

Group Financial results as of March 31st 2020 approved. Results in line with 1Q19 despite Covid-19 impacts

- **Revenues at € 225.3 million in 1Q20, -0.5% Y/Y; approximately half of the revenues structurally driven by the installed base and not impacted by volumes' contraction**
- **EBITDA at € 115.0 million in 1Q20, +3.9% Y/Y thanks to lower variable operating costs and the continued efforts on efficiency**
- **Resilient business model. Solid business fundamentals and growth perspectives**
- **Ensured full business continuity and highest efficiency of service, while safeguarding health and safety of all employees**
- **Launched several customer and social initiatives to support the recovery**

Milan, May 12th 2020 – The Board of Directors of Nexi S.p.A. approved the Group's consolidated financial results as of March 31st 2020, substantially in line with 1Q19 results despite the deterioration in the last part of the quarter due to the lockdown measures.

COVID-19 impacts update

As anticipated in the Press Release dated April 15th providing an update of the Covid-19 impacts, the