

The Refinancing

The covenants under our Existing Debt limit our ability to implement the Reorganization. As a result, we intend to refinance our Existing Debt in connection with the Reorganization, using the proceeds from the Offering and the Private Placement. The Refinancing will entail certain corporate steps a brief summary of which is set forth below:

- On April 25, 2018, the Issuer was designated as an unrestricted subsidiary pursuant to the terms of our Existing Debt.
- On the Escrow Release Date, the proceeds from the Offering will be released from escrow, and the Issuer will on-lend such proceeds to the Company via one or more proceeds loans (the "Proceeds Loans"). The Company will then upstream the proceeds so received to its immediate parent, Holdco, in part through a new loan and in part through repayment of the Holdco Loan created in connection with the Reorganization.
- Holdco will then upstream the proceeds so received to the Sponsors' Holdcos via loans.
- The Sponsors' Holdcos will use the proceeds so received to repay the proceeds loans they received from Mercury Bondco in connection with the issuance of the Existing Notes and any borrowings under the Existing Revolving Credit Facility, and Mercury Bondco will use the proceeds so received to redeem the Existing Notes and repay any amounts outstanding under the Existing Revolving Credit Facility. The Existing Revolving Credit Facility will be permanently cancelled on the Completion Date.
- The Reorganization, including the spin-off of Equinova to the Sponsors' Holdcos, is expected to occur one day prior to the completion of the Refinancing.
- On or about the Completion Date we expect the Private Placement to occur.
- In addition, on or about the Completion Date we expect to complete the Funding Reorganization, including our entering into the Settlement Obligations Factoring Agreement which will partially replace our legacy funding from Bankco. See "*Description of Certain Financing Arrangements—Settlement Obligations*" and "*Unaudited Pro Forma Combined Financial Information*."
- We expect that following the Completion Date, the Company will convene a shareholders meeting and declare a dividend to its shareholders. The portion of such dividend that is due to Holdco, in its capacity as the Company's majority shareholder, will be set off against any loans under which the proceeds of the Offering were passed on to Holdco.
- We expect that Mercury Bondco will ultimately be wound up on a solvent basis and that its net assets will be contributed to the Sponsors' Newcos.

We refer to the foregoing collectively as the "Refinancing." See "*—Summary Corporate and Financing Structure,*" "*Use of Proceeds*" and "*Risk Factors—Risks Related to the Transactions*."

USE OF PROCEEDS

The gross proceeds from the sale of the Fixed Rate Notes and Floating Rate Notes will be €825.0 and €1,375.0 respectively. Pending the completion of the Reorganization, the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date, deposit the gross proceeds from the Offering into a segregated escrow account in the name of the Issuer but controlled by the Escrow Agent. The release of the escrow proceeds to the Issuer will be subject to the satisfaction of certain conditions. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." On the Escrow Release Date, the Issuer will on-lend the proceeds from the Offering to the Company pursuant to the Proceeds Loans. We intend to use the proceeds of the Notes, together with the proceeds of the Private Notes, to complete the Refinancing.

The following table sets forth the estimated sources and uses for the Refinancing as if the closing of the Refinancing had occurred on July 1, 2018. Actual amounts will vary from estimated amounts depending on several factors, including the actual completion date of the Reorganization and differences in our estimates of fees and expenses related to the Transactions.

If the Reorganization is not consummated prior to the Escrow Longstop Date, or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be equal to the aggregate issue price of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date of the Notes to, but excluding, the special mandatory redemption date. Pursuant to a shortfall agreement between the Issuer and the Company to be entered into on or about the Issue Date, the Company will be required to contribute to the Escrow Account an amount necessary to fund the accrued and unpaid interest on the Notes, negative interest, if any, accruing on the proceeds from the sale of the Notes while in escrow, and Additional Amounts, if any, from the Issue Date to, but excluding, the special mandatory redemption date. See "*The Transactions*."

Sources of Funds	**Amount**	**Uses of Funds**	**Amount**
	(€ million)		**(€ million)**
Notes offered hereby	2,200	Existing Notes[(1)]	2,300
Private Notes	400	Accrued Interest[(2)]...................	21
		Prepayment premiums[(3)]	77
		Estimated costs, fees and expenses[(4)]...............................	54
		Minority interests[(5)].................	147
Total sources	**2,600**	**Total uses...............................**	**2,600**

(1) Represents the aggregate principal amount of the Existing Notes.

(2) Represents accrued interest on the Existing Notes from the most recent interest payment date to, but excluding, July 1, 2018. Excludes accrued interest that will become due under the Existing Notes on the interest payment date in May 2018, which will be funded in part by Bankco and in part by Nexi pursuant to a dividend to Holdco in the total amount of €56 million, in each case, using cash on hand.

(3) Represents the estimated prepayment premiums that would become payable if the Existing Notes were redeemed in full on July 1, 2018.

(4) Represents certain estimated costs, fees and expenses associated with the Transactions, including negative interest accruing on the proceeds from the sale of the Notes while in escrow, discounts, commissions, advisory and other professional fees and other transaction costs. Excludes accrued interest on the Notes while in escrow. Actual fees and expenses may vary, and any increase in the actual costs in respect of fees and expenses will be financed using cash on hand.

(5) Represents pro rata dividend payments to holders of the Company's capital stock other than Holdco. See "*The Transactions*."

CAPITALIZATION

The following table sets forth (i) the cash and cash equivalents and capitalization of the Nexi Payments Business as of December 31, 2017, as set forth in our Financial Statements, and (ii) the Company's pro forma consolidated cash and cash equivalents and capitalization as of December 31, 2017, as adjusted to give effect to the Transactions, including the use of proceeds from this Offering as described in "*Use of Proceeds,*" as if such transactions had occurred on December 31, 2017. The Company's pro forma financial information has been derived from the unaudited pro forma combined statement of financial position as of December 31, 2017, set forth in "*Unaudited Pro Forma Combined Financial Information*."

The information in the table below is illustrative only and does not purport to be indicative of the Company's capitalization following the completion of the Transactions. You should read this table together with the sections of this offering memorandum entitled "*Presentation of Financial and Other Information*," "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data*," "*Use of Proceeds*," "*Unaudited Pro Forma Combined Financial Information*," "*Selected Financial Information,*" "*Description of Certain Financing Arrangements,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements, and related notes, included elsewhere in this offering memorandum.

	As of December 31, 2017	
(€ million)	**Nexi Payments Business Carve-Out**	**Company Total Pro Forma**
Cash and cash equivalents[(1)]	**134**	**120**
Indebtedness:		
Notes offered hereby[(2)]	—	2,200
Private Notes[(3)]	—	400
Revolving Credit Facility[(4)]	—	—
Total senior secured debt	**—**	**2,600**
Existing Notes[(5)]	2,300	—
Other liabilities[(6)]	58	58
Total debt	**2,358**	**2,658**
Net investments	3,021	481
Total capitalization	**5,379**	**3,139**

(1) In the Company total pro forma column, reflects the adjustments set forth in "*Unaudited Combined Pro Forma Financial Statements,*" including €14 million of cash on hand attributable to the Pro Forma Acquisitions and the Reorganization.

(2) Represents the aggregate principal amount of the Notes, disregarding the accounting impact of deferred debt issuance costs.

(3) Represents the aggregate principal amount of the Private Notes, disregarding the accounting impact of deferred issuance costs. See "*Description of Certain Financing Arrangements—Private Notes*."

(4) The Revolving Credit Facility will not become available until the Completion Date and is expected to be undrawn on the Completion Date. The Revolving Credit Facility will be available for drawing in an initial principal amount of €325.0 million. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

(5) Represents the outstanding aggregate principal amount of the Existing Notes, which will be redeemed in full in connection with the Refinancing. The Existing Notes are obligations of Mercury Bondco, an affiliate of the Company's parent company, and are not guaranteed by the Company or any of its subsidiaries. See "*The Transactions.*"

(6) Represents local facilities incurred at Bassilichi of € 57.6 million. Other liabilities is defined differently from the line item titled other liabilities in our Unaudited Pro Forma Combined Financial Information. Other liabilities excludes settlement obligations and accruals in respect of pass-through fee payments. Settlement obligations consist of €94.0 million in respect of the recourse component of our Settlement Obligations Factoring Agreement relating to the settlement of payments with charge cards, €181.6 million in respect of overdraft facilities made available by partner banks to settle payments with credit cards and €171.6 million of obligations under the Mercury Funding Facility used in connection with the settlement and collection of payments. Pass-through fee payments consist of €210.8 million of obligations due to partner banks in respect of their share of card payment fees. The foregoing settlement obligations and accruals in respect of pass-through fee payments are presented under the line item due to banks in our unaudited pro forma combined statement of financial position. See "*Unaudited Pro Forma Combined Financial Information—Unaudited Pro Forma Combined Balance Sheet as of December 31, 2017*" and "*Description of Certain Financing Arrangement—Settlement Obligations*."

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following Unaudited Pro Forma Combined Financial Information, which consists of the unaudited pro forma combined statement of financial position as of December 31, 2017 (the "Unaudited Pro Forma Combined Statement of Financial Position") and unaudited pro forma combined statement of profit or loss for the year ended December 31, 2017 (the "Unaudited Pro Forma Combined Statement of Profit or Loss"), is based on, derived from and should be read in conjunction with the Financial Statements of the Nexi Payments Business as of and for each of the years ended December 31, 2015, 2016 and 2017, as included elsewhere in this offering memorandum, the unaudited financial information of MPS Acquiring for the year ended December 31, 2017, and the unaudited financial information of Bassilichi for the year ended December 31, 2017, as set out below. The unaudited financial information of MPS Acquiring for the year ended December 31, 2017, and the unaudited financial information of Bassilichi for the year ended December 31, 2017, have been prepared solely for the purposes of the Unaudited Pro Forma Combined Financial Information.

The Unaudited Pro Forma Combined Financial Information set forth below gives effect to the following transactions:

- the acquisition of MPS Acquiring on June 30, 2017 and the acquisition of Bassilichi on July 3, 2017 (together the "Pro Forma Acquisitions");
- the Refinancing, including the Private Placement;
- the Offering, including the use of proceeds thereof as described under "*Use of Proceeds*";
- the Reorganization, including the Holdco Loan;
- the entry into by the Nexi Payments Business of new settlement obligations, principally including the Settlement Obligations Factoring Agreement (the "Funding Reorganization");
- certain agreements between the Nexi Payments Business and Bankco (the "Service Agreements"); and
- the transaction costs associated with the Pro Forma Acquisitions and the Reorganization (the "Transaction Costs" and, together with the Pro Forma Acquisitions, the Refinancing, the Funding Reorganization and the Service Agreements, the "Pro Forma Transactions").

It should be noted that the Unaudited Pro Forma Combined Financial Information does not reflect the effect of the acquisition of DB Acquiring which is not considered material for the Nexi Payments Business relative to the Pro Forma Acquisitions.

The unaudited pro forma adjustments are preliminary and are based upon currently available information and certain assumptions, described in the accompanying notes to the Unaudited Pro Forma Combined Financial Information stated below that management believes to be reasonable. Actual results may differ materially from the assumptions contained in Unaudited Pro Forma Combined Financial Information.

The Unaudited Pro Forma Combined Statement of Financial Position as of December 31, 2017 assumes that the completion of the Pro Forma Transactions had occurred on December 31, 2017. The Unaudited Pro Forma Combined Statement of Profit or Loss for the year ended December 31, 2017 assumes that the completion of the Pro Forma Transactions had occurred on January 1, 2017.

As the Unaudited Pro Forma Combined Financial Information has been prepared to retrospectively reflect the effects of subsequent transactions, there are limits associated with the nature of the Unaudited Pro Forma Combined Financial Information. The Unaudited Pro Forma Combined Statement of Profit or Loss does not reflect the non-recurring effects that are closely linked to the Pro Forma Acquisitions and to the Reorganization (see note 6 to the Unaudited Pro Forma Combined Statement of Financial Position). Further, the Unaudited Pro Forma Combined Statement of Profit or Loss does not reflect the effects of potential cost synergies that the Company expects to realize through the Pro Forma Acquisitions and the Reorganization.

The Unaudited Pro Forma Combined Financial Information is based on management's estimates regarding the adjustments arising from the Pro Forma Transactions. The Unaudited Pro Forma Combined Financial Information is for informational purposes only and does not purport to represent or to be indicative of the consolidated results of operations or financial position that the Group would have reported had the Pro Forma Transactions been completed as of the dates indicated, and is not, and should not be taken as, representative of the Group's future consolidated results of operations or financial position, nor does it purport to project the Group's financial position as of any future date or results of operations for any future period.

The Unaudited Pro Forma Combined Financial Information is prepared on the basis of the historical financial information derived from the Financial Statements and information detailed above, adjusted to reflect the effects of the Pro Forma Transactions.

Unless otherwise indicated, all amounts set forth in the Unaudited Pro Forma Combined Financial Information are expressed in millions of euros.

The Unaudited Pro Forma Combined Financial Information was not prepared in accordance with the requirements of Rule 11-02 of Regulation S-X under the U.S. Securities Act or the Prospectus Directive or any other regulations of the SEC or any other regulator. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed. This Unaudited Pro Forma Combined Financial Information should be read in conjunction with the accompanying notes and assumptions as well as our historical Financial Statements and related notes included in this offering memorandum and the sections entitled "*Presentation of Financial and Other Information,*" "*The Transactions*," "*Use of Proceeds*," "*Capitalization*," "*Selected Financial Information,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Description of Certain Financing Arrangements—Settlement Obligations.*"

Unaudited Pro Forma Combined Financial Statements

Unaudited Pro Forma Combined Statement of Financial Position as of December 31, 2017

		Pro Forma Adjustments					
(€ millions)	Nexi Payments Business Carve-out	Holdco Loan	Private Placement and Offering	Use of Proceeds	Factoring Agreement	Other	Total pro forma
	(1)	(2)	(3)	(4)	(5)	(6)	
Assets							
Cash and cash equivalents	134.4	—	2,534.5	(2,534.5)	—	(14.0)	120.4
Financial assets designated at fair value through profit and loss	0.2	—	—	—	—	—	0.2
Available-for-sale financial assets	83.3	—	—	—	—	—	83.3
Loans and receivables with banks	346.0	—	—	—	—	—	346.0
Loans and receivables with customers	2,779.4	—	—	—	(1,777.0)	—	1,002.4
Property, equipment	157.2	—	—	—	—	—	157.2
Investment property	6.2	—	—	—	—	—	6.2
Intangible assets	2,650.5	—	—	—	—	5.4	2,655.9
Tax assets	54.2	—	—	—	—	2.5	56.8
Current	*28.1*	—	—	—	—	*2.5*	*30.6*
Deferred	*26.2*	—	—	—	—	—	*26.2*
Other assets	361.6	—	—	—	—	—	361.6
Total assets	**6,573.1**	**—**	**2,534.5**	**(2,534.5)**	**(1,777.0)**	**(6.1)**	**4,790.0**
Liabilities and net investments							
Due to banks	2,492.6	—	—	—	(1,777.0)	—	715.6
Bond issued	—	—	2,534.5	—	—	—	2,534.5
Due to customers	63.4	380.0	—	(380.0)	—	—	63.4
Financial liabilities held for trading	7.1	—	—	—	—	—	7.1
Hedging derivatives	5.5	—	—	—	—	—	5.5
Tax liabilities	135.3	—	—	—	—	—	135.3
Current	*3.2*	—	—	—	—	—	*3.2*
Deferred	*132.1*	—	—	—	—	—	*132.1*
Other liabilities	795.3	—	—	—	—	—	795.3
Post-employment benefits	19.6	—	—	—	—	—	19.6
Provisions for risks and charges	33.2	—	—	—	—	—	33.2
pensions and similar obligations	—	—	—	—	—	—	—
other provisions	*33.2*	—	—	—	—	—	*33.2*

Total liabilities	**3,552.0**	**380.0**	**2,534.5**	**(380.0)**	**(1,777.0)**	**—**	**4,309.5**
Net investments	**3,021.1**	**(380.0)**	**—**	**2,154.5**	**—**	**(6.1)**	**480.5**
Total liabilities and net investments	**6,573.1**	**—**	**2,534.5**	**(2,534.5)**	**(1,777.0)**	**(6.1)**	**4,790.0**

(1) This represents the consolidated statement of financial position of the Nexi Payments Business as of December 31, 2017, derived from the Financial Statements of the Nexi Payments Business.

(2) This represents the pro forma adjustments for the Holdco Loan. The Holdco Loan will be repaid with the proceeds from the Offering. See "*The Transactions—The Refinancing*."

(3) This represents the pro forma adjustments to the statement of financial position adjusted for the issuance of €2,200 million in aggregate principal amount of Notes and €400 million in aggregate principal amount of Private Notes, net of the estimated transaction costs and other costs as shown in the following table:

(€ million)	
Total amount of the Financing	2,600
Bank fees	(39.0)
Other costs (legal, issuance, other costs)	(5.0)
Interest during the escrow period	(12.0)
Cost of deposit during the escrow period	(1.0)
Original issue discount	(8.5)
Net proceeds	**2,534.5**

(4) On the Escrow Release Date, the net proceeds from the Offering will be released from the escrow account, and the Issuer will transfer such proceeds and the proceeds from the issuance of the Private Notes to the Company via one or more proceeds loans. The Company will then upstream the proceeds so received to its immediate parent, Holdco, in part through a loan and in part through repayment of the Holdco Loan created in connection with the Reorganization. Holdco will then upstream the proceeds so received to the Sponsors' Holdcos via loans.

Following the Escrow Release Date, the Company will convene a Shareholders' Meeting and declare a dividend to its shareholders. The portion of such dividend that is due to Holdco, in its capacity as the Company's majority shareholder, will be offset against any loans under which the proceeds of the Offering were passed on to Holdco. This reflects the estimated related pro forma effects, as detailed below:

- the decrease of "Cash and cash equivalents" by €2,534.5 million relating to the proceeds of the Offering and the proceeds from the issuance of the Private Notes;
- the reimbursement of the Holdco Loan for €380.0 million; and
- the decrease of "Net investments" by €2,154.5 million.

(5) The main facility under the Settlement Obligations Factoring Agreement will be a non-recourse factoring facility with a funding limit of €2,800 million, which will be available to fund accounts receivable outstanding from cardholders of certain designated partner banks. Because the economic risk and benefit associated with these accounts receivable will be transferred to UCF (as defined herein) under the Settlement Obligations Factoring Agreement, neither the factored receivable nor the associated utilization under the Settlement Obligations Factoring Agreement will be included in our balance sheet. This column reflects the estimated pro forma effects that we expect to result from entering into the Settlement Obligations Factoring Agreement. Below is a breakdown of "due to banks" and "Loans and receivables with customers" on both historical and pro-forma basis:

		Pro Forma Adjustments	
(€ million)	**Nexi Payments Business Carve-out**	**Factoring Agreement**	**Total pro forma**
Due to Nexi and other Banks (settlement obligations)	1,871.0	(1,777.0)	94.0
Revolving cards (Partners Banks) (settlement obligations)	181.6	—	181.6
IntesaSanpaolo (Mercury Funding Facility) (settlement obligations)	171.6	—	171.6
Other banks (other than settlement obligations)	57.6	—	57.6
Bank commission fees	210.8	—	210.8
Due to banks	**2,492.6**	**(1,777.0)**	**715.6**

		Pro Forma Adjustments	
(€ million)	**Nexi Payments Business Carve-out**	**Factoring Agreement**	**Total pro forma**
Ordinary Credit Cards	2,104.4	(1,777.0)	327.4
Receivables with member international circuits and member merchant with said companies	453.7	—	453.7

Revolving Credit Cards	214.1	—	214.1
Personal Loans	6.4	—	6.4
Other assets	0.8	—	0.8
Loans and receivables with customers	**2,779.4**	**(1,777.0)**	**1,002.4**

(6) The Company estimates that it will incur non-recurring costs of approximately €14 million directly attributable to the Pro Forma Acquisitions and Reorganization, out of which €5.4 million are expected to relate to capital expenditures. This column reflects the pro forma adjustments for the aforementioned expenses on cash and cash equivalents, after the estimated tax effect. The related tax effect was determined on the basis of an estimated average tax rate of 29.6%.

Unaudited Pro Forma Combined Statement of Profit or Loss for the Year Ended December 31, 2017

(€ million)	Nexi Payments Business Carve-out	Pro Forma Adjustments							Total pro forma
		MPS Acquiring business—First Half 2017	Bassilichi First Half 2017	Private Placement and Offering	Financing of the Pro Forma Acquisitions	Funding Reorganization	Service Agreements and other minor adjustments	Intercompany transactions	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Net fee and commission income	864.8	39.1	73.4	—	—	—	12.7	(19.1)	970.9
Net interest income	(15.6)	—	(1.5)	(108.7)	(3.7)	(2.5)	—	—	(132.0)
Net trading / hedging/financial assets at fair value income and gain on disposal of investment	(0.4)	—	—	—	—	—	—	—	(0.4)
Net revenues from equity investments and AFS investments	0.3	—	—	—	—	—	—	—	0.3
Net operating revenue	**849.1**	**39.1**	**71.9**	**(108.7)**	**(3.7)**	**(2.5)**	**12.7**	**(19.1)**	**838.8**
Payroll and related costs	(195.5)	(0.9)	(23.8)	—	—	—	(9.3)	—	(229.5)
Other administrative expenses	(444.0)	(14.8)	(46.4)	—	—	—	(8.8)	19.1	(494.9)
Administrative expenses	**(639.5)**	**(15.7)**	**(70.2)**	**—**	**—**	**—**	**(18.1)**	**19.1**	**(724.4)**
Other net operating expenses/income	1.1	(1.2)	—	—	—	—	9.9	—	9.8
Impairment losses and net accruals for risks and charges	(2.7)	(0.4)	—	—	—	—	—	—	(3.1)
Operating costs (before depreciation and amortization)	**(641.1)**	**(17.3)**	**(70.2)**	**—**	**—**	**—**	**(8.2)**	**19.1**	**(717.7)**
Operating margin	**208.0**	**21.8**	**1.7**	**(108.7)**	**(3.7)**	**(2.5)**	**4.5**	**—**	**121.1**
Depreciation and amortization	(91.1)	(0.1)	(8.1)	—	—	—	(0.3)	—	(99.6)
Share of gains/losses of associates	2.3	—	(2.6)	—	—	—	—	—	(0.3)
Pre-tax profit	**119.2**	**21.7**	**(9.0)**	**(108.7)**	**(3.7)**	**(2.5)**	**4.2**	**—**	**21.2**
Income taxes	(41.2)	(7.2)	(6.3)	26.1	1.2	0.8	(1.2)	—	(27.8)
Net profit	**78.0**	**14.5**	**(15.3)**	**(82.6)**	**(2.5)**	**(1.7)**	**3.0**	**—**	**(6.6)**

(1) This consists of the statement of profit or loss of the Nexi Payments Business for the year ended December 31, 2017, derived from the Financial Statements of the Nexi Payments Business.

(2) MPS Acquiring has been included in the Nexi Payments Business from June 30, 2017, onwards. The adjustment represents the income statement of the MPS Acquiring business for the period from January 1 to June 29, 2017, derived from the unaudited financial information of MPS Acquiring for the year ended December 31, 2017, prepared solely for the purposes of the Unaudited Pro Forma Combined Financial Information.

(3) Bassilichi has been included in the Nexi Payments Business from July 3, 2017, onwards. The adjustment represents the income statement of Bassilichi from January 1, 2017 until July 2, 2017, derived from the unaudited Bassilichi financial information for the year ended December 31, 2017, prepared solely for the purposes of the Unaudited Pro Forma Combined Financial Information.

(4) This adjustment represents the finance costs related to the Offering and the Private Placement. The aggregate principal amount of the Notes has been assumed at €2,200 million, and the aggregate principal amount of the Private Notes has been assumed at €400 million, in each case, for the sole purpose of the preparation of this Unaudited Pro Forma Financial Information. We have assumed weighted estimated interest rate expenses payable on the Notes and the Private Notes, only to give effect of the issuance of the Notes and the Private Notes in the Unaudited Pro Forma Income Statement, also taking into account the expenses related to the Offering and the Private Placement assumed to be €(108.7) (excluding related tax effects) million. The tax effects of the adjustments have been calculated applying the tax rate of 24.0% (IRES).

(5) In July 2017, the Company paid €564.0 million to finalize the Pro Forma Acquisitions (including the acquisition of DB Acquiring). This represents the increase in finance costs and the estimated tax effect related to the Pro Forma Acquisitions (including the acquisition of DB Acquiring) as if they had occurred on January 1, 2017.

(6) This adjustment represents the estimated pro forma effects on finance costs that may arise from the Funding Reorganization, including the estimated tax effect. This adjustment has been estimated by applying the terms and conditions of the new financing agreements to the average financial obligations within the scope of the Funding Reorganization for the year 2017.

(7) In the context of the Reorganization, Nexi will provide certain services to Bankco. More in details, such services refer to IT and business services. This column reflects the estimated pro forma effects in terms of costs and revenues associated with such services.

(8) This reflects the effects of eliminating the existing intercompany transactions.

Pro forma Segmental Reporting

(€ million)	Nexi Payments Business Carve-out	MPS Acquiring business—First Half 2017	Bassilichi First Half 2017	Private Placement and Offering	Financing of the Pro Forma Acquisitions	Funding reorganization
Merchant Services & Solutions	352.5	39.1	29.6	—	(0.6)	(0.
Cards & Digital Payments	342.1	—	—	—	(3.1)	(0.
Digital Banking Solutions	97.4	—	13.6	—	—	-
Other Services	60.2	—	28.7	—	—	(1.
Operating revenue	**852.2**	**39.1**	**71.9**	**—**	**(3.7)**	**(2.**
Payroll and related costs	(142.9)	(0.9)	(23.8)	—	—	-
Other operating expenses	(354.8)	(16.0)	(46.4)	—	—	-
Impairment losses and net accruals for risk and charge	(7.6)	(0.4)	—	—	—	-
Operating costs (net of depreciation and amortization)	**(505.3)**	**(17.3)**	**(70.2)**	**—**	**—**	**-**
Normalized EBITDA	**346.9**	**21.8**	**1.7**	**—**	**(3.7)**	**(2.**
Depreciation and amortization	(91.1)	(0.1)	(8.1)	—	—	-
Share of gains/losses of associates	2.3	—	(2.6)	—	—	-
Interest expenses on the Offering and the Private Placement	—	—	—	(108.7)	—	-
Non-recurring/extraordinary items(A)	(138.9)	—	—	—	—	-
Pre-tax profit	**119.2**	**21.7**	**(9.0)**	**(108.7)**	**(3.7)**	**(2.**
Income taxes	(41.2)	(7.2)	(6.3)	26.1	1.2	0
Net profit	**78.0**	**14.5**	**(15.3)**	**(82.6)**	**(2.5)**	**(1.**

(A) Represents non-recurring/extraordinary items, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations"

SELECTED FINANCIAL INFORMATION

The following tables present selected financial data of Nexi Payments Business and have been derived from, and should be read in conjunction with, our Financial Statements included elsewhere in this offering memorandum and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Non-GAAP Aggregated Financial Information," "Use of Proceeds" and "Capitalization." See also "Presentation of Financial and Other Information." The Financial Statements are presented in accordance with IFRS. The information below is not necessarily indicative of the results of future operations.

Selected Historical Statement of Profit or Loss and Other Comprehensive Income

	Nexi Payments Business Carve-Out			
	Predecessor (historical)	Successor (historical)	(historical)	
	From January 1, 2015 through December 18, 2015	From December 19, 2015 through December 31, 2015	Year ended December 31	
(€ million)	2015[(1)]		2016	2017
Net fee and commission income	520.3	(0.0)	546.8	864.8
Net interest income	(10.4)	(0.0)	(7.5)	(15.6)
Net trading / hedging/financial assets as fair value income and gain on disposal of investment	0.0	—	(0.5)	(0.4)
Net revenues from equity investments and AFS investments	0.0	—	0.4	0.3
Net operating revenue	**510.0**	**(0.0)**	**539.2**	**849.1**
Payroll and related costs	(96.1)	(0.2)	(112.5)	(195.5)
Other administrative expenses	(271.1)	(7.9)	(308.5)	(444.0)
Administrative expenses	**(367.2)**	**(8.1)**	**(421.0)**	**(639.5)**
Other net operating expenses/income	1.8	0.2	0.4	1.1
Impairment losses and net accruals for risks and charges	(11.3)	—	(8.8)	(2.7)
Operating costs (before depreciation and amortization)	**(376.8)**	**(7.9)**	**(429.5)**	**(641.1)**
Operating margin	**133.2**	**(7.9)**	**109.7**	**208.0**
Depreciation and amortization (including depreciation and amortization on customer contracts)	(27.9)	—	(31.5)	(91.1)
Share of gains/losses of associates	(0.0)	—	0.0	2.3
Pre-tax profit	**105.3**	**(7.9)**	**78.2**	**119.2**
Income taxes	(34.2)	(2.3)	(15.2)	(41.2)
Net profit	**71.1**	**(10.2)**	**62.9**	**78.0**
Loss/(profit) for the period attributable to non-controlling interests	*(3.0)*	—	*(4.1)*	*0.9*
Other comprehensive income		**—**		
Remeasurements of defined benefit liability	0.5	—	0.1	0.0
Available-for-sale financial assets—net changes in fair value	—	—	—	27.1
Total comprehensive income (loss) for the year	**71.6**	**(10.2)**	**63.1**	**105.1**

(1) The consolidated statement of profit or loss of ICBPI for the year ended December 31, 2015, has been included because Holdco's acquisition of ICBPI was completed on December 18, 2015, and Holdco's consolidated statement of profit or loss does not include the results of ICBPI. For periods prior to Holdco's acquisition of ICBPI, the Financial Statements show ICBPI as the predecessor. For periods after the acquisition, Holdco is shown as the successor.

Selected Historical Statement of Financial Position Information

(€ million)	Nexi Payments Business Carve-Out (historical) Year ended December 31,		
	2015	2016	2017
Assets			
Cash and cash equivalents	0.0	8.4	134.4
Financial assets designated at FV through P&L	—	0.1	0.2
Available-for-sale financial assets	218.3	47.6	83.3
Loans and receivables with banks	122.6	336.4	346
Loans and receivables with customers	2,350.8	2,548.3	2,779.4
Property, equipment	81.8	110.0	157.2
Investment properties	6.8	6.5	6.2
Intangible assets	979.5	1,822.2	2,650.5
Tax assets	24.2	46.1	54.3
Other assets	268.4	281.6	361.6
Total assets	**4,052.4**	**5,207.4**	**6,573.1**
Liabilities			
Due to banks	1,967.2	1,859.7	2,492.6
Bond issued	—	—	—
Due to customers	28.3	45.8	63.4
Financial liabilities held for trading	—	—	7.1
Hedging derivatives	—	—	5.5
Tax liabilities	23.3	25.9	135.3
Other liabilities	478.0	540.1	795.3
Post-employment benefits	15.3	16.2	19.6
Provisions for risks and charges	16.2	17.4	33.2
Total liabilities	**2,528.2**	**2,505.1**	**3,552.0**
Net investments	1,524.2	2,702.4	3,021.1
Total liabilities and net investments	**4,052.4**	**5,207.4**	**6,573.1**

Selected Historical Cash Flow Statement Information

(€ million)	Nexi Payments Business Carve-Out (historical) Year ended December 31,		
	2015	2016	2017
Cash flows from operating activities	126.0	(16.5)	712.5
Cash flows used in investing activities	(1,659.9)	(1,159.6)	(890.8)
Cash flows from financing activities	1,533.9	1,184.5	304.3

Selected Historical Segmental Statement of Profit or Loss and Other Comprehensive Income Information

(€ million)	Nexi Payments Business Carve-Out (historical) December 31,		
	2015	2016	2017
Merchant Services & Solutions	180.5	208.0	352.5
Cards & Digital Payments	241.1	234.9	342.1
Digital Banking Solutions	59.2	60.1	97.4
Other Services	29.2	35.3	60.2
Operating revenue	**510.0**	**538.3**	**852.2**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

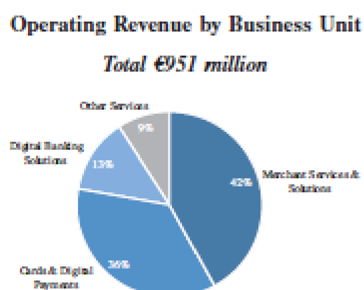
This "Management's Discussion and Analysis of Financial Condition and Results of Operations" is based on information extracted from our Financial Statements and should be read in conjunction with our Financial Statements included elsewhere herein and the sections in this offering memorandum entitled "Presentation of Financial and Other Information," "Unaudited Pro Forma Combined Financial Information" and "Unaudited Non-GAAP Aggregated Financial Information." Prospective investors should read the entire offering memorandum and not just rely on the information set out below. The following discussion of our results of operations and financial condition contains forward-looking statements. Our actual results could differ materially from those that we discuss in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this offering memorandum, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are the leading paytech company in Italy. Our technology connects banks, merchants and consumers and enables them to make and receive digital payments. Our business is built on deeply-ingrained relationships with approximately 150 partner banks, which span more than 80% of the domestic banking sector. Our payment services hold leading market positions in Italy, serving 30 million cardholders and 860,000 merchants. With this platform, we are uniquely positioned to continue to grow with the Italian digital payments market, where card payments penetration is rapidly increasing from a lower base relative to other large European economies. We are committed to proactively driving the ongoing transition from cash to digital payments in Italy, with a focus on innovative products and best-in-class customer experience.

We have a history of growth through both organic development and synergistic acquisitions, as well as a successful financial track record characterized by strong cash flows and profitability. On a pro forma basis, we managed a stock of over 44 million payment cards and processed approximately 5 billion card transactions with a combined volume of € 418 billion comprising issuing volumes of €186.1 billion and acquiring volumes of €232.4 billion as of and for the year ended December 31, 2017. On a pro forma basis for the year ended December 31, 2017, we generated operating revenue of €951 million.

We conduct our business through four business units: Merchant Services & Solutions, Cards & Digital Payments, Digital Banking Solutions and Other Services. The graph below sets forth our operating revenue by business unit on a pro forma basis for the year ended December 31, 2017:



Merchant Services & Solutions: Through our Merchant Services & Solutions business unit, we supply merchants with the necessary infrastructure to enable digital payment acceptance, and we execute card payments on the merchant's behalf. The services performed within our Merchant Services & Solutions business unit can be divided into core acquiring services and POS management. Core acquiring services are financial services such as the settlement of card payments to our merchants, technology services aimed at the fast, reliable and secure authentication and execution of payment transactions, and administrative services such as payment tracking and data analytics. POS management involves the configuration, activation and maintenance of the hardware and software required for digital payments, which is installed both at physical POS such as shops, grocery stores, restaurants, taxis, hotels and vending machines and online POS such as websites and mobile applications. Core acquiring and POS management services are usually sold as a bundle, which offers customers a full service benefit. We provide the majority of our acquiring services in cooperation with our partner banks. As a result, we benefit from their existing relationships and extensive branch networks for customer origination, while providing them with the benefit of our expertise and scale in the areas of procurement, processing and data security. However, we also serve certain merchants directly through our direct acquiring activities, with the partner bank acting solely as

referral partner. Our Merchant Services & Solutions business unit generated €401 million, or 42%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Cards & Digital Payments: Through our Cards & Digital Payments business unit, we and our partner banks provide a wide spectrum of services in connection with the issuance of payment cards to cardholders, including product development and procurement services relating to the design and production of durable and secure payment cards, anti-fraud and customer support services, pricing services, banking services such as the provision of an underlying credit allowance or savings account and credit scoring services, financial services such as the prefunding of card payments, technology services to ensure the fast, reliable and secure authentication and execution of payment transactions, administrative services such as payment tracking and monthly billing and data analytics services. We almost exclusively act alongside partner banks in the provision of issuing services, with our partner banks assuming the underlying cardholders' credit risk. We service most of the card issuing needs of our partner banks, allowing them to focus on their core lending business. Our Cards & Digital Payments business unit generated €338 million, or 36%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Digital Banking Solutions: In our Digital Banking Solutions business unit, we provide clearing services, digital corporate banking services, financial supply chain services and ATM management services. Clearing services comprise the provision of infrastructure for and management of the execution of account-based payments. We also operate as a clearing house for domestic and international SEPA payments. Our digital corporate banking services provide digital solutions to banks and corporate clients to help them manage their bank accounts and payments, such as a customizable e-banking platform. Our Digital Banking Solutions business unit also provides our market-leading CBI Gateway services. The CBI Gateway 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. ATM management services range from the complete management of an ATM fleet for banks to managing discrete parts of the value chain based on customer needs. Our Digital Banking Solutions business unit generated €124 million, or 13%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Other Services: Our Other Services business unit includes our remaining business activities which consist of strategically relevant business process outsourcing services and Help Line. Our Other Services business unit generated €88 million, or 9%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Key Factors Affecting Results of Operations and Financial Condition

Set forth below is a description of the key factors that affected our results of operations and financial condition during the periods presented.

Overview

In our Merchant Services & Solutions business unit, we generate revenue from percentage fees in an amount equal to a fraction of each payment transaction we settle on behalf of a merchant, flat fees that are charged per transaction we settle, set-up fees for each POS installation, and maintenance fees for each POS we manage. Consequently, our revenue in this business unit is mainly driven by the value and number of card transactions we settle and the number of POS we manage. Additionally, the number and size of our fees varies depending on whether the underlying contract is a direct acquiring, traditional licensing, associate licensing, servicing or direct acquiring contact.

In our Cards & Digital Payments business unit, our revenue derives from annual fees charged per card we manage, percentage fees in an amount equal to a fraction of each payment transaction we settle on behalf of a cardholder, flat fees that are charged per transaction we execute, and a funding margin that becomes payable on the outstanding balance of card payments we prefund in the ordinary course of our business. As a result, our revenue is primarily driven by the number of payment cards we manage, the value and number of card payments we prefund, and the magnitude of the funding margin. In addition, the number and size of our fees varies depending on whether the underlying contract is a direct issuing, traditional licensing, associate licensing or servicing contract.

Our Digital Banking Solutions business unit derives revenue from fees per clearing transaction, fees per e-banking license, fixed fees for certain recurring services, fees per managed ATM and fees per completed ATM cash withdrawal. As a result, our revenue is primarily impacted by the number of executed clearing transactions, the number of managed e-banking licenses, the number of managed ATMs and our pricing.

The table below sets forth on a non-GAAP aggregated basis certain of the key operating metrics through which we measure performance in our business units.

	As of and for the year ended December 31,		
	2015	2016	2017
Number of managed transactions (in millions)	4,216	4,572	4,976
Issuing[(1)]	*1,795*	*1,955*	*2,134*
Acquiring[(1)]	*2,423*	*2,616*	*2,841*
Number of managed cards (in thousands)	41,504	41,968	44,212
Debit cards[(1)]	*20,914*	*21,630*	*22,690*
Charge cards[(1)]	*11,442*	*11,679*	*11,915*
Prepaid cards[(1)]	*8,733*	*8,261*	*9,240*
Credit cards[(1)]	*416*	*397*	*367*
Value of card transactions (€ million)	380,486	397,417	418,431
Issuing[(1)]	*168,805*	*176,951*	*186,063*
Acquiring[(1)]	*211,681*	*220,466*	*232,368*
Number of managed POS (in thousands)	1,213	1,274	1,385
Number of clearing transactions (in thousands)	682,947	868,719	914,960
Number of e-banking licenses (in thousands)	507	524	519
Number of managed ATMs (in thousands)	22	21	21

(1) The figures presented above aggregate the number of transactions managed under our licensing, servicing and direct issuing and acquiring models.

Card Payment Volumes

We generate revenue in our Merchant Services & Solutions and Cards & Digital Payments business units in part from fees that are driven by the value and number of card payment transactions we execute in our capacity as card issuer and merchant acquirer, respectively. As a result, our revenue in these businesses fluctuates in line with the overall number and size of card payment transactions executed in Italy (card payment volume), the percentage of these transactions that we execute (market share) and the level of our fees.

The volume of Italian card payment transactions primarily depends on consumer spending and card payments penetration in the Italian market. Consumer spending is correlated with GDP growth and the level of general economic activity in Italy. We believe that a sustained increase in GDP growth in Italy would likely lead to increased consumer spending, thereby also positively impacting Italian card payment volumes. Card payments penetration in Italy has historically been low relative to other European markets, and we believe this provides us with a significant opportunity as the market leader in Italy to grow in tandem with overall card payments penetration.

A number of other factors also affect Italian card payment volumes. These include a government and regulatory emphasis on digital payments, which has the effect of increasing tax receipts, and limiting the scope of the shadow economy, since digital payments are recorded, generate receipts and create an electronic footprint. In addition, the increasing adoption of eCommerce, mCommerce and mobile wallets, both of which involve cashless payment, and are preferred by the younger generations is further stimulating the increased penetration of payment card use and card payment volumes in Italy.

Managed Payment Cards, POS and ATMs

Our business units also generate fees based on the number of payment cards, POS and ATMs managed. Apart from the overall installed base of payment cards, POS and ATMs in Italy, these fees are driven by our pricing and market share. We believe that we are the leading card issuer by number of managed cards, the largest POS manager by number of managed POS and the largest ATM manager by number of managed ATMs in Italy.

POS management fees also depend on the scale of the merchant customer. We benefit from an attractive customer mix skewed toward SME merchants, who we consider high-value customers, and are the leading merchant acquirer in the SME sector for the year ended December 31, 2017 (by value of Visa/MasterCard transactions). We believe we are well-positioned as a key partner of the majority of Italy's banks to access the highly-fragmented SME sector in Italy, as our partner banks serve as a key distribution channel for our services.

Additionally, due to different fee levels between payment cards, our fee income from our Merchant Services & Solutions and Cards & Digital Payments business units is driven by the mix of payment cards used in

the Italian economy. Charge and credit cards are not only used more often than prepaid cards, but also attract higher fee income per card than debit and prepaid cards (in part due to the services we typically provide in respect of charge and credit cards). As of December 2015, for example, when the newly introduced cap on interchange fees in Europe became effective, interchange fees for Visa/MasterCard consumer debit and prepaid cards are capped at 0.2%, whereas interchange fees for consumer credit cards are capped at 0.3%.

Partner Banks

The majority of revenue in our Merchant Services & Solutions and Cards & Digital Payments business units derives from partnership agreements with Italian banks. Under these agreements, our partner banks provide a portion of the relevant services and also serve as referral networks that connect us with potential cardholder and merchant customers. In return, each partner bank receives a share of the fee income generated by our joint customers. Our partnership agreements can be classified into traditional licensing, licensing associate and servicing agreements, with our service scope and fee allocation decreasing in that order. To certain customers we provide our services directly without the involvement of partner banks. As a result, our net operating revenue is impacted by the mix of partnership agreements.

We have relationships with the vast majority of banks operating in Italy, and no single partner bank accounted for more than 18% of our net operating revenue in the year ended December 31, 2017. Partner banks acts as distributors and referral partners for a significant number of our services. These relationships are mutually beneficial because they allow partner banks to offer comprehensive services to their customers, whilst outsourcing certain activities to us enabling them to benefit from our economies of scale. We benefit from the large branch networks and customers relationships of these partner banks without the incurrence of related infrastructure costs. As a result, our business depends to a certain degree on the market share and marketing efforts of the Group's partner banks.

In addition, our results of operations are dependent on the continuation of our relationships with existing partner banks. In connection with the ICBPI Acquisition, our Former Shareholder Banks, which accounted for approximately 37% of our net operating revenue for the year ended December 31, 2017, have agreed to extend the terms of their contracts with us until five years after consummation of the ICBPI Acquisition, subject to the right to renegotiate terms after six months and the right of the selling banks to terminate after three years, and to maintain their level of business with us for a certain period of time. MPS Acquiring's contract with BMPS and the Mercury Payments' card issuing and POS contract with Intesa Sanpaolo each have terms of ten years as of the closing date of each acquisition.

Settlement Obligations

In the ordinary course of our business we fund and settle card payments on behalf of cardholders and merchants, drawing on liquidity available under the agreements governing our settlement obligations. Our business mix results in varied funding requirements, with the licensing agreements in our Merchant Services & Solutions and Cards & Digital Payments business units generating higher funding requirements than servicing agreements. This is due to the fact that under the servicing model partner banks fund their customers' card payments themselves. Since we typically receive payment from cardholder customers on the 15th day of each month, our funding requirements typically peak on the 15th of each month and reach their lowest monthly level on the subsequent day after payment is received. On an annual basis, funding requirements typically peak during December and January of each year, as a result of purchases during the holiday season.

Our statement of financial position is impacted by our funding activity, because the statement of financial position line items in which the various sources and uses of funding liquidity are recognized fluctuate substantially between the period-ends shown in our Financial Statements. Short-term effects and longer-term trends drive these fluctuations. We recognize cardholder receivables associated with our ordinary course funding activities under loans and receivables with banks and loans and receivables with customers, and we recognize associated liabilities under liabilities due to banks and liabilities due to customers.

Seasonality

Seasonality affects our results, in particular our Cards & Digital Payments business unit, with the revenues derived from the Cards & Digital Payments business unit typically greater in the second half of the year. The Cards & Digital Payments business unit experiences increased numbers of card transaction sand increased transaction volumes during the summer months, as a result of spending on tourism, and during December, as a result of holiday shopping. These trends also affect our funding requirements, as our requirement to fund payables typically peak during the summer and the winter holiday periods.

Information and Communications Technology

A significant part of our business depends on information technology. For instance, we rely on information and communications technology ("ICT") platforms for the authorization of payment transactions, ATM management, POS management, clearing and settlement (ACH) services, web portals, mobile apps, customer relationship management ("CRM") tools and fraud management. Expenditures for and investments in ICT are critical in our industry and ICT costs accounted for €275 million, or 32%, of our net operating revenue in the year ended December 31, 2017. In addition, the decision to insource or outsource the development, provision and maintenance of these systems affects our results of operations. Technological changes in our industry could also require significant additional investment, which would affect its results of operations.

Key Factors Affecting the Comparability of our Results of Operations

Acquisitions

We have historically made a number of strategic acquisitions to complement our organic growth. These include, amongst others, the acquisitions of the merchant acquiring business of Banca Carige, which is expected to close in the third quarter of 2018, MPS Acquiring, DB Acquiring, Bassilichi and Mercury Payments. These acquisitions have affected our results of operations in a number of ways. First, our financial results and key performance indicators for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired business in our consolidated results. For example, the acquisitions of the Mercury Payments and MPS Acquiring contributed 16% and 8% to our net operating revenue for the year ended December 31, 2017. Because we only consolidate acquired companies from the date of their acquisition, the full impact of these companies' results is only reflected in the subsequent financial year. Second, our results are negatively impacted by integration costs and positively impacted by commercial (such as market positioning and relationships), operating (such as economies of scale, skill and know-how transfer and improved operating processes) and procurement synergies (mainly relating to ICT and other operating costs). The businesses we acquire may carry a significant amount of goodwill and finite life intangible assets. Under IFRS, we evaluate the recoverability and measure the potential impairment of goodwill annually or at interim closing dates if an impairment indicator, whether internal or external, is identified and may record charges in case of impairment.

Impact of Non-Recurring Items

Non-recurring items impact our historical results. The impact of these items can affect the comparability between periods. During the periods presented we recognized certain non-recurring income and/or charges which reflect measures aimed at revenue increases, cost savings, organizational improvements and M&A initiatives. Non-recurring charges also include taxes on M&A transactions.

Our operating margin for the year ended December 31, 2015, 2016 and 2017 included €2.9 million (predecessor), €69.9 million and €139.0 million of non-recurring costs (net of non-recurring income), respectively. In 2016 and 2017, a portion of our non-recurring costs related to our management changeover which resulted in one-off hiring and termination costs. In 2017, we incurred costs in connection with rationalizations and the associated negotiations with employee representatives, as a result of which we signed a restructuring plan which was accepted by 300 employees, with the agreed exits to take effect over the following two-year period.

Regulation

Our historical results and future results are impacted by the different regulatory regimes our Group has and will be subject to. Following the Reorganization, the Group will no longer be subject to the regulated activities which will form part of Bankco as part of the spin-off of certain activities in the Reorganization. The Group will be focused on payment activities and as a result the costs related to regulatory compliance as well as our ongoing reporting requirements (which differ to the reporting required as part of a Group with regulated banking activities) will differ.

Explanation of Key Line Items

The following section provides a summary of the key Financial Statements statement of profit or loss line items.

Net Operating Revenue

Net fee and commission income and expense are recognized on an accruals basis. Specifically, trading commissions on securities are recognized when the service is rendered. Fees and commissions included in

amortized cost to calculate the effective interest rate are excluded from fee and commission income as they are recognized under interest.

Interest income and expense and related income and expense relate to cash and cash equivalents, non-derivative financial assets and liabilities held for trading, AFS financial assets, loans and receivables, liabilities. Interest income and expense are recognized in profit or loss on all instruments measured at amortized cost, using the effective interest method.

In addition to the above, net operating revenue also includes net trading/hedging/financial assets at fair value income and gain on disposal of investment, and net revenues from equity investments and AFS investments.

Payroll and Related Costs

Payroll and related costs primarily include expenditures for wages and salaries, social security charges, post-employment benefits and other employee benefits.

Other Administrative Expenses

Other administrative expenses primarily include costs for services including data and card processing, post office, valuables transportation and couriers, maintenance and lease, professional services and taxes and duties.

Impairment Losses and Net Accruals for Risks and Charges

Impairment losses and net accruals for risks and charges primarily include net provisions for frauds and for other risks and charges, as well as net adjustments for impairment of loans.

Depreciation and Amortization

Depreciation and amortization (including depreciation and amortization on customer contracts) includes impairment loss and depreciation of tangible assets and impairment loss and amortization of intangible assets.

Income Taxes

Income taxes consist of the sum of current and deferred taxes on the profit for the period.

Results of Operations

The following table provides an overview of our carve-out results of operations for the years ended December 31, 2015, 2016 and 2017, as reported pursuant to IFRS. In addition, as the ICBPI Acquisition took place on December 18, 2015, we have included statement of profit or loss data of the predecessor for the period from January 1 to December 18, 2015 and the successor for the period from December 19 to December 31 2015.

			Year ended December 31,	
	From January 1, 2015 through December 18, 2015	From December 19, 2015 through December 31, 2015	2016	2017
(€ million)	Predecessor	Successor		
Net operating revenue	**510.0**	**0.0**	**539.2**	**849.1**
Payroll and related costs	(96.1)	(0.2)	(112.5)	(195.5)
Other administrative expenses	(271.1)	(7.9)	(308.5)	(444.0)
Other net operating expenses/income	1.8	0.2	0.4	1.1
Impairment losses and net accruals for risks and charges	(11.3)	—	(8.8)	(2.7)
Operating margin	**133.2**	**(7.9)**	**109.7**	**208.0**
Depreciation and amortization (including depreciation and amortization on customer contracts)	(27.9)	—	(31.5)	(91.1)
Share of gains/losses of associates	—	—	—	2.3
Pre-tax profit	**105.3**	**(7.9)**	**78.2**	**119.2**
Income taxes	(34.2)	(2.3)	(15.3)	(41.2)
Net profit	**71.1**	**(10.2)**	**62.9**	**78.0**

Set forth below is a discussion of our historical results of operations, as presented in our Financial Statements, for each of the years ended December 31, 2015, 2016 and 2017. As the results for the year ended December 31, 2015 for the successor relate mainly to transaction costs incurred in relation to the ICBPI Acquisition, they are non-recurring and therefore not comparable to the results in subsequent years. As such, only the predecessor results for the year ended December 31, 2015 are presented for the comparison performed with the results for the year ended December 31, 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

The following table sets forth certain items from our carve-out statement of profit or loss for the years ended December 31, 2016 and 2017, and as a percentage of net operating revenue.

	Year ended December 31,					
	2016		2017		Change	
	(€ million)	(% of net operating revenue)	(€ million)	(% of net operating revenue)	(€ million)	(%)
Net operating revenue	**539.2**	**100.0%**	**849.1**	**100.0%**	**309.9**	**57.5%**
Payroll and related costs	(112.5)	(20.9)%	(195.5)	(23.0)%	(83.0)	73.7%
Other administrative expenses	(308.5)	(57.2)%	(444.0)	(52.3)%	(135.5)	43.9%
Other net operating expenses/income	0.4	0.1%	1.1	0.1%	0.7	175.0%
Impairment losses and net accruals for risks and charges	(8.8)	(1.6)%	(2.7)	(0.3)%	6.1	(68.2)%
Operating margin	**109.7**	**20.3%**	**208.0**	**24.5%**	**98.2**	**89.6%**
Depreciation and amortization (included depreciation and amortization on customer contracts)	(31.5)	(5.8)%	(91.1)	(10.7)%	(59.6)	189.2%
Share of gains/losses of associates	—	—	2.3	0.3%	2.3	n.a.
Pre-tax profit	**78.2**	**14.5%**	**119.2**	**14.0%**	**41.0**	**52.4%**
Income taxes	(15.3)	(2.8)%	41.2	(4.8)%	(25.8)	169.6%
Net profit	**62.9**	**11.7%**	**78.0**	**9.2%**	**15.1**	**24.0%**

As mentioned above, the closing of the acquisition of MPS Acquiring as of and from June 30, 2017, of Bassilichi as of and from July 3, 2017 and of Mercury Payments as of and from December 15, 2016, affects the comparability of our results of operation for the years ended December 31, 2017 and 2016, because our results for the year ended December 31, 2016, do not include the results of operations of the acquired businesses for any portion of the year, while our results for the year ended December 31, 2017, include the results of Bassilichi and MPS Acquiring for the second half of the year and the results of Mercury Payments for the entire year.

Net Operating Revenue

Net operating revenue for the year ended December 31, 2017, amounted to €849.1 million, an increase of €309.9 million, or 57.5%, compared to €539.2 million for the year ended December 31, 2016. For the year ended December 31, 2017 and 2016, net operating revenue included non-recurring costs of €3.1 million and non-recurring income of €0.9 million. For the year ended December 31, 2017, non-recurring costs refer to charges against net operating revenue amounting to €3.1 million and related to commercial discounts on payments services recognized by Bassilichi to BMPS in relation to the relevant framework service agreements which will expire in June 2019. For the year ended December 31, 2016, non-recurring revenue items related to interest income received from a litigation settlement. Excluding the effect of such non-recurring income, net operating revenue would have increased by €313.9 million or 58.3% from €538.3 million in the year ended December 31, 2016 to €852.2 million in the year ended December 31, 2017.

The following table set forth our net operating revenue normalized for the impact of non-recurring items (operating revenue) for the years ended December 31, 2016 and 2017.

	Year ended December 31,					
	2016		2017		Change	
	(€ million)	(% of operating revenue)	(€ million)	(% of operating revenue)	(€ million)	(%)
Merchant Services & Solutions	208.0	38.6%	352.5	41.4%	144.5	69.5%
Cards & Digital Payments	234.9	43.6%	342.1	40.1%	107.2	45.6%
Digital Banking Solutions	60.1	11.2%	97.4	11.4%	37.3	62.1%
Other Services	35.3	6.6%	60.2	7.1%	24.9	70.5%
Operating revenue	**538.3**	**100.0%**	**852.2**	**100.0%**	**313.9**	**58.3%**

Operating revenue with respect to the Merchant Services & Solutions business unit for the year ended December 31, 2017 amounted to €352.5 million, an increase of €144.5 million, or 69.5%, compared to €208.0 million for the year ended December 31, 2016. The increase was primarily attributable to the contribution of MPS Acquiring and Bassilichi for the six months ended December 31, 2017 amounting to €56.7 million and of Mercury Payments for the full year 2017 amounting to €63.3 million. Excluding such effect, operating revenue with respect to the Merchant Services & Solutions business unit would have increased by €24.5 million or 11.8% from €208.0 million for the year ended December 31, 2016 to €232.5 million for the year ended December 31, 2017 primarily as a result of an increase in number and values of merchant transactions and number of managed POS terminals.

Operating revenue with respect to the Cards & Digital Payments business unit for the year ended December 31, 2017 amounted to € 342.1 million, an increase of €107.2 million, or 45.6%, compared to €234.9 million for the year ended December 31, 2016. This increase was primarily attributable to the effect of the consolidation of Mercury Payments for the full year 2017 amounting to € 89.9 million. Excluding such effect, Operating revenue with respect to the Cards & Digital Payments business unit would have increased by €17.3 million or 7.4% from €234.9 million in 2016 to €252.2 million in 2017 mainly as a result of an increase in the number and values of card transactions.

Operating revenue with respect to the Digital Banking Solutions business unit for the year ended December 31, 2017 amounted to €97.4 million, an increase of €37.3 million, or 62.1%, compared to €60.1 million for the year ended December 31, 2016. The increase was primarily attributable to the effect of the consolidation of the operations of Bassilichi for the six months ended December 31, 2017 (amounting to €36.7 million). Excluding such effect, operating revenue with respect to the Digital Banking Solutions business unit would have been substantially unchanged over the two-year period amounting to €60.1 million for the year ended December 31, 2016 and to €60.7 million for the year ended December 31, 2017.

Operating revenue with respect to the Other Services business unit for the year ended December 31, 2017 amounted to €60.2 million, an increase of €24.9 million, or 70.5%, compared to €35.3 million for the year ended December 31, 2016. The increase was primarily attributable to the effect of the consolidation of the operations of Bassilichi for the six months ended December 31, 2017 amounting to €25.1 million partially offset by the consolidation of Mercury Payments for the full year 2017 amounting to a charge of €1.8 million. Excluding such

effect, operating revenue with respect to our Other Services business unit would have increased by €1.6 million or 4.5% from €35.3 million in 2016 to €36.9 million in 2017.

Excluding the effect of the consolidation of Bassilichi and MPS Acquiring for the six months ended December 31, 2017 and of Mercury Payments for the full year ended December 31, 2017, operating revenue would have increased by €44.0 million, or 8.2% from €538.3 million in 2016 to €582.3 million in 2017.

Payroll and Related Costs

Payroll and related costs for the year ended December 31, 2017 amounted to €195.5 million, an increase of €83.0 million, or 73.7%, compared to €112.5 million for the year ended December 31, 2016. Payroll and related costs as a percentage of operating revenue amounted to 23.0% and 20.9% for the years ended December 31, 2017 and 2016, respectively.

For the year ended December 31, 2017 and 2016, payroll and related costs included €52.5 million and €15.9 million of non-recurring costs, respectively. Such non-recurring costs mainly related to restructuring plans (€48.6 million for the year ended December 31, 2017 and nil for the year ended December 31, 2016) and to the additions to our senior management (€3.9 million for the year ended December 31, 2017 and 15.9 million for the year ended December 31, 2016). Excluding the impact of non-recurring costs, payroll and related costs would have increased by €46.3 million, or 47.9%, from €96.6 million in 2016 to €142.9 million in 2017, mainly due to the effect of the consolidation of Bassilichi and MPS Acquiring for the six months ended December 31, 2017 (amounting to € 22.8 million) and of Mercury Payments for the full year 2017 (amounting to €16.8 million). Excluding such effect, payroll and related costs would have increased by €6.6 million, or 6.8%, from €96.7 million in 2016 to €103.3 million in 2017. This increase is mainly attributable a change in the mix of level of employees also as a result of changes to our management structure, including new hires, partially offset by the impact of the Reorganization which began during the second half of 2017.

Other Administrative Expenses

Other administrative expenses for the year ended December 31, 2017 amounted to €444.0 million, an increase of €135.5 million, or 43.9%, compared to €308.5 million for the year ended December 31, 2016. Other administrative expenses as a percentage of operating revenue amounted to 52.3% and 57.2% for the years ended December 31, 2017 and 2016, respectively.

For the year ended December 31, 2017 and 2016, other administrative expenses included €88.1 million and €55.2 million of non- recurring costs. In 2017 such non-recurring costs relate to the Reorganization, to the rebranding, to the acquisition of MPS Acquiring, DB Acquiring and Bassilichi and to taxes on M&A transactions. In 2016 such non-recurring costs relate to extraordinary costs for the acquisition of Mercury Payments and cost for the post-acquisition reorganization of ICBPI. Excluding the effect of non-recurring costs, other administrative expenses would have increased by €102.6 million, or 40.5%, from €253.3 million in 2016 to €355.9 million in 2017 mainly due to the effect of the consolidation of Bassilichi and MPS Acquiring for the six months ended December 31, 2017 (amounting to €62.5 million) and of Mercury Payments for the full year 2017 (amounting to €35.9 million). Excluding such effect, other administrative expenses would have increased by €4.1 million, or 1.6%, from €253.4 million in 2016 to €257.5 million in 2017.

Other Net Operating Expenses/Income

Other net operating expenses/income for the year ended December 31, 2017 amounted to an income of €1.1 million, an increase of €0.7 million, or 175.0%, compared to an income of €0.4 million for the year ended December 31, 2016. Other net operating expenses/income as a percentage of operating revenue amounted to 0.1% for both of the years ended December 31, 2017 and 2016.

For the years ended December 31, 2016 and 2017, other net operating expenses/income included €0.8 million and €0.1 million of non-recurring costs, respectively. Excluding the effect of non-recurring costs, other net operating expenses/income would the same over this period, amounting to €1.2 million in both years.

Impairment Losses and Net Accruals for Risks and Charges

Impairment losses and net accruals for risks and charges for the year ended December 31, 2017 amounted to a loss of €2.7 million, a decrease of €6.0 million, or 68.2%, compared to a loss of €8.8 million for the year ended December 31, 2016. Impairment losses and net accruals for risks and charges as a percentage of operating revenue amounted to 0.3% and 1.6% for the years ended December 31, 2017 and 2016, respectively.

For the years ended December 31, 2016 and 2017 impairment losses and net accruals for risks and charges included €1.0 million and €4.8 million of non-recurring income, respectively. In 2017, non-recurring income primarily included the reversal of provisions for risks and charges of Bassilichi partially offset by impairment losses on receivables of Bassilichi. In 2016, non-recurring income primarily related to the reversal of provisions for risks and charges of Bassilichi. Excluding the effect of non-recurring income, impairment losses and net accruals for risks and charges would have decreased by €2.2 million, or 22.5%, from a loss of €9.8 million in 2016 to €7.5 million in 2017.

Operating Margin

Operating margin for the year ended December 31, 2017 amounted to €208.0 million, an increase of €98.3 million, or 89.6%, compared to €109.7 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in operating revenue, partially offset by the increases in payroll and related costs and other administrative expenses, as described above. Operating margin as a percentage of operating revenue amounted to 24.5% and 20.3% for the years ended December 31, 2017 and 2016, respectively.

For the year ended December 31, 2017 and 2016, operating margin included €139.0 million and €69.9 million of non-recurring costs (net of non-recurring income) respectively, mainly related to payroll and related costs and other administrative expenses, as described above. Excluding the effect of non-recurring costs, operating margin would have increased by €167.3 million, or 93.2%, from € 179.6 million in 2016 to €346.9 million in 2017 as a result of the increase in operating revenue, partially offset by the increases in payroll and related costs and other administrative expenses.

Excluding the effect of the consolidation of Bassilichi and MPS Acquiring for the six months ended December 31, 2017 (amounting to €32.9 million) and of Mercury Payments for the full year ended December 31, 2017 (amounting to €98.7 million), operating margin would have increased by €35.8 million, or 19.9%, from €179.6 million in 2016 to €215.4 million in 2017.

Depreciation and Amortization (including Depreciation and Amortization on Customer Contracts)

Depreciation and amortization (including depreciation and amortization on customer contracts) for the year ended December 31, 2017 amounted to €91.1 million, an increase of €59.6 million compared to €31.5 million for the year ended December 31, 2016. The increase was mainly due to the effect of the consolidation of Bassilichi and MPS Acquiring for the six months ended December 31, 2017 (amounting to €7.5 million) and of Mercury Payments for the full year 2017 (amounting to €39.2 million, of which €30.5 million related to customer contracts). Excluding such effect, depreciation and amortization (including depreciation and amortization on customer contracts) would have increased by €12.9 million, or 41.0%, from €31.5 million for the year ended December 31, 2016 to €44.4 million for the year ended December 31, 2017, primarily as a result of higher capitalized ICT expenditures during 2017 as compared to the previous year.

Share of Gains/Losses of Associates

Share of gains/losses of associates for the year ended December 31, 2017 amounted to €2.3 million, compared to nil for the year ended December 31, 2016. Such item only include the gain of Bassilichi's associates. Share of gains/losses of associates as a percentage of operating revenue amounted to 0.3% for the year ended December 31, 2017.

Pre-Tax Profit

Pre-tax profit for the year ended December 31, 2017 amounted to €119.2 million, an increase of €41.0 million, or 52.4%, compared to €78.2 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in operating margin, partially offset by the increase in depreciation and amortization (included depreciation and amortization on customer contracts). Pre-tax profit as a percentage of operating revenue amounted to 14.0% and 14.5% for the years ended December 31, 2017 and 2016, respectively.

Income Taxes

Income taxes for the year ended December 31, 2017 amounted to €41.1 million, an increase of €25.8 million compared to €15.3 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in the pre-tax profit of 2017 as well as the fact that the 2016 tax rate benefited from the application of a higher ACE rate on 2015 capital increase used for the ICBPI Acquisition. Income taxes as a

percentage of operating revenue amounted to 4.8% and 2.8% for the years ended December 31, 2017 and 2016, respectively.

The increase in income taxes was also attributable to the contribution of MPS Acquiring and Bassilichi for the six months ended December 31, 2017 amounting to €9.4 million and of Mercury Payments for the full year 2017 amounting to €24.2 million. Excluding such effect, income taxes would have decreased by 7.7 million, or 50.3%, from €15.3 million for the year ended December 31, 2016 to €7.6 million for the year ended December 31, 2017.

Net Profit

Net profit for the year ended December 31, 2017 amounted to €78.0 million, an increase of €15.1 million, or 24.0%, compared to €62.9 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in pre-tax profit, partially offset by the increase in income taxes. Net profit as a percentage of operating revenue amounted to 9.2% and 11.7% for the years ended December 31, 2017 and 2016, respectively.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2016

The following table sets forth certain items from our carve-out statement of profit or loss for the years ended December 31, 2015 and 2016, and as a percentage of net operating revenue.

	Year ended December 31,					
	From January 1, 2015 through December 18, 2015 (Predecessor)		2016		Change	
	(€ million)	(% of net operating revenue)	(€ million)	(% of net operating revenue)	(€ million)	(%)
Net operating revenue	**510.0**	**100.0%**	**539.2**	**100.0%**	**29.2**	**5.7%**
Payroll and related costs	(96.1)	(18.8)%	(112.6)	(20.9)%	(16.4)	17.1%
Other administrative expenses	(271.2)	(53.1)%	(308.5)	(57.2)%	(37.4)	13.8%
Other net operating expenses/income	1.8	0.4%	0.4	0.1%	(1.4)	(77.8)%
Impairment losses and net accruals for risks and charges	(11.3)	(2.2)%	(8.8)	(1.6)%	2.5	(22.1)%
Operating margin	**133.2**	**26.1%**	**109.7**	**20.3%**	**(23.5)**	**(17.6)%**
Depreciation and amortization (included depreciation and amortization on customer contracts)	(27.9)	(5.5)%	(31.5)	(5.8)%	(3.6)	12.9%
Pre-tax profit	**105.3**	**20.6%**	**78.2**	**14.5%**	**(27.1)**	**(25.7)%**
Income taxes	(34.2)	(6.7)%	(15.3)	(2.8)%	19.0	(55.6)%
Net profit	**71.1**	**13.9%**	**62.9**	**11.7%**	**(8.2)**	**(11.5)%**

Net Operating Revenue

Net operating revenue for the year ended December 31, 2016 amounted to €539.2 million, an increase of €29.2 million, or 5.7%, compared to €510.0 million for the year ended December 31, 2015. For the year ended December 31, 2016 net operating revenue included €0.9 million, mainly related to interest income received from a litigation settlement. Excluding the effect of such non-recurring income, net operating revenue would have

increased by €28.3 million or 5.5% from €510.0 million in the year ended December 31, 2015 to €538.3 million in the year ended December 31, 2016.

The following table set forth our net operating revenue normalized for the impact of non-recurring items (operating revenue) for the years ended December 31, 2015 and 2016.

	Year ended December 31,					
	From January 1, 2015 through December 18, 2015 (Predecessor)		**2016**		**Change**	
	(€ million)	**(% of operating revenue)**	**(€ million)**	**(% of operating revenue)**	**(€ million)**	**(%)**
Merchant Services & Solutions.............	180.5	35.4%	208.0	38.6%	27.5	15.2%
Cards & Digital Payments	241.1	47.3%	234.9	43.6%	(6.2)	(2.6)%
Digital Banking Solutions.............	59.2	11.6%	60.1	11.2%	0.9	1.5%
Other Services	29.2	5.7%	35.3	6.6%	6.1	20.9%
Operating revenue.	**510.0**	**100.0%**	**538.3**	**100.0%**	**28.3**	**5.5%**

Operating revenue with respect to the Merchant Services & Solutions business unit for the year ended December 31, 2017 amounted to €208.0 million, an increase of €27.5 million, or 15.2%, compared to €180.5 million for the year ended December 31, 2016. The increase was primarily attributable to an increase in numbers and values of card transactions and number of managed POS terminals and to the impact of the new international scheme governing the interchange fees mentioned above, that led to a shift in operating revenue from the Cards & Digital Payments business unit to the Merchant Services & Solutions business unit.

Operating revenue with respect to the Cards & Digital Payments business unit for the year ended December 31, 2016 amounted to €234.9 million, a decrease of €6.2 million, or 2.6%, compared to €241.1 million for the year ended December 31, 2015. This decrease was primarily attributable to the impact of the new international scheme governing the interchange fee, effective from that led to lower fees on cards issuing services, despite the increase recorded in volumes of transactions.

Operating revenue with respect to the Digital Banking Solutions business unit were substantially unchanged over the two-year period, amounting to €60.1 million for ended December 31, 2016, an increase of €0.9 million, or 1.5%, from €59.2 million for the year ended December 31, 2015.

Operating revenue with respect to the Other Services business unit for the year ended December 31, 2016 amounted to €35.3 million, an increase of €6.1 million, or 20.9%, compared to €29.2 million for the year ended December 31, 2015. The increase was primarily attributable to an increase in the volume of services provided by Help Line and Oasi in 2016 as compared to 2015 and to the operating revenue recorded by Holdco in 2016, which amounted to nil for the year ended December 31, 2016.

Payroll and Related Costs

Payroll and related costs for the year ended December 31, 2016 amounted to €112.6 million, an increase of €16.4 million, or 17.1%, compared to €96.1 million for the year ended December 31, 2015. Payroll and related costs as a percentage of operating revenue amounted to 20.9% and 18.8% for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016 and 2015, payroll and related costs included €15.9 million and €2.2 million of non-recurring costs, respectively, related to the shift of management as part of the Reorganization. Excluding the impact of non-recurring costs, payroll and related costs would have increased by €2.8 million, or 3.0%, from €93.9 million in 2015 to €96.7 million in 2016 mainly due to the effects of changes in the management structure implemented in the second half of the year ended December 31, 2016.

Other Administrative Expenses

Other administrative expenses for the year ended December 31, 2016 amounted to €308.5 million, an increase of €37.4 million, or 13.8%, compared to €271.1 million for the year ended December 31, 2015. Other administrative expenses as a percentage of operating revenue amounted to 57.2% and 53.1% for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016 and 2015, other administrative expenses included €55.1 million and €4.2 million of non-recurring costs. In 2016 such non-recurring costs relate to extraordinary costs for the acquisition of Mercury Payments and reorganization costs subsequent to the ICBPI Acquisition. In 2015 such non-recurring costs relate to costs incurred in connection with the ICBPI Acquisition and efficiency measures (including advisory costs to support ICT and procurement savings programs). Excluding the effect of non-recurring costs, other administrative expenses would have decreased by €13.6 million, or 5.1%, from €267.0 million in 2015 to €253.4 million in 2016 mainly due to cost-savings for ICT costs, production costs and general and administrative expenses.

Other Net Operating Expenses/Income

Other net operating expenses/income for the year ended December 31, 2016 amounted to income of €0.4 million, a decrease of €1.4 million, or 77.8%, compared to income of €1.8 million for the year ended December 31, 2015. Other net operating expenses/income as a percentage of operating revenue amounted to 0.1% and 0.4% for the years ended December 31, 2016 and 2015, respectively.

For the years ended December 31, 2015 and 2016, other net operating expenses/income included a non-recurring loss of €0.8 million and a non-recurring income of €1.8 million, respectively. Excluding the effect of non-recurring costs and income, other net operating expenses/income would have increased by €1.2 million from nil in 2015 to €1.2 million in 2016.

Impairment Losses and Net Accruals for Risks and Charges

Impairment losses and net accruals for risks and charges for the year ended December 31, 2016 amounted to a loss of €8.8 million, a decrease of €2.5 million, or 22.1% compared to a loss of €11.3 million for the year ended December 31, 2015. The decrease was primarily attributable to a decrease in net provisions for fraud, from a loss of €9.4 million in 2015 to a loss of €5.5 million in 2016, partially offset by an increase in net provisions for risk and charges. Impairment losses and net accruals for risks and charges as a percentage of operating revenue amounted to 1.6% and 2.2% for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2015, impairment losses and net accruals for risks and charges included €1.7 million of non-recurring income, mainly related to the release of a provision for risk and charges accrued in prior periods. Net of non-recurring income, impairment losses and net accruals for risks and charges would have decreased by €3.2 million, or 23.9%, from €13.0 million in 2015 to €9.8 million in 2016.

Operating Margin

Operating margin for the year ended December 31, 2016 amounted to €109.7 million, a decrease of €23.5 million, or 17.6%, compared to €133.2 million for the year ended December 31, 2015. The decrease was primarily attributable to the increases in other administrative expenses and payroll and related costs, partially offset by the increase in operating revenue, as described above. Operating margin as a percentage of operating revenue amounted to 20.3% and 26.1% for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016 and 2015, operating margin included €69.9 million and €2.9 million of non-recurring costs (net of non-recurring income), mainly related to payroll and related costs, other administrative expenses, and impairment losses and net accruals for risks and charges as described above. Excluding the effect of such non-recurring items, operating margin would have increased by €43.5 million, or 32.0%, from €136.1 million in 2015 to €179.6 million in 2016 as a result of the increase in net operating revenue and the decrease in other administrative expenses partially offset by an increase in payroll and related costs and impairment losses and net accruals for risks and charges.

Depreciation and Amortization (including Depreciation and Amortization on Customer Contracts)

Depreciation and amortization (included depreciation and amortization on customer contracts) for the year ended December 31, 2016 amounted to €31.5 million, an increase of €3.6 million, or 12.9%, compared to €27.9 million for the year ended December 31, 2015. Depreciation and amortization (included depreciation and

amortization on customer contracts) as a percentage of operating revenue amounted to 5.8% and 5.5% for the years ended December 31, 2016 and 2015, respectively.

Pre-Tax Profit

Pre-tax profit for the year ended December 31, 2016 amounted to €78.2 million, a decrease of €27.1 million, or 25.7%, compared to €105.3 million for the year ended December 31, 2015. The decrease was primarily attributable to the decrease in operating margin, as well as the increase in depreciation and amortization (included depreciation and amortization on customer contracts). Pre-tax profit as a percentage of operating revenue amounted to 14.5% and 20.6% for the years ended December 31, 2016 and 2015, respectively.

Income Taxes

Income taxes for the year ended December 31, 2016 amounted to €15.2 million, a decrease of €19.0 million, or 55.6%, compared to €34.2 million for the year ended December 31, 2015. Income taxes as a percentage of operating revenue amounted to 2.8% and 6.7% for the years ended December 31, 2016 and 2015, respectively.

The decrease was primarily attributable to the fact that the 2016 tax rate benefited from the application of ACE on 2015 capital increase used for the ICBPI Acquisition. Income taxes as a percentage of operating revenue amounted to 2.8% and 6.7% for the years ended December 31, 2016 and 2015, respectively.

Net Profit

Net profit for the year ended December 31, 2016 amounted €62.9 million, a decrease of €8.2 million, or 11.5%, compared to €71.1 million for the year ended December 31, 2015. The decrease was primarily attributable to the decrease in pre-tax profit, partially offset by the decrease in the expense for income taxes. Net profit as a percentage of operating revenue amounted to 11.7% and 13.9% for the years ended December 31, 2016 and 2015, respectively.

Credit and Counterparty Risk

Credit risk is the risk that an unexpected variation in a counterparty's credit standing may lead to its default, generating unexpected losses on cash exposures or endorsement credits, or that generates a related unexpected variation in the asset's market value. Our exposure to credit risk varies between the activities we carry out. With respect to our card-based business activities, the underlying partnership agreements provide that credit risk is generally assumed by our partner banks. Accordingly, we monitor:

- *Issuing licensing servicing*: the cardholders' credit risk is assumed by the partner banks for the period from the date the card payment was made until the date on which the transaction value is debited from the cardholders' bank account;
- *Direct issuing*: we assume the cardholders' credit risk; and
- *Acquiring licensing/servicing*: we are exposed to the card schemes' credit risk for the period from the date on which we prefund the card payment due to our merchant customers until the next following business day when we collect payment from the card schemes.

Liquidity and Capital Resources

Our principal source of liquidity (other than funding in respect of settlement activities) is expected be cash flows from our subsidiaries, either by way of dividends or other means such as intercompany loans, as supplemented by drawings under the Revolving Credit Facility. The ability of our subsidiaries to make distributions to the Company will be based, among other things, on the amount of each such subsidiary's profit or distributable reserves in compliance with regulatory capital requirements (in the case of Nexi Payments and Mercury Payments). The Issuer's and the Company's ability to generate sufficient cash for its debt service depends on the operating performance and liquidity of the Company and its subsidiaries, which in turn depends to some extent on general economic, financial, industry, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in "*Risk Factors*."

Our ordinary course business activities involve settlement of card payments and the provision of short-term funding to both cardholders and merchants. Following the Reorganization, funding exposure in connection with charge cards is expected to be managed through the use of several new factoring facilities under the Settlement Obligations Factoring Agreement. On a pro forma basis as of December 31, 2017, we had €658.0 million of obligations in respect of pass-through fee payments and settlement obligations. See "*Description of Certain Financing Arrangements—Settlement Obligations*."

Cash Flows—Year Ended December 31, 2016, Compared to Year Ended December 31, 2017

The following table summarizes our carve-out cash flow statements for the years ended December 31, 2016 and 2017. We did not include, in the analysis below, the carve-out cash flow statements for the year ended December 31, 2015 as it relates only to the successor, Holdco, and therefore is not comparable to the cash flow statements for the years ended December 31, 2016 and 2017.

(€ million)	Year ended December 31, 2016	Year ended December 31, 2017
Net cash flows generated by operating activities	(16.5)	712.5
Net cash flows used in investing activities	(1,159.6)	(890.8)
Net cash flows generated by financing activities	1,184.5	304.3
Net cash flows for the year	**8.4**	**126.0**
Opening cash and cash equivalents	0.0	8.4
Closing cash and cash equivalents	**8.4**	**134.4**

Net Cash Flows Generated by Operating Activities

The following table sets forth our carve-out net cash flows generated by operating activities for the years ended December 31, 2016 and 2017.

(€ million)	Year ended December 31, 2016	Year ended December 31, 2017
Operating Activities		
Operations		
Profit for the year	62.9	78.0
Net trading / hedging/financial assets at fair value income and gain on disposal of investment	0.5	0.4
Net impairment losses and accrual for risk and charges	9.2	3.3
Net amortization, depreciation and impairment losses on property, plant and equipment, investment property and intangible assets	31.5	91.1
Unpaid taxes	15.3	41.1
Other adjustments	(0.0)	(0.0)
	119.4	**214.0**
Cash flows used in financial assets		
Financial assets at fair value through profit or loss	—	(0.0)
Available for sale financial assets	170.7	1.7
Loans and receivables with banks	41.5	(9.5)
Loans and receivables with customers	(33.4)	(231.1)
Other assets	15.3	13.8
	194.1	**(225.1)**
Cash flows generated by financial liabilities		
Due to banks	(337.6)	539.1
Due to customers	12.5	17.6
Financial liabilities held for trading	—	7.1
Hedging derivatives	—	5.5
Other liabilities	(5.0)	154.2
	(330.0)	**723.6**
Net cash flows generated by operating activities	**(16.5)**	**712.5**

Net cash flows generated by operating activities for the year ended December 31, 2017 amounted to €712.5 million, an increase of €729 million, compared to negative net cash flows used in operating activities of €16.5 million for the year ended December 31, 2016. The increase was primarily attributable to an increase in cash flows generated by financial liabilities of €1,053.6 million and an increase in cash flows generated by operations of €94.6 million, partially offset by an increase in cash flows used in financial assets of €419.2 million.

The increase in cash flows generated by financial liabilities was primarily attributable to (i) the acquisition of MPS Acquiring and DB Acquiring, (ii) the increase in cash flows generated by due to banks, from a net cash used position of €337.6 million for the year ended December 31, 2016 to net cash generated of

€539.1 million for the year ended December 31, 2017, and (iii) the increase in cash flows generated by other liabilities, from a net cash used position of €5.0 million for the year ended December 31, 2016 to net cash generated of €154.2 million for the year ended December 31, 2017.

The increase in cash flows generated by operations was primarily attributable (i) to the increase in net amortization, depreciation and impairment losses on property, plant and equipment, investment property and intangible assets, (ii) to the increase in unpaid taxes and (iii) to the increase in profit/(loss) for the year, partially offset by (iv) the decrease in net impairment losses and accrual for risk and charges.

The increase in cash flows used in financial assets was primarily attributable (i) to the decrease in the cash flow from loans and receivables with customers, (ii) to the decrease in the cash flow from available for sale financial assets and (iii) to the decrease in the cash flow from loans and receivables with banks.

Net Cash Flows Used in Investing Activities

The following table sets forth our carve-out net cash flows used in investing activities for the years ended December 31, 2016 and 2017.

	Year ended December 31,	
(€ million)	**2016**	**2017**
Investing Activities		
Cash flows generated/used by:		
Dividends to equity investments	(69.3)	(89.8)
Property, plant and equipment acquired	(25.9)	(41.7)
Property, plant and equipment sold	2.5	1.6
Intangible assets acquired	(33.9)	(47.7)
Subsidiaries and business units, net of cash	(1,033.0)	(713.2)
Net cash flows used in investing activities	**(1,159.6)**	**(890.8)**

Net cash flows used in investing activities for the year ended December 31, 2017 amounted to €890.8 million, a decrease of €283.5 million compared to €1,159.6 million for the year ended December 31, 2016. The decrease was primarily attributable to a decrease in cash used in investing in subsidiaries and business units, net of cash, from €1,033.0 million for the year ended December 31, 2016, mainly in relation to the acquisition of Mercury Payments, to € 713.2 million for the year ended December 31, 2017, mainly in relation to the acquisition of Bassilichi, MPS Acquiring and DB Acquiring. This effect was partially offset by an increase in cash flows used to pay dividends to equity investments and cash flow used in property, plant and equipment acquired.

Net Cash Flows Generated by Financing Activities

The following table sets forth our carve-out net cash flows generated by financing activities for the years ended December 31, 2016 and 2017.

	Year ended December 31,	
(€ million)	**2016**	**2017**
Financing activities		
Issue of equity instruments	1,184.1	305.1
Dividends to non-controlling interests	(1.8)	(0.9)
Acquisition of non-controlling interests without a change in control	2.2	—
Net cash flows generated by financing activities	**1,184.5**	**304.3**

Net cash flows generated by financing activities for the year ended December 31, 2017 amounted to €304.3 million, a decrease of €880.2 million compared to €1,184.5 million for the year ended December 31, 2016. The decrease was primarily attributable to a decrease in cash generated by the issue of equity investments from €1,184.1 million in 2016, mainly relating to the capital injection used for the acquisition of Mercury Payments, to €305.1 million in 2017, mainly relating to the capital injection following the disposal of Mercury Processing and the destination of part of Holdco's capital increase to the acquisition of Bassilichi.

As a result of additional capital expenditures that we expect to incur in connection with the implementation of the cost savings, post-merger synergies and innovation and CVM initiatives described in "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data—*

Other Financial Data" and other measures, we estimate that our capital expenditures for the year ended December 31, 2018, may increase by approximately 50% compared to the year ended December 31, 2017.

Contractual Obligations

The following table summarizes certain of our contractual obligations and commitments owed to third parties (excluding any interest payments or accruals on such contractual obligations and commitments), by period, as of December 31, 2017, on an as adjusted basis after giving effect to the Transactions:

(€ million)	Less than 1 year	1-5 years	More than 5 years	Total
Notes offered hereby[1]	—	—	2,200	2,200
Private Notes[2]	—	—	400	400
Hedging derivatives[3]	—	6.6	—	6.6
Bassilichi facilities	26.6	26.3	0.3	53.2
Total[4]	26.6	32.9	2,600.3	2,659.8

(1) Represents the aggregate principal amount of the Notes excluding future interest payments.

(2) Represents the aggregate principal amount of the Private Notes which we expect to issue on the Completion Date.

(3) Represents the short position of the collar derivative stipulated in order to hedge the risk of a fall in the price and exchange rate of the Visa shares.

(4) Excludes the Revolving Credit Facility, which we expect to be undrawn on the Issue Date and which provides for borrowing amounts up to € 325 million. The Revolving Credit Facility matures on the date falling 54 months from the Completion Date.

Off-Balance Sheet Arrangements

As of the date of this offering memorandum, we have outstanding undrawn letters of credit in an aggregate principal amount of €16.7 million, which were issued in favor of one of Bassilichi's suppliers. Other than as described herein, including with respect to settlement activities, we have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. In connection with the Reorganization we expect to enter into the Framework Settlement Agreement pursuant to which we will guarantee partner banks' payment obligations under the Framework Settlement Agreement up to an overall cap of €500 million. See "*Description of Certain Financing Agreements—Settlement Obligations—Settlement Agreement*."

Qualitative Disclosure on Market Risk

Interest Rate Risk

We are exposed to market risk associated with changes in interest rates. Borrowings under the Revolving Credit Facility, the Private Notes and the Floating Rate Notes will be variable rate debt. Interest rate changes generally impact the amount of our interest payments in respect of variable rate debt and, therefore, our future earnings and cash flows. We are continuing to evaluate various hedging strategies that we may put in place in the future with respect to interest rate risk. The Fixed Rate Notes will have a fixed rate coupon. For fixed rate debt, interest rate changes affect the fair market value of such debt but do not impact earnings or cash flows.

Price Risk

Mercury Payments has exposure to price risk by an investment in Visa Europe shares. This risk is hedged by a collar of which 16% of the amount is classified as a trading instrument and consequently exposed to price risk, which represents the risk of changes in the price of financial instruments dependent on fluctuations in market variables and specific factors of issuers or of the counterparties.

Currency Risk

The currency risk is determined on the basis of the differences existing between assets and liabilities denominated in different currencies, e.g, cash and forward currency contracts. We do not have material currency exchange risk, as payments and receipts, respectively, for transactions to be liquidated or collected on the MasterCard and Visa schemes, are made in euro.

Critical Accounting Policies

For a description of our accounting policies refer to the notes in our Financial Statements.

See "*Risk Factors—Risks Relating to the Transactions—Our risk management policies and procedures may not be fully effective in mitigating our risk exposure*."

INDUSTRY

Certain of the projections and information set forth in this section have been derived from external sources, including industry publications and surveys, industry reports prepared by consultants, internal surveys as well as from customer feedback. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information or the assumptions on which it is based cannot be guaranteed. While we believe that these industry publications, surveys and forecasts are reliable, we have not independently verified them and cannot guarantee their accuracy or completeness. Certain information in this section has also been based on our own experience, internal studies, estimates and investigations of market conditions, in some cases combined with the aforementioned external sources. We cannot assure you that any of the assumptions we have made are accurate or correctly reflect our position in the market. The information and estimates in this section involve risks and uncertainty and are subject to change based on various factors. See "Risk Factors" and "Forward-Looking Statements." This industry section includes certain technical terms that are commonly used in our industry. See "Glossary" for a detailed explanation of these terms.

Payments Industry Key Trends

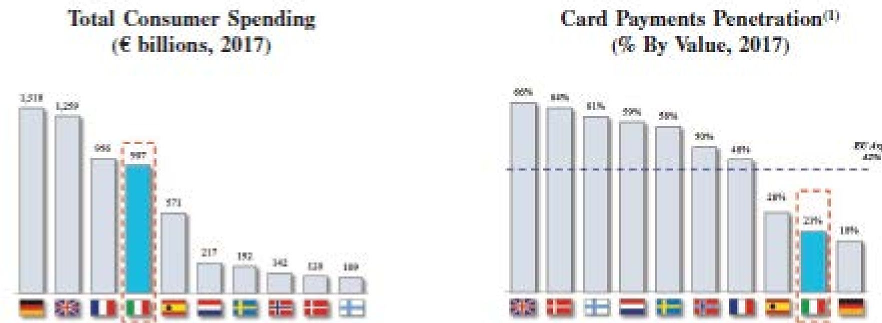
The payments industry has been characterized in recent years by the following key trends:

- secular trend of moving from cash to digital payments;
- technological innovation spurring the development and adoption of alternative payment solutions;
- the rapid increase in eCommerce and mCommerce;
- the emergence of "commerce enablers"; and
- European regulatory changes to create a more competitive market with increased opportunities for market participants.

Secular Trend of Moving from Cash to Digital Payments Combined with Low Italian Digital Payments Penetration Rates

As a result of the rapid and large-scale global shift in payment methods from cash to non-cash payments, and in particular the rapid growth of electronic cards and alternative payment methods in the last five years, the global payment solutions industry has evolved into an increasingly complex and innovative environment in which market players are required to become highly specialized and technologically advanced firms with product offerings that span across multiple payment-related services.

A number of geographies remain significantly underpenetrated in terms of digital payments, including Italy where Nexi operates. As illustrated in the table below, aggregate card spending in the Italian market lags behind card spending in the other key developed European markets, with some of them, such as France, Norway, Denmark and the United Kingdom, all benefiting from card penetration rates that are double to three times that of the penetration rate in Italy. As the Italian market evolves towards the more advanced penetration levels of other European countries in terms of non-cash payment methods, there remain significant opportunities for further growth in terms of digital payments in Italy. In addition, despite the relatively low card penetration rate in Italy, the Italian payments infrastructure is well-developed with a high number of POS terminals per capita across the country. Furthermore, the Italian government's push to expand the domestic digital payments market through the Stability Act 2016 which placed a cap of € 3,000 on cash transactions as well as the implementation of the EU Interchange Fee Regulation has led to an increase in payment card transaction volumes as customers are incentivized to use card rather than cash payments.



Source: Euromonitor International Consumer Finance 2018 Edition.

Note: Finland data based on modelled assumptions made by Euromonitor International.

(1) In the chart above, Card Payments Penetration is defined as card payment transactions excluding commercial transactions divided by total consumer spending.

Rapid Technological Innovation is Accelerating the Development and Adoption of Alternative Payments Solutions Across the Market

Technological innovation is one of the key drivers in the increasingly global payment solutions industry. The increased optionality that has resulted in innovations in payment technologies has triggered a shift in consumer preferences, with consumers becoming more demanding in the way they interact with commerce. As the wide range of transaction channels (in-store, mobile or online), payment types and devices as well as the ability to make cross-border purchases have increased, consumers have been able to demand simpler, safer and quicker payment solutions.

Technological innovation and consumer expectations are together driving the development of new payment channels. For example, contactless payments in Italy are expected to experience a 2017 - 2021 CAGR of 24.1%, which is also in line with expectations for contactless payment growth in Western European peer economies. Overall, the total transaction value processed through all payment cards (i.e. domestic cards as well as international card brands such as Visa or MasterCard) in Western Europe has grown from approximately €2.5 trillion in 2012 to €3.3 trillion in 2017 and is expected to reach €4.0 trillion in 2022. The total transaction value processed through all payment cards in Italy has grown from approximately €139.8 billion in 2012 to €202.1 billion in 2017 and is expected to reach €258.9 billion in 2022. (source: Euromonitor International, Consumer Finance system, 2018 Edition). The ability to provide access and connections to new payment methods is expected to be a key source of advantage to merchants and their payments partners as they seek to drive growth in digital payments.

Changes in consumer preferences have been further accelerated by demographic shifts, as younger generations tend to be more comfortable with and to more quickly adapt to new technologies and non-cash payment solutions. This behavioral shift in consumer preferences favors those merchants who are able to tailor their product and payment offers to the specific, evolving needs of consumers, while also offering the possibility of leveraging data collected in electronic transactions to create loyalty schemes and increase customer retention. Adding another layer of complexity for merchants, these innovations have also resulted in a higher rate of consumer identity theft and data protection failures, and a greater need for security, and have led to the development of specific responses to cybercrime, such as fraud detection software and biometrics.

eCommerce and mCommerce Continue to Gain Traction as Established Payment Options, Yielding the Highest Growth Rates and Offering the Highest Margins

Online Commerce consists of eCommerce and mCommerce and involves trading in products or services using computers and wireless devices, such as smartphones, tablets and other mobile phones connected to the internet. Consumers are interested in shopping online given the flexibility and convenience such shopping offers as the restrictions of physical shop opening hours or locations are removed. Moreover, Online Commerce allows customers to buy goods and services from other countries without having to travel. Online Commerce has seen growth due to the increasing ease and security of online payments. Payment cards are a key support of Online Commerce transactions as they provide the link allowing consumers to remotely pay for goods and services

purchased online. These solutions are transforming the experience of customers and merchants as well as payments firms that gradually refocus on this market as having the highest growth potential and offering high margins.

The Italian eCommerce market is one of the fastest growing eCommerce markets in Europe, with an expected 2017 - 2021 CAGR of 18.7%, as compared to a CAGR of 10.8% across Western Europe over the same period (source: Euromonitor International, Consumer Finance system, 2018 Edition).

Merchant acquirers and POS specialists have expanded their software capabilities in recent years to deliver omni-channel capabilities and support merchants with an Online Commerce presence by providing them with Online Commerce POS solutions, also known as Internet Payment Gateways Solutions, which support the ability to make and accept online payments. These merchant acquirers and POS specialists offer specific vertical, channel and geographic solutions to their Online Commerce merchants.

Online Commerce is further facilitated by instruments such as online wallets, which are programs or web services that allow users to store and control online shopping information such as log-ins, passwords, shipping addresses and credit card details in one central location. Online wallets provide a quick and convenient method for consumers to purchase products from any person or store across the globe. Merchant acquirers and POS specialists are focused on supporting online wallet technologies to ensure merchant customers can accept these alternative payment methods, which can in turn increase the range of the merchant customer's payment cards and maximize their Online Commerce sales.

Mobile payments are an additional growth driver in the merchant acquiring and POS industry. Mobile payments are digital payments executed through a mobile device. The use of mobile payments has been increasingly facilitated by the development of new technologies such as Near Field Communication ("NFC"), a set of protocols which enables smartphones and other devices to establish radio communication with each other by touching the devices together or bringing them into close proximity. NFC-enabled smartphones can be used to complete contactless transactions with compatible POS terminals. Many international companies have been developing innovative mobile payments services that feature NFC technologies that do not disrupt the existing payment system, but rather work with payment and technology incumbents (including card schemes, card issuers and merchant acquirers) to bring ease-of-use and heightened security features to consumers, issuers and merchants. International companies that also offer these services include Apple Pay, Samsung Pay and Google Wallet, among others. Nexi has developed, via Nexi Pay, one of the most comprehensive mobile payment suites in the Italian market that allows our partner banks' customers to use Apple Pay, Samsung Pay and, in the near future, Google Pay.

These innovative payment solutions are expected to continue to experience increased user penetration and to transform the payment experience for customers and merchants. They are unlikely, however, to create any material change to the payments industry in the near-term as they rely on existing card-based systems and the embedded payments ecosystem. For example, Apple Pay and Samsung Pay users must connect their payment card to the Apple Pay or Samsung Pay system, as applicable, so that each transaction still requires a merchant acquirer and a card issuer to undertake the same functions as they would for a traditional card purchase. Other than a small fee due from the card issuer to Apple or Samsung, there is no significant change in the profit pools of merchant acquirers and card issuers. In fact, these new payment channels may further accelerate the shift from cash to card payments, particularly for smaller value transactions.

The Emergence of So-Called "Commerce Enablers"

Payment solutions providers have evolved from being peripheral to commerce, seen only as the providers of a commoditized product that merchants accommodated in order to allow their customers to pay with cards, to being recognized not only as key partners in the payments process, but as fundamental drivers and enablers of commerce, with specific payment solutions models often at the center of business models and strategic decisions. Payment solutions providers take up a layered role in merchants' push to increase sales, first through the provision of more traditional payments acceptance solutions and ancillary products (such as onboarding, reporting data analytics, inventory management, digital receipts, settlement, payment dispute resolution, PCI compliance), which allow merchants to meet customers' existing payments expectations, and second through value-added services based on software that allows merchants to manage their entire business, from employee and payroll management, marketing functions, including communication with customers and suppliers, to loyalty programs and gift cards, which can actually drive merchants' customer penetration and operational efficiency.

Increasing customer demand for integrated payment systems—purpose built platforms that provide full-service software solutions incorporating payments capabilities alongside accounting, membership

management, customer relationship management and other business management tools—has further bolstered the role of payment solutions providers as "commerce enablers." Integrated payments systems allow merchants to access a bundled suite of tools and services via one access point, either a desktop platform or mobile application, and through these consolidated services to get a more complete picture of business performance and customer trends while at the same time saving time and money. Recent innovations in integrated payment systems have focused on increasing scalability as well as the incorporation of bespoke offerings such as multiple currency use, an instant payments platform that allows customers to instantly clear and settle account-based money transfers, cross-border payment acceptance, and design features allowing new offerings to integrate with the merchant's existing back-office platform so that the new offerings are more user friendly and easier to navigate.

Finally, innovation in the payments industry has not only made it faster and easier and safer to use their cards at a variety of locations, but has also created new ways to pay (for example, mobile payments and P2P options), which broadens the number and type of transactions that can take place driving an overall increase in purchases, while also driving developments in support industries (for example, the ability to use "contactless" payments) reduces the time required for a cardholder to use their cards, but has also led to new fraud and data protections risks and has driven the development of secure payment platforms, such as the ones developed by Nexi. As payment solutions providers expand in their role as "commerce enablers," we expect that they will continue to drive further innovation and further benefit from the multi-faceted nature of the services they provide and the fact that their revenue is highly recurring in nature.

European Regulatory Changes, in Particular the PSD2 Regulation, are Creating Additional Opportunities and Increased Competition Within the Payment Services Space

EU Member States were required to transpose PSD2 into national law by January 13, 2018. PSD2 represents a significant regulatory development that impacts the payments value chain and in Europe and is aimed at promoting usage of account-based payments and creating a level playing field for participants in the payments ecosystem, including for new participants. PSD2 has also expanded the scope and range of regulated services and has updated the conduct of business requirements for payment service providers. PSD2's main objectives are to contribute to a more integrated and efficient EU market, to make payments safer and more secure, to protect consumers and to encourage lower prices for payments.

PSD2 is creating a more collaborative environment between incumbents and new players, spurring innovation and driving competition with the aim of providing more diverse and technologically advanced payment offerings to customers. PSD2 requires that, if requested by a customer, banks provide a significant amount of customer account details to third party operators in order to allow them to initiate payments.

This allows these third party operators to develop new payment offerings to targeted markets based on customer data. Another way that PSD2 increases competition among payment solution providers is by giving account information service providers the ability to use programming interfaces on various payment applications to collect information from customer accounts and to use that information to develop new, customized offerings. PSD2 has driven bank/third-party collaboration by encouraging two-way data sharing between banks and third parties in a secure, scalable and accelerated manner.

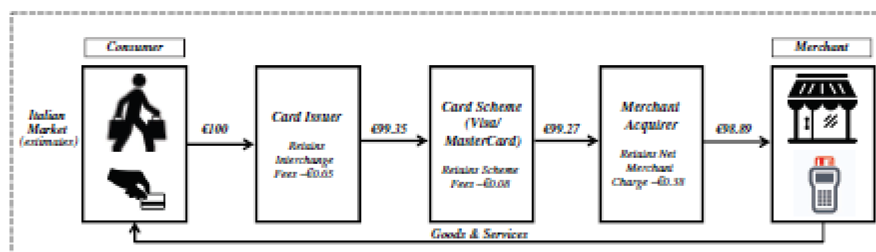
Another payment-integration initiative affecting European payments industry is the Single Euro Payments Area ("SEPA"). The objective of SEPA is to extend European integration to non-cash euro retail payments and foster efficiency and competition within the Eurozone. SEPA introduces uniform payment instruments across Europe, including SEPA credit transfers and SEPA direct debits, and it eliminates interbank fees for payment transactions within the Eurozone. As a consequence of the introduction of SEPA and of increased competition, clearing and settlement margins are expected to decrease and prices are expected to stabilize at a discount compared to pre-SEPA standards.

Regulators have also focused on encouraging innovation in the clearing and settlement sector, in particular relating to the cross-border and instant/real-time payments fields. Corporate customers in general are increasingly demanding more flexible and responsive solutions for payment clearing and settlement, in particular solutions that will allow them to track and manage their intra- and inter-day liquidity. Multi-national companies that operate across geographies and manage complex cross-border supply chains often require real-time settlement of payments in order to run efficiently. The historic cross-border payments model relies on correspondent banks, which are more expensive and have low customer visibility. New technologies such as distributed ledger technology, which eliminates intermediaries by using algorithms to securely verify and authorize payments, appeal to customers as they provide faster and more affordable services and appeal to regulators as they increase competition and help modernize the industry. While challenges exist, in particular in relation to scalability and

standardization, banks and financial technology institutions continue to push innovation in distributed ledger technology to address inefficiencies in cross-border clearing and settlement.

Economic Model of the Card Payments Industry

The card payments industry is a key of the broader payments sector. Card payment technology is still developing and evolving into greater complexity, including in Italy. As a general matter, card payments involve a number of services and companies performing several different roles. Participants in the industry generate revenue from fees which are normally calculated as a fraction of the value of each card payment. The various services and associated revenue streams are illustrated below:



The chart above illustrates a notional payment transaction, using illustrative hypothetical financial figures for Visa/MasterCard credit and debit cards in Italy based on general market estimates which are not indicative of the actual terms of our commercial agreements.

- *Cardholder:* Initiating the payment cycle, a cardholder intends to make a digital payment instead of a cash payment and presents a payment card (or mobile device which features contactless payment technology and is linked to a payment card) to pay for its purchase at a merchant (which may be a retail outlet or online store).

- *Card Issuer:* The card issuer is a bank or other service provider which manages the cardholder's payment card and underlying bank account or credit allowance. Through the hardware and software connecting the card issuer with the card schemes, it receives a digital request to authenticate the card transaction. The card issuer verifies that the cardholder has sufficient funds available and authorizes the payment transaction via a digital message to the card scheme, registering a charge on the cardholder's balance (in the case of charge or credit cards) or placing a hold on the funds reserved for settlement of the transaction (in the case of prepaid or debit cards). Usually one business day after the card purchase has been made, the card issuer pays the transaction value (€100) to the card scheme, less the interchange fee (€0.65). Card issuers may also outsource the transaction processing aspects of the acquiring value chain to other entities, such as equensWorldline and SIA, rather than processing the transactions themselves.

- *Card Scheme:* One business day after receipt of the transaction value (€100) from the card issuer on the day after the card purchase, the card scheme passes the payment through to the merchant acquirer less a scheme fee (€0.08) and an interchange fee (€0.65) payable to the card issuer.

- *Merchant Acquirer:* The merchant acquirer typically settles the transaction value with the merchant on the day following the card purchase. Because the merchant acquirer itself receives payment from the card scheme only on the next subsequent business day, the merchant acquirer on average provides funding to the merchant for one business day. As compensation for its services, the merchant acquirer charges the merchant a gross merchant service charge, based on a percentage of the transaction value, at the end of each month. After paying any applicable fees, the acquirer retains a net merchant services charge ("MSC").

Card issuing and merchant acquiring services may be offered under a partnership model whereby a bank partners with a payments company, with both services and economics being split between the two partners.

Competitive Landscape in Merchant Services

Merchant Acquiring and POS

The Italian market is relatively competitive, however, Nexi has a stronghold in both SME and, through Mercury Payments, the large merchant segment. Nexi's main competitors include Italian banks such as:

- **UniCredit.** UniCredit is an Italian banking and financial services group with one of the largest distribution networks and client bases.
- **Poste Italiane.** Poste Italiane is listed a postal and financial services company in Italy that is controlled by the Italian government. It is the main provider of prepaid cards as a result of its Postepay prepaid card, which was launched in 2003 and was among the first prepaid cards in Italy. Poste Italiane focuses on SMEs.
- **Gestpay.** Gestpay is a payments gateway owned by Banca Stella. Gestpay focuses on eCommerce.

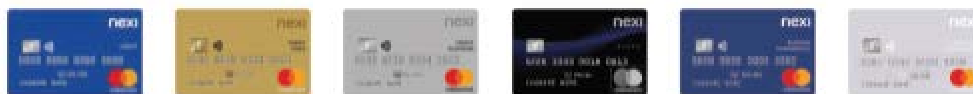
Cross-border competition includes for example, SIX payments, the payments division of SIX Group, with dominant positions in Switzerland and market shares in Austria and Germany.

Large international acquirers that compete with Nexi include:

- **Adyen.** Adyen is a private firm based in Amsterdam, the Netherlands, providing omni-channel payments services mainly to large, international merchants through its single payments platform.
- **Stripe.** Stripe is a United States-based private software firm that has been increasing its presence in Europe, including in Italy. Stripe provides the technical risk management infrastructure for internet business.

Card Issuing

Payment cards are linked to an underlying account that is connected to a bank deposit or credit line. The payment card enables the cardholder to access funds to make payments by electronic funds transfer or cash withdrawals at ATMs. Payment cards come in a wide variety of types and design, but the most common types are credit cards (characterized by an underlying revolving credit account established by the card issuer from which the cardholder can borrow money and can roll over outstanding balances from month-to-month, with interest accruing on the outstanding balance), charge cards (similar to credit cards except that holders of charge cards have to settle their outstanding balance each month), debit cards (unlike in the case of credit and charge cards, debit cards immediately withdraw funds from the cardholder's bank account when a payment or withdrawal is made) and prepaid cards (characterized by a stored value with which payments can be made until the underlying account, which can be held by a bank or another provider, is depleted).



Companies operating in the Italian card issuing market are typically large commercial banks serving their own client bases or card issuers with strong partnerships with commercial banks. This is because in Italy card issuing services are primarily distributed through the branch networks of commercial banks. Card issuers that are not commercial banks typically operate in a partnership with those banks that do not have the scale or the strategic rationale to handle issuing functions in-house.

Due to the market structure, Nexi does not have significant competitors in Italy. Currently, Nexi is the only non-commercial bank with a significant market share in both credit and prepaid cards and the only sizeable co-issuer in Italy. Other non-commercial banks include American Express, which has a meaningful presence in credit cards, and Poste Italiane, which is the main provider of prepaid cards.

In the future, Nexi may face competition from several groups of players including:

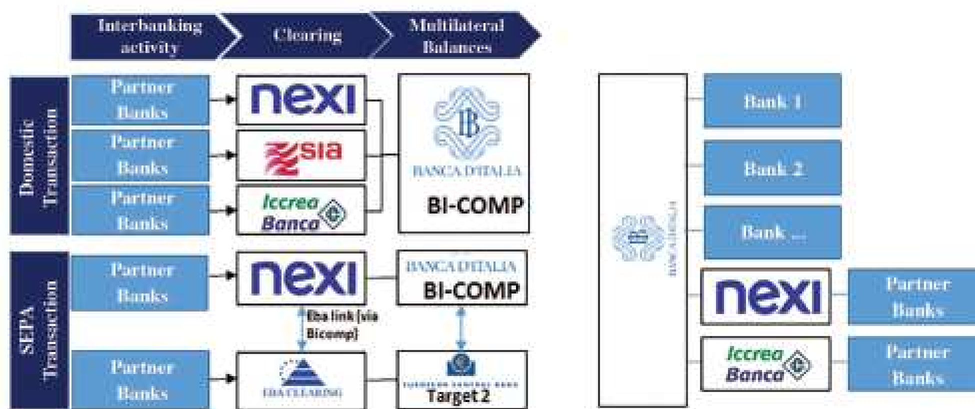
- international card issuers such as American Express;
- international players with capabilities similar to Nexi such as Wirecard; and
- issuer processors which may potentially offer similar services to Nexi's partner banks.

Competitive Landscape of the Italian Clearing and Settlement Industry

Wholesale, large-value payments in Italy are processed through TARGET2, the interbank payment system for real-time gross settlement of transfers throughout the Eurosystem, operated by the European Central Bank. In contrast, retail, low-value payments are characterized by the presence of local clearing sub-systems, which handle low-value electronic and paper-based transactions between participants on a net settlement basis.

Clearing and settlement of Italian domestic transactions between local clearing subsystems is operated through "BI-COMP," the national multilateral clearing and settlement platform managed by the Bank of Italy. Local clearing subsystems act as "assigned operators" and are in charge of the multilateral clearing phase, while the Bank of Italy, through BI-COMP, is responsible for the calculation of clearing balances and transmission for settlement in TARGET2. At present, there are three assigned operators in Italy: Bankco, SIA and ICCREA. Smaller banks without access to the BI-COMP platform settle their transactions through local platforms, such as Bankco or ICCREA. Settlement activities require a banking license.

SEPA transactions are cleared according to two alternative clearing models: a pan-European Automated Clearing House ("ACH") model, which is managed by EBA Clearing, and the European Automated Clearing House Association ("EACHA") model, which is based on the interconnection of local clearing subsystems. The settlement phase for SEPA transactions is then executed by national European central banks, or by the European Central Bank. In Italy, Bankco and ICCREA operate a joint SEPA-compliant ACH, which, according to the EACHA model, is interconnected to other local clearing subsystems, to EBA Clearing and to central banks. SIA provides processing services to EBA Clearing but does not act as an ACH. Bankco will be responsible for the transmission for settlement for our payments after the Reorganization.



Business Process Outsourcing Services

Business process outsourcing is the contracting of a specific business task to a third-party service provider. In the financial services industry, institutions tend to outsource some back-office processes, such as anti-money laundering, regulatory reporting, compliance and internal governance and ICT security. This allows the flexibility to focus on core activities and provides potential efficiency savings arising from the use of a specialized third-party provider.

In Italy, outsourcing of back-office activities for financial institutions has been driven by the increasing regulatory and legal complexity of certain processes, which often require very specialized competencies and software solutions. An example of this is anti-money laundering services, in which we hold a market share of approximately 97% among bank customers in Italy (and 85% of market share, including branches of foreign banks operating in Italy) and approximately 42% among life insurance customers in Italy as of December 31, 2017.

The Italian Market is characterized by rapid change in the regulatory environment, particularly as a result of the following drivers:

- anti-money laundering obligations stemming from the publication of CRD IV (as defined herein); and

- the availability of new technologies that allow for the processing of increasing quantities of data at a lower cost than was previously the case.

As a result of these developments, financial institutions are required to implement the following measures:

- adapt models and operational processes which implement and comply with the new regulatory requirements and to the stress-tests imposed by the Financial Regulator; and

- evolve their ICT platforms in order to put in place solutions that enable better integration of data management (i.e., centralized solutions that serve the different requirements, such as accounting, management and risk requirements).

In this context, our BPO services serve as a primary reference point for customers to manage and ensure the adequacy of their ICT and compliance platforms in order to satisfy regulatory developments and demands.

Our BPO services have been the consolidated leader in the market since 1993. Our anti-money laundering services are based on the GIANOS system (Gianos 4D software). We also provide regulatory reporting services to some of our customers. We have increased our range of products in recent years, and offer services such as compliance, internal audit and ICT security services which are believed to have high growth prospects.

BUSINESS

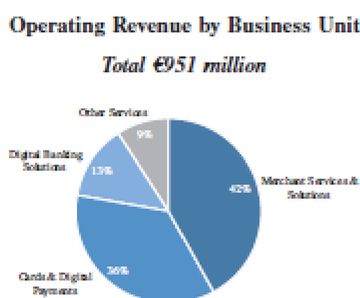
This business section includes certain technical terms that are commonly used in our industry. See "Glossary" for a detailed explanation of these terms. We have estimated certain information in this offering memorandum regarding market share and our position relative to our competitors based on our internal data and certain extrapolations. See "Industry and Market Data."

Overview

We are the leading paytech company in Italy. Our technology connects banks, merchants and consumers and enables them to make and receive digital payments. Our business is built on deeply-ingrained relationships with approximately 150 partner banks, which span more than 80% of the domestic banking sector. Our payment services hold leading market positions in Italy, serving 30 million cardholders and 860,000 merchants. With this platform, we are uniquely positioned to continue to grow with the Italian digital payments market, where card payments penetration is rapidly increasing from a lower base relative to other large European economies. We are committed to proactively driving the ongoing transition from cash to digital payments in Italy, with a focus on innovative products and best-in-class customer experience.

We have a history of growth through both organic development and synergistic acquisitions, as well as a successful financial track record characterized by strong cash flows and profitability. On a pro forma basis, we managed a stock of over 44 million payment cards and processed approximately 5 billion card transactions with a combined volume of €418 billion comprising issuing volumes of €186.1 billion and acquiring volumes of €232.4 billion as of and for the year ended December 31, 2017. On a pro forma basis for the year ended December 31, 2017, we generated operating revenue of €951 million.

We conduct our business through four business units: Merchant Services & Solutions, Cards & Digital Payments, Digital Banking Solutions and Other Services. The graph below sets forth our operating revenue by business unit on a pro forma basis for the year ended December 31, 2017:



Merchant Services & Solutions: Through our Merchant Services & Solutions business unit, we supply merchants with the necessary infrastructure to enable digital payment acceptance, and we execute card payments on the merchant's behalf. The services performed within our Merchant Services & Solutions business unit can be divided into core acquiring services and POS management. Core acquiring services are financial services such as the settlement of card payments to our merchants, technology services aimed at the fast, reliable and secure authentication and execution of payment transactions, and administrative services such as payment tracking and data analytics. POS management involves the configuration, activation and maintenance of the hardware and software required for digital payments, which is installed both at physical POS such as shops, grocery stores, restaurants, taxis, hotels and vending machines and online POS such as websites and mobile applications. Core acquiring and POS management services are usually sold as a bundle, which offers customers a full service benefit. We provide the majority of our acquiring services in cooperation with our partner banks. As a result, we benefit from their existing relationships and extensive branch networks for customer origination, while providing them with the benefit of our expertise and scale in the areas of procurement, processing and data security. However, we also serve certain merchants directly through our direct acquiring activities, with the partner bank acting solely as referral partner. Our Merchant Services & Solutions business unit generated €401 million, or 42%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Cards & Digital Payments: Through our Cards & Digital Payments business unit, we and our partner banks provide a wide spectrum of services in connection with the issuance of payment cards to cardholders, including product development and procurement services relating to the design and production of durable and secure payment cards, anti-fraud and customer support services, pricing services, banking services such as the

provision of an underlying credit allowance or savings account and credit scoring services, financial services such as the prefunding of card payments, technology services to ensure the fast, reliable and secure authentication and execution of payment transactions, administrative services such as payment tracking and monthly billing and data analytics services. We almost exclusively act alongside partner banks in the provision of issuing services, with our partner banks assuming the underlying cardholders' credit risk. We service most of the card issuing needs of our partner banks, allowing them to focus on their core lending business. Our Cards & Digital Payments business unit generated €338 million, or 36%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Digital Banking Solutions: In our Digital Banking Solutions business unit, we provide clearing services, digital corporate banking services, financial supply chain services and ATM management services. Clearing services comprise the provision of infrastructure for and management of the execution of account-based payments. We also operate as a clearing house for domestic and international SEPA payments. Our digital corporate banking services provide digital solutions to banks and corporate clients to help them manage their bank accounts and payments, such as a customizable e-banking platform. Our Digital Banking Solutions business unit also provides our market-leading CBI Gateway services. The CBI Gateway 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. ATM management services range from the complete management of an ATM fleet for banks to managing discrete parts of the value chain based on customer needs. Our Digital Banking Solutions business unit generated €124 million, or 13%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

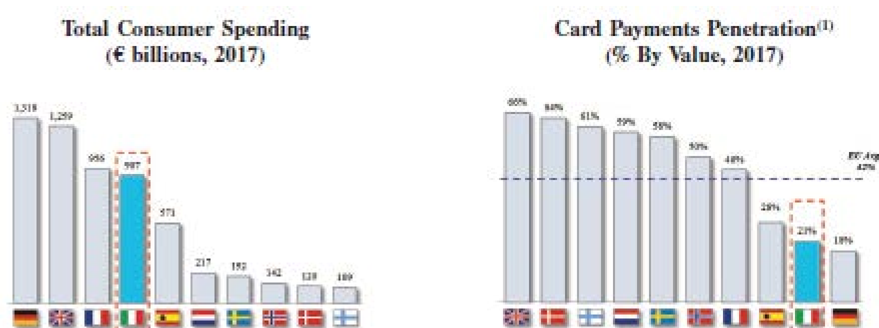
Other Services: Our Other Services business unit includes our remaining business activities which consist of strategically relevant business process outsourcing services and Help Line. Our Other Services business unit generated €88 million, or 9%, of our operating revenue on a pro forma basis for the year ended December 31, 2017.

Our Strengths

Large Market with Secular Growth Tailwinds

We are uniquely positioned to capitalize on secular growth trends and favorable industry dynamics in one of Europe's largest markets as the share of digital payments in overall consumer spending in Italy converges with other developed European economies.

Our business benefits from a large domestic market. Italy is Europe's fourth-largest economy in terms of consumer spending, accounting for an estimated €900 billion in consumer spending in 2017, with growth in recent years underpinned by growing demand and consistent levels of household spending (source: Euromonitor International). The Italian payments infrastructure is also well-developed, with a high number of POS terminals per capita and the average number of payment cards per capita being largely consistent with other major Western European economies. However, payment cards in Italy are used less frequently than on average in Western Europe, with card payments penetration in Italy of 21% compared to 42% in Western Europe. As illustrated by the chart below, which compares the volume of card payments to the overall payments volume in selected countries, Italy has one of the lowest rates of card payments penetration in Europe and is also well below the EU average. Consequently, we believe that the Italian market has significant potential for further expansion in order to bring card payments penetration levels in line with other major European economies.



Source: Euromonitor International Consumer Finance 2018 Edition.

Note: Finland data based on modelled assumptions made by Euromonitor International.

(1) In the chart above, Card Payments Penetration is defined as card payment transactions excluding commercial transactions divided by total consumer spending.

Card payments penetration in Italy is growing rapidly. While card payments penetration grew at a CAGR of 6.8% from 2012 to 2014, growth recently accelerated to a CAGR of 8.2% from 2014 to 2017 (source: Euromonitor International). The rapid growth in card payments penetration significantly outpaced growth in the underlying nominal GDP of Italy which increased at a CAGR of 1.5% over the same period (source: Economist Intelligence Unit).

We believe continued growth will be driven by regulatory tailwinds, because digital payments are recorded, generate receipts and create a digital footprint. Accordingly, the Italian government and regulators are implementing policies that favor digital over cash payments to prevent tax avoidance, money laundering and corruption. With the Stability Act 2016, for example, the Italian government legally required all merchants and professionals to provide consumers with the option to pay by card instead of cash.

We also believe that demographic drivers add to the momentum behind the trend toward increased use of digital payment methods. Younger generations have grown up with online stores and are more familiar with mobile payment solutions, such that the share of the population with a natural inclination for digital payments is set to increase over the long term.

Technological developments are expected to accelerate growth. The increasingly widespread availability of fast broadband connections and smartphones is boosting eCommerce and mCommerce, both of which rely on digital payment forms. The introduction of contactless POS in physical retail locations such as shops, restaurants and taxis and mobile payment options such as our proprietary e-wallet Nexi Pay, Apple Pay, Samsung Pay and Google Pay added to the speed and convenience benefits drawing consumers and merchants to digital payments.

Established Market Leader in Italy

We are the clear and long-established leader in the Italian paytech sector, with top-ranking positions across several key markets, as illustrated by the following statistics:

- We are the largest merchant acquirer in the Italian market, with a 76% market share by value of payment card transactions on a pro forma basis for the year ended December 31, 2017 (excluding PagoBancomat), and we are the leading merchant acquirer for online payments in Italy as of December 31, 2017.

- We are the largest card issuer and the only co-issuer with significant scale in Italy, with a 62% market share by value of payment card transactions on a pro forma basis for the year ended December 31, 2017 (excluding PagoBancomat).

- We are the leading ATM manager in Italy, with a 43% market share by number of managed ATMs (processing services) as of December 31, 2016.

- We are Italy's leading provider of CBI Gateway services, with a 24% market share by number of e-banking licenses as of December 31, 2017.

We estimate that, on a pro forma basis, more than 88% of the total consumer card spending in Italy for the year ended December 31, 2017 (excluding PagoBancomat), flowed through at least one part of our business. Our position as the market leader allows us to serve our customers through one of the most comprehensive sets of products and services available in the Italian paytech sector. We have a clear understanding of the needs and expectations of a wide range of customers, including banks, merchants and cardholders, which enables us to innovate and respond with more tailored products and services. Our leading market positions and scale also allow us to create and take advantage of economies of scale and achieve stronger profitability without compromising the quality of our offering.

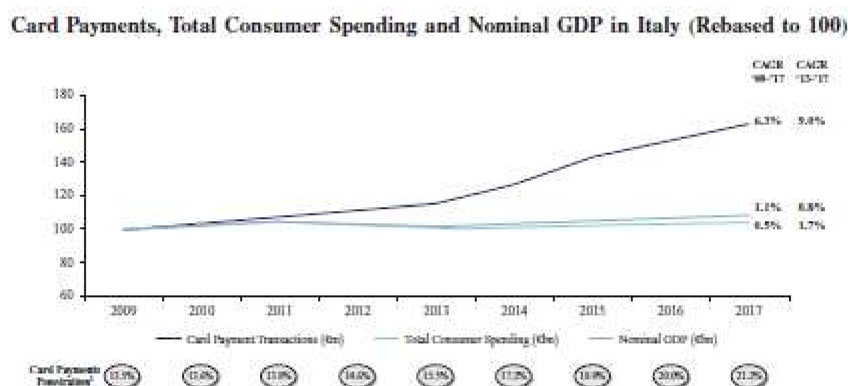
Attractive Bank Partnerships with Long-Term Relationships

We have a large and well-diversified customer base, including approximately 150 partner banks, 30 million cardholders and 860,000 merchants. Our customer base is built on referral relationships with our partner banks, which include most of the largest banking groups in Italy. Collectively, our partner banks account for more than 80% of the Italian banking sector by number of branches, which creates an effective and

cost-efficient distribution network. Our partner bank relationships are deeply-entrenched and governed by contracts that are either long-term or renew automatically. Some of these relationships date back to our formation in 1939, and partner banks often expand the scope of services they source from us as our relationship develops. Our contracts with cardholders and merchants typically have an indefinite term. Our relationship base was further diversified and strengthened as a result of the Acquisitions, each of which provided new or improved access to partner banks, cardholders or merchants. Moreover, our Former Shareholder Banks and the sellers in the Acquisitions entered into contractual undertakings pursuant to which they agreed to continue their pre-existing business relationship with us for prescribed minimum time periods. Our relationships are further bolstered by our scale, expertise and switching costs. As a result, our business benefits from high customer retention rates. Each of our top ten partner banks by number of managed cards has been a customer for more than 15 years, which we believe illustrates our customers' satisfaction with our services and the strength of our customer relationships.

Recurring and Resilient Revenues

Since 2010, our business has maintained a track record of stable revenue performance, with an upward trajectory. Our positive performance was driven by the sustained increase in card payments penetration in Italy over recent years, with consumer card spending growing at a CAGR of 6.3% from 2009 through 2017, more than triple the Italian GDP CAGR of 1.1% during the same period. Even during the recessionary years of the financial crisis card payments penetration continued growing, and also our business performance remained relatively stable. In this resilient market, we are the largest merchant acquirer with a 76% market share on a pro forma basis for the year ended December 31, 2017:



Source: Company estimates; Economist Intelligence Unit, Euromonitor International Consumer Finance 2018 Edition.

(1) Card Payments Penetration is defined as card payment transactions excluding commercial transactions divided by total consumer spending.

Scale and Competitive Positioning, Leveraging on Technological Innovation

We believe we have a strong reputation as an innovation leader in Italy, having introduced a large number of highly innovative and differentiating products and solutions in recent years. Examples of innovative products and services we have recently brought to market include contactless payments, smart POS, our mobile payment application Nexi Pay, which is the most popular mobile payment application in Italy by number of downloads, our Samsung and Apple Pay gateway, a new eCommerce platform, cloud-based digital payments, integrated POS solutions and omni-channel payment solutions which enable merchants to accept customer payments across all sales channels, including by telephone, mobile phone, physical or online POS, via a single platform.

Our business benefits from the substantial investments we have already made in the development of digital payment solutions for banks and merchants, which we believe hold further opportunity for future revenue growth. Leveraging our positioning as an innovation leader, we believe we can reap significant benefits from our recent investments in our eCommerce and mCommerce service offering and are well-positioned to capture future growth in our market. In our Merchant Services & Solutions business unit we will soon bring to market our new Android POS platform, which is a more advanced POS solution with built-in data analytics tools for merchants. Similarly, our recently launched Nexi merchant mobile application provides merchants with the ability to analyze their customers' spending behavior using real-time business analytics, conveniently from their tablet or mobile phone. In our Cards & Digital Payments business unit we recently launched two innovative payment cards, our credit-with-installment card and our Nexi Black payment card. Our credit-with-installment card allows cardholders, at the moment they are authorizing their payment transaction at a POS, to pay in accordance with a customizable payment plan instead of an upfront payment of the full amount. Our new Nexi Black payment card is the first contactless card in Italy made of metal, which we expect to appeal to premium and lifestyle customers in particular. The card offers select customers access to exclusive services such as a personal planner, elevated credit limit, insurance coverage for the family and other prestigious benefits. In our Digital Banking Solutions business unit we recently won a competitive tender held by the consortium that manages the CBI Gateway, securing the exclusive right to become the only provider for the PSD2 Gateway, a new payments infrastructure to comply with the new PSD2 "open banking" rules. We have also launched an instant payments platform that allows our clients to instantly clear and settle account-based money transfers.

High Operating Leverage and Cash Conversion

We have a stable underlying business with significant operating leverage that has delivered consistent growth in operating revenue and resulted in high cash conversion (Normalized EBITDA less capital expenditures) in recent years.

Our operating revenue has grown at a CAGR of 37% from €510 million for the year ended December 31, 2015, to €951 million on a pro forma basis for the year ended December 31, 2017. Our revenue growth over this period significantly outperformed the macroeconomic environment in Italy, primarily driven by our targeted and value-accretive investments and bolt-on acquisitions of attractive payments assets as well as organic growth due to growing card payments penetration in the Italian market.

While growing our revenue, we also implemented cost-savings and synergy initiatives. These initiatives have allowed our Normalized EBITDA to increase at a CAGR of 22% from €249 million for the year ended December 31, 2015, to €370 million for the year ended December 31, 2017 (in each case, on a non-GAAP aggregated basis). On a pro forma basis for the year ended December 31, 2017, our Normalized EBITDA was the second-largest in the European payments sector (comparing EBITDA as defined by each market participant). A large proportion of our principal cost components are fixed or semi-fixed such as ICT operation costs, general operating expenses and salaries. As a result, our business benefits from a significant degree of operating leverage which we expect to continue to support our profitability relative to increases in revenue. Our initiatives and operating leverage have contributed to the increase of our Normalized EBITDA margin from 27% for the year ended December 31, 2015, to 39% for the year ended December 31, 2017 (on a pro forma basis).

Our business is highly cash generative and, in part because of our outsourced ICT processing model, requires only limited non-discretionary capital expenditures. Based on management estimates, our cash conversion ratio consistently remained at, or above, 73% on a non-GAAP aggregated basis in each of the three years ended December 31, 2015, 2016 and 2017.

Further, we believe the Reorganization will reduce our regulatory and compliance costs and will enable us to operate an efficient, capital-light business model, given that we will no longer be subject to banking supervision and the associated capital adequacy requirements.

Management Team with a Track Record of Delivery

When the Sponsors acquired Nexi in 2015, we already had a strong management team with deep industry expertise in place. Since then we have strategically enhanced our senior management to drive our expansion as leader in the Italian paytech sector with the hires in 2016 of Paolo Bertoluzzo as chief executive officer and Bernardo Mingrone as chief financial officer. Mr. Bertoluzzo was previously group chief for commercial operations and strategy for the Vodafone Group and has significant experience in leading public companies with a large market capitalization. Mr. Mingrone was previously group chief financial officer of UniCredit S.p.A. and deputy general manager in charge of finance and operations at BMPS and brings to us deep knowledge of public companies and the Italian banking market with which we partner. We have also brought onboard a new chief information officer, chief administrative officer and new business unit heads for each of our three core business units, Cards & Digital Payments, Merchant Services & Solutions and Digital Payments Solutions. Nexi acquired skilled and experienced personnel across all business units, with a particular focus on customer value management, digital payments products and ICT.

Our management team has developed a strong track record of identifying value-accretive acquisition targets, integrating the acquired companies, identifying and achieving synergies, enhancing profits and retaining and motivating high-quality management. Since 2015, we have acquired Mercury Payments, MPS Acquiring, Bassilichi, and DB Acquiring. These acquisitions have strengthened our customer relationships, added significant scale to our issuing, acquiring and POS management capabilities and expanded our customer base. In connection with these acquisitions and our strategic initiatives, we have already realized more than €64 million of synergies and cost efficiencies and expect to generate an additional €126 million of synergies and cost efficiencies within the next one to three years. Most recently, we expanded our leading Merchant Services & Solutions business unit capabilities with the acquisition of Carige Acquiring, which is expected to close in September 2018.

We recently completed the rebranding as Nexi, and our management has successfully implemented substantial strategic initiatives for the business. For example, our internal reorganization plan was initiated in mid-2017, which has already had a positive impact on our personnel costs.

In addition, we expect to continue to benefit from the market expertise, business relationships, knowledge and experience of the Sponsors. Advent and Bain Capital are among the pre-eminent global investors in the payments industry. In 2009, Advent invested in Vantiv, a public, U.S.-based payment processing and technology provider. In 2010, Advent and Bain Capital jointly invested in Worldpay, a UK-based international payments processor, which completed its initial public offering in October 2015 with a market capitalization of more than £5 billion. In 2018, Worldpay merged with Vantiv to create Worldpay, Inc., with an enterprise value of $31 billion as of January 16, 2018. In 2014, Advent and Bain Capital jointly invested in Nets. Nets went public in September 2016 at an enterprise value of $4.5 billion and was subsequently taken private again by Hellman & Friedman in connection with a takeover offer that valued the firm at $5.3 billion, with Advent and Bain Capital reinvesting in Nets. In 2017, Advent and Bain Capital jointly invested in Concardis, a German payment services provider.

Worldpay, Nets and Vantiv all experienced significant improvement in their operating performance under the ownership of our Sponsors, who have a track record in the payments industry of generating significant revenue growth and driving profitability through operational efficiencies. Under the ownership of Advent and Bain Capital, Worldpay grew its net revenue from £717 million in the year ended December 31, 2012 to £919 million in the twelve months ended June 30, 2015 (representing a CAGR of 10.4%) and increased its underlying EBITDA from £305 million in the year ended December 31, 2012 to £396 million in the twelve months ended June 30, 2015 (representing a CAGR of 11.1%). Building on their experience with Worldpay, Advent and Bain Capital implemented a similar strategy and best practices at Nets. Prior to its initial public offering, Nets grew its gross revenue from DKK 8,607 for the year ended December 31, 2014 to DKK 10,084 for the year ended December 31, 2016 (representing a CAGR of 8.2%), and increased its "EBITDA before special items" from DKK 1,663 million for the year ended December 31, 2014 to DKK 2,619 million for the year ended December 31, 2016 (representing a CAGR of 25.5%).

Our Strategy

Leveraging our positioning, scale and capabilities as the leading paytech company in Italy, our ambition is to further expand our leading market position through the following strategies:

Accelerate the Transition from Cash to Digital Payments

We believe the Italian digital payments market, when compared to other major markets in Western Europe, exhibits low card payments penetration despite a relatively well-developed payment infrastructure. We

further believe that this market dynamic creates a significant opportunity to grow our business as the card payments penetration in the Italian market converges with peer levels in European countries. Euromonitor International estimates that card payments penetration in Italy will grow at a rate of 5.1% per annum from 2017 through 2022, significantly faster than in most other major European economies. To capitalize on this opportunity, we plan to proactively drive the ongoing transition from cash to digital payments in the Italian market through improved customer digital experience and the deployment of innovative products meeting diversified customer needs. We believe that in conjunction with these efforts, we will continue to benefit from government and regulatory initiatives aimed at increasing the use of payment cards and digital payments in lieu of cash payments.

Deliver Innovative Products with Best-In-Class Customer Experience with Digital Focus

We intend to deliver innovative products that significantly improve the accessibility and convenience of digital payments. With tailor-made products and a best-in-class customer experience, we expect that our new products will both increase our market share and overall card payments penetration in Italy. Our partner banks are a core part of our strategy and, through an increasingly digital focus and superior support in customer value management and sales, we will seek to further enhance their customer experience.

In our Merchant Services & Solutions business unit, for example, we intend to develop a tailored, high-value core offering addressing SME merchants' payments needs across their physical retail locations, internet and mobile sales platforms with best-in-class customer service. We have also identified further opportunities in relation to the marketing of attractive packages of value-added services to merchants, including loyalty reward programs and the use of data analytics. As witnessed in other markets, the provision of value-added services has the ability to strengthen relationships with merchants by granting them access to services that increase sales for marginal incremental price. We are determined to leverage our leading position in the brick-and-mortar merchants market to further develop our Online Commerce presence, especially with highly visible large merchants requiring omni-channel integration. We will also continue to invest in our partner bank relationships and explore both closer referral partnerships to drive card issuances and merchant contracts and acquisitions of additional cardholder or merchant books.

In our Cards & Digital Payments business unit, we will focus on our digital mobile payments portfolio, including our popular mobile payment application Nexi Pay, which enables customers that download the mobile application to enter their payment card details and make purchases directly through their smartphone.

In our Digital Banking Solutions business unit, we intend to generate growth by scaling our clearing services, driving innovations in our instant payment platform to improve the convenience of digital transactions for end-users as they gradually migrate from paper checks to digital payment options and increasing the corporate market penetration of our custom payments solutions. We will continue to focus on quality and innovation leadership in respect of our digital corporate banking services delivered through our partner banks. We believe our ATM management business has reached a critical mass, and we intend to harness this scale to develop it into an even more profitable business by driving innovation for branch-based ATM development.

Invest in Technology Excellence, Security and World-Class Capabilities

We recognize the value of our track record as a market leader in innovation, which we will leverage to achieve world-class technology and security capabilities. Technology is reshaping key payments industry fundamentals globally and is critical to delivering innovative products and services to market. To stay on the leading edge of product development, we have invested approximately €1 billion in information technology, software capabilities, employees, customers and internal efficiencies to nurture future organic growth. Our main focus areas in terms of technology investments include investments to strengthen our IT control, to ensure the stability and security of our platform and to maintain architecture in line with evolving state-of-the-art developments. We will also seek to assume increased control over the business critical services of our customers by offering attractive personnel and technological service capabilities. Additionally, we intend to continue investing into application-based services, smart POS, instant payments and digital and mobile payments and additional human resources to further develop our technological, data analytics and customer value management capabilities. With these investments we seek to further differentiate our customer experience in terms of security, control and simplicity.

Strengthen Our Presence in Underexploited Product Categories

We intend to grow our business by broadening our presence in underexploited product categories within our core business. For example, we target a number of new product launches in the debit cards category to complement the traditional, domestic debit card products currently available in the Italian market. Leveraging our

capabilities in the areas of innovation and mobile technology, we will launch innovative debit cards that provide a richer, more digital experience to card holders and rely on international card schemes. For instance, our debit cards will feature contactless payment functionality and host card emulation, so that they seamlessly integrate into our customers' mobile phones, tablets and personal computers. We have started negotiations with a number of financial institutions, offering to partner with us in the launch of these debit products, and have already signed contracts with several of these banks. To the extent we succeed in triggering a gradual switch from national debit to international debit cards in our market, both our issuing and acquiring activities could experience a significant benefit in terms of fee income.

Continue Delivering Positive Free Cash Flows to Support Deleveraging in the Short-to-Medium Term

We intend to maintain a focus on continuing improvements in positive free cash flow delivery by both increasing top line growth and enhancing operating efficiencies. We plan to grow our operating revenue through innovative products and new initiatives in each of our business units including in the areas of purchasing, human resources, IT processing & running, IT strategy, operations and with respect to our customer contact center. At the same time, we believe that we have significant potential to enhance our already strong profitability and strengthen our long-term business performance by improving our operational efficiency and through selective acquisitions. We executed operational efficiency measures in the first two years under the Sponsors' ownership, achieving significant growth in operating revenue, profitability and Normalized EBITDA. As a result, we believe that there are significant opportunities to further improve our profitability across our businesses. For example, we believe that we can generate cost-savings from three main sources, namely operational efficiencies, synergies realized in connection with the continued integration of our recent acquisitions as well as innovation and customer value management. We intend to use the resulting increases in free cash flow to delever the business in the short-to-medium term.

Our History

We were founded in 1939 by six Italian banks as a joint 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 that have contributed to our leading position in the Italian payments sector:

- 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 Sponsors, which provided us with insights into operational excellence gained from the 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.

- In 2016, we acquired Mercury Payments, 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; MPS Acquiring, Bassilichi and DB Acquiring. MPS Acquiring provides acquiring and POS management services to BMPS, Italy's fourth-largest bank, and its customers. The acquisition provided us with direct access to BMPS customers and improved our monetization of our BMPS relationship. Bassilichi is a complementary business that likewise provides POS management and ancillary services via BMPS. Our investment in DB Acquiring, Deutsche Bank's Italian merchant acquiring business, further increased the number of our merchant customers.

- In November 2017, we renamed our company and adopted the Nexi brand. Moreover, we started the process of spinning off our banking activities in the Reorganization to focus on our core payments activities and driving innovation in our industry.

- Most recently, we expanded our leading Merchant Services & Solutions business unit capabilities by a signing a binding agreement to acquire Carige Acquiring for a consideration of €25 million, which is expected to close in September 2018.

Transformation Program

In 2015, we were acquired by the Sponsors. Following that acquisition, we undertook several strategic initiatives that form the basis of our transformation program (the "Transformation Program"), which include: (i) investment in our technology infrastructure, including in application-based services and IT control; (ii) selective acquisitions in the payments sector, including Mercury Payments, MPS Acquiring, Bassilichi and DB Acquiring; (iii) promoting significant recurring cost savings and operational efficiencies guided by the Sponsors; (iv) our rebranding as Nexi; and (v) enhancements to our senior management.

Our Services

Overview

We are the leader in the Italian payments sector. 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 and settlement 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 four 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.

- ***Other Services,*** through which we provide our remaining business activities which comprise a wide range of strategically relevant business process outsourcing and Help Line services.

The table below shows our aggregated operating revenue by business unit for the periods indicated on a non-GAAP aggregated basis.

	Year ended December 31,		
(€ million)	**2015**	**2016**	**2017**
Merchant Services & Solutions	270.7	365.1	402.1
Cards & Digital Payments	361.6	315.0	342.1
Digital Banking Solutions	96.4	103.5	111.0
Other Services	83.3	88.1	88.9
Total	**812.0**	**871.7**	**944.1**

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 that provides a merchant with the necessary infrastructure to enable digital payment acceptance and with an underlying bank account and who is responsible for receiving card payments on the merchant's behalf. The relevant services can be differentiated into POS

management and core acquiring services. POS management involves the configuration, activation and maintenance of POS, its integration into the merchant's accounting software, and the provision of fraud, dispute and helpdesk services. POS comprise two categories: offline POS which are electronic card readers (physical POS) in brick-and-mortar stores that are installed at most retail outlets (such as apparel stores, drug stores, grocery stores, electronics stores, restaurants and hotels) and online POS which are payment interfaces on a website or mobile application that enable online purchases. Core acquiring services are financial services such as the prefunding of payables due from card schemes or merchant payables, technology services aimed at the fast, reliable and secure authentication and execution of payment transactions, administrative services such as payment tracking and data analytics.

We are the largest merchant acquirer in the Italian market, with a 76% market share by value of payment card transactions excluding PagoBancomat (47% including PagoBancomat) on a pro forma basis for the year ended December 31, 2017. We predominantly cooperate with partner banks in the provision of our acquiring services, using their extensive branch networks and existing relationships for customer origination and certain services, while providing them with the benefit of our expertise and scale in other areas. However, we also serve certain merchants directly in our direct acquiring business, with the partner bank acting solely as referral partner. We primarily sell our acquiring and POS management services as a bundle, though we do also sell one or the other service component on a standalone basis to certain of our customers.

Our Merchant Services & Solutions business unit generated €401.2 million, or 42.2%, of our pro forma operating revenue in our Merchant Services & Solutions business unit for the year ended December 31, 2017.

Partnership-Based Acquiring and POS Management

The services carried out in our Merchant Services & Solutions business unit are split between Nexi 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 call center, whereas the processing part of the acquiring value chain is usually outsourced to one of our processing partners, equensWorldline and SIA. Similar to our issuing business, the exact scope of the services we perform depends on whether our partner bank has entered into a licensing or servicing agreement with us. In making the decision to enter into a licensing or servicing agreement with us, partner banks mainly take into account our scale, broad range of services and industry know-how as well as whether they wish to retain a direct relationship with the merchant customer.

<u>Licensing Model</u>

Under the licensing model, Nexi assumes a comprehensive role and handles all acquiring and POS management functions. We operate the licensing business model in two ways:

Traditional licensing model. Under the traditional licensing model, we act as the acquirer. We directly enter into the contractual relationship with each merchant referred to us by a partner bank and set up and manage credit, charge, debit and prepaid card payment acceptance software and hardware for the merchant. We activate our merchant customers' accounts and (through our processing partners equensWorldline and SIA) process the transactions they originate. In addition, we provide fraud detection services as well as dispute, support and Help Line functions. The licensing model is typically utilized by partner banks that seek to derive the full benefit from our scale in the Italian merchant acquiring industry as well as our broad range of services and industry know-how. Customers who partner with us under a traditional licensing agreement include Banco BPM, BPER, Credit Agricole and Credem. For a description of the material terms and conditions governing our licensing agreements, see "*—Material Contracts—Agreements with End-Users—Merchant Services & Solutions Agreements (Traditional Licensing).*"

Under a traditional licensing agreement, we generate revenue directly from merchant customers based on the following fee structure:

- *Gross MSC:* Merchants are charged a gross merchant service charge ("MSC"), the amount of which is determined by the partner bank and which we collect from each merchant. From the gross MSC collected, we deduct and withhold the three fees set forth below and remit the balance to the partner bank:

- *Percentage fee:* We charge a fee for each transaction processed through the merchant customer's POS, with the amount being equal to a fixed percentage of the transaction value.

- *Transaction fee:* We also charge a flat fee for each transaction processed through the merchant customer's POS, which covers the costs we incur in connection with the transaction.

- *Interchange fee:* For each transaction handled on behalf of a merchant customer, we remit a payment to the applicable card scheme operator, which is referred to as an interchange fee. The interchange fee is equal to a fraction of the transaction value and is set by the card scheme operator which passes the interchange fee through to the card issuer (net of a scheme fee).

- *Set-up fee:* Where we act as POS manager, we charge a one-off set-up fee for the installation, configuration and integration of each POS.

- *Maintenance fee:* Where we act as POS manager, we also charge a monthly maintenance fee, which is shared with the partner bank and covers the rental fee for each POS and maintenance services.

Associate Licensing model. Under our associate licensing model, we act as co-acquirer and manage the relationship with the card scheme operator on behalf of a partner bank which manages, unlike in the traditional licensing model, the relationship with the merchant (for instance with respect to revenue collection). We receive a transaction fee from the relevant partner bank for each transaction processed through the POS we provide which covers the costs we incur in connection with the transaction. See "*—Material Contracts—Agreements with Partner Banks—Associate Licensing and Servicing (Merchant Services & Solutions and Cards & Digital Payments), and Digital Banking Solutions.*"

<u>Servicing Model</u>

Under a servicing agreement, we provide a more limited range of acquiring services and receive lower fees as a result. We provide all POS management services, which mainly relate to the set up and maintenance of the merchant's payment acceptance hardware and software, but the partner bank enters into the contractual relationship with the merchant and also maintains its own contractual relationship with the scheme operators governing the economic and operational aspects of the relationship. Partner banks typically employ the servicing model where they prefer to maintain an exclusive relationship with the merchant. Customers who cooperate with us under a servicing agreement include ICCREA. See "—Material Contracts—Agreements with Partner Banks—Associate Licensing and Servicing (Merchant Services & Solutions and Cards & Digital Payments), and Digital Banking Solutions."

While the terms of our servicing agreements are customized and thus vary, servicing agreements typically generate fewer fees and lower revenues compared to licensing agreements. For every merchant acquiring transaction under a servicing agreement, we would usually receive a transaction fee from the partner bank, which is a flat fee for each transaction processed through the payment card we issue, and which covers the costs we incur in connection with the transaction.

Direct Acquiring and POS Management

We also serve large merchants such as insurance companies, large retailers and larger telecommunications companies and luxury goods companies, directly without the involvement of a partner bank. Examples of such merchants include: Allianz, Carrefour, Vodafone and Hermes. Our direct acquiring business currently serves approximately 8,000 customers, accounting for approximately 22,000 POS. As a result, we receive all the acquiring fees from the card payment transactions generated by these merchants and exclusively manage the relationship with these customers. In the year ended December 31, 2017, the merchants under these direct acquiring contracts originated card payment transactions with a volume of €7.2 billion.

Referrals

Following our acquisitions of DB Acquiring and MPS Acquiring in June and July 2017, respectively, and most recently our acquisition of Carige Acquiring, we expanded our efforts to engage with merchants through the use of referral relationships with these partner banks. See "*—Material Contracts—Agreements with Partner Banks—Agreement with Deutsche Bank, S.p.A.*" and "*—Agreements with BMPS—BMPS Marketing and Distribution Agreement*." Deutsche Bank S.p.A. and BMPS provide us with access to their network of bank branches and act as a merchant referral source. We set and receive all the acquiring fees from the card payment transactions and the POS management fees generated by the merchants referred to us by Deutsche Bank S.p.A. and BMPS. For the year ended December 31, 2017, card payment transactions with a volume of €21.5 billion were originated by us through these referrals.

Market Position

We are the leading merchant acquirer in Italy. Between our licensing, servicing and direct acquiring activities we serve approximately 860,000 merchants. For the year ended December 31, 2017 we managed 1.4 million POS terminals in Italy.

In addition, we are the leading merchant acquirer for online payments as of December 31, 2017.

Most of the merchants that utilize our Merchant Services & Solutions services are SMEs, and we believe that we are the leading provider of merchant acquiring services to SME customers in Italy, with approximately 78% market share by value of Visa/MasterCard transactions for the year ended December 31, 2017. We estimate that we had a market share of approximately 90% among large merchants by value of card transactions in 2017. For the year ended December 31, 2017, the aggregate value of transactions we managed was €232 billion.

Innovation

POS terminals continue to benefit from technological innovations. While offline POS are installed at a large number of brick-and-mortar stores, their use at other points-of-sale such as taxis, vending machines and public transportation is still expanding. Furthermore, POS technology continues to diversify. The last two decades having seen a sharp rise in the adoption of online POS, whereas mobile payment solutions enabling payments via smartphones have become increasingly popular over the last five years. As the leader in the Italian payments sector with a particular focus on innovation, new developments in payment solutions continue to create opportunities for our business. We have a track record of innovation, and have led the market with initiatives such as mobile POS, contactless enabled POS terminals and tablets. We are committed to maintaining and expanding our position as innovation leader and continue to invest in our technological capabilities. In 2017, we launched and marketed our innovative Merchant Mobile App which provides our merchant customers with transaction reporting tools as well as customer service features. The Merchant Mobile App is free. The Merchant Mobile App is our proprietary development and while its technological development is outsourced to external suppliers, we manage its functionality directly. We also use innovative bundling and promotional packages in our marketing offers to merchants which include new joiner offers and micro-payments promotions (such as no fee transactions for transactions below a value of €10). In 2017, we had a market share of approximately 22% for our Merchant Services & Solutions business unit in the eCommerce market in terms of acquiring volumes.

Cards & Digital Payments

Overview

A card issuer is a bank or other service provider which offers payment cards to its customers, provides access to an underlying bank account and is responsible for sending payments to merchants for purchases made with the payment cards. Operating as a card issuer requires a wide spectrum of services, including product development and procurement services relating to the design and production of durable and secure payment cards that are equipped with the latest technology (such as contactless payments), inventory, warehousing and delivery services, anti-fraud and customer support services, pricing services, banking services such as the provision of an underlying credit allowance or savings account and credit scoring services, financial services such as the prefunding of cardholder receivables and the registration of a BIN with the relevant card scheme operators (such as Visa and MasterCard) to obtain access to their payments networks, technology services to ensure the fast, reliable and secure authentication and execution of payment transactions, administrative services such as payment tracking and monthly billing and data analytics services to provide insight into spending behavior.

For our Cards & Digital payments business unit, while we almost exclusively act alongside our partner banks, we actually provide the majority of our bank partners' card issuing needs, which in turn enables our partner banks to focus on their core lending business. Though a smaller proportion of our Cards & Digital Payments business unit, we also issue payment cards directly to large corporate customers and without the involvement of partner banks. Set forth below is a description of our partnership-based and direct card issuing activities.

Our Cards & Digital Payments business unit generated €338.1 million, or 36.1%, of our pro forma operating revenue for the year ended December 31, 2017.

Partnership-Based Issuing

In the context of our partnership-based issuing activities, both the issuing activities and the associated fee income are divided between Nexi and the relevant partner bank. Our partner banks originate the business

relationship with cardholders, relying on their branch networks and existing customer relationships. Nexi handles the authentication and execution of card payments and various other services, enabling our partner banks to benefit from Nexi's economies of scale and to focus on their primary lending business. The allocation of other services varies based on the specific agreement with each partner bank, although our agreements can be broadly classified as either licensing or servicing agreements. A key determinant of whether the licensing or servicing model is the best fit for any partner bank is whether it has the necessary scale and strategic rationale to acquire its own BIN.

Licensing Model

Under the licensing model, Nexi assumes a comprehensive issuer role and handles all card issuing functions. We operate the licensing business through our traditional licensing and associate licensing models.

Traditional licensing model. Under the traditional licensing model, we act as the issuer. We directly enter into a contractual relationship with each cardholder customer referred to us by a partner bank, manage the entire stock of payment cards for such partner bank, provide and manage the relationship with the card scheme operators and license our BIN to the partner bank. Additionally, we undertake the product development and marketing, customer care, fraud management and fee collection activities associated with the payment card. Most of the payment cards issued pursuant to a licensing agreement 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 co-issuing partner bank. The traditional licensing model is typically utilized by partner banks that seek to derive the full benefit from our scale in the Italian card issuing industry. Customers who partner with us under a licensing agreement include Banco BPM, Intesa Sanpaolo, Cariparma, Mediolanum, Banca Popolare Sondrio and Carige. For a description of the material terms and conditions governing our licensing agreements see "*—Material Contracts—Agreements with End-Users—Card Issuing Cardholder Agreements (Traditional Licensing).*"

Under a traditional licensing agreement, we collect revenue directly from our cardholder customers and the card schemes including the following fees:

- *Annual management fee:* We collect an annual fee from the cardholder, with pricing depending on the partner bank.
- *Additional fee:* We collect other card related fees set by our partner banks (for example, cash withdrawal fees) as well as fees that we set (for example, account statement fees).
- *Interchange fee:* For each transaction executed with payment cards subject to the traditional licensing model, we collect a payment from the applicable card scheme operator, which is referred to as an interchange fee. The interchange fee is equal to a fraction of the transaction value and is set by the card scheme operator which passes the transaction value received from the card issuer through to the merchant acquirer (net of the interchange fee and a scheme fee).

From the revenues collected on our behalf and that of our partner bank, as described above, we deduct and withhold the following fees and remit the balance to the partner bank:

- *Annual fee:* An annual fee that is equal to a fixed amount which depends on the tier and type of the card (classic, gold, platinum, black, commercial). In the case of prepaid cards, a similar top-up fee becomes payable upon every recharge of the card.
- *Percentage fee:* A fraction of the payment value for each transaction processed through the payment card we issued.
- *Transaction fee:* A flat fee for each transaction processed through the payment card we issued.
- *Funding margin:* For charge cards, prefunding for customer purchases is provided between 15 and 45 calendar days from the date of purchase, with an average of 29 days for payment. We do not charge interest to the cardholder in relation to the outstanding balance, but deduct and withhold financial costs incurred in connection with these funding activities plus a margin from the compensation remitted to the relevant partner bank. See "*Description of Certain Financing Arrangements—Settlement Obligations.*"

Associate Licensing model. Under an associate licensing agreement, we act as co-issuer and manage the relationship with the card scheme operator on behalf of a partner bank which, in contrast to the traditional licensing model, manages the relationship with the cardholder (for instance, with respect to revenue collection). UBI Banca

is an example of a customer who partners with us under our associate licensing model. See "*—Material Contracts—Agreements with Partner Banks—Traditional Licensing (Merchant Services & Solutions and Cards & Digital Payments).*" *We receive revenues from the relevant partner bank which typically include the following two components:*

- *Annual fee:* An annual fee that is equal to a fixed amount which depends on the tier of the cards.
- *Transaction fee or percentage fee:* A flat fee or a fraction of the payment value for each transaction processed through the payment card we issued.

We review the pricing of the fee components under the traditional licensing and associate licensing models described above on an annual basis. Each year we distribute a notice setting out the proposed pricing terms for the following year to each of our partner banks. The underlying contract entitles the partner bank to raise objections against the revised pricing terms we propose within 60 days, failing which the contract may be deemed tacitly renewed for another one-year period. Revisions to pricing terms are generally accepted as changes that typically result from a variation to services offered or general cost structure changes. Each of our existing partner banks under a traditional licensing model has been a partner bank for more than 15 years.

Servicing Model

Under the servicing model, we provide a more limited range of card issuing services and also collect lower fees. Our partner banks are responsible for and handle product development, customer care, marketing, distribution, pricing and fee collection, but rely upon our payment card administration services. Under the servicing model, the partner bank (rather than Nexi) enters into the contractual relationship with each cardholder customer and relies on its own BIN and relationship with the card scheme operators. The servicing model is typically used by financial institutions that have sufficient scale and strategic rationale to insource part of their card issuing business. Customers who cooperate with us under a servicing agreement include Deutsche Bank, Banco BPM, BPER and ICCREA. See "*—Material Contracts—Agreements with Partner Banks—Traditional Licensing (Merchant Services & Solutions and Cards & Digital Payments)*."

While the terms of our servicing agreements are customized and thus vary, we typically receive the following fees from partner banks under the servicing model:

- *Annual fee:* An annual fee that is equal to a fixed amount which depends on the tier and type of the payment card (classic, gold, platinum, black, commercial). In the case of prepaid cards, a top-up fee becomes payable upon every recharge of the card.
- *Transaction fee:* A flat fee for each transaction processed through the payment card we issued which covers the costs we incur in connection with the transaction.

While our servicing contracts are customized and thus their duration and renewal terms vary, on average our servicing contracts have a duration of at least three years.

Direct Issuing

We also issue charge and prepaid cards directly to corporate and retail customers without the involvement of partner banks, using arrangements similar to traditional licensing model arrangements. In our direct issuing business, we currently have approximately 42,500 charge cards and approximately 2.7 million prepaid cards in issue. Our customers are primarily large corporations such as ENI, Vodafone and Trenitalia, that retain our services to provide co-branded cards to their employees or customers. Under direct issuing arrangements, we receive all the issuing fees generated by these payment cards but also retain the ultimate credit risk associated with them. However, the credit exposure generated by our direct issuing business only accounts for approximately 1% of the aggregate credit exposure from all of our issuing activities. See "*—Material Contracts—Agreements with End-Users—Card Issuing Cardholder Agreements (Traditional Licensing),*" "*Description of Certain Financing Arrangements—Settlement Obligations*."

Market Position

Under our Cards & Digital Payments business unit we are the leading card issuer in Italy with an aggregate value of managed card transactions of €186.1 billion for the year ended December 31, 2017. Between our licensing, servicing and direct issuing activities we manage more than 44 million credit, charge, debit and prepaid cards. In 2017, on a pro forma basis, we held a 62% market share (42% including PagoBancomat) by

value of overall card issuing transactions, including a 78% market share by value of credit and charge card transactions and a 30% market share by value of debit and prepaid card issuing transactions. We estimate that approximately 24%, 36% and 0.3% of our market share by value of overall card issuing transactions derived from licensing, servicing and direct issuing, respectively.

Innovation

We believe that continuous innovation is critical in our dynamic industry and has been a key factor of our success. Even traditional payment cards continue to be the subject of innovation, as illustrated by the recent introduction and proliferation of contactless payments. We were a key facilitator of these developments in the Italian market, through early agreements with over-the-top content platforms (Apple, Facebook, Google), on behalf of our partner banks. We have also maintained our position at the forefront of the Italian mobile payments industry, in part through the recent launch of innovations in the mobile payments market such as the e-wallet MySi which enables customers that download the mobile application to enter the details of their payment cards and make purchases using only their smartphone. Our investments in technological research and our technological advantage over competitors helped us create innovative internet-based payment solutions such as cloud-based digital payments (e.g., host card emulation) and integrated POS solutions. We also successfully market omni-channel payment solutions which enable our customers to authorize payments across channels by mobile phone, tablet, online and in brick-and-mortar stores.

Digital Banking Solutions

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 digital experience is becoming increasingly important. As of December 31, 2017, we managed approximately 21,200 ATMs across the country (of which 7,200 were for processing activities only). Management of ATMs takes various forms, is subject to customer requirements and ranges from the complete management of an ATM fleet (which comprises of purchasing, front-end development, processing, monitoring and maintenance) to discrete parts of the value chain such as the management of processing services. Revenue is typically generated from fees for each managed ATM and/or each transaction executed. We see our ATM management business as a source of continued growth given the ongoing bank trend prioritizing a leaner physical infrastructure manifest in the increase in branch closures. We expect that further development of this business will improve our customer service capabilities and increase our revenues generated from this business.

Clearing Services

Our clearing services offering revolves around the provision of infrastructure and management services for the execution of account- as opposed to card-based payments. Within the Italian market, we operate as a clearing house for domestic and international SEPA payments and provide services to our partner banks in compliance with standard interbanking schemes. For example, we exchange collection and payment orders between banks. Our clearing capabilities encompass domestic SEPA and ACH services with interoperability with EBA Clearing international SEPA services. We recently launched ACH Instant Payments, which is fully compliant with ECB regulation.

As of and for the year ended December 31, 2017, we executed 915 million clearing transactions.

Revenue in our clearing services business is generated from fees based on the number of transactions or fixed fees charged for recurring services.

Digital Corporate Banking

Our digital corporate banking services business provides digital solutions that help customers of our partner banks to manage their bank accounts and payments. Three different categories can be distinguished:

- *Electronic/mobile banking:* We provide white label digital solutions allowing banks and corporate customers to establish their own branded corporate e-banking platform.

- *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 between banks and public authorities.

- *Financial supply chain:* Our service offering also includes 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.

As of and for the year ended December 31, 2017, we had more than 519,000 licenses in our e-banking platform and connected about 400,000 customers through our CBI Gateway, which makes the leading provider by number of transactions processed through the CBI Gateway.

Revenue in our digital corporate banking services business unit is generated from fees based on the number of e-banking licenses, fixed fees charged for recurring services and project-based service fees.

Other Services

We also provide various other services to our partner banks and corporate customers that are ancillary to our Cards & Digital Payments business unit. For example, we have installed a dedicated call center to provide support services to cardholders, merchants, banks and corporate customers, which generates revenue from fees for inbound and outbound calls. Additionally, we market various business process outsourcing ("BPO") services that offer training and digital solutions in connection with anti-money laundering and regulatory reporting services. Such services do not include data storage services.

Customers

We have a large and well-diversified customer base, including more than 30 million cardholders and 860,000 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. Collectively, our partner banks account for more than 80% of the Italian banking sector by number of branches. Because we have partnerships with the majority of Italian banks, customer churn between banks does not usually affect us in a material way. 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 our industry is characterized by a significant degree of customer loyalty which deters our customers from insourcing their payments activities or switching supplier. First and foremost among the reasons for this tendency is our unique scale, which creates a significant cost advantage across production, processing and overheads that no single partner bank could match on its own. Another driver is the requirement to obtain a BIN from card scheme operators, which is a time-consuming process and requires sufficient capitalization and compliance with complex regulatory requirements. In addition, our business benefits 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 our long-standing experience and expertise in the industry and our deep understanding of the customer base in the Italian. 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. Moreover, in connection with our acquisitions we have entered into agreements with our Former Shareholder Banks. The sellers in our original acquisition by the Sponsors in 2015 agreed to extend the terms of their contracts with us until five years after closing of the acquisition, subject to the right to renegotiate terms after six months and the right of the selling banks to terminate after three years, and to maintain their level of business with us for a certain period of time. MPS Acquiring's acquiring contract with BMPS and Mercury Payments' card issuing and POS contracts with Intesa Sanpaolo each have terms of ten years as of acquisition closing in December 2016 and during 2017, respectively. 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.

As a result, our business benefits from high rates of customer retention. Each of our top ten partner banks by number of managed cards has been a customer for more than 15 years, which we believe illustrates our customers' satisfaction with our services.

Suppliers

Overview

We believe that we are not dependent on any single source supplier for any material part of our business, 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 Idemia (formerly, Oberthur), an Advent portfolio company, (iii) suppliers of POS terminals for our Merchant Services & Solutions (such as, Ingenico Italia and Verifone Italia), (iv) suppliers of ATMs for our ATM management services and (v) suppliers of certain outsourced services related to banking delivery services, check, cash letter and internet banking services. For a description of suppliers of our information technology systems, see "*—Information and Communications Technology.*" 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, but also American Express, Diners Club, JCB and others. 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 scheme operator itself retains a scheme fee.

The number of card scheme operators is small, and Visa and MasterCard have significant scale, such that our business depends on our continuing relationship with these scheme operators. See "*Risk Factors—Risks Related to Our Business—Changes in payment network rules or standards could adversely affect our business, financial condition and results of operations*."

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

Material 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 the 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 its card issuing agreements, see "*Description of Certain Financing Arrangements—Settlement Obligations.*"

Card Issuing Cardholder Agreements (Traditional Licensing)

When operating under the traditional licensing model in our Cards & Digital Payments business unit, we act as a co-issuer alongside a partner bank and enter into a contractual relationship with each cardholder customer referred to us by the partner bank.

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 its card issuing agreements, see "*Description of Certain Financing Arrangements—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). 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.

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.

For a description of the credit risk we incur in connection with our Cards & Digital Payments business unit agreements, see "*Description of Certain Financing Arrangements—Settlement Obligations.*"

Agreements with Former Shareholder Banks

We have entered into several agreements with our Former Shareholder Banks pursuant to which we undertook to provide the Former Shareholder Banks 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 the relationships with certain card scheme operators. In exchange, the Former Shareholders Banks have agreed to pay us certain agreed fees and maintain their level of business with the Group for a certain period of time. These agreements expire in 2020.

Agreements with Intesa Sanpaolo

We have entered into three core contracts with Intesa Sanpaolo, through our subsidiary Mercury Payments, pursuant to which we undertook to provide Intesa Sanpaolo with card management, ATM and POS services (the "ISP Agreements"). In particular, we have undertaken to provide to Intesa Sanpaolo (i) management of credit, debit and prepaid cards issued by Intesa Sanpaolo, including management of cards' authorization process, clearing activity with the operators of the payment networks and all ancillary activities connected with the performance of the services under the agreement, (ii) POS processing and servicing, including the procurement of POS terminals, management of the authorization process of the electronic transaction, transaction monitoring and fraud prevention and management of financial flows, and (iii) ATM services, ATM withdrawals and card payment advances and settlement of financial flows. In exchange, Intesa Sanpaolo has agreed to pay us certain agreed fees. The ISP Agreements expire in December 2026, subject to tacit renewal for another two-year period. Either party may withdraw from the ISP Agreements by providing two years' 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 MPS Acquiring business, 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.

<u>BMPS Marketing and Distribution Agreement</u>

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.

<u>BMPS POS, ATM and Corporate Banking Agreement</u>

We entered into a framework agreement with BMPS (in 2016), through our subsidiary Bassilichi, 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"). In addition, BMPS has the right to assign additional services (such as BMPS's debit cards issuing platform, services related to corporate banking, and value-added services on POS terminals) to Bassilichi outside of the fixed fee arrangements, and Bassilichi is entitled to approach BMPS with offers for other services. As of July 2017, the POS services are no longer governed by the BMPS Framework Agreement as a result of the acquisition of the MPS Acquiring business. 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, eCommerce and POS rental, and (iii) services related to interbanking corporate payments service, including services related to the CBI Gateway.

Agreement 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., 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 five years starting from June 2017, 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 2022 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.

Agreements with Card Scheme Operators

Visa Inc. Agreement

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). Visa Europe determines certain cardholder and related fees. 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. We also own €83.1 million Class C shares in Visa Europe, which will be converted into ordinary shares of Visa Inc. at the end of the lock-up period. The conversion into ordinary shares will occur on the basis of a conversion factor determined by Visa on the basis of the status of the Visa Europe litigation. See "*Risk Factors—Risk Factors Related to Our Business—We are subject to the risk of litigation and other claims.*"

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 "*Risk Factors—Risks Related to Our Business—As a former member of Visa Europe, we may become liable for liabilities and losses of Visa Europe*" and "*Forward-Looking Statements*."

Rebates

Historically, the Group received certain benefits of membership, including periodic and one-off rebates of a certain proportion of the scheme fees paid to Visa Europe. Through our membership in Visa Europe, we received a rebate on our scheme fees, calculated by reference to the volume of transactions we process through Visa Europe. Subsequent to Visa Europe's incorporation into Visa Inc. in 2016, we have ceased to be a member of Visa Europe, and since October 2016 have been in the process of renegotiating the terms of our business

relationship with the Visa card scheme. There can be no assurance that this will lead to us being able to negotiate and establish new terms that are equally commercially attractive as our previous terms. See "*Risk Factors—Risks Related to Our Business—As a former member of Visa Europe, we may become liable for liabilities and losses of Visa Europe*" and "*Forward-Looking Statements*."

<u>Acquisition of Visa Europe by Visa Inc.</u>

On November 2, 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. In 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. 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

In 1999, Nexi Payments entered into a card member license agreements with CO.GE.BAN., which was the licensee of the Bancomat and PagoBancomat trademarks. Following the conversion of CO.GE.BAN. into the Bancomat consortium in 2008, and the acquisition by the latter of the ownership of the PagoBancomat trademarks, Nexi Payments has become a member of the Bancomat consortium entitled to use the Bancomat and PagoBancomat trademarks. Under these agreements, the Bancomat consortium granted Nexi Payments a license to use Bancomat and PagoBancomat's trademarks both in our Merchant Services & Solutions and Cards & Digital Payments business units. 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 agreements have a duration of one year and are subject to automatic renewal, unless Nexi Payments serves a three-month written notice of termination or Nexi Payments is subject to merger or demerger transactions.

Agreements with ICT Providers

equensWorldline and SIA Agreements

When we execute payment card transactions originated by one of our merchant customers, we are generally responsible for the production of account statements, dispute management, credit collection, fraud management and customer service through our call center, but we outsource the processing part of the acquiring value chain to our processing partners equensWorldline and SIA. The relationship between Nexi and equensWorldline and SIA are governed by service supply agreements and agreements for the supply of data center outsourcing solutions. The parties to these contracts agreed on certain key performance indicators to measure performance. The details of these contracts are subject to confidentiality provisions.

As of the date of this offering memorandum, we are in the process of negotiating an agreement with our ICT service providers aimed at transferring all the ICT activities of the Group into a single service provider, thus increasing the efficiency of our ICT system.

The foregoing summary of material contracts does not purport to be complete, is based on public statements and filings, and has not been independently verified by us or any independent sources. See "Forward-Looking Statements."

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 the leading card issuer and merchant acquirer 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.

Employees

As of the year ended December 31, 2017, we had a total of 2,616 full-time equivalent employees, excluding temporary workers. Our total number of employees included 100 top managers, 557 middle managers and 1930 white collar employees.

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*); (iv) the "*CCNL*" for employees of telecommunication companies (*Contratto Collettivo Nazionale di Lavoro per i Dipendenti delle Imprese Esercenti Servizi di Telecomunicazione*); and (v) 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. 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, 2017, the amount set aside under our severance indemnities under employees' contracts of employment amounted to €19.6 million.

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 has not had any significant labor issues during the past three years.

Information and Communications Technology

Information and communications technology ("ICT") is a critical part of our business. As a result, 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. We have invested €122 million from 2015 to 2017, including investments in customized ICT platforms for value added services such as web portals, mobile apps, fraud management, services related to CBI Gateway, management and execution of paper checks and receivables and digital corporate banking. The key ICT systems employed across our business and the respective sourcing status is as follows:

- *Fully-outsourced ICT platforms* for (i) card issuing and merchant acquiring services, transaction authorization, ATM management and POS management, and (ii) clearing and settlement (ACH), connectivity, application center and foreign transactions in the our Cards & Digital Payments business unit. See "*—Material Contracts—Agreements with ICT Providers*."

- *Partly outsourced, customized ICT platforms* for (i) value added services such as web portals, mobile apps, customer relationship management (CRM) and fraud management, and (ii) services related to the CBI Gateway, management and execution of paper checks and receivables and digital corporate banking in our Cards & Digital Payments business unit.

Moreover, certain of our subsidiaries have entered into specific ICT agreements for the supply of ICT services, including telecommunication, cards printing and other ICT services (with suppliers, such as ISGS S.c.p.A.), software applications for business and corporate services (such as VPOS management for eCommerce, POS back-office and M-POS TvPay), software applications for merchants, other customers and for payment systems.

We are in the process of migrating the ICT applications and infrastructure used by Bassilichi and Mercury Payments into our Nexi systems. The full integration of these systems is expected to be completed for Bassilichi systems by 2019, and for Mercury Payments systems by 2021.

As far as our processing contracts are concerned, our ICT strategy is to source most of our processing requirements from a single supplier to optimize our volume discounts. At the same time, we will manage supplier concentration risk through a dual sourcing strategy whereby we will source a portion of our requirements from a different supplier.

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 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. Additionally, we leverage our Papen brand for the management and collection of pension payments for our bank customers. We expect to register additional brands and trademarks in the future.

Trademarks, Domains and Patents

As of December 31, 2017, we held 118 trademark registrations in Italy and Europe including Nexi, Help Line, GIANOS, 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.

Licenses

We have obtained a license to perform payments services, under our Moneynet business. 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 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 offering memorandum 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 a 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

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business, such as employee claims, disputes with suppliers and customers, and proceedings initiated by public authorities. To our knowledge, we are currently not involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

UNAUDITED NON-GAAP AGGREGATED FINANCIAL INFORMATION

The following unaudited non-GAAP aggregated financial statement of profit or loss and other information (the "Unaudited Non-GAAP Aggregated Financial Information") is presented to illustrate the expected effects on our historical Financial Statements of the Pro Forma Acquisitions and the acquisition of Mercury Payments, as if they had occurred on the first day of the period presented. The following Unaudited Non-GAAP Aggregated Financial Information is based on, and should be read in conjunction with, our historical Financial Statements included elsewhere herein and the sections in this offering memorandum titled "*Presentation of Financial and Other Information*," "*Selected Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Unaudited Pro Forma Combined Financial Information*."

We believe that the presentation of the Unaudited Non-GAAP Aggregated Financial Information is useful to investors in evaluating our results of operations. Our historical Financial Statements give effect to the Reorganization for all periods presented, and our Unaudited Pro Forma Combined Financial Information for the year ended December 31, 2017, gives full-period effect to the Pro Forma Acquisitions and the acquisition of Mercury Payments, the Offering and the use of proceeds, the Private Placement, the Funding Reorganization and the Service Agreements. However, our historical Financial Statements for the years ended December 31, 2015, 2016 and 2017, do not give pro forma effect to the Pro Forma Acquisitions and our Unaudited Pro Forma Combined Financial Information only covers the year ended December 31, 2017. As a result, the three years ended December 31, 2015, 2016 and 2017, as presented in our historical Financial Statements, are not directly comparable. We are presenting this Unaudited Pro Forma Combined Financial Information for the years ended December 31, 2015, 2016, and 2017, in this offering memorandum, as we believe this will aid comparability with certain selected statement of profit or loss and other information.

The following Unaudited Non-GAAP Aggregated Financial Information of the Nexi Payments Business has been derived by adjusting our historical Financial Statements, which are included elsewhere in this offering memorandum, to give effect to the transactions described below, as if they had occurred on the first day of each period presented, to the extent such transactions were not already reflected in the relevant period:

- the acquisition by the Nexi Payments Business of Mercury Payments on December 15, 2016;
- the acquisition by the Nexi Payments Business of MPS Acquiring on June 30, 2017; and
- the acquisition by the Nexi Payments Business of Bassilichi on July 3, 2017.

The following Unaudited Non-GAAP Aggregated Financial Information has not been prepared in accordance with IFRS or any generally accepted accounting standards nor with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any other regulations of the SEC or any other regulator. The Unaudited Non-GAAP Aggregated Financial Information has been derived by applying adjustments to our historical Financial Statements included elsewhere in this offering memorandum, which adjustments are not recognized by IFRS or any other generally accepted accounting standards. The Unaudited Non-GAAP Aggregated Financial Information reflects the application of adjustments that are based upon available management account information and certain assumptions that management believes are reasonable under the circumstances. Unlike in the case of our Unaudited Pro Forma Combined Financial Information, we have not included notes describing these assumptions in our Unaudited Non-GAAP Aggregated Financial Information. Actual results may differ materially from the Unaudited Non-GAAP Aggregated Financial Information. Neither the assumptions underlying the adjustments nor the resulting Unaudited Non-GAAP Aggregated Financial Information has been audited or reviewed. The Unaudited Non-GAAP Aggregated Financial Information does not give effect to our Acquisition of DB Acquiring in June 2017; see "*Summary—Summary Historical and Unaudited Pro Forma Combined Financial Information and Other Data—Other Financial Data*." The Unaudited Non-GAAP Aggregated Financial Information is not directly comparable with, or representative of, our future operating results and cash flows.

The Unaudited Non-GAAP Aggregated Financial Information does not give effect for any of the periods presented to the following:

- the entry into of new financing agreements, mainly represented by the Settlement Obligations Factoring Agreement, to fund the Company's working capital;
- certain agreements between Nexi Payments and Bankco, relating to the provision of IT and business services to Bankco; and

- the transaction costs associated with the Pro Forma Acquisitions, the acquisition of Mercury Payments and the Reorganization.

Including such effects, our Aggregated Normalized EBITDA for the year ended December 31, 2017, would have been of €368.7 million as compared to €370.4 million, our Aggregated Normalized EBITDA for the year ended December 31, 2016 would have been of €313.1 million as compared to €316.8 million, and our Aggregated Normalized EBITDA for the year ended December 31, 2015, would have been €246.4 million as compared to €249.5 million.

Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the Year Ended December 31, 2017

(€ million)	Nexi Payments Business Carve-out	Adjustments: Bassilichi (1H 2017)	Adjustments: MPS Acquiring business (1H 2017)	Adjustments: Intercompany Transactions (1H 2017)	Total non-GAAP Aggregated Financial Information for the year ended December 31, 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Merchant Services & Solutions	352.5	29.6	39.1	(19.1)	402.1
Cards & Digital Payments	342.1	—	—	—	342.1
Digital Banking Solutions	97.4	13.6	—	—	111.0
Other Services	60.2	28.7	—	—	88.9
Aggregated operating revenue	**852.2**	**71.9**	**39.1**	**(19.1)**	**944.1**
Payroll and related costs	(142.9)	(23.8)	(0.9)	—	(167.6)
Other operating expenses	(354.8)	(46.4)	(16.0)	19.1	(398.1)
Impairment losses and net accruals for risks and charges	(7.6)	—	(0.4)	—	(8.0)
Aggregated Normalized EBITDA	**346.9**	**1.7**	**21.8**	**—**	**370.4**

Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the Year Ended December 31, 2016

(€ million)	Nexi Payments Business Carve-out	Adjustments: Mercury Payments	Adjustments: Bassilichi	Adjustments: MPS Acquiring business	Adjustments: Intercompany Transactions	Total non-GAAP Aggregated Financial Information for the year ended December 31, 2016
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Merchant Services & Solutions	208.0	60.2	48.7	86.5	(38.3)	365.1
Cards & Digital Payments	234.9	80.1	—	—	—	315.0
Digital Banking Solutions	60.1	—	43.4	—	—	103.5
Other Services	35.3	(0.2)	53.0	—	—	88.1
Aggregated operating revenue	**538.3**	**140.1**	**145.1**	**86.5**	**(38.3)**	**871.7**
Payroll and related costs	(96.6)	(16.6)	(47.7)	(1.8)	—	(162.7)
Other operating expenses	(252.2)	(35.0)	(97.7)	(34.4)	38.3	(381.0)

Impairment losses and net accruals for risks and charges	(9.9)	(0.3)	(0.3)	(0.7)	—	(11.2)
Aggregated Normalized EBITDA	**179.6**	**88.2**	**(0.6)**	**49.6**	**—**	**316.8**

Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the Year Ended December 31, 2015

		Adjustments				
(€ million)	**Nexi Payments Business Carve-out[1]**	**Mercury Payments**	**Bassilichi**	**MPS Acquiring business**	**Intercompany Transactions**	**Total non-GAAP Aggregated Financial Information for the Year Ended December 31, 2015**
			(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Merchant Services & Solutions	180.5	8.9	54.8	61.2	(34.7)	270.7
Cards & Digital Payments	241.1	120.5	—	—	—	361.6
Digital Banking Solutions	59.2	—	37.2	—	—	96.4
Other Services	29.2	—	54.1	—	—	83.3
Aggregated operating revenue	**510.0**	**129.4**	**146.1**	**61.2**	**(34.7)**	**812.0**
Payroll and related costs	(94.1)	(15.3)	(45.8)	(2.0)	—	(157.2)
Other operating expenses	(266.9)	(35.5)	(92.7)	(31.6)	34.7	(392.0)
Impairment losses and net accruals for risks and charges	(13.0)	(0.1)	(0.2)	—	—	(13.3)
Aggregated Normalized EBITDA	**136.0**	**78.5**	**7.4**	**27.6**	**—**	**249.5**

(1) The ICBPI Acquisition took place on December 18, 2015. This column represents the aggregated financial information of the predecessor and successor.

Comparison of Certain Selected Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the Year Ended December 31, 2017 and the Year Ended December 31, 2016

The following table presents certain selected unaudited non-GAAP aggregated statement of profit or loss information for the years ended December 31, 2017 and 2016.

	Year ended December 31,		Change	
(€ million)	**2016**	**2017**	**(€ million)**	**(%)**
	(Unaudited)	**(Unaudited)**		
Merchant Services & Solutions	365.1	402.1	37.0	10.1
Cards & Digital Payments	315.0	342.1	27.1	8.6
Digital Banking Solutions	103.5	111.0	7.5	7.2
Other Services	88.1	88.9	0.8	0.9
Aggregated operating revenue	**871.7**	**944.1**	**72.4**	**8.3**
Payroll and related costs	(162.7)	(167.6)	(4.9)	3.0
Other operating expenses	(381.0)	(398.1)	(17.1)	4.5
Impairment losses and net accruals for risks and	(11.2)	(8.0)	3.2	(28.6)

Aggregated Normalized EBITDA...........	316.8	370.4	53.6	16.9

Aggregated Operating Revenue

Aggregated operating revenue for the year ended December 31, 2017, amounted to €944.1 million, an increase of €72.4 million, or 8.3%, compared to €871.7 million for the year ended December 31, 2016.

Aggregated operating revenue with respect to the Merchant Services & Solutions business unit for the year ended December 31, 2017, amounted to €402.1 million, an increase of €37.0 million, or 10.1%, compared to €365.1 million for the year ended December 31, 2016. The increase was primarily attributable to an increase in the number and values of merchant transactions and in the number of managed POS terminals.

Aggregated operating revenue with respect to the Cards & Digital Payments business unit for the year ended December 31, 2017, amounted to €342.1 million, an increase of €27.1 million, or 8.6%, compared to €315.0 million for the year ended December 31, 2016. The increase was primarily attributable to an increase in the number and values of card transactions.

Aggregated operating revenue with respect to the Digital Banking Solutions business unit for the year ended December 31, 2017, amounted to €111.0 million, an increase of €7.5 million, or 7.2%, compared to €103.5 million for the year ended December 31, 2016. The increase was primarily driven by a higher level of sales of ATM terminals by Bassilichi.

Aggregated operating revenue with respect to the Other Services business unit for the year ended December 31, 2017, amounted to €88.9 million, an increase of €0.8 million, or 0.9%, compared to € 88.1 million for the year ended December 31, 2016. The increase was primarily driven by an increase in business services sales, in particular for Bassilichi.

Payroll and Related Costs

Payroll and related costs for the year ended December 31, 2017, amounted to €167.6 million, an increase of €4.9 million, or 3.0%, compared to €162.7 million for the year ended December 31, 2016. This increase was the result of an increase in wages and salaries, social security charges and other employee costs primarily due to an increase in the number of employees, including additions to the management team.

Other Operating Expenses

Other operating expenses for the year ended December 31, 2017, amounted to €398.1 million, an increase of €17.1 million, or 4.5%, compared to €381.0 million for the year ended December 31, 2016. This increase was primarily attributable to higher level of ATM terminal purchases for Bassilichi.

Impairment Losses and Net Accruals for Risks and Charges

Impairment losses and net accruals for risks and charges for the year ended December 31, 2017 amounted to €8.0 million, a decrease of €3.2 million, or 28.6%, compared to €11.2 million for the year ended December 31, 2016. This decrease was primarily attributable to lower provisions for risks and charges recognized in 2017 as compared to 2016.

Aggregated Normalized EBITDA

Aggregated Normalized EBITDA for the year ended December 31, 2017, amounted to €370.4 million, an increase of €53.6 million, or 16.9%, compared to €316.8 million for the year ended December 31, 2016. This increase is primarily due to the increase in aggregated operating revenue, which amounted to €944.1 million for the year, ended December 31, 2017, an increase of €72.4 million, or 8.3%, compared to €871.7 million for the year ended December 31, 2016.

Comparison of Certain Selected Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the Year Ended December 31, 2016 and the Year Ended December 31, 2015

The following table presents certain selected Unaudited Non-GAAP Aggregated Statement of Profit or Loss Information for the years ended December 31, 2016 and 2015.

	Year ended December 31,		Change	
(€ million)	**2015[(1)]**	**2016**	**(€ million)**	**(%)**

	(Unaudited)	(Unaudited)		
Merchant Services & Solutions	270.7	365.1	94.4	34.9%
Cards & Digital Payments	361.6	315.0	(46.6)	(12.9)%
Digital Banking Solutions	96.4	103.5	7.1	7.4%
Other Services	83.3	88.1	4.8	5.8%
Aggregated operating revenue	**812.0**	**871.7**	**59.7**	**7.4%**
Payroll and related costs	(157.2)	(162.7)	(5.5)	3.5%
Other operating	(392.0)	(381.0)	11.0	(2.8)%
Impairment losses and net accruals for risks and charges	(13.3)	(11.2)	2.1	(15.8)%
Aggregated Normalized EBITDA	**249.5**	**316.8**	**67.3**	**27.0%**

(1) The ICBPI Acquisition took place on December 18, 2015. This column represents the aggregated financial information of the predecessor and successor.

Aggregated Operating Revenue

Aggregated operating revenue for the year ended December 31, 2016, amounted to €871.7 million, an increase of €59.7 million, or 7.4%, compared to €812.0 million for the year ended December 31, 2015.

Aggregated operating revenue with respect to the Merchant Services & Solutions business unit for the year ended December 31, 2016, amounted to €365.1 million, an increase of €94.4 million, or 34.9%, compared to €270.7 million for the year ended December 31, 2015. The increase was primarily attributable to higher numbers and volumes of transactions and to the impact of the new international scheme governing the interchange fees, that led to a shift in aggregated operating revenue from the Cards & Digital Payments business unit to the Merchants Services business unit. The increase in aggregated operating revenue with respect to the Merchant Services & Solutions business unit was also influenced by the effects of certain commercial agreements with Intesa Sanpaolo entered into by Mercury Payments in December 2015 and relating to services offered to merchants such as the management of the authorization process for digital payment transactions.

Aggregated operating revenue with respect to the Cards & Digital Payments business unit for the year ended December 31, 2016, amounted to €315.0 million, a decrease of €46.6 million, or 12.9%, compared to €361.6 million for the year ended December 31, 2015. The decrease was primarily attributable to the impact of the new international scheme governing the interchange fee, that resulted in lower fees on cards issuing services, despite the increase in transaction volumes.

Aggregated operating revenue with respect to the Digital Banking Solutions business unit for the year ended December 31, 2016, amounted to 103.5 million, an increase of €7.1 million, or 7.4%, compared to €96.4 million for the year ended December 31, 2015. The increase was primarily attributable to higher sales volumes of clearing services and digital corporate banking services, as a result of an increase in the number of e-banking licenses.

Aggregated operating revenue with respect to Other Services business unit for the year ended December 31, 2016, amounted to €88.1 million, an increase of €4.8 million, or 5.8%, compared to €83.3 million for the year ended December 31, 2015. The increase was primarily attributable to an increase in aggregated operating revenue from sales of call center services.

Payroll and Related Costs

Payroll and related costs for the year ended December 31, 2016, amounted to €162.7 million, an increase of €5.5 million, or 3.5%, compared to €157.2 million for the year ended December 31, 2015. This increase was primarily attributable to changes in our management structure implemented in the second half of the year ended December 31, 2016.

Other Operating Expenses

Other operating expenses for the year ended December 31, 2016, amounted to €381.0 million, a decrease of €11.0 million, or 2.8%, compared to €392.0 million for the year ended December 31, 2015. This decrease was primarily attributable to lower general and production expenses.

Impairment Losses and Net Accruals for Risks and Charges

Impairment losses and net accruals for risks and charges for the year ended December 31, 2016, amounted to €11.2 million, a decrease of €2.1 million, or 15.8%, compared to €13.3 million for the year ended December 31, 2015. This decrease was primarily attributable to lower provisions for fraud-related losses by Nexi Payments.

Aggregated Normalized EBITDA

Aggregated Normalized EBITDA for the year ended December 31, 2016, amounted to €316.8 million, an increase of €67.3 million, or 27.0%, compared to €249.5 million for the year ended December 31, 2015. This increase is primarily due to the increase in aggregated operating revenue, which amounted to €871.7 million for the year ended December 31, 2016, an increase of €59.7 million, or 7.4%, compared to €812.0 million for the year ended December 31, 2015.

Unaudited Non-GAAP Aggregated Capital Expenditures and Cash Conversion Information

The table set forth below shows our management's estimated capital expenditures, cash conversion and cash conversion ratio. Capital expenditures was calculated on a pro forma basis, cash conversion was calculated on a non-GAAP aggregated basis and cash conversion ratio was calculated by dividing cash conversion by Aggregated Normalized EBITDA. While our management believes that these metrics are useful to investors in assessing our liquidity, these metrics have not been prepared on the same basis, are subject to significant assumptions and limitations and may not reflect what our actual capital expenditures, cash conversion and cash conversion ratio would have been, had the Transactions occurred as of the dates and for the periods presented. See *"Risk Factors—The financial information presented in this offering memorandum has been formulated subject to significant assumptions and limitations and may not reflect what our actual results of operations and financial condition would have been had the transactions accounted for therein actually occurred as of and for the periods presented, and such financial information may not be indicative of our future operating performance*." You should compensate for these limitations by primarily relying on the historical financial information presented in our Financial Statements and considering the information below only in addition to, as opposed to in substitution for, our historical financial information.

	Year Ended December 31		
(€ million)	**2015**	**2016**	**2017**
POS/ATM Management	33.7	38.9	36.3
ICT	21.6	41.9	49.0
Other	8.8	4.7	7.1
Capital expenditures	**64.1**	**85.5**	**92.4**
Aggregated Normalized EBITDA	249.5	316.8	370.4
Total pro forma capital expenditures	64.1	85.5	92.4
Cash conversion	**185.4**	**231.3**	**278.0**
Cash conversion	185.4	231.3	278.0
Aggregated Normalized EBITDA	249.5	316.8	370.4
Cash conversion ratio	**74.3%**	**73.0%**	**75.1%**

REGULATION

Introduction

Following the Reorganization, the Group will carry out regulated business activities. These regulated activities will primarily consist of card issuing, merchant acquiring, POS, payments and securities services activities, as well as the issuing of electronic money. Several companies of the Group will be subject to mandatory rules concerning, *inter alia,* the necessary license, activity, transfer of shareholdings, setting up of specific internal control functions and systems and the adoption of sound corporate governance practices. Additional regulation will address the capital adequacy and outsourcing rules in relation to core activities.

The companies that perform regulated activities that will be part of the Group following the Reorganization are as follows:

- Nexi Payments is currently an Italian payment institution, active in the Italian market. Nexi Payments is regulated and supervised by the Bank of Italy as a payment institution pursuant to articles 114-*sexies et seq*. of the Italian Banking Act. Following the Reorganization, Nexi Payments will be an electronic money institution ("IMEL" or *Istituto di Moneta Elettronica*) pursuant to articles 114-*bis* et seq. of the Italian Banking Act and continue to be regulated and supervised by the Bank of Italy;

- Mercury Payment Services, is an Italian payment institution, active in the Italian market, regulated and supervised by the Bank of Italy as a payment institution pursuant to articles 114-sexies et seq. of the Italian Banking Act. Mercury Payment Services is a leading market player in merchant acquiring services, servicing the whole acquiring process from POS installation to maintenance. Mercury Payment Services is also involved in the issuance and acceptance of payment cards, including full customization and other ancillary services (*i.e.*, authorization management, clearing, settlement and credit refunds); and

- Moneynet, is an Italian payment institution, regulated and supervised by the Bank of Italy as a hybrid payment institution pursuant to articles 114-*novies*, paragraph 4) of the Italian Banking Act. Alongside with the payment services, Moneynet is also allowed to pursue activities other than those related to payment services.

Set forth below is an overview of the Italian regulatory environment applicable to the electronic money institutions and payment institutions which will be part of the Group after the Reorganization, followed by a detailed summary of the regulation that significantly impacts them. The Italian regulatory environment is primarily shaped by European regulation, as such the regulatory environment in Italy is substantively similar to that of other European markets.

Italian Regulatory Environment

Overview of Regulations and Supervisory Authorities

In addition to the provisions set out in the constitutive by-laws of the Group's companies, which regulate the form, manner and procedures pursuant to which such companies operate, the primary regulations governing the conduct of the payments and electronic money issuing activities in Italy are contained in several pieces of Italian and EU legislation. See *"—Material Legislation, Rules and Regulation*."

The following entities supervise and regulate at least part of the activities of the Company's business:

- the Bank of Italy which pursuant to the Italian Banking Act is the Italian supervisory authority and payments services and electronic money issuing regulator;

- the Italian Minister of Economy and Finance, who is granted broad powers pursuant to the Italian Banking Act to establish requirements for banks, electronic money institutions and payment institutions' prospective directors, executives and auditors;

- the Financial Information Unit (*Unità di Informazione Finanziaria*, or "UIF"), to which specific supervisory powers in the anti-money laundering sector are assigned.

Payment Institutions Supervision by the Bank of Italy

Authorization by the Bank of Italy is required to perform payment services. The Bank of Italy issues the relevant authorization if the conditions of sound and prudent management and the orderly functioning of the payment system have been met by the relevant institution. Under the Italian Banking Act, payment services include: (i) services enabling cash to be placed on a payment account, and enabling cash withdrawals from a payment account; (ii) execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider; (iii) execution of payment transactions where the funds are covered by a credit line for a payment service user; (iv) issuing of payment instruments and/or acquiring of payment transactions; (v) money remittance; (vi) payment initiation services; and (vii) account information services.

In addition to the execution of payment services, payment institutions may also engage in lending activities, provided that: (i) the loan is granted exclusively in relation to the execution of a payment transaction; (ii) the loan is short-term, with a term not to exceed twelve months; and (iii) the loan is not granted using funds which have been received or are held for the purposes of executing a payment transaction.

In accordance with the provisions set out under the Italian Banking Act, the Bank of Italy will grant authorization to payment institutions once the following requirements have been met:

- incorporation as a joint-stock company (*società per azioni,* S.p.A.), company whose capital is limited by shares (*società a responsabilità limitata*, S.r.l.), limited liability company (*società in accomandita per azioni*) or a cooperative company;
- registered office and primary offices are in the territory of the Italian Republic, and at least part of the activities are carried out in Italy;
- existence of a paid-up minimum corporate capital of 20,000, 50,000 or 125,000 euros, depending on the services the payment institution intends to carry on;
- a business plan, which describes the payment services that the institution intends to carry out, the main investments the institution has already made or intends to make and its growth plan and strategies;
- qualified participants to the capital meet the integrity requirements set forth at Section 114-*novies*, paragraph 1, lett. e), of the Italian Banking Act;
- professional and independence qualifications, as applicable, by management and control bodies as set out under Section 114-*novies*, paragraph 1, lett. e-*bis*) of the Italian Banking Act; and
- the absence of conflicts between the payment institution and the persons of its group or third parties which may affect the supervision of the institutions by the Bank of Italy.

Furthermore, in accordance with article 114-*terdecies* of the Italian Banking Act, payment institutions may also carry out activities in any other industry, provided that: (i) all the above mentioned requirements are met; and (ii) for the execution of the payment services and their instrumental activities, a pool of separate business assets is construed and run by one or more responsible persons. In case the financial stability of the payment services activities may be affected by the other industrial activity, the Bank of Italy may impose the incorporation of a company which will exclusively carry out the payment services activities separate from the remainder of the payment institutions' activities.

The Bank of Italy must evaluate the adequacy of the business plan of the payment institution and that administrative and accounting organization and internal controls systems are adequate in relation to the nature, size and complexity of the activities that the institute intends to carry out.

In addition, the opening of branches and the performance of payment services outside Italy by an Italian payment institution, even within the European single market, requires that a notice be sent to the Bank of Italy. The Bank of Italy, when certain conditions are not satisfied, can deny the enrollment in the relevant Italian register of a branch of the Italian payment institution or electronic money institution which is established within the territory of another EU Member State.

Electronic Money Institutions Supervision by the Bank of Italy

On September 16, 2009 the European Parliament and the Council adopted the Directive (EU) No. 2009/110 on the electronic money, providing regulations relating to the set-up, exercise and prudential supervision of electronic money institutions in the EU single market.

In accordance with articles 114-*bis* of the Italian Banking Act, the issue of electronic money is reserved to banks and electronic money institutions. Electronic money institutions must be duly authorized by the Bank of Italy, which issues the relevant authorization if the conditions required to ensure the sound and prudent management and the orderly functioning of the payment system have been satisfied.

In addition to the issuance of electronic money, which consists of the immediate conversion of the received money into electronic money, electronic money institutions may also provide payment services and the aforementioned regulations applicable to payment institutions shall apply.

In accordance with the provisions set out under the Italian Banking Act, the Bank of Italy authorizes electronic money institutions, once the following requirements have been met:

- incorporation as a joint-stock company (*società per azioni,* S.p.A.), company whose capital is limited by shares (*società a responsabilità limitata*, S.r.l.), limited liability company (*società in accomandita per azioni*) or a cooperative company;

- registered office and primary offices are in the territory of the Italian Republic, and at least part of the activities are carried out in Italy;

- existence of a paid-up minimum corporate capital of no less than 350,000 euros;

- a business plan, which describes the electronic money issuing services, as well as, if any, the payment services that the institution intends to carry out, the main investments that the institution has already made or intends to make and its growth plan and strategies;

- holding, by the qualified participants to the capital meet the integrity requirements set forth at Section 114-*quinquies*, paragraph 1, lett. e), of the Italian Banking Act;

- professional and independence qualifications, as applicable, by management and control bodies as set out under Section 114-*quinquies*, paragraph 1, lett. e-*bis*), of the Italian Banking Act; and

- the absence of conflicts, between the electronic money institution and the persons of its group or third parties which may affect the supervision of the institutions by the Bank of Italy.

The Bank of Italy must evaluate the adequacy of the business plan of the electronic money institution and that administrative and accounting organization and internal controls systems are adequate in relation to the nature, size and complexity of the activities that the institute intends to carry out.

In addition, the opening of branches and the performance of electronic money issue outside Italy by an Italian electronic money institution, even within the European single market, requires that a notice be sent to the Bank of Italy. The Bank of Italy, when certain conditions are not satisfied, can deny the enrollment in the relevant Italian register of a branch of the Italian payment institution or electronic money institution which is established within the territory of another EU Member State.

Our Licenses

Mercury Payment Services, Moneynet and Nexi Payments are currently enrolled as payment institutions in the payment institutions register kept by the Bank of Italy and are duly licensed to perform certain payment services. Following the Reorganization, Nexi Payments will be transformed into an electronic money institution.

Regulatory Regimes

Regulations Applicable to Payment Institutions

The Payment Services Directives and Payment Services Act

On November 13, 2007, the European Parliament and the Council published the Directive on payment services No. 2007/64/EC ("PSD1"), which was transposed into Italian law by Legislative Decree No. 11 of January 27, 2010 ("Payment Services Act"). The PSD1 provides for the harmonization of the internal payment services market, by means of a license system for market access by payment services providers, and by regulating the relationship between the payment service provider and the consumer. PSD1 was intended to harmonize and remove legal barriers for payments throughout the EU. PSD1 also sought to improve competition by opening up payment markets to new entrants, thus fostering greater efficiency and cost reduction, and also provided the necessary legal platform for the Single Euro Payments Area ("SEPA").

PSD1 established a new category of payment service providers referred to as "payment institutions." Pursuant to Article 114-*sexies* of the Italian Banking Act, payment institutions are permitted to provide payment services alongside, *inter alia*, banks and electronic money institutions. Moreover, by means of a European passport, payment institutions can offer payment products and services abroad, thus making it attractive for European payment services users to pay and receive funds within as well as outside their home country.

On November 25, 2015 the European Parliament and the Council adopted the new Directive (EU) No. 2015/2366 on payment services in the internal market ("PSD2"), which has repealed the PSD1. In Italy, PSD2 was implemented by the Legislative Decree No. 218 of December 15, 2017 ("Decree No. 218"), which also amended the Payment Services Act.

The main objectives with PSD2 are to contribute to a more integrated and efficient EU market, create a more level playing field for payment institutions (including new participants), to capture more payment services providers, such as store cards, gateways and telecommunications too address the concern that the scope of PSD1 was not broad enough.

In order to address these purposes, PSD2 widens the scope of application to cover "overlay services," i.e., payment initiation services and account information services, provided by third-party payment institutions. Pursuant to PSD2, payment institutions have to safeguard funds which have been received from the payment service users or through another payment institution for the execution of payment transactions either by complying with certain requirements whereby funds are not commingled with other funds or by covering the funds with an insurance policy or some other comparable guarantee from an insurance company or a credit institution, which does not belong to the same group as the payment institution itself.

Furthermore, PSD2 also provides that, except where the client has acted fraudulently, in case of an unauthorized payment transaction resulting from the use of a lost or stolen payment instrument or from the misappropriation of a payment instrument, the client's payment institution must refund the amount of the unauthorized payment transaction which has been executed after such lost, theft or misappropriation have been notified to the payment institution. In other cases, the payer may bear the losses relating to any unauthorized payment transactions, up to a maximum of 50 euros, resulting from the use of a lost or stolen payment instrument or from the misappropriation of a payment instrument, except where such payee has acted fraudulently or has failed to notify the loss, theft, misappropriation or unauthorized use of the payment instrument.

In connection with cyber security, PSD2 requires that intermediaries increase, other than the protections measures, the capacity to promptly manage and identify potential accident and cyber attacks. To this end, the payment institutions must appoint the personnel responsible for providing assistance to customers in relation to safety and security claims, and to create incident-reporting processes. Moreover, for the purpose of mitigating the risk of frauds, PSD2 requires payment institutions to start a process of storage, monitoring and access controls for sensitive payment-related data.

According to the Decree No. 218, payment institutions and electronic money institution providing payment services are required to submit to the Bank of Italy the documentation assessing the compliance with the necessary requirements to provide payment services no later than April 13, 2018. In case such requirements are not met, the Bank of Italy shall start, no later than July 13, 2018, a procedure in order to revoke the authorization or to require the institution to adopt the necessary corrective measures. Newly approved payment institutions and electronic money institutions, following this date, shall also have to follow this process.

Bank Account Regulation

Directive 2014/92/EU of the European Parliament and of the Council of July 23, 2014 (the "Bank Account Directive") has given EU citizens the right to open a basic payment account anywhere in the EU and has also improved the transparency of the account fees as well as the process of switching accounts. The Bank Account Directive has been implemented by Legislative Decree No. 37 of March 15, 2017 which amended the Italian Banking Act.

The EU Interchange Fee Regulation

The Group's supervised companies businesses are also governed by provisions set forth by the EU Interchange Fee Regulation published in the Official Journal of the European Union last May 19, 2015, which, subject to certain derogations, came into force on June 8, 2015. The EU Interchange Fee Regulation is designed to increase competition in, and the integration of, the European market for payment cards. To this end interchange fees are capped at 0.3% of the individual transaction value for consumer credit cards and at 0.2% for consumer debit and prepaid cards, although EU Member States have the option of applying the 0.2% cap to payment card schemes on the basis of the annual weighted average of all transactions rather than to each individual payment transaction.

The EU Interchange Fee Regulation sets out uniform technical and business requirements to increase the harmonization in the payments sector and to ensure the security, efficiency and competitiveness of digital payments. Intermediaries' ability to require merchants to accept all categories of payment cards will be restricted, and steps will be taken to ensure that payment card schemes and processing entities are independent in terms of accounting, organization and governance, and that transparent terms and conditions are applied to merchants.

Capital Adequacy Requirements Applicable to Payment Institutions and Electronic Payment Institutions

The regulatory framework applicable to payment institutions and electronic money institutions provides that such institutions adopt an adequate risk management processes in order to minimize, (i) control and manage the risks they are exposed to, (ii) ensure the integrity of their business and management processes and (iii) implement effective risks mitigation techniques.

In particular, payment institutions and electronic money institutions must maintain an adequate level of regulatory capital as set forth in the PSD 2. In general terms, the amount of own funds shall be composed of Tier 1 capital (*capitale di classe 1*) and Tier 2 capital (*capitale di classe 2*). Tier 1 capital shall be composed of Common Equity Tier 1 capital (*capitale primario di classe 1*), as defined therein, by 75%; Tier 2 capital may be included in the calculation of the total capital requirement up to one third ($^1/_3$) of the Tier 1 capital, similarly to the capital structure of banks provided for by Regulation (EU) 575/2013 of June 26, 2013.

Regulatory capital must be at any time at least equal to the total capital requirement set forth by the regulation of the Bank of Italy dated May 17, 2016, stipulating supervisory provisions for payment institutions and electronic money institutions (the "2016 Regulation") and which is subject to the calculation model chosen (A or B) by each payment institution and described therein; moreover, payment institutions engaged in lending shall also calculate an additional capital requirement of 6% of the loans outstanding from time to time (credit risk). PSD2 also includes several provisions related to capital adequacy requirements, and therefore the 2016 Regulations may be amended following the implementation of PSD2.

Payment institutions must hold a minimum total capital (regulatory capital) at least equal to the sum of the capital requirement for payment services and, if applicable, of the capital requirement for credit risk.

The capital requirement is at least equal to the sum of the payment volume portion (VP) mentioned under letters a) to e) below—in which VP is equal to one-twelfth of the total amount of payment transactions performed during the previous financial year—multiplied by the scaling factor "K":

(a) 4% of the VP up to EUR 5 million;

(b) 2.5% of the VP above EUR 5 million and up to 10 million;

(c) 1% of the VP above EUR 10 million and up to EUR 100 million;

(d) 0.5% of VP above EUR 100 million and up to EUR 250 million; and

(e) 0.25% of PV above EUR 250 million.

The “K” factor applicable in respect of the payment services depends on the service carried out, and it may be from 0.5 to 0.8 or 1.0.

The 2016 Regulation also provides that capital requirements applicable to electronic money institutions are equal to 2% of the electronic money outstanding on average. The electronic money outstanding on average is equal to the average of the total amount of financial passivity issued at the end of every day during the period of the previous six months, calculated on the first day of the month following such semester and applied to such month.

Electronic money institution must hold a minimum total capital (regulatory capital) at least equal to the sum of: (i) the capital requirement for payment services which are not connected to the issue of electronic money; (ii) the capital requirement for the issue of electronic money; and (iii) if applicable, the capital requirement for credit risk.

The Bank of Italy, using its discretionary power following an assessment of (i) risks management procedures, (ii) risks of losses and (iii) internal audit processes, may require payment institutions and electronic money institutions to hold a higher level of capital up to 20% compared to the amount that would be applicable on the basis of the abovementioned criteria. The Bank of Italy may also allow the payment institution to hold a lower level of capital of up to 20% compared to the basic amount.

Acquisitions of Equity Interests in Payment Institution or Electronic Money Institution

Articles 114-*quinquies*.3 and 114-*undecies* of the Italian Banking Act, as well as 2016 Regulations, require natural persons and entities, whether acting alone or as a group, to obtain prior authorization from the Bank of Italy before acquiring equity interests in a payment institution or in an electronic money institution which would result in such person owning 10% or more of such institutions’ share capital or voting rights or otherwise controlling or exercising significant influence over such institutions. Prior authorization is also required to obtain an ownership stake of 20%, 30% or 50% of an institution’s share capital or its voting rights or any other stake which would result in a change of control of the institution.

The Bank of Italy evaluates, among other things, the quality of the potential acquirer and the financial stability of a proposed acquisition project in light of, *inter alia*: (i) the reputation of the potential acquirer under Article 25 of the Italian Banking Act; (ii) professional and independence, as applicable, requirements of the individuals in charge of performing managing and controlling functions under Article 26 of the Italian Banking Act; and (iii) the ability of the target to comply with the applicable legal and regulatory framework after the acquisition (Articles 114-*quinquies*.3 and 114-*undecies* of the Italian Banking Act both refer to Article 19 of the same act, which regulates the acquisition of equity interests in banks).

Moreover, following the enactment of the Legislative Decree No. 72 of May 12, 2015, implementing Directive 2013/36/EU of June 26, 2013 (“CRD IV”), Articles 25 and 26 of the Italian Banking Act were both amended to strengthen the requirements relating to qualifying shareholders, management, administration and control bodies in terms of, among other things, reputation (*correttezza*) and competence. Pending the issuance of the implementing regulations of the reformed Italian Banking Act, the laws and regulations in force before Legislative Decree No. 72/2015 will continue to apply.

In addition, parties must disclose to the Bank of Italy any agreement to jointly exercise voting rights in a payment institution, an electronic money institution or in a parent company thereof.

Corporate Governance, Administrative and Accounting Organization and Internal Controls

Overview

The 2016 Regulations contain specific rules designed to achieve more efficient organization of the corporate governance structure of both payment institutions and electronic money institutions with the aim of ensuring the sound and prudent management of the regulated entity. Such institutions are required to define and apply adequate corporate governance practices, ensure an appropriate balance of powers between management and the control bodies, a balanced composition of the bodies, an effectiveness of controls, monitoring of all business risks, as well as the adequacy of information flows.

As a matter of principle, the corporate governance rules set out by the 2016 Regulations do not expressly refer to specific roles or bodies, but describe the functions that are ascribed to certain corporate bodies or members thereof. In particular, the 2016 Regulation sets out the following functions:

- "strategic oversight" (*funzione di supervisione strategica*), which involves defining the institution's policies and strategies, as well as its business model and strategic directives. In particular, the body responsible for strategic oversight ensures that the strategy, the budgets and the internal controls system are consistent, including in light of any changes in internal and external conditions under which the entity operates.

Furthermore, at least once a year the body responsible for strategic oversight approves the activity plan of the control functions, including the audit plan by the internal audit function and it examines the annual reports drafted by the control functions.

Moreover, the body responsible for strategic oversight approves:

(a) the establishment of the control functions, their relative roles and responsibilities, as well as the procedures for their coordination and collaboration;

(b) the risk management process and its compatibility with the strategic directives and risk management policies;

(c) the process for approving new products and services, the launching of new activities and the entry into new markets; and

(d) internal policies on the outsourcing of the entity's functions;

  - "management" (*funzione di gestione*), which is responsible for the management of the institution and the implementation of the policies and strategies set out by the body responsible for its strategic oversight. Subject to the specific governance structure adopted, this function is carried out by the executive directors together with the chief executive officer and the general manager, if any; and

  - "control" (*funzione di controllo*), which is the responsibility of the board of statutory auditors in the so-called traditional governance model. To this end, the board of statutory auditors shall receive adequate and timely information from the management and from the body responsible for strategic oversight. It shall forward to the body responsible for strategic oversight all relevant information it may access while exercising its role, in particular pointing out any effective or potential violation of the applicable regulations or of the by-laws.

In addition, the board of statutory auditors must notify the Bank of Italy in case of any violation by management or by the body responsible for strategic oversight or if the latter do not take any actions to remedy such irregularities or violations.

As anticipated, individuals performing administrative, management and control functions at payment institutions and electronic money institutions are required to meet specific eligibility requirements in terms of professionalism, integrity and independence.

Requirements, Roles and Responsibilities for Control Systems

Payment institutions and electronic money institutions must establish an internal controls system which ensures that the entity's activities are in line with its strategy and internal policies, as well as that the activities comply with the rules of safe and sound prudent management.

Therefore, any payment institution and electronic money institution shall establish permanent and independent compliance, anti-money laundering, risk management and internal audit functions, which are tasked with the following responsibilities:

- compliance, which oversees and manages the risk of non-compliance, (*i.e.* the risk of incurring judicial or administrative penalties, significant financial losses or damages to the entity's reputation as a result of breaches of mandatory rules or internal policies), and ascertains that internal policies and procedures are suitable to prevent such risks. Such function acts pursuant to a risk-based approach and in compliance with the principle of proportionality. It is therefore required that the compliance function has access to all the entity's significant activities and to any information relevant to its functions, even through direct interactions with personnel.

The scope of the compliance function also concerns: (i) the involvement in the ex-ante compliance evaluation with reference to applicable regulations for all innovative projects; (ii) prevention and management of conflicts of interest; and (iii) advice and assistance to the entity's bodies for all matters in which the non-compliance risk is relevant;

- risk management, whose function is to define the risk governance policies through an adequate risk management process; in particular, electronic money institutions and payment institutions are subject to operational risks as well as legal and reputational risks which arise out from the relationships with the customers;

- anti-money laundering whose function is to verify that procedures are adequate to prevent and to oppose the violation of rules on money laundering and financing of terrorism; and

- internal audit, which seeks, on one hand, to control, also through on-site controls, the evolution of the performance and risks of the entity's operations, and on the other hand, to evaluate the completeness, adequacy, functionality and reliability of the organizational structure and of the other parts of the internal controls system, highlighting any possible improvement to the supervise entity's bodies.

Furthermore, the internal audit evaluates the organization, powers and responsibilities of the risk management, anti-money laundering and compliance functions, including the quality and adequacy of staffing and resources, as well as the alignment with the sector's best practices. To this end, the internal structure of the entity shall be consistent with its activities and complexity pursuant to the principle of proportionality.

Under a general overview, the decision-making process and the identification of functions attributed to a company's personnel must be formalized, the risk management process must be integrated and systematic and, in any case, the operating and control procedures must minimize the risks linked to fraud or misconduct on the part of employees, prevent and manage conflicts of interest, avoid any involvement in money laundering or financing of terrorism, fraud or misappropriation of funds or assets.

As per general principles, the control functions shall have the authority, resources and competences necessary to fulfil their respective roles; their personnel shall be adequate in terms of number, technical and professional competences also through the setting-up of ongoing training programs. In any case, the control functions shall cooperate with each other and with the other functions in order to develop their own control methods consistently with the supervised entity's strategy and operations.

Individuals in charge of the control functions—which must be appointed by the management body, after having obtained the consent of the body for strategic oversight and prior consultation of the control body—shall hold an adequate hierarchical and functional position.

Under an organizational standpoint, the control functions are separate from one another and their respective roles, powers and responsibilities are formalized in writing. Each control function must annually present to the corporate bodies the reports of the activities carried out and provide to such bodies advisory activities related to their relevant functions.

Governance Requirements Applicable to Management, Administration and Control Bodies

Payment institutions and electronic money institutions are subject to regulations that are, in many respects, comparable to those applicable to banks. For example, the organizational structure and corporate governance of a payment institution must also ensure the sound and prudent management of that payment institution. Moreover, individuals performing administrative, management and control functions at payment institutions must meet the requirements for professionalism, integrity and independence set forth by Article 26 of the Italian Banking Act (as referred to by Articles 114-*quinquies* and 114-*undecies* of the Italian Banking Act) and the relevant implementing regulation.

Pending the issuance of the implementing regulations of the reformed Italian Banking Act, the laws and regulations in force before Legislative Decree No. 72/15 was issued will continue to apply.

Outsourcing

Application to Payment Institutions and Electronic Money Institutions

Payment institutions and electronic money institutions may outsource operative functions or internal control functions. According to the 2016 Regulation, outsourcing by such institutions of such operational or control functions must be prior communicated to the Bank of Italy, at least 60 days before the actual beginning of such outsourcing.

Moreover, electronic money institutions which intends outsource the distribution and reimburse of electronic money to approved persons, must communicate at least 60 days in advance to the Bank of Italy the general scheme of the relevant agreement.

Electronic money institutions and payment institutions that outsource operations related to the payment services or the issue of electronic money are required to ensure that:

- the outsourcing does not result in the delegation the responsibilities of management, or control functions;
- their relationship with, and obligation towards, the institutions' own customers will not be modified or in any way affected; and
- the outsourcing will not jeopardize the institutions' own capacity to comply with the obligations set forth by the applicable regulations.

The outsourcing relationship must be governed by written agreements that clearly describe all material aspects of the outsourcing arrangement, including *inter alia*: (i) the respective rights and obligations of the parties; (ii) the expected standards of service as well as the related verification procedures; (iii) the conditions under which the agreement may be amended; and (iv) the term and procedures for renewal, as well as termination.

Furthermore, payment institutions and electronic money institution must maintain control of the outsourced functions and activities and to manage the associated risk, including the risks associated with any potential conflict of interests.

Further, payment institutions and electronic money institutions shall have access to the third-party service provider's continuity plan and to adequate information in order to evaluate the quality of the continuity measures, as well as it shall have effective access to information on the outsourced function and activities and to the premises where the outsourcer operates (without additional charges). Outsourcers may be subject to inspections and verifications by the Bank of Italy.

The companies that activities are outsourced to are required to (i) have the competence, capacity and authorization required in order to exercise the outsourced functions and activities, (ii) ensure compliance with the applicable regulations, (iii) inform the payment institution of any event that may affect its ability to conduct the outsourced functions and activities and (iv) guarantee the security of the information regarding the payment institution's activities.

Antitrust and Competition

The Group, as a regulated group, and the individual entities with the group, will be subject to Italian Law No. 287 of October 10, 1990 on the protection of competition and the market (the "Competition Act"), which establishes certain mandatory provisions concerning cartels, industry concentration and abuse of dominant market positions. It is also subject to the Treaty on the Functioning of the European Union (the "TFEU"), which regulates the EU antitrust rules (Articles 101 and 102 TFEU) and their infringement by cartels or abuse of dominant market positions. The Group, following the Reorganization, may have a dominant market position in the Italian payment services market and may be required to avoid practices that could be considered an abuse of such dominant position within the EU internal market. More generally, the Group shall abstain from any agreements, understandings and concerted practices which may affect trade between EU Member States and which have as their object or effect the prevention, restriction or distortion of competition within the EU internal market. Moreover, the Group must comply with the requirements set forth in Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 concerning the unfair business-to-consumer commercial practices in the internal market which prohibits certain commercial practices in Italy and in the European Union that could adversely affect the interests of consumers.

Anti-Money Laundering and Anti-Terrorism Regulation

Payment institutions and electronic money institutions are subject to anti-money laundering and anti-terrorism rules and regulations, set forth mainly in Legislative Decree No. 231 of November 21, 2007, which transposed the Directive 2005/60/EC of the European Parliament and of the Council of October 26, 2005 and Directive 2006/70/EC of the European Parliament and of the Council of August 1, 2006 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (the "AML Decree"). Please also note that on May 20, 2015 the European Parliament and the Council approved the EU Directive 2015/849, so called "anti-money laundering Directive IV" ("AMLD IV") which has transposed into Italian law by the Legislative Decree No. 90 of May 25, 2017 ("Decree No. 90"), which, in turn, amended the AML Decree.

Under anti-money laundering and anti-terrorism rules and regulations, intermediaries such as payment institutions and electronic money institutions are required, among other things, to:

- fulfill, using a risk-based approach, certain customer due diligence duties to identify and properly verify their customers and beneficial owners (using more rigorous procedures in circumstances with a heightened risk of money laundering or terrorism financing) and to establish the source of funds of customers. This due diligence test must be carried out before establishing a business relationship and on an ongoing basis or in case of implementation of an occasional transaction which involves the transfer of an amount higher than 15,000 euros;

- store copy of the documentation acquired for the due diligence duties regarding the verification of the customers, as well as copy of the original documentation related to the relevant transaction. Such documentation must be stored for a period of ten years starting from the cessation of the business relationship or of the occasional transaction. For the purpose of complying with such duties, intermediaries shall adopt appropriate systems for the storage of data, documents and information in respect of applicable data protections regulations;

- report suspicious transactions to the UIF; in case of suspicious transactions, intermediaries must not implement the transaction until such suspicious transaction has been reported to the UIF; and

- establish internal control measures and ensure adequate training of employees to prevent money laundering and terrorism financing transactions.

Intermediaries such as payment institutions and electronic money institutions must also adopt objective procedures for the analysis and the assessment of the risks of money laundering e terrorism financing.

In case of serious and systemic failures to comply with the abovementioned duties, the intermediaries may be fined with administrative pecuniary sanctions from 30,000 euros up to 5,000,000 euros, or up to 10% of the total annual revenues of the intermediary, in case such fine is higher than 5,000,000 euros and the total revenues may be determined. In case the benefit derived from the breach is higher than 5,000,000 euros, the administrative sanction may be raised up to double of such benefit.

Credit Reporting and Debt Collection

Independent Credit Information Systems—SIC

SIC, formerly known as "private credit registers," are independent databases accessible to banks and financial intermediaries to ensure the reliability and timeliness of payments. They are used to assess the advisability of granting consumer credit, loans and financing in any technical form. Activity performed by a SIC is governed by the Data Protection Code (as defined herein).

In general terms, financial intermediaries who consult these systems, such as Nexi Payments, are under a duty of confidentiality. Banks, financial intermediaries and the managers of the SIC are required to check the accuracy of the information reported and to update it as necessary. Customers have the right, following a request to the lender or to the SIC, to know what information is registered in their own name and, in case of errors, to request the deletion or modification of incorrect data. The elimination, integration and modification of data can also be ordered by a decision of the Data Protection Authority.

Interbank Register of Bad Checks and Payment Cards (Centrale di Allarme Interbancaria)

The Interbank Register enables personal information to be verified in the Interbank Register database. It is also used to check payment cards, bank checks and postal checks in circulation as well as to receive information requests as to how it operates. The purpose of the Interbank Register is to prevent and sanction irregular use of bank and postal checks and payment cards, enhancing the security of these instruments and increasing users' confidence in them.

Debt Collection

Debt collection is governed by the Italian Civil Code. A creditor can decide to engage in a pre-judicial procedure in order to obtain payment without detriment to his relationship with the debtor. The first step is to send a letter with notice of default to the debtor by registered mail (a demand letter). The letter, sent by the creditor or by a debt collector on the creditor's behalf, requests payment of the amount of the debt and indicates that, if the debt remains outstanding, legal action will follow. There is no prescribed form for said demand letter. If an out-of-court solution cannot be reached, legal action may be taken.

Data Protection

Payment institutions and electronic money institutions are required to comply with Italian data protection law, as contained in the code of conduct no. 6 dated November 16, 2004 published in the Official Gazette of the Italian Republic No. 300 of December 23, 2004 and issued in application of the Legislative Decree No. 196/2003 ("Data Protection Code"), and the implementing regulations issued by the Italian Data Protection authority (the "Authority"). On May 4, 2016, Regulation 2016/679/EU ("European General Data Protection Regulation" or "GDPR") and Directive 2016/680/EU regarding the protection of natural persons with regard to the processing of personal data and on the free movement of such data were published in the EU official journal. In particular, the GDPR will be effective as from May 25, 2018. On March 21, 2018, the Italian Government approved a draft Legislative Decree in order to adapt the current national rules to the provisions set forth under Regulation 2016/679/EU. Once enacted, the Legislative Decree will also repeal the Data Protection Code. On February 8, 2018, a draft of a Legislative Decree implementing Directive 2016/680/EU was approved, which remains under consideration of the Italian Government.

As a general rule, the Data Protection Code requires that personal data be processed only upon specific consent of the data subject in order to respect data subjects' rights, fundamental freedoms and dignity, particularly with regard to confidentiality, personal identity and the right to personal data protection. The Data Protection Code governs the processing of personal data (even if held abroad) by any person or entity that is established in Italy and/or in a non-EU country (to the extent such person or entity relies on instruments which are placed in Italy for the purposes of data processing). Specifically, the Data Protection Code protects "personal data" (any information relating to natural persons that are or can be identified, even indirectly, by reference to any other information including a personal identification number), "identification data" (personal data allowing for the direct identification of the individual concerned), "sensitive data" (personal data allowing for allowing the disclosure of racial or ethnic origin, religious, philosophical or other beliefs, political opinions, membership of parties, trade unions, associations or organizations of a religious, philosophical, political or trade-unionist character, as well as personal data disclosing health and sex life), and "judicial data" (personal data concerning the criminal record, the register of offence-related administrative sanctions and the relevant current charges, or the status of being either a defendant or the subject of investigations in a proceeding).

The GDPR will introduce, *inter alia*, the following changes, which may impact the Group:

- data controllers will be directly responsible for the personal data processing and must be able to demonstrate compliance with the GDPR principles of data processing;
- a data protection officer is required to be appointed, under certain circumstances;
- personal data must be adequate and limited to what is necessary in relation to the purposes for which they are processed ("data minimization");
- a data protection impact assessment is to be carried out to assess high-risk data;
- reporting and notification duties of personal data breaches to the relevant privacy authority; and

- fines for breaches of the obligations set forth under the GDPR are provided. Such administrative fines may be settled in maximum fines equal to the greater of €20 million and 4% of the Group's total worldwide annual turnover of the preceding financial year.

Further regulations govern:

- personal data processing within mobile remote payment services (see the Authority's resolution no. 258 of May 22, 2014);
- data processing by outsourcers and tracking of access to data carried out by bank/payment institutions' staff (see the Authority's resolution no. 192 of May 12, 2011);
- intragroup communication of suspicious transaction reports sent to the UIF for anti-money laundering purposes (see the Authority's resolution of September 10, 2009);
- data processing within the business relationships between banks and customers, including: (i) data protection duties toward the customer and third parties; (ii) data reporting duties to public, administrative and judicial authorities; and (iii) data access by specific categories of individuals (see the Authority's resolution no. 53 of October 25, 2007); and
- customer identification duties (see the Authority's resolution of October 27, 2005).

Material Legislation, Rules and Regulation

Below is a list of the material legislation, rules and regulations that govern our business:

- The Italian Banking Act, which defines the role of supervisory authorities in Italy and regulates the definition of banking activities, the licensing of banking activities, the acquisition of equity interests in banks, banking supervision, special bankruptcy procedures for banks, special credit transactions, transparency obligations of lenders and the supervision of banks, electronic money and payment institutions and other financial companies (together, "financial companies" and "banking activities");
- PSD2 which will repeal PSD1;
- Legislative Decree No. 11 of January 27, 2010 (the "Payment Services Act"), which implemented the PSD1; the Payment Services Act has been amended by Legislative Decree no. 218 of December 15, 2017 ("Decree No. 218"), which implemented the PSD2;
- EU Interchange Fee Regulation;
- the European Banking Authority (the "EBA") guidelines for payments, dated December 19, 2014, which came into effect on August 1, 2015, and provides for certain instructions which payment service providers and users must comply with, particularly with regard to the management of codes giving access to the use of payment instruments or payment accounts through the internet;
- the Regulation of the Bank of Italy dated May 17, 2016, stipulating supervisory provisions for payment institutions and electronic money institutions (the "2016 Regulation");
- Directive 2009/110/EC of the European Parliament and of the Council of September 16, 2009, on the taking up, pursuit and prudential supervision of the business of electronic money institutions;
- Directive 2013/36/EU of the Council of the European Union of June 26, 2013, on access to the activity of credit institutions and prudential supervision of credit institutions and investments firms ("CRD IV");
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, setting out prudential requirements for credit institutions and investment firms;
- Directive 2005/60/EC of the European Parliament and of the Council of October 26, 2005, on the prevention of the use of the financial system for the purpose of money laundering (the "AML Directive"), and Directive 2006/70/EC of August 1, 2006 laying down implementing measures for

the AML Directive. Both the AML Directive and Directive 2006/70/EC have been repealed, with effect from June 26, 2017, by AMLD IV on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, which has been transposed into Italian law by the Legislative Decree No. 90 of May 25, 2017 ("Decree No. 90");

- Legislative Decree No. 231 of November 21, 2007, which implemented the AML Directive (the "AML Decree"); AML Decree has been recently amended by Decree No. 90;
- national competition laws, primarily the Competition Act, which establishes certain mandatory provisions concerning cartels, concentrations between undertakings and abuse of a dominant market position, as well as EU regulations, primarily including (i) the Treaty on the Functioning of the European Union (the "TFEU"), with particular regard to infringements of the EU antitrust rules (Articles 101 and 102 TFEU), such as cartels or abuse of a dominant position in the market, and (ii) the Council Regulation (EC) No 139/2004 of January 20, 2004 on the control of concentrations between undertakings;
- the Italian Civil Code and Legislative Decree No. 206 of September 6, 2005 and the TFEU regarding the unfair competition and the unfair business-to-consumer commercial practices, as well as the Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 concerning the unfair business-to-consumer commercial practices in the internal market;
- Directive 2014/92/EU of the European Parliament and of the Council of July 23, 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (the "Bank Account Directive"), which has been transposed into Italian law by the Legislative Decree No. 37 of March 15, 2017;
- the code of conduct published in the Official Journal No. 300 of December 23, 2004 and issued in application of the Legislative Decree No. 196/2003 contained in the data protection law ("Data Protection Code"). The Data Protection Code will be updated with the (i) coming into force (May 25, 2018) of Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regards to the processing of personal data and the free movement of such data, and repealing Directive 95/46/EC (the "General Data Protection Regulation," or "GDPR") and (ii) the implementation (on or before May 6, 2018) of the Directive 2016/680/EU of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regards to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data; and
- decrees issued by the Italian Minister of Economy and Finance.

MANAGEMENT

The Company

Board of Directors

The Company, Latino Italy S.p.A., was incorporated in Italy as Latino Italy S.r.l. on April 26, 2016 and converted to a *società per azioni* on April 24, 2018. The Company is registered under number 09489670969 with the Companies Register of Milan (*Registro delle Imprese di Milano*) and has its registered office at Via Vittor Pisani, 20, 20124, Milan. The Company has an authorized and issued share capital of €50,000,000 divided into 5,500,000,000 fully paid shares with no par value. The Company's immediate shareholder is Holdco who is indirectly owned by the Sponsors. The Company's board of directors ("Company's Board") is responsible for managing the Company and its subsidiaries in accordance with applicable laws, constitutional documents and shareholder resolutions. The principal functions of the Company's Board are to carry out the group's business and to legally represent it in its dealings with third parties. The Company's Board is also entrusted with the ultimate direction of the Group, as well as the supervision and control of the executive management. The Company's Board includes members designated by the Sponsors.

The Company's Board is currently made up of three members. We expect that the members of the Company's Board will change in the context of the Reorganization. As of the date of this offering memorandum, the Company's Board composition upon completion of the Reorganization has not yet been determined. The business address of the members of the Company's Board is Via Vittor Pisani, 20, 20124, Milan. Set forth below are the members of the Company's Board as of the date of this offering memorandum:

Name	Age	Position
Luca Bassi	47	Chairman of the Board of Directors
Francesco Casiraghi	39	Director
Simone Cucchetti	42	Director

Set out below are brief summaries of the biographies of the members of the Company's Board.

Luca Bassi is the Chairman of the Company's Board and the Issuer's Board. Mr. Bassi is also co-Head of the Technology Financial and Business Services vertical and is a Managing Director in the European Private Equity team at Bain Capital. Prior to joining Bain Capital in 2003, Mr. Bassi worked in the investment banking division of Goldman Sachs in London and as a strategy consultant at Bain & Company in Milan. Mr. Bassi has also served as a member of the board of directors of Worldpay, Nets and TeamSystem. Mr. Bassi holds an MBA from Columbia Business School and a bachelor's degree in economics from Bocconi University in Milan.

Francesco Casiraghi is a member of the Company's Board and the Issuer's Board. Mr. Casiraghi is also a Member of the board of directors of Nexi Payments and a Director at Advent. Mr. Casiraghi serves on the board of directors of Advent International S.r.l. Prior to joining Advent in 2007, Mr. Casiraghi was an investment banker at Merrill Lynch in the London, Hong Kong, Rome and Milan offices. Prior to Merrill Lynch, he worked at Procter & Gamble as a process engineer. Mr. Casiraghi holds an MA in industrial engineering from the University of Parma.

Simone Cucchetti is a member of the Company's Board and the Issuer's Board. Mr. Cucchetti is also a member of the board of directors of Nexi, Nexi Payments and Mercury Payments. Mr. Cucchetti is a Managing Director at Clessidra SGR. Prior to joining Clessidra SGR in 2003, Mr. Cucchetti worked as an investment banker at Citigroup in the European investment banking division in London. Mr. Cucchetti served on the board of directors of Sisal and Bitolea. Mr. Cucchetti holds a degree in economics from Bocconi University in Milan.

Executive Management

We are managed by an executive management team led by our Chief Executive Officer and Chief Financial Officer. The current executive management team consists of 13 key members, each of whom oversees a specific aspect of our business.

The persons set forth below are the current members of our executive management team.

Name	Age	Position
Paolo Bertoluzzo	52	Chief Executive Officer
Bernardo Mingrone	43	Chief Financial Officer

Giuseppe Dallona..................	55	Chief Information Officer
Franco Bernabè	69	Member of the Board of Directors of Nexi Payments S.p.A.
Enrico Trovati	51	Head of the merchant services business unit
Andrea Mencarini..................	47	Head of the issuing business unit
Marco Emanuele Ferrero........	48	Commercial Division Director
Roberto Catanzaro.................	43	Head of Strategy and Business Development of Nexi Payments
Federico Ferlenghi	46	Chief Executive Officer of Help Line S.p.A.
Alfredo Pallini.......................	55	Chief Financial Officer of Oasi Diagram S.p.A.
Stefania Gentile......................	49	General Manager of Mercury Payments
Renato Martini	49	Head of the payments and ATM business unit
Saverio Tridico......................	47	Corporate and External Affairs Officer

Set out below are brief summaries of the biographies of the members of our executive management team.

Paolo Bertoluzzo was appointed Chief Executive Officer in 2016. Paolo Bertoluzzo is also Chief Executive Officer of Nexi Payments and Chairman of the Strategic Committee of Bankco since 2016. Prior to that, from 2008 to 2013, Mr. Bertoluzzo held the positions of group chief commercial operations and strategy officer of the Vodafone Group, chief executive officer of Vodafone Italy and regional chief executive officer of the Vodafone group. Mr. Bertoluzzo graduated with a degree in management engineering from the Polytechnic of Milan in 1990 and completed an MBA from INSEAD in 1994.

Bernardo Mingrone was appointed Chief Financial Officer in 2016. Prior to that, from 2015 to 2016, Mr. Mingrone was Group Chief Financial Officer of UniCredit and, from 2012 to 2015, Deputy General Manager in charge of finance and operations at BMPS, preceded by a career in investment banking at Lehman Brothers and J.P. Morgan. Mr. Mingrone holds a degree in economics from the London School of Economics and Political Science.

Giuseppe Dallona was appointed Chief Information Officer in 2016. Prior to that, from 2015 to 2016, Mr. Dallona was chief information officer at Poste Italiane and chief executive officer of Postecom. From 2001 to 2015, Mr. Dallona was IT manager and general manager of UBI Sistemi e Servizi (UBI Banca Group). Mr. Dallona holds a degree in software programming from the University Cattolica in Milan.

Franco Bernabè was appointed member of the Board of Directors of Nexi Payments S.p.A. in 2015. Prior to joining Nexi, Mr. Bernabè was the chief executive officer of Telecom Italia S.p.A. from 2008 to 2013, chief executive officer of Rothschild Europe from 2004 to 2007 and chief executive officer of Eni S.p.A. from 1992 to 1998. Mr. Bernabè also served as a chairman of the board of directors of Telecom Italia S.p.A. from 2008 to 2013 and as a chairman of FB Group from 1999 to 2010. Mr. Bernabè holds a bachelor degree in political economy from the University of Turin.

Enrico Trovati was appointed as Head of the merchant services business unit in 2016. Prior to that, from 2009 to 2016, Mr. Trovati was marketing director of Telecom Italia Group and, from 2008 to 2009, chief executive officer of Matrix S.p.A. From 2004 to 2008, Mr. Trovati was head of web services and VAS of Telecom Italia Group. Mr. Trovati holds a degree in electronic engineering from the Politecnico in Milan.

Andrea Mencarini was appointed as Head of the issuing business unit in 2016. Prior to that, Mr. Mencarini gained significant experience in marketing and sales during his prior engagements with several Italian banks, primarily UniCredit. Mr. Mencarini also serves on the board of directors of Tecmarket Servizi, Agos-Ducato and CBI Milano. Mr. Mencarini holds a degree in economics from the University La Sapienza in Rome.

Marco Emanuele Ferrero was appointed as Commercial Division Director of Nexi in 2017. Prior to that, from 2014 to 2016, Mr. Ferrero was a sales director of Nexi Payments and sales director of Vodafone Italy. Mr. Ferrero serves as a non-executive member on the board of directors of Quant Capital Europe S.r.l. Mr. Ferrero holds a master's degree in business from Stanford University and a master in physics from the University La Sapienza in Rome.

Roberto Catanzaro was appointed as Head of Strategy and Business Development of Nexi Payments in 2016. Prior to that, Mr. Catanzaro was a marketing director of Nexi Payments and a program leader and head of customer and business intelligence at Allianz. Prior to that, Mr. Catanzaro was a consultant at Accenture S.p.A. and McKinsey & Company. Mr. Catanzaro holds a degree in chemical engineering from the Politecnico in Milan.

Federico Ferlenghi was appointed as Chief Executive Officer of Help Line S.p.A. in 2017. Mr. Ferlenghi is also Operations Director of Nexi Payments since 2017. Prior to that, from 2010 to 2017, he was the senior director of customer care at Sky Italia. Mr. Ferlenghi holds a degree in engineering from Milan Polytechnic and a master's in business administration from Milan Polytechnic.

Alfredo Pallini was appointed as Chief Financial Officer of Oasi Diagram S.p.A. since 2012. Mr. Pallini is also a director since 2012 and, from 2013 to 2016, he was the secretary of the Bankco board of directors. Mr. Pallini also serves as a member of the board of directors of Banca del Fucino since 2017 and, from 2007, he is a lecturer and professor of economics of markets and financial intermediaries at Luiss University in Rome. Mr. Pallini holds a degree in economics from the University of Siena and a postgraduate diploma in banking and finance from the University of Siena. Mr. Pallini is also a chartered accountant.

Stefania Gentile was appointed as General Manager of Mercury Payment Services in 2015. Prior to that, from 2001 to 2015, she was head of mobile payments & commerce, head of transactional products, and head of CRM at Intesa Sanpaolo Bank and prior to joining Intesa Sanpaolo, she worked in the competency group strategic services at Accenture from 1991 to 2001. Ms. Gentile served as a member of the board of directors of Visa Italy from 2010 to 2017 and of VPay Italy from 2012 to 2017. Ms. Gentile holds a degree in economics from the University of Bocconi. Ms. Gentile also holds a MBA from the University L'Aquila and completed an executive program on corporate innovation at Lahav University and a program at the business school at Cambridge University.

Renato Martini was appointed as head of the payments and ATM business unit in 2017. Prior to that, from 2013 to 2017, Mr. Martini was chief executive officer of Unicredit Factoring. Mr. Martini holds a degree in electronic engineering from the University La Sapienza in Rome and an MBA from INSEAD in France.

Saverio Tridico was appointed Corporate and External Affairs Officer in 2017. Prior to that, Mr. Tridico was member of the board of directors and public and legal affairs officer in Vodafone Italy and chairman of the board of directors of Teletu S.p.A. Mr. Tridico holds a degree in law from the University degli Studi in Milan.

Executive Management Compensation

Nexi's executive management received total remuneration of €12.5 million in the year ended December 31, 2017, €16.2 million in the year ended December 31, 2016 and €7.1 million in the year ended December 31, 2015.

Insurance for Directors and Officers

For the benefit of Nexi's directors and officers, we have entered into a global D&O insurance policy with Generali Italia S.p.A., AIG and Zurich Insurance plc. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €40 million per claim and per year. The D&O insurance covers financial losses resulting from liability of our directors and officers and we believe the limitations of our coverage are in line with industry practice.

Board of Statutory Auditors

Pursuant to applicable Italian law, we have appointed a board of statutory auditors (*collegio sindacale*) whose purpose is to oversee our compliance with the law and its own by laws, verify our compliance with best practices in the administration of its business, and assess the adequacy of our internal controls and accounting reporting systems, including the adequacy of the procedures in place for the exchange of information between ourselves and our subsidiaries. Currently, there are three standing auditors on our board of statutory auditors. Members of the board of statutory auditors are appointed by our shareholders at ordinary shareholders' meetings. Its members are elected through a closed list system, according to rules and definitions analogous to the appointment process for the Company's Board. The terms of office of the current members of the board of statutory auditors are scheduled to expire on December 31, 2020. Audits are performed by an auditing company listed in the Italian register of auditors, and the auditing company liaises continuously with the board of statutory auditors.

The following table identifies the current members of our statutory board of auditors, together with their age and title.

Name	Age	Position
Piero Alonzo	52	Standing Auditor, President
Alberto Balestreri	57	Standing Auditor
Marco Giuseppe Zanobio	54	Standing Auditor

Set out below are brief summaries of the biographies of the members of our statutory board of auditors.

Piero Alonzo was appointed President of the board of statutory auditors in 2018. Mr. Alonzo is also an Equity Partner at Alonzo Commiteri & Partners. Mr. Alonzo has been chief executive officer of Clessidra SGR and has served on the board of directors of Clessidra SGR and Pirelli & C. S.p.A. Mr. Alonzo has also been president of the board of statutory auditors of Sisal Group S.p.A. Mr. Alonzo holds a degree in economics and business management from the University La Sapienza in Rome.

Alberto Balestreri was appointed statutory auditor of the board of statutory auditors in 2018. Mr. Balestreri is also a chartered accountant and auditor at Studio Balestreri. Mr. Balestreri serves on the board of statutory auditors of Mercury Payments, Premuda S.p.A. and he is a member of the supervisory board and president of the internal control committee of Banca Popolare di Milano. Mr. Balestreri holds a degree in economics and business from the University of Florence.

Marco Giuseppe Zanobio was appointed statutory auditor of the board of statutory auditors in 2018. Mr. Zanobio is also an equity partner at Cornaglia & Associati. Mr. Zanobio serves on the board of directors of several companies, including Exilles S.p.A., Assietta Private Equity SGR S.p.A, Corporate Asset & Liability Performing Solutions S.p.A., Exilles Trust S.r.l., Bastrenga S.r.l., Maattia S.r.l., Opportuno S.r.l., Piazza Duomo 1 S.r.l., Finanziaria Alberto Pirelli S.r.l., Teci S.p.A. and SPC Green S.p.A. Mr. Zanobio holds a degree in economics and a Ph.D in institution and organization from the University Cattolica in Milan. Mr. Zanobio is also a chartered accountant.

The Issuer

The Issuer, Nexi Capital S.p.A., is a *società per azioni* incorporated under the laws of Italy on April 17, 2018. The Issuer is registered under number 10318070967 with the Companies Register of Milan (*Registro delle Imprese di Milano*) and has its registered office at Corso Sempione 55, Milan, 20149, Italy. The Issuer has an authorized and issued share capital of €50,000 divided into 500 fully paid shares with no par value. The Issuer is a wholly-owned subsidiary of the Company which is indirectly owned by the Sponsors. The Issuer currently has a board of directors comprising three members (the "Issuer's Board"). As of the date of this offering memorandum, the Issuer has no material assets or liabilities and has not engaged in any activities other than those related to its formation and the Transactions. The Issuer's directors can be contacted at the Issuer's business address. The persons set forth below are the current members of the Issuer Board together with their age and title.

The business address of the members of the Issuer's Board is Corso Sempione 55, Milan, 20149, Italy. Set forth below are the members of the Issuer's Board as of the date of this offering memorandum:

Name	Age	Position
Luca Bassi	47	Chairman of the Board of Directors
Francesco Casiraghi	39	Director
Simone Cucchetti	42	Director

For the summaries of the biographies of the members of the Issuer Board, see "*—The Company—Board of Directors.*"

Share Ownership

We expect that our executive management team will benefit from a warrant plan following the completion of the Acquisition. See "*Principal Shareholders—Shareholders of the Issuer.*"

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we regularly enter into agreements with related parties. These related parties include Bankco, Holdco, the Sponsors and other portfolio companies of the Sponsors. The agreements we enter into with these related parties may be material, and mainly relate to IT outsourcing services, commercial services and other consulting services.

Transactions with Bankco

In the context of the Reorganization, we plan to enter into several agreements with Bankco. The terms and conditions described below reflect the current understanding of the parties, and we do not assume any obligation to update the description below.

Escrow Agreement

Pursuant to the Escrow Agreement, concurrently with the closing of the Offering on the Issue Date, the Initial Purchasers will deposit an amount equal to the gross proceeds of the Notes into the Escrow Account controlled by Bankco, as the Escrow Agent, in the name of the Issuer, as we will be subject to banking supervision and the associated capital adequacy requirements pending completion of the Reorganization. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The interests of the Sponsors may conflict with your interests as a holder of the Notes*."

Outsourcing Agreement

Pursuant to the outsourcing agreement (the "Outsourcing Agreement"), we will provide Bankco with certain IT services. In particular, we will manage the applications used by Bankco to provide its banking services as well as manage Bankco's technology services. These services will 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, Bankco agrees to pay us approximately €10 million per year. We expect that the Outsourcing Agreement will have an indefinite duration and, starting from the end of the third year from the signing of the Outsourcing Agreement, both parties could withdraw from the Outsourcing Agreement by providing twelve-months' advance notice. In addition, we expect that the Outsourcing Agreement will provide for customary termination clauses in case of serious breaches by the relevant party, penalties in case of our failure 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 Bankco's request, for a period not exceeding a duration of twelve months.

Commercial Services Agreement

Pursuant to the commercial services agreement (the "Commercial Services Agreement"), we will (i) promote and market certain Bankco's products related to the payments business to its current and potential customers and manage the related commercial relations and (ii) undertake to evaluate the opportunity to develop, promote and market new Bankco's products, also at Bankco's request, which could be beneficial to Bankco's business. In exchange, Bankco will pay to us an annual fee based on the annual business volumes generated by Bankco from certain customers indicated in the Commercial Services Agreement, in relation to the activities described above. We expect that the Commercial Services Agreement will have an indefinite duration and, starting from the end of the fifth year from the signing of the Commercial Services Agreement, both parties could withdraw from the Commercial Services Agreement by providing twelve-months advance notice. In addition, we expect that the Commercial Services Agreement will provide for customary termination clauses in case of serious breaches by the relevant party, penalties in case of our failure to provide certain level of services and a limited indemnification provision.

Depositary Bank Service Agreement

Pursuant to the depositary bank account agreement (the "Depositary Bank Account Agreement"), Bankco will provide a depositary bank account with respect to prepaid cards issued in our Cards & Digital Payments business unit. In particular, Bankco will hold a segregated account in which an amount equivalent to the stored value of the prepaid cards we issue will be deposited. Such account will be credited or debited on a daily basis, based on the net balance between the total amount credited to, and the total amount spent with, our customers' prepaid cards on a given day. Account overdrafts will not be permitted. In exchange, we will pay a fee. We expect that the Depositary Bank Account Agreement will have an unlimited duration and will provide for

customary termination clauses in case of serious breaches by the relevant party and a limited indemnification provision.

Transactions with the Sponsors

The terms and conditions described below reflect the current understanding of the parties, and we do not assume any obligation to update the description below.

Transaction and Consulting Services Agreements

We expect that the Company will enter into transaction and consulting services agreements with the Sponsors pursuant to which the Company will make certain payments to the Sponsors for management, consulting, monitoring or advisory services and related expenses.

Strategy Advisory Agreement

We expect that the Company will enter into a strategy advisory agreement with the Sponsors pursuant to which the Company will make certain payments to the Sponsors for strategic advisory services and related expenses.

Consulting Services Agreement

We expect that Holdco will enter into a consulting services agreement with Bain Capital, pursuant to which Holdco will make certain payments to Bain Capital for certain consulting, advisory and monitoring services and related expenses.

Corporate Reorganization Consulting Services Agreement

We expect that Holdco will enter into a corporate reorganization consulting services agreement with the Sponsors pursuant to which Holdco will make certain payments to the Sponsors for advisory services relating to the Reorganization.

PRINCIPAL SHAREHOLDERS

Shareholders of the Issuer

The Issuer, Nexi Capital S.p.A., is a *società per azioni* incorporated under the laws of Italy on April 17, 2018. The Issuer is registered under number 10318070967 with the Companies Register of Milan (*Registro delle Imprese di Milano*) and has its registered office at Corso Sempione 55, Milan, 20149, Italy. The Issuer has an authorized and issued share capital of €50,000 divided into 500 fully paid shares with no par value.

The Issuer's immediate shareholder is the Company. The Company is indirectly owned by the Sponsors via intermediate holding companies, including the Sponsors' Newcos, the Sponsors' Holdcos and Holdco. The Sponsors' Holdcos are owned and controlled by the Sponsors, subject to minority holdings of certain co-investors. The Sponsors' Holdcos collectively own 100% of the share capital of Holdco. Immediately after the Reorganization, Holdco will own 93.2% of the Company's share capital, with the balance held by certain minority investors. As a result, Advent, Bain Capital and Clessidra will beneficially hold 39.6%, 39.6% and 14.0%, respectively, of the Company's issued and outstanding share capital.

In addition, certain current and future members of the Group's management have been and will be invited to participate in a warrant plan through which they may subscribe for shares in the Company's capital stock. The terms and conditions of the warrant program will be governed by a customary warrant agreement.

For an overview of our corporate structure see "*Summary—Summary Corporate and Financing Structure*."

Our Principal Shareholders

Advent International

Founded in 1984, Advent is one of the largest and most experienced global private equity investors. With offices on four continents, Advent has established a globally integrated team of over 190 investment professionals focused on buyouts and growth equity investments in five core sectors. Since initiating its private equity strategy in 1989, Advent has invested $40 billion in over 335 private equity investments across 41 countries, and as of December 31, 2017, managed $42 billion in assets. Today, as Advent did more than 30 years ago, it seeks to invest in well-positioned companies and partner with management teams to create value through sustained revenue and earnings growth.

Bain Capital

Bain Capital is a leading global private investment firm that advises and manages capital across several asset classes, including private equity, venture capital, public equity and leveraged debt assets. Since its inception in 1984, Bain Capital and its affiliates have completed over 450 transactions and have made investments in more than 300 companies in a broad range of industries, including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital's global team of approximately 355 investment professionals creates value for its portfolio companies through its global platform and depth of expertise, managing approximately $95 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus. Bain Capital has investors from across the world that include sovereign wealth funds, public pension funds, foundations, insurance companies, family offices, high-net-worth individuals and funds of funds. The firm has a strong track record of investments in the European Financial and Business Services industry, including its investments in the Cerved Group, Concardis, Nets and Worldpay, as well as a number of market leading companies globally such as Bellsystem24, Burger King, Burlington Coat Factory, Domino's Pizza, HCA, Novacap, Samsonite, Securitas Direct and SigmaKalon. Headquartered in Boston, Bain Capital and its affiliates have offices in Chicago, Palo Alto, San Francisco, New York, Dublin, London, Luxembourg, Munich, Melbourne, Hong Kong, Shanghai, Mumbai, Sydney and Tokyo.

Clessidra

Clessidra is the leading private equity firm exclusively dedicated to the Italian market. It was formed in 2003 and has completed 21 transactions and 17 add-ons in its first fifteen years of operation, each involving targets headquartered in Italy such as Anima, Cerved Group, Sisal, Pirelli, Balconi, Acetum and Buccellati. Leveraging the significant experience of its professionals in the field of private equity and complex financial transactions, Clessidra SGR has demonstrated a strong ability to identify, execute and create value for its investments.

Investors Agreement

The Sponsors, the Sponsors' Newcos, the Sponsors' Holdcos, Holdco and Mercury Bondco have entered into an investors agreement with respect to their rights and obligations in connection with their direct or indirect investment in, and the governance of, Holdco and its subsidiaries (the "Investors Agreement"). The Investors Agreement provides for the governance rules of Mercury ABC Capital Limited, Holdco and Mercury Bondco and sets forth certain corporate actions that may be taken only with the consent of the representatives of the Sponsors. The Investors Agreement provides certain protective rights, such as pre-emptive rights, to the Sponsors in the event of an offering of new shares, equity securities or shareholder debt in Holdco, Mercury ABC Capital Limited and Mercury Bondco (the "Investor Securities"), and offers certain tag along rights, drag along rights and rights of first offer in the event of a transfer of existing Investor Securities. Moreover, the transfers of interests in the Investor Securities are restricted for a period of five years from the date of its implementation, except for certain unrestricted transfers (including, among other things, transfers to affiliates or a secured party) and transfers by Clessidra, as long as Clessidra complies with Advent and Bain Capital's right of offer refusal. The Investors Agreement provides a framework for the Sponsors to jointly exit from their investment in Equinova or Holdco. The Investors Agreement will be amended following the completion of the Reorganization so as to regulate the governance of Equinova in addition to the aforementioned parties.

Under the Investors Agreement, following amendment after the completion of the Reorganization, each of Mercury (AI) S.à r.l. ("Advent Newco") and Mercury (BC) S.à r.l. ("Bain Newco") has the right to appoint one director, and Fides S.p.A. ("Clessidra Newco") has the right to appoint two directors, of Mercury ABC Capital Limited, and resolutions of Mercury ABC Capital Limited require a simple majority vote at meetings in which at least one director nominated by each of Advent, Bain Capital and Clessidra participates. Each of Advent Newco and Bain Newco have the right to appoint two directors, and Clessidra Newco has the right to appoint one director, of each of Holdco, Mercury Bondco and Equinova, and resolutions of Holdco, Mercury Bondco and Equinova, will require a majority of votes which must include one director nominated by each of Advent and Bain Capital, and, in certain circumstances, one director nominated by Clessidra. The Sponsors are not in a position to exercise direction or control over the Company or Bankco, which instead is exercised by their respective Boards of Directors. The majority of the members of the Company's Board of Directors is expected to be appointed by Holdco, with the shareholders of the Company other than Holdco having the right to appoint one director. One director is the chief executive officer of the Company. Resolutions of the Company's Board must be passed by a simple majority of votes, which should include one (non-independent) director nominated by each of Advent and Bain Capital, and, in certain circumstances, one (non-independent) director nominated by Clessidra. The majority of the members of Bankco's Board of Directors is expected to be appointed by Equinova with the shareholders of Bankco other than Equinova having the right to appoint up to two directors. One director is the chief executive officer of Bankco. Resolutions of Bankco's Board of Directors must be passed by a simple majority of votes, which should include one (non-independent) director nominated by each of Advent and Bain Capital, and, in certain circumstances, one (non-independent) director nominated by Clessidra.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer and the Company will, on or prior to the Issue Date, enter into an Intercreditor Agreement between, among others, the agent, arrangers and lenders under the Revolving Credit Facility Agreement, the Trustee and the Security Agent.

By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Issuer, the Company and any other person that becomes party to the Intercreditor Agreement as a Debtor or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"Senior Secured Group" shall mean the Company and any of its Restricted Subsidiaries.

References to the "Senior Secured Notes" shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by a member of the Senior Secured Group which are designated by the Company as Senior Secured Notes under the Intercreditor Agreement.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Issuer, the Company and each other debtor under the Intercreditor Agreement (together, the "Debtors") (other than Mercury UK Holdco ("Topco" for the purposes of the Intercreditor Agreement) and any member of the Senior Secured Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "Topco Borrower")) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(i) first, liabilities owed to (i) the lenders, issuing banks and ancillary lenders in relation to any senior secured facilities agreements (a "Permitted Senior Secured Facilities Agreement") (the "Senior Lender Liabilities"), (ii) the lenders, issuing banks, and ancillary lenders in relation to the Revolving Credit Facility Agreement or any future super senior facilities agreement (a "Permitted Super Senior Secured Facilities Agreement") and any hedge counterparty under a hedging agreement that is designated by the Company as super senior (together the "Super Senior Liabilities" and creditors thereof being the "Super Senior Creditors"), (iii) the Trustee and any trustee in relation to future senior secured notes (each a "Senior Secured Notes Trustee") (other than certain amounts paid to it in its capacity as trustee), the holders of the Notes or future senior secured notes (the "Senior Secured Notes") and the Security Agent in relation to the Senior Secured Notes (the "Senior Secured Notes Liabilities"), (iv) the lender under any future loan made by the issuer of any Senior Secured Notes (if so designated by the Company in its discretion and not including, for the avoidance of doubt, the Company) to a member of the Senior Secured Group for the purposes of on lending the proceeds of any Senior Secured Notes together with any additional or replacement loan made on substantially the same terms (the "Senior Secured Notes Proceeds Loan Liabilities"), (v) the arrangers, agents, issuing banks and lenders under any cash management facility (a "Cash Management Facility" and the liabilities under a Cash Management Facility being the "Cash Management Facility Liabilities"),

(vi) the hedge counterparties in relation to any hedging agreements that are not Super Senior Liabilities (the "Pari Passu Hedging Liabilities") (together with the hedging designated by the Company as being Super Senior Liabilities, the "Hedging Liabilities"), (vii) the lenders in relation to any future second lien facility agreement (a "Second Lien Facility Agreement" and the liabilities to the lenders under a Second Lien Facility Agreement being the "Second Lien Lender Liabilities"), (viii) any second lien notes trustee (other than certain amounts paid to it in its capacity as trustee), the holders of any future second lien notes and the Security Agent in relation to any second lien notes (such second lien notes being "Second Lien Notes" and the liabilities in respect of such Second Lien Notes being the "Second Lien Notes Liabilities" and together with the Second Lien Lender Liabilities, the "Second Lien Liabilities"), (ix) any agent or trustee under any finance documents relating to any of the aforementioned liabilities, any agent or trustee under the Topco Liabilities (as defined below) and to any agent or trustee in relation to certain other unsecured liabilities (together the "Agent Liabilities"), (x) any arranger under any finance documents (the "Arranger Liabilities") relating to any of the aforementioned liabilities, and (xi) the Security Agent, *pari passu* and without any preference between them; and

(ii) second, all liabilities owed (i) to the trustee (other than certain amounts paid to it in its capacity as Trustee), and the holders of any future notes issued by or in relation to which a New Debt Financing (as defined below) has been made available to or by a Topco Borrower and designated by the Company as Topco Notes and the Security Agent in relation to such Topco Notes (the "Topco Notes Liabilities"), (ii) under any future loan facility made available to any Topco Borrower (the "Topco Facility Liabilities" and together with the Topco Notes Liabilities, the "Topco Liabilities"), (iii) any Arranger Liabilities relating to any of the aforementioned liabilities, and (iv) the liabilities owed under any future loan (a "Topco Proceeds Loan") made by any Topco Borrower for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "Topco Proceeds Loan Liabilities"), *pari passu* and without any preference between them.

The Intercreditor Agreement provides that the liabilities owed by any Topco Borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities and (x) the Agent Liabilities and Arranger Liabilities in respect of any of the aforementioned liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Subordinated Liabilities (as defined below), Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "Intra-Group Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities, Second Lien Notes Liabilities, Topco Liabilities and Agent Liabilities and Arranger Liabilities relating to any of the aforementioned (such creditors, together with the Security Agent, any receiver or delegate, any creditor in respect of the Agent Liabilities or the Arranger Liabilities, the "Secured Parties").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Senior Secured Group to any person who becomes a subordinated creditor (a "Subordinated Creditor") under the Intercreditor Agreement (other than any Topco Proceeds Loan Liabilities or any Topco Liabilities or any amounts owed to an affiliate of a Subordinated Creditor which is not itself a Subordinated Creditor or a member of the Topco Group (as defined below)) (the "Subordinated Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement (the "Unsecured Creditors") and to the Intra-Group Liabilities.

Priority of Security

For the purposes of this description only:

"Debt Documents" means the Intercreditor Agreement and the documents evidencing the terms of the Senior Lender Liabilities, the Cash Management Facility Liabilities and the Pari Passu Hedging Liabilities (together, the "Senior Liabilities"), the Senior Secured Proceeds Loans Liabilities, the Super Senior Liabilities, the Senior Secured Notes Liabilities, the Topco Liabilities, the Topco Proceeds Loan Liabilities, the Subordinated

Liabilities, the Intra-Group Liabilities and any liabilities owed to the Unsecured Creditors and any other document designated as such by the Security Agent and the Company.

"Finance Documents" means the Revolving Credit Facility Agreement, any Permitted Super Senior Secured Facilities Agreement, any Permitted Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility Liabilities, the indenture in respect of any Topco Notes and any document designated by the Company as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"Secured Creditors" means the Super Senior Creditors, the creditors in respect of the Senior Lender Liabilities, Cash Management Facility Liabilities and Pari Passu Hedging Liabilities (together the "Senior Creditors"), the Senior Secured Notes Creditors, the creditors in respect of the Second Lien Liabilities (the "Second Lien Creditors") and the creditors in respect of the Topco Liabilities (the "Topco Creditors").

"Secured Debt Documents" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"Third Party Security Provider" means Topco and any person that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates (other than Topco Liabilities) and which is designated as such by the Company (in its discretion).

"Topco Group" means (x) the Group from time to time and (y) at any time after the incurrence of any Topco Liabilities by a Topco Borrower that is not a member of the Group, such Topco Borrower that is not a member of the Group and each of its subsidiaries other than any Unrestricted Subsidiaries (as defined below) from time to time.

"Topco Independent Transaction Security" means security (other than Transaction Security) which is created, or expressed to be created, by a Topco Borrower or any member of the Senior Secured Group that directly holds shares in a Topco Borrower or any person that is not a member of the Senior Secured Group who is designated as such by the Company (in its discretion) (together, the "Topco Independent Obligors") in favor of the Security Agent as agent or trustee for the other Topco Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Topco Secured Parties or in favor of the Security Agent under a parallel debt or similar structure) and which is designated as such by the Company (in its discretion). In the case of a Topco Independent Obligor which is a member of the Senior Secured Group, such security shall be limited to shares in and receivables owed to it by the relevant Topco Borrower which are not to be subject to the Transaction Security pursuant to the provisions of any Finance Documents. Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

"Topco Shared Security" means security which is created, or expressed to be created, over any of (i) the shares in the Company held by any direct shareholder of the Company, (ii) all receivables owed by the Company to a Topco Investor (as defined below), Subordinated Creditor or other holding company or shareholder of the Company (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Topco Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within (i), (ii), (iii), (iv) and (v) of a Topco Borrower which is not a member of the Senior Secured Group, and (to the extent that the Company has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations (as defined below) is expressly permitted by any applicable prior ranking financing agreements) any other assets of any other member of the Senior Secured Group, in each case to the extent designated as Topco Shared Security by the Company (in its discretion) in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Topco Shared Security shall secure all liabilities and present and future obligations of the Senior Secured Group and (at any time after the incurrence of Topco Liabilities by a Topco Borrower that is not a member of the Senior Secured Group) such Topco Borrower and each of its Restricted Subsidiaries from time to time and by each Debtor and any Third Party Security Provider to any Secured Party under the Secured Debt Documents.

"Transaction Security" means any security from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (but excluding, for the avoidance of doubt, Topco Independent Transaction Security), which is created, or expressed to be created, in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Transaction Security which is not Topco Shared Security shall secure all liabilities and present and future obligations of the Debtors and Third Party Security Providers to the Secured Parties (other than the creditors under the Topco Liabilities (the "Topco Secured Parties")) under the Debt Documents (other than the finance documents relating to the Topco Liabilities (the "Topco Finance Documents")).

"Topco Shared Security Secured Obligations" means all Liabilities and all other present and future obligations at any time due, owing or incurred by any member of the Topco Group and by each Debtor and any Third Party Security Provider to any Secured Party under the Secured Debt Documents (including to the Security Agent under the Parallel Debt pursuant to the provisions of the lntercreditor Agreement) both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

The Transaction Security shall rank and secure the following liabilities in the following order:

(i) first, the Super Senior Liabilities, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Cash Management Facility Liabilities and the Hedging Liabilities (together, the "Senior Secured Creditor Liabilities") and any Agent Liabilities and Arranger Liabilities in respect thereof *pari passu* and without any preference between them;

(ii) second, the Second Lien Liabilities pari passu and without any preference between them; and

(iii) third, (to the extent of the Topco Shared Security), the Topco Liabilities pari passu and without any preference between them.

The Topco Independent Transaction Security shall rank and secure the Topco Liabilities *pari passu* and without any preference between them (but only to the extent that such security is expressed to secure the relevant liabilities).

The Notes and the guarantee of the Notes to be issued by the Company will be Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. On the Issue Date, no Senior Secured Liabilities, no Second Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Liabilities will be outstanding. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Notes described under "*Description of the Notes—Certain Covenants*."

Guarantees and Security: Topco Creditors

The Topco Creditors have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles set out in the Revolving Credit Facility Agreement or a Permitted Super Senior Secured Facility Agreement (the "Agreed Security Principles"), at the same time it is also offered either to the Security Agent as agent or trustee for the other Secured Parties (or applicable class thereof) (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties (or applicable class thereof) or in favor of the Security Agent under a parallel debt or similar structure) and ranks in the same order of priority as described under "*—Priority of Security*" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are immediately paid to the Security Agent for application as set out under "*—Application of Proceeds*" below;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to those in the original form of any facility agreement in respect of any Topco Facility Liabilities, in the indenture in respect of any Topco Notes, in the Intercreditor Agreement or which is given to all the Secured Parties as security for the liabilities owed by any member of the Topco Group and by each Debtor and any Third Party Security Provider to the Secured Parties under the Secured Debt Documents if, subject to any Agreed Security Principles:

(A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "Priority Secured Parties") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "*—Priority of Debts*" above, as applicable; and

(B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are paid to the Security Agent for application as set out under "*—Application of Proceeds*" below; and

(iii) any security, guarantee indemnity or other assurance from (i) any person that is not a member of the Senior Secured Group, and (ii):

(A) any person that is not a member of the Senior Secured Group; and

(B) from any member of the Senior Secured Group (I) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group; (II) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities not prohibited by the Intercreditor Agreement; or (III) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the security documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities, Hedging Liabilities or Unsecured Liabilities (each a "New Debt Financing"). The conditions include certification by the Company that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental or new financing arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Secured Liabilities and the Security Agent (and each other person party to a Transaction Security document or a Topco Independent Transaction Security Document) is authorized and instructed to enter promptly into any new security document, amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) in order to effect the ranking, priority guarantees and security of the New Debt Financing subject to certain conditions, including as regards the terms of such new security (which shall be, unless otherwise required by the Company), substantially the same as the terms of the existing Transaction Security or Topco Independent Transaction Security). Any release and re-grant of Transaction Security or Topco Independent Transaction Security may only be undertaken if (i) required under the New Debt Financing; (ii) necessary under applicable law to give effect to the ranking as described under "*—Priority of Security*" above; or (iii) the Company has determined in good faith that it is either not possible or not desirable to implement the New Debt Financing on terms satisfactory to the Company by instead granting additional Transaction Security or amending the terms of the existing Transaction Security. Each Secured Party agrees (i) not to take any action to challenge the validity or enforceability of additional Transaction Security by reason of it being expressed to be second ranking; and (ii) that additional Transaction Security may be granted by any Debtor to secure all or any part of any Hedging Liabilities and/or New Debt Financing.

Any security, guarantee, indemnity or other assurance against loss in respect of a New Debt Financing or in respect of any indebtedness ("Permitted Acquired Indebtedness") which is not prohibited by the terms of the Finance Documents and which is incurred in connection with the acquisition of (i) a person or any of its subsidiaries who becomes a Restricted Subsidiary after the Closing Date or (ii) a person that merges, consolidates or is otherwise combined with a Restricted Subsidiary after the Closing Date, or (iii) the assets of or shares in any

person listed in paragraphs (i) or (ii) above or otherwise acquired after the Closing Date (together an "Acquired Person or Asset"), shall be permitted to subsist (or to be granted in accordance with the applicable terms) and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document.

No security, guarantee, indemnity or other assurance against loss is required to be given by any member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles, (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness), or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation in relation to such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including an obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness) under or in relation thereto.

Permitted Payments

Permitted Payments in Respect of the Senior and Super Senior Debt

The Debtors and Third Party Security Providers may make payment in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, Super Senior Liabilities and Cash Management Facility Liabilities (together with the Hedging Liabilities, the "Senior Secured Creditor Liabilities," the creditors in respect thereof being the "Senior Secured Creditors") at any time, provided that following certain acceleration events under the Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following certain insolvency events in relation to a member of the Senior Secured Group, payments may only be made by Debtors or Third Party Security Providers and received by creditors in accordance with the provisions described below under "—*Application of Proceeds"* provided that there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Any failure to make a payment in accordance with the Senior Secured Finance Documents following an acceleration event as required by the ICA shall not prevent the occurrence of an event of default under the applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Lender Liabilities, the Cash Management Facility Liabilities and the Pari Passu Hedging Liabilities (together, the "Senior Liabilities"), the Super Senior Liabilities and the Senior Secured Notes Liabilities (together, the "Senior Secured Liabilities" and together with the Second Lien Liabilities and Topco Liabilities being the "Secured Liabilities") have been discharged (the "Senior Secured Discharge Date"), the Debtors may only make certain specified payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including the Revolving Credit Facility Agreement or any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) is continuing under the Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes Document.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in paragraph (ii) of "—*Permitted Payments in respect of Topco Liabilities*" below.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date (the "Second Lien Discharge Date") on which all Second Lien Liabilities have been discharged (the "Priority Discharge Date"), the Company, Topco Borrowers, Third Party Security Providers and other members of the Senior Secured Group may only make payments (including any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities otherwise prohibited under the Intercreditor Agreement) under the Topco Liabilities or under any Topco Proceeds Loan (together the "Topco Group Liabilities") to the Topco Creditors or any holding company of the Company or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments, collectively, "Permitted Topco Payments"):

(i) if:

(A) no Topco Payment Stop Notice (as defined below) is outstanding;

(B) no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) has occurred and is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document (a "Senior Secured Payment Default"), or under the Second Lien Facilities or Second Lien Notes (a "Second Lien Payment Default"); and

(C) the payment is of (1) any amount of principal or capitalized interest in respect of the Topco Liabilities which is not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained, (2) any other amount including all scheduled interest payments (including, if applicable, special interest (or liquidated damages), cash interest accrued during a period when a Topco Payment Stop Notice (as defined below) is outstanding and default interest) accrued and payable but not included (1) in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program in relation to Topco Liabilities approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (N) below) a Senior Secured Payment Default and/or a Second Lien Payment Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (L) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under any original fee letter relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) fees, costs and expenses of a Topco Agent (as defined below) not included in (A) above not exceeding €1,500,000, but excluding the costs of any litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates), (C) of any amounts owed to a Topco Agent (as defined below), (D) of costs necessary to protect, preserve or enforce security, (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents), (F) of any other amount not exceeding € 5,000,000 in aggregate in any financial year of the Company provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year, (G) of any

amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred in relation to the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) for as long as an event of default in relation to the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Company (a "Debt for Equity Swap") provided that no cash or cash equivalent payment is made in respect of the Topco Liabilities, that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and that any Liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to any other holding company of the Company that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non-cash-pay instrument which is subordinated to the Senior Secured Liabilities and the Second Lien Liabilities (together the "Priority Secured Liabilities") (as defined below) on the same terms as the Topco Liabilities, (J) if the payment is of audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence or any other reasonable and ordinary course administrative and maintenance costs and expenses of a Topco Borrower or its affiliates, (K) if the payment is funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (L) if the payment is made by the Topco Borrower in respect of its obligations under the Topco Finance Documents, and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents, (M) if the payment is of a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or in relation to any other provisions that permits the prepayment of a single lender without a related requirement to repay all other Topco Creditors, and (N) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing and the payment is of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities); or

(iii) if the Majority Senior Secured Creditors, the Majority Super Senior Creditors and the Majority Second Lien Creditors (each as defined below) give prior consent to that payment being made.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date falling one business day after the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a "Senior Secured Event of Default") or an event of default under the Second Lien Liabilities (a "Second Lien Event of Default"), the Security Agent (acting on the instructions of the Majority Super Senior Creditors, the Majority Senior Secured Creditors or the Majority Second Lien Creditors (each as defined below)) issues a notice (a "Topco Payment Stop Notice") to the agent under any debt facilities advanced to Topco (each a "Topco Facility") (the "Topco Agent") and the trustee under any Topco Notes (the "Topco Notes Trustee") advising that the Senior Secured Event of Default or Second Lien Event of Default has occurred and is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors (each as defined below) gave the instructions to deliver the relevant stop notice) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the payment stop notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see "—*Permitted Topco Enforcement*" below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a particular Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances, or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "Topco Enforcement Notice") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the Second Lien (as defined in the Intercreditor Agreement) or Topco payment block provisions will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or (in respect of the Topco Proceeds Loan Liabilities only) to Topco or any party that has acceded to the Intercreditor Agreement as a Topco Investor (as defined in the Intercreditor Agreement, the "Topco Investors") an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be),

then any event of default which may have occurred under a Topco Finance Document or Topco Proceeds Loan Agreement and any Topco Enforcement Notice which may have been issued as a result of that suspension of payments shall be waived without any further action being required.

Turnover

Subject to certain exceptions, the Intercreditor Agreement will provide that if, at any time prior to the latest to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date (the "Topco Discharge Date") on which all of the Topco Liabilities have been fully discharged (the "Final Discharge Date") any creditor (other than a Senior Secured Creditor) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "—*Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents (I) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, or (II) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event (as defined below)); or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event;

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Application of Proceeds"*; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "—*Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event (as defined below) in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider,

that creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

A turnover mechanism on substantially the same terms applies in the event that, at any time prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent for application in accordance with the provisions set out below under "—*Application of Proceeds*" except in accordance with such provisions.

Effect of Insolvency Event

"Insolvency Event" is defined as, in relation to any Obligor, Material Subsidiary (each as defined in the Revolving Credit Facility Agreement) or Third Party Security Provider, (a) the passing of any resolution or making of an order for its insolvency, bankruptcy, winding up, dissolution, administration or reorganization, (b) a moratorium is declared in relation to any of its indebtedness, (c) the appointment of any liquidator, receiver, examiner, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (d) any analogous procedure or step is taken in any jurisdiction, other than (in each case), frivolous or vexatious proceedings, any proceedings or appointments which the Security Agent is satisfied will be withdrawn or will be unsuccessful or as permitted under any Revolving Credit Facility Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary (each as defined in the Revolving Credit Facility Agreement) or Third Party Security Provider (in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) shall direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "—*Application of Proceeds*" below.

To the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery after the occurrence of an Insolvency Event in relation to an Obligor (as defined in the Revolving Credit Facility Agreement), member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group or otherwise as specified in the provisions described below.

An "Instructing Group" means:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "Super Senior Discharge Date"), Senior Secured Creditors (other than the Super Senior Creditors) representing more than 50% of the Senior Secured Liabilities (other than the Super Senior Liabilities) (the "Majority Senior Secured Creditors"), and Super Senior Creditors representing more than 50% of the Super Senior Liabilities (the "Majority Super Senior Creditors") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "—*Enforcement of Transaction Security*" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the Second Lien Liabilities (the "Majority Second Lien Creditors"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors").

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions they shall deliver a copy of those instructions (an "Initial Enforcement Notice") to the Security Agent and to the other agents, trustees and hedge counterparties.

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below)) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or if the Super Senior Discharge Date has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the expected realization of proceeds and the Majority Super Senior Creditors deliver instructions before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Second Lien Creditors (where the rights of the Majority Second Lien Creditors to enforce have arisen under the Intercreditor Agreement), or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Topco Creditors (where the rights of the Majority Topco Creditors to enforce have arisen under the Intercreditor Agreement).

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions do not give such instructions and do not indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"Enforcement Principles" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is request to do so by the Majority Super Senior Creditors or Majority Senior Secured Creditors) benefit from a fairness opinion from an investment bank, firm of accountants or third party financial adviser.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

No Secured Party shall have any independent power to enforce, or to have recourse to enforce, any Transaction Security or Topco Independent Transaction Security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for their relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, no Topco Creditor or other finance party (under and as defined in any Topco Finance Document) or Topco Investor (and in the case of (iii) below, no Topco Borrower) shall (i) direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security), (ii) take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities, or (iii) take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except as set out under "—*Permitted Topco Enforcement*" below.

Other than as restricted pursuant to the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any person which is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"Enforcement Action" is defined as:

(i) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or suing or commencing proceedings against any member of the Topco Group or a Third Party Security Provider to recover such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt

buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (v) above to the extent necessary to preserve a claim, (B) discussions between or proposals made by the Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by Intra-Group Creditors (as defined in the Intercreditor Agreement) or Subordinated Creditors to the extent they relate to payments permitted under the Intercreditor Agreement or the release of the liabilities owed to such creditors in return for the issue of shares in the relevant member of the Senior Secured Group provided that the ownership interest of the member of the Senior Secured Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a "Cash Management Facility Lender"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud; and (G) the taking of any action by a member of the Topco Group not prohibited by the Finance Documents.

Permitted Topco Enforcement

The restrictions set out above under "—*Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities or any Transaction Security securing the Topco Group Liabilities, if:

(i) an event of default under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "Relevant Topco Default") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of that Topco Standstill Period.

Promptly upon becoming aware of an event of default under a Topco Finance Document, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "Senior Agent"), senior secured notes trustee and any agent or trustee in respect of any Second Lien Liabilities of the existence of such event of default.

"Topco Standstill Period" means the period beginning on the date (the "Topco Standstill Start Date") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date (the "Topco Standstill Period");

(ii) the date the Priority Secured Parties take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider, provided that:

(A) if a Topco Standstill Period ends pursuant to this paragraph (ii), the Topco Creditors or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to a Topco Guarantor (as defined below) as the Enforcement Action taken by the Priority Secured Parties against such Topco Guarantor and not against any other member of the Senior Secured Group or Third Party Security Provider; and

(B) Enforcement Action for the purpose of this paragraph shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and

(v) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors have given their consent.

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (*Permitted Topco Enforcement*) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

"Topco Guarantor" means a guarantor in relation to a Topco Facility or a guarantor in relation to any debt financing which is designated at a "Topco Notes" financing by the Company (in its discretion by written notice to the Agent (each such financing constituting "Topco Notes").

Option to Purchase: Topco Creditors

Following acceleration, or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect to purchase the Senior Lender Liabilities, Super Senior Lender Liabilities (as defined in the Intercreditor Agreement), Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to any document creating Transaction Security or Topco Independent Transaction Security document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement or instruction from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Company:

(i) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

(A) any security (and/or other claim relating to a Debt Document) over any asset which the Company has confirmed is the subject of (1) a disposal not prohibited under any Finance Document (or where any applicable release and/ or consent has been obtained)

including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security, and (2) any other transaction not prohibited by any Finance Document (or where any applicable release and/ or consent has been obtained) pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group and, in each case, where such disposal is not a Distressed Disposal (as defined below) (in each case, a "Non-Distressed Disposal");

(B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to effect any amendment or waiver or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement, in each case to the extent the Company has confirmed that such action is not prohibited by any Finance Document;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased or will cease to be a Debtor or guarantor to the extent that the Company has confirmed that such cessation is otherwise in accordance with the terms of each Finance Document or the Agreed Security Principles; and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that the Company has confirmed that such security is not required to be given or such release is otherwise in accordance with the terms of any Finance Document or the Agreed Security Principles; and

(ii) in the case of a disposal of shares or ownership interests in a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of the Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary (as defined in the Indenture)), release or procure the release of that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document).

When making any request for a release pursuant to paragraphs (i)(A) or (i)(B) above, the Company must confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Company, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, the Company shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles.

In the case of a disposal of shares or other ownership interests in a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary), to the extent the Company has confirmed to the Security Agent that such disposal, transaction or designation is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all liabilities outstanding under any Debt Document and any right to decline, delay or prevent any such prepayment in any Debt Document shall be disapplied (but without prejudice to any prepayment fees, make-whole payment, break costs or other payment required by the relevant Finance Documents).

Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any assets or shares or

financial securities which are subject to the Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Senior Secured Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (subject to acting in accordance with certain conditions set out below and at the cost of the relevant Debtor, Third Party Security Provider and the Company and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets and (C) any other claim of an intra- group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors under the Debt Documents or to any Debtors:

    (A) if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

    (B) if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities,

    on behalf of, in each case, the relevant creditors, Third Party Security Providers and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) transfer all or part of the obligations in respect of those intra-group liabilities or liabilities to any Debtor on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of the Senior Secured Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described in paragraph (iv) above) shall be paid to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities as described in paragraph (iv) above has occurred, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in paragraph (iv) above) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities or Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

Where borrowing. guarantee or other liabilities in respect of any Senior Secured Liabilities, Second Lien Liabilities, Senior Secured Notes Proceeds Loan Liabilities, Topco Liabilities or unsecured liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing, guarantee or other liabilities transferred to a holding company of the Company, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing, guarantee or other liabilities.

Subject to the provisions described below, if a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected by or at the request of the Security Agent, unless the consent of each Senior Agent and each Senior Secured Notes Trustee (as applicable) has been obtained, it is a further condition to any release, transfer or disposal that:

(i) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(ii) such sale or disposal is made (A) pursuant to a public auction or other competitive sale process conducted with the advice of a reputable, independent or financially recognized investment bank or firm of accountants (or (if all such banks or firms are conflicted), a reputable, independent and internationally recognized third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those subject to the relevant Transaction Security) and, in each, case not being an auditor or administrator of the applicable company (a "Financial Adviser") as selected by the Security Agent, in respect of

which the Secured Creditors are entitled to participate (a "Competitive Sales Process"); or (B) where a Financial Adviser selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Second Lien Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Second Lien Liabilities or Transaction Security securing Second Lien Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Second Lien Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Second Lien Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the secured obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that the Senior Secured Creditors will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Senior Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of Senior Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

(C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Topco Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Topco Liabilities or Transaction Security securing Topco Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Topco Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Topco Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the secured obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that the Priority Secured Parties will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Priority Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent, Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the Priority Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

(C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

When acting for the purposes of the above paragraphs, the Security Agent shall always act (i) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security in accordance with the provisions set out under "*—Manner of Enforcement*" above, and (ii) in any other case on the instructions of the Instructing Group or, in the absence of such instructions, as the Security Agent sees fit (which may include taking no action).

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of Topco or any subsidiary of any holding company of the Company (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Super Senior Discharge Date has not occurred, for application towards the discharge of:

(A) the Super Senior Lender Liabilities and any Arranger Liabilities in connection therewith; and

(B) Hedging Liabilities that have been designated by the Company as ranking alongside the Super Senior Lender Liabilities (the "Super Senior Hedging Liabilities") (on a *pro rata* basis between the Super Senior Hedging Liabilities of each hedge counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above, or, if the Super Senior Discharge Date has occurred, for application towards the discharge of: (A) the Senior Lender Liabilities and any Arranger Liabilities in connection therewith;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Pari Passu Hedging Liabilities,

on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(iv) for application towards the discharge of (x) the Second Lien Lender Liabilities and any Arranger Liabilities in connection therewith, and (y) the Second Lien Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(v) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and any Arranger Liabilities in connection therewith, and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vi) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(vii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above; (B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii), (iv) and (v) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "Topco Recoveries") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of: (A) the Topco Facility Liabilities; and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "Enforcement Date") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement will provide that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Company, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "*—Application of Proceeds*" above, the order of priority or subordination under the Intercreditor Agreement or the provisions set out under "*—Turnover*" above (other than an amendment or waiver which is consequential to or required to implement a Permitted Structural Adjustment (as defined in the Revolving Credit Facility Agreement)) shall not be made without the consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Company.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below), the Security Agent may, if the Company consents, amend the terms of, release or waive any of the requirements of or grant consents

under, any document creating Transaction Security or Topco Independent Transaction Security which shall be binding on each party. Where any such amendment, release or waiver of, or consent under any document creating Transaction Security would adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed, the prior consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Company will be required.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such (including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the paragraphs above under "*—Required Consents*" and under "*—Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security or Topco Independent Transaction Security claims or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "*—New Debt Financings,*" "*—Non-Distressed Disposals*" and "*—Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Company and the Security Agent.

Snooze/Lose

If in relation to a request for a consent in relation to any of the terms of an applicable document, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement, any creditor fails to respond to the request within ten Business Days (or any other period of time notified by the Company, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable. However, this provision shall not apply to any noteholder in respect of a request where such noteholder is not given the option to respond to such request in the negative but shall otherwise apply to all noteholders.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "IPO"), the Company is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Company who will issue shares or whose shares are to be sold pursuant to such IPO (the "IPO Pushdown Entity," and if any Topco Notes are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be any holding company of the Company which is the issuer or borrower of any Topco Liabilities) and its Restricted Subsidiaries, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity, (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity.

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security or Topco Independent Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (in each case following the relevant IPO), the Company and each subsidiary of the Company shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security (other than, in each case, borrowing liabilities).

Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate the matters described in each of the above paragraphs under the heading "*—Provisions following an IPO*."

Agreement to Override

Unless expressly stated otherwise therein, the Intercreditor Agreement overrides anything in any other Debt Documents to the contrary.

Revolving Credit Facility

Overview and Structure

In connection with the Transactions, the Issuer and the Company have entered into a new super senior revolving credit facility agreement with, among others, UniCredit Bank AG, as the agent, and U.S. Bank Trustees Limited, as the security agent (the "Revolving Credit Facility Agreement"). The Revolving Credit Facility Agreement provides for a super senior revolving credit facility in a principal amount of €325.0 million.

The Revolving Credit Facility may be utilized by the Company and/or the Issuer and certain of its restricted subsidiaries which accede to the Revolving Credit Facility Agreement as additional borrowers of that facility (the "SSRCF Borrowers") and may be applied in or towards (directly or indirectly) (x) financing or refinancing the working capital and/or the general corporate purposes of the Group and (x) any other purpose contemplated by the funds flow statement or the tax structure memorandum in connection with the Transactions.

The Revolving Credit Facility will be available in euros, sterling, U.S. dollars and certain other currencies readily available in the relevant interbank market by the drawing of cash advances, the issue of letters of credit and ancillary facilities (on a bilateral and fronted basis).

The Revolving Credit Facility Agreement includes (in addition to other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including under one or more uncommitted additional facilities within the Revolving Credit Facility Agreement and/or any additional notes and/or other facilities or notes documented outside the Revolving Credit Facility Agreement) up to an aggregate amount of the greater of €400.00 million and 81% of Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement and subject to certain customary additions including the amount of prepayments and buy-backs).

Availability

The Revolving Credit Facility may be utilized from (and including) the Closing Date (as defined in the Revolving Credit Facility Agreement, the "Closing Date") to (and including) the date which is one month prior to the maturity date of the Revolving Credit Facility.

Conditions Precedent

Utilizations of the Revolving Credit Facility are subject to customary conditions precedent.

Interest and Fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR, or for loans denominated other than in Euro, LIBOR, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (each as defined in the Revolving Credit Facility Agreement) (the "Senior Secured Net Leverage Ratio"), adjusted as appropriate to the extent that a Suspension Event (each as defined in the Revolving Credit Facility Agreement) has occurred and is continuing.

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under the Revolving Credit Facility. If LIBOR is less than zero, LIBOR shall be deemed to be zero in respect of loans made under the Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Closing Date to the end of the availability period applicable to the Revolving Credit Facility at a rate of thirty (30)% of the applicable margin for the Revolving Credit Facility. Commitment fees will be payable quarterly in arrears and on the date the Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment.

Default interest will be calculated as an additional 1% on the defaulted amount (subject to any customary Italian usury law exceptions).

Repayments

The loans made under the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the date falling 54 months from the Closing Date. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a "Change of Control."

A "Change of Control" for the purposes of the Revolving Credit Facility is defined as per the Notes save that portability will be disapplied.

Guarantees and Security

The Revolving Credit Facility will be initially guaranteed by the Company and the Issuer.

The Revolving Credit Facility will be secured by the Issue Date Collateral and the Completion Date Collateral that also secures the Notes as set forth under "*Description of the Notes—Security*." The Revolving Credit Facility Agreement will provide that material subsidiaries (five (5)% of Consolidated EBITDA) will guarantee the Facilities and, subject to the terms of the Agreed Security Principles set out therein, provide security over (x) their material bank accounts (without control over use), shares owned by such Material Subsidiaries in other Material Subsidiaries and any receivables owed to that Material Subsidiary by any Obligor.

Subject to certain adjustments and the agreed security principles that apply to the Revolving Credit Facility Agreement, the Company is required to ensure that members of the Group that (x) are material subsidiaries and/or (y) collectively contribute in aggregate at least eighty (80)% of Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement) are guarantors of the Revolving Credit Facility Agreement (i) on the date which is 120 days following the Closing Date and (ii) thereafter on the date when the annual financial statements of the Company are required to be delivered to the agent in connection with the Revolving Credit Facility Agreement.

The provision and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Revolving Credit Facility Agreement (and, to the extent such requirement is not satisfied on such date, the Company shall ensure that it is so satisfied within 120 days of such date).

Representations and Warranties

The Revolving Credit Facility Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including, among others, (i) status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence and *pari passu* ranking, (ii) no insolvency, taxation and no litigation, (iii) no default, financial statements, base case model (iv) no liens/guarantees/indebtedness, (v) good title to assets, (vi) intellectual property and (vii) centre of main interests and compliance with sanctions and anti-corruption laws.

Certain representations and warranties will be made on the Closing Date and will be repeated on the date of each utilization, on the first day of each interest period (other than in the case of roll over cash drawings) and at certain other times.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments and exceptions) that are set forth in the Indenture.

The Revolving Credit Facility Agreement also contains a "note purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Issuer may not, and the Company shall procure that no restricted subsidiary will, repay, prepay, purchase, defease, redeem or otherwise directly or indirectly acquire or retire the principal amount of the Notes (or, in each case, any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time). The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal face value amount of the Notes as at the Closing Date (the "Notes Purchase Basket") or to the extent the aggregate principal face value amount exceeds the Notes Purchase Basket an amount of the commitments under the Revolving Credit Facility are cancelled or prepaid in the same proportion by which the Notes in excess of the Notes Purchase Basket are prepaid or redeemed or otherwise returned for value, until the commitments under the Revolving Credit Facility are reduced to €200,000,000.

The Revolving Credit Facility Agreement also requires the Company and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to (i) authorizations, (ii) compliance with laws; (iii) notes purchase condition; (iv) centre of main interests (v) provision of guarantees and security (vi) further assurance and (vii) compliance with sanctions, anti-money laundering and anti-corruption laws.

In addition, the Revolving Credit Facility Agreement includes a financial covenant requiring the drawn super senior leverage ratio not to exceed a flat ratio to be set with 40 per cent headroom versus the base case model for the Revolving Credit Facility (which shall be calculated by reducing Consolidated EBITDA as set out in that base case model (the "Drawn Super Senior Leverage Ratio")). The Drawn Super Senior Leverage Ratio is calculated as the ratio of consolidated drawn loans under the Revolving Credit Facility, less the aggregate amount of cash, cash equivalents and temporary cash equivalents held by the Group (the "Drawn Super Senior Facilities Debt") to consolidated *pro forma* EBITDA for the twelve month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis, subject to the Revolving Credit Facility being (excluding any utilizations by way of letters of credit (or bank guarantees), ancillary facilities any flex or flex related fees or expenses) greater than 40% drawn on the relevant test date. The Drawn Super Senior Leverage Ratio only acts as a draw stop to new drawings under the Revolving Credit Facility and, if breached, will not trigger a default or an event of default under the Revolving Credit Facility Agreement.

The Drawn Super Senior Leverage Ratio is based on the definitions and adjustments in the Revolving Credit Facility Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this offering memorandum.

The Revolving Credit Facility Agreement contains an equity cure provision enabling the shareholders of the Company to make shareholder injections by way of debt and/or equity to the Company to be (i) added to consolidated *pro forma* EBITDA (an "EBITDA Cure"), (ii) taken into account when calculating Drawn Super Senior Facilities Debt or (iii) taken into account when calculating if the Test Condition (as defined in the Revolving Credit Facility Agreement) has been met.

The EBITDA Cure right may not be exercised on more than five occasions during the term of the Revolving Credit Facility and may not be exercised more than twice in any financial year.

Events of Default

The Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including (i) inaccuracy of a representation or statement when made, (ii) unlawfulness and invalidity of the Revolving Credit Facility financing documents (including the applicable security documents), (iii) material failure to comply with the Intercreditor Agreement and (iv) repudiation or rescission of the Revolving Credit Facility financing documents (including the applicable security documents).

Governing Law

The Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although the information undertakings, restrictive covenants, events of default and related definitions scheduled to the Revolving Credit Facility Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by English law).

Private Notes

Further to the Private Notes Commitment Letter, the Issuer will issue the Private Notes on or about the Completion Date. The Private Notes will be issued under and subject to an indenture governed by the laws of the State of New York and will be sold pursuant to a private placement exempt from registration under the Securities Act. The Private Notes will mature on the date that is the sixth anniversary of the Completion Date. Issuance of the Private Notes is conditioned on the issuance of the Notes and completion of the Reorganization, among other customary conditions precedent.

Interest on the Private Notes will be payable quarterly in arrears in cash at a floating rate equal to three-month EURIBOR (subject to a 0.0% floor), plus 3.625% per annum.

The Private Notes will not be redeemable upon the election of the Issuer prior to the first anniversary of the Completion Date, except by payment of a make-whole premium. Thereafter, the redemption price applicable to the Private Notes will be 100%, plus accrued and unpaid interest to, but excluding, the redemption date.

The Private Notes will rank *pari passu* with the Notes and obligations under the Revolving Credit Facility, but will, in the same manner as the Notes, receive proceeds from the enforcement of the Collateral only after obligations under the Revolving Credit Facility and certain hedging obligations have been repaid in full. On the Completion Date, the Private Notes will be secured by the Collateral and guaranteed by the Company pursuant to the Private Notes Guarantee.

The restrictive and affirmative covenants in respect of the Private Notes will be substantially the same as those with respect to the Floating Rate Notes contained in the Indenture. A trustee will be appointed as initial trustee and security agent in respect of the Private Notes, and the same agents under the Indenture will also initially be the agents under the indenture in respect of the Private Notes. The trustee in respect of the Private Notes will accede to the Intercreditor Agreement on the Completion Date as trustee under the indenture in respect of the Private Notes.

Application will be made to list the Private Notes on the Official List of the Luxembourg Stock Exchange, and for them to be admitted to trading on the Euro MTF thereof.

Settlement Obligations

On a pro forma basis as of December 31, 2017, we had €658.0 million of settlement obligations in respect of settlement obligations and pass-through fee payments. See "*Unaudited Pro Forma Combined Financial Information*." A description of our 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, with payment processors such as Nexi acting as pure intermediaries in the funds flow. See "*Risk Factors—Risks Related to our Business—Our business requires funding to manage working capital 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, 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 2017, our monthly balance of accounts receivable outstanding from charge cardholders averaged approximately €1,800 million and peaked at approximately €2,600 million. We also provide funding to holders of credit cards, who can elect to pay their outstanding balance in instalments or roll it over from month to month. The underlying contracts 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, the monthly average balance of accounts receivable outstanding from partner banks in relation to credit cards was only €200 million in 2017, with peaks reaching up to €250 million.

- *Acquiring licensing:* When acting for a merchant customer in its acquiring licensing business, we settle 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 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 working capital balance. In 2017, our daily negative working capital balance from these activities averaged approximately € 280 million and peaked at approximately €610 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 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 working capital 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 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 working capital balance from these activities.

Our daily negative working capital balance from servicing activities averaged approximately €130 million in 2017 and peaked at approximately €260 million.

Licensing agreements generate higher working capital requirements than servicing agreements. As far as our issuing licensing activity is concerned, which accounts for the large majority of our settlement-related working capital, the underlying agreements with our partner banks provide that the funding costs are passed through to them and the partner banks' customers.

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 legacy funding sources, which heavily relied on Bankco, and our expected funding sources as of the Completion Date. However, we will continue to explore alternative funding options and may further diversify our funding sources in the future.

Legacy Funding

Prior to the Reorganization, we will continue to rely on a mix of external liquidity and internal liquidity generated by Bankco to provide the necessary funding for ordinary course activities in our Merchant Services & Solutions and Cards & Digital Payments business units.

As described above, the largest funding requirement arises in our issuing licensing business (the "funding exposure") in connection with charge cards. Prior to the Reorganization, the balance outstanding from charge cardholders will continue to be funded by way of an intercompany line from Bankco, drawing on the substantial liquidity generated in Bankco's securities services and payments businesses. In 2017, this intercompany line had an average outstanding balance of approximately €1,700 million. Similarly, the significantly smaller balance outstanding from credit cardholders will continue to be funded through drawings on the overdraft facilities made available by our partner banks. The working capital requirements in our acquiring licensing, issuing servicing and acquiring servicing businesses (together, the "settlement exposure") have a much more limited duration, because we only need to bridge a funding gap until the next business day. Prior to the Completion Date, this portion of our funding requirement will likewise continue to be provided by Bankco. Similarly, Mercury Payments relied on the Mercury Funding Facility to fund its working capital requirements arising from merchant acquiring activities.

Funding Post-Reorganization

Following the Reorganization, our funding exposure in connection with charge cards will be managed through the use of two new factoring facilities under the Settlement Obligations Factoring Agreement, the material terms of which are described below. Bankco's intercompany loan will be terminated. We expect to continue to manage funding exposure associated with credit cards will through drawings on our partner banks' overdraft facilities.

With respect to settlement exposure, we will no longer require funding from Bankco post-Reorganization. We will fund acquiring licensing activities directly, drawing on bank lines or overdrafts sourced from other banks. With respect to our issuing and acquiring servicing activities, Bankco will act as settlement bank on the partner banks' behalf pursuant to the Settlement Obligations Settlement Agreement described below without funding us. Mercury Payments will continue to utilize capacity available under the Mercury Funding Facility which is described below.

Credit Risk

Based on our historical data, we believe that our issuing and acquiring business involves only an immaterial amount of credit risk. 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 "*Risks Related to Our Business—We are subject to potential credit risk from our customers, as well as short term credit risk from our partner banks, and if a significant number of cardholders, merchants or partner banks were to fail to satisfy their obligations on time, we could experience material losses*."

Settlement Obligations Factoring Agreement

Set forth below is a description of the material terms of the factoring facilities agreement (the "Settlement Obligations Factoring Agreement") that Nexi Payments, which will be a direct subsidiary of the Company following the Reorganization, expects to enter into with UniCredit Factoring S.p.A. ("UCF") on or about the Completion Date, as contemplated in a commitment letter between Nexi and UCF dated as of January 12, 2018. The terms of the Settlement Obligations Factoring Agreement are currently being negotiated by the parties, and there can be no assurance that the definitive Settlement Obligations Factoring Agreement will be entered into on the terms described below or at all. In particular, the maximum amount of receivables factored under the Settlement Obligations Factoring Agreement may be increased. The terms and conditions described below reflect our current understanding of the parameters set forth in a commitment letter and term sheet we agreed with UCF, and we do not assume any obligation to update the description below.

General Overview

The Settlement Obligations Factoring Agreement will provide for the daily sale and assignment by us to UCF of eligible accounts receivable outstanding from charge cardholders in our issuing licensing business. The

purchase price for each receivable will be equal to 100% of its face value, net of funding and commitment costs. This means that we will no longer incur a net overnight funding exposure, as it will receive the purchase price from UCF on the same day when we have to fund the factored cardholder receivables up to the maximum committed amount of €3,000 million in receivables at any time outstanding. We will notify each partner bank, on or about the time the Settlement Obligations Factoring Agreement is signed, that it will factor and assign receivables outstanding from such partner bank's cardholders, along with certain ancillary rights, to UCF. Each such factored receivable will be collected automatically through the issuance of a SEPA direct debit instruction from us to our partner banks, according to which the relevant funds will be credited to the Collection Account (as defined below). Due to the substantial time difference between funding and collection in the issuing licensing business, UCF will incur a net funding balance that will attract interest payable by us. During the term of the Settlement Obligations Factoring Agreement, UCF will have exclusivity as our sole receivables factoring partner, with the exception of funding provided directly by each partner bank with respect to receivables outstanding from its own cardholders. In addition, UCF will have the right to syndicate the factoring facilities. We have agreed to a structuring fee payable to UCF. The Settlement Obligations Factoring Agreement will be governed by Italian law and subject to the exclusive jurisdiction of the Court of Milan in Italy.

Factoring Facilities

Three factoring facilities will be available under the Settlement Obligations Factoring Agreement, with an aggregate available commitment of € 3,350 million, but subject to an overall funding limit of € 3,000 million. The facilities will carry various interest rates and fees. In addition, if the average utilization of the facilities under the Settlement Obligations Factoring Agreement in any three-month period (other than the first three months from the date the Settlement Obligations Factoring Agreement becomes effective) falls below €800 million, a further commitment fee becomes payable.

The main facility under the Settlement Obligations Factoring Agreement will be divided into two components. The first component will be a non-recourse factoring facility with a funding limit of €2,800 million, which will be available to fund accounts receivable outstanding from cardholders of certain designated partner banks.

The second component will be a recourse factoring facility in an amount of up to €200 million which will be available to fund accounts receivable outstanding from cardholders of a specified list of smaller partner banks. The reason for this distinction is that the credit risk in respect of our charge cards is borne both by our partner banks and the relevant cardholder. Receivables funded under the first component are backed by partner banks with a low risk-weighting and consequently low cost of carry to UCF. By contrast, receivables funded under the second component relate to partner banks with a greater risk-weighting and higher cost of carry. The recourse nature of this facility allows UCF to lower the funding cost charged to us, while we still retain recourse against both the partner bank and the cardholder customer in accordance with the underlying agreements and applicable law.

In addition, the Settlement Obligations Factoring Agreement will provide for a second, bridge facility in an amount of up to €350 million. We will use the bridge facility to draw down with same-day value an amount equal to the amount of receivables we expect to incur that day or on one or more subsequent days if such days are bank holidays. On the next following business day, when the full specifications of these receivables become available, we then settle with UCF through the reallocation of the amount drawn under the bridge facility to either the recourse or non-recourse component of the first facility, subject to which category the relevant partner bank has been assigned. As a result, we will draw on this facility daily to prefund the estimated amount of receivables that are expected to accrue during the same day and during bank holidays.

Collateral

Nexi Payments will grant UCF a pledge over the collection account to be opened in Nexi Payments' name at UniCredit S.p.A. to which any amounts collected from partner banks in connection with the assigned receivables will be credited (the "Collection Account").

Representations, Warranties and Undertakings

Pursuant to the underlying agreements between us and our partner banks, such partner banks assume the credit risk of the cardholders whose payables are being assigned under the Settlement Obligations Factoring Agreement and have to settle their cardholders' payables if the cardholders themselves fail to do so.

We will be required to grant standard representations and warranties for the Italian factoring market, which will cover, among other things, (i) the existence, validity and enforceability of the underlying agreements with our partner banks, (ii) the absence of a default on our part under the relevant agreement with such partner bank, which impairs our ability to enforce our rights against such partner bank, (iii) the absence of significant differences between our standard form partnership agreement, which was provided to UCF, and the actual agreement governing the relationship with the relevant partner banks and (iv) the absence of any amendments to such agreements, which may impair our rights against the relevant partner banks. In case of a breach of any of the foregoing representations and warranties, to the extent such receivables have not yet been collected at the date of repurchase, we will be required to repurchase the defective receivables or indemnify UCF against any consequential losses.

With respect to receivables factored under the recourse component of the first factoring facility, without prejudice to the partner banks' contractual assumption of the cardholders' credit risk, we will remain liable to UCF for any shortfall in recovery and payment default of the relevant cardholders. The recourse nature of this component of the first factoring facility notwithstanding, we will have full recourse against both the partner bank and cardholder and therefore expect to have no material credit risk.

Term and Termination

The commitment of UCF in relation to the facilities under the Settlement Obligations Factoring Agreement will have a term of three years. We may terminate the Settlement Obligations Factoring Agreement (i) at any time and with or without cause, upon payment of a variable penalty (the amount of which decreases over the life of the Settlement Obligations Factoring Agreement), (ii) if UCF delivers notice to us that it has revoked a partner bank's eligibility for the non-recourse facility, and re-assigned such partner bank to the recourse facility, as a result of a change in the partner bank's risk-weighting assessment, or (iii) if, for any other reason, the amount available under the recourse component of the first factoring facility becomes equal to or greater than the amount available under the non-recourse component. In each of clause (i) through (iii), we are only entitled to exercise our right to termination if we pay a flat fee to UCF to cover early termination costs. Moreover, UCF will have the right to terminate the Settlement Obligations Factoring Agreement if we commence a voluntary liquidation proceeding, default on our payments obligations under the Settlement Obligations Factoring Agreement and fail to remedy such default for more than 15 days, are declared insolvent, bankrupt or otherwise become subject to liquidation proceedings or violate a material undertaking under the Settlement Obligations Factoring Agreement and fail to remedy such default within the grace period to be set out in the Settlement Obligations Factoring Agreement.

Mercury Funding Facility

Set forth below is a description of the material terms of the Mercury Funding Facility:

On December 15, 2016, Intesa Sanpaolo, as lender, and Mercury Payments, as borrower, entered into a master credit agreement and a supplement thereto (together, the "Mercury Funding and Settlement Agreement"), providing for unsecured, unguaranteed borrowings in an aggregate principal amount of up to €365 million. The Mercury Funding and Settlement Agreement provides for a current account credit facility in an available amount of up €365 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 Payments. 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 Payments 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 Payments with Intesa Sanpaolo. The term of the Mercury Funding and Settlement Agreement is indefinite.

Settlement Agreement

Set forth below is a description of the material terms of the framework settlement agreement (the "Framework Settlement Agreement") that we expect to enter into with Bankco in connection with the Reorganization with respect to our issuing and acquiring servicing activities. The terms of the Framework Settlement Agreement are currently being negotiated by the parties, and there can be no assurance that the definitive Framework Settlement Agreement will be entered into on the terms described below or at all. The terms

and conditions described below reflect our current expectations about the future agreement, and we do not assume any obligation to update the description below.

Under the Framework Settlement Agreement Bankco will undertake to fund the settlement exposures of our co-issuing partner banks and acquiring partner banks, with whom we have servicing agreements in place, on a daily basis. With respect to our issuing servicing activity, Bankco will directly advance the funds required to settle the partner bank's payable to the card scheme and will be reimbursed by the partner bank within two business days. With respect to our acquiring servicing activity, Bankco will directly remit payment to the merchant's bank and will be refunded by the card scheme on the next subsequent business day (or in the case of transactions processed through the VISA international card scheme, within three business days). Bankco's settlement obligations under the Framework Settlement Agreement are subject to a general funding cap of €500 million. In exchange, we agreed to pay an annual fee to Bankco. The agreement contemplates that the parties may in good faith renegotiate such annual fee from time to time.

In addition, pursuant to Article 1958 of the Italian Civil Code, we will guarantee the partner banks' payment obligations under the Framework Settlement Agreement up to an overall cap of €500 million.

The agreement is also expected to contain provisions whereby the parties undertake to settle from time to time any positive or negative balance arising in connection with revenues and charges associated with our servicing activities.

The Framework Settlement Agreement is currently expected to provide for an initial term of three years, subject to automatic renewals absent Bankco's prior written termination. Bankco will be entitled to terminate the agreement upon our failure to guarantee the partner banks' payment obligations under the Settlement Agreement. We may terminate the agreement at any time, subject to giving prior written notice, and the undertaking to indemnify Bankco for certain costs and other damages incurred in connection with such termination. The Framework Settlement Agreement will be governed by Italian law and be subject to the exclusive jurisdiction of the Court of Milan in Italy.

Other Debt

In addition to the above, we have local facilities with an aggregate available amount of €85.2 million in place at Bassilichi, which can be utilized for general corporate purposes. On a pro forma basis as of December 31, 2017, we had debt in an amount equal to €57.6 million outstanding under these local facilities.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*Certain Definitions*." For purposes of this "*Description of the Notes*," the term "*Issuer*" refers only to Nexi Capital S.p.A. and its successors prior to the Post-Completion Merger, and references to the "*Company,*" "*we*," "*our*," and "*us*" are to Latino Italy S.p.A. and its successors and not to any of its Subsidiaries. The Issuer is a wholly-owned Restricted Subsidiary of the Company.

The Issuer will issue €825.0 million in aggregate principal amount of its 4$^{1}/_{8}$% Senior Secured Notes due 2023 (the "*Fixed Rate Notes*") and €1,375.0 million in aggregate principal amount of its Senior Secured Floating Rate Notes due 2023 (the "*Floating Rate Notes*" and, together with the Fixed Rate Notes, "*Notes*") under an indenture to be dated as of the Issue Date (the "*Indenture*"), between, *inter alios*, the Issuer, U.S. Bank Trustees Limited, as trustee (the "*Trustee*"), U.S. Bank Trustees Limited, as security agent and in its role as legal representative (*mandatario con rappresentanza*) under the Indenture and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "*Security Agent*"), and Elavon Financial Services DAC, UK Branch, as paying agent, transfer agent and calculation agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include terms of, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Pending consummation of the Reorganization and the satisfaction of certain other conditions as described below, the initial purchasers of the Notes will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of this offering of the Fixed Rate Notes and the Floating Rate Notes into a segregated bank account (the "*Escrow Account*") in the name of the Issuer but controlled by Nexi S.p.A. ("*Bankco*"), as escrow agent (the "*Escrow Agent*"), pursuant to the terms of an escrow deed (the "*Escrow Agreement*") dated as of the Issue Date, among the Issuer, the Trustee and Nexi S.p.A. ("*Bankco*"), as escrow agent (the "*Escrow Agent*"). If the completion of the Reorganization has not occurred on or prior to December 31, 2018 (the "*Escrow Longstop Date*"), the Notes will be redeemed at a price equal to the respective issue prices of the Fixed Rate Notes and Floating Rate Notes, as applicable, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the Special Mandatory Redemption Date (as defined below). See "*Escrow of Proceeds; Special Mandatory Redemption*." Upon release from escrow to the Issuer as described below, the proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer together with the proceeds from the Private Notes to make one or more intercompany loans to Latino Italy S.p.A. (the "*Company*"), as further described below under "*The Proceeds Loans*," and to pay fees and expenses incurred in connection with the Transactions. The Company will use the proceeds of the Proceeds Loans to complete the Refinancing. See "*Use of Proceeds*" and "*The Transactions*."

Upon the initial issuance of the Notes on the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by the Company or any of its Subsidiaries. The Company will enter into a supplemental indenture to become a party to the Indenture and guarantee the Notes on a senior secured, joint and several basis on the Completion Date.

Subject to the Agreed Security Principles and certain perfection requirements, no later than five Business Days from the Issue Date, the Notes and the Notes Guarantee (upon the granting thereof by the Company) will be secured on a first-ranking basis by the Issue Date Collateral (as defined below). Subject to the Agreed Security Principles and certain perfection requirements, on the Completion Date, the Notes and the Notes Guarantee will be secured on a first-ranking basis by the Completion Collateral. See "*Security*." The Issue Date Collateral and the Completion Collateral, and any and all assets from time to time in which a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture or the Notes and/or any Notes Guarantee, in each case as may be in existence from time to time, are collectively referred to herein as the Collateral.

The Indenture will be unlimited in aggregate principal amount, of which €825.0 million in aggregate principal amount of Fixed Rate Notes and €1,375.0 million in aggregate principal amount of Floating Rate Notes will be issued in this offering. We may, subject to applicable law, issue an unlimited principal amount of additional Fixed Rate Notes having identical terms and conditions as the Fixed Rate Notes (any such additional Fixed Rate Notes actually issued, the "*Additional Fixed Rate Notes*") and an unlimited principal amount of additional Floating Rate Notes having identical terms and conditions as the Floating Rate Notes (any such additional Floating Rate Notes actually issued, the "*Additional Floating Rate Notes*" and together with any Additional Fixed Rate Notes, the "*Additional Notes*"); *provided* that if any Additional Fixed Rate Notes are not fungible with the Fixed Rate Notes for U.S. federal income tax purposes, the Additional Fixed Rate Notes will be issued with a separate ISIN code or common code, as applicable, from the Fixed Rate Notes, and that if any Additional Floating Rate Notes

are not fungible with the Floating Rate Notes for U.S. federal income tax purposes, the Additional Floating Rate Notes will be issued with a separate ISIN code or common code, as applicable, from the Floating Rate Notes. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*"). Except as otherwise provided for in the Indenture, the Notes issued in this offering (which, for the avoidance of doubt, does not include the Private Notes) and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless otherwise excluded, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, any Notes Guarantee, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and the Company and your rights.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

Brief Description of the Notes and the Notes Guarantees

The Notes

The Notes will:

- be general, senior obligations of the Issuer, secured as set forth under "*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Private Notes and the Issuer's obligations under the Revolving Credit Facility Agreement;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future Indebtedness or obligation of the Company and its subsidiaries that is secured by property and assets that do not secure the Notes, or which receives priority with respect to the application of proceeds from the enforcement of the Collateral, to the extent of the value of the property and assets securing such other Indebtedness or obligation;
- be structurally subordinated to any existing or future Indebtedness or obligations of Subsidiaries of the Company, that are not the Issuer or a subsidiary guarantor of the Notes (if any), including obligations owed to trade creditors and settlement obligations;
- be guaranteed on a senior joint and several basis by the Company on the Completion Date; and
- be represented by one or more registered Notes in global form but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry, Delivery and Form*" in this Offering Memorandum).

Under the terms of the Intercreditor Agreement, Holders will receive proceeds from the enforcement of the Collateral only after certain obligations entitled to receive proceeds from the enforcement of the Collateral in

priority to the Notes have been repaid in full, including obligations under the Revolving Credit Facility and certain Hedging Obligations.

The Notes Guarantees

The Notes Guarantee of the Company will upon its issuance:

- be a senior obligation of the Company, secured as set forth under "*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Company that is not expressly subordinated in right of payment to such Notes Guarantee, including the Company's Guarantee of the Private Notes and its obligations under the Revolving Credit Facility Agreement;
- rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated to such Notes Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of the Company that is secured by property and assets that do not secure such Notes Guarantee, or which and its subsidiaries receives priority with respect to the application of proceeds from the enforcement of collateral, to the extent of the value of the property and assets securing such other Indebtedness or obligation; and
- be structurally subordinated to any existing or future Indebtedness or obligations of Subsidiaries of the Company that are not the Issuer or a subsidiary guarantor of the Notes (if any) including obligations owed to trade creditors and settlement obligations.

The obligations of the Company under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance or infringement of corporate benefit or capital maintenance rules under applicable law, otherwise to reflect limitations under applicable law or as set out in the respective Guarantee. In addition, the Company's Notes Guarantee will be further limited as described below under "*The Notes Guarantees—General*." By virtue of these limitations, the Company's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or the Company may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—Enforcing your rights as a holder of the Notes or under the Guarantees thereof or the Collateral across multiple jurisdictions may prove difficult*" and "*—The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Parent Guarantee and the security interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.*" The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in this Offering Memorandum under the caption "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding claims under debt and guarantees issued by those Restricted Subsidiaries, and claims of minority stockholders and preferred stockholders of non-Guarantor Restricted Subsidiaries generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Company, including Holders. The Notes and the Company's Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors and depositors), preferred stockholders (if any) and minority stockholders of Restricted Subsidiaries (other than additional Guarantors).

As of December 31, 2017, on a *pro forma* basis after giving effect to the Transactions, the Company on a consolidated basis would have had €2,657.6 million of third-party financial Indebtedness outstanding, €825.0 million of which would have been represented by the Fixed Rate Notes, €1,375.0 million of which would have been represented by the Floating Rate Notes, €400.0 million of which would have been represented by the Private Notes and €57.6 million of which would have been represented by other Indebtedness incurred at Subsidiaries which will not guarantee the Notes, in each case excluding unamortized debt issuance costs,

pass-through fee payments and settlement obligations. In addition, there would have been €325.0 million available for drawing by the Company under the Revolving Credit Facility. See "*Description of Certain Financing Arrangements.*"

Principal and Maturity

On the Issue Date, the Issuer will issue €825.0 million in aggregate principal amount of Fixed Rate Notes and €1,375.0 million in aggregate principal amount of Floating Rate Notes. The Fixed Rate Notes will mature on November 1, 2023 and the Floating Rate Notes will mature on May 1, 2023. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Fixed Rate Notes

Interest on the aggregate principal amount of Fixed Rate Notes at any time outstanding will accrue at the rate of 4.125% per annum. Interest on the Fixed Rate Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable semi-annually in arrears, on November 30 and May 31 of each year, beginning on November 30, 2018;
- be payable to the Holder of record of such Fixed Rate Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on overdue principal and interest will accrue at a rate that is 1% higher than the applicable rate of interest. In no event, however, will the rate of interest on the Fixed Rate Notes be higher than the maximum rate permitted by applicable law.

Floating Rate Notes

Interest on the aggregate principal amount of Floating Rate Notes at any time outstanding will accrue at a rate per annum, reset quarterly, equal to the sum of three-month EURIBOR (with a 0% floor), plus 3.625% (such sum, the "*Applicable Rate*"), as determined by the Calculation Agent. Interest on the Floating Rate Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable quarterly in arrears, on each August 31, November 30, February 28 and May 31, beginning on August 31, 2018;
- be payable to the Holder of record of such Floating Rate Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 365-day year and the actual number of days elapsed.

Interest on overdue principal and interest, as applicable, will accrue at a rate that is 1% higher than the then applicable rate of interest. In no event, however, will the rate of interest on the Floating Rate Notes be higher than the maximum rate permitted by applicable law; *provided, however*, that the Calculation Agent (as defined below) shall not be responsible for verifying that the rate of interest on the Floating Rate Notes is permitted under applicable law.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (London time) on each Interest Calculation Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*") and notify the Issuer in writing thereof. The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding on the Interest Calculation Date, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365; *provided, however*, that interest shall only be paid in respect of Floating Rate Notes outstanding on the applicable interest payment dates. All percentages resulting from any of the above

calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). The determination of the Applicable Rates and the Interest Amounts by the Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties.

Interest on the Floating Rate Notes shall be payable entirely in cash in euros.

The ability of the Issuer and, following the Post-Completion Merger, the Company to make payments of principal, interest and Additional Amounts, if any, on the Notes is subject to important limitations and restrictions. See "*Risk Factors—Risks Related to the Financial Profile of the Issuer and the Company—The Issuer is a finance subsidiary that has no revenue-generating operations of its own and no assets other than the obligations under the Proceeds Loans, and the Issuer is substantially dependent on payments under the Proceeds Loans to service its debt, including its obligations under the Notes*" and "*—The Company is a holding company that is dependent on distributions from its subsidiaries to make payments on the Proceeds Loans and to service interest and principal payments under the Notes*."

As used herein:

"*Calculation Agent*" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Floating Rate Notes in respect of each interest period, which shall initially be Elavon Financial Services DAC, UK Branch.

"*EURIBOR*" means, with respect to an Interest Period, the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date that appears on Reuters page EURIBOR01 as of 11:00 a.m. (Brussels time) on the Interest Calculation Date; *provided, however*, that EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on an Interest Calculation Date, the Calculation Agent will request the principal London office of each of four major banks in the euro zone inter-bank market, as selected by the Calculation Agent, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m. (Brussels time) on such Interest Calculation Date, to prime banks in the euro zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such offered quotations are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m. (London time) on such Interest Calculation Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such rates are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then EURIBOR in respect of such Interest Period will be the EURIBOR in effect with respect to the immediately preceding Interest Period.

"*euro zone*" means the region comprised of member states of the European Union that at such time use the euro as their official currency.

"*Interest Calculation Date*" means the day that is two TARGET Settlement Days preceding the first day of such Interest Period (as defined below) in respect of the relevant Interest Period.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date.

"*Representative Amount*" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page* EURIBOR01" means the display page so designated on Reuters (or such other page as may replace that page on that service, or, if no such page is available, Bloomberg page "EBF" or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor)

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in euro.

The rights of Holders to receive payments of interest on the Floating Rate Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Floating Rate Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest, premium and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. See "*—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be Elavon Financial Services DAC, UK Branch (the "Paying Agent").

The Issuer will also maintain a registrar (the "Registrar"), and a transfer agent (the "Transfer Agent"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC, UK Branch. The Registrar, Transfer Agent and Paying Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

Subject to the above restrictions, the Issuer may change the Paying Agent, Registrar, Transfer Agent or Calculation Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar, Transfer Agent or Calculation Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxembourger Wort) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu). The Company or any of its Subsidiaries may act as Paying Agent, Registrar or Calculation Agent in respect of the Notes.

The Notes Guarantees

General

On the Issue Date, the Notes will not be guaranteed. On the Completion Date, the obligations of the Issuer under the Indenture and the Notes, including any payment obligation resulting from a Change of Control, will be guaranteed on a senior secured, joint and several basis by the Company.

In addition, as described below under "*Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles (including, among others, limitations arising due to corporate benefit rules), if Subsidiaries of the Company in the future guarantee the Revolving Credit Facility, the Private Notes or certain other Indebtedness of the Issuer or the Company permitted under the Indenture, such Person or Persons shall also enter into one or more Notes Guarantees or supplemental indentures to become Guarantors of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility, the Private Notes and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

The following is a non-exhaustive summary of certain terms of the Agreed Security Principles, which include, among others:

- general legal and statutory limitations, regulatory restrictions, financial assistance, anti-trust and other competition authority restrictions, corporate benefit, fraudulent preference, equitable subordination, "transfer pricing," "thin capitalization," "earnings stripping," "controlled foreign corporation" and other tax restrictions, "exchange control restrictions," "capital maintenance" rules and "liquidity impairment" rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of the Company and the Restricted Subsidiaries (collectively, the "*Group*") to provide a guarantee or security or may require that the guarantee or security be limited as to amount or otherwise and, if so, the guarantee or security will be limited accordingly; *provided* that the relevant member of the Group shall use reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

- the determination that the time and cost (including adverse effects on taxes, interest deductibility, stamp duty, registration taxes, notarial costs and all applicable legal fees) related to granting the relevant guarantee and/or security (including in respect of the security, the extent of its perfection and/or registration) will not be disproportionate to the benefit accruing to the relevant secured parties of obtaining such guarantee or security;

- the exclusion from any guarantee or security of any asset subject to a legal requirement, contract, lease, license, instrument or other third party arrangement, which may prevent or condition the asset from being charged, secured or being subject to the applicable security document (including requiring a consent of any third party, supervisory board or works council (or equivalent)) and any asset which, if subject to the applicable security document, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any member of the Group in respect of the asset or require the relevant charger to take any action materially adverse to the interests of the Group or any member thereof; *provided* that reasonable endeavors (exercised for a specified period of time) to obtain consent to charging any asset (where otherwise prohibited) shall be used by the Group if the Security Agent specifies prior to the date of the security or accession document that the asset is material and the Issuer is satisfied that such endeavors will not involve placing relationships with third parties in jeopardy;

- the agreement that members of the Group will not be required to give guarantees or enter into security documents if they are not wholly owned by another member of the Group or if it is not within the legal capacity of the relevant members of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in a material risk of personal or criminal liability for any director or officer of or for any member of the Group, *provided* that, to the extent requested by the Security Agent before signing any applicable security document or accession document, the relevant member of the Group shall use reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

- the requirement that, to the extent legally effective, all security shall be given in favor of the Security Agent and not the secured creditors individually (with the Security Agent to hold one set of security documents for all the secured parties); *provided* that it shall be permissible to use "*parallel debt*" provisions where necessary (which shall be included in the Intercreditor Agreement and not the individual security documents); and furthermore, the agreement that no member of the Group shall be required to take any action in relation to any guarantees or security as a result of any assignment or transfer of the Notes by a Holder;

- the limitation of guarantees and security so that the aggregate of notarial costs and all registration and like taxes and duties relating to the provision of security will not exceed an amount to be agreed between the Issuer and the Security Agent, and the agreement that where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;

- the agreement that security will not be required over any assets subject to security in favor of a third party (other than certain limited exceptions in relation to bank accounts) or any cash constituting regulatory capital or customer cash (and such assets or cash shall be excluded from any relevant security document);
- the agreement that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;
- the agreement that no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement and guarantees and that security will not be required from or over the assets of, any joint venture or similar arrangement, any minority interest or any member of the Group that is not wholly owned by another member of the Group;
- the agreement that the giving of a guarantee, the granting of security and the registration and/or the perfection of the security granted will not be required if it would have a material adverse effect on the ability of the relevant member of the Group to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture and the Intercreditor Agreement (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to an Event of Default which is continuing), and the agreement that any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to the Agreed Security Principles; and
- the agreement that other than a general security agreement and related filing, no perfection, filing or other action will be required with respect to assets of a type not owned by members of the Group organized in certain excluded jurisdictions or otherwise over the shares of a member of the Group located in any such excluded jurisdiction.

Each Notes Guarantee will also be limited to the maximum amount that would not render the applicable Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of non-U.S. law, or as otherwise required under the Agreed Security Principles, to comply with corporate benefit, financial assistance, capital maintenance rules and other laws or will be limited as set out in the respective Notes Guarantee. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Parent Guarantee and the security interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*" and "*—Enforcing your rights as a holder of the Notes or under the Guarantees thereof or the Collateral across multiple jurisdictions may prove difficult*." All of the operations of the Group will be conducted through Restricted Subsidiaries that will not be Guarantors as of the Issue Date or the Completion Date. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and in respect of settlement obligations and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Company, including Holders. The Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries (other than the Guarantors) and minority stockholders of non-Guarantor Restricted Subsidiaries.

Pursuant to Article 1938 of the Italian Civil Code, the maximum amount that the Company may be required to pay in respect of its obligations as Guarantor under the Notes Documents shall not exceed 150% of the aggregate principal amount of the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*."

As of December 31, 2017, on a *pro forma* basis after giving effect to the Transactions, Subsidiaries of the Company (other than the Issuer) would have had €57.6 million in aggregate principal amount of third-party financial Indebtedness outstanding. Although the Indenture restricts the Incurrence of Indebtedness by the Company and the Restricted Subsidiaries in excess of the limitations described under "*Certain Covenants—Limitation on Indebtedness,*" such limitations are subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Company or Restricted Subsidiaries of liabilities

that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*Certain Covenants—Limitation on Indebtedness*."

Notes Guarantees Release

The Notes Guarantee of a Guarantor will terminate and release upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of a Guarantor that immediately prior to such sale or other disposition was a Subsidiary of the Company (whether by direct sale or sale of a holding company) if the sale or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and such Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(2) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*Defeasance*" and "*Satisfaction and Discharge*";

(4) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (including as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Required Consents—Provisions Following an IPO*");

(5) as described under "*Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*Certain Covenants—Additional Guarantees*"; or

(7) as a result of a transaction that would not be prohibited under "*Certain Covenants—Merger and Consolidation*."

In addition, the Notes Guarantees created by the Indenture will be released in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

At the request and expense of the Issuer and, if applicable, at the request of the Security Agent, the Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to any release or amendment of a Notes Guarantee has occurred, and that such release complies with the Indenture.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the offering of Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the initial purchasers of the Notes will deposit with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date into the Escrow Account. The Escrow Account will be a segregated bank account held and controlled by the Escrow Agent in the name of the Issuer. Because we will be subject to banking supervision and the associated capital adequacy requirements pending completion of the Reorganization, Bankco is required to hold the proceeds from the offering of the Notes and a third party may not act as escrow agent. The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "*Escrowed Property*."

In order to cause the Escrow Agent to release the Escrowed Property to, or to be paid at the instruction of, the Issuer (the "*Release*"), the Escrow Agent and the Trustee shall have received from the Issuer, at a time that is on or before the Escrow Longstop Date, an Officer's Certificate, upon which both the Escrow Agent and the Trustee shall conclusively rely, without further investigation or liability, to the effect that:

- the Escrowed Property will be applied in substantially the same manner as described in this Offering Memorandum;
- the Reorganization has been consummated, or will be consummated within three Business Days following the Release, on substantially the same terms as described in the Offering Memorandum under the section "*The Transactions*," except for any changes or other modifications that will not, individually or when taken as whole, have a material adverse effect on the Holders of the Notes;
- no consent, approval, authorization, order, filing, registration or qualification of or with any court or governmental or regulatory agency or body is required in order to complete the Reorganization or the Refinancing or the granting of the Notes Guarantee by the Company; and
- as of the Completion Date, there is no Default or Event of Default under clause (5) of the first paragraph under the heading titled "*Events of Default*" below.

The Release shall occur promptly upon the satisfaction of the conditions set forth above (the date of such satisfaction, the "*Escrow Release Date*"). Upon the Release, the Escrow Account shall be reduced to zero, and the Escrowed Property shall be paid out in accordance with the Escrow Agreement.

In the event that (a) the Escrow Release Date does not take place on or prior to the Escrow Longstop Date, (b) in the reasonable judgment of the Issuer, the Reorganization will not be consummated by the Escrow Longstop Date, (c) one or more of the Initial Investors ceases to beneficially own or control at least 50% of the issued and outstanding Capital Stock of the Sponsors' HoldCos (in the aggregate) or (d) a Default or Event of Default arises under clause (5) of the first paragraph under the heading titled "*Events of Default*" below on or prior to the Escrow Longstop Date (the date of any such event being the "*Special Termination Date*"), the Issuer will redeem all of the Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to the respective issue prices of the Fixed Rate Notes and Floating Rate Notes, as applicable, plus accrued interest and Additional Amounts, if any, from the Issue Date to the Special Mandatory Redemption Date (as defined below).

Notice of the Special Mandatory Redemption will be delivered by the Issuer no later than one Business Day following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "*Special Mandatory Redemption Date*"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property to the Issuer.

Pursuant to a shortfall agreement (the "*Shortfall Agreement*") between the Issuer and the Company to be entered on or about the Issue Date, the Company will be required to contribute to the Escrow Account an amount equal to the amount by which the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property. See "*Risk Factors—Risks Related to the Transactions—If the conditions to the escrow are not satisfied, the Issuer will be required to redeem part or all of the Notes, which means that you may not obtain the return you expect on the Notes.*"

If at the time of such Special Mandatory Redemption, the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of such Special Mandatory Redemption and any relevant details relating to such special mandatory redemption.

Amounts may be released from the Escrow Account prior to the Completion Date to pay negative interest charged on the Escrow Account and to pay interest on the Notes and the Private Notes on any interest payment date in respect thereof occurring prior to the Escrow Release Date.

Security

General

The Notes and the Notes Guarantees (upon the granting thereof by a Guarantor) in respect thereof will, subject to the Agreed Security Principles and certain perfection requirements, be secured (A) within no later than five days after the Issue Date on a first-priority basis by Security Interests in (i) a pledge over the entire share

capital of the Issuer and (ii) a pledge over the material bank accounts of the Issuer (other than the Escrow Account) (the "*Issue Date Collateral*") and (B) on the Completion Date, by:

- a security assignment of any structural intercompany receivables owed by the Issuer to the Company;
- a pledge of HoldCo's shares in the Company, which are expected to comprise not less than 93% of the Company's entire share capital as of the Completion Date;
- a security assignment of any structural intercompany receivables owed by the Company to HoldCo;
- a pledge of all material bank accounts of the Company;
- a pledge of all of the Company's shares in its material subsidiaries;
- a security assignment of any structural intercompany receivables owed to the Company by any of its material subsidiaries; and
- a security assignment of the receivables under the Proceeds Loans owed to the Issuer by the Company

(collectively, the "*Completion Collateral*" and, together with the Issue Date Collateral and any and all assets from time to time in which a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture or the Notes and/or any Notes Guarantee, in each case as may be in existence from time to time, the "*Collateral*").

We intend to merge the Issuer with the Company in the Post-Completion Merger. Following the Post-Completion Merger, the Company will assume the obligations of the Issuer under the Notes. Concurrently with the Post-Completion Merger, the Security Interests in the shares of the Issuer and the Issuer's receivables under the Proceeds Loans will be released. To the extent applicable, certain Security Interests granted in favor of the Notes will be re-granted or re-confirmed (to the extent necessary) in accordance with the covenant described under "*Certain Covenants—Impairment of Security Interest*" following the Post-Completion Merger. We cannot assure you that we will be able to complete the Post-Completion Merger.

The assets that comprise the Collateral will also secure on a first-priority basis (i) the Private Notes and (ii) the Revolving Credit Facility and certain Hedging Obligations, which, in each case, will be entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes and the Private Notes.

Subject to certain conditions, and subject to the restrictions described under "*Certain Covenants—Impairment of Security Interest*" and "*Certain Covenants—Limitation on Liens*," the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Notes, as permitted under the Indenture and the Intercreditor Agreement.

The Collateral will be pledged or assigned pursuant to the Security Documents to the Security Agent on behalf of the Holders, holders of the Private Notes and lenders under the Revolving Credit Facility and other secured parties. Any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." Any future additional Collateral (for the avoidance of doubt, other than Collateral that is released and retaken either (i) pursuant to clause (1) under "*—Release of Liens*" or (ii) as would not be prohibited under "*Certain Covenants—Impairment of Security Interest*") will be subject to the Agreed Security Principles and all Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests*" in this Offering Memorandum.

As described above, all of the Collateral will also secure the liabilities under (i) the Private Notes and (ii) the Revolving Credit Facility as well as certain Hedging Obligations, which will receive proceeds from the

enforcement of the Collateral in priority to the Notes and the Private Notes, and may also secure certain future Indebtedness on the same basis with respect to the receipt of proceeds from the enforcement of the Collateral in priority to the Notes and the Private Notes. The proceeds from the enforcement of the Collateral after all such obligations have been satisfied may not be sufficient to satisfy the obligations owed to the Holders.

No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and future secured indebtedness may be secured by certain assets that do not secure the Notes*," "*—The Collateral is limited to certain specific assets, the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such collateral may be reduced or diluted under certain circumstances*" and "*—The pledge of the shares in the Company by Holdco only relates to those shares held by Holdco, and not shares held by certain minority investors*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent, the Paying Agent, Registrar, Transfer Agent and Calculation Agent (collectively, the "*Agents*") and the Holders under the Indenture (d) the trustee, security agent and other agents and the holders of the Private Notes under the Private Notes Indenture and (e) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, the Indenture, the Notes and the Security Documents, which will provide, among other things, that the obligations of the Issuer and the Company under the Revolving Credit Facility, certain Hedging Obligations, the Notes and the Notes Guarantees and the Private Notes and the guarantees thereof will be secured equally and ratably by first-priority Security Interests over the Collateral. The Intercreditor Agreement will also provide, among other things, that the obligations of the Issuer and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations will receive proceeds from the enforcement of the Collateral in priority to the Notes and the Private Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, subject to certain limitations, the Collateral may be pledged to secure future Indebtedness, some of which may receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*—Release of Liens*," "*Certain Covenants—Impairment of Security Interest*" and "*Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment, when due, of the Issuer's and the Guarantors' payment obligations under the Notes, the Notes Guarantees and the Indenture, as well as the Issuer's and the Guarantors' payment obligations under the Private Notes, the Revolving Credit Facility and certain Hedging Obligations. The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties and representative (*rappresentante*) pursuant to article 2414-*bis*, 3rd paragraph, of the Italian Civil Code. When entering into the Security Documents, the Security Agent will act in its own name and as *mandatario con rappresentanza*, but for the benefit of the secured parties (including itself, the Trustee and the Holders of Notes from time to time). Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Private Notes, the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain hedging arrangements in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security

Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests*."

Enforcement of Security Interest; Limitations

The creditors under the Revolving Credit Facility, the counterparties to certain Hedging Obligations secured by the Collateral, the holders and trustee of the Private Notes and the Trustee have and, by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 (*mandato con rappresentanza*), the Security Agent to act as its agent under the Intercreditor Agreement and the relevant security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral, the holders and trustee of the Private Notes and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each relevant Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the Holders) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(3) agreed to, and accepted, the appointment of U.S. Bank Trustees Limited, as representative (*rappresentante*) of the noteholders for the purposes of Article 2414-*bis*, paragraph 3, of the Italian Civil Code;

(4) agreed and acknowledged that the Security Agent will administer the Transaction Security in accordance with the Intercreditor Agreement, any Additional Intercreditor Agreement, the Indenture and the Security Documents; and

(5) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

See the sections entitled "Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law" and "Description of Certain Financing Arrangements—Intercreditor Agreement."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into as described under "Certain Covenants—Additional Intercreditor Agreements."

Release of Liens

HoldCo, the Company and the Company's Subsidiaries (as applicable) will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) any Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited under the Indenture or (b) to any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock, obligations under proceeds loans owed to the Issuer, or accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except, in the case of accounts receivable, to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such transfer, sale or disposal;

(2) in the case of a Guarantor (other than the Company) that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Defeasance*" and "*Satisfaction and Discharge*";

(5) if the Company designates any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) upon the contribution of any claim of the Company or any Restricted Subsidiary, which is subject to a Lien, to the equity of the Company or any of the Restricted Subsidiaries; *provided* that such contribution is made in compliance with the Intercreditor Agreement;

(7) in the case of the Security Interests in the shares of the Issuer and the Issuer's receivables under the Proceeds Loans, upon the Post-Completion Merger, as described under "*Security*";

(8) with respect to the Fixed Rate Notes, upon achievement of the conditions described under "*Certain Covenants—Suspension of Covenants and Release of Fixed Rate Notes Security Interests on Achievement of Investment Grade Status*"; or

(9) as otherwise not prohibited by the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement (including in connection with an IPO pushdown as described under "Description of Certain Financing Arrangements—Intercreditor Agreement—Required Consents—Provisions Following an IPO") and (b) as may be permitted under "Certain Covenants—Impairment of Security Interest."

At the request and expense of the Company or the relevant pledgor, the Security Agent and, to the extent required or necessary, the Trustee will take all reasonably necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document, subject to customary protections and indemnification, if applicable. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Transfer and Exchange

The Notes will be issued in the form of registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act ("*Rule 144A*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Notes sold outside the United States pursuant to Regulation S under the Securities Act ("*Regulation S*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Subject to the foregoing, Book-Entry Interests in the Regulation S Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A) in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the two immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such

transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, each the Company's Subsidiaries will be a Restricted Subsidiary. However, in the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries that are Subsidiaries of the Company as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

IPO Debt Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement will provide (and the Indenture and the Notes shall be subject to such provisions) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the Security Documents shall operate (with effect from the date specified in such notice) as described in "*Description of Certain Financing Arrangements—Intercreditor Agreement—Required Consents—Provisions Following an IPO*." The Trustee and the Security Agent shall be required (at the expense of the Issuer) to enter into any amendment to the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) or the Security Documents required by the Issuer and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by this paragraph. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—There are circumstances other than the repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent*."

The Proceeds Loans

On the Completion Date, the Issuer will loan the proceeds of the offering of Notes and the Private Notes issued on the Issue Date to the Company pursuant to one or more proceeds loans (the "*Proceeds Loans*") lent under one or more proceeds loan agreements (the "*Proceeds Loan Agreements*").

The Proceeds Loans will be denominated in euro in a total aggregate principal amount equal to the collective aggregate principal amounts of the Fixed Rate Notes, the Floating Rate Notes and the Private Notes issued on the Issue Date. The Proceeds Loan Agreements will provide that the Company will pay the Issuer interest and principal in an amount sufficient to pay amounts due under the Notes and the Private Notes, as well as any Additional Amounts due thereunder on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture and the Private Notes. The Proceeds Loans will have the same maturity as the corresponding series of notes.

The Proceeds Loans will be assigned by way of security to the Security Agent for the benefit of the Holders and other secured parties.

Optional Redemption

Fixed Rate Notes

Except as described below and except as described under "*Redemption for Taxation Reasons*," the Fixed Rate Notes are not redeemable until November 30, 2019. On and after November 30, 2019, the Issuer may redeem all or, from time to time, part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' prior written notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on November 30 of the years indicated below:

Year	Redemption Price
2019	102.0625%
2020	101.03125%
2021 and thereafter	100.0000%

Prior to November 30, 2019, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Fixed Rate Notes issued under the Indenture (including the aggregate principal amount of any Additional Fixed Rate Notes), upon not less than 10 nor more than 60 days' prior written notice, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 104.1250% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date; *provided* that:

(1) at least 50% of the original principal amount of the Fixed Rate Notes (including the original principal amount of any Additional Fixed Rate Notes) issued under the Indenture remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

At any time from time to time prior to November 30, 2019, the Issuer may, at its option, during each calendar year redeem up to 10% of the original principal amount of the Fixed Rate Notes (including the original principal amount of any Additional Fixed Rate Notes), upon not less than 10 nor more than 60 days' prior written notice, at a redemption price equal to 103% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date.

In addition, prior to November 30, 2019, the Issuer may redeem all or, from time to time, part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' prior written notice at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes, plus the Fixed Rate Applicable Premium, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date.

"*Fixed Rate Applicable Premium*" means, with respect to any Fixed Rate Note the greater of:

(a) 1% of the principal amount of such Fixed Rate Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (1) the redemption price of such Fixed Rate Note at November 30, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Fixed Rate Note to and including November 30, 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined below) at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points; *over*

(ii) the outstanding principal amount of such Fixed Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of the Fixed Rate Applicable Premium shall not be an obligation or duty of the Trustee or any of the Agents.

Floating Rate Notes

Except as described below and except as described under "*Redemption for Taxation Reasons*," the Floating Rate Notes are not redeemable until May 31, 2019. On and after May 31, 2019, the Issuer may redeem all or, from time to time, part of the Floating Rate Notes upon not less than 10 nor more than 60 days' prior written notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest (calculated with reference to the interest rate as of the most recent Interest Calculation Date) and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on May 31 of the years indicated below:

Year	**Redemption Price**
2019	101.0000%
2020 and thereafter	100.0000%

In addition, prior to May 31, 2019, the Issuer may redeem all or, from time to time, part of the Floating Rate Notes upon not less than 10 nor more than 60 days' prior written notice at a redemption price equal to 100% of the principal amount of the Floating Rate Notes, plus the Floating Rate Applicable Premium (as defined below), plus accrued and unpaid interest (calculated with reference to the interest rate as of the most recent Interest Calculation Date) and Additional Amounts, if any, to, but not including, the applicable redemption date.

"*Floating Rate Applicable Premium*" means, with respect to any Floating Rate Note the greater of:

(a) 1% of the principal amount of such Floating Rate Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (1) the redemption price of such Floating Rate Note at May 31, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Floating Rate Note to and including May 31, 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined below) at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points and assuming that the rate of interest on the Floating Rate Notes for the period from the redemption date through May 31, 2019, will equal the rate of interest on the Floating Rate Notes in effect on the date on which the applicable notice of redemption is given; *over*

(ii) the outstanding principal amount of such Floating Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of the Floating Rate Applicable Premium shall not be an obligation or duty of the Trustee or any of the Agents.

"*Bund Rate*" as selected by the Issuer, means the rate per annum equal to the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors of the Issuer)) most nearly equal to the period from the redemption date to November 30, 2019, in respect of the Fixed Rate Notes, or May 31, 2019, in respect of the Floating Rate Notes; *provided*, *however*, that if the period from the redemption date to November 30, 2019, in respect of the Fixed Rate Notes, or May 31, 2019, in respect of the Floating Rate Notes, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to November 30, 2019, in respect of the Fixed Rate Notes, or May 31, 2019, in respect of the Floating Rate Notes, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

General

Subject to compliance with the covenants contained herein, the Company and its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Company or any such affiliates may determine.

Notice of redemption will be provided as set forth under "*Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided, however*, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price (excluding any early tender fee) offered to each other Holder of Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Sinking Fund

Other than a Special Mandatory Redemption, the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On November 1, 2023, the Issuer will redeem the Fixed Rate Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date and on May 1, 2023, the Issuer will redeem the Floating Rate Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar (as applicable) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry, Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection in accordance with the procedures of the relevant clearing system), unless otherwise required by law or applicable stock exchange, clearing system or depositary requirements. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may instead be published on the website of Luxembourg Stock Exchange (*www.bourse.lu*).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") and all Additional Amounts (as defined below under "*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or written interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes or any Notes Guarantee (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer or successor Person, as applicable, will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the relevant Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note is made, or any political subdivision or governmental authority thereof or therein having the power to tax, by or on behalf of any Payor or the Paying Agent; or

(2) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent with respect to any Note or any Notes Guarantee, including payments of principal, redemption

price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or the beneficial owner, if the relevant Holder or the beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Notes Guarantee; or

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request of the Payor or any other person through whom payment can be made addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction is payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation; or

(3) any Taxes, to the extent that such Taxes are imposed as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period); or

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or with respect to any Notes Guarantee; or

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge; or

(6) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("Legislative Decree No. 239") and pursuant to Italian Legislative Decree No. 461 of November 21, 1997, unless the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to actions or omissions of the Issuer or its agents; or

(7) any Taxes required to be deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Completion Date (or, in each case, any amended or successor version that is substantively comparable), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement relating thereto; or

(8) any combination of the items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain and provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. Such copies shall be made available to the Holders upon reasonable request, and will be made available at the offices of the Paying Agent. The Payor will attach to each such certified copy or other evidence of such payments a certificate stating that the amount of withholding Taxes evidenced by the certified copy or other evidence was paid in connection with payments in respect of the principal amount of Notes then outstanding.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and reimburse the Holders for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, registration, enforcement of, or receipt of payments with respect to any Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this offering and limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (7)).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control Triggering Event occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase; *provided*, *however*, that the Issuer shall not be obligated to repurchase Notes as described under this heading "*Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes and given notice of redemption as described under "*Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "*Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control Triggering Event, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control Triggering Event has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control Triggering Event;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control Triggering Event, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control Triggering Event.

On the Change of Control Payment Date, if the Change of Control Triggering Event shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly, at the cost of the Issuer, mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or to the extent and in the manner permitted by such rules, post such notices on the official website of Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control Triggering Event may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control Triggering Event would require the Issuer to make an offer to purchase the Private Notes and a mandatory prepayment of Indebtedness under the Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control Triggering Event under the Indenture. Future Indebtedness of the Company or the Restricted Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources and whether the Restricted Subsidiaries are permitted to distribute funds to the Company. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender*" and "*Risks Related to the Financial Profile of the Issuer and the Company—The Issuer is a finance subsidiary that has no revenue-generating operations of its own and no assets other than the obligations under the Proceeds Loans, and the Issuer is substantially dependent on payments under the Proceeds Loans to service its debt, including its obligations under the Notes*" and "*The Company is a holding company that is dependent on distributions from its subsidiaries to make payments on the Proceeds Loans and to service interest and principal payments under the Notes.*"

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Company and its Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company would have been at least 2.0 to 1.0; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this paragraph by Restricted Subsidiaries that are not Guarantors may not cause the Non-Guarantor Debt Cap to be exceeded.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder) in a maximum aggregate principal amount at any time outstanding not exceeding the greater of € 400.0 million and 81% of Consolidated EBITDA;

(2)

(a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated or *pari passu* with a Notes Guarantee, then the Guarantee of such Indebtedness shall be subordinated or *pari passu* to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however*, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and, only to the extent legally permitted (the relevant Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the oblige or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), it is expressly subordinated to the prior payment in full in cash of all obligations with respect to the applicable Notes Guarantee pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be;

(4)

(a) Indebtedness represented by the Notes (other than any Additional Notes) and the Private Notes and any "*parallel debt*" obligations related to the Notes and the Private Notes under the Intercreditor Agreement or any Additional Intercreditor Agreement, as well "*parallel debt*" obligations related to any other Indebtedness permitted to be Incurred pursuant to this Indenture;

(b) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause 4(a), this clause 4(b) and clause (5)(II) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

(c) Indebtedness Incurred in respect of Management Advances;

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which (i) any Person became a Restricted Subsidiary or is otherwise acquired by the Company or a Restricted Subsidiary or (ii) any assets are acquired and related liabilities are assumed by the Company or any Restricted Subsidiary; *provided* that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount then outstanding not to exceed (I) the greater of €100 million and 20% of Consolidated EBITDA, plus (II) unlimited additional Indebtedness to the extent that after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, either (A) the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Company would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness in respect of Hedging Obligations not for speculative purposes (as determined in good faith by the Board of Directors or a member of senior management of the Company);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, does not exceed at any time outstanding the greater of €150 million and 30% of Consolidated EBITDA; *provided* that such Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 365 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business; (d) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business; and (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Company or any of its Subsidiaries in the ordinary course of business or (ii) deferred compensation or other similar arrangements in connection with the Transactions or any other Investment or acquisition permitted hereby;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and the Restricted Subsidiaries in respect of all such

Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and the Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received for good faith commercial reasons from customers for goods or services purchased in the ordinary course of business or consistent with past practice and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into for good faith commercial reasons in the ordinary course of business or consistent with past practice;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Company and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and the Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Company or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of € 175 million and 35% of Consolidated EBITDA; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this clause (11) by Restricted Subsidiaries that are not Guarantors may not cause the Non-Guarantor Debt Cap to be exceeded;

(12) Indebtedness of the Company and any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amount (as defined below)) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amount) of the Company, in each case, subsequent to the Completion Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any Restricted Subsidiary makes a Restricted Payment under the first paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this clause (12) by Restricted Subsidiaries that are not Guarantors may not cause the Non-Guarantor Debt Cap to be exceeded;

(13) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees by the Company or any Restricted Subsidiary of Indebtedness of joint ventures in an aggregate amount not to exceed the greater of € 100 million and 20% of Consolidated EBITDA at any time outstanding; and

(14) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness consisting of local lines of credit or working capital facilities not exceeding the greater of €100 million and 20% of Consolidated EBITDA at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the first or second paragraph of this covenant;

(2) (a) all Indebtedness Incurred under clause (1) of the second paragraph of this covenant that is secured by a Lien on the Collateral that is entitled under the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement to receive proceeds from the enforcement of the Collateral in priority to the Notes may not be reclassified and (b) all Indebtedness Incurred as of the Completion Date under the Revolving Credit Facility shall be deemed Incurred under clause (1) of the second paragraph of this covenant;

(3) the amount of Indebtedness that may be Incurred pursuant to any provision of this covenant or secured pursuant to the covenant set forth under "*—Limitation on Liens*" shall be deemed to include all amounts necessary to renew, refund, redeem, refinance, replace, restructure, defease or discharge any such Indebtedness Incurred and/or secured pursuant to such provisions, including after giving effect to additional Indebtedness in an amount equal to the aggregate amount of fees, underwriting discounts, premia and other costs and expenses Incurred in connection with such renewal, refund, redemption, refinancing, replacement, restructuring, defeasance or discharge. Notwithstanding any other provision of this covenant or any provision of the covenant set forth in "*—Limitation on Liens,*" the maximum amount that the Company or a Restricted Subsidiary may Incur and/or secure pursuant to this covenant and/or the covenant set forth in "*—Limitation on Liens*" shall not be deemed to be exceeded, with respect to such Incurrence or grant of Lien, due solely to the result of fluctuations in the amount of Consolidated EBITDA (and, for the avoidance of doubt, such Indebtedness and such Lien will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue);

(4) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (5), (7), (11), (12), (13) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(9) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness (including interest paid-in-kind), the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant, nor to be the Incurrence of a Lien under the covenant set forth in "*—Limitation on Liens"; provided* that the Lien securing such originally Incurred Preferred Stock or Indebtedness was secured in accordance with the Indenture. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness; and

(10) in the event that the Company or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (29) of the definition of "*Permitted Liens*" or any Permitted Collateral Lien, the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Gross Leverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or use of clauses (1) through (14) of the preceding paragraph (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Company's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio, the Consolidated Gross Leverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and under the covenant described under "*—Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, Consolidated Gross Leverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "*Reserved Indebtedness Amount*" as of such date for purposes of the Fixed Charge Coverage Ratio, Consolidated Gross Leverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture, and, to the extent the usage of clauses (1) through (14) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Company may revoke such determination at any time and from time to time.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under "*—Limitation on Indebtedness,*" the Company shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower euro equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been

exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "*Refinancing Indebtedness*"; (b) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Completion Date in respect of the Company shall be calculated based on the relevant currency exchange rate in effect on the Completion Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in Subordinated Shareholder Funding;

(b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis); or

(c) dividends or distributions payable to any Parent to fund interest payments in respect of Indebtedness of such Parent which is Guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary (*provided* that (x) any net proceeds from such Indebtedness are contributed to the equity of the Company or any Restricted Subsidiary in any form or otherwise received (including by way of Indebtedness) by the Company or any Restricted Subsidiary; (y) any net proceeds described in subclause (x) above shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) of the immediately following paragraph and clauses (1), (6)(y) and (16) of the third paragraph of this covenant; and (z) in the case that any net proceeds described in subclause (x) above are contributed to the Company or a Restricted Subsidiary in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent to fund interest payments in respect of Indebtedness of such Parent);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person (each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*").

Notwithstanding the foregoing, the Company or any Restricted Subsidiary may make Restricted Payments, if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company would have been permitted to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) permitted below by clauses (5) and (16) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would not exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income of the Company for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Completion Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Completion Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Company, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Completion Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Company or any Restricted

Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Company, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Company or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Company or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "*Permitted Investment*";

(vi) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11), (17) or (18) of the definition of "*Permitted Investment*"; and

(vii) €75 million,

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included in the foregoing clauses (iv), (v) or (vi). The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Company.

Notwithstanding the foregoing, any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control pursuant to the definition thereof, (2) the purpose of the receipt of such Net Cash Proceeds, property or assets or marketable securities was to reduce the Consolidated Gross Leverage Ratio of the Company so that there would be an occurrence of a Change of Control Triggering Event that would not have been achieved without the receipt of such Net Cash Proceeds, property or assets or marketable securities and (3) no Change of Control Offer is made in accordance with the requirements of the Indenture.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares pursuant to clause (11) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amount) of the Company; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from

such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock,*" but only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "*change of control*"), but only (i) if the Issuer shall have first complied with the terms described under "*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or any assets were acquired and related liabilities assumed by the Company or any Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (in each case, including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) the greater of €40 million and 7.5% of Consolidated EBITDA in any calendar year

(with any amount unused in any calendar year being carried forward to the next succeeding calendar year and amounts that will not be used in the subsequent calendar year being carried back to the immediately preceding calendar year), plus (y) the Net Cash Proceeds received by the Company and the Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), plus (z) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (y) and (z) are not included in any calculation under clause (c)(i) or (c)(ii) of the second paragraph under this covenant and are not Excluded Contributions or Excluded Amounts;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; and

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Refinancing or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), Restricted Payments in (i) an aggregate amount outstanding at any time not to exceed the greater of €150 million and 30% of Consolidated EBITDA; and (ii) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Net Leverage Ratio shall be no greater than 3.35 to 1.00;

(11) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of senior management of the Company);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) payment of any Receivables Fees and purchases of Receivables Assets and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing or Settlement Obligations;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference

Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or Excluded Contributions or Excluded Amounts or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Company or contributed as Subordinated Shareholder Funding to the Company, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Company, any Parent or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (a) 6% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Company or contributed to the capital of the Company by any Parent in any form other than Indebtedness or Excluded Contributions or Excluded Amounts; and (b) following an Initial Public Offering, an amount equal to (i) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Net Leverage Ratio shall be equal to or less than 3.6 to 1.0, the greater of (x) 7% of the Market Capitalization and (y) 7% of the IPO Market Capitalization; and (ii) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Net Leverage Ratio shall be greater than 3.6 to 1.0, but equal to or less than 3.85 to 1.0, the greater of (x) 5% of the Market Capitalization and (y) 5% of the IPO Market Capitalization; and

(17) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Company or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Company or any Parent (other than Disqualified Stock or Designated Preference Shares).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or a member of senior management of the Company acting in good faith.

Limitation on Liens

HoldCo, solely in respect of any of its property or assets constituting Collateral, will not, and the Company will not, and the Company will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and all payments due under the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness), the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*Security—Release of Liens.*"

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make any loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Indenture, the Notes, the Private Notes, the Private Notes Indenture, the Intercreditor Agreement or the Security Documents, or (c) any other agreement or instrument, in each case in effect at or entered into on the Issue Date after giving *pro forma* effect to the Transactions;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer (as defined below), the Successor Issuer or the Successor Subsidiary Guarantor (each as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Subsidiary Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or

contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are (i) no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of senior management of the Company) or (ii) customary in comparable financings and where, in the case of this sub-clause (ii), the Company determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes (as determined in good faith by the Board of Directors or a member of senior management of the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (c) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction in respect of Hedging Obligations;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Completion Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, the Notes or the Indenture, together with the Security Documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Completion Date or (ii) as is customary in comparable financings (as determined in good faith

by the Board of Directors or a member of senior management of the Company) or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restriction effected in connection with a Qualified Receivables Financing or Settlement Obligations that, in good faith determination of the Board of Directors or a member of senior management of the Company are customarily Incurred in connection with a Qualified Receivables Financing or Settlement Obligations and that are necessary or advisable to effect such Qualified Receivables Financing or Settlement Obligations; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens.*"

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Company or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Company's Board of Directors); and

(2) at least 75% of the consideration the Company or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(a) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(b) Cash Equivalents;

(c) the assumption by the purchaser of (x) any liabilities recorded on the Company's or a Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Company nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Company or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Company and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €75 million and 15% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in sub-clauses (a) through (g) of this clause (2).

If the Company or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Company or such Restricted Subsidiary, as applicable, to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem (a) the Notes and/or (b) Indebtedness (other than the Notes, Subordinated Indebtedness or Indebtedness owed to the Company or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes (including Indebtedness that, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement has priority in respect of the proceeds from the enforcement of the Collateral) at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Company or any Restricted Subsidiary) and at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided, however*, that in connection with the prepayment, repayment or purchase of Indebtedness (other than the Notes or any revolving Indebtedness (including, for the avoidance of doubt, under the Revolving Credit Facility)), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitments (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased;

(2) purchase Notes pursuant to an offer to all Holders at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that to the extent the Company or any Restricted Subsidiary has elected to purchase any amount of the Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Company will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clauses (1) through (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "*Excess Proceeds.*" Pending the final application of any such Net Available Cash, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day, if a binding commitment as described in clause (8) above has been entered into) after an Asset Disposition, or at such earlier time if the Company elects, if the aggregate amount of Excess Proceeds exceeds the greater of €90 million and 17.5% of Consolidated EBITDA, the Company will be required within ten Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their euro equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of €50.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €100.0 million, the terms of such transaction or series of related transactions have been approved or ratified by a resolution of the majority of the members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*") and any agreement related to such Restricted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11), (14) and (19) of the definition thereof);

(2) any issuance or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity-related investments or other warrants or securities or rights to purchase Capital Stock, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Company;

(3) any Management Advances and any waiver or transaction with respect thereto, or Parent Expenses;

(4) any transaction between or among the Company and any Restricted Subsidiary (or with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Refinancing, (ii) the entry into and performance of obligations of the Company or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Completion Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Company or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (7) of the definition of "*Parent Expenses*";

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, including in respect of Settlement Obligations or other banking services provided by Bankco or one or more of its subsidiaries, in each case, in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Company or any Restricted Subsidiary and any Affiliate of the Company (other than an Unrestricted Subsidiary) or an Associate or similar entity, including any joint venture, that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) without duplication of the payments referred to under item 6 of the definition of "*Parent Expenses,*" (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees in an aggregate amount not to exceed the greater of €15 million and 3% of Consolidated EBITDA per annum and, in each case, related expenses and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, and payments related to the reimbursement of reasonable out-of-pocket expenses Incurred by a Permitted Holder in connection with its Investment in the Company or any Restricted Subsidiary, which payments (or agreements providing for such payments) in respect of this clause (11)(b) are approved by a majority of the Board of Directors of the Company in good faith;

(12) any transactions in respect of which the Company or a Restricted Subsidiary delivers a written opinion (in form and substance reasonably satisfactory to the Trustee) to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate;

(13) any contribution to the equity of the Company in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any of the Permitted Holders in securities of any Restricted Subsidiary (and the payment of reasonable out-of-pocket expenses of the Permitted Holders in connection therewith);

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any transaction effected as part of a Qualified Receivables Financing or Settlement Obligations; and

(16) Investments by Affiliates in Indebtedness or Preferred Stock of the Company or any of its Subsidiaries, so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) non-Affiliates were also offered the opportunity to invest in such Indebtedness or Preferred Stock on the same or more favorable terms and (iii) in the case of securities, the investment constitutes less than 5% of the issue amount of such securities, and transactions with Affiliates solely in their capacity as holders of Indebtedness or Preferred Stock of the Company or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(1) within 150 days after the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2018, and within 120 days after the end of each of the Company's fiscal years thereafter, (a) annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to information in the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" in this Offering Memorandum; (ii) unaudited *pro forma* income statement and balance sheet information of the Company together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause 2(b) or (2)(c) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (iii) the audited consolidated balance sheet of the Company as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (b) a description of the management and shareholders of the Company, all material affiliate transactions and a description of all material debt instruments; (c) a description of material risk factors and material subsequent events; and (d) EBITDA on a consolidated basis; *provided* that the information described in clauses (b), (c) and (d) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarter ended March 31, 2018, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Company, beginning with the quarter ended March 31, 2018, quarterly financial statements containing the following information: (a) the Company's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (c) an operating and financial review of the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Company announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Company and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Company or a change in auditors of the Company, a report containing a description of such event.

In addition, the Company shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Company will also post such report on the Company's website. The Company will also provide copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and for so long as the Notes are listed on the Official List of Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be posted to the website of the Luxembourg Stock Exchange.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Company or any Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's (a) total revenue or Consolidated EBITDA for the Relevant Testing Period or (b) consolidated assets as of the last day of the most recently-completed fiscal quarter or month for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Company, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In the event that (i) the Company or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Company elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Company) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company or such Parent, as applicable, is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

The Company may comply with the requirements of clauses (1) and (2) of this covenant by providing any report or financial statements of a direct or indirect Parent of the Company so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Company therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Company and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Company on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirement, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

Any reports in respect of periods ending prior to the Completion Date shall only be as to the HoldCo, and shall not be required to provide any information regarding the Group.

Additionally, in the event that, and for so long as, the equity securities of the Company or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange or the Paris Stock Exchange) and the Company or such Parent or IPO Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the Main Market of the London Stock Exchange (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange or the Paris Stock Exchange), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company or such Parent or IPO Entity is, or would be, required to file with the London Stock Exchange pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more

of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable). Upon complying with the foregoing requirements, and *provided,* that such requirements require the Company or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with the Main Market of the London Stock Exchange, or one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants under the Indenture.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

Merger and Consolidation

The Issuer or the Company

Neither the Issuer nor the Company will, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person (other than in connection with the Post-Completion Merger), unless:

(1) either the Issuer or the Company is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*" in the case of such a transaction involving the Issuer or the "*Successor Company*" in the case of such a transaction involving the Company) will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) or the Successor Company (if not the Company), as the case may be, will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture or of the Company under its Notes Guarantee, as the case may be, and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or Successor Company or any Subsidiary of the Successor Issuer or Successor Company as a result of such transaction as having been Incurred by the Successor Issuer or Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer or the Company or the Successor Company, as applicable, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer or the Company or the Successor Company, as applicable, shall have delivered to the Trustee (a) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and (b) an Opinion of Counsel to the effect that in the case of the Successor Issuer or the Successor Company, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer or the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer or the Company, which properties and assets, if held by the Issuer or the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or the Company, as the case may be, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or the Company, as the case may be.

The Successor Issuer or the Successor Company, as the case may be, will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Company, as the case may be, under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "*substantially all*" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "*all or substantially all*" of the property or assets of a Person.

Future Subsidiary Guarantors

No future Guarantor of the Notes that is a Subsidiary of the Company (a "*Subsidiary Guarantor*") (other than a Subsidiary Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) will, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the other Person is the Issuer or the Company, in the case of a Subsidiary Guarantor, any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease, sell or other disposition;

(2) (a) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Subsidiary Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Subsidiary Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person, the "*Successor Subsidiary Guarantor*"); and (b) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(3) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of a Subsidiary Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer, the Company or another Subsidiary Guarantor; (iii) any consolidation or merger of the Issuer into the Company or any Subsidiary Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer or the Company*" shall apply to such transaction; (iv) the Post-Completion Merger; and (v) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "*—The Issuer or the Company*" or clauses (1) through (3) under the heading "*—Future Subsidiary Guarantors,*" as the case may be, shall apply to any such transaction.

The Post-Completion Merger

The Indenture will provide that each Holder, by accepting a Note, will be deemed to agree, for the purposes of Section 2503-*bis* (*et seq.*) of the Italian Civil Code, to the consummation of the Post-Completion Merger and the assumption by the Company of all obligations of the Issuer in respect of the Notes, the Indenture, the Intercreditor Agreement and any relevant Security Documents, in accordance with the terms of the Indenture, upon completion of the Post-Completion Merger.

Impairment of Security Interest

Neither HoldCo nor the Company shall, and the Company shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and neither HoldCo nor the Company shall, and the Company shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) HoldCo, the Company and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) HoldCo, the Company and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*," (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) HoldCo, the Company and the Restricted Subsidiaries may amend the Security Interests in any manner that does not adversely affect Holders in any material respect; *provided, however*, that in the case of clause (i), (ii) or (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Company delivers to the Trustee, either (a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole (as applicable), after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (b) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee, which confirms the solvency of the Company or the relevant Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (c) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Company complies with the requirements of this covenant, each of the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor Incurred pursuant to a Credit Facility (including, for the avoidance of doubt, the Revolving Credit Facility) or any Public Debt unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee would be inconsistent with the Agreed Security Principles. At the option of the Company, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*The Notes Guarantees—Notes Guarantees Release.*" A Notes Guarantee of a future Guarantor may also be released at the option of the Company if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in

compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Guarantees and Security Interests.*"

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Company, in connection with the Incurrence by the Company or the Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (12) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Company and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers,*" and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments.*"

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

Suspension of Covenants and Release of Fixed Rate Notes Security Interests on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments";*

(2) "*—Limitation on Indebtedness";*

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries";*

(4) "*—Limitation on Affiliate Transactions";*

(5) "*—Limitation on Sales of Assets and Subsidiary Stock";*

(6) the provisions of clause (3) of the covenant described under "*—Merger and Consolidation—The Issuer or the Company";*

(7) with respect to the Fixed Rate Notes, "*—Impairment of Security Interest";*

(8) the second, third and fourth paragraphs of the definition of "*Unrestricted Subsidiary*"; and

(9) "*—Limitation on Activities of the Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company, HoldCo (to the extent applicable) or the Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The covenant set forth under "*—Limitation on Restricted Payments*" and the second, third and fourth paragraphs of the definition of "*Unrestricted Subsidiary*" will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness of the Company and the Restricted Subsidiaries Incurred during the continuance of the Suspension Event will be deemed to have been classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness.*"

Furthermore, (a) any transactions prohibited by the covenant set forth under "*—Limitation on Affiliate Transactions*" entered into after the Reversion Date pursuant to an agreement entered into during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (6)(ii) of the second paragraph of the covenant set forth under "*—Limitation on Affiliate Transactions,*" and (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of the covenant described under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (1)(c) of the second paragraph of the covenant set forth under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries.*"

In addition, the Indenture will also permit, without causing a Default or Event of Default, the Company or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after the Reversion Date as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Reversion Date. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of the Reversion Date. The Company shall notify the Trustee that the conditions set forth in the first paragraph under this caption (including the paragraph immediately following) have been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants or the release of the Security Interests in respect of the Fixed Rate Notes described under this caption

to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

The Company will have the right on and from the date on which the Fixed Rate Notes achieve Investment Grade Status to release from time to time any of the property and other assets included in the Collateral from the Liens securing the Fixed Rate Notes upon the Company delivering to the Trustee and the Security Agent an Officer's Certificate identifying the Collateral to be released and certifying that (a) the Fixed Rate Notes have achieved Investment Grade Status, (b) no Default or Event of Default under the Indenture has occurred and is continuing and (c) such Collateral has been or, simultaneously with any release relating to the Fixed Rate Notes, will be, released under any other Pari Passu Indebtedness (other than the obligations under the Revolving Credit Facility, Hedging Obligations or other Indebtedness which is entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement).

There can be no assurance that the Notes will ever achieve Investment Grade Status. There are also circumstances other than the achievement of Investment Grade Status that would result in a release of the Security Interests in respect of the Collateral. See "*Security—Release of Liens*" and "*IPO Debt Pushdown*."

Limitation on Activities of the Issuer

Prior to the Post-Completion Merger, the Issuer shall not carry on any business or own any material assets other than:

(1) relating to the incurrence, offering, sale, issuance and servicing, listing, purchase, redemption, exchange, refinancing or retirement of the Notes (including any Additional Notes), the Private Notes (including any additional Private Notes) and other Indebtedness (and Guarantees thereof) not prohibited by the terms of the Indenture, and performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise not prohibited under the Indenture, the incurrence of Subordinated Shareholder Funding and the issuance of Capital Stock (other than Disqualified Stock) and the granting of Liens permitted pursuant to the covenant described below under "*—Limitation on Liens*";

(2) relating to the lending of the proceeds of the Notes (including any Additional Notes) and the lending of the proceeds of other Indebtedness, in each case, to one or more Guarantors;

(3) relating to rights and obligations arising under the Indenture, any Credit Facility (including the Revolving Credit Facility), the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents;

(4) undertaken with the purpose of, or directly related to, the fulfilment of any other obligations, and the exercise of any other rights, under any Indebtedness;

(5) the investment in, and ownership and disposition of, cash, Cash Equivalents and Temporary Cash Investments;

(6) relating to the making of Investments in the Notes (including any Additional Notes), the Private Notes (including any additional Private Notes) and any other Indebtedness permitted to be Incurred by the Issuer or by a Guarantor and not otherwise prohibited by the terms of the Indenture;

(7) relating to the making of any Permitted Payments;

(8) directly relating or reasonably incidental to the establishment and/or maintenance of its corporate existence;

(9) conducting activities directly related, or reasonably incidental to, (i) any transaction undertaken in accordance with the provisions described under "*—Merger and Consolidation*" or (ii) any Permitted Reorganization; or

(10) other activities not specifically enumerated above that are *de minimis* in nature.

Other than in connection with the Post-Completion Merger, the Issuer will not:

(1) commence or take any action or facilitate any voluntary winding-up, liquidation, dissolution or other analogous proceeding, except in connection with (i) any transaction undertaken in accordance with the provisions described under "*—Merger and Consolidation—The Issuer or the Company*" or (ii) any Permitted Reorganization; or

(2) merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation) or sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of Persons, except in accordance with the covenant described under "*—Merger and Consolidation*."

Financial Calculations in Respect of Transactions

When calculating the availability under any basket or ratio under the Indenture in connection with any transaction (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Disposition, any acquisition, merger, consolidation, amalgamation or other business combination, any transaction requiring the testing of any basket based on the Consolidated EBITDA of the Company, and in determining whether a Change of Control constitutes a Change of Control Triggering Event), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be the date the definitive agreements for such transaction are entered into, and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio and Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Company or that arising from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilized to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than Incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon acceleration or otherwise;

(3) failure by the Company, the Issuer or, solely in connection with the covenants described under "*Certain Covenants—Limitation on Liens*" and "*Certain Covenants—Impairment of Security Interest,*" HoldCo, to comply for 60 days after notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with their respective other agreements contained in the Indenture;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted Subsidiary) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

  (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

  (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

  and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €100.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of HoldCo, the Company, the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for Company), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €100.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or HoldCo, the Company or another Restricted Subsidiary that has granted such Security Interest shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for ten days; and

(8) any Notes Guarantee of the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for ten days.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Company of the default and, with respect to clauses (3), (4) and (6) the Company does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by notice to the Company or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture by written notice to the Company and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been

discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of not less than a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 90% of the aggregate principal amount of the Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, customary indemnification and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such indemnity and/or security; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of not less than a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee is aware, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to customary indemnification and/or security satisfactory to the Trustee against all losses, liabilities and expenses (including legal fees) caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the first fiscal year ending after the Issue Date), an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous

year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under "*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such provision or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that if any amendment, waiver or other modification will only affect one series of the Notes, or only the Fixed Rate Notes or only the Floating Rate Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "*Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts on, if any, such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Company or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the Security Agent may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors of the Company) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the provision described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the provisions described under "*Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*Certain Covenants—Impairment of Security Interest*" and "*—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to receive and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (3) and (6) in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or Notes Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Company, (ii) such additional Guarantor and (iii) the Trustee.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

Defeasance

The Company at any time may terminate all obligations of the Issuer and each Guarantor under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Company in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Company exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Company at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of "*Certain Covenants—Merger and Consolidation*") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Company) and the security default provision described under "*Events of Default*" ("*covenant defeasance*").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Company exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to Significant Subsidiaries), (6), (7) or (8) under "*Events of Default*."

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of

legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law after the date hereof);

(2) an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Company delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer or the Company) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Company; (2) the Company has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Company has paid or caused to be paid all other sums payable under the Indenture; (4) the Company has delivered irrevocable instructions to both the Paying Agent and the Trustee under the Indenture to apply the deposited money toward the payment of such Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with as to such Notes, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Meetings of Holders

All meetings of Holders of each series of the Notes will be held in accordance with applicable Italian laws and regulation. In addition to and without prejudice to the provisions described above under the caption "*Amendments and Waivers,*" in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Company, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided, however*, that the Company's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the

amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers,*" and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes, the Parent Guarantee and the Security Interests—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.*" Any resolution duly passed at any such meeting shall be binding on all the Holders, whether or not such holder was present at such meeting or voted to approve such resolution.

To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code. The Indenture will provide that the provisions described under this "*—Meetings of Holders*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meetings of Holders*" must also comply with the other provisions described under "*—Amendments and Waivers.*"

Security Agent

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of U.S. Bank Trustees Limited, as legal representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "*Noteholders' Representative*") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture, each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of U.S. Bank Trustees Limited, as Noteholders' Representative.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company, any Parent, or any Subsidiaries or Affiliates of the Company, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Furthermore, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protection and indemnification.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer, its Subsidiaries and Affiliates.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a

majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires actual knowledge of a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses (including legal fees) Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Company with respect to the Notes will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered by or on behalf of the Company to Euroclear and Clearstream. Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or if, in the opinion of the Company such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note (as applicable), the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Company (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment,

order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF thereof. There can be no assurance that the application to list the Notes on the Official List of Luxembourg Stock Exchange and to admit the Notes on the Euro MTF will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes Guarantees and the Notes, the Issuer in the Indenture and each Guarantor in its respective supplemental indenture will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuer and each Guarantor, will appoint CT Corporation System, as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the laws of the location of the relevant asset that is part of the Collateral.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Indenture.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are

part of a common plan, of shares or Capital Stock of the Company or a Subsidiary of the Company (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company will constitute a default under "Certain Covenants—Merger and Consolidation" unless the conditions described therein are met. Notwithstanding the preceding provisions of this definition, the following items (the "*Permitted Dispositions*") shall be deemed not to be Asset Dispositions:

(1) a disposition by the Company to a Restricted Subsidiary or by a Restricted Subsidiary to the Company or another Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Company or the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors of the Company or such Restricted Subsidiary or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors of the Company) of no more than the greater of €50 million and 10% of Consolidated EBITDA;

(8) (a) any Restricted Payment which is permitted to be made, and is made, under the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*," (b) the making of any Restricted Payment, Permitted Payment or Permitted Investment or (c) asset sales, leases, transfers or other dispositions to the extent the proceeds thereof are used to make Restricted Payments, Permitted Payments or Permitted Investments; *provided* that such Restricted Payments, Permitted Payments or Permitted Investments are made within 180 days of such asset sale, lease, transfer, issuance or other disposition;

(9) the granting of Liens not prohibited pursuant to the conditions described above under "*Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of a Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with (i) any Qualified Receivables Financing, (ii) any Settlement Obligations or (iii) any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors of the Company shall certify that in the opinion of the Board of Directors of the Company, the outsourcing transaction will be economically beneficial to the Restricted Subsidiaries (considered as a whole);

(19) an issuance or sale by a Restricted Subsidiary of Preferred Stock or redeemable Capital Stock that would not be prohibited under "*Certain Covenants—Limitation on Indebtedness*";

(20) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements;

(21) any disposition with respect to property built, owned or otherwise acquired by any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) the sale or transfer of all or part of the shares in Visa Inc. held by the Company or a Restricted Subsidiary;

(23) the unwinding of any Cash Management Services or Hedging Obligations; and

(24) dispositions in connection with any Settlement and dispositions of Settlement Assets and Merchant Agreements.

In the event that a transaction (or any portion thereof) meets the criteria of a Permitted Disposition and would also be a Permitted Investment or an Investment permitted under "Certain Covenants—Limitation on Restricted Payments," the Company, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as a Permitted Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "Certain Covenants—Limitation on Restricted Payments."

"Associate" means (i) any Person engaged in a Similar Business of which one or more Restricted Subsidiaries is the legal and beneficial owner of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by any Restricted Subsidiary.

"Board of Directors" means with respect to (1) the Company or its board of directors as a group; (2) or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (3) any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (4) any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval or ratification of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved or ratified, as the case may be, by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors

(whether or not such action or approval or ratification is taken as part of a formal board meeting or as a formal board approval or ratification).

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, New York, New York or London, United Kingdom are authorized or required by law to close.

"Capital Stock" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof (or has an equivalent long-term rating) by S&P or at least "P-2" or the equivalent thereof (or has an equivalent long-term rating) by Moody's or at least "F2" or the equivalent thereof (or has an equivalent long-term rating) by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P, at least "P-2" or the equivalent thereof by Moody's or at least "F2" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if the three named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United States of America, any state of the United States of America, Canada, any province of Canada, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Fitch, Moody's or S&P (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB—" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings,

then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of twelve months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means the occurrence of any of the following:

(1) the Company becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company;

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company to a Person, other than a Restricted Subsidiary or one or more Permitted Holders; or

(3) at any time prior to the Post-Completion Merger, the Company (or the Successor Company) and/or a Restricted Subsidiary ceases to own in aggregate 100% of the total issued share capital (excluding qualifying management and director shares and subject to shares required by law to be owned by third parties) of the Issuer.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Company becoming a direct or indirect wholly owned subsidiary of a holding company if (i) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction or (ii) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the holding company, and (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"Change of Control Triggering Event" means the occurrence of a Change of Control, unless pro forma for the Change of Control, the Consolidated Gross Leverage Ratio is less than 4.75 to 1.00; provided, however, that following the first Change of Control Triggering Event in respect of which no Change of Control Offer has been made or waived, the definition of Change of Control Triggering Event shall thereafter mean a Change of Control.

"Clearstream" means Clearstream Banking, société anonyme, as currently in effect or any successor securities clearing agency.

"Collateral" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee.

"Commodity Hedging Agreement" means, with respect to any Person, any commodity price protection agreement, commodity price future agreement, commodity price option agreement, any commodity swap

agreement, commodity cap agreement, commodity collar agreement, commodity price option agreement or similar agreement or arrangements to which such Person is party or a beneficiary providing for the transfer or mitigation of commodity price risks either generally or under specific contingencies.

"Completion Date" means the first date on which the Reorganization and the Refinancing have been consummated.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and its Subsidiaries that are Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities), plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (i) through (iii), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred under the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, the offering of any other debt securities, any other Credit Facility and any Receivables Fees, and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, the Intercreditor Agreement, any Security Documents, Receivables Financings, Settlement Obligations, any other Credit Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives)

that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Company as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Company, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) the "run rate" cost savings, operating expense reductions, restructuring charges and expenses and synergies that are expected (in good faith) to be realized as a result of actions taken or expected to be taken after the date of any acquisition (including the Transactions), disposition, divestiture, restructuring or the implementation of a cost savings or other similar initiative or related to information and technology system establishment, modernization or modification, as applicable (calculated on a *pro forma* basis as though such cost savings, operating expense reductions, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *provided* that no cost savings, operating expense reductions, restructuring charges and expenses or synergies shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period; *plus*

(i) the amount of loss or discount on sale of Receivables Assets, Settlement Receivables or related assets sold to a Receivables Subsidiary in connection with a Qualified Receivables Financing or Settlement Obligations; *plus*

(j) any costs or expense Incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Company solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the first paragraph under "*Certain Covenants—Limitation on Restricted Payments*"; *plus*

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(l) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and the Restricted Subsidiaries; *plus*

(n) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(o) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; *plus*

(p) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Company's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; *plus*

(q) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(r) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; *plus*

(s) the amount of expenses relating to payments made to option holders of the Company or any Parent in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parents, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(t) to the extent not already otherwise included herein, adjustments and add-backs corresponding to those made in calculating "Adjusted EBITDA" for the year ended December 31, 2017, included in the offering memorandum; *plus*

(u) earn out obligations Incurred in connection with any acquisition or other Investment permitted under the Indenture and paid or accrued during such period; *plus*

(v) losses, charges and expenses related to the pre-opening and opening of new facilities, and start-up period prior to opening, that are operated, or to be operated, by the Company or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Company measured for the period of the Relevant Testing Period, in each case with such pro forma adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"Consolidated Gross Leverage Ratio" means, as of any date of determination, the ratio of (x) the sum, without double counting, of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Company on a consolidated basis (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Company)) to (y) the Consolidated EBITDA of the Company.

"Consolidated Interest Expense" means, for any Person for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of such Person and its Restricted Subsidiaries, whether paid or accrued, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (as applicable), *plus* (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses) and any other consideration given by the Company or the Restricted Subsidiaries during the relevant period, and relating to that period, in connection with any acceptance credit, bill discounting debt factoring or other similar arrangement;

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of such Person and all Preferred Stock of any Restricted Subsidiary of such Person, to the extent held by Persons other than such Person or a Restricted Subsidiary of such Person, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by the Board of Directors of the Company;

(6) interest capitalized in the relevant period and not recorded as interest expense in such period; and

(7) cash interest actually paid by such Person under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and depreciation charges in respect of interest capitalized in a period following the Issue Date, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS, (iv) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Indebtedness, which is included in interest expense under IFRS and (v) interest expense in respect of Settlement Obligations.

"Consolidated Net *Income*" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries that are Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS after any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by an Officer of the Company) could have been distributed by such Person during such period to the Company or a

Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "Permitted Investments";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Issuer and the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (11)(b) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Company or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company);

(4) any extraordinary, one-off, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure/consolidation of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re-valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge

transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Completion Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition (including in connection with the Transactions), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated payouts on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Transactions;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal, including in respect of Subordinated Shareholder Funding.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries that are Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"Consolidated Net Leverage" means, as of any date of determination, without double-counting, the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Company on a consolidated basis (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Company)), less the sum (which shall in no case be less than zero) of the aggregate amount of cash and Cash Equivalents that would be stated on the balance sheet of the Company as of such date in accordance with IFRS.

"Consolidated Net Leverage Ratio" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the Consolidated EBITDA of the Company; provided, however, that the pro forma calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "Certain Covenants—Limitation on Indebtedness" (other than Indebtedness Incurred pursuant to clauses 5(II) of the second paragraph of the covenant described under "Certain Covenants—Limitation on Indebtedness") or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "Certain Covenants—Limitation on Indebtedness" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "Certain Covenants—Limitation on Indebtedness").

"Consolidated Senior Secured Net Leverage Ratio" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness and excluding the Reserved Indebtedness Amount that, upon Incurrence, would not constitute Senior Secured Indebtedness.

"Contingent Obligatio*ns*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any Restricted Subsidiary, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, performance guarantees, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables),

notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement to which such Person is a party or beneficiary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Board of Directors of the Company) of non-cash consideration received by the Company or one or more Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the conditions described under "Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

"Designated Preference Shares" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the first paragraph of the covenant described under "Certain Covenants—Limitation on Restricted Payments."

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption would not be prohibited under "Certain Covenants—Limitation on Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"Equity Offering" means (x) a sale of Capital Stock of the Company or a Parent HoldCo (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, in each case the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other

than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions) of the Company or any of the Restricted Subsidiaries.

"Escrowed Proceeds" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"Euroclear" means Euroclear Bank SA/NV or any successor securities clearing agency.

"European Government Obligations" means any security denominated in euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Excluded Contribution" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"fair market value" wherever such term is used in this "Description of the Notes" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "Description of the Notes" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"Fitch" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Fixed Charge Coverage Ratio" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person to the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, repays, repurchases redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, deemed Incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of proceeds therefrom, as if the same had occurred at the beginning of the Relevant Testing Period; provided, however, that the pro forma calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under "Certain Covenants—Limitation on Indebtedness" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "Certain Covenants—Limitation on Indebtedness" (other than Fixed Charges attributable to Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date using proceeds of Indebtedness Incurred pursuant to

clause (5)(II) of the second paragraph of the covenant described under "Certain Covenants—Limitation on Indebtedness").

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed operations that have been made by the Company or any of the Restricted Subsidiaries, during the Relevant Testing Period or subsequent to the Relevant Testing Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the Relevant Testing Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Company or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed operation had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (and may include cost savings and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire Relevant Testing Period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the Relevant Testing Period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; *plus*

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Company or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Disqualified Stock or Preferred Stock payable to the Company or a Restricted Subsidiary; *plus*

(3) Fixed Charges that would have arisen from the Reserved Indebtedness Amount had such Reserved Indebtedness Amount been incurred as of the date of its classification as a Reserved Indebtedness Amount.

"*Group*" means the Company and its Subsidiaries from time to time.

"*Guarantee*" means any guarantee (including any Notes Guarantee) or obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means the Company and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*HoldCo*" means Mercury UK Holdco Limited or any of its successors or assigns.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("*IFRS*") endorsed by the European Union or any variation thereof with which the Restricted Subsidiaries are required to comply as in effect on the Issue Date, or, solely, with respect to the covenant described under the heading "*Certain Covenants—Reports*," as in effect from time to time.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(ii) Cash Management Services;

(iii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Completion Date or in the ordinary course of business or consistent with past practice;

(v) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(vi) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(vii) obligations under or in respect of Qualified Receivables Financings;

(viii) Indebtedness of any Parent appearing on the balance sheet of the Company solely by reason of push down accounting under IFRS;

(ix) Capital Stock (other than Disqualified Stock of the Company and Preferred Stock of a Restricted Subsidiary);

(x) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "*Certain Covenants—Merger and Consolidation*";

(xi) Subordinated Shareholder Funding;

(xii) trade payables and accrued commissions owed to banks in the ordinary course of business; and

(xiii) Settlement Obligations.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investor*" means any funds or limited partnerships managed or advised by Advent International Corporation, Bain Capital Investors, LP, Clessidra SGR S.p.A. or any of their respective Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by Advent International Corporation, Bain Capital Investors, LP, Clessidra SGR S.p.A. or any of their respective Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or Advent International Corporation, Bain Capital Investors, LP or Clessidra SGR S.p.A. from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent or Restricted Subsidiary or any successor of the Company or any Parent or Restricted Subsidiary (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement dated on or about the Issue Date, by and among, *inter alios*, the Issuer, the Security Agent and the Trustee, as amended, restated or otherwise modified or varied from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or a Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

For purposes of the "*Certain Covenants—Limitation on Restricted Payments*" section:

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB−" or higher from S&P, "Baa3" or higher by Moody's or "BBB−" or higher from Fitch or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Restricted Subsidiaries and the Company;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall be achieved when the Notes receive at least two of the following:

(1) a rating of "BBB−" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB−" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating from S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given in the definition of Initial Public Offering.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means May 18, 2018.

"*Issuer*" means Nexi Capital S.p.A., a *società per azioni* incorporated under the laws of Italy and any Successor Issuer.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business and in accordance with past practice;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding the greater of €40 million and 7.5% of Consolidated EBITDA in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Company or the Company's Subsidiaries who invest or commit to invest, directly or indirectly, in the Company, another Restricted Subsidiary

or a Parent HoldCo on the Completion Date through a management equity program, (ii) persons who are or become members of the management team of the Company or the Company's Subsidiaries following the Completion Date (other than in connection with a transaction that would otherwise be a Change of Control if such persons were not included in the definition of "Permitted Holders") and who invest, directly or indirectly, in a Parent HoldCo, the Company or the Company's Subsidiaries through a management equity plan and (iii) any entity that may hold shares transferred by departing members of the management team of a Parent HoldCo, the Company or the Company's, Subsidiaries for future redistribution to the management team of the Company or the Company's Subsidiaries. For the avoidance of doubt, the expression "management team" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of a Parent HoldCo, the Company or the Company's Subsidiaries.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Merchant Agreement*" shall mean any contract entered into with a merchant relating to the provision of Merchant Services.

"*Merchant Services*" shall mean services provided to merchants relating to the authorization, transaction capture, settlement, chargeback handling and internet-based transaction processing of credit, charge, debit, stored-value and loyalty card and other payment transactions (including provision of point of service devices and other equipment necessary to capture merchant transactions and other ancillary services).

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Capitalized Lease Obligations), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing agreements).

"*Non-Guarantor Debt Cap*" means an amount of (i) Indebtedness Incurred pursuant to the first paragraph and clauses (1) (but only to the extent such Indebtedness is not Incurred under the Revolving Credit Facility or another facility subject to loss-sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement), (11) and (12) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness,*" which shall not in aggregate exceed the greater of €125 million and 25% of Consolidated EBITDA at any time outstanding.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Escrow Agreement, the Shortfall Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Guarantee*" means a Guarantee of the Notes by a Guarantor.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or a Restricted Subsidiary.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of any Restricted Subsidiary and the Company, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Restricted Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Restricted Subsidiaries or the Company;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses and administrative costs, including (a) professional fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of any Restricted Subsidiaries or the Company (including in relation to expenses and costs of HoldCo, the activities described under "*Certain Covenants—Limitation on Activities of the Issuer*"), (b) costs and expenses with respect to the ownership, directly or indirectly, of any Restricted Subsidiaries or the Company by any Parent, (c) any Taxes of any Parent to the extent arising from an investment in the equity interests or equity-like interests of such Parent, or shareholder loans extended to or by such Parent, in connection with the Transactions or another investment in any Restricted Subsidiaries or the Company, (d) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such

Parent and (e) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of any Restricted Subsidiaries or the Company or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed the greater of €25 million and 5% of Consolidated EBITDA in any fiscal year, *plus* management fees paid to one or more Parents and/or the Initial Investors in an amount not to exceed the greater of €40 million or 7.5% of Consolidated EBITDA of the Company per year;

(7) any Taxes, to the extent such Taxes are referable to the income of the Company or the Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent referable to the income of such Unrestricted Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Restricted Subsidiaries and the Company would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Restricted Subsidiaries and the Company; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent HoldCo*" means any Person of which the Company at any time is or becomes a Subsidiary, and any holding companies established by any Permitted Holder for the primary purpose of holding its investment in the Company or any other Parent HoldCo; *provided* that such Person is the owner, directly or indirectly, of at least a majority of the total voting power of the Voting Stock of the Company after giving effect to the Equity Offering relevant to such Person's status as a Parent HoldCo.

"*Pari Passu Indebtedness*" means (a) any Indebtedness of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Notes Guarantee of a Guarantor, any Indebtedness that ranks equally in right of payment with such Notes Guarantee.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(1) that are described in one or more of clauses (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) and (24) of the definition of "*Permitted Liens*" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(2) to secure:

(a) the Notes issued on the Issue Date and any related Notes Guarantees and the Private Notes and the guarantees thereof;

(b) Indebtedness, the Incurrence of which would not be prohibited under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of this clause (ii), after giving effect to such

Incurrence on the date thereof, the Consolidated Senior Secured Net Leverage Ratio does not exceed 5.0 to 1.0;

(c) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*," which Indebtedness may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(d) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*," to the extent Incurred by a Guarantor and to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(e) Indebtedness described under clause (5) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of clause (5)(II), after giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness on the date thereof, either (A) the Consolidated Senior Secured Net Leverage Ratio does not exceed 5.0 to 1.0 or (B) the Consolidated Senior Secured Net Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(f) Indebtedness described under clause (6) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; *provided* that Currency Agreements and Interest Rate Agreements entered into with respect to any Indebtedness, the Incurrence of which would not be prohibited under the covenant described under "*Certain Covenants—Limitation on Indebtedness*," may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(g) Indebtedness described under clauses (7) (other than with respect to Capitalized Lease Obligations), (11) or (12) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; and

(h) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b), (d), (e), (f) and this clause (h); and

(3) Incurred in the ordinary course of business of any Restricted Subsidiary with respect to obligations that in total do not exceed the greater of €25 million and 5% of Consolidated EBITDA at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of such Restricted Subsidiary's business,

provided, further, that in the case of (2) and (3) of this definition of "Permitted Collateral Liens," each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided, further,* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (c) and (f) above.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Management Investor, (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any IPO Entity, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which

any of the foregoing (including any Persons mentioned in the following sentence, but excluding Persons specified in clause (4) who are not specified in clause (1), (2) or (3)) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors (or at least one of them) and such Persons referred to in the following sentence, collectively, have exclusive legal and beneficial ownership of more than 50% of the total voting power of the voting Stock of the Company or any of their direct or indirect parent companies wholly owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control Triggering Event in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or whose acquisition of beneficial ownership constitutes a Change of Control that is not a Change of Control Triggering Event will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by a Restricted Subsidiary):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or (b) a Person (including the Capital Stock of any such Person) if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person as a result of such Investment in such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing or Settlement Obligations;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date after giving pro forma effect to the Transactions, and, in each case, any extension, modification, restructuring or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Completion Date or (b) as otherwise permitted under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred to the extent they would not be prohibited under "*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €150 million or 30% of Consolidated EBITDA of the Company; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such

Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens the Incurrence of which would not be prohibited under "*Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6) or (14) the second paragraph of the covenant described under "*Certain Covenants—Limitation on Affiliate Transactions*";

(15) Guarantees of Indebtedness of the Company or any Restricted Subsidiary, the Incurrence of which would not be prohibited under "*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility, the Notes (including any Additional Notes) and any future proceeds loan from the Issuer to the Company or another Restricted Subsidiary under an agreement and other Indebtedness of the Company or a Restricted Subsidiary permitted by the Indenture;

(17) Investments in joint ventures or a Similar Business, taken together with all other Investments made pursuant to this clause (17) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €150 million or 30% of Consolidated EBITDA of the Company; *provided* that, if an Investment is made pursuant to this clause (17) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(18) Investments in Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (18) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €150 million or 30% of Consolidated EBITDA of the Company; *provided* that, if an Investment is made pursuant to this clause (18) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(19) any other Investment arising in the ordinary course of business of the Company or a Restricted Subsidiary.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investments, the Company will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of the Company or a Restricted Subsidiary that is not a Guarantor securing Indebtedness of the Company or any Restricted Subsidiary that is not the Issuer or a

Guarantor permitted by the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries;

(7) Liens on assets or property of any Restricted Subsidiary (other than Collateral) securing (i) Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness or (ii) Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and the Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date, after giving *pro forma* effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into any Restricted Subsidiary), including Liens created, incurred or assumed in connection with, or in contemplation of such acquisition or transaction; *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens in respect of (i) Qualified Receivables Financings or (ii) Settlement Obligations;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by a Restricted Subsidiary; (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by any Restricted Subsidiary; and (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with the acquisition by any Restricted Subsidiary.

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture or the Revolving Credit Facility Agreement, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens to secure Indebtedness where the granting of an equal and ratable (or prior) Lien on such property or assets to secure the Notes would be inconsistent with the Agreed Security Principles;

(29) Liens, *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of €100 million and 20% of Consolidated EBITDA;

(30) Liens on rights under any loan or other instrument lending or contributing the proceeds of Indebtedness Incurred by the Company or another Person to one or more Guarantors in favor of the third-party creditors in respect of such Indebtedness;

(31) any security granted over the shares in Visa Inc. held by the Company or a Restricted Subsidiary; and

(32) Settlement Liens.

For purposes of determining compliance with this definition, (a) Liens need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Company will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any Restricted Subsidiary (a "*Reorganization*") that is made on a solvent basis; *provided* that:

(1) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and

(2) if any shares or other assets of an entity subject to reorganization form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

Promptly upon consummation of a Permitted Reorganization, the Board of Directors of the Company will file with the Trustee a copy of the resolution of the Board of Directors of the Company or the applicable Restricted Subsidiary authorizing such Permitted Reorganization and an Officer's Certificate certifying that such Permitted Reorganization complied with the terms of the Indenture and did not result in a Default or Event of Default.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Completion Merger*" means the merger of the Issuer with the Company, with the Company being the surviving entity, as described under "*The Transactions*" in this Offering Memorandum, or any other form of merger which will be resolved upon by and exclusively involve the Company and the Issuer, following the completion of the Reorganization.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Private Notes*" means the €400.0 million in aggregate principal amount of senior secured floating rate notes due 2024 issued by the Issuer and guaranteed by the Company on or about the Completion Date.

"*Private Notes Indenture*" means the indenture governing the Private Notes, dated on or about the Completion Date, among, *inter alios*, the Issuer, the Company and the trustee and security agent thereunder.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary or other Subsidiary, as the case may be, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary or other Subsidiary, as the case may be, are made at fair market value (as determined in good faith by the Board of Directors of the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors of the Company) and may include Standard Securitization Undertakings. The grant of a security interest in any accounts receivable of a Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, Fitch or any other Nationally Recognized Statistical Rating Organization selected by the Company as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay

for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any Subsidiary of the Company pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary, or (b) any other Person (in the case of a transfer by the Company or any of its Subsidiaries), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company or a Restricted Subsidiary (or another Person formed for the purposes of engaging in a Qualified Receivables Financing in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of a the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any Restricted Subsidiary, (iii) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Transactions—The Refinancing*."

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Company and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Notes Guarantees, as applicable, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided further, however, that Refinancing Indebtedness shall not include (i) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness; *provided* that it is used to refinance the amounts to discharge in full such Credit Facility or other Indebtedness within 180 days of the relevant termination, discharge or repayment.

"*Related Person*" with respect to any Permitted Holder specified in clause (2) of the definition thereof, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(1) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any Restricted Subsidiary);

(2) issuing or holding Subordinated Shareholder Funding;

(3) being a holding company parent, directly or indirectly, of the Company or any Restricted Subsidiary;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any Restricted Subsidiary; or

(5) having made any payment with respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments.*"

"*Relevant Testing Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on Consolidated EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio, Consolidated Gross Leverage Ratio and/or Consolidated Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to the "*Certain Covenants—Reports*" covenant or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Reorganization*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Transactions—The Reorganization*."

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in a Restricted Subsidiary's business as of the Completion Date or any and all other businesses that in the good faith judgment of the Board of Directors of the Company are related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment by the Company or a Restricted Subsidiary other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company (other than an Unrestricted Subsidiary).

"*Revolving Credit Facility*" means the super senior revolving credit facility established pursuant to the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the agreement governing the Revolving Credit Facility dated May 4, 2018, by and among, *inter alios*, the Company as borrower, UniCredit Bank AG, as agent, and the Security Agent, as security agent thereunder.

"*S&P*" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Company or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Security Interests*" means the security interests in the Collateral that are created by the Security Documents.

"*Senior Secured Indebtedness*" means any Indebtedness secured by a Lien on the Collateral on a basis *pari passu* with or senior to the security in favor of the Notes or the Notes Guarantees.

"*Settlement*" means the transfer of cash or other property with respect to any credit card, charge card, stored-value card or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer or charge transaction for which a Person acts as issuer, acquirer, processor, remitter, funds recipient, funds transmitter or funds receiver in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Obligations (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Obligations*" means any short-term payment or reimbursement obligation in respect of a Settlement Payment or Settlement Receivable and other financings or liabilities due to banks or customers, in each case of the type incurred in the ordinary course of business by the Company and its Subsidiaries, including under any facility in respect thereof.

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for and in the amount of a Settlement made or arranged, or to be made or arranged, by such Person.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and the Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and the Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and the Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Company on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Completion Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Sponsors' HoldCos*" means Mercury A Capital Limited, Mercury B Capital Limited and Mercury ABC Capital Limited, and their respective successors, transferees and assignees and "*Sponsors' HoldCo*" means any of them.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any of its Subsidiaries which the Company has determined in good faith to be customary in a Qualified Receivables Financing, including (to the extent applicable) those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*Change of Control*" and the conditions under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means (a) any Indebtedness of the Issuer that is expressly subordinate in right of payment to the Notes and (b) any Indebtedness of a Guarantor that is expressly subordinate in right of payment to such Guarantor's Notes Guarantee.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms or the terms of the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein, *mutatis mutandis*).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned

or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Company and/or any of its Subsidiaries and/or any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any parent company to enable a parent company to compensate the Company or such Subsidiary for losses incurred which may need to be compensated by a parent company under any profit and loss pooling agreement).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P, "A" by Fitch or "A-1" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of € 250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A–" by S&P or Fitch or "A-3" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the

equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than a Restricted Subsidiary or the Company), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB−" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A−" by S&P or Fitch or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Transaction Expenses*" means any fees or expenses Incurred or paid by the Company or any Restricted Subsidiary in connection with the Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Transactions.*"

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or a Guarantor; and

(2) such designation and the Investment of the Company or the relevant Restricted Subsidiary in such Subsidiary would not be prohibited under "*Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result immediately thereafter therefrom and (2)(x) a Guarantor could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK ENTRY, DELIVERY AND FORM

The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached. The Regulation S Global Notes representing the Notes (the "Regulation S Global Notes") will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes" and, together with the Regulation S Global Notes, the "Global Notes"). The 144A Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. While the Notes may only be traded in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, for the purpose of the International Central Securities Depositories ("ICSDs"), the minimum denomination will be considered to be €100,000. For the avoidance of doubt, the ICSDs are not required to monitor or enforce the minimum amount.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form (subject to very limited exceptions) and will not be considered the registered owners or holders of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear or Clearstream, as applicable (or its nominees) will be considered the holder of the Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear or Clearstream, as applicable, and the participants through which they own Book-Entry Interests in order to exercise any rights of holders of the Notes under the Indenture.

None of the Issuer, the Registrar, the Paying Agent, the Calculation Agent, the Transfer Agent, the Trustee nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes (as defined below):

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture; or

(3) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; provided that a Definitive Registered Note will only be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee or an authenticating agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We and/or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

To the extent permitted by law, we, the Trustee, the Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and any of their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate in accordance with their respective operational procedures; provided, however, that no Book-Entry Interest of less €100,000 principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and Additional Amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Issuer, the Trustee, Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and any of their respective agents will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Transfer Agent, the Paying Agent nor any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers, the Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes through Euroclear or Clearstream, as applicable, in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes

in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Transfer Restrictions*."

After the expiration of the 40-day period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in "*Transfer Restrictions*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee and the Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "*Transfer Restrictions*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Initial Purchasers, the Trustee, Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar nor any of their respective agents are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations, they also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear and Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear and Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed and admitted to trading on the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Company, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar, the Paying Agent nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

CERTAIN TAX CONSEQUENCES

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy, the European Union, United Kingdom and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, the laws of Italy, European Union, United Kingdom and the United States as in effect on the date of this offering memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to the tax law of Italy, European Union, United Kingdom and the United States below only have such meanings as defined therein for such respective section. The statements regarding laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this offering memorandum and are subject to any changes in law and published practice occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Interest on the Notes that are Listed Since the Issue Date

Italian Resident Holders of the Notes that are Listed Since the Issue Date

Italian Legislative Decree No. 239 of April 1, 1996, as amended and supplemented ("Decree No. 239"), regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "Interest") from Notes that are listed since the Issuer date on a qualifying regulated market or on a multilateral trading platform of EU Member States and of the states party to the EEA Agreement included in the list of states allowing an adequate exchange of information with the Italian tax authorities, as indicated by the Italian Ministerial Decree of September 4, 1996, as ultimately amended by Ministerial Decree of March 23, 2017 and possibly further amended by future decrees issued pursuant to Article 11 par. 4 (c) of Decree 239 (the "White List States").

The provisions of Decree No. 239 only apply to Notes which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("Decree No. 917"). Pursuant to Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount (*valore nominale*) and (ii) attribute to the holders no direct or indirect right to control or participate to the management of the Issuer.

Pursuant to Decree No. 239, payments of Interest relating to Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are subject to a tax, referred to as *imposta sostitutiva* (as defined below), levied at the rate of 26% (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) where an Italian resident holder of Notes is the beneficial owner of such Notes, and is:

(a) an individual holding Notes otherwise than in connection with entrepreneurial activity, unless he has entrusted the management of his financial assets, including the Notes, to an authorized intermediary and has opted for the application of the so-called *risparmio gestito* regime (the

"Asset Management Option") pursuant to Article 7 of Italian Legislative Decree No. 461 of November 21, 1997, as amended ("Decree No. 461"); or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a de facto partnership not carrying out commercial activities or professional associations; or

(c) a private or public entity (other than a company) or a trust not carrying out commercial activities (other than Italian collective investment funds, SICAVs and SICAFs as described below); or

(d) an investor exempt from Italian corporate income taxation.

All the above categories are classed as "net recipients."

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the imposta *sostitutiva*, on Interest accrued after the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Law No. 232 of December 11, 2016.

Pursuant to Decree No. 239, the 26% *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called "SIMs"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("Intermediaries" and each an "Intermediary") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying *imposta sostitutiva*, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of Notes, including in their capacity as transferees.

Payments of Interest in respect of Notes issued by the Issuer that fall within the definitions set out above are not subject to the 26% *imposta sostitutiva* if made to beneficial owners who are:

(a) Italian resident corporation or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(b) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*);

(c) Italian resident open-ended or closed-ended collective investment funds, investment companies with fixed capital (SICAFs) or investment companies with variable capital (SICAVs) established in Italy, Italian resident pension funds referred to in Italian Legislative Decree No. 252 of December 5, 2005 ("Decree No. 252") and Italian resident real estate investment funds; and

(d) Italian resident individuals holding Notes otherwise than in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorized financial intermediary and have opted for the Asset Management Option.

Such categories are classed as "gross recipients." To ensure payment of Interest in respect of the Notes without the application of the 26% *imposta sostitutiva*, gross recipients must:

(a) be the beneficial owners of payments of Interest on the Notes; and

(b) deposit the Notes together with the coupons relating to such Notes in due time directly or indirectly with an Italian authorized financial Intermediary (or permanent establishment in Italy of foreign intermediary).

Where the Notes and the relevant coupons are not deposited with an authorized Intermediary (or permanent establishment in Italy of foreign intermediary), *imposta sostitutiva* is applied and withheld:

(a) by any Italian bank or any Italian intermediary paying Interest to the holders of the Notes; or

(b) by the Issuer,

and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct any *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the holders of the Notes, also in the net value of production for purpose of regional tax on productive activities—IRAP) of the holders of the Notes who are Italian resident corporations or similar commercial entities or permanent establishments in Italy or foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 26 per cent. annual substitute tax (the "Asset Management Tax") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorized intermediary.

Interest accrued on the Notes held by Italian collective investment funds, SICAVs and SICAFs is not subject to the *imposta sostitutiva*, but is included in the aggregate income of the investment funds, SICAVs and SICAFs. The Italian collective investment funds, SICAVs or SICAFs will not be subject to taxation on such result, but a withholding tax of 26% will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (the "Collective Investment Fund Withholding Tax").

Where an Italian resident noteholder is a pension fund (subject to the regime provided for by article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a holders of the Notes is an Italian resident real estate investment fund or a SICAF to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva*, nor to any other income tax in the hands of the real estate investment fund or the SICAF. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Non-Italian Resident Holders of the Notes that are Listed Since the Issue Date

Pursuant to Decree No. 239, payments of Interest in respect of Notes issued by the Issuer falling within the definitions set out in "*—Interest on the Notes that are Listed since the Issue Date—Italian Resident Holders of the Notes that are Listed since the Issue Date*" above will not be subject to *imposta sostitutiva* at the rate of 26%, provided that:

(a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected;

(b) such beneficial owners are resident, for tax purposes, in White List States; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva*, are met or complied with in due time.

The 26% *imposta sostitutiva* may generally be reduced to 10% or reduced to nil under certain applicable double tax treaties entered into by Italy, if more favorable, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to: (i) international entities and organizations established in accordance with international agreements ratified in Italy; (ii) "institutional investors," whether or not subject to tax, which are established in White List States; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26% *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the Notes;

(b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralized securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) file in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is a resident, for tax purposes, in a White List State. Such declaration (*autocertificazione*) which must comply with the requirements set forth by an Italian Decree of the Ministry for the Economy and Finance of December 12, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. Such declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organizations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident holders of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident holders of the Notes.

Fungible Issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the relevant issuer issues a new tranche forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months from the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the Notes.

Interest on the Notes that are Not Listed Since the Issue Date

Italian Resident Holders of the Notes that are Not Listed Since the Issue Date

In the event that the Notes are not listed or that the listing requirement of Italian Legislative Decree No. 239 of April 1, 1996 is not satisfied, payments of interest, premium and other income with respect to the Notes will be subject to a withholding tax at a rate of 26% in accordance with Article 26(1) of Italian Presidential Decree No. 600 of September 29, 1973.

The withholding tax is levied as advance payment of the total tax liability on Interest paid to:

(a) Italian resident corporation or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(b) Italian resident partnerships carrying out commercial activities (*società in nome collettivo or società in accomandita semplice*); and

(c) Italian resident individuals holding Notes in connection with entrepreneurial activity.

In any other case (including interest paid to persons that are exempt from Italian corporate income tax—IRES) the withholding tax is in principle levied as final tax payment.

The withholding tax is not levied on interest from the Notes paid to an undertaking for collective investment ("UCI") set up in Italy or in a EU Member State, whose assets are invested for more than 50% in bonds and similar securities and whose shares or units are held exclusively by qualified investors as defined under Article 100 of Legislative Decree No. 58/98. Categories of assets and types of investors must result from the regulations of the UCI. No withholding of tax is levied on the interest paid to Italian resident securitization companies set up pursuant to Law No. 130/99 issuing notes that are held by qualified investors as defined under Article 100 of Legislative Decree No. 58/98, and whose assets are invested by more than 50% in bonds and similar securities.

Non-Italian Resident Holders of the Notes that are Not Listed Since the Issue Date

Interest from the Notes paid to noteholders that are not resident of Italy for tax purposes is, in principle, subject to the 26% withholding tax provided for in Article 26(1) of Presidential Decree No. 600/1973 levied as a final tax payment in Italy. The withholding tax can be levied at a reduced rate by application of the provisions of any agreement against double taxation to which Italy is a party, if the respective subjective, objective and procedural conditions be satisfied.

Capital Gains

Italian Resident Holders of the Notes

Pursuant to Decree No. 461, a 26% capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realized by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, on any sale or transfer for consideration of the Notes or redemption thereof.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes accrued after the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Law No. 232 of December 11, 2016.

Under the so called "tax declaration regime," which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in entrepreneurial activities to the extent that they do not opt for the "*risparmio amministrato*" regime or the Asset Management Option, the 26% *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realized by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given tax year. The capital gains realized in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Pursuant to Italian Law Decree No. 66 of April 24, 2014, as converted into law with amendments by Italian Law No. 89 of June 23, 2014 published in the Official Gazette No. 143 of June 23, 2014, ("Decree No. 66"), capital losses may be carried forward to be offset against capital gains of the same nature realized after June 30, 2014 for an overall amount of: 76.92% of the capital losses realized from January 1, 2012 to June 30, 2014. Alternatively, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realized on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:

(a) the Notes being deposited with an Intermediary (or permanent establishment in Italy of a foreign intermediary); and

(b) an express election for the so called *risparmio amministrato* regime being made in writing in due time by the relevant holder of the Notes.

The Intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realized on each sale or transfer or redemption of the Notes, as well as on capital gains realized as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax

authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realized on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realized after June 30, 2014 for an overall amount of 76.92% of the capital losses realized from January 1, 2012 to June 30, 2014. Under the *risparmio amministrato* regime, any realized capital gain is not required to be included in the annual income tax return of the holders of the Notes and the holders of the Notes remains anonymous.

Special rules apply if the Notes are part of (i) a portfolio managed under the Asset Management Option by an Italian asset management company or an authorized intermediary or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento*, SICAV or SICAF). In both cases, capital gains on the Notes will not be subject to 26% *imposta sostitutiva* on capital gains.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realized, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the four subsequent years. Pursuant to Decree No. 66, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of July 1, 2014 for an overall amount of 76.92% of the depreciations in value registered from January 1, 2012 to June 30, 2014. Under the Asset Management Option the realized capital gain is not required to be included in the annual income tax return of the holders of the Notes and the holders of the Notes remains anonymous.

In the case of Notes held by investment funds, SICAVs or SICAFs, capital gains on Notes contribute to determine the increase in value of the managed assets of the funds, SICAVs or SICAFs accrued at the end of each tax year. The investment funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Withholding Tax will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders.

Any capital gains realized by a holders of the Notes that is an Italian pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an Italian resident intermediary, will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a holders of the Notes is an Italian resident real estate investment fund or a SICAF, to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, capital gains realized will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the SICAF. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realized by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Non-Italian Resident Holders of the Notes

The 26% *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realized upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However any capital gains realized by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign

intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not traded on a regulated market in Italy or abroad:

(a) Pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of the Notes if they are resident for tax purposes in a White List State. Under these circumstances, if non-Italian resident beneficial owners of the Notes without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organizations established in accordance with international agreements ratified by Italy, (ii) certain foreign institutional investors established in White List States, or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

(b) In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realized upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of Notes. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration with Italian banks, SIMs and other eligible entities, but non-resident holders of the Notes retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and Gift Tax

Pursuant to Italian Law Decree No. 262 of October 3, 2006, converted into law with amendments by Italian Law No. 286 of November 24, 2006, effective from November 29, 2006, and Italian Law No. 296 of December 27, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

(i) transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or gift exceeding €1,000,000 (per beneficiary);

(ii) transfers in favor of brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6% on the value of the inheritance or the gift exceeding €100,000 (per beneficiary);

(iii) transfers in favor of relatives up to the fourth degree and relatives-in-law up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift; and

(iv) any other transfer is subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

If the transfer is made in favor of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided for by Italian Law No. 383 of October, 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift was not made.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Registration Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at a rate of €200; and (ii) private deeds (*scritture private non autenticate*) are subject to registration tax at a rate of €200 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

Stamp Duty

According to Article 13 par. 2-*ter* of the tariff Part I attached to Italian Presidential Decree No. 642 of October 26,1972, as amended by Article 1 par. 581 of Italian Law No. 147 of December 27, 2013, a proportional stamp duty applies on a yearly basis to the periodic reporting communications sent by financial intermediaries to their customers in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. This stamp duty applies at the rate of 0.20% on the market value or—in the absence of a market value—on the nominal value or the redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial products and cannot exceed the amount of €14,000 for holders of the Notes that are not individuals. Stamp duty will apply on the Notes, both to Italian resident holder of the Notes and to non-Italian resident holders of the Notes, to the extent that the Notes are held with an Italian based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory, nor the deposit, nor the release or the drafting of the statement. In case of reporting periods of less than twelve months, the stamp duty is payable pro-rata.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on May 24, 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on February 9, 2011 as subsequently amended and supplemented) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on Financial Assets Deposited Abroad

According to Article 19 of Decree No. 201/2011, as amended by Article 1 par. 582 of Italian Law No. 147 of December 27, 2013, and Article 9 of Italian Law No. 161 of October 30, 2014, Italian resident individuals holding financial assets—including the Notes—outside of the Italian territory are required to pay a wealth tax at the rate of 0.2%. The tax applies on the market value at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax Monitoring Obligations

Pursuant to Italian Law Decree No. 167 of June 28,1990, converted by Italian Law No. 227 of August 4, 1990, as amended by Italian Law No. 97 of August 6, 2013 and subsequently amended by Italian Law No. 50 of March 28, 2014 and Italian Law No. 225 of December 1st, 2016, individuals, non-profit entities and certain

partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument under the Italian money-laundering law.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

OECD Common Reporting Standards

The EU Savings Directive adopted on June 3, 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from January 1, 2016 to prevent overlap between the EU Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Italian Law No. 95 of June 18, 2015 ("Law 95/2015"), implementing the CRS (and the amended EU Directive on Administrative Cooperation) Italian Ministerial Decree dated December 28, 2015, which has entered into force on January 1, 2016, implemented Law 95/2015 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree of December 28, 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

The Proposed Financial Transactions Tax

The EU Commission and certain EU Member States (including Italy) have proposed the introduction of a financial transaction tax, which, if introduced in its current proposed form, would apply to certain secondary market transactions where at least one party is a financial intermediary and at least one party is established in a participating EU Member State. The timing of its potential introduction is, however, still unclear. Prospective holders of the Notes are advised to seek their own professional advice in relation to the financial transaction tax.

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to consequences relevant to a U.S. Holder (as defined below), except for the discussions below under "*—Foreign Account Tax Compliance*," and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non U.S. tax laws.

This discussion is based upon the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change at any time, possibly with retroactive effect which could significantly affect the U.S. federal tax consequences described below. No rulings from the U.S. Internal Revenue Service ("IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS or a court will not take a different

position concerning the tax consequences of the purchase, ownership or disposition of the Notes than those discussed herein or that any such position would not be sustained in the event of litigation. A different treatment than that assumed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a U.S. Holder in light of such U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income, the alternative minimum tax, or the base erosion and anti-abuse tax under section 59A of the Code, or to holders subject to special rules, such as banks, certain financial institutions, U.S. expatriates, insurance companies, individual retirement and other tax deferred accounts, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax exempt entities, regulated investment companies, real estate investment trusts, partnerships, S corporations, or other pass through entities and investors in such entities, persons subject to special tax accounting rules as a result of gross income with respect to the Notes being taken into account on an applicable financial statement, entities covered by the anti-inversion rules, persons that actually or constructively own more than 10% of our voting stock, and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of the applicable series of Notes is sold to investors for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets (generally, property held for investment) within the meaning of section 1221 of the Code. Furthermore, this discussion does not discuss tax consequences to holders of the Existing Notes.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or any entity taxable as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if the trust has a valid election in place to be treated as a U.S. person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

The summary of certain U.S. federal income tax considerations set forth below is for general information purposes only. Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax.

Transactions Related to the Reorganization

Following the Reorganization, the Issuer intends to merge with and into the Company, with the Company being the surviving entity. The Company, as the surviving entity, will assume the obligations of the Issuer under the Notes. Although the issue is not free from doubt, we intend to take the position (to the extent we are required to do so) that the merger will not be treated as resulting in a taxable exchange of the Notes for U.S. federal income tax purposes. If this position is respected, a U.S. Holder would not recognize any income, gain or loss in connection with such transaction and would have the same adjusted tax basis in the Notes as the U.S. Holder had in the original Notes deemed exchanged therefor. Moreover, the holding period for the Notes would generally include the holding period for the original Notes.

It is possible, however, that the IRS could take a contrary view, and seek to treat the merger and the assumption of the obligations under the Notes by the Company as resulting in a taxable exchange for U.S. federal income tax purposes. If so, U.S. Holders would recognize any gain or loss in connection with such taxable exchange and would have a new holding period and new tax basis in each series of the Notes for U.S. federal income tax purposes. In addition, if the fair market value of the Notes at the time of the merger is less than the principal amount of such Notes (by more than a statutorily defined *de minimis* amount), such Notes may be treated as issued with original issue discount, in which case the U.S. federal income tax consequences of the ownership and disposition of the Notes may be different than what is described below.

U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them of the Reorganization and the merger.

IPO Debt Pushdown

Under certain circumstances, we may undertake an IPO Debt Pushdown (as described under "*Description of the Notes—IPO Debt Pushdown*"), pursuant to which the Company is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things the Senior Secured Group (and all related provisions) will now refer to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the indenture governing the Notes. Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new Notes as in place after such modifications ("New Notes"). If such modifications resulted in a deemed exchange, such a deemed exchange could be treated as a taxable transaction for U.S. federal income tax purposes in which certain beneficial owners of the Notes could be required to recognize gain or loss. The amount of any gain or loss recognized upon such a deemed exchange of a Note for a New Note would be determined by reference to the "issue price" of the New Note. The issue price of a New Note will equal the fair market value of such Note or such New Note at the time of the deemed exchange if, as seems likely, such Note or such New Note were considered "publicly traded" for U.S. federal income tax purposes. If the IPO Debt Pushdown is treated as a taxable transaction for U.S. federal income tax purposes, a U.S. Holder's holding period in a New Note treated as received in the IPO Debt Pushdown generally will commence on the day after the IPO Debt Pushdown, and tax basis in such New Note would generally equal the issue price of such New Note. Generally, any gain or loss recognized as a result of such deemed exchange will be taxed under the rules described below under "*—Sale, Exchange or Other Disposition of a Note*." If the issue price of such New Note is less than its stated redemption price at maturity by more than a *de minimis* amount, such New Note will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. In such event, U.S. Holders would be required to include that original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to modification of the Notes in connection with the IPO Debt Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID, if any.

Additional Payments

In certain circumstances (see "Description of the Notes—Change of Control," "Description of the Notes—Optional Redemption," "Description of the Notes—Redemption for Taxation Reasons," and "Description of the Notes—Withholding Taxes") we may be obligated or elect to pay amounts in excess of stated interest or principal on the Notes. If any such payment is treated as a contingent payment, subject to certain exceptions, the Notes may be treated as contingent payment debt instruments, in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences discussed herein. Although the issue is not free from doubt, we intend to take the position that the possibility of such Additional Amounts payable on the Notes is a remote or incidental contingency within the meaning of applicable Treasury regulations as of the date hereof, and thus does not result in the Notes being treated as contingent payment debt instruments under applicable Treasury regulations. Therefore, we do not intend to treat the potential payment of additional interest or the potential payment of a premium pursuant to the optional redemption, redemption for tax reasons or withholding tax provisions as part of the yield to maturity of the Notes. Our determination that this contingency is remote or incidental is binding on a U.S. Holder, unless such U.S. Holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. Holder may be required to accrue income on its Notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income recognized on the taxable disposition of a Notes. U.S. Holders should consult their tax advisor regarding the tax consequences if the Notes were treated as contingent payment debt instruments. The discussion below assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

Payments of stated interest on the Notes (including Additional Amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of tax accounting will be required to include in income (as ordinary income) the U.S. dollar value of the euro denominated interest payment on a Note based on the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. No foreign currency exchange gain or loss will be recognized with respect to the receipt of such payment.

A U.S. Holder that uses the accrual method of tax accounting (or who is otherwise required to accrue interest prior to receipt) will accrue interest income (as ordinary income) on a Note in euros and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof, within such U.S. Holder's taxable year; or

- at such U.S. Holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year, or (2) the date of receipt, if such date is within five Business Days of the last day of the accrual period. Such election must be applied consistently by the U.S. Holder to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and can be changed only with the consent of the IRS.

A U.S. Holder that uses the accrual method of tax accounting will recognize foreign currency exchange gain or loss on the receipt of an interest payment equal to the difference between (i) the value of the euros received as interest, as translated into U.S. dollars using the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars, and (ii) the U.S. dollar amount previously included in income with respect to such payment. Such foreign currency exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S. source, and generally will not be treated as an adjustment to interest income received on the Notes.

Foreign Tax Credit

Subject to the discussion of exchange gain or loss above, stated interest on a Note generally will be income from sources outside of the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. Any non U.S. withholding tax paid by a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits.

Sale, Exchange or Other Taxable Disposition of the Notes

Upon the sale, exchange, retirement at maturity, redemption or other taxable disposition of a Note, except as noted below with respect to foreign currency exchange gain or loss, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized by such U.S. Holder (except to the extent such amount is attributable to accrued but unpaid interest, which will be taxable as described above under "—*Payments of Stated Interest*") and such U.S. Holder's adjusted tax basis in the Note. Subject to the discussion below, the adjusted tax basis of a Note to a U.S. Holder will generally be the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date of purchase and decreased by the amount of any payments made on the Note (other than payments of stated interest). The amount realized by a U.S. Holder upon the disposition of a Note will generally be the U.S. dollar value of the euros received calculated at the spot rate of exchange on the date of disposition.

If the Notes are traded on an established securities market, a U.S. Holder that uses the cash method of tax accounting, and if it so elects, a U.S. Holder that uses the accrual method of tax accounting, will determine the U.S. dollar values of its adjusted tax bases in the Note and the amount realized on the disposition of a Note by translating euro amounts at the spot rate of exchange on the settlement date of the purchase or the disposition, respectively. The election available to accrual basis U.S. Holders discussed above must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS. An accrual basis U.S. Holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the Notes exceeds one year on the date of disposition. Long-term capital gains recognized by non-corporate U.S. Holders are eligible for reduced rates of taxation. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on a sale, exchange, retirement at maturity, redemption or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in the euro to U.S. dollar exchange rate during the period in which the U.S. Holder held such Note. Such foreign currency exchange gain or loss will equal the difference between the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date (1) the Note is disposed of (or the spot rate on the settlement date, if applicable) and (2) of purchase (or the spot rate on the settlement date, if applicable). The recognition of foreign currency exchange gain or loss described in this paragraph will be limited to the amount of overall gain or loss realized on the disposition of a Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Reportable Transactions

Under applicable Treasury regulations, a U.S. Holder who participates in "reportable transactions" (as defined in the Treasury regulations) must attach to its United States federal income tax return a disclosure statement on IRS Form 8886. The Treasury regulations could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations. U.S. Holders should consult their own tax advisors to determine the tax reporting obligations, if any, including any requirement to file IRS Form 8886, with respect to the ownership or disposition of the Notes or any related transaction such as the disposition of any euros received in respect of the Notes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of principal and interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient (such as a corporation), and, when required, provides evidence of such exemption. The payor (which may be us or an intermediate payor) will be required to impose backup withholding, currently at a rate of 24%, on such payments if (1) the U.S. Holder fails to furnish an accurate taxpayer identification number or to establish an exemption from backup withholding; (2) the IRS notifies the payor that the taxpayer identification number furnished by the U.S. Holder is incorrect; (3) there has been a "notified payee underreporting" described in section 3406(c) of the Code; or (4) the U.S. Holder has not certified under penalties of perjury that it has furnished a correct taxpayer identification number, that it is a United States person, and that the IRS has not notified such U.S. Holder that it is subject to backup withholding under the Code. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Foreign Account Tax Compliance

Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder ("FATCA") generally impose a withholding tax of 30% on interest income paid on a debt obligation and, after December 31, 2018, on the gross proceeds from the sale or other disposition of a debt obligation if such interest income or gross proceeds are treated as foreign passthru payments attributable to certain U.S. source payments, in each case, to (i) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution enters into an agreement with the United States government to collect and provide

to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or (ii) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10% of the entity, in each case, unless another exemption applies. Investors are encouraged to consult with their own tax advisors regarding the implications of FATCA on their investment in a Note.

Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on a series of the Notes only if there is a significant modification of the Notes of such series for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein.

Certain Other Tax Considerations

Payments by the Company

If the Company makes any payments in respect of interest on Notes it is possible that such payments may be subject to Italian withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. It is not certain that such payments by the Company will be eligible for all the exemptions described above.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY INTERESTS

The following is a summary of certain insolvency law considerations in the jurisdictions in which the Holdco, the Company and the Issuer are incorporated or organized, and a summary of certain limitations on the validity and enforceability of the Parent Guarantee, any other guarantee of the Notes and the security interests for the Notes. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes, the Parent Guarantee, any other guarantee of the Notes and the security interests. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

Italy

Introduction

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor does it provide a comprehensive description of insolvency laws applicable to public companies.

Insolvency laws and regulations are currently being reviewed and significant amendments are expected in the near future. In particular, on October 11, 2017, the Italian Senate approved Law No. 155 dated October 19, 2017 pursuant to which it has authorized the government to carry out a substantial reform of Italian insolvency laws, on the basis of the guidelines provided therein. The main amendments, which must be implemented by the government within twelve months include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and its replacement with a reference to a judicial liquidation, (ii) the introduction of a definition of state of crisis, (iii) the adoption of the same procedural framework to access the different insolvency procedures provided by law, (iv) express acknowledgement and adoption of the definition of debtor's COMI as provided for in the Recast Insolvency Regulation, (v) a new set of rules concerning group restructurings, (vi) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going-concern restructurings, (vii) a new preventive alert and mediation phase to avoid insolvency, and (viii) jurisdiction of specialized courts over proceedings involving large debtors. However, such reform has not been implemented yet.

Certain Italian Insolvency Laws

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent significant reform has been approved by the Italian Government on June 23, 2015 through a law-decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "Decree"). The Decree entered into force on June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by the Italian Law No. 132/2015 ("Law 132"). Law 132 entered into force on August 21, 2015 (the date after its publication in the Gazzetta Ufficiale). Further amendments are expected within twelve months following Italian Law No. 155/2017, which will amend insolvency proceedings as governed by Italian Royal Decree No. 267. of March 16, 1942, as currently in force (the "Italian Bankruptcy Law").

The primary aim of the Italian Bankruptcy Law is to liquidate the debtor's assets for the satisfaction of creditors' claims (with the continuation of the assets as a going-concern (when applicable) only if this would satisfy a creditor's claim). These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they come due.

This must be a permanent rather than a temporary status of insolvency in order for a court to hold that a company is insolvent.

In cases where a company is facing financial difficulties or temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition, the following debt restructuring and bankruptcy alternatives are available under Italian law for companies in a state of crisis and for insolvent companies.

Restructuring Outside of a Judicial Process (Accordi Stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-Court Reorganization Plans (Piani di Risanamento) Pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor must verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the expert. The expert must possess certain specific professional and independence requirements and qualifications and meet the requirements set forth by Article 2399 of the Italian *codice civile*, approved by the Royal Decree No. 262 of March 16, 1942 (as subsequently amended and restated, the "Italian Civil Code") and may be subject to liability in case of misrepresentation or false certification. The terms and conditions of these plans are freely negotiable. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, payments, acts and/or activities carried out as part of the implementation of a reorganization plan, subject to certain conditions (a) are not subject to claw-back action and, (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Italian Companies' Register are needed (although publication in the Italian Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt Restructuring Agreements with Creditors Pursuant to Article 182-bis of the Italian Bankruptcy Law (Accordi di Ristrutturazione dei Debiti)

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) entered into with creditors representing at least 60% of the outstanding company's debts can be ratified by the court. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within a 120 day term from: (i) the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a state of crisis (i.e., facing financial distress which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of a debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and becomes effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to preexisting debts. The moratorium can be requested, pursuant to Article 182 *bis*, Paragraph 6 of the Italian Bankruptcy Law, to the court by the debtor pending negotiations with creditors (prior to the above mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days from the publication and orders the debtor to supply to the creditors the relevant documentation in relation to the moratorium. In such hearing, creditors and other interested parties may file an opposition to the agreement and the court assesses whether the conditions for granting the moratorium have been met and, if the court so determines, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed. The court's order may be challenged within 15 days of its publication. Within the same deadline of 60 days, an application for the court supervised pre bankruptcy composition with creditors (*concordato preventivo*) (as described below) may be filed, without prejudice to the effect of the moratorium.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication. The Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

Pursuant to the new Article 182 *septies* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so called "cram down"), subject to certain conditions being met, including that treatment of dissenting creditors is not worse than under any other available alternative. If the abovementioned conditions are met, then the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind the non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. The purpose is to prevent banks with modest credits from block restructuring operations involving more exposed bank creditors, resulting in the failure of the overall restructuring and the opening of a procedure. Financial creditors who did not participate in the agreement may challenge it within 30 days of receipt of the application.

Such debt restructuring agreements and moratorium arrangements will not affect the rights of non-financial creditors (e.g. trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

The debtor may also enter into a standstill agreement with its creditors which are banks and financial intermediaries by which also the non-consenting banks and financial intermediaries are bound, provided that: (i) they have been informed of the ongoing negotiations and have been allowed to participate to such negotiations in good faith; and (ii) an expert meeting the requirements provided under Article 67, paragraph 3, letter (d) of the Italian Bankruptcy Law certifies that the non-consenting banks and financial intermediaries have legal status and economic interests similar to those of the banks and financial intermediaries which have agreed to the standstill agreement. The banks and financial intermediaries which have not agreed to the standstill agreement may file an objection (*opposizione*) to it within 30 days after having been notified of the same.

In no case the debt restructuring agreement provided under article 182 *septies* of the Italian Bankruptcy Law or the standstill agreement may impose new obligations, the granting of new over-draft facilities, the maintenance of the possibility to utilize existing facilities or the utilization of new facilities on third party creditors.

Pursuant to Article 182 *quater* of the Italian Bankruptcy Law, financings granted to the debtor pursuant to the approved debt restructuring agreement (or a court supervised Pre Bankruptcy Composition with Creditors (*concordato preventivo*)) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financings granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (i.e., before) presentation of a petition for the sanctioning (*omologazione*) of a debt restructuring agreement or a court supervised Pre Bankruptcy Composition with Creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority status is expressly recognized by the court in the context of the sanctioning (*omologazione*) of the debt restructuring agreement or the approval of the *concordato preventivo*. Same provisions apply to financings granted by shareholders up to 80% of their amount.

Pursuant to the new Article 182 *quinquies*, Paragraphs 3 and 4 of the Italian Bankruptcy Law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to Article 182 *bis*, paragraph 1, or after the filing of the moratorium application pursuant to Article 182 *bis*, Paragraph 1, or after the filing of the moratorium application pursuant to Article 182 *bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, (in relation to the court supervised pre bankruptcy composition with creditors (*concordato preventivo*) described below) may authorize the debtor to: (i) incur new pre deductible indebtedness subject to authorization by the court, (ii) secure such indebtedness via in rem security (*garanzie reali*), or by assigning claims, provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), issues a report in which they declare that the new financial indebtedness aims to achieve a better satisfaction of the creditors, and (iii) pay debts deriving from the supply of services or goods, already payable and due, provided that, the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree No. 83/2015, as amended by Law 132/2015, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182 *quinques* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 182 *quinquies*, Paragraph 1 of the Italian Bankruptcy Law as introduced by Article 1 of the Decree 83/2015, as amended by Law 132/2015, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182 *bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called *prededucibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing, (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court-Supervised Pre-Bankruptcy Composition with Creditors (Concordato Preventivo)

A company which is insolvent or in a situation of crisis (i.e. financial distress which does not yet amount to insolvency) has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, among others, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Preexisting creditors cannot obtain security

interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186 *bis* of the Italian Bankruptcy Law, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities), (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal, (iii) the division of creditors into classes, and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes (Article 182 *ter* of the Italian Bankruptcy Law).

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco* or *pre-concordato*, pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law, as amended by Italian Law Decree No. 69/2013 as converted into Italian Law No. 98/2013). The debtor company may file such petition along with: (i) its financial statements from the latest three years, and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182 *bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company in this phase, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*, and (ii) set forth periodical reporting and information duties of the company during the abovementioned period. The statutory provisions providing for the stay of enforcement and interim relief actions by the creditors referred to in respect of the *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so called *concordato in bianco*).

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company will file, on a monthly basis, the company's financial position, which is published, the following day, in the companies register. Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company and new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182 *bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182 *bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Decree 83/2015, as amended by Law 132/2015, are treated as super-senior (so called *pre-deducibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law. Italian Law No. 9/2014 specified that the super-seniority of the claims—which arise out of loans granted with a view to allowing the filing of the

preliminary petition for the composition with creditors (*domanda di pre-concordato*)—is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that: (i) the debtor's company's business continues to be run by the debtor's company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert will also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. Furthermore, the going concern-based arrangements with creditors can provide for, among others, the winding up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business). The debtor is allowed to carry out urgent extraordinary transactions only upon the prior court's authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of (a) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, and (b) the majority of the classes. The composition with creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it, and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e. a pre-bankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and sanctioned (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, exclusively upon request of the public prosecutor or a creditor (and not *ex officio*), and having decided that the appropriate conditions apply, declare the company bankrupt.

Pursuant to article 169 *bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (e.g., employment agreements (*rapporti di lavoro subordinato*), preliminary sale agreements (*contratti preliminari di vendita*) and real estate lease agreements (*contratti di locazione di immobili*)). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside of the admission to the pre-bankruptcy composition.

Bankruptcy (Fallimento)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the debtor, any of its creditors and, in certain cases, the public prosecutor when a debtor is insolvent. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, amongst other things, subject to certain exceptions, all actions of creditors, actions are stayed and creditors must file claims within a defined period. In particular:

- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;

- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);

- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors;

- any act (including payments) made by the debtor after the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and

- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Such priority of payment is provided under mandatory provisions of law (as a consequence it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law).

- *Bankruptcy composition with creditors (concordato fallimentare).* Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

- *Statutory priorities.* The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "pre deductible" claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including, *inter alia*, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing, mentioned above), the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority claims are those of "privileged" creditors (*creditori privilegiati*; a priority in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori pignoratizi*) and unsecured creditors (*crediti chirografari*).

- *Avoidance powers in insolvency.* Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions

and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either two years, one year or six months in certain circumstances (please note that in the context of extraordinary administration procedures—see below—in relation to certain transactions, the clawback period can be extended to five and three years, respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below:

(a) Acts ineffective by operation of law.

(i) Under Article 64 of the Italian Bankruptcy Law, subject to certain limited exception, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and

(ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-à-vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

(b) Acts that may be avoided at the bankruptcy receiver's request.

(i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the bankruptcy as provided for by article 67 of the above referenced Italian Royal Decree and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

- onerous transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;

- payments of debts, due and payable, which were not made by the debtor in cash or by other customary means of payment in the year prior to the insolvency declaration;

- pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which not yet due at the time the new security was granted; and

- pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

- the granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business according to market practice;

- a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

- a sale, including an agreement for sale registered pursuant to Article 2645-*bis* the Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

- transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "*—Debt Restructuring Agreements with Creditors Pursuant to Article 182-bis of the Italian Bankruptcy Law (Accordi di ristrutturazione dei debiti)*" above);

- a transaction entered into, payment made or security interest granted to implement a concordato preventivo (see "*—Court Supervised Pre Bankruptcy Composition with Creditors* (*concordato preventivo*)" above) or an *accordo di ristrutturazione dei debiti* under Article 182 *bis* of the Italian Bankruptcy Law (see "*—Debt Restructuring Agreements with Creditors Pursuant to Article 182-bis of the Italian Bankruptcy Law (Accordi di ristrutturazione dei debiti)*" above). Pursuant to Article 182 *bis* of the Italian Bankruptcy Law and transactions entered into, payments made and security interests granted after the filing of the application for a concordato preventivo (see above);

- remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and

- payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect vis-à-vis the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, that such transaction was fraudulently entered into by the debtor in order to cause detriment of such creditor's rights) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, such third party participated in the fraudulent scheme). Burden of proof is entirely with the receiver.

Law 132/2015 also introduced new Article 2929-*bis* to the Italian Civil Code, providing for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (e.g. gratuitous transfers, or creation of shield instruments such as trusts or the so called

fondo patrimoniale, i.e., “family trust”). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third party purchaser.

Extraordinary Administration for Large Insolvent Companies (Amministrazione Straordinaria Delle Grandi Imprese in Stato di Insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the Prodi-*bis* procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors’ claims largely apply to extraordinary administration proceedings.

There are two main phases: a “judicial phase” and an “administrative phase.”

(a) *Judicial Phase*. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Ministry of Productive Activities may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

(b) *Administrative Phase***.** Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Italian Productive Activities Minister. The extraordinary commissioner(s) prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Italian Ministry of Productive Activities) (the “Disposal Plan”) or a reorganization leading to the company’s economic and financial recovery within two years (unless extended by the Italian Ministry of Productive Activities) (the “Recovery Plan”). The plan may also include an arrangement with creditors (*e.g*., a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Italian Ministry of Productive Activities within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Italian Ministry of Productive Activities.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Extraordinary Administration for Large Insolvent Companies (Ristrutturazione Industriale di Grandi Imprese in Stato di Insolvenza)

Introduced in 2003 pursuant to Italian Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the “Marzano procedure.” It is complementary to the Prodi-*bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the Prodi-*bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor’s request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company’s insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal Plan or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory Administrative Winding-Up (Liquidazione Coatta Amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. This procedure may also be applied to cooperative companies, as an alternative to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

Interim Financing

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain authorization to receive urgent interim financing and to continue to use existing trade receivables credit lines (*linee di credito autoliquidanti*) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among others, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within ten days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Hardening Period/Clawback and Fraudulent Transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years ("*revocatoria ordinaria*").

Under Italian law, in the event that the relevant guarantor enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral, the Parent Guarantee and any other guarantee of the Notes, could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor under the rules of avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations,

unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. If the Parent Guarantee, the Security Documents, or any other guarantee of the Notes are challenged successfully, the rights granted under the Parent Guarantee or in connection with security interests under the relevant Security Document and any rights under any other guarantee of the Notes, may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration, and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the EC Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Certain Limitations on Enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions made by the debtor during a certain legally specified period (the "suspect period"). For a more detailed explanation of the terms, conditions and consequences of claw-back actions in an insolvency scenario, see "*—Certain Italian Insolvency Laws*" above.

If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, *inter alia*, the following aspects:

(a) the enforcement of obligations may be limited by the insolvency proceedings listed above relating to or affecting the rights of creditors;

(b) an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Italian court;

(c) with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;

(d) claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e*

decadenze) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;

(e) pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets and are equally liquid and payable;

(f) where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;

(g) the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the fact that the relevant provisions of laws may be deemed contrary to Italian public policy principles;

(h) there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;

(i) enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);

(j) the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;

(k) any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);

(l) an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for in the Italian Civil Code are satisfied;

(m) an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether affiliated or unaffiliated with such Italian company, such interest being determined by the relevant company on a case-by-case basis;

(n) in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;

(o) the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*)) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;

(p) in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*) the priority of such assignment will be determined accordingly.

One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document, another way is to have each page of the document stamped by the post office;

(q) there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;

(r) the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;

(s) penalties and liquidated damages (*penali*) may be equitably reduced by a court;

(t) Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;

(u) a security interest does not prevent creditors of the relevant debtor from continuing enforcement or enforcement proceedings against the assets subject to the relevant pledge; and

(v) in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets subject to the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date on which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

(a) that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and

(b) that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of the obligations of a guarantor under the relevant guarantee and, if payment had already been made under that guarantee, require the recipients of that payment to return the payment to the relevant guarantor, if the court found that, *inter alia*:

(a) the relevant guarantor gave such guarantee with actual intent to hinder, delay or defraud its current or future creditors or with the intent of giving undue preference to certain creditors over others, or when the beneficiary of the guarantee was aware that the relevant guarantor was insolvent when it gave the relevant guarantee;

(b) the relevant guarantor did not receive fair consideration or reasonably equivalent value for its guarantee or the relevant guarantor was insolvent at the time the guarantee was given;

(c) the relevant guarantee was held to exceed the corporate objects of the relevant guarantor or not to be in the best interest or for the corporate benefit of the relevant guarantor; or

(d) the guarantor giving such guarantee was aware, or should have been aware, that the transaction was to the detriment of the creditors.

If a court decided either that a guarantee was a fraudulent conveyance and voided such guarantee, or held it unenforceable for any other reason, the beneficiary of the guarantee may cease to have any claim with respect to the relevant guarantor. The same would also apply to any security interest.

Limitations on Validity and Enforceability of Security Interests Under Italian Law

Corporate Benefit and Financial Assistance Under Italian Law

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws, articles of association and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance concerns may also arise.

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company, so called "corporate benefit." The principles on corporate benefit apply equally to up-stream and down-stream guarantees and security interests granted by Italian companies. The concept of corporate benefit is not defined in the applicable legislation and its existence is purely a business judgment-based decision of the directors of the company and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although under certain circumstances and subject to specific rules, the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for a downstream security interest or guarantee (i.e., a security interest or guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) can usually be easily demonstrated, the validity and effectiveness of up-stream or cross stream security interest or guarantee (i.e., security interest or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depends on a real and adequate corporate benefit acting as consideration for the granted security interest or guarantee and may be challenged unless it can be proven that the grantor may derive some benefit or advantage from the granting of such guarantee or security interest. The general rule is that the risk assumed by an Italian grantor of security interest or guarantee must not be disproportionate to the direct or indirect economic benefit to it. In particular, in the case of an up-stream or cross-stream guarantee or security interest for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is available as to whether and to what extent such transactions could be challenged for lack of real and adequate corporate benefit and conflict of interest. As a general rule, the absence of a corporate benefit could render the transaction (including the grant of a security interest or a guarantee entered into) by an Italian company as *ultra vires* and potentially affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the grant does not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest or guarantee granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

Upon certain conditions, the granting of a guarantee or a security interest may be considered as a restricted financial activity within the meaning of Article 106 of the Italian Banking Act, which only banks and authorized financial intermediaries are qualified to carry out. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees and security interests being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, Paragraph 3, of the Italian Banking Act, states that the issuance of a guarantee or security interest by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group" includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies, which are under common control. As a result of the rules described above, subject to the Company and the guaranteed entity being members of the same group, the provision of the guarantees and security interests would not amount to a restricted financial activity.

Financial Assistance

In addition, a security interest or a guarantee by an Italian company may not be granted in support of any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Maximum Guaranteed Amount

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by a guarantor incorporated under the laws of Italy (an "Italian Guarantor") is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by an Italian Guarantor must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian Guarantors. It has been held, that such determination must be proportionate to the relevant guarantor's assets. It is uncertain, however, whether courts are entitled to debate and to rule over such determinations.

In order to comply with corporate law requirements on, *inter alia*, corporate benefit and financial assistance, the maximum amount that an Italian Guarantor may be required to pay in respect of its obligations as guarantor under the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement will be subject to limitations.

In particular, as regards the Company, pursuant to Article 1938 of the Italian Civil Code, the maximum amount that the Company may be required to pay in respect of its obligations as Guarantor under the Indenture shall not exceed 150% of the aggregate principal amount of the Notes.

If and to the extent any direct or indirect Italian subsidiary of the Issuer and/or of the Company pursuant to article 2359 of the Italian Civil Code is legally permitted to and does guarantee the Notes in the future, the relevant guarantee may contain limitations on the relevant Italian Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable Italian law.

Any guarantee, indemnity, obligations and liability granted or assumed pursuant to the Notes and the Revolving Credit Facility by an Italian Guarantor shall not include and shall not extend, directly or indirectly, to any amount lent to acquire or subscribe, directly or indirectly, shares or quotas in such Italian Guarantor or any direct or indirect controlling entity of such Italian Guarantor (or the refinancing of any indebtedness incurred for that purpose) or to any obligations incurred by any other guarantor under any guarantee given by such other guarantor for the same purposes.

The proceeds of the enforcement of said guarantees will be distributed amongst the guaranteed creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement.

The Collateral will be created and perfected in favor of the Security Agent acting also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, Paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), security interests and guarantees can be validly created in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, Paragraph 3, of the Italian Civil Code also in the name and on behalf the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not themselves party to the Indenture, there is a risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, Paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of Paragraph 3 of Article 2414-*bis*, Paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is only granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain Considerations in Relation to Security Interests

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan. Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries under the relevant intercompany loans, if any. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees granted by such Italian subsidiaries may be impaired or restricted.

European Union

The Issuer and the Company and Holdco, which is a third party security provider with respect to the Notes and the Revolving Credit Facility Agreement are incorporated under the laws of EU Member States.

The EC Regulation 2015/848 of the European Parliament and of the Council of May 20, 2015, on Insolvency Proceedings (the "EC Regulation") entered into force on June 26, 2017, and is applicable to insolvency proceedings opened on or after that date replacing EC Regulation No. 1346/2000 on insolvency proceedings (which continue to apply to insolvency proceedings opened prior to June 26, 2017). The EC Regulation is effective in all EU Member States other than Denmark. Pursuant to the EC Regulation, the courts of an EU Member State (other than Denmark) will have jurisdiction to open main insolvency proceedings if the company concerned has its COMI in that EU Member State. The determination of where a company has its COMI is a question of fact and is made at the time of the filing of the insolvency application. There is a rebuttable presumption under Article 3(1) of the EC Regulation that a company has its COMI in the EU Member State within which it has its registered office in the absence of proof to the contrary (that presumption shall only apply if the registered office has not been moved to another EU Member State within the three-month period prior to the request for the opening of insolvency proceedings). However, the EC Regulation also states in its preamble at Recital 30 that the COMI of a company should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third-parties. Courts have taken into consideration a number of factors in determining the COMI of a company, including in particular, where board meetings are held and the location where the company conducts the majority of its business or has its head office.

The question of where a company's COMI is located must be determined at the time that the relevant insolvency proceedings are opened. If main insolvency proceedings are validly opened in one EU Member State, they will be recognized and have effect in all other EU Member States (other than Denmark) pursuant to the EC Regulation. If the company is found to have its COMI in a place other than the relevant EU Member State (other than Denmark), the courts of that EU Member State will only have jurisdiction to open secondary insolvency proceedings in that EU Member State and only then provided that the company concerned has an "establishment" (within the meaning and as defined in Article 2(10) of the EC Regulation) in that EU Member State. An "establishment" is defined as "any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." Accordingly, the opening of secondary insolvency proceedings in another EU Member State will also be possible if the debtor had an establishment in such EU Member State in the three month period prior to the request for commencement of main insolvency proceedings.

The effects of such secondary insolvency proceedings will be restricted to the assets of the company located in that EU Member State and the main insolvency proceedings will be opened in the EU Member State (other than Denmark) in which the company is found to have its COMI. Where main proceedings in the EU Member State in which the debtor has its COMI have not yet been commenced, territorial insolvency proceedings may only be commenced in another EU Member State where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the EU Member State in which the debtor's COMI is situated under the conditions laid down by that EU Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (x) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the EU Member State where the opening of territorial proceedings is requested, or (y) a public authority which, under the law of the EU Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all EU Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other EU Member States so long as no secondary proceedings have been commenced there. The insolvency administrator appointed by a court in a EU Member State which has jurisdiction to commence main proceedings (because the debtor's COMI is there) may exercise the powers conferred on it by the laws of that EU Member State in another EU Member State (such as to remove assets of the debtor from that other EU Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other EU Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other EU Member State where the debtor has assets. The EC Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of the same group of companies.

In addition, the concept of "group proceedings" has been introduced in the EC Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies. Under Article 61 of the EC Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

It remains to be seen what impact the vote by the United Kingdom to leave the European Union will have on the regulatory environment in the European Union and the United Kingdom, and on the applicability of European Union law in the United Kingdom.

United Kingdom

Any insolvency proceedings by or against Holdco would likely be based on English insolvency laws. However, pursuant to the Recast Insolvency Regulation on Insolvency Proceedings, where a company incorporated under English law has its COMI in a member state of the European Union other than England and Wales, then the main insolvency proceedings for that company may be opened in the member state in which its COMI is located and be subject to the laws of that member state. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. As mentioned above, there is a rebuttable presumption that a company has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary, although Article 3(1) of the EU Insolvency Regulation also states that the COMI of a "debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties."

Similarly, the UK Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e., non-English) court may have jurisdiction where any English company has its COMI in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services). To the extent that the UK Cross-Border Insolvency Regulations 2006 conflict with an obligation of the United Kingdom under the EU Insolvency Regulation, the requirements of the EU Insolvency Regulation will prevail.

English insolvency law is different to, and may not be as favorable to investors as, the laws of the United States and other jurisdictions with which investors may be familiar and, in the event that Holdco experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Given Holdco's importance to the Reorganization process, its entry into formal insolvency proceedings prior to completion of the Reorganization is likely to have a significant impact on the Reorganization and may prevent the completion of the Reorganization.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a "qualifying floating charge" making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

The United Kingdom Insolvency Act 1986 (the "Insolvency Act") has no test for or definition of insolvency per se, but relies on the concept of a company being "unable to pay its debts" as the keystone for many of its provisions. Pursuant to section 123 of the Insolvency Act, a company is deemed unable to pay its debts in certain circumstances, including, among others, the following: (i) if a creditor to whom the company is indebted in a sum exceeding £750 then due has served a statutory demand on the company requiring the company to pay the sum so due and the company has for three weeks thereafter failed to pay, secure or compound the sum; (ii) if it is proved to the satisfaction of the court that the company is unable to pay its debts as they fall due; or (iii) if it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

The obligations under the Notes are secured by security interests over the Collateral granted by Holdco, a company incorporated in England and Wales, and therefore English insolvency laws and other limitations could limit the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law, which could apply to Holdco. The application of these laws could adversely affect the Reorganization, including the delay and possible inability to complete the Reorganization. The application of these laws could also adversely affect investors and their ability to enforce their rights in respect of the Collateral securing the Notes provided by Holdco and therefore may limit the amounts that investors may receive in an insolvency of Holdco.

Administration, Administrative Receivership and Floating Charges

The Insolvency Act empowers English courts to make an administration order in respect of an English company or a company with its COMI in England in certain circumstances. Without limitation and subject to specific conditions, an administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. Without limitation and subject to specific conditions, an administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge where the floating charge has become enforceable, and different procedures apply according to the identity of the appointor. The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than if the company went into an immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "Priority of claims" below).

During the administration, there is a statutory moratorium and in general, no proceedings or other legal process (including legal proceedings, execution, distress and diligence) may be commenced or continued against the debtor or property of the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if any of the Issuer, any guarantors or the providers of Collateral were to enter into an English administration, the Notes, the guarantees and the Collateral, as applicable, could not be enforced while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge).

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realize their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, a charge over cash at bank or financial instruments, such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended). If Holdco were to enter administration, it is possible that, to the extent such security is not a financial collateral arrangement, the security granted by it would not be able to be enforced while it is in administration without leave of the court or consent of the administrators (although a demand for payment could be made under a guarantee granted by it). Any outstanding steps in the Reorganization may also be delayed or unable to complete while it is in administration. In addition, other than in limited circumstances, a secured creditor will not be entitled to appoint an administrative receiver (although it may be entitled to appoint an administrator).

In order to empower a secured creditor (or its agent) to appoint an administrative receiver or an administrator to the company out of court, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. The secured creditor will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of Holdco and at least one such security interest is a qualifying floating charge. Whether the assets that

are subject to the floating charges and other security will constitute substantially the whole of the relevant English company's assets at the time that the floating charges are enforced will be a question of fact at that time.

The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant company under the arrangement and the arrangement involves the issue of a "capital market investment" (which is defined in the Insolvency Act, and includes rated, listed or traded debt instruments, and debt instruments designed to be rated, listed or traded).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure), and the court will only make an administration order if (i) the person who appointed the administrative receiver consents; or (ii) the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue or preference or an invalid floating charge. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator.

Prescribed Part

An administrator, receiver (including administrative receiver) or liquidator of the company will generally be required to ring fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations) (the "Prescribed Part"). Under current law, this applies to 50 per cent of the first £10,000 of floating charge realizations and 20 per cent of the remainder over £10,000, with a maximum aggregate cap of £600,000. The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Liquidation/Winding-Up

Liquidation is a company dissolution procedure under which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act (see "Priority of claims" below). At the end of the liquidation process the company will normally be dissolved. There are two forms of winding-up: (a) compulsory liquidation, by order of the court; and (b) voluntary liquidation, by resolution of the company's members. The primary ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act). A creditor's voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, but once in place is subject to some degree of control by the creditors.

In the case of a liquidation commenced by way of a court order, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected).

In proceedings where the company or its directors have resolved to place the company into liquidation, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay but the liquidator (or any creditor or any contributory of the company) can apply to the court for an order that no proceedings or other actions may be commenced or continued against the company. This is important because it means secured creditors for example can go ahead and enforce their security.

Under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company which may be regarded as detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous, or because the company could have made, or could make, a better bargain. This power cannot be used to disturb accrued rights and liabilities.

A liquidator has the power: to bring or defend legal proceedings on behalf of the company; to carry on the business of the company as far as it is necessary for its beneficial winding up; to sell the company's property and execute documents in the name of the company; and to challenge antecedent transactions.

Priority of Claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute realizations made from those assets to its creditors. Under the Insolvency Act and the Insolvency Rules 1986, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (please see "*—Prescribed part*" above), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

First ranking claims: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent of the realizations from those secured assets or with respect to the value of the asset in which they have a proprietary interest;

Second ranking claims: expenses of the insolvent estate incurred during the relevant insolvency proceedings (there are statutory provisions setting out the order of priority in which expenses are paid);

Third ranking claims: preferential creditors. Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to:

(i) contributions to occupational and state pension schemes;

(ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person;

(iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and

(iv) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("FSCS") up to the statutory limit.

As between one another, ordinary preferential debts rank equally. Secondary preferential debts include bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit, and rank for payment after the discharge of the ordinary preferential debts;

Fourth ranking claims: holders of floating charge security to the extent of the realizations from those secured assets, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part must, subject to certain exceptions, be set aside for distribution to unsecured creditors (see "*—Prescribed part*");

Fifth Ranking Claims:

(i) firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay a shortfall, the officeholder can only use realization from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part in respect of a shortfall unless the Prescribed Part is sufficient to pay out all unsecured creditors in full;

(ii) secondly, interest on the company's debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing

administration. However, in the case of interest accruing on amounts due under the Notes or any guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and

(iii) thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid; and

Sixth ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subordinated creditors will be ranked according to the terms of the subordination.

Challenges to Transactions

There are circumstances under English insolvency law in which the making by Holdco of certain transactions, including the granting of any security and/or guarantees, can be challenged. Any such challenge may adversely affect the Reorganization and may delay or prevent its completion. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period after the granting of the guarantee and/or security. Therefore, if during the specified period an administrator or liquidator is appointed to Holdco, the administrator or liquidator may challenge the validity of certain transactions, including the security and/or guarantee given by such company. The Issuer cannot be certain that, in the event that the onset of Holdco's insolvency (as described further below) is within any of the requisite time periods set out below, certain transactions, including the potential grant of any security interest and/or guarantee, by Holdco would not be challenged or that a court would uphold the transaction as valid.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as described below), depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as the initial administration.

Connected Persons

A connected person for the purposes of transactions at an undervalue, preferences and invalid floating charges (as described below), is a party who is (i) a director, (ii) a shadow director, (iii) an associate of such director or shadow director, or an associate, of the relevant company granting a security interest or guarantee. A party is associated with an individual if they are (i) a relative of the individual, (ii) the individual's husband, wife or civil partner, (iii) the husband, wife or civil partner of a relative of the individual or (iv) a relative of the individual's husband, wife or civil partner. A party is associated with a company if employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

The following potential grounds for challenge may apply to certain transactions, including any security interest or guarantee granted by Holdco, without limitation:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of Holdco could apply to the court for an order to set aside the creation of any security interest or guarantee (or grant other relief) if such liquidator or administrator believes that the creation of any such security interest constituted a transaction at an undervalue. It will only be a transaction at an undervalue if, at the time of the transaction or as a result of the transaction, the

English company is unable to pay its debts or becomes unable to pay its debts (as that term is defined in Section 123 of the Insolvency Act). The transaction can be challenged if the onset of Holdco's insolvency is within a period of two years from the date Holdco grants any such security interest or guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. A court, however, will generally not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the company to the position that it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that Holdco was unable to pay its debts unless a beneficiary of the transaction was a connected person (as described above), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of Holdco in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of Holdco could apply to the court for an order to set aside the creation of any security interest or guarantee (or grant other relief) if such liquidator or administrator believes that the creation of such security interest over the Collateral or such guarantee constituted a preference. It will only be a preference if, at the time of the transaction or as a result of the transaction, Holdco is unable to pay its debts or becomes unable to pay its debts (as that term is defined in Section 123 of the Insolvency Act). The transaction can be challenged if the onset of Holdco's insolvency is within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date Holdco grants any security interest or the guarantee. A transaction may constitute a preference if it has the effect of putting a creditor of Holdco (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of such company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the company to the position it would have been in if the preference had not been entered into. For the court to determine a preference, however, it must be shown that Holdco was influenced by a desire to produce the preferential effect. In any proceeding, it is for the administrator or liquidator to demonstrate that Holdco was unable to pay its debts at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceeding that there was no such influence.

An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not he is the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when he was a creditor of the company.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim that that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator, any person who claims to be a "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) and subject to certain conditions, the UK Financial Conduct Authority and the UK Pensions Regulator. Subject to the normal statutory limitation periods, there is no specified time limit for challenges in the insolvency legislation within which the challenge must be made (unlike in the case of transactions at an undervalue or preferences) and the relevant company does not need to be unable to pay its debts at the time of, or as a result of, the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances

and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English company up to three years before the day on which the English company entered into administration or liquidation. A transaction is “extortionate” if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Avoidance of Floating Charges

Under English insolvency law, if an English company is insolvent at the time of (or as a result of) granting a floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, Holdco at the same time as or after the creation of the floating charge (plus certain interest) (the “Consideration”). The requirement for Holdco to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. An administrator or liquidator (as applicable) does not need to apply to court for an order declaring that a floating charge is invalid by operation of law. Any floating charge created during the relevant time period is automatically invalid, except to the extent of the value of the Consideration, whether Holdco is solvent or insolvent at the time of grant. The transaction can be challenged if the onset of Holdco’s insolvency is within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date it grants the floating charge.

If the floating charge qualifies as a “security financial collateral arrangement” under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) then the floating charge will not be subject to challenge as described in the paragraph above.

Limitation on Enforcement

The grant of any guarantee or security by Holdco in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the company’s memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor’s rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each the company in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Security Over Shares

Security over shares granted by an English company or over shares of the English company are, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Security Over Bank Accounts

With respect to any security over bank accounts (each an “Account Charge”) granted by an English company, the banks with which some of those accounts are held (each an “Account Bank”) may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank’s rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once

the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English company) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Foreign Currency

Under English insolvency law where creditors are asked to submit formal proofs of claim for their debts, any debt of a company payable in a currency other than pounds sterling must be converted into pounds sterling at a single rate for each currency determined by the office holder by reference to the exchange rates prevailing at the relevant date. If a creditor considers the rate determined by the office holder is unreasonable, it may be apply to the court. If, on hearing the application, the court finds that the rate is unreasonable, it may itself determine the rate.

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (a) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over the relevant assets provided that the floating charge has not crystallized at the time the fixed charge is granted; (c) general costs and expenses (including the remuneration of the insolvency officeholders) properly incurred in a winding-up or administration (subject to certain restrictions for the costs of litigation) are payable out of the assets of the charging company (including assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law; (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring fenced amount of the proceeds; and (g) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court but the floating charge holder retains the same priority in respect of the proceeds from disposal of the assets subject to the floating charge.

Under English law there is a possibility that a court could recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Scheme of Arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English company may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign guarantor which is liable to be wound up under the Insolvency Act and has a "sufficient connection" to England and Wales could also pursue a scheme. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such

creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favor of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of any of the Notes and/or the Parent Guarantee offered hereby.

The Notes and the Parent Guarantee (together, the "Securities") have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons unless the Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act and the securities laws of any applicable jurisdiction is available. Accordingly, the Securities are being offered and sold only (i) to qualified institutional buyers (as defined in Rule 144A, "QIBs") in reliance on Rule 144A and (ii) outside the United States to non-U.S. persons in an offshore transaction (in each case, as defined in Regulation S) in reliance on Regulation S.

We have not registered and will not register the Securities under the Securities Act and, therefore, the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Securities to the Initial Purchasers for re-offer and resale only:

- in the United States to QIBs in compliance with Rule 144A; and
- outside the United States to non-U.S. persons in an offshore transaction in accordance with Regulation S.

We use the terms "U.S. person," "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the Securities hereunder (other than each of the Initial Purchasers) will be deemed to have acknowledged, represented, warranted and agreed with us and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) it understands and acknowledges that (i) the Securities have not been registered under the Securities Act or any other applicable securities laws and that the Securities are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act and (ii) the Securities may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption therefrom and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below;

(2) it is either (a) a QIB and is aware that any sale of these Securities to it will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for its own account or for the account of another QIB, or (b) it is a non-U.S. person and it is purchasing the Securities outside the United States in an offshore transaction in accordance with Regulation S;

(3) it acknowledges that none of the Issuer, the Company, the Initial Purchasers, or any person representing any of the foregoing, has made any representation to it with respect to us or the offer or sale of any Securities, other than the information contained in or incorporated by reference in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Securities. It has had access to such financial and other information concerning us and the Securities as it has deemed necessary in connection with its decision to purchase any of the Securities, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum or the information incorporated by reference herein;

(4) it is purchasing the Securities for its own account, or for an account with respect to which it exercises sole investment discretion and for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor

account or accounts be at all times within its or their control and subject to its or their ability to resell such Securities to a QIB pursuant to Rule 144A or to non-U.S. persons in offshore transactions pursuant to Regulation S;

(5) it understands and agrees on its own behalf and on behalf of any investor account for which it is purchasing the Securities, and each subsequent holder of the Securities by its acceptance thereof will be deemed to agree, that if in the future it decides to resell, pledge or otherwise transfer any Securities or any beneficial interests in any Securities, it will do so prior to the date which is, in the case of Securities offered to QIBs, one year after the later of the original issue date of such Securities, the original issue date of the issuance of any additional securities and the last date on which the issuer or any affiliate of the issuer was the owner of such Security (or any predecessor of such Security) and, in the case of Securities offered to non-U.S. persons in accordance with Regulation S, 40 days after the later of the original issue date of such Security and the date on which such Security (or any predecessor of such Security) was first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S only (a) to the Issuers, the Company or any subsidiary thereof, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) for so long as such Security is eligible for resale pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States in offshore transactions in compliance with Regulation S under the Securities Act or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the issuer's right prior to any such offer, sale or transfer pursuant to clause (e) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to it, including a certificate of transfer in the form appearing on the reverse of such Security;

(6) it understands that the Securities will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS SECURITY (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) ("QIB") OR (B) IT IS A NON U.S. PERSON ACQUIRING THIS SECURITY OUTSIDE THE UNITED STATES IN AN "OFFSHORE TRANSACTION" (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST IN THIS SECURITY, PRIOR TO THE DATE WHICH IS [IN THE CASE OF SECURITIES SOLD TO QIBs: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF SUCH SECURITIES, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL SECURITIES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [IN THE CASE OF SECURITIES SOLD TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF THIS SECURITY AND THE DATE ON WHICH SUCH SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S] ONLY (A) TO THE ISSUERS, THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS SECURITY IS

ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT, INCLUDING A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS SECURITY; AND (3) AGREES THAT IT WILL TRANSFER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Securities, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Securities as well as to holders of these Securities;

(7) it agrees that it will give to each person to whom it transfers the Securities notice of any restrictions on the transfer of such Securities;

(8) it acknowledges that the Registrar will not be required to accept for registration or transfer any Securities acquired by it except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with;

(9) it acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Securities are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Securities as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account; and

(10) it understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Securities or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Securities in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Securities will be subject to the selling restrictions set forth under "*Transfer Restrictions*" and "*Plan of Distribution.*"

PLAN OF DISTRIBUTION

The Issuer intends to offer the Notes through the Initial Purchasers. Merrill Lynch International, Goldman Sachs International, UBS Limited, Banca IMI S.p.A., Banca Akros S.p.A.—Gruppo Banco BPM, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Mediobanca—Banca di Credito Finanziaria S.p.A., MPS Capital Services Banca per le Imprese S.p.A., VBI Banca S.p.A., and UniCredit Bank AG are the Initial Purchasers.

Subject to the terms and conditions contained in the purchase agreement between the Issuer and the Initial Purchasers dated on or about the date of this offering memorandum, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes. The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. The purchase agreement provides that the Initial Purchasers are obligated, severally and not jointly, to purchase all of the Notes if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the purchase agreement provides that the purchase commitments of the other Initial Purchasers may be increased, or in some cases, the Offering may be terminated.

The purchase agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers have advised us that they propose to offer the Notes initially at the offering price listed on the cover page of this offering memorandum. After the initial Offering, the Initial Purchasers may change the offering price and any other selling terms of the Notes at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates, including in respect of sales into the United States. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. The Initial Purchasers may offer and sell the Notes through certain of their affiliates or through registered broker dealers.

To the extent that any Initial Purchaser that is not a U.S. registered broker dealer intends to effect any sales of Notes in the United States, it will do so through one or more U.S. registered broker dealer affiliates as permitted by guidelines promulgated by the Financial Industry Regulatory Authority.

Banca Akros S.p.A.—Gruppo Banco BPM is a non-U.S. bank or dealer that is not registered as a broker-dealer under Section 15 of the Securities Act, and therefore agrees that, while acting as an Initial Purchaser in respect of the Securities and in any event during the term of the Purchase Agreement, it will not, directly or indirectly, make use of any U.S. mails or any means or instrumentality of interstate commerce to effect transactions in, or induce or attempt to induce the purchase or sale of, any securities except for transactions in compliance with Rule 15a -6 under the Securities Act or as otherwise permitted by Section 15 of the Securities Act and the rules and regulations thereunder.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with this Offering and to reimburse them for certain out-of-pocket expenses. The Issuer has also agreed to indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the purchase agreement, any debt securities of, or guaranteed by, the Issuer or the Company that are substantially similar to the Notes during the period from the date of the purchase agreement through and including the date falling 45 days after the closing of the Offering without the prior written consent of Merrill Lynch International.

Each purchaser of the Notes offered by this offering memorandum, in making its purchase, will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to Investors*" and "*Transfer Restrictions*."

General

New Issue of Notes

The Notes are a new issue of securities with no established trading market. Application has been made to Luxembourg Stock Exchange (the "Exchange") for the listing of the Notes on the Official List of the Exchange and permission to deal in the Notes on the Euro MTF market of the Exchange. There can be no assurance that the listing of the Notes will be maintained.

The Initial Purchasers have advised us that they presently intend to make a market in the Notes after completion of this Offering. However, the Initial Purchasers are under no obligation to do so and may discontinue any market-making activities at any time without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you, if at all.

Price Stabilization and Short Positions

In connection with this Offering, the Stabilizing Manager (or persons acting on its behalf) may purchase and sell Notes in the open market. These transactions may include over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions. These transactions may be effected in the over-the-counter market or otherwise.

These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the prices that otherwise might exist in the open market. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on the Stabilizing Manager to engage in such transactions and neither we nor the Initial Purchasers make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

Initial Settlement

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the tenth business day following the date of pricing of the Notes (this settlement cycle is being referred to as "T+10"). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next seven succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+10, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing should consult their own adviser.

Other Relationships

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to Mercury Bondco, the Sponsors' Holdcos, Holdco, the Company or the Issuer and their respective subsidiaries and affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In addition, in the ordinary course of their

business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Mercury Bondco (including the Existing Debt), the Sponsors' Holdcos, the Company and the Issuer (including the Notes and the Private Notes) their respective subsidiaries and affiliates. The Initial Purchasers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. The Initial Purchasers and/or their respective affiliates may, in the future, act as hedge counterparties to Mercury Bondco, the Sponsors' Holdcos, Holdco, the Company or the Issuer and their respective subsidiaries and affiliates consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to customers that they acquire, long and/or short positions in such securities and instruments.

Each of the Initial Purchasers (or their respective affiliates), is a lender under the Revolving Credit Facility, in connection with which they will each receive customary fees and commissions for these roles. The Initial Purchasers (or their respective affiliates) have received, and expect to receive, customary fees and commissions for these transactions.

Certain of the Initial Purchasers (or their respective affiliates) will be investors in the Private Notes. Certain of the Initial Purchasers (or their respective affiliates) are lenders under the Existing Revolving Credit Facility and/or may hold Existing Notes. We intend to use certain of the net proceeds from the offering to repay obligations under the Existing Revolving Credit Facility and to redeem and cancel the Existing Notes. To the extent that any of the Initial Purchasers (or their respective affiliates) are lenders under the Existing Revolving Credit Facility or holders of the Existing Notes, they will receive a portion of the net proceeds of the offering.

Certain of the Initial Purchasers (or their respective affiliates) are lenders under one or more bilateral facility agreements and receive customary fees for their services in such capacity.

In addition, Next Payments expects to enter into a factoring facilities agreement with UCF, an affiliate of UniCredit S.p.A. on or about the Completion Date of the Reorganization and for which UCF will receive customary fees and/or commissions.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer of the Notes is incorporated under the laws of Italy. The Company, which will provide the Parent Guarantee in respect of the Notes, is incorporated under the laws of Italy. The security documents relating to the Collateral for the Notes will be governed by the laws of Italy. The Indenture (including the Parent Guarantee) and the Notes will be governed by New York law. All of the directors and executive officers of the Company and the Issuer are non-residents of the United States. Since substantially all of the assets of the Company and the Issuer, and their respective directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Company, the Issuer or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Company and the Issuer will each appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. It may be possible for investors to effect service of process within other jurisdictions upon the Company, the Issuer or such other persons provided that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965, is complied with.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Company or the Collateral is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Italy

The Notes offered hereby are governed by New York law. However, the authorization to issue the Notes by the Issuer and the Company's authorization to issue the Parent Guarantee are governed by Italian law.

Recognition and enforcement in Italy of final judgments rendered by U.S. courts, including judgements obtained in actions predicated upon the civil liability provisions of the U.S. federal or state securities laws, may not require retrial and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*) the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of default by the defendant, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy (*ordine pubblico*).

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding shall be initiated before the competent Court of Appeal in the Republic of Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above.

In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. If an original action is brought before an Italian court, the Italian

court may apply not only Italian rules of civil procedure, but also Italian substantive law (based on the applicable conflict-of-laws provisions) and/or certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply the U.S. law provisions or grant some of the remedies sought (e.g., punitive damages) if their application violates Italian public policy and/or any mandatory provisions of Italian law.

England and Wales

Holdco, which will be a third party security provider in respect of the Notes, is incorporated in England and Wales. The United States and England and Wales currently do not have a treaty between them providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, fresh proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to a full trial. Recognition and enforcement of a U.S. judgment by an English court in such an action may be conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law (in other words, it does not matter that the U.S. court had jurisdiction according to its own law, but instead whether it had jurisdiction according to the rules of English private international law);
- the U.S. judgment not having been given in breach of a jurisdiction or arbitration clause;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy, the European Convention on Human Rights or the Human Rights Act 1998 (or any subordinate legislation made thereunder, to the extent applicable);
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involving the enforcement of a non-English penal or revenue law;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;
- there not having been a prior inconsistent, determinative or conflicting judgment of an English or other non-U.S. court in respect of the same matter involving the same parties and/or prior inconsistent judgment given in a Hague Convention member state or an EU Member State which the English Court must recognize and enforce under the Hague Convention Choice of Court Agreements of June 30, 2005 and/or Council Regulation (EC) 1215/2012 and/or the Lugano Conventions of 1988 and 2007;
- the U.S. judgment not having been wholly satisfied or not being enforceable by execution in the U.S.;
- the party seeking enforcement providing security for costs, if ordered to do so by the English court; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce judgments in England and Wales in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England and Wales, instead of the United States, in an original action predicated solely upon U.S. federal securities laws. Further, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any setoff or counterclaim against the judgment creditor. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal, New York State and English law, Pirola Pennuto Zei & Associati, as to matters of Italian tax law, Studio Carbonetti as to matters of Italian regulation and Lombardi Segni e Associati as to matters of Italian law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal, New York State and English law, Latham & Watkins LLP, as to matters of Italian law, Ludovici Piccone & Partners as to matters of Italian tax law and AC Firm as to matters of Italian regulation.

INDEPENDENT AUDITORS

The special purpose carve-out financial statements of the Nexi Payments Business as of December 31, 2017, 2016, and 2015 and for the each of the years in the three-year period ended December 31, 2017, included in this offering memorandum have been audited by KPMG S.p.A. independent accountants, as stated in its reports appearing herein. The audit report covering the December 31, 2015, 2016 and 2017 special purpose carve-out financial statements contains an emphasis of matter paragraph drawing attention to the "Basis of preparation" section of the special purpose carve-out financial statements which describes the basis of accounting, and indicates that the special purpose carve-out financial statements are prepared for the purpose of inclusion in this offering memorandum, and may not be suitable for another purpose.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

While any of the Notes remain outstanding and are "restricted securities" within the meaning of the Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3 2(b) of the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

Pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application has been made to the Luxembourg Stock Exchange for trading on the Euro MTF. There can be no assurance that the listing of the Notes will be maintained.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected in physical or electronic form and obtained free of charge at the specified office of the Issuer during normal business hours on any weekday:

- the organizational documents of the Issuer and the Company;
- our most recent audited consolidated financial statements, and any interim quarterly financial statements published by us;
- this offering memorandum; and
- the Indenture (which includes the form of the Notes).

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream. The common codes and international securities identification numbers (the "ISIN Number") for the Notes are set forth below:

	Common Code	ISIN Number
Rule 144A Global Note		
Fixed Rate Notes	181964537	XS1819645372
Floating Rate Notes	181964561	XS1819645612
Regulation S Global Note		
Fixed Rate Notes	181964812	XS1819648129
Floating Rate Notes	181964545	XS1819645455

Periodic Reporting Under the Exchange Act

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. The Issuer could become subject to periodic reporting requirements of the Exchange after the Completion Date.

The Issuer

The Issuer, Nexi Capital S.p.A., is a *società per azioni* incorporated under the laws of Italy on April 17, 2018. The Issuer is registered under number 10318070967 with the Companies Register of Milan (*Registro delle Imprese di Milano*) and has its registered office at Corso Sempione 55, Milan, 20149, Italy. The Issuer has an authorized and issued share capital of €50,000 divided into 500 fully paid shares with no par value. The Issuer's immediate shareholder is the Company which is indirectly owned by the Sponsors.

The Company

Latino Italy S.p.A., was incorporated in Italy as Latino Italy S.r.l. on April 26, 2016 and converted to a *società per azioni* on April 24, 2018. The Company is registered under number 09489670969 with the Companies Register of Milan (*Registro delle Imprese di Milano*) and has its registered office at Via Vittor Pisani, 20, 20124, Milan. The Company has an authorized and issued share capital of € 50,000,000 divided into 5,500,000,000 fully paid shares with no par value. The Company's immediate shareholder is Holdco who is indirectly owned by the Sponsor.

Resolutions, Authorizations and Approvals by Virtue of which the Notes have been Issued

The Issuer and the Company have obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The issuance of the Notes was approved by resolutions of the board of directors of the Issuer on April 23 and May 4, 2018.

Material Adverse Change in the Issuer's Financial Position

Except as disclosed elsewhere in this offering memorandum, there has been no significant change in the consolidated financial or trading position of the Issuer, since the date of its incorporation, and of the Nexi Payments Business since December 31, 2017. There has been no material adverse change in the prospects of the Issuer, since the date of its incorporation, and of the Nexi Payments Business since December 31, 2017.

Litigation

Except as disclosed elsewhere in this offering memorandum, neither we nor the Company is involved, or has been involved during the twelve months preceding the date of this offering memorandum, in any legal, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a significant effect on our financial position or profitability and, so far as each is aware, having made all reasonable inquiries, there are no such legal, arbitration or administrative proceedings pending or threatened.

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Special Purpose Carve-out Financial Statements of Nexi Payments Business For the Years Ended 31 December 2017, 2016 and 2015

[GRAPHIC]

KPMG S.p.A.
Revisione e organizzazione contabile
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20124 MILANO MI
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Independent Auditors' Report

To the Board of Directors of
Latino Italy S.r.l.

Opinion

We have audited the special purpose carve-out financial statements of Nexi Payments Business ("the Perimeter"), which comprise:

– the special purpose carve-out statement of financial position as at 31 December 2015, 31 December 2016 and 31 December 2017,

– the special purpose carve-out statement of profit or loss and other comprehensive income for the years then ended,

– the special purpose carve-out statements of changes in net investments and cash flows for the years then ended, and

– Notes to the special purpose carve-out financial statements, comprising significant accounting policies and other explanatory information

("Special Purpose Carve-out Financial Statements").

In our opinion, the accompanying special purpose financial statements are prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Special Purpose Carve-Out Financial Statements* section of our report. We are independent of the Perimeter in accordance with the ethical requirements that are relevant to our audit of the financial statements in Italy, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[GRAPHIC]

Emphasis of Matter—Basis of Accounting and Restriction on Use

We draw attention to the section "Basis of preparation" within Note 1 of the special purpose carve-out Financial Statements, which describes the basis of preparation. The special purpose carve-out Financial Statements are prepared for the purpose of including it in an offering of senior secured notes by Nexi Capital S.p.A.. As a result, the special purpose carve-out Financial Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the special purpose carve-out Financial Statements

Management of Latino Italy S.r.l. (the "Reporting Entity") is responsible for the preparation of the special purpose carve-out Financial Statements that give a true and fair view in accordance with:

– International Financial Reporting Standards;

– the basis of accounting described in the section "Basis of preparation" of the special purpose carve-out Financial Statements;

– and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose carve-out Financial Statements, management is responsible for assessing the Perimeter's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Perimeter or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Perimeter's financial reporting process.

Auditors' Responsibilities for the Audit of the special purpose carve-out Financial Statements

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

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

– Identify and assess the risks of material misstatement of the special purpose carve-out Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Perimeter's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Perimeter's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose carve-out Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Perimeter to cease to continue as a going concern.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Entity to express an opinion on the special purpose carve-out financial statements.

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

Milan, 23 April 2018
KPMG S.p.A.

[GRAPHIC]

Roberto Fabbri
Director of Audit

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Board of Directors

Luca Bassi

Francesco Casiraghi

Simone Cucchetti

Auditors

KPMG S.p.A.
Via Vittor Pisani, 25
20124 Milano

GLOSSARY AND CERTAIN DEFINITIONS

Unless expressly defined otherwise, all capitalised terms used in this special purpose Carve-out financial statements have the meaning assigned to these terms in the section.

Term	Definition
"ACE"	Aiuto alla Crescita Economica
"Advent"	Advent International Corporation and its affiliates
"Bain Capital"	Bain Capital Investors and its affiliates
Bassilichi S.p.A.	Bassilichi S.p.A. and its subsidiaries
"Bondco"	Mercury Bondco Plc
"CartaSi"	CartaSi S.p.A. (now Nexi Payments S.p.A.)
"Clessidra SGR"	Clessidra SGR S.p.A. on behalf of the fund Clessidra Capital Partners 3
"DB"	Deutsche Bank's business acquired during 2017
"Help Line"	Help Line S.p.A.
"ICBPI"	Nexi S.p.A. (formerly, Istituto Centrale delle Banche Popolari Italiane S.p.A., also the "Predecessor")
"ICBPI Group"	Collectively, ICBPI S.p.A., CartaSi S.p.A., Oasi-Diagram S.p.A. and Help Line S.p.A.
"Latino"	Latino Italy S.r.l.
"Nexi Payments Business Special Purpose Carve-out"	Collectively Latino, Nexi Payments, Oasi, Help Line, Mercury Payments, Nexi Compendium
"Mercury Italy"	Mercury Italy S.r.l.
"Mercury Payments"	Mercury Payment Services S.p.A. (formerly Setefi Services S.p.A.)
"Mercury UK"	Mercury UK HoldCo Limited (also the "Successor")
"MPS"	Monte dei Paschi di Siena's business acquired during 2017
"Nexi Compendium"	Collectively, group of assets, liabilities, revenues and costs related to Nexi non-regulated payments, corporate centre and IMEL to be contributed in Nexi Payments for Reorganization completion
"Nexy Payments S.p.A."	Nexi Payments S.p.A. (formerly Cartasì S.p.A.)
"Oasi"	Oasi-Diagram S.p.A.
"Reorganization"	Separation of the technological and digital payment activities from those that require a specific banking license
"Sponsors"	Collectively, Advent, Bain Capital and Clessidra SGR

NEXI PAYMENTS BUSINESS

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

AUDITED NEXI PAYMENTS BUSINESS SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

SPECIAL PURPOSE CARVE-OUT STATEMENT OF FINANCIAL POSITION

€000	Note	Year ending, 31 December 2017	Year ending, 31 December 2016	Year ending, 31 December 2015
Assets				
Cash and cash equivalents	3	134,425	8,426	23
Financial assets designated at fair value through profit and loss	4	154	136	—
Available for sale financial assets	5	83,257	47,596	218,304
Loans and receivables with banks	6	345,961	336,427	122,628
Net loans and receivables with customers	7	2,779,366	2,548,332	2,350,791
Property, equipment	8	157,217	110,038	81,820
Investment property	9	6,206	6,495	6,784
Intangible assets	10	2,650,495	1,822,217	979,451
—including goodwill		*2,227,404*	*1,772,973*	*962,295*
Tax assets	11	54,244	46,141	24,207
—current		*28,066*	*23,162*	*1,694*
—deferred		*26,178*	*22,979*	*22,513*
Other assets	12	361,570	281,627	268,408
Total assets		**6,572,895**	**5,207,436**	**4,052,416**
Liabilities and net investments				
Due to banks	13	2,492,556	1,859,678	1,967,172
Due to customers	14	63,433	45,792	28,333
Financial liabilities held for trading	15	7,122	—	—
Hedging derivatives	16	5,520	—	—
Tax liabilities	11	135,235	25,887	23,314
—current		*3,182*	*16,926*	—
—deferred		*132,053*	*8,961*	*23,314*
Other liabilities	17	795,166	540,097	477,933
Post employment benefits	18	19,573	16,202	15,280
Provisions for risks and charges	19	33,186	17,394	16,216
Total liabilities		**3,551,791**	**2,505,050**	**2,528,247**
Net investments	20	**3,021,104**	**2,702,386**	**1,524,169**
Total liabilities and net investments		**6,572,895**	**5,207,436**	**4,052,416**

The accompanying notes are an integral part of these special purpose Carve-out financial statements.

NEXI PAYMENTS BUSINESS

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

SPECIAL PURPOSE CARVE-OUT STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€000	Note	Year ending, 31 December 2017	Year ending, 31 December 2016	Year ending, 31 December 2015[1]	
				Successor	Predecessor
Net fee and commission income	22	864,867	546,759	(2)	520,344
Net interest income	23	(15,592)	(7,452)	(0)	(10,420)
Net trading / hedging/financial assets at fair value income and loss/gain on disposal of investment	24	(425)	(536)	—	38
Net revenues from equity investments and AFS investments	25	282	416	—	16
Net operating revenues		**849,131**	**539,187**	**(3)**	**509,978**
Payroll and related costs	27	(195,427)	(112,549)	(172)	(96,135)
Other administrative expenses	28	(444,042)	(308,475)	(7,892)	(271,112)
Administrative expenses		**(639,469)**	**(421,024)**	(8,064)	**(367,248)**
Other net operating expenses/income	29	1,096	353	188	1,759
Impairment losses and net accruals for risks and charges	30	(2,767)	(8,838)	—	(11,274)
Operating costs (before depreciation and amortisation)		**(641,140)**	**(429,509)**	**(7,875)**	**(376,762)**
Operating margin		**207,991**	**109,678**	**(7,878)**	**133,216**
Depreciation and amortisation (included Depreciation and amortisation on customer contracts)	31	(91,143)	(31,476)	—	(27,870)
Share of gains/losses of associates	32	2,307	—	—	—
Pre-tax profit		**119,154**	**78,201**	**(7,878)**	**105,346**
Income taxes	33	(41,122)	(15,261)	(2,346)	(34,205)
Net profit		**78,032**	**62,940**	**(10,225)**	**71,141**
Loss/(profit) for the period attributable to non-controlling interests	*34*	*873*	*(4,085)*		*(2,967)*
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liability		38	117	—	489
Available-for-sale financial assets—net changes in fair value	5–11	27,053	—	—	—
Total comprehensive income (loss) for the year / period		**105,123**	**63,057**	**(10,225)**	**71,630**

(1) Mercury UK Holdco's acquisition of ICBPI was completed on December 18, 2015.

The accompanying notes are an integral part of these special purpose Carve-out financial statements.

NEXI PAYMENTS BUSINESS

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

SPECIAL PURPOSE CARVE-OUT STATEMENT OF CHANGES IN NET INVESTMENTS

Special Purpose Carve-out statement of changes in net investments—31 December 2017

Year ended 31 December 2017	Balance at 1 January 2017	Reclassification of reserves	Dividends paid	Net Investment Increase / (Decrease)	2017 comprehensive income: Profit for the year	2017 comprehensive income: Other comprehensive income—Valuation reserves	2017 comprehensive income: 2017 Comprehensive income	Balance at 31 December 2017
	€000	€000	€000	€000	€000	€000	€000	€000
Net investments attributable to the owners of the Group....	2,688,270	—	(89,805)	305,147	78,032	26,750	104,782	3,008,394
Net Investments attributable to non-controlling interests	14,116	—	(875)	—	(873)	341	(532)	12,710
Total Net Investments.............	2,702,386	—	(90,680)	305,147	77,159	27,091	104,250	3,021,104

Special Purpose Carve-out statement of changes in net investments—31 December 2016

Year ended 31 December 2016	Balance at 1 January 2016	Reclassification of reserves	Dividends Paid	Acquisition of non-controlling interests without a change in control	Net Investment Increase / (Decrease)	2016 comprehensive income: Profit for the year	2016 comprehensive income: Other comprehensive income—Valuation reserves	2016 comprehensive income: 2016 Comprehensive income	Balance at 31 December 2016
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Net investments attributable to the owners of the Group.....	1,493,852	—	(69,330)	20,665	1,184,109	58,869	105	58,974	2,688,270
Net Investments attributable to non-controlling interests........................	30,317	—	(1,781)	(18,507)	—	4,087	1	4,088	14,116
Total Net Investments.........	1,524,169	—	(71,111)	2,158	1,184,109	62,956	106	63,062	2,702,386

Special Purpose Carve-out statement of changes in net investments—31 December 2015

Year ended 31 December 2015	Initial Capital Increase	Reclassification of reserves	2015 comprehensive income: Profit for the year	2015 comprehensive income: Other comprehensive income—Valuation reserves	2015 comprehensive income: 2015 Comprehensive income	Balance at 31 December 2015
	€000	€000	€000	€000	€000	€000
Net investments attributable to the owners of the Group	1,503,604	—	(10,225)	473	(9,752)	1,493,852
Net Investments attributable to non-controlling interests..	30,301	—	—	16	16	30,317
Total Net Investments	1,533,905	—	(10,225)	489	(9,736)	1,524,169

NEXI PAYMENTS BUSINESS

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

SPECIAL PURPOSE CARVE-OUT STATEMENT OF CASH FLOWS: INDIRECT METHOD

	Year ending 31 December 2017	Year ending 31 December 2016	Year ending 31 December 2015 (Successor)
	€000	€000	€000
Operating Activities			
Operations			
Profit/(loss) for the year / period	78,032	62,940	(10,225)
Net trading / hedging/financial assets at fair value income and loss/gain on disposal of investment	425	536	—
Net impairment losses and accrual for risk and charges	3,282	9,200	—
Net amortisation , depreciation and impairment losses on property, plant and equipment, investment property and intangible assets	91,143	31,476	—
Unpaid taxes	41,122	15,261	2,652
Other adjustments	(5)	(24)	—
	213,999	**119,390**	**(7,573)**
Cash flows generated/used in financial assets			
Financial assets at fair value through profit or loss	(18)	—	—
Available for sale financial assets	1,726	170,721	—
Loans and receivables with banks	(9,534)	41,516	(230)
Loans and receivables with customers	(231,070)	(33,444)	—
Other assets	13,816	15,349	(272)
	(225,080)	**194,142**	**(502)**
Cash flows generated/used by financial liabilities			
Due to banks	539,112	(337,598)	—
Due to customers	17,641	12,518	135,714
Financial liabilities held for trading	7,122	—	—
Hedging derivatives	5,520	—	—
Other liabilities	154,168	(4,968)	(1,639)
	723,563	**(330,048)**	**134,075**
Net cash flows generated/used by operating activities	**712,483**	**(16,516)**	**126,000**
Investing Activities			
Cash flows generated/used by:			
Dividends to equity investments	(89,805)	(69,330)	—
Property, plant and equipment acquired	(41,672)	(25,859)	—
Property, plant and equipment sold	1,611	2,529	—
Intangible assets acquired	(47,673)	(33,898)	—
Subsidiaries and business units, net of cash	(713,217)	(1,033,009)	(1,659,883)
Net cash flows generated/used in investing activities	**(890,756)**	**(1,159,567)**	**(1,659,883)**
Financing activities			
Issue of equity instruments	305,147	1,184,109	1,533,905
Dividends to non-controlling interests	(875)	(1,781)	—
Acquisiton of non-controlling interests without a change in control	—	2,158	—
Net cash flows generated by financing activities	**304,272**	**1,184,486**	**1,533,905**
Net cash flows for the year / period	**125,999**	**8,403**	**23**
Net cash flows for the year / period	125,999	8,403	23
Opening cash and cash equivalents	8,426	23	—
Closing cash and cash equivalents	**134,425**	**8,426**	**23**

The accompanying notes are an integral part of these special purpose Carve-out financial statements.

NEXI PAYMENTS BUSINESS

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

1.1 ACCOUNTING POLICIES

Statement of compliance

The Special Purpose Carve-out Financial Statements for the years ended 31 December 2017, 2016 and 2015 (also the "Carve-out financial statements") has been prepared in compliance with the International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC") as endorsed by the European Commission (and introduced into Italian law with Legislative decree no. 38/2005).

Nexi Payments Business has applied the IFRSs enacted at 31 December 2017 (with reference to the special purpose Carve-out financial statement for the year ended 31 December 2017), the IFRSs enacted at 31 December 2016 (with reference to the special purpose Carve-out financial statement for the year ended 31 December 2016) and the IFRSs enacted at 31 December 2015 (with reference to the special purpose Carve-out financial statement for the year ended 31 December 2015).

It did not make any departures from IFRS.

Basis of preparation

On 16 October 2017, the Board of Directors of Istituto Centrale delle Banche Popolari Italiane S.p.A. (now Nexi S.p.A.) announced a corporate reorganization of the Mercury Group (the "Reorganization"). The aim of the Reorganization is to separate the technological and digital payment activities from those that require a specific banking license in order to:

- transform Nexi Payments S.p.A. together with the other payments businesses of the Group (Bassilichi S.p.A., Mercury Payments S.p.A. and non-regulated payments business transferred from Nexi S.p.A.) into the national champion in digital payments;
- structure Nexi S.p.A. with a simpler organizational structure focused on the securities services business segment and on settlement business (offered to the market through a commercial agreement between Nexi and Nexi Payments).

Nexi Payments Business is to be considered as the perimeter of Mercury UK Holdco entities and business that will be included in Latino Italy S.r.l. following the completion of the Reorganization.

The perimeter of the special purpose Carve-out financial statements of Nexi Payments Business following the completion of the Reorganization is composed by the following entities/businesses:

Year ended December 2015

Cartasì S.p.A. (now Nexi Payments), Mercury Italia S.r.l., Mercury UK Holdco Ltd, Helpline S.p.A., Oasi Diagram S.p.A. and Nexi Compendium (collectively group of assets, liabilities, revenues and costs related to Nexi non-regulated payments, corporate center and IMEL to be contributed in Nexi Payments for Reorganization completion);

From the original composition of the Group are consequently excluded the banking operations of Nexi S.p.A.

Year ended December 2016

Cartasì S.p.A. (now Nexi Payments), Mercury UK Holdco, Oasi Diagram S.p.A., Helpline S.p.A., Setefi S.p.A. (now Mercury Payments and from 15 December 2016), Latino Italy S.r.l. and Nexi Compendium

(collectively group of assets, liabilities, revenues and costs related to Nexi non-regulated payments, corporate center and IMEL to be contributed in Nexi Payments for Reorganization completion);

From the original composition of the Group are consequently excluded the banking operations of Nexi S.p.A. and Mercury Processing D.o.o

Year ended December 2017

Cartasì S.p.A. (now Nexi Payments), Mercury UK Holdco, Oasi Diagram S.p.A., Helpline S.p.A., Setefi S.p.A. (now Mercury Payments), Latino Italy S.r.l., Bassilichi S.p.A (from 3 July 2017) and Nexi Compendium (collectively group of assets, liabilities, revenues and costs related to Nexi non-regulated payments, corporate center and IMEL to be contributed in Nexi Payments for Reorganization completion).

From the original composition of the Group are consequently excluded the banking operations of Nexi S.p.A. and Mercury Processing.

Nexi Payments Business special purpose Carve-out financial statements referred to above reflect its historical financial information of the business extracted from the financial statements and accounting records of Mercury UK Holdco who controls their operations. Because the Reorganization is fully within Mercury UK Group, it is treated under common control and consequently in continuity with the accounting values included in the Mercury UK Group consolidated financial statements. As a consequence, the special purpose Carve-out financial statements starts from the Mercury UK Holdco's consolidated financial statements that have then been subject to the following adjustments:

a) Elimination of Nexi's banking activities;

b) Inclusion of the intercompany accounts with Nexi banking activities subject to elimination in the original Mercury UK Holdco's consolidated Financial Statements. From the banking perimeter are excluded the assets, liabilities, income and costs related to the Nexi's non-regulated payments, corporate center resources and IMEL activities ready to be transferred to Nexi Payments in the Reorganization;

c) Exclusion of Mercury Processing (only balance sheet of 31 December 2016 as acquired at the year end and only income statement of 2017 because disposed in December 2017).

Mercury UK Holdco was set up with the acquisition of ICBPI Group on 22nd December 2015 so the special purpose Carve-out financial statements for the 2015 has been prepared as follow:

- For the balance sheet, the Mercury UK Holdco consolidated financial statements at 31 December 2015 to which have been included the above mentioned adjustments a) and b);

- For the income statements it has been presented in two columns: one with Mercury UK Holdco consolidated results ("Successor") for the period 22 December 2015 (date of the acquisition of ICBPI Group and creation of Mercury UK Holdco Group)—31 December 2015, adjusted to exclude the part referred to banking activities and a separate second column with ICBPI ("Predecessor") sub-consolidated income statement for the full period 2015 (period under the predecessor) with the inclusion of the above mentioned adjustments a) and b);

- Given the fact that Mercury UK Holdco Group has been set up in December 2015 through a capital injection destined to fund the acquisition of ICBPI Group, the cash flow statement only reports the cash received from initial capital injection and the cash-out related to ICBPI Group acquisition.

So, Nexi Payments Business special purpose Carve-out financial statements for the years ended 31 December 2017, 2016 and 2015 is defined as follow: collectively Latino, Nexi Payments, Oasi Diagram, Help Line, Mercury Payments (only for the years ended 31 December 2017 and 2016), Bassilichi S.p.A. (only for the second half of 2017) and Nexi Compendium (collectively group of assets, liabilities, revenues and costs related to Nexi non-regulated payments, corporate center and IMEL to be contributed in Nexi Payments for Reorganization completion). Moreover, the costs supported by Mercury UK Holdco for the acquisition of the businesses and for the Reorganization Project have been included in the special purpose Carve-out perimeter as they would have been sustained by Nexi Payments Business.

The statements of financial position for the years ended 31 December 2017, 2016 and 2015 reflect the presentation form of the consolidated statement of financial position of Mercury UK Holdco.

The Carve-out income statement for the years ended 31 December 2017, 2016 and 2015 has been presented following a form that is in any case compliant to IAS 1.

The Carve-out has been prepared without any pro-forma adjustments, any revaluation and in continuity with the values included in Mercury UK Holdco consolidated financial statements. The source of all the information included in the Carve-out are extracted by the following audited financial statements which preparation is under the responsibility of respective Board of Directors:

- Mercury UK Holdco Ltd: consolidated and separate financial statements for the years ended 31 December 2017, 206 and 2015;
- Latino Italy S.r.l.: individual financial statements for the years ended 31 December 2017 and 2016;
- Nexi S.p.A.—ICBPI S.p.A.: sub-consolidated and separate financial statements for the years ended 31 December 2017, 206 and 2015;
- Nexy Payments S.p.A. (formerly Cartasi S.p.A.): individual financial statements for the years ended 31 December 2017, 2016 and 2015;
- Mercury Payments S.p.A. (formerly Setefi S.p.A.): individual financial statements for the years ended 31 December 2017 and 2016;
- Oasi Diagram S.p.A. and Helpline S.p.A.: individual financial statements for the years ended 31 December 2017, 2016 and 2015
- Bassilichi S.p.A.: individual financial statement for the year ended 31 December 2017.

As Nexi Payments Business does not have any share capital issued because it is not a legal entity, the equity of Nexi Payments Business is presented as net investment. The minorities has been considered at the level of Latino Italy S.r.l. also after Reorganization. This approach is consistent with the representation of the effective contribution of the operating entities to serve Latino Italy S.r.l. after the Reorganization.

Carve-out financial statement for the year ended 31 December 2017

The Carve-out financial statements at 31 December 2017 comprise a Carve-out statement of financial position, a Carve-out statement of profit or loss and other comprehensive income, a Carve-out statement of changes in net investment, a Carve-out statement of cash flows and related notes.

The Carve-out financial statement for the year ended 31 December 2017 is presented in Euro and the amounts shown in the Carve-out financial statements and these notes are in thousands of Euros.

Nexi Payments Business has applied the recognition and measurement criteria established by the IFRS endorsed by the European Commission and the general assumptions in the framework for the preparation and presentation of Carve-out financial statements issued by the IASB.

The following paragraphs illustrate the amendments made to several accounting standards issued by the IASB and validated by the European Commission, which were applicable on a mandatory basis from FY 2017:

- Regulation (EU) no. 1989 of 9 November 2017—"Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" amends IAS 12 Income Taxes to address diversity in practice around the recognition of a deferred tax asset that is related to a debt instrument measured at fair value that has arisen because of uncertainty about the application of some of the principles in IAS 12.
- Regulation (EU) no. 1990/2017 of 9 November 2017 "Disclosure Initiative (Amendments to IAS 7)" amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that

enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Regulation (EU) no. 2018/182 of 7 February 2018 "Annual Improvements to IFRS Standards 2014-2016 Cycle", amends IFRS 1 First-time adoption of IFRS, IFRS 12 Disclosure of investments in other entities and IAS 28 Investments in associates and joint ventures.

The application of the above-illustrated amendments did not have any significant impact on the Carve-out financial statements.

The following table shows the new standards or amendments with the related endorsement regulations. Their application is mandatory from 1 January 2018 (for entities whose reporting period is the calendar year) or subsequently.

Endorsement regulation	Name	Standard/Interpretation	Date of adoption
2016/2027..............	IFRS 9	Financial Instruments	1 January 2018
2017/1988..............	Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
2016/1905..............	IFRS 15	Revenue from contracts with customers	1 January 2018
2017/1987..............	Clarifications of IFRS 15	Clarifications of IFRS 15 Revenue from Contracts with Customers	1 January 2018
2016/1986..............	IFRS 16	Leases	1 January 2019
2018/182................	Annual Improvements to IFRS Standards 2014-2016 Cycle	Amendments to IFRS 1 First -time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates and Joint Ventures	1 January 2018 (for IFRS 1 and IAS 28 amendments)

Financial instruments

With reference to IFRS 9, Nexi Payments Business during 2016 and 2017, has conducted a project in order to identify impact and to establish the reference method framework for the classification, measurement and impairment of financial assets.

In particular, for the classification and measurement of debt financial instruments, the analysis highlighted the following:

- Business Model: the Business Models have been defined and the internal accounting policy have been updated. We also proceeded to allocate the financial instruments in the Defined Business Model Portfolio; in particular, the trading and the loan portfolios will not change and will be allocated respectively in the IFRS 9 "Other" and "Held to Collect" (HTC) portfolios. The portfolio of debt instruments classified in the IAS 39 portfolio of instruments available for sale will be allocated in the business model "Held to Collect or Sale" (HTCS).

- Sole Payment of Principal and Interest (SPPI) test: the internal accounting policy has been updated and an analysis was carried out on the current portfolio of financial assets classified in the HTC, which showed that these instruments passed the SPPI test.

With reference to the classification of the equity instruments in the portfolio, the analysis highlighted that they are capital instruments other than trading instruments; for these instruments, classified in the portfolio of instruments available for sale for IAS 39 purposes, the decision taken to use the option envisaged by IFRS 9 that allows the measurement of these instruments at fair value against shareholders' equity does not generate any impact on the Carve-out's net investments.

Regarding to the Impairment rules, a simulation was carried out over to the portfolio at 31 December 2017. The simulation shows that there are very limited and not material impacts.

With reference to the amendments of hedge accounting rules, Visa shares hedging relationships, started in September 2017, is the only transaction that falls in this accounting model. Consequently, Nexi Payments Business decided to apply IFRS 9 instead of maintaining IAS 39.

Since this hedging relationships is qualified for hedge accounting in accordance with IAS 39 and also for IFRS 9, it is regarded as continuing hedging relationships, with the requirement to rebalance the IAS 39 hedge ratio if necessary and recognize any impacts in the income statement. No rebalancing is necessary as at 31 December 2017, because the hedge ratio calculated in accordance with IAS 39 is the same as that calculated for IFRS 9 purposes.

Therefore, the transition to IFRS 9 will not have any impact on the Carve-out's net investments but only the reclassification of the "Hedging Result" from the Retained Earnings to the Valuation Reserve, as a result of the fair value valuation of the object hedged against net investments.

Revenue from Contract with Customers

With reference to IFRS 15, Latino Payments decided to apply the prospective implementation with cumulative effect from the adoption date 1 January 2018. The impacts have been determined with reference only to the contracts that have not been completed as the date of first implementation.

The analysis conducted with reference to January 1, 2018, highlighted the following:

- Identification of contracts with customers: the requirements of IFRS 15 apply to each contract that has been signed with a customer and meets specific conditions. In some specific cases, IFRS 15 requires an entity to combine/aggregate several contracts and account for them as a single contract. Based on the analysis of the main contracts no significant impacts were identified.

- Contracts with multiple performance obligations: Performance obligations, in the majority of cases, refer to routinely or recurring services. For this reason the exception envisaged by IFRS 15 is applicable which considers the individual contractual obligations, such as a single performance obligation. The only impact relates to some upfront fees that under IFRS 15 should be included in the total consideration of the service provided and the revenues from sale of software are considered as a transfer of right of access that should be recognized on a straight line basis in relation to the useful life of the underlying contracts. The change in accounting treatment requires the removal of revenue and costs from the retained earnings as at 1 January 2018, as these revenue and costs for IFRS 15 purposes are attributable to subsequent financial years.

- Determination of the transaction price: the Group has analysed the potential impact arising from "variable consideration". In particular some existing contracts include variable consideration related to the volumes billed. The frequency of the settlement of the adjustments, generally, will not exceed the financial year.

- Allocation of the transaction price to the performance obligations: The contracts which include more performance obligations generally refer to recurring services, for which, there are no rebates.

- Revenue recognition: There are no significant impacts due to the nature of Nexi Payments Business revenues.

Carve-out financial statement for the year ended 31 December 2016

The Carve-out financial statements at 31 December 2016 comprise a Carve-out statement of financial position, a Carve-out statement of profit or loss and other comprehensive income, a Carve-out statement of changes in net investment, a Carve-out statement of cash flows and related notes.

The Carve-out financial statement for the year ended 31 December 2016 is presented in Euro and the amounts shown in the Carve-out financial statements and these notes are in thousands of Euros.

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

Nexi Payments Business has applied the recognition and measurement criteria established by the IFRS endorsed by the European Commission and the general assumptions in the framework for the preparation and presentation of Carve-out financial statements issued by the IASB.

The following paragraphs illustrate the amendments made to several accounting standards issued by the IASB and validated by the European Commission, which were applicable on a mandatory basis from FY 2016:

- Regulation no. 2343 of 15 December 2015—"Annual Improvements—2012-2014 Cycle" (IFRS 5, IFRS 7 and IAS 19, IAS 34) and Regulation no. 28/2015 of 17 December 2014—"Annual Improvements—2010-2012 Cycle" (IFRS 2, IFRS 3, IFRS 8 and IAS 16, IAS 24). The amendments introduced provide several clarifications that seek to resolve some inconsistencies or illustrate methods.

- Regulation no. 29/2015 of 17 December 2014—IAS 19 "Employee Benefits". The aim of the amendment is to clarify, also by means of application guidelines, how the contributions provided by employees or by third parties should be recorded in the accounts, based on the distinction as to whether or not they are envisaged in the formal conditions of defined benefit plans, and whether or not they are related to the number of years in service.

- Regulation no. 2173 of 24 November 2015—IFRS 11 "Joint Arrangements". The changes to standard IFRS 11 establish the accounting principles for the acquisition of a "Joint Operation" that represents a business activity, pursuant to IFRS 3.

- Regulation no. 2231 of 2 December 2015—IAS 16 "Property, plant and equipment", IAS 38 "Intangible assets". Clarifications are provided on the depreciation and amortisation methods considered acceptable. More specifically, it is established that a depreciation/amortisation approach based on the revenues generated by a business activity that reflects the use of a tangible or intangible asset is not appropriate, insofar as said revenues generally reflect other factors beyond the use of the economic benefits of the asset.

- Regulation no. 2406 of 18 December 2015—IAS 1 "Presentation of Financial Statements". The amendment, entitled "Disclosure initiative" seeks to improve the effectiveness of financial statement disclosures, by encouraging the application of professional judgement to decide what information to disclose, in terms of materiality and means of aggregation.

- Regulation no. 2016/1703 of 22 September 2016—Amendments to IFRS 10, 12 e IAS 28 "Investment Entities—Applying the Consolidation Exception". The amendments are designed to clarify the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.

The application of the above-illustrated amendments did not have any significant impact on the 31 December 2016 Carve-out Financial Statements.

The following table shows the new standards or amendments with the related endorsement regulations (with reference to the year ended 31 December 2016). Their application is mandatory from 1 January 2018 (for entities whose reporting period is the calendar year) or subsequently.

Endorsement regulation	Name	Standard/Interpretation	Date of adoption
2016/2067........................	IFRS 9	Financial Instruments	1 January 2018
2016/1905........................	IFRS 15	Revenue from contracts with customers	1 January 2018

With reference to IFRS 9, we specify the following:

- Classification and Measurement: the reference business models have been established and an analysis of the stock of financial assets have been conducted which do not envisage any significant impact relating to reclassification from the current Accounting Standard IAS 39; and given the reference business models, the trading portfolio will not suffer any substantial changes. The financial assets available for sale (AFS), may have to be measured at fair value and be transferred to the consolidated income statement given the fact that several financial assets in the above-cited portfolio, based on their characteristics, are not expected to pass the so-called "Solely Payment of Principal and Interest" test (SPPI test). The loans and receivables portfolio should not be altered and there should be no significant impact on financial instruments held at fair value;

- Impairment: given the characteristic of the loan portfolio, that mainly includes current accounts related to the payment and the security services and short term loans related to the e-money services provided by the Group, no significant impacts are expected.

Furthermore, the amendment related to hedge accounting and the accounting treatment of "own credit risk" will not have any impact as it is not relevant.

The potential impacts of IFRS 15 has been analysed and, based on the results of the checks carried out to date, there should be no potential impacts.

The next table shows the standards for which amendments were issued, specifying the scope of our object for such amendments.

Standards	Name	Publication date
IFRS 14	Regulatory Deferral Accounts	30/01/2014
IFRS 16	Leases	13/01/2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11/09/2014

As none of them have been endorsed by the European Commission, they did not affect the 31 December 2016 Carve-out financial statements.

Nexi Payments Business applies the measurement criteria assuming that it will continue as a going concern and in accordance with the principles of accruals, materiality and significance of the financial data and the principle of substance over form.

The Carve-out financial statements and the notes present correspond to the prior period's figures.

Carve-out financial statement for the year ended 31 December 2015

The Carve-out financial statements at 31 December 2015 comprise a Carve-out statement of financial position, a Carve-out statement of profit or loss and other comprehensive income, a Carve-out statement of changes in net investment, a Carve-out statement of cash flows and related notes.

The Carve-out financial statement for the year ended 31 December 2015 is presented in Euro and the amounts shown in the Carve-out financial statements and these notes are in thousands of Euros.

Nexi Payments Business has applied the recognition and measurement criteria established by the IFRS endorsed by the European Commission and the general assumptions in the framework for the preparation and presentation of Carve-out financial statements issued by the IASB.

Application of measures set out in Regulations (EU) 634/2014 and 1361/2014 became mandatory on 1st January 2015 enacting:

- IFRIC 21, which provides guidance on when to recognise a liability for a levy imposed by a government other than income taxes (covered by IAS 12). Specifically, it identifies the obligating event for the recognition of a liability;

- the Annual improvements to IFRSs 2011-2013 cycle, which introduced certain immaterial amendments to IFRS 3, IFRS 13 and IAS 40, designed to clarify certain inconsistencies and/or provide guidance about methods.

Their application, where adopted, did not significantly affect the 2015 Carve-out financial statements.

The following table shows the new standards or amendments with the related endorsement regulations with reference to the year ended 31 December 2015. Their application is mandatory from 1 January 2016 (for entities whose reporting period is the calendar year) or subsequently.

Endorsement regulation	Name	Standard/Interpretation	Date of adoption
2015/28........	Annual improvements to IFRSs (2010-2012 cycle)	Amendments to the following standards: —IFRS 2—Share-based payment: changes to the vesting conditions —IFRS 3—Business combinations: classification and measurement of contingent consideration —IFRS 8—Operating segments: reconciliation of the total of the reportable segments' assets to the entity's assets —IFRS 13—Fair value measurement: short-term receivables and payables —IAS 16—Property, plant and equipment and IAS 38—Intangible assets: clarification about how to apply the revaluation method —IAS 24—Related party disclosures: definition of a related party	1 January 2016
2015/2343....	Annual improvements to IFRSs (2012-2014 cycle)	Amendments to the following standards: —IFRS 5—Non-current assets held for sale and discontinued operations: changes in methods of disposal —IFRS 7—Financial instruments: disclosure: "Continuing involvement" in the case of a servicing contract —IAS 19—Employee benefits: clarifications about the discount rate —IAS 34—Interim financial reporting: disclosure	1 January 2016
2015/2406....	Disclosure initiative	Amendments to IAS 1—Presentation of financial statements	1 January 2016
2015/29........	Defined benefit plans: employee contributions (amendments to IAS 19)	Amendments to IAS 19—Employee benefits	1 January 2016
2015/2231....	Clarification of acceptable methods of depreciation and amortisation	Amendments to IAS 16 and IAS 38	1 Janaury 2016
2015/2173....	Accounting for acquisitions of interests in joint operations	Amendments to IFRS 11	1 January 2016
2015/2441....	Equity method in separate financial statements	Amendments to IAS 27—Separate financial statements	1 January 2016

In 2014, the IASB issued IFRS 15—Revenue from contracts with customers as well as making amendments to existing standards. The documents amending certain standards which are yet to be endorsed include IFRS 9—Financial instruments, issued in July 2014, finalising the new standard for financial instruments, except for macro hedging. This new standard will be applicable from 1 January 2018.

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

The next table shows the standards for which amendments were issued, specifying the scope of or reason for such amendments.

Standard	Name	Publication date
IFRS 9	Financial instruments	24 July 2014
IFRS 14	Regulatory deferral accounts	30 January 2014
IFRS 15	Revenue from contracts with customers (including the amendment published on 11 September 2015 about the date of application of IFRS 15)	28 May 2014
IFRS 16	Leases	13 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities—Applying the consolidation exception	18 December 2014
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	11 September 2014

None of the standards above have been endorsed by the European Union with reference to the year ended 31 December 2015, and therefore have not had an effect on the 2015 Carve-out financial statements.

Nexi Payments Business applies the measurement criteria assuming that it will continue as a going concern and in accordance with the principles of accruals, materiality and significance of the financial data and the principle of substance over form.

Basis of presentation of the Carve-out financial statements for the years ended 31 December 2017, 2016 and 2015

Carve-out statement of financial position, Carve-out statement of profit or loss and other comprehensive income

They comprise notes, sub-notes and additional information. Revenue is shown without a plus sign while costs are shown with a minus sign in the Carve-out income statement.

Carve-out statement of changes in net investment

This Carve-out statement shows changes in net investment during the three periods considered (31 December 2017, 2016 and 2015)

Carve-out statement of cash flows

The Carve-out statement of cash flows for the considered period has been prepared using the indirect method, whereby cash flows from operations and the loss for the period are adjusted by the effects of non-monetary transactions.

Cash flows are split between those from operating, investing and financing activities.

Cash flows generated during the reporting period are indicated without a plus sign while those used during the reporting period are shown with a minus sign.

Basis of presentation of the notes

These notes include the information required by IFRS.

The accounting policies described below have been adopted to disclose all the information in the Carve-out financial statements.

Basis of consolidation

Nexi Payments Business has established the consolidation scope in accordance with IFRS 10—Consolidated financial statements. Accordingly, the concept of control is fundamental to consolidation of all types of entities. It exists when the investor concurrently:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to affect those returns through its power over the investee.

Therefore, Nexi Payments Business consolidates all types of entities when all three control elements exist.

When an entity is directed mainly through exercise of voting rights, control exists when the investor holds more than half the voting rights.

In other cases, the assessment of control is more complex and requires the greater use of judgement as it is necessary to consider all the factors and circumstances that give control over the investee (de facto control).

In the case of Nexi Payments Business, all the consolidated entities are controlled mainly through voting rights. Accordingly, Nexi Payments Business did not have to exercise special judgements or make significant assumptions in order to establish the existence of control over subsidiaries and significant influence over associates.

The financial statements at 31 December 2017, 31 December 2016 and 31 December 2015 of Nexi Payments Business and consolidated companies were used for consolidation purposes, after reclassifications and adjustments to comply with the consolidation requirements and IFRS.

Investments in subsidiaries are consolidated by combining the notes of the consolidated statement of financial position and consolidated income statement on a line-by-line basis, making the following adjustments:

(a) the carrying amount of the Nexi Payments Business' investment in each subsidiary and the Nexi Payments Business' portion of equity of each subsidiary are eliminated;

(b) the equity and profit or loss attributable to non-controlling interests are recognised separately.

At the time of first consolidation, in accordance with IFRS 3, any positive differences arising on consolidation, after the allocation to the assets and liabilities of the consolidated subsidiary, are recorded under Intangible assets as goodwill. In opposite, residual negative differences are recognised in the income statement.

Intragroup assets and liabilities, income and expense and profits and losses among the consolidated companies are eliminated.

The income and expense of the subsidiaries (which are listed on the following page) are included in the consolidated Carve-out financial statements from the acquisition date. The income and expenses of a subsidiary that is sold are included in the consolidated Carve-out income statement up to the date of disposal i.e. until the date that the Nexi Payments Business ceases to control the subsidiary.

Pursuant to IAS 28, the consolidated Carve-out financial statements also include the results of associates, i.e. entities over which the Nexi Payments Business has significant influence and the power to participate in directing its financial and operating policies without having control or joint control. These investments are measured using the equity method which entails the initial recognition of the investment at cost and its subsequent measurement using the equity method. Nexi Payments Business' share of the associate's profit or loss is recognised separately in the consolidated Carve-out income statement.

The difference between the investment's carrying amount and the Nexi Payments Business share of its equity is included in the investment's carrying amount. If there is indication of impairment, Nexi Payments Business estimates the investment's recoverable amount, considering the discounted future cash flows that the

investee may generate, including the investment's costs to sell. When the recoverable amount is less than the investment's carrying amount, the difference is recognised in profit or loss.

At present, Nexi Payments Business is not a part to joint arrangements as defined by IFRS 11 either in the form of joint ventures or joint operations (the parties have rights to the arrangement's net assets).

Below are presented the investments in controlled subsidiaries which also corresponds the consolidation perimeter.

Investments in controlled subsidiaries—31 December 2017

Name of subsidiary	Operating office	Registered office	Type of relationship[1]	Investor[2]	Investment %[3]	Voting rights %
—Mercury UK Holdco Ltd	London	London	1	Sponsors	—[5]	—[5]
—Latino Italy S.r.l..........	Milan	Milan	1	Mercury UK Holdco Ltd	100	100
—Nexi Payments S.p.A. (formerly CartaSi S.p.A)[4]	Milan	Milan	1	Nexi S.p.A.	98.75	98.75
—Mercury Payments S.p.A. (formerly Setefi S.p.A.)	Milan	Milan	1	Latino Italy S.r.l.	100	100
—Bassilichi S.p.A.	Siena	Siena	1	Nexi S.p.A.	100	100
—Oasi Diagram S.p.A..	Milan	Milan	1	Nexi S.p.A.	100	100
—Help Line S.p.A	Cividale del Friuli / Milan	Cividale del Friuli	1	Nexi S.p.A.	70.00	70.00

Key

(1) Type of relationship: majority of voting rights at ordinary shareholders' meetings.

(2) The entities actually owned by Nexi S.p.A. will be owned by Latino Italy S.r.l. upon Reorganization.

(3) Minorities has been considered at the level of Latino Italy S.r.l. also after the Reorganization. This approach is consistent with the representation of the effective contribution of operating entities to serve Latino Italy S.r.l. after the Reorganization.

(4) Including the Nexi Compendium.

(5) Only for equity and costs referred to the perimeter.

Investments in controlled subsidiaries—31 December 2016

Name of subsidiary	Operating office	Registered office	Type of relationship[1]	Investor[2]	Investment[3] %	Voting rights %
—Mercury UK Holdco Ltd	London	London	1	Sponsors	—[5]	—[5]
—Latino Italy S.r.l.	Milan	Milan	1	Mercury UK Holdco Ltd	100	100

—Nexi Payments S.p.A. (formerly CartaSi S.p.A.)[4]	Milan	Milan	1	Nexi S.p.A.	98.75	98.75
—Mercury Payments S.p.A. (formerly Setefi S.p.A.) ..	Milan	Milan	1	Latino Italy S.r.l.	100	100
—Oasi Diagram S.p.A.	Milan	Milan	1	Nexi S.p.A.	100	100
—Help Line S.p.A	Cividale del Friuli / Milan	Cividale del Friuli	1	Nexi S.p.A.	70.00	70.00

Key

(1) Type of relationship: majority of voting rights at ordinary shareholders' meetings.

(2) The entities actually owned by Nexi S.p.A. will be owned by Latino Italy S.r.l. upon Reorganization.

(3) Minorities has been considered at the level of Latino Italy also after Reorganization. This approach is consistent with the representation of the effective contribution of operating entities to serve Latino Italy S.r.l. after the Reorganization.

(4) Including the Nexi Compendium.

(5) Only for equity and costs referred to perimeter.

Investments in controlled subsidiaries—31 December 2015

Name of subsidiary	Operating office	Registered office	Type of relationship[1]	Investor[2]	Investment %	Voting rights %
—Mercury UK Holdco Ltd	London	London	1	Sponsors	—[5]	—[5]
—Nexi Payments (formerly CartaSi S.p.A.)[4]	Milan	Milan	1	Nexi S.p.A.	96.74	96.74
—Oasi Diagram S.p.A...	Milan	Milan	1	Nexi S.p.A:	100	100
—Help Line S.p.A.	Cividale del Friuli / Milan	Cividale del Friuli	1	Nexi S.p.A.	70.00	70.00

(1) Type of relationship: majority of voting rights at ordinary shareholders' meetings.

(2) The entities actually owned by Nexi S.p.A. will be owned by Latino Italy S.r.l. upon the Reorganization.

(3) Minorities has been considered at the level equivalent of that of Latino Italy also after Reorganization as for the other years.

(4) Including the Nexi Compendium.

(5) Only for equity and costs referred to the perimeter.

Significant judgements and assumptions applied to define the consolidation scope

As stated above, where control is principally based on voting rights held, there were no situations that would have made it necessary to make specific judgements or significant assumptions to define the consolidation scope.

This is also true for the associates, where significant influence is basically attributable to the voting rights held by the Group.

Investments in consolidated companies with significant non-controlling interests

Non-controlling interests, their voting rights and dividends distributed to them

31 December 2017

	Investment	Voting Rights[(1)]	Dividends
Help Line S.p.A (*)	30%	30%	—

(1) availability of votes at ordinary shareholder's meeting

(*) Subsidiaries represent the minority interest actually held at Nexi S.p.A. level.

31 December 2016

	Investment	Voting Rights[(1)]	Dividends
Help Line S.p.A (*)	30%	30%	—

(1) availability of votes at ordinary shareholder's meeting

(*) Subsidiaries represent the minority interest actually held at Nexi S.p.A. level.

31 December 2015

	Investment	Voting Rights[(1)]	Dividends
Help Line S.p.A (*)	30%	30%	—

(1) availability of votes at ordinary shareholder's meeting

(*) Subsidiaries represent the minority interest actually held at Nexi S.p.A. level.

Investments with significant non-controlling interests: financial information
31 December 2017

Help Line S.p.A.

Balance sheet captions:	Total assets	Cash and cash equivalents	Receivlables	Property, equipment and investment property and intangible assets	Other assets	Other liabilities	Equity
	€	€	€	€	€	€	€
	23,302,272	488	3,860,585	6,522,672	12,400,033	(18,479,707)	2,888,839

Income statement captions:	Net interest expense	Total expenses	Pre tax profit from continuing operations	Income taxes	Post tax profit from continuing operations(1)	Other comprehensive income, net of income taxes(2)	Comprehensive income (3) = (1) +(2)
	€	€	€	€	€	€	€
	(793)	(7,437,198)	(7,437,991)	1,781,267	(5,656,724)	34.638	(5,622,086)

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

31 December 2016

Help Line S.p.A.

Balance sheet captions:	Total assets	Cash and cash equivalents	Receivlables	Property, equipment and investment property and intangible assets	Other assets	Other liabilities	Equity
	€	€	€	€	€	€	€
	22,600,028	927	4,845,840	7,051,897	10,018,488	(11,640,550)	8,510,924

Income statement captions:	Net interest expense	Total expenses	Pre tax profit from continuing operations	Income taxes	Post tax profit from continuing operations(1)	Other comprehensive income, net of income taxes(2)	Comprehensive income (3) = (1) +(2)
	€	€	€	€	€	€	€
	(384)	(137,510)	137.126	(105,069)	32.057	26.046	58.103

31 December 2015

Help Line S.p.A.

Balance sheet captions:	Total assets	Cash and cash equivalents	Receivlables	Property, equipment and investment property and intangible assets	Other assets	Other liabilities	Equity
	€	€	€	€	€	€	€
	23,882,740	822	(5,811,316)	1,295,080	10,039,283	(10,393,166)	10,727,464

Income statement captions:	Net interest expense	Total expenses	Pre tax profit from continuing operations	Income taxes	Post tax profit from continuing operations(1)	Other comprehensive income, net of income taxes(2)	Comprehensive income (3) = (1) +(2)
	€	€	€	€	€	€	€
	(165,874)	(3,731,552)	3,565,678	(1,174,476)	2,391,202	68.085	2,459,287

Significant restrictions

There are no significant restrictions to the exercise of voting rights for investments in subsidiaries and associates.

Other information

There is no other information that needs to be disclosed.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are classified as "held for trading" or "designated".

Classification

A financial asset is classified as held for trading if it is:

- acquired principally for the purpose of selling it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative (except for a derivative that is an effective hedging instrument).

Derivatives are recognised under assets when they have a positive fair value and under liabilities when they have a negative fair value.

Financial assets designated at fair value through profit or loss are those financial assets that management has designated as fair value through profit and loss at inception.

Recognition

Debt and equity instruments are recognised at their settlement date while derivatives are recognised at their trading date.

Financial assets at fair value through profit or loss are initially recognised at fair value, which is usually the transaction price, net of any directly attributable transaction costs.

Measurement

After initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any resulting fair value gains or losses are recognised trading income/(expense) of the consolidated income statement. Interest accrued on these assets is recognised in interest and similar income in the consolidated income statement, although interest and/or other income and expense on trading derivatives are recognised in trading income/(expense) of the consolidated income statement.

Other information within the accounting policies below provides information on the calculation of fair value of listed financial instruments. Equity instruments and derivatives / hedging equity instruments are maintained at cost when it is not possible to calculate their fair value reliably.

Derecognition

Financial assets or parts of financial assets are derecognised when the contractual rights to cash flows expire or are transferred, transferring substantially all the related risks and rewards.

Available-for-sale financial assets ("AFS")

Classification

This category includes non-derivative financial assets that are not classified as loans and receivables, financial assets held for trading, held-to-maturity investments or financial assets at fair value through profit or loss.

Recognition

They are initially recognised at the settlement date and measured at fair value, which includes directly related transaction costs.

Measurement

AFS financial assets are subsequently measured at fair value with recognition of amortised cost in profit or loss and the fair value gains or losses in a specific equity reserve until the asset is derecognised or an impairment loss is recognised. Gains or losses recognised in equity are reclassified to profit or loss when the asset is sold.

Realised gains or losses are recognised in net profit (loss) on sale or repurchase of the consolidated income statement.

Fair value is calculated using the same criteria applied to financial assets held for trading.

Equity instruments included in this category and derivatives hedging equity instruments are maintained at cost when it is not possible to calculate their fair value reliably.

The Group tests its assets for impairment at each reporting date. When there is a significant or prolonged decline in fair value, the Group recognises it in profit or loss as the difference between the asset's carrying amount (acquisition cost net of impairment losses already recognised in profit or loss) and fair value. Fair value losses are significant when they exceed 20% of the cost and prolonged if they have existed for over nine months.

If the fair value of a debt instrument increases in a subsequent period and this increase is objectively due to an event that took place in a period after that in which the impairment loss was recognised in profit or loss, the impairment loss is reversed and the related amount is recognised in the consolidated statement of comprehensive income. The reversal may not generate a carrying amount higher than that which would have been obtained by measuring that asset at amortised cost had the loss not been recognised. Impairment losses on shares, recognised in profit or loss, cannot be reversed through profit or loss but only directly through equity.

Derecognition

Financial assets or parts of financial assets are derecognised when the contractual rights to cash flows expire or are transferred, transferring substantially all the related risks and rewards.

Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Recognition

Loans and receivables are initially recognised at the agreement signing date, which is usually the disbursement date, based on the financial instrument's fair value, which usually equals the amount disbursed including transaction costs or revenue attributable to the individual loan or receivable and determinable from the transaction start date, even when they are disbursed subsequently. The initially recognised amount does not include costs that, despite having the above characteristics, are to be reimbursed by the counterparty or that are administrative costs.

Measurement

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Interest is recognised in Interest and similar income of the consolidated income statement. Loans and receivables are tested for impairment at each reporting date to determine whether there is objective evidence of impairment due to events subsequent to initial recognition. Indication of impairment is based on one or more events that took place after initial recognition that have an impact on the estimate of future cash flows of a financial asset or a group of financial assets that can be measured reliably.

Loans and receivables tested individually for impairment include positions classified as non-performing, doubtful or restructured as per the Bank of Italy regulations. Assets not tested individually or for which impairment has not been identified are tested collectively.

The individual impairment test measures the difference between the carrying amount and the present value of estimated future cash flows discounted at the position's original effective interest rate. Estimated cash flows include guarantees securing the debtor's exposure and their probable enforcement. When enforcement of the guarantees is unlikely, the Group uses the present value, and if it is probable that they will be enforced, the Group considers the realisable value, net of the costs, under enforcement.

Impairment losses are recognised in Net impairment losses in the Carve-out income statement.

Loans and receivables are reinstated to their original value in subsequent periods when the reasons for impairment are no longer valid, as long as this assessment is objectively linked to an event that took place after recognition of the impairment loss. Reversals of impairment losses are recognised in the consolidated income statement and may not exceed the position's amortised cost had the impairment loss not been recognised.

Loans and receivables that are not tested individually for impairment are tested collectively. They are grouped into categories based on their risk and the related impairment loss percentages are estimated considering historical data, based on elements observable at their measurement date, so as to estimate each category's unrealised loss. The impairment test considers the counterparty's country risk. Collective impairment losses are recognised in profit or loss.

Derecognition

Financial assets or parts of financial assets are derecognised when the contractual rights to cash flows expire or are transferred, transferring substantially all the related risks and rewards.

Property, equipment and investment property

Classification

This includes land, owner-occupied property, investment property, furniture and fittings and all equipment. It also comprises assets under finance lease.

Recognition

Assets acquired on the market are recognised as assets when the main risks and rewards of title are transferred. Initial recognition is at cost, which includes all directly related charges.

Land is recognised separately, including when it is purchased together with the building using the component approach. It is separated from the building based on third party appraisals.

The cost of extraordinary maintenance that increases the item's future economic benefits is capitalised while other ordinary maintenance costs are expensed.

Measurement

Property, equipment and investment property are subsequently measured at cost adjusted by accumulated depreciation and any impairment losses/reversals of impairment losses.

The depreciable value of property and equipment equals the cost as the residual value after depreciation is not deemed significant. Depreciation is charged systematically on a straight-line basis over the asset's estimated useful life to reflect the technical-economic life and residual use.

The useful life of the main categories of property, equipment and investment property is as follows:

- furniture and fittings: 5–8 years;
- owner-occupied buildings: 33 years;

- investment property: 33 years;
- point of sale machines and automated teller machines, classified as electronic equipment, are depreciated over three and seven years, respectively, as these periods are held to reflect their useful lives.

Land is not depreciated as it has an indefinite life nor are works of art as their useful lives cannot be estimated and their value usually increases over time.

The Group tests the assets for impairment at every reporting date. If there is indication of impairment, it compares the asset's carrying amount to its recoverable amount, being the higher of fair value and value in use.

Derecognition

Property, equipment and investment property are derecognised when sold or when no future economic benefits are expected from their continued use or sale.

Intangible assets

Classification

An intangible asset is an identifiable non-monetary asset without physical substance able to generate future economic benefits controllable by the entity.

Recognition

Intangible assets are recognised at cost when the principal risks and rewards are transferred, only when it is probable that the related future economic benefits will materialise and cost can be measured reliably. Otherwise, cost is expensed in the period in which it is incurred.

Measurement

All intangible assets other than goodwill are considered to have finite useful lives and are amortised in line with their cost and related useful lives.

Technology related intangible assets, such as software acquired and software development cost, are amortised on the basis of their expected technological obsolescence and over a maximum period of five years. In particular, the costs incurred for the development of software projects are considered as intangible assets and are recognised under assets only when all the following conditions are met: i) the cost attributable to the intangible asset during its development can be measured reliably, (ii) there is the intention, the availability of financial resources and the technical ability of making the intangible asset available for use or sale, (iii) the future economic benefits to be generated by the asset can be demonstrated. Software development capitalised costs only comprise the costs directly attributable to the development process.

Intangible assets relating to the Depositary services, recorded following the acquisition of contracts or business units, have an estimated useful life of ten years depending on the contractual terms.

Their residual value is taken to be nil.

The Group tests the assets for impairment at each reporting date. If there is indication of impairment, it compares the asset's carrying amount to its recoverable amount, being the higher of fair value and value in use.

Derecognition

The Company derecognises intangible assets when they are sold or when it does not expect to receive future economic benefits from their continued use or sale.

Goodwill

Goodwill arising on business combinations is the difference between the consideration paid, including related costs, plus the amount of any non-controlling interest in the acquiree and the fair value of the assets acquired and the liabilities assumed at the transaction date. If the difference is positive, it is recognised as an asset (goodwill), being a payment by the acquiree for future economic benefits to be generated by assets that cannot be identified individually or recognised separately. If the difference is negative, it is recognised directly in profit or loss (excess cost) as a gain on bargain purchase.

Goodwill is recognised at cost, net of accumulated impairment losses and is not amortised. It is tested annually for impairment even if there are no indicators of impairment. Goodwill arising from a business combination is allocated to cash generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGO is the greater of its value in use ("VIU") and it fair value less costs of disposal ("FVLCD"). An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount. Impairment losses on goodwill are recognised in the consolidated income statement and are not reversed in subsequent periods.

Current and deferred taxes

Nexi Payments Business estimates current and deferred taxes.

Current taxes not yet paid in whole or in part at the reporting date are recognised as tax liabilities in the consolidated statement of financial position. If payments on account in the current or previous reporting period exceed the related tax expense, the difference is recognised as a tax asset.

Current and deferred taxes are recognised in income taxes in the consolidated income statement unless they relate to gains or losses on AFS financial assets and actuarial gains and losses, which are recognised directly in the valuation reserves, net of tax.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position without offsetting as "Tax assets" and "Tax liabilities" respectively.

The income tax expense is calculated on the basis of an estimate of the current and deferred tax expense and income. Specifically, deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax bases. Nexi Payments Business recognises deferred tax assets for deductible temporary differences and carryforward tax losses that will reverse in subsequent periods when it is probable that it will make a taxable profit in the same period, according to its business plans, against which it can offset the deferred tax asset.

Deferred tax liabilities are calculated on all taxable temporary differences, excluding only reserves taxed upon distribution as, given the amount of the taxed available reserves, Nexi Payments Business does not expect to undertake transactions that would require their taxation.

Deferred tax assets and liabilities are calculated using the tax rates expected to be enacted in the period in which the deferred tax asset will be recovered or the deferred tax liability extinguished, based on the ruling tax laws.

Deferred tax assets and liabilities are re-measured regularly to reflect any changes in the tax laws or rates or any subjective situations in which Nexi Payments Business may find itself.

Provisions for risks and charges

Pension and similar provisions: defined benefit plans

The majority of the pension plans within Nexi Payments Business are considered to be defined benefit plans. Nexi Payments Business calculates the related liabilities and current service cost using actuarial assumptions and the projected unit credit method. This method projects future payments using historical figures and the demographic curve and discounts these flows using a market interest rate. The discount rate is the average market rate at the measurement date. The present value of the Nexi Payments Business' liability at the reporting date is also adjusted by the fair value of any plan assets.

Pension and similar provisions: defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Other provisions

Nexi Payments Business recognises provisions for risks and charges when:

- it has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be necessary to settle the obligation; and
- the liability can be reliably estimated.

When the effect of the time value of money is material, the provision is discounted using the current market rates at the closing date. Accruals and increases due to the time factor are recognised in profit or loss. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Provisions and contingent liabilities are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Liabilities

Classification

Due to banks and customers include funding obtained on the interbank market and from customers, including through repurchase agreements and the placing of bonds and certificates of deposit.

They also include finance lease liabilities.

Recognition

Financial liabilities are initially recognised at fair value, which is normally the amount received or the issue price, plus the directly related costs/income. Internal administrative costs are excluded.

Measurement

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Interest is recognised in interest and similar expense in the consolidated income statement.

Derecognition

Financial liabilities, or parts thereof, are derecognised when they are extinguished, i.e. when the obligation is complied with, cancelled or has expired.

Financial liabilities at fair value through profit & loss: Held for trading

This includes derivatives held for trading with negative fair values.

All financial liabilities held for trading are measured at fair value and the fair value gains or losses are recognised in profit or loss.

The measurement and recognition criteria are identical to those used for financial assets held for trading.

Foreign currency transactions

Initial recognition

Upon initial recognition, a foreign currency transaction is translated into the functional currency using the spot exchange rate ruling at the transaction date.

Subsequent measurement

Foreign currency assets and liabilities are retranslated into Euros at each subsequent reporting date using the following criteria:

- monetary items are retranslated using the closing rates;
- non-monetary items measured at historical cost are retranslated using the transaction-date exchange rates;
- non-monetary items measured at fair value are retranslated using the closing rates.

Exchange rate differences arising from the settlement of monetary items are recognised in profit or loss in the period in which they arise; exchange rate differences on non-monetary items are recognised in equity or in profit or loss in line with the method used to recognise the gains or losses that include this component.

Foreign currency costs and revenue are translated at the exchange rate ruling on their recognition date or, if they have not been realised, at the closing spot rate.

Other information

Post-employment benefits

The Italian post-employment benefits (TFR) are a form of deferred remuneration paid to employees when they leave Nexi Payments Business. They accrue over the employment term and are recognised under personnel expense.

Following the Italian supplementary pension reform introduced with Legislative decree no. 252 of 5 December 2005, benefits accruing from 1 January 2007 are calculated without using an actuarial approach as Nexi Payments Business' liability is limited to its contribution defined by the Italian Civil Code (defined contribution plan as per IAS 19).

Post-employment benefits vested up to 31 December 2006 continue to be considered defined benefit plans under IAS 19. Accordingly, the related obligation is subject to actuarial valuation using the projected unit credit method. This method projects future payments using historical statistics and the demographic curve and discounts these flows using a market interest rate.

The rate used to discount the post-employment benefit obligation (both funded and unfunded) varies from country to country. It is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The term of the corporate bonds is consistent with the estimated term of the post-employment benefit obligations.

Specifically, the amount recognised as a liability in the consolidated statement of financial position equals the net balance of the obligation's present value at the reporting date, the sum of any actuarial gains or losses, less any pension costs for past service not yet recognised and the current value of plan assets, if any, at the reporting date that will be used to directly extinguish the obligation.

Interest accrued on the net liability continues to be recognised.

Measurement of the fair value of financial instruments

The fair value of financial instruments is measured using the financial market prices in the case of instruments listed on active markets or by using internal measurement models for other financial instruments.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The closing date bid price and ask price are used for financial assets and financial liabilities respectively.

The fair value of financial instruments not quoted on active markets is determined using prices of recent market transactions of instruments with similar characteristics or by using valuation techniques based mainly on discounting cash flows. These techniques include all the factors that the market considers to set the price. Accordingly, the models consider the time value of money measured using the risk-free interest rate, default risks, the prepayment risk and the volatility of the financial instrument price, as well as, if applicable, foreign currency exchange rates.

The valuation model adopted for a financial instrument is the same over time, adjusted only in the case of significant changes in market conditions or subjective changes affecting the issuer.

Valuation models based on market parameters are used for bonds and derivatives. The calculation method also considers the need to include the credit risk of both counterparties.

Specifically, bonds are measured by discounting the expected future cash flows of the contractual plan, adjusted for the issuer credit risk.

This method is also used for derivatives, being interest rate swaps ("IRS"), overnight interest rate swaps ("OIS") and options.

A fair value hierarchy has been developed for shares and an application order for the measurement methods which considers any significant transactions involving the share in a sufficiently short time period compared to the measurement period, comparable transactions carried out by companies operating in the same sector and the application of financial, income and equity analytical valuation methods.

The fair value of financial assets and liabilities carried at cost or amortised cost is disclosed in the notes and is determined as follows:

- for non-current financial assets and liabilities, the discounted cash flow method is mainly used;

- for on demand assets and liabilities, with a short term or undetermined maturity, the carrying amount net of a collective/individual impairment loss is deemed to reasonably reflect fair value as it reflects changes in interest rates and the issuer credit risk;

- for floating-rate and current fixed-rate securities issued, the carrying amount is deemed to adequately reflect fair value, for the reasons set out above;

- for non-current fixed-rate liabilities, the discounted cash flow method, without considering changes in its credit spread, given its immateriality, is used.

Measurement of fair value of non-financial assets

The fair value of investment property is only calculated for disclosure in the notes. Nexi Payments Business uses third party appraisals considering transactions at current prices in an active market for similar real estate assets in the same location and condition and that have the same lease and other contractual terms.

Guarantees issued

Guarantees issued, credit derivatives and similar instruments as per IAS 39 and subsequent impairment losses are recognised in other liabilities.

Special Purpose Carve-out income statement of profit and loss and other comprehensive income

Interest income and expense

Interest income and expense and related income and expense relate to cash and cash equivalents, non-derivative financial assets and liabilities held for trading, AFS financial assets, loans and receivables, liabilities. Interest income and expense are recognised in profit or loss on all instruments measured at amortised cost, using the effective interest method.

Fee and commission income and expense

Fee and commission income and expense are recognised on an accruals basis. Specifically, trading commissions on securities are recognised when the service is rendered. Fees and commissions included in amortised cost to calculate the effective interest rate are excluded from fee and commission income as they are recognised under interest.

Dividends

Dividends are recognised in profit or loss when their distribution is approved.

Other income and costs

Other income and costs are recognised on an accruals basis.

Business combinations

Assets and liabilities deriving from business combinations are recognised at their acquisition-date fair value. After allocating the acquisition price to the assets acquired, liabilities assumed and contingent liabilities to obtain their fair value, any positive difference is recognised as goodwill. After initial recognition, goodwill is tested annually for impairment.

If the allocation of the acquisition cost to the assets acquired, liabilities assumed (and contingent liabilities) gives rise to a negative difference, this is taken to profit or loss.

Utilisation of estimates and assumptions in the preparation of the Carve-out financial statements

The Carve-out financial statements items are measured using the policies set out above.

Application of these policies sometimes involves the adoption of estimates and assumptions that may have a significant effect on the carrying amount of assets and liabilities, income and expenses.

The use of reasonable estimates is an essential part of the preparation of financial statements but must not affect their reliability. The financial statements items affected to a greater extent by the use of estimates and assumptions are:

- measurement of financial assets not listed on active markets—see fair value disclosures on page 31;
- measurement of intangible assets—see note 10;
- quantification of accruals to provisions for risks and charges—see note 30;
- quantification of deferred tax liabilities—see note 11;
- the assumptions used for the preparation of the Carve-out financial statements are based on the design of the perimeter of the payments services defined by the Reorganization Project. The separation of some minor items between banking and payment perimeter has been done on the basis of direct parameters.

A change in an accounting estimate may occur due to changes in the circumstances on which the estimate was based or as a result of new information or more experience. The effect of a change in an accounting estimate

is recognised prospectively by including it in profit or loss of the period of the change and, if the change affects future periods, also in future periods.

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

Transfers between portfolios of financial assets

There have not been transfers between portfolios of financial assets with reference to carve-out financial statements for the years ended 31 December 2017, 2016 and 2015.

Fair value disclosure

The IFRS require that financial products classified in the HFT or AFS portfolios be measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., not a forced liquidation or distress sale) on the principal market at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

IFRS 13 establishes a hierarchy for measuring fair value of financial instruments depending on the entity's use of discretion, prioritising the use of relevant observable inputs that reflect the assumptions that market participants would use to price assets/liabilities.

The fair value hierarchy has three input levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: unobservable inputs for the asset or liability.

The decision about which level to use is not optional as they are to be applied in hierarchical order. Highest priority is given to official prices available on active markets for the assets or liabilities to be measured (Level 1) or assets and liabilities measured using techniques based on parameters observable on the market other than prices (Level 2) and the lowest priority is given to assets and liabilities whose fair value is calculated using techniques that are based on unobservable inputs and which are, therefore, more discretional (Level 3).

The Group uses the reporting date market price for instruments listed on active markets (Level 1).

The fair value of financial instruments not listed on active markets is measured using techniques mainly based on discounting cash flows. These techniques consider all the factors that the market uses to set the price which are mainly inputs observable on the market (Level 2). Specifically:

- bonds are measured by discounting the expected future cash flows of the contractual plan, adjusted for the issuer credit risk;
- derivatives, including Interest Rates Swaps (IRSs) and Overnight Index Swap (OISs), and options are measured using the market models that mainly use market rates as their input, adjusted to reflect counterparty risk. This risk includes changes in the counterparty's credit standing and in the issuer's credit standing (own credit risk), if material;
- a fair value hierarchy has been developed for shares and an application order for the measurement methods which considers any significant transactions involving the share in a sufficiently short time period compared to the measurement period, comparable transactions carried out by companies

operating in the same sector and the application of financial, income and equity analytical valuation methods.

The valuation model adopted for a financial instrument is the same over time, adjusted only in the case of significant changes in market conditions or subjective changes affecting the issuer.

Nexi Payments Business did not have at the reporting date (31 December 2017, 2016 and 2015), nor did it trade in during the financial year, Level 3 financial instruments, except for immaterial amounts.

Qualitative disclosure

A. Levels 2—valuation techniques and inputs used

Nexi Payments Business measured Level 2 financial instruments (mainly IRSs, OISs and interest rate and currency options) using market interest rates and volatility. The adjustments made to the Level 2 instruments to reflect counterparty risk were immaterial due to the facts that the Company has limited operations in the unlisted derivatives segment, that its transactions are mainly with Italian institutional counterparties and, most importantly, it has guarantees mitigating risk.

B. Measurement processes and sensitivity

As noted above, Nexi Payments Business does not have nor did it trade in Level 3 financial instruments during the financial year, except for immaterial amounts.

C. Fair value hierarchy

Transfers between the fair value levels are made to reflect changes in the instruments or its market.

Transfers from Level 1 to Level 2 are made when there is an inadequate number of contributors or a limited number of investors that hold the outstanding float.

Conversely, instruments that are illiquid when issued and have a small number of trades classified in Level 2 are transferred to Level 1 when an active market exists.

D. Other disclosures

Nexi Payments Business did not avail itself of the exception under IFRS 13.48 to measure the net positions of groups of assets and liabilities managed on a net basis.

Nexi Payments Business does not hold assets for which the current use differs from their highest and best use.

Quantitative disclosure

Fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

	31 December 2017			**31 December 2016**			**31 December 2015**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Financial assets held at fair value through profit or loss .	154	0	0	136	0	0	0	0	0
AFS financial assets	3	83,254	—	3	47,593	—	—	3,763	214,541

Property, equipment and investment property	—	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—	—
Total	**157**	**83,254**	**—**	**139**	**47,593**	**—**	**—**	**3,763**	**214,541**
Financial liabilities held for trading	7,122	—	—	—	—	—	—	—	—
Hedging derivatives	5,520	—	—	—	—	—	—	—	—
Total	**12,642**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Nexi Payments Business did not transfer assets and liabilities between Level 1, Level 2 or Level 3 during the years considered (2017, 2016 and 2015).

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value breakdown by fair value level

	31 December 2017				**31 December 2016**				**31 D**	
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**	**Lev**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€0**
Loans and receivables with banks	480,345	—	480,345	—	344,830	—	344,830	—	96,681	
Loans and receivables with customers	2,779,366	—	2,778,904	462	2,548,332	—	2,547,416	916	2,350,791	
Investment property	6,206	—	6,720	—	6,495	—	6,720	—	6,784	
Total	**3,265,917**	**—**	**3,265,969**	**462**	**2,899,657**	**—**	**2,898,966**	**916**	**2,454,256**	
Due to banks.....................	2,492,556	—	2,492,556	—	1,859,678	—	1,859,678	—	1,877,645	
Due to customers.............	63,433	—	63,433	—	45,792	—	45,792	—	28,333	
Total	**2,555,989**	**—**	**2,555,989**	**—**	**1,905,470**	**—**	**1,905,470**	**—**	**1,905,978**	

Information on "day one profit or loss"

Pursuant to IFRS 7.28 and IAS 39.AG.76, a financial instrument shall be initially recognised at an amount that is equal to its fair value, which is generally considered to be the price paid/collected from its trading. In practice, there could be a difference between the two values. In these cases, the standard stipulates that a financial instrument can be recognised at a fair value different from the amount paid/collected only if it is measured:

- using prices from observable current market transactions in the same instrument;
- using valuation techniques exclusively based on observable market date as the variable factors.

1. NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

In other words, IAS 39 states that the presumption that the fair value is equal to the price paid/collected can be rebutted only if it is determined using objective evidence that the price paid/collected does not represent the real market value of the financial instrument being traded.

The objective evidence shall be obtained using the most objective method available, i.e. reducing valuation discretion to the minimum.

The difference between fair value and the negotiated price, when the above conditions are met, is called the "day one profit or loss" and is immediately taken to profit or loss.

Nexi Payments Business did not recognise transactions of this kind in the considered years (31 December 2017, 2016 and 2015).

2. ILLUSTRATIVE NOTES: CARVE-OUT STATEMENT OF FINANCIAL POSITION

3. Cash and cash equivalents

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
a) Cash in hand	41	24	23
b) Deposits and current accounts	134,384	8,403	—
Total	**134,425**	**8,426**	**23**

The item "deposits and current accounts" at the end of December 2017 and December 2016 refers to available currents accounts held by Latino Italy S.r.l. in Nexi S.p.A. and HSBC. The increase in 2016 is due to the cash deriving from the capital injection to serve the acquisition of Setefi (now Mercury Payments). The increase in 2017 is in particular due to €113 million of cash received by Latino Italy S.r.l. for the disposal of Mercury Processing completed at the end of December, 2017 and considered for the Carve-out purpose as a capital injection.

4. Financial assets designated at fair value through profit and loss

	31 December 2017		31 December 2016		31 December 2015	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
	€000	€000	€000	€000	€000	€000
Equity instruments	154	—	136	—	—	—
Total	**154**	**—**	**136**	**—**	**—**	**—**

The caption comprises equity instruments only related to Intesa Sanpaolo incentive plans to be assigned to Mercury Payments employees.

There were no Level 3 held for trading financial assets held at the balance sheet dates.

5. Available-for-sale financial assets

5.1 Breakdown by products

31 December 2017			31 December 2016			31 December 2015		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3

	€000	€000	€000	€000	€000	€000	€000	€000	€000
Equity instruments	3	83,254		3	47,593			3,763	214,541
Total	**3**	**83,254**	**—**	**3**	**47,593**	**—**	**—**	**3,763**	**214,541**

5.2 Breakdown by issuer

	31 December 2017	31 December 2016	31 December 2015
	€000	**€000**	**€000**
a) Banks	3	3	—
b) Financial Institutions	83,135	47,544	218,265
—Visa Europe Limited	—	—	*214,541*
—Visa Inc.	*83,091*	*47,500*	*3,680*
—International Card System AD—Casys	*44*	*44*	*44*
Other issuers	119	49	39
Total	**83,257**	**47,596**	**218,304**

The item "Financial institutions" consists of investments in which the Group does not exercise control, joint control or significant influence. The increase in the caption during 2017 is related to the revaluation of the Visa Inc. preferred shares assigned following the sale of the investment in Visa Europe during 2016.

5.3 Available-for-sale financial assets: changes

	31 December 2017	31 December 2016	31 December 2015
	€000	**€000**	**€000**
Equity instruments and OEIC units			
A. Opening Balance	**47,596**	**60,120**	**—**
B. Increases	35,662	66,191	218,304
—Purchases	—	—	—
—Fair Value gains	*1*	*1,129*	—
—Value recoveries	*35,591*	*3,416*	—
—Other increases	*70*	*61,647*	*218,304*
C. Decreases	—	*78,716*	—
—Sales	—	*22,363*	—
—Repayments	—	—	—
—Value changes due to impairment	—	—	—
—Fair Value losses	—	—	—
—Other decreases	—	*56,353*	—
Total	**83,257**	**47,596**	**218,304**

The increase in "value recoveries" accounted in 2017 is related to the revaluation of the Visa Inc. preferred shares assigned following the sale of the investment in Visa Europe, while the item "other increases" include minor available-for-sale item related to Bassilichi S.p.A.. The increase is recognized against Net Investments net of related deferred tax effect and net of financial hedging derivatives signed during 2017.

6. Loans and receivables with banks

6.1 Loans and receivables with banks: breakdown by product

		Fair Value		
31 December 2017	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**
	€000	**€000**	**€000**	**€000**
Loans and receivables with banks				

Current accounts	226,564		226,564	
Prepaid cards liquidity—Nexi Compendium	50,946	—	50,946	—
Transferred liquidity no related to cards—Nexi Compendium	17,902		17,902	
Other asset due to services	50,550	—	50,550	—
Total	**345,961**	**—**	**345,961**	**—**

		Fair Value		
31 December 2016	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**
	€000	**€000**	**€000**	**€000**
Loans and receivables with banks				
Current accounts	247,237		247,237	
Prepaid cards liquidity—Nexi Compendium	53,411	—	53,411	—
Transferred liquidity no related to cards—Nexi Compendium	8,372		8,372	
Other asset due to services	27,407	—	27,407	—
Total	**336,427**	**—**	**336,427**	**—**

		Fair Value		
31 December 2015	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**
	€000	**€000**	**€000**	**€000**
Loans and receivables with banks				
Current accounts	53,552		53,552	
Prepaid cards liquidity—Nexi Compendium	51,902	—	51,902	—
Transferred liquidity no related to cards—Nexi Compendium	17,034	—	17,034	—
Other asset due to services	141	—	141	—
Total	**122,628**	**—**	**122,628**	**—**

The increase in current accounts between 2015 and 2016 is related to the current accounts held by Mercury Payments entered in the perimeter at the end December, 2016. The further lower increase in 2017 is due to the normal dynamics of the operations.

The current accounts, at the end of December 2017, include a balance of €126 million referred to Mercury Payments that is related to the daily settlement of transaction on behalf of Intesa Sanpaolo and that should be read in conjunction with the exposure with Intesa Sanpaolo included in "Due to banks" for €171 million. However, for accounting purposes, the two items are separately presented. Net of this specific position the remaining part of the current accounts balance is represented by available liquidity at the level of the operating entities only.

Prepaid cards liquidity is related to the IMEL activity on prepaid cards included in the Nexi's Compendium of assets. The liquidity has to be considered segregated into a specific current account with banks that can be used only to the benefit of the utilization of the prepaid cards by the cardholders.

Other assets due to services is mainly related to Mercury Payments for services provided to Intesa Sanpaolo S.p.A..

7. Net loans and receivables with customers

7.1 Net loans and receivables with customers: breakdown by product

	Carrying amount		Fair Value		
31 December 2017	**Performing**	**Non-performing Other**	**L1**	**L2**	**L3**
	€000	**€000**	**€000**	**€000**	**€000**
Ordinary Credit Cards	2,104,293	—	—	2,104,293	—
Receivables with member international circuits and mermber merchant with said companies	453,735	—	—	453,735	—
Revolving Credit Cards	213,972	170	—	213,972	170
Personal Loans	6,416	—	—	6,416	—
Other assets	488	292	—	488	292
Total	**2,778,904**	**462**	**—**	**2,778,904**	**462**

	Carrying amount		Fair Value		
31 December 2016	**Performing**	**Non-performing Other**	**L1**	**L2**	**L3**
	€000	**€000**	**€000**	**€000**	**€000**
Ordinary Credit Cards	2,010,898	3	—	2,010,898	3
Receivables with member international circuits and mermber merchant with said companies	304,434	581	—	304,434	581
Revolving Credit Cards	216,874	151	—	216,874	151
Personal Loans	7,505	—	—	7,505	—
Other assets	7,705	181	—	7,705	181
Total	**2,547,416**	**916**	**—**	**2,547,416**	**916**

	Carrying amount		Fair Value		
31 December 2015	**Performing**	**Non-performing Other**	**L1**	**L2**	**L3**
	€000	**€000**	**€000**	**€000**	**€000**
Ordinary Credit Cards	1,963,881	—	—	1,963,881	—
Receivables with member international circuits and mermber merchant with said companies	147,925	1,509	—	147,925	1,509
Revolving Credit Cards	228,120	141	—	228,120	141
Personal Loans	8,141	—	—	8,141	—
Other assets	1,074	—	—	1,074	—
Total	**2,349,141**	**1,650**	**—**	**2,349,141**	**1,650**

The increase between 2015 and 2016 is due to the inclusion of Mercury Payments following its acquisition at the year end and it is in particular related to the daily exposure with international circuits and correspondent legal entities (member of the credit cards' international circuits) for the settlement of Intesa Sanpaolo clients transactions. The calculation includes purchases, cash advances, commissions among circuit members and the commissions due to the circuits for the services provided by the latter.

The increase in 2017 is mainly driven by the higher volumes of settlements generated by ordinary credit cards and by the new MPS acquiring business entered in the perimeter during the year.

7.2 Loans and receivables with customers: gross, impairment and net value for performing and non performing loans

	31 December 2017			31 December 2016			31 December 2015		
	Gross	**Allowance**	**Net**	**Gross**	**Allowance**	**Net**	**Gross**	**Allowance**	**Net**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Performing	2,781,427	(2,523)	2,778,904	2,549,969	(2,553)	2,547,416	2,351,038	(1,897)	2,349,141
Non performing	5,304	(4,842)	462	7,553	(6,637)	916	11,312	(9,662)	1,650
Total	**2,786,731**	**(7,365)**	**2,779,366**	**2,557,522**	**(9,190)**	**2,548,332**	**2,362,350**	**(11,559)**	**2,350,791**

8. Property and equipment

8.1 Property and equipment: breakdown of assets measured at cost

	31 December 2017	**31 December 2016**	**31 December 2015**
	€000	**€000**	**€000**
1. Owned			
a) land	13,209	13,209	13,209
b) buildings	59,763	41,686	28,790
c) furniture	1,037	1,509	1,506
d) electronic systems	82,094	52,914	37,747
e) other	1,114	720	568
Total	**157,216**	**110,038**	**81,820**

There are no assets held under finance lease in all the balance sheet dates

Property, plants and equipment exiting in 2015 are the result of the initial business acquisition.

The increase in the value of buildings in 2016 is due to the revaluation at fair value of the acquired assets following the completion of the PPA exercise less the depreciation of the period. In the same period the growth in the electronic systems is related to the POS referred to Mercury Payments acquired at the year end.

The 2017's increase is due to the acquisition of Bassilichi S.p.A., both for building and electronic systems (POS and ATM).

8.2 Property and equipment: changes

Year ended 31 December 2017	**Land**	**Buildings**	**Furniture**	**Electronic Systems**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
A. Opening balance	**13,209**	**41,686**	**1,509**	**52,914**	**720**	**110,038**
B. Increases						—
B.1 Purchases	—	25	707	40,312	627	41,672
B.2 Capitalised improvements costs	—	—	—	—	—	—
B.3 Reversals of impairment losses	—	—	—	—	—	—
B.4 Fair value gains recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
B.5 Exchange rate gains	—	—	—	—	—	—
B.6 Transfers from investment property	—	—	—	—	—	—

	Land	Buildings	Furniture	Electronic Systems	Other	Total
B.7 Other increases	—	20,060	—	14,669	4,640	39,369
C. Decreases						**—**
C.1 Sales	—	—	(1,114)	(497)	—	(1,611)
C.2 Depreciation	—	(2,008)	(65)	(25,305)	(4,874)	(32,252)
C.3 Impairment losses recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
C.4 Fair value gains recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
C.5 Exchange rate losses	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) investment property	—	—	—	—	—	—
b) disposal groups	—	—	—	—	—	—
C.7 Other decreases	—	—	—	—	—	—
D. Net closing balance	**13,209**	**59,763**	**1,037**	**82,094**	**1,114**	**157,216**

Year ended 31 December 2016	**Land**	**Buildings**	**Furniture**	**Electronic Systems**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
A. Opening balance	**13,209**	**28,790**	**1,506**	**37,747**	**567**	**81,820**
B. Increases						
B.1 Purchases	—	—	69	25,514	276	25,859
B.2 Capitalised improvements costs	—	—	—	—	—	—
B.3 Reversals of impairment losses	—	—	—	—	—	—
B.4 Fair value gains recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
B.5 Exchange rate gains	—	—	—	—	—	—
B.6 Transfers from investment property	—	—	—	—	—	—
B.7 Other increases	—	14,870	—	10,772	70	25,712
C. Decreases						
C.1 Sales	—	—	—	(2,529)	—	(2,529)
C.2 Depreciation	—	(1,974)	(66)	(18,590)	(194)	(20,824)
C.3 Impairment losses recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
C.4 Fair value gains recognised in:	—	—	—	—	—	—
a) equity	—	—	—	—	—	—
b) profit or loss	—	—	—	—	—	—
C.5 Exchange rate losses	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) investment property	—	—	—	—	—	—
b) disposal groups	—	—	—	—	—	—
C.7 Other decreases	—	—	—	—	—	—
D. Closing balance	**13,209**	**41,686**	**1,509**	**52,914**	**720**	**110,038**

Year ended 31 December 2015

Year ended 31 December 2015	**Land**	**Buildings**	**Furniture**	**Electronic Systems**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Increases	**13,209**	**30,710**	**1,565**	**54,774**	**744**	**101,002**
Other increases	13,209	30,710	1,565	54,774	744	101,002
Decreases	**—**	**(1,920)**	**(59)**	**(17,027)**	**(176)**	**(19,182)**
Amortisation(*)	—	(1,920)	(59)	(17,027)	(176)	(19,182)
Gross closing balance	**13,209**	**28,790**	**1,506**	**37,747**	**568**	**81,820**

(*) The effect regarding the amortization is included in the carve-out Income Statement of ICBPI only.

Property and equipment exiting in 2015 are the result of the initial business acquisition.

9. Investment property

9.1 Investment property: breakdown of assets measured at cost

31 December 2017	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
	€000	€000	€000	€000
1. Owned	**6,206**			
a) land	903	—		—
b) buildings	5,303	—		—
2. Under finance lease				
a) land	—	—	—	—
b) buildings	—	—	—	—
Total	**6,206**	**—**	**6,720**	**—**

31 December 2016	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
	€000	€000	€000	€000
1. Owned	**6,495**	—	—	—
a) land	903	—	—	—
b) buildings	5,592	—	—	—
2. Under finance lease	—	—	—	—
a) land	—	—	—	—
b) buildings	—	—	—	—
Total	**6,495**	**—**	**6,720**	**—**

31 December 2015	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
	€000	€000	€000	€000
1. Owned	6,784	—	—	—
a) land	903	—	—	—
b) buildings	5,881	—	—	—
2. Under finance lease	—	—	—	—
a) land	—	—	—	—
b) buildings	—	—	—	—
Total	**6,784**	**—**	**11,925**	**—**

Tangible property assets are mainly related to buildings in Milan Via Livraghi 16 and Assago—MilanoFiori Strada 1, the fair value of which was determined by an external appraisal.

Investment property is covered by IAS 40 and includes property held (either owned or under finance lease) to earn rental and/or obtain appreciation of invested capital.

Investment property is measured at cost, net of depreciation.

At the three reporting date (31 December 2017, 2016 and 2015), there are no:

- restrictions to the sale of investment property or the collection of lease payments;
- obligations/contractual commitments to purchase, build, develop, repair or maintain owner-occupied property.

9.2 Investment property: changes

	31 December 2017		31 December 2016		31 December 2015	
	Land	Buildings	Land	Buildings	Land	Buildings
	€000	€000	€000	€000	€000	€000
A. Gross opening balance	**903**	**5,592**	**903**	**5,881**	**—**	**—**
A.1 Total net depreciation & impairment losses	—	—	—	—	—	—
A.2 Net opening balance	903	5,592	903	5,881	—	—
B. Increases	**—**	**—**	**—**	**—**	**903**	**6,170**
B.1 Purchases	—	—	—	—	—	—
B.2 Capitalised improvement costs	—	—	—	—	—	—
B.3 Reversals of impairment losses	—	—	—	—	—	—
B.4 Reversals of impairment losses	—	—	—	—	—	—
B.5 Exchange rate gains	—	—	—	—	—	—
B.6 Transfers from property and equipment	—	—	—	—	—	—
B.7 Other increases	—	—	—	—	903	6,170
C. Decreases	**—**	**(289)**	**—**	**(289)**	**—**	**(289)**
C.1 Sales	—	—	—	—	—	—
C.2 Depreciation	—	(289)	—	(289)	—	(289)
C.3 Fair value losses	—	—	—	—	—	—
C.4 Impairment losses	—	—	—	—	—	—
C.5 Exchange rate losses	—	—	—	—	—	—
C.6 Transfers to other portfolios	—	—	—	—	—	—
C.7 Other decreases	—	—	—	—	—	—
D. Closing balance	**903**	**5,303**	**903**	**5,592**	**903**	**5,881**
E. Fair value	**6,720**		**6,720**		**11,925**	

10. Intangible assets

10.1 Intangible assets: breakdown by asset

	31 December 2017		31 December 2016		31 December 2015	
	Finite life	Indefinite life	Finite life	Indefinite life	Finite life	Indefinite life
	€000	€000	€000	€000	€000	€000
A.1 Goodwill	—	2,227,404	—	1,772,973	—	962,295
A.2 Other intangible assets	423,091	—	49,244	—	17,156	—
Total	**423,091**	**2,227,404**	**49,244**	**1,772,973**	**17,156**	**962,295**

The goodwill for the year ended 31 December 2015 arises from the original acquisition of ICBPI for the part allocated to non-banking activities. Other intangible assets are referred to software and technological developments.

The increase in goodwill for the year ended 31 December 2016 is due to the acquisition of Mercury Payments less €26.7 million of final PPA adjustments on ICBPI Group 2015 initial goodwill. Other intangibles increase is related to software and technological developments.

The increase in goodwill for the year ended 31 December 2017 is due to the acquisition of the acquiring business from Monte dei Paschi di Siena S.p.A., Deutsche Bank S.p.A. and Bassilichi S.p.A. less the Mercury Payments PPA which part of the effect is included in other intangible assets as customer contracts allocation.

For further details about business combination in the three years considered, please refer to note 35.

10.2 Intangible assets: changes

Year ended 31 December 2017	Goodwill	Other intangible assets: internally generated assets — Finite life	Other intangible assets: internally generated assets — Indefinite life	Other intangible assets: other — Finite life	Other intangible assets: other — Indefinite life	Total
	€000	€000	€000	€000	€000	€000
A. Opening balance	**1,772,973**	**—**	**—**	**49,244**	**—**	**1,822,217**
A.1 Total net amortisation & impairment losses	—	—	—	—	—	—
A.2 Net opening balance	**1,772,973**	**—**	**—**	**49,244**	**—**	**1,822,217**
B. Increases	**454,431**	**365,529**	**—**	**66,920**	**—**	**886,880**
Purchases	—	—	—	47,673	—	47,673
Other increases	454,431	365,529	—	19,247	—	839,207
C. Decreases	**—**	**(30,461)**	**—**	**(28,141)**	**—**	**(58,602)**
Sales	—	—	—	—	—	—
Amortisation	—	(30,461)	—	(28,141)	—	(58,602)
Other decreases	—	—	—	—	—	—
D. Net closing balance	**2,227,404**	**335,068**	**—**	**88,023**	**—**	**2,315,427**
D.1 Total net amortisation & impairment losses	—	—	—	—	—	—
E. Gross closing balance	**2,227,404**	**335,068**	**—**	**88,023**	**—**	**2,650,495**

The increase in the year to 31 December 2017 relates to the acquisitions of MPS Acquiring, Bassilichi Payments and DB Cards Acquiring occurred in June and July 2017. The other decrease in the goodwill comprises adjustments arising from the finalisation of the goodwill recognised and capitalised in connection with the acquisition of the Mercury Payments which €366 million has been classified to finite life intangible assets.

Year ended 31 December 2016	Goodwill	Other intangible assets: internally generated assets		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
	€000	€000	€000	€000	€000	€000
A. Opening balance	**962,295**	**—**	**—**	**17,156**	**—**	**979,451**
A.1 Total net amortisation & impairment losses	—	—	—	—	—	—
A.2 Net opening balance	**962,295**	**—**	**—**	**17,156**	**—**	**979,451**
B. Increases	**835,477**	**—**	**—**	**42,452**	**—**	**877,929**
Purchases	—	—	—	33,898	—	33,898
Other increases	835,477	—	—	8,554	—	844,031
C. Decreases	**(24,799)**	**—**	**—**	**(9,968)**	**—**	**(34,767)**
Sales	—	—	—	—	—	—
Amortisation	—	—	—	(9,968)	—	(9,968)
Other decreases	(24,799)	—	—	—	—	(24,799)
D. Net closing balance	**1,772,973**	**—**	**—**	**49,640**	**—**	**1,822,613**
D.1 Total net amortisation & impairment losses	—	—	—	(396)	—	(396)
E. Gross closing balance	**1,772,973**	**—**	**—**	**49,244**	**—**	**1,822,217**

The increase in the year to 31 December 2016 relates to the acquisition of Mercury Payments on 15 December 2016. The other decrease in the goodwill comprises adjustments arising from the finalisation of the goodwill recognized and capitalised in connection with the acquisition of ICBPI Group.

Year ended 31 December 2015	Goodwill	Other intangible assets: internally generated assets		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
	€000	€000	€000	€000	€000	€000
Increases	**962,295**	**—**	**—**	**25,554**	**—**	**987,849**
Other increases	962,295	—	—	25,554	—	987,849
Decreases	**—**	**—**	**—**	**(8,398)**	**—**	**(8,398)**
Amortisation[*]	—	—	—	(8,398)	—	(8,398)
Gross closing balance	**962,295**	**—**	**—**	**17,156**	**—**	**979,451**

* The effect regarding the amortization is included in the carve-out Income Statement of ICBPI only.

10. Intangible assets

10.3 Intangible assets: impairment review

31 December 2017

The Group has performed an impairment test on the intangible assets with an indefinite life at 31 December 2017.

The impairment review has been performed for the following cash generating units ("CGU"), except for changes to the Group perimeter in 2017, there is no change to the tests performed for the 2016 financial statements. The allocated goodwill is shown below:

Name of CGU	Allocated goodwill
	(€000)
CGU Cards	789,737
MPS Acquiring	519,520
DB Acquiring	41,670
CGU Payments	120,000
CGU Outsourcing	27,759
Bassilichi—Triveneto	137,890
Mercury Payments	590,828
	2,227,404

The recoverable amount of a CGU is the higher of its:

- fair value less costs of disposal ("FVLCD")
- value in use ("VIU")

The estimate of VIU has been carried out by applying the Dividend Discount Model ("DDM") in its Excess Capital version which was developed based on Nexi Group 2017 - 2021 Business Plan, which was approved by the Board of Director (BoD) of the Parent Company on February 9th, 2017. The Business Plan will be applied on a pro-forma basis to take into account the updates approved by the BoD, the changes in the Group perimeter and the items included in the Budget 2018.

The estimate of the FVLCD was determined by applying the trading multiples method, using the median P/E adjusted multiple of a basket of comparable companies.

The main parameters used to estimate the cost of capital in the calculation of the VIU are as follows:

	Carve-out CGUs			
Cost of Capital-Ke	Cards MPS/DB/Bassilichi	Payments	Outsourcing	Carve-out
Risk free rate at 31 December 2017	1.97%	1.97%	1.97%	1.97%
Beta	1.12	1.15	0.96	1.12
Equity Market Risk Premium	5.50%	5.50%	5.50%	5.50%
Cost of capital	**8.15%**	**8.32%**	**7.24%**	**8.60%**

They have been determined as follows:

- Risk free rate: gross yield of Italian BTP 10Y at 31 December 2017 (Source: Info provider);

- Beta used on consolidated DDM: weighted average of median betas of listed comparable companies identified for each CGU;
- Equity Market Risk Premium: in line with the best professional valuation practice.

In order to determine the Terminal Value of the CGUs:

- A growth rate of 2.0%, in line with ECB's target for the inflation rate of the Euro Zone.
- a prudential add-on of 100 bps to the discount rate has been applied.

The distributable dividends during the specified projections period and sustainable dividend for terminal value calculation have been determined assuming a minimum CET 1 target of 14.0% as established by Bank of Italy. CET1 of 14% is a target ratio for Nexi Group to be calculated on the basis of the Group consolidation perimeter.

There was no impairment of the intangibles required at 31 December 2017.

31 December 2016

Nexi Payments Business has performed an impairment test on the intangible assets with an indefinite life at 31 December 2016.

The impairment review has been performed for the following cash generating units ("CGU") and the allocated goodwill is shown below:

Name of CGU	**Allocated goodwill**
	(€000)
Cards	789,737
Payments	120,000
Outsourcing	27,759
	937,496

The allocated goodwill at 31 December 2016 of €817,496 relates to the goodwill recognised in connection with the acquisition of ICBPI in December 2015 (and, in particular, the cards and the payments services), for which the purchase price allocation was finalised in December 2016. The provisional value of the goodwill recognised in connection with the acquisition of Mercury Payments in December 2016 of €835,476,363 has been reviewed for impairment for the first time at 31 December 2017.

The recoverable amount of a CGU is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The estimate of VIU has been carried out by applying the dividend discount model ("DDM") in its excess capital version.

The estimate of the FVLCD was determined by applying the trading multiples methods, using the median P/E adjusted multiple of a basket of comparable companies.

The main parameters used to estimate the cost of capital in the calculation of the VIU are as follows:

	Carve-out CGUs			
Cost of Capital-Ke	**Cards**	**Payments**	**Outsourcing**	**Carve-out**
Risk free rate at 31 December 2016	1.82%	1.82%	1.82%	1.82%
Beta	1.13	1.12	0.91	1.13
Equity Market Risk Premium	6.02%	6.02%	6.02%	6.02%
Market Risk Premium	6.82%	6.73%	5.46%	6.78%
Cost of capital	**8.63%**	**8.55%**	**7.27%**	**8.60%**

They have been determined as follows:

- risk free rate: gross yield of Italian BTP 10Y at December 2016 (Source: Info provider)
- beta used on consolidated DDM: weighted average of median betas of listed comparable companies identified for each CGU
- equity market risk premium: ERP for Italy—December 2016 (Source: ERP by months—A. Damodaran)

In order to determine the terminal value of the CGUs the valuation used:

- a growth rate of 2%, in line with the European Central Bank's target for the inflation zone of the Eurozone
- a prudent add-on of 100bps to the discount rate has been applied

The distributable dividend during the specified projections period and sustainable dividend for the terminal value calculation have been determined assuming a minimum CET 1 target of 14.0% as established by the Bank of Italy (taking into account the fact that Mercury UK Group is fully subject to regulatory banking supervision and related requirements until the completion of the reorganization).

There was no impairment of the intangibles required at 31 December 2016.

31 December 2015

No impairment test has been performed on goodwill because the acquisition has been done at the end of December, 2015.

11. Tax assets and liabilities

11.1 Current tax assets and liability

For the year ended 31 December 2017 the carve-out financial position accounted €28,066 thousand of tax recoveries receivable and € 3,182 thousand of tax payments due under the IRES and IRAP taxation regimes in Italy.

For 2016 and 2015, tax recoveries receivable amounted to €23,162 thousand and €1,694 thousand respectively, while tax payments due under IRES and IRAP taxation regimes in Italy amounted to €16,926 thousand and €0 in 2015.

11.2 Deferred tax assets: breakdown

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
Deferred tax assets			
—of which: recognised in equity	431	435	305
—of which: recognised in profit or loss	25,747	22,544	22,208
Total	**26,178**	**22,979**	**22,513**

11.3 Deferred tax liabilities: breakdown

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
Deferred tax liabilities			
—of which: recognised in equity	2,267	306	13,936
—of which: recognised in profit or loss	18,978	8,655	9,378
—of which: *recognised in profit or loss due to participation elimination—other changes*	110,808	—	—

Total	**132,053**	**8,961**	**23,314**

Italian corporate entities are subject to a corporate income tax (IRES) and to a regional production tax (IRAP). The deferred tax liabilities "recognized in profit or loss due to participation elimination" refer to the Mercury Payments participation elimination and to the allocation of a part of the acquisition price to intangible finite life.

11.4 Changes in deferred tax assets (movement in each asset is taken to profit or loss)

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
1. Opening balance	**22,544**	**22,208**	**—**
2. Increases	**6,383**	**4,677**	**22,208**
2.1 Deferred tax assets recognised in the period	5,568	2,770	—
2.2 New taxes or increases in tax rates	—	—	—
2.3 Other increases	815	1,907	22,208
3. Decreases	**3,180**	**4,341**	**—**
3.1 Deferred tax assets de-recognised in the period	3,180	4,341	—
3.2 Decrease in tax rates	—	—	—
3.3 Other decreases	—	—	—
4. Closing balance	**25,747**	**22,544**	**22,208**

11.5 Changes in deferred tax liabilities (movement in each liability is taken to profit or loss)

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
1. Opening balance	**8,655**	**9,378**	**—**
2. Increases	**131,299**	**122**	**9,378**
2.1 Deferred tax liabilities recognised in the period	10,418	25	—
2.2 New taxes or increases in tax rates	—	—	—
2.3 Other increases—*recognised in profit or loss due to participation elimination—other changes*	120,881	97	9,378
3. Decreases	**(10,168)**	**(845)**	**—**
3.1 Deferred tax liabilities de-recognised in the period	(23)	(117)	—
3.2 Decrease in tax rates	—	—	—
3.3 Other decreases—*recognised in profit or loss due to participation elimination—other changes*	(10,145)	(728)	—
4. Closing balance	**129,786**	**8,655**	**9,378**

11. Tax assets and liabilities

11.6 Changes in deferred tax assets (movement in each asset is taken to equity)

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
1. Opening balance	**435**	**305**	**—**
2. Increases	**—**	**130**	**305**
2.1 Deferred tax assets recognised in the period	—	—	—
2.2 New taxes or increases in tax rates	—	—	—
2.3 Other increases	—	130	305
3. Decreases	**4**	**—**	**—**
3.1 Deferred tax assets de-recognised in the period	4	—	—
3.2 Decrease in tax rates	—	—	—
3.3 Other decreases	—	—	—
4. Closing balance	**431**	**435**	**305**

11.7 Changes in deferred tax liabilities (movement in each liability is taken to equity)

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
1. Opening balance	**306**	**13,936**	**—**
2. Increases	**1,961**	**295**	**13,936**
2.1 Deferred tax liabilities recognised in the period	1,961	295	—
2.2 New taxes or increases in tax rates	—	—	—
2.3 Other increases	—	—	13,936
3. Decreases	**—**	**13,925**	**—**
3.1 Deferred tax liabilities de-recognised in the period	—	13,925	—
3.2 Decrease in tax rates	—	—	—
3.3 Other decreases	—	—	—
4. Closing balance	**2,267**	**306**	**13,936**

12. Other assets

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	€000	€000
Withholding taxes paid on interest charged to customers and other tax assets	58,307	57,201	59,452
Commissions and other income to be charged	213,949	127,415	122,407
Cards transaction to be credited	57,333	59,236	54,951
Sundry and residual items	31,981	37,775	31,598
Total	**361,570**	**281,627**	**268,408**

13. Due to banks (breakdown by product)

Liabilities

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015

	€000	€000	€000
1. Funding due to Nexi (ICBPI)	1,722,846	1,120,752	1,267,347
2. Due to banks	769,710	738,926	699,825
2.1 financing	387,228	313,842	357,492
2.2 and other liabilities	382,482	425,084	342,333
Total	**2,492,556**	**1,859,678**	**1,967,172**
Fair value—Level 1	**—**	**—**	**—**
Fair value—Level 2	**2,492,556**	**1,859,678**	**1,967,172**
Fair value—Level 3	**—**	**—**	**—**
Total fair value	**2,492,556**	**1,859,678**	**1,967,172**

The item "Funding due to Nexi (ICBPI)" refers to the funding obtained by Nexi S.p.A. to support the operating activity and is mainly referred to the credit cards. The acquisition of MPS and DB business in 2017 has been done by Nexi Payments with self-funding without receiving any capital injections from Nexi. Consequently the company has supported the operating activity increasing the level of utilization of the funding lines with Nexi.

The item "due to banks" from financing includes negative balances in the current accounts held with Intesa Sanpaolo S.p.A. in 2017 and 2016 used by Mercury Payments that are connected for operating purposes to the positive current accounts with Intesa Sanpaolo exposed in the loans and receivables with banks (see note 6).

The item "Other liabilities" is referred to liabilities for commercial services.

14. Due to customers (breakdown by product)

	31 December 2017	**31 December 2016**	**31 December 2015**
	€000	**€000**	**€000**
1. Financing	656	14,942	—
2. Other liabilities	62,776	30,850	28,333
Total	**63,433**	**45,792**	**28,333**
Fair value—Level 1	**—**	**—**	**—**
Fair value—Level 2	63,433	45,792	28,333
Fair value—Level 3	**—**	**—**	**—**
Total fair value	**63,433**	**45,792**	**28,333**

The item "Financing" mainly refers to liabilities with International Circuits and "corresponded legal entities" (members of international circuits) driven by Nexi Payments activity (€656 thousands in 2017) and by Mercury Payments activities for €4,942 thousands in 2016. Only regarding year ended 31 December 2016 the item also comprises €10,000 thousands related to an annual loan subscribed by Latino Italy S.r.l. with Mercury Processing Service.

The item "Other liabilities" is related to financial institution liabilities for amounts to be paid.

15. Financial liabilities held for trading

	31 December 2017	**31 December 2016**	**31 December 2015**
	€000	**€000**	**€000**
Financial Derivatives	7,122	—	—
Total	**7,122**	**—**	**—**
Fair value—Level 1	7,122	**—**	**—**
Fair value—Level 2	**—**	**—**	**—**
Fair value—Level 3	**—**	**—**	**—**
Total fair value	**7,122**	**—**	**—**

At the end of 2017 the caption included financial derivatives only related to the hedging strategy of VISA equity instruments for the components that do not meet hedging effectiveness accounting requirements.

16. Hedging derivatives

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	€000	€000
Equity Derivatives—financial flows	5,520	—	—
Total	**5,520**	**—**	**—**
Fair value—Level 1	5,520	**—**	**—**
Fair value—Level 2	**—**	**—**	**—**
Fair value—Level 3	**—**	**—**	**—**
Total fair value	**5,520**	**—**	**—**

There were no hedging derivatives at the end of 2016 and 2015.

At the end of 2017 the caption included effective hedging equity derivatives only related to Visa equity instruments.

17. Other liabilities

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	€000	€000
Tax liabilities, withholding taxes	15,799	2,792	4,390
Due to employees	32,076	10,933	9,441
Other liabilities for expenses and commissions to be paid	374,687	231,704	130,567
Cards transaction to be debited	245,120	154,475	81,021
Sundry and residual items	60,125	76,255	191,257
Prepaid cards client's liquidity—Nexi Compendium	50,946	53,411	51,902
Due to personnel—Nexi Compendium	16,414	10,527	9,355
Total	**795,166**	**540,097**	**477,933**

Sundry and residual items in 2015 included €135 million of residual amount to be paid for the ICBPI Group acquisition for the part referred to the Carve-out.

18. Post-employment benefits

18.1 Post-employment benefits: changes

Italian law provides that, upon termination of employment, Italian employees are entitled to severance pay based on their annual salary and the rate of inflation, and Nexi Payments Business make provisions on this basis.

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
A. Opening balance	**16,202**	**15,280**	**—**
B. Increases	**5,477**	**1,884**	**—**
B.1 Accruals	146	144	—
B.2 Other increases	5,332	1,740	—
—including business combinations	5,332	1,629	—
—Other changes	—	111	15,280
C. Decreases	**(2,106)**	**(962)**	**—**
C.1 Payments	(1,999)	(526)	—

C.2 Other decreases	(108)	(436)	—
—Including business combinations	—	—	—
—Other changes	*(108)*	*(436)*	—
D. Closing balance	**19,573**	**16,202**	**15,280**

Increases are due to business acquisition of Mercury Payments in 2016 and mainly Bassilichi's business during 2017.

18.2 Other disclosures

Main demographic and actuarial assumptions used to measure post-employment benefits at 31 December 2016

The balance of the net defined benefit liability was €19,573 thousands at the end of December 2017, €16,202 thousands at the end of December 2016 and €15,280 thousands at the end of December 2015.

Mortality among aged pensioners	Rates relating to Italians broken down by age and gender, published by ISTAT in 2000 and reduced by 25%
Mortality among total and permanent disability pensioners	Rates inferred from the invalidity tables currently used by the reinsurance practice, broken down by age and gender.
Annual rate of advances	1.87%
Annual turnover	2.50%
Retirement	Rate based on the satisfaction of the first requirement for the mandatory general insurance
Inflation	2%
Annual discount rate	Inferred, in accordance with par. 83 of IAS 19, the index Iboxx Corporate AA 10+ duration detected at the measurement date, using a rate on an instrument with a duration comparable to the duration of the remaining average life of the relevant employees.

As required by IAS 19, Nexi Payments Business carried out a sensitivity analysis of the liability for post-employment benefits with reference to the most significant actuarial assumptions. It aimed at showing how much the carrying amount of the liability would be affected by reasonably possible variations in each of the assumptions. Specifically, the following table sets out the change in the liability for post-employment benefits assuming that the main assumptions used increase or decrease.

19. Provisions for risks and charges

19.1 Provisions for risks and charges: breakdown

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	**€000**	**€000**
1. Internal pension funds	*6*	—	—
2. Other provisions for risks and charges	33,180	17,394	16,216
2.1 Agents' severance indemnities"	599	599	800
2.2 Personnel expense	5,688	3,791	541
2.3 Other	26,893	13,004	14,875
Total	**33,186**	**17,394**	**16,216**

Caption 2.1 "Agents' severance indemnities" includes the amounts payable to agents in connection with the fulfillment of the deals.

Caption 2.2 "Personnel expenses" includes the current best estimate of personnel bonuses and incentives.

Caption 2.3 "Other" mainly includes accruals to cover various charges, for example provision for risks and charges relates to the coverage of risks deriving from losses on anomalous transactions already completed and for fraudulent transactions calculated on a statistical basis, the provision for lawsuits brought by owners and

operators and other liabilities for contractual commitments. The increase in 2017 is mainly due to the accounting effects of Bassilichi's acquisition.

19.2 Provisions for risks and charges: changes

	31 December 2017			31 December 2016			31 December 2015 (Predecessor)		
	Pension funds	Other Provisions	Total	Pension funds	Other Provisions	Total	Pension funds	Other Provisions	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000
A. Opening balance	**—**	**17,394**	**17,394**	**—**	**16,216**	**16,216**	**—**	**—**	**—**
B. Increases	6	20,879	20,885	—	9,648	9,648	—	16,216	16,216
C. Decreases	—	(5,093)	(5,093)	—	(8,470)	(8,470)	—	—	—
D. Closing balance	**6**	**33,180**	**33,186**	**—**	**17,394**	**17,394**	**—**	**16,216**	**16,216**

The main increase in 2017 is due to the inclusion of the provisions for risk and charges accounted by Bassilichi S.p.A. before its acquisition.

20. Net Investments

	31 December 2017	31 December 2016	31 December 2015
	€000	€000	€000
Net investments	3,008,395	2,688,271	1,493,852
Net investments attributable to non-controlling interests	12,710	14,116	30,317
Total	**3,021,105**	**2,702,387**	**1,524,169**

2015's net investments is represented by the portion of capital invested by the Sponsors in Mercury UK for the acquisition of ICBPI Group and referred to the Carve-out.

The increase in 2016 is basically due to the capital injection used for the acquisition of Mercury Payments, the payment of the remaining part of the acquisition price of ICBPI Group including a price adjustment of € 27.3 million, the acquisition of some minorities in Cartasì (now Nexi Payments), less the payment of dividends.

20. Net Investments

The further increase in 2017 is due to the capital injection to the Carve-out following the disposal of Mercury Processing and the destination of part of Mercury UK Holdco's capital increase to the acquisition of Bassilichi S.p.A..

Other information

Some relationships with Bassilichi's supplier are covered by bank and insurance guaranty for a total amount of €16.7 million.

21. ILLUSTRATIVE NOTES: CARVE-OUT INCOME STATEMENT

The tables of the notes on Income Statement's captions are presented with the 2015 results divided in two columns; the first is that of Mercury UK Consolidated accounts that cover only the cost incurred by the Group from the acquisition of ICBPI occurred at the end of 2015. In general, this column is not presented if the contribution of the caption is nil. The second column reported is related to the carve-out of ICBPI.

22. Net fee and commission income

	Year ended 31 Decembe r 2017	Year ended 31 Decembe r 2016	Year ended Successor 31 Decembe r 2015	Year ended Predecessor 31 Decembe r 2015
	€000	**€000**	**€000**	**€000**
Nexi Payments—Issuing&Acquiring fees	854,575	757,738	—	838,916
Nexi Payments—Servicing fees	96,876	96,528	—	87,179
Nexi Payments Processing and other services revenues	166,573	155,244	—	156,308
Mercury Payments—Issuing&Acquiring fees	154,953	—	—	—
Bassilichi Payments revenues	78,425	—	—	—
Outsourcing Services revenues	35,816	35,590	—	34,104
Other Payments Servicing fees	43,463	42,691	—	42,201
Other Revenues	2,087	2,011	—	1,194
Nexi Payments fees due to banks and correspondents	(566,205)	(543,041)	—	(639,529)
Other fee and commission expenses	(1,697)	(1)	(2)	(29)
Total	**864,867**	**546,759**	**(2)**	**520,344**

Nexi Payments Issuing & Acquiring Fees increase in 2017 is mainly due to the contribution of Monte dei Paschi di Siena and Deutsche Bank acquiring businesses for the second half of the year. There are also the contribution in 2017 of the Mercury Payments business for the full year and part of Bassilichi business that explain the other observable increase.

23. Net interest income

23.1 Interest income

	Year ended 31 Decembe r 2017	Year ended 31 Decembe r 2016	Year ended Successor 31 Decembe r 2015	Year ended Predecessor 31 Decembe r 2015
	€000	**€000**	**€000**	**€000**
Loans and receivables with banks and financial institutions	379	1	—	4

Loans and receivables with customers	21,410	23,481	—	25,186
Other Assets	289	797	—	127
Total	**22,078**	**24,279**	**—**	**25,316**

Interest revenues with customers are mainly related to revolving credit cards.

23.2 Interest expenses

	Year ended 31 Decembe r 2017	Year ended 31 Decembe r 2016	Year ended Successor 31 Decembe r 2015	Year ended Predecessor 31 Decembe r 2015
	€000	**€000**		**€000**
Due to banks and financial institutions	37,668	31,730	0	35,574
Other Liabilities and provisions	2	0	—	162
Total	**37,670**	**31,731**	**0**	**35,736**

Interest expenses are referred to funding lines provided by Nexi's ordinary activities and by the partners banks to support, in particular, the revolving cards.

24. Net trading / hedging / financial assets at fair value income and loss/gain on disposal of investment

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	**€000**	**€000**
Net trading income on financial assets	(1,443)	(536)	38
Net hedging income on financial assets	999	—	—
Net income from financial assets at fair value	19	—	—
Gain on disposal of investment	—	—	—
Total	**(425)**	**(536)**	**38**

24.1 Net trading income: breakdown

	Year ended 31 December 2017			Year ended 31 December 2016			Period ended 31 December 2015		
	Trading income	Trading losses	Total	Trading income	Trading losses	Total	Trading income	Trading losses	Total
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Financial Asset held for trading—debt instruments	76	85	161	—	—	—	—	—	—
Other financial assets and liabilities: net exchange rate gain/(loss)	5,236	5,788	(553)	4,338	4,874	(536)	4,039	4,001	38
Derivatives: on equity instruments and equity indexes	—	1,051	(1,051)	—	—	—	—	—	—
Total	**5,312**	**6,925**	**(1,443)**	**4,338**	**4,874**	**(536)**	**4,039**	**4,001**	**38**

24.2 Net hedging income: breakdown

	31 Decembe r 2017	31 Decembe r 2016	31 Decembe r 2015
	€000	**€000**	**€000**
Expenses related to derivatives—fair value hedge	999	—	—

Total	**999**	**—**	**—**

24.3 Net income from financial assets at fair value and loss/gain on disposal of investment

At the end of December 2017, net income from financial assets at fair value amounts to €19 thousands. For the years ended 31 December 2016 and 2015 net income from financial assets amounts to zero.

For the years ended 31 December 2017, 31 December 2016 and 31 December 2015 the gain on disposal of investment amounts to €0.

25. Net revenues from equity investments and AFS investments: breakdown

	Year ended 31 Decembe r 2017	Year ended 31 Decembe r 2016	Period ended 31 December 2015 (Predecessor)
	€000	€000	€000
Sale/repurchase of financial assets—equity instruments	—	300	—
Financial assets at fair value through profit or loss	—	4	—
Available-for-sale financial assets	248	112	16
Equity instruments—non-controlling interests	34	—	—
Total	**282**	**416**	**16**

For the year ended 31 December 2016 the item "sale/repurchase of financial assets—equity instruments" mainly refers to the capital gain realized with reference to Mercury UK only.

For the year ended 31 December 2017 the item "available for sale financial assets (€248 thousands) is only related to dividends received by Nexi Payments dividends while €34 thousands is for to dividends received by Mercury Payments (€10 thousands) and Bassilichi (€22 thousands).

26. Administrative expenses

27. Payroll and related costs: breakdown

			Period ended 31 December 2015	
	Year ended 31 Decembe r 2017	Year ended 31 Decembe r 2016	Successo r	Predecesso r
	€000	€000	€000	
1) Employees				
a) wages and salaries	150,913	78,872	—	66,690
b) social security charges	23,975	19,933	—	17,061
c) post employment benefits	1,207	652	—	481
d) pension costs	62	47	—	58
e) accrual for post employment benefits	262	184	—	210
f) accrual for pension and similar provisions:	—	—	—	—
—defined contribution plans	—	—	—	—
—defined benefit plans	—	—	—	—
g) payments to external supplementary pension funds	5,107	6,114	—	5,747
—defined contribution plans	5,107	6,114	—	5,747
—defined benefit plans	—	—	—	—
h) costs of share based payment plans	—	—	—	—
i) other employee benefits	13,013	5,148	172	4,567
2) Other personnel	888	1,599.24	—	1,321
Total	**195,427**	**112,549**	**172**	**96,135**

Wages and salaries include the personnel cost of Bassilichi. The caption also includes extraordinary costs (primarily related to restructuring plan) for €52.5 million, €15.9 million and €2.2 million respectively for 2017, 2016 and 2015.

28. Other administrative expenses: breakdown

	Year ended 31 December 2017	Year ended 31 December 2016	Period ended 31 December 2015	
			Successor	Predecessor
	€000	€000	€000	€000
—data processing	67,004	76,744	—	73,586
—post office, valuables transportation and couriers	20,864	23,220	—	24,408
—external services	11,602	13,746	—	14,065
—interbank network traffic	4,740	6,878	—	7,169
—professional services	36,017	47,697	7,892	8,077
—maintenance and lease	33,930	31,537	—	29,467
—building running costs, leases, heating and lighting	3,538	3,068	—	2,742
—insurance	1,918	1,483	—	1,803
—telegraph, telephone and telex	5,461	5,201	—	4,947
—card processing	67,465	31,493	—	37,044
—surveillance and cleaning	607	475	—	415
—miscellaneous costs	171,121	61,455	—	60,861
—taxes and duties	72,916	56,763	—	57,197
—duties recovery	(54,116)	(52,391)	—	(52,535)
—Directors and statutory auditors expense	975	1,106	—	1,866
Total	**444,042**	**308,475**	**7,892**	**271,112**

Miscellaneous costs include about €62 million of cost referred to Bassilichi S.p.A.. This caption also includes in 2017 € 88.1 million of extraordinary costs for the Reorganization project, for the rebranding, for to the acquisition of MPS, DB and Bassilichi businesses and for other special activities; in the 2016 €55.2 million of extraordinary costs for the acquisition of Setefi and cost for the post acquisition reorganization of ICBPI Group and in 2015 €11.9 million related to the acquisition of ICBPI Group, both for the part related to the Carve-out.

29. Other net operating expenses/income

For the year ended 31 December 2017, other net operating expenses/income presents a negative amount of €1,1 million while at the end of December 2016 the amount is equal to €0,4 million. At the year ended 31 December 2015, other net operating expenses/income amounts to €188 thousands with reference to Successor and €1,8 million with reference to Predecessor.

30. Impairment losses and net accruals for risk and charges

	Year ended 31 December 2017	Year ended 31 December 2016	Period ended 31 December 2015 (Predecessor)
	€000	€000	€000
Net adjustments for impairment of loans	(2,801)	(2,245)	(2,975)
Net provisions for risk and charges	4,387	(1,105)	1,140
Net provisions for Nexi Payments frauds	(4,353)	(5,488)	(9,439)
Total	**(2,767)**	**(8,838)**	**(11,274)**

31. Depreciation and amortization (included depreciation and amortization on customer contracts)

	Year ended 31 December 2017	Year ended 31 December 2016	Period ended 31 December 2015 (Predecessor)
	€000	€000	€000
Amortisation and net impairment losses on tangible net assets	(32,541)	(21,113)	(19,471)
Amortisation and net impairment losses on intangible net assets	(58,602)	(10,364)	(8,398)
Total	**(91,143)**	**(31,476)**	**(27,870)**

31.1. Amortisation and net impairment losses on tangible net assets

31 December 2017	Depreciation	Impairment losses	Reversals of impairment losses	Carrying amount
	€000	€000	€000	€000
A. Property, equipment and investment property				
A.1 Owned				
—Property and equipment	32,252	—	—	32,252
—Investment property	289	—	—	289
Total	**32,541**	**—**	**—**	**32,541**

31. Depreciation and amortization (included depreciation and amortization on customer contracts)

31 December 2016	Depreciation	Impairment losses	Reversals of impairment losses	Carrying amount
	€000	€000	€000	€000
A. Property, equipment and investment property				
A.1 Owned				
—Property and equipment	20,824	—	—	20,824
—Investment property	289	—	—	289
Total	**21,113**	**—**	**—**	**21,113**

31 December 2015 (ICBPI Co only)	Depreciation	Impairment losses	Reversals of impairment losses	Carrying amount
	€000	€000	€000	€000
A. Property, equipment and investment property				
A.1 Owned				
—Property and equipment	19,182	—	—	19,182
—Investment property	289	—	—	289
Total	**19,471**	**—**	**—**	**19,471**

31.2 Amortisation and net impairment losses on intangible net assets

31 December 2017	Amortisation	Impairment losses	Reversals of impairment losses	Carrying amount
	€000	€000	€000	€000
A. Intangible assets				
A.1 Owned	58,602	—	—	58,602
—Generated internally	30,461	—	—	*30,461*
—Other	28,141	—	—	*28,141*
A.2 Under finance lease	—	—	—	—
Total	**58,602**	**—**	**—**	**58,602**

31 December 2016	Amortisation	Impairment losses	Reversals of impairment losses	Carrying amount
	€000	€000	€000	€000
A. Intangible assets				
A.1 Owned	9,968	396	—	10,364
—Generated internally	—	—	—	—
—Other	*9,968*	*396*	—	*10,364*
A.2 Under finance lease	—	—	—	—
Total	**9,968**	**396**	**—**	**10,364**

31 December 2015 (Predecessor)	Amortisatio n	Impairmen t losses	Reversals of impairmen t losses	Carryin g amount
	€000	€000	€000	€000
A. Intangible assets				
A.1 Owned	8,398	—	—	8,398
—Generated internally	—	—	—	—
—Other	*8,398*	—	—	*8,398*
A.2 Under finance lease	—	—	—	—
Total	**8,398**	**—**	**—**	**8,398**

32. Share of gains/losses of associates

At the end of December 2017, share of gains/losses of associates amounts to €2,307 thousands and it refers to the gain of associates of Bassilichi S.p.A..

For the years ended 31 December 2016 and 31 December 2015 the caption amounts to €0.

33. Income taxes

	Year ended 31 December 2017	Year ended 31 December 2016	Period ended 31 December 2015	
			Successor	Predecessor
	€000	€000	€000	€000
Current taxes	34,002	16,320	—	—
Change in current taxes from previous period	—	—	2,346	34,205
Change in deferred tax assets	(3,203)	(336)	—	—
Change in deferred tax liabilities	10,323	(723)	—	—
Tax expense for the year	**41,122**	**15,261**	**2,346**	**34,205**

2016 tax rate benefits from the application of ACE on 2015 capital increase used for original acquisition of ICBPI Group. This benefit has been effect in 2017 by taxes period and dividends distributed by Mercury Payments to Latino Italy.

34. Profit for the year attributable to non-controlling interests

	Year ended 31 December 2017	Year ended 31 December 2016	Period ended 31 December 2015 (Predecessor)
	€000	€000	€000
Profit (loss) for the year attributable to non-controlling interests	(873)	4,085	2,967
Total	**(873)**	**4,085**	**2,967**

35. Business combinations

35.1 Transactions during 2017

Acquisition of Bassilichi Payments

On 3 July 2017 Nexi S.p.A. closed the transaction relating to the acquisition of Bassilichi Payments.

At the year end the purchase price allocation process was completed and the goodwill arising from this business combination amounted to € 137.9 million (in the table below the minorities stakes are not considered).

	Provisional fair value of acquired businesses	Adjustments	Final fair value of acquired businesses
	€000	€000	€000
Cash consideration paid	111,656	(39,520)	72,136
Proportion of identifiable net assets attributable to minority interest	—	—	—
Recognised amounts of identifiable net assets			
Cash and cash equivalent	29	—	29
Financial assets	1,796	—	1,796
Investments	1,890	—	1,890
Tangibles assets	39,369	—	39,369
Intangible assets	18,774	(187)	18,588
Tax assets	3,423	—	3,423
Other assets	96,832	—	96,832
Financial liabilities	(93,766)	—	(93,766)
Other liabilities	(135,201)	—	(135,201)
Identifiable Group net assets	(66,854)	(187)	(67,040)
Proportion of identifiable net assets attributable to minority interest	1,257	—	1,257
Identifiable net assets	(65,597)	(187)	(65,783)
Goodwill on acquisition	**161,603**	**(39,314)**	**137,890**
Cash consideration paid			72,136
Cash acquired			(29)
Net cash consideration			72,107

Acquisition of MPS Acquiring and DB Cards Acquiring

On 31 May 2017 Nexi Payments S.p.A. completed the acquisition of MPS Acquiring and DB Cards Acquiring.

The two acquisitions of MPS Acquiring and DB Cards Acquiring businesses are very similar in their nature. Substantially, Nexi Payments purchased relationships with merchants as direct customers, both in acquiring and in POS terminals servicing, earning the power to take relevant decisions, in terms of pricing and eventual closure of relationship.

As the transactions meet the definition of a business combination, they have been accounted for in accordance with IFRS 3: Business Combinations as described above.

At the year end the purchase price allocation process was completed, and based on the stability of the relationships acquired, the undeterminable expiration of the contracts and considering all the relevant internal and external factors, the differences between the price paid and the net equity of the business units acquired has been fully allocated to goodwill.

The goodwill arising from these business combinations amounts to €561.2 million.

	Final fair value of DB Cards Acquiring	Final fair value of MPS Acquiring
	€000	€000
Cash consideration paid	29,100	534,784
Contingent consideration	12,000	—
Proportion of identifiable net assets attributable to minority interest	(330)	(26,855)
Recognised amounts of identifiable net assets		
Cash and cash equivalent	—	—
Financial assets	—	—
Tangibles assets	—	—
Intangible assets	—	—

Tax assets	—	—
Other assets	2,480	16,137
Due to the banks	—	(4,946)
Other liabilities	(3,380)	—
Identifiable net assets	(900)	11,191
Goodwill on acquisition	**41,670**	**519,120**
Cash consideration paid	41,100	534,784
Cash acquired	—	—
Net cash consideration	41,100	534,784

The business combinations had the following effects on the consolidated financial statements:

- The difference between the transaction date acquirees' net assets and the carrying amount of the investment in the acquired entities was fully allocated to a preliminary goodwill value of €561.2 million;

- The profit and loss has been consolidated from the date of acquisitions of each entity.

35. Business combinations

35.1.1 Retrospective adjustments

Acquisition of Mercury Payments and Mercury Processing and subsequent sale of Mercury Processing

The purchase price allocation process has been completed with reference to Mercury Payments. Based on this, the 2016 goodwill determined on the provisional calculation, has been reallocated as follows:

	Provisional fair value in 2016	Adjustments in 2017	Final fair value in 2017
	€000	€000	€000
Cash consideration paid	1,005,717	—	1,005,717
Recognised amounts of identifiable net assets			
Cash and cash equivalent	1	—	1
Financial assets	419,561	—	419,561
Tangibles assets	10,789	—	10,789
Intangible assets	7,533	365,529	373,062
Tax assets	24,709	—	24,709
Non-current assets and groups of assets held for sale	—	—	—
Other assets	37,427	—	37,427
Financial liabilities	(235,046)	—	(235,046)
Tax liabilities	(57)	(120,881)	(120,938)
Other liabilities	(94,678)	—	(94,678)
Identifiable net assets	170,240	244,648	414,888
Goodwill on acquisition	**835,476**	**(244,648)**	**590,828**
Cash consideration paid	1,005,717	—	1,005,717
Cash acquired	(1)	—	(1)
Net cash consideration	1,005,716	—	1,005,716

The increase in intangible assets relates to long term customer contracts.

35.1.2 Proforma consideration on 2017 Carve-out income statement

Pursuant to IFRS 3, paragraphs 59 and B64, below are represented:

- the revenues and profit or loss of MPS, DB and Bassilichi since the acquisition date included in the Carve-out financial statements for the reporting period (2017);
- the revenues and profit/loss of the combined entity for the current reporting period (31 December 2017) as though the acquisition date for all business combination (MPD, DB and Bassilichi) that occurred during year had been as of the beginning of the 2017 carve-out financial statement.

Following the tables presented in the segmental reporting paragraph, the “non recurring/extraordinary items” are not comprised in the operating margin.

Proforma consideration on Income statement 2017	Carve-out 2017 without the contribution of new business (MPS/DB/Bassilichi)	MPS and DB Book H2 2017	Bassilichi H2 2017	Carve-out 2017 with the contribution of new businesses (MPS/DB/Bassilichi)	MPS and DB H1 2017 proforma	Bassilichi H1 2017 proforma	Carve-out Proforma 2017

Net operating revenues	730,580	44,702	76,898	852,180	36,821	57,100	946,101
Operating costs	(418,191)	(18,426)	(68,615)	(505,232)	(14,159)	(55,416)	(574,807)
Operating margin	312,388	26,277	8,283	346,948	22,662	1,684	371,294
Pre-tax profit ..	92,587	25,689	879	119,154	22,461	(8,995)	132,620
Net profit	**61,459**	**17,187**	**(614)**	**78,032**	**15,027**	**(15,265)**	**77,794**

35.2 Transactions during 2016

Acquisition of Mercury Payment Services and Mercury Processing Services

During 2016 there have been the acquisition of Mercury Payments and Mercury Processing from Intesa Sanpaolo S.p.A., (completed on 15 December 2016). Mercury Payments was the Italian payment processing platform of Intesa Sanpaolo, one of Europe's leading banking groups. Mercury Processing was the payment processing platform of Intesa Sanpaolo's Central and Eastern European business. These transactions are in line with the Group's acquisitive strategy to build scale, add new capabilities and expand its role in the payments value chain.

As the transactions meet the definition of a business combination, they have been accounted for in accordance with IFRS 3: Business Combinations. This standard defines a business combination as "*a transaction or other event in which an acquirer obtains control of one or more businesses*", and provides for the consolidation of the assets, liabilities and contingent liabilities of the acquired company at their fair value at the acquisition date, including any identifiable intangible assets not recognised in the acquired company's balance sheet, and the assessment of goodwill as the difference between the aggregation cost and the fair value net of assets, liabilities and identified contingent liabilities. This purchase price allocation process has to be performed during the "measurement period" that cannot be longer than one year from the date of acquisition.

The consideration was for an equity value of €1,035 million, plus an additional amount €78 million which related to proceeds received from the sale of Mercury Payments' shareholding in VISA Europe to VISA Inc., therefore making a total cash consideration of €1,113 million of which €1,005 million related to Mercury Payments Services. There is no contingent or deferred consideration.

The total transaction costs of the acquisition to the Group were € 4.3 million which have been expensed in the consolidated income statement. The related cash outflows are shown as operating cash outflows.

At 31 December 2016 the purchase price allocation process has not been completed and will be finalised by the end of 2017. The provisional purchase price allocation to the identifiable net assets is as follows:

	Provisional fair value of acquired businesses
	€000
Cash consideration paid	**1,005,717**
Recognised amounts of identifiable assets	
Cash and cash equivalent	1
Financial assets	419,561
Tangibles assets	10,789
Intangibles assets	7,533
Tax assets	24,709
Non-current assets and groups of assets held for sale	—
Other assets	37,427
Financial liabilities	(235,046)
Tax liabilities	(57)
Other liabilities	(94,677)
Identifiable net asset	170,240
Goodwill on acquisition	**835,477**

The business combinations had the following effects on the consolidated financial statements:

- The difference between the transaction date acquirees' net assets (including profit and loss for the entire year 31 December 2016) and the carrying amount of the investment in the acquired entities, was fully allocated to a preliminary goodwill value of €835 million;

- The profit or loss will be consolidated from 1 January 2017 as management has deemed the 17 days to 31 December 2016 of income statement transactions to be immaterial.

35.2.1 Retrospective adjustments

ICBPI group acquisition in the period ending 31 December 2015

On 18th December 2015, Mercury Italy S.r.l. acquired 89,42% of the share capital of the ICBPI Group which includes ICBPI, Cartasi S.p.A. (now Nexi Payments), Oasi Diadram S.p.A. and Helpine S.p.A.. During 2016 the purchase price allocation process has been completed. Since the acquisition date the fair value of consideration, the fair value of the non-controlling interests and the net assets acquired have been adjusted and these adjustments are shown in the table below. Consequently, 2015 goodwill has been allocated as follows:

	Provisional Fair Value and balances as of 31 December 2015	**Adjustments recorded in 2016**	**Final Fair Value at 31 December 2016**
	€000	**€000**	**€000**
Cash consideration to be paid	**1,659,888**	**27,293**	**1,687,181**
of which cash considerations Paid	*1,524,174*	*27,293*	*1,687,181*
of which cash considerations to be Paid	*135,714*		—
Recognised amounts of identifiable net assets			—
Cash and cash equivalent	23		23
Financial assets held for trading	—		—
Financial assets available for sale	218,304	60,110	278,414
Financial assets held to maturity	—		—
Due from banks	26,411		26,411
Loans from customers	2,350,791		2,350,791
Investments	—		—
Tangibles	88,603	15,807	104,410
Intangible assets	154		154
Tax assets	23,490	2,249	25,739
Other activities	247,132		247,132
Due to banks	(1,877,544)		(1,877,544)
Due to customers	(28,332)		(28,332)
Trading liabilities	1		1
Deferred tax liabilities	(23,005)	(11,381)	(34,386)
Other liabilities	(280,792)	(14,693)	(295,485)
Employee severance indemnities	(9,529)		(9,529)
Provisions for risks and charges	(16,216)		(16,216)
Revaluation reserves	(21,898)		(21,898)
Identifiable net asset	*697,593*	*52,092*	*749,685*
Goodwill on acquisition	**962,295**	**(24,799)**	**937,496**

35.3 Transactions during 2015

On 18th December 2015, Mercury Italy S.r.l. acquired 89.42% of the share capital of the ICBPI Group (which includes ICBPI, CartaSi S.p.A, Oasi-Diagram S.p.A and Help Line S.p.A).

As the transaction also meets the definition of a business combination, it too has been accounted for in accordance with IFRS 3: Business Combinations.

In relation to acquired receivables, the best estimate of the contractual cash flows not expected to be collected are disclosed in the tables in the quantitative disclosures below. As ICBPI was deemed to be acquired on 31 December 2015 the amounts presented in these tables reflect the amounts at the date of acquisition.

	Provisional Fair Value and balances as of 31 December 2015
	€000
Cash consideration to be paid	**1,659,888**
of which cash considerations Paid	*1,524,174*
of which cash considerations to be Paid	*135,714*
Recognised amounts of identifiable net assets	
Cash and cash equivalent	23
Financial assets held for trading	—
Financial assets available for sale	218,304
Financial assets held to maturity	—
Due from banks	26,411
Loans from customers	2,350,791
Investments	—
Tangibles	88,603
Intangible assets	154
Tax assets	23,490
Other activities	247,132
Due to banks	(1,877,544)
Due to customers	(28,332)
Trading liabilities	1
Deferred tax liabilities	(23,005)
Other liabilities	(280,792)
Employee severance indemnities	(9,529)
Provisions for risks and charges	(16,216)
Revaluation reserves	(21,898)
Identifiable net asset	*697,593*
Goodwill on acquisition	**962,295**

36. Related parties

The aim of IAS 24 (Related party transactions) is to ensure that an entity's financial statements include the additional disclosures necessary to understand whether its financial position and performance may be altered by related party transactions and balances.

Based on this standard, applied to its organisational and governance structure, the Company identified the following related parties:

- subsidiaries, i.e., those companies over which the bank has direct or indirect control, as defined by IFRS 10
- associates, i.e. those companies over which the Group directly or indirectly exercises significant influence, as defined by IAS 28;
- jointly controlled entities, over which the bank has direct or indirect joint control, as defined by IFRS 11
- key management personnel and members of supervisory bodies, as well as their close family members and companies over which they exercise control or significant influence;
- pension funds for the employees of the Group and their related parties;

- companies that exercise significant influence over the Company and group companies

The effects of transactions carried out with the related parties identified above are summarised in the following table.

The effects and balances of transactions with subsidiaries are not included as they are eliminated upon carve-out's adjustments. The other related party transactions are part of the ordinary banking activities and are usually carried out on an arm's length basis.

	31 December 2017			31 December 2016			31 December 2015		
	Directors, managers and members of supervisory bodies	Nexi	Total	Directors, managers and members of supervisory bodies	Nexi	Total	Directors, managers and members of supervisory bodies	Nexi	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balances with related parties									
Loans and receivables with banks	—	59,928	59,928	—	3,632	3,632	—	4,177	4,177
Other assets ..	—	21,200	21,200	—	3,776	3,776	—	3,578	3,578
Due to banks.	—	1,722,846	1,722,846	—	1,120,752	1,120,752	—	1,267,347	1,267,347
Other liabilities...	66	26,663	26,729	45	35,763	35,808	209	24,794	25,003
Transactions with related parties									
Net fee and commission...............	—	1,258	1,258	—	716	716	—	(1,468)	(1,468)
Net interest income......	—	(18,596)	(18,596)	—	(14,328)	(14,328)	—	(15,866)	(15,866)
Payroll and related costs..........	—	195	195	—	(322)	(322)	—	(830)	(830)
Other administrative expenses ...	975	(23,445)	(22,470)	1,106	(21,591)	(20,485)	1,866	(20,980)	(19,114)

Centralised transactions for Nexi Payments Business are usually governed by specific agreements that, while aiming at optimising synergies and economies of scale and purpose, make reference to objective parameters that are constant over time, characterised by transparency and substantial fairness. Transfer pricing is defined and formalised based on parameters that account for the actual use of the service by each end user.

Other transactions with group companies and other related parties are part of the normal business operations and usually take place under market conditions.

37. Share based payments

None.

38. Segmental reporting

Segmental reporting complies with the requirements of IFRS 8: Operating Segments.

38. Segmental reporting

Reporting by business segment includes the segments that may be identified within Nexi Payments Business organisation and specifically:

- **Payments:** it comprises the perimeter represented by Nexy Payments S.p.A., Mercury Payments S.p.A., Bassilichi S.p.A. and Nexi Compendium;
- **Other:** it comprises the perimeter represented by Oasi Diagram S.p.A., Helpline S.p.A., Mercury UK Holdo Ltd and Latino Italy S.r.l.

The tables below contain a breakdown by business segment of income statement and statement of financial position. In the paragraph 38.1.1 is presented a reconciliation between the operating segmental income statement results and the Carve-out income statement for the years ended 31 December 2017, 2016 and 2015. The reconciliation has been done to explain the impact of the extraordinary components on the Carve-out income statement.

38.1 Segmental reporting: income statement for the years ended 31 December 2017, 2016 and 2015

YTD Dec, 31 2017 (€/000)	Payments	Other	Consolidation adjustment	Total Segment Reporting
Merchant Services & Solutions	352,527	—	—	352,527
Cards & Digital Payments	342,149	—	—	342,149
Digital Banking Solutions	97,351	—	—	97,351
Other Services	29,521	62,571	(31,939)	60,153
Operating revenue	**821,548**	**62,571**	**(31,939)**	**852,180**
Payroll and related costs	(118,688)	(24,219)	—	(142,907)
Other operating expenses	(359,622)	(27,089)	31,939	(354,771)
Impairment losses and net accruals for risk and charge	(7,387)	(167)	—	(7,555)
Operating costs (net of DA)	**(485,697)**	**(51,475)**	**31,939**	**(505,232)**
Normalized EBITDA	**335,851**	**11,096**	**—**	**346,947**
Depreciation and amortization	(53,710)	(6,134)	—	(59,844)
Operating profit	**282,141**	**4,962**	**—**	**287,103**
Depr.&Amort. (customer contract)				(31,300)
Share of gains/losses of investees				2,307
Non recurring/extraordinary items*				(138,956)
Pre-tax profit				**119,154**
Income taxes				(41,122)
Net profit				**78,032**
Loss/(profit) to non-controlling interests				873
Profit for the owners of the parent				**78,905**

* See Note 38.1.1 for further information

YTD Dec, 31 2016 (€/000)	Payments	Other	Consolidation adjustment	Total Segment Reporting
Merchant Services & Solutions	207,972	—	—	207,972
Cards & Digital Payments	234,825	—	—	234,825
Digital Banking Solutions	60,131	—	—	60,131
Other Services	3,230	64,588	(32,495)	35,323
Operating revenue	**506,158**	**64,588**	**(32,495)**	**538,251**
Payroll and related costs	(70,529)	(26,090)	—	(96,619)
Other operating expenses	(257,356)	(27,305)	32,495	(252,167)
Impairment losses and net accruals for risk and charge	(10,012)	155	—	(9,857)
Operating costs (net of DA)	**(337,897)**	**(53,240)**	**32,495**	**(358,643)**
Normalized EBITDA	**168,261**	**11,347**	**—**	**179,608**
Depreciation and amortization	(25,994)	(4,643)	—	(30,638)
Operating profit	**142,267**	**6,704**	**—**	**148,971**
Depr.&Amort. (customer contract)				(839)
Share of gains/losses of investees				—
Non recurring/extraordinary items*				(69,931)
Pre-tax profit				**78,201**
Income taxes				(15,261)
Net profit				**62,940**
Loss/(profit) to non-controlling interests				(4,085)
Profit for the owners of the parent				**58,855**

* See Note 38.1.1 for further information

YTD Dec, 31 2015 (€/000)	Payments	Other	Consolidation adjustment	Total Segment Reporting
Merchant Services & Solutions	180,521	—	—	180,521
Cards & Digital Payments	241,012	—	—	241,012
Digital Banking Solutions	59,216	—	—	59,216
Other Services	(1,469)	66,096	(35,402)	29,226
Operating revenue	**479,280**	**66,096**	**(35,402)**	**509,975**
Payroll and related costs	(67,831)	(26,291)	—	(94,122)
Other operating expenses	(272,718)	(29,635)	35,402	(266,952)
Impairment losses and net accruals for risk and charge	(13,142)	169	—	(12,974)
Operating costs (net of DA)	**(353,692)**	**(55,758)**	**35,402**	**(374,048)**
Normalized EBITDA	**125,588**	**10,339**	**—**	**135,927**
Depreciation and amortization	(23,051)	(3,979)	—	(27,031)
Operating profit	**102,537**	**6,359**	**—**	**108,896**
Depr.&Amort. (customer contract)				(839)
Share of gains/losses of investees				—
Non recurring/extraordinary items*				(10,590)
Pre-tax profit				**97,468**
Income taxes				(36,551)
Net profit				**60,917**
Loss/(profit) to non-controlling interests				(2,967)
Profit for the owners of the parent				**57,950**

* See Note 39.1.1 for further information

The effect of Mercury UK's income statement is reflected in "non recurring/extraordinary items" because fully related to the acquisition of ICBPI.

38. Segmental reporting

38.1.1 Reconciliation: operating segmental results to Carve-Out income statement for the years ended 31 December 2017, 2016 and 2015

YTD Dec, 31 2017 (€/000)	Segment reporting	Reconciliation	Carve Out
Operating revenue	**852,180**	**(3,049)**	**849,131**
Payroll and related costs	(142,907)	(52,520)(1)	(195,427)
Other operating expenses	(354,771)	(88,175)(2)	(442,946)
Impairment losses and net accruals for risk and charge	(7,555)	4,788	(2,767)
Operating costs (net of DA)	**(505,232)**	**(135,908)**	**(641,140)**
Normalised EBITDA	**346,947**	**(138,956)**	**207,991**
Depreciation and amortization	(59,844)	(31,300)	(91,143)
Operating profit	**287,103**	**(170,256)**	**116,847**
Depr.&Amort. (customer contract)	(31,300)	31,300	—
Share of gains/losses of investees	2,307	—	2,307
Non recurring/extraordinary items	(138,956)	138,956	—
Pre-tax profit	**119,154**	**—**	**119,154**
Income taxes	(41,122)	—	(41,122)
Net profit	**78,032**	**—**	**78,032**
Loss/(profit) to non-controlling interests	873	—	873
Profit for the owners of the parent	**78,905**	**—**	**78,905**

The column "Reconciliation" shows the details of the non recurring/extraordinary items.

(1) See Note 27 for further information.

(2) See Note 28 for further information.

YTD Dec, 31 2016 (€/000)	Segment reporting	Reconciliation	Carve Out
Operating revenue	**538,251**	**935**	**539,187**
Payroll and related costs	(96,619)	(15,930)(1)	(112,549)
Other operating expenses	(252,167)	(55,956)(2)	(308,122)
Impairment losses and net accruals for risk and charge	(9,857)	1,019	(8,838)
Operating costs (net of DA)	**(358,643)**	**(70,866)**	**(429,509)**
Normalised EBITDA	**179,608**	**(69,931)**	**109,678**
Depreciation and amortization	(30,638)	(839)	(31,476)
Operating profit	**148,971**	**(70,770)**	**78,201**
Depr.&Amort. (customer contract)	(839)	839	—
Share of gains/losses of investees	—	—	—
Non recurring/extraordinary items	(69,931)	69,931	—
Pre-tax profit	**78,201**	**—**	**78,201**
Income taxes	(15,261)	—	(15,261)
Net profit	**62,940**	**—**	**62,940**
Loss/(profit) to non-controlling interests	(4,085)	—	(4,085)
Profit for the owners of the parent	**58,855**	**—**	**58,855**

The column "Reconciliation" shows the details of the non recurring/extraordinary items.

(1) See Note 27 for further information.

(2) See Note 28 for further information.

YTD Dec, 31 2015 (€/000)	Segment reporting	Reconciliation	Carve Out
Operating revenue	**509,975**	**—**	**509,975**
Payroll and related costs	(94,122)	(2,185)(1)	(96,308)
Other operating expenses	(266,952)	(10,104)(2)	(277,056)
Impairment losses and net accruals for risk and charge	(12,974)	1,700	(11,274)
Operating costs (net of DA)	**(374,048)**	**(10,590)**	**(384,637)**
Normalised EBITDA	**135,927**	**(10,590)**	**125,337**
Depreciation and amortization	(27,031)	(839)	(27,870)
Operating profit	**108,896**	**(11,428)**	**97,468**
Depr.&Amort. (customer contract)	(839)	839	—
Share of gains/losses of investees	—	—	—
Non recurring/extraordinary items	(10,590)	10,590	—
Pre-tax profit	**97,468**	**—**	**97,468**
Income taxes	(36,551)	—	(36,551)
Net profit	**60,917**	**—**	**60,917**
Loss/(profit) to non-controlling interests	(2,967)	—	(2,967)
Profit for the owners of the parent	**57,950**	**—**	**57,950**

The column "Reconciliation" shows the details of the non recurring/extraordinary items.

(1) See Note 27 for further information.

(2) See Note 28 for further information.

38. Segmental reporting

38.2 Segmental reporting: statement of financial position for the years ended 31 December 2017, 2016 and 2015

YTD Dec, 31 2017 (€/000)	Payments	Other	Consolidation adjustments	Carve-out 31.12.2017
Cash and cash equivalents	40	134,385	—	134,425
Financial assets designated at fair value through profit and loss	154	—	—	154
Available for sale financial assets	83,257	—	—	83,257
Loans and receivables with banks	163,714	679,247	(497,000)	345,961
Loans and receivables with customers	2,779,366	45,281	(45,281)	2,779,366
Property, equipment	136,588	5,873	14,756	157,217
Investment property	5,783	423	—	6,206
Intangible assets	2,611,697	38,798	—	2,650,495
including goodwill	2,199,645	27,759	—	2,227,404
Tax assets	46,977	7,268	—	54,244
current	21,044	7,023	—	28,066
deferred	25,933	245	—	26,178
Other assets	345,183	30,444	(14,057)	361,570
Total asset	**6,172,760**	**941,718**	**(541,582)**	**6,572,895**
Due to banks	2,492,556	—	—	2,492,556
Due to customers	108,714	—	(45,281)	63,433
Financial liabilities held for trading	1,051	6,071	—	7,122
Hedging derivatives	5,520	—	—	5,520
Tax liabilities	16,035	3,595	115,605	135,235
current	—	3,182	—	3,182
deferred	16,035	413	115,605	132,053
Other liabilities	764,152	45,033	(14,019)	795,166
Post employment benefits	17,455	2,118	—	19,573
Provisions for risks and charges	33,026	160	—	33,185
pensions and similar obligations	6	—	—	6
other provisions	33,020	160		33,179
Total liabilities	**3,438,508**	**56,977**	**56,305**	**3,551,791**
Net investments	2,975,830	45,274	—	3,021,104
Total liabilities and net investments	**6,414,338**	**102,251**	**56,305**	**6,572,895**

YTD Dec, 31 2016 (€/000)	Payments	Other	Consolidation adjustments	Carve-out 31.12.2016
Cash and cash equivalents	20	8,405	—	8,426
Financial assets designated at fair value through profit and loss	136	—	—	136
Available for sale financial assets	47,596	—	—	47,596
Loans and receivables with banks	323,774	11,766	887	336,427
Loans and receivables with customers	2,549,232	—	(900)	2,548,332
Property, equipment	88,971	6,259	14,809	110,038
Investment property	6,053	442	—	6,495
Intangible assets	1,785,015	37,202	—	1,822,217
including goodwill	1,745,214	27,759	—	1,772,973
Tax assets	45,069	1,072	—	46,141
current	22,672	490	—	23,162
deferred	22,397	582	—	22,979
Other assets	250,348	26,756	4,522	281,627
Total asset	**5,096,215**	**91,902**	**19,318**	**5,207,436**

Due to banks	1,817,763	41,916	—	1,859,678
Due to customers	35,792	10,000	—	45,792
Financial liabilities held for trading	—	—	—	—
Hedging derivatives	—	—	—	—
Tax liabilities	20,465	607	4,815	25,887
current	16,728	198	—	16,926
deferred	3,737	409	4,815	8,961
Other liabilities	513,455	49,172	(22,530)	540,097
Post employment benefits	13,524	2,678	—	16,202
Provisions for risks and charges	17,227	167	—	17,394
pensions and similar obligations	—	—	—	—
other provisions	17,227	167	—	17,394
Total liabilities	**2,418,226**	**104,540**	**(17,715)**	**2,505,050**
Net investments	2,650,270	52,116	—	2,702,386
Total liabilities and net investments	**5,068,496**	**156,656**	**(17,715)**	**5,207,436**

YTD Dec, 31 2015 (€/000)	Payments	Other	Consolidation adjustments	Carve-out 31.12.2015
Cash and cash equivalents	22	1	—	23
Financial assets designated at fair value through profit and loss	—	—	—	—
Available for sale financial assets	189,968	—	28,336	218,304
Loans and receivables with banks	88,454	114,991	(80,818)	122,628
Loans and receivables with customers	2,350,791	—	—	2,350,791
Property, equipment	81,673	6,931	(6,784)	81,820
Investment property	6,324	460	—	6,784
Intangible assets	973,930	5,521	—	979,451
including goodwill	962,295	—	—	962,295
Tax assets	22,341	1,866	—	24,207
current	1,064	630	—	1,694
deferred	21,277	1,236	—	22,513
Other assets	248,601	26,783	6,976	268,407
Total asset	**3,962,105**	**156,553**	**66,242**	**4,052,416**
Due to banks	1,877,241	—	89,931	1,967,172
Due to customers	28,333	—	—	28,333
Financial liabilities held for trading	—	—	—	—
Hedging derivatives	—	—	—	—
Tax liabilities	17,481	1,290	4,542	23,314
current	—	—	—	—
deferred	17,481	1,290	4,542	23,314
Other liabilities	267,322	227,799	(17,189)	477,933
Post employment benefits	12,514	2,767		15,280
Provisions for risks and charges	15,803	413	—	16,216
pensions and similar obligations	—	—	—	—
other provisions	15,803	413	—	16,216
Total liabilities	**2,218,694**	**232,270**	**(12,647)**	**2,528,247**
Net investments	1,469,569	54,600	—	1,524,169
Total liabilities and net investments	**3,688,263**	**286,870**	**(12,647)**	**4,052,416**

The item "net investments" related to Application Outsourcing segment comprises equity and allocated goodwill of Oasi Diagram S.p.A. and equity of Helpline S.p.A..

39. Contingent liabilities

Nexi Payments Business has no contingent liabilities at 31 December 2017, 31 December 2016 or 31 December 2015.

40. Events after 31 December 2017

On 31 January 2018, Nexi filed an application with the Bank of Italy to execute a corporate Reorganisation of its group. As a part of the Reorganisation, Nexi will retain its securities services and banking transactions settlement activities which require a banking licence, while other payment activities and the subsidiaries of the group focused on payments, specifically Nexi Payments and other companies of the Nexi Group carrying out payments or services ancillary thereto, will be separated from Nexi and combined in a restructured group with Mercury Payments Services under Latino. In connection with the Reorganisation, Nexi Group will most likely be renamed. The Reorganisation is expected to be completed by summer 2018, subject to the release of the necessary authorisations from supervisory authorities.

In connection with the reorganisation, Equinova UK Holdco Limited was established on 22 January 2018 as a wholly owned subsidiary of the Company. If the restructure occurs, there will be a transfer of the interest held by the Company in Equinova to the Sponsors, to be realised through a reduction of capital in the Company and a distribution in specie of the Company’s interest in Equinova. The Sponsors will simultaneously make a distribution in kind of Nexi shares with a capital increase in Equinova. Equinova will be the holding company of the remaining Nexi Group and therefore head of the new CET1 perimeter.

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May 17, 2018

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OFFERING MEMORANDUM

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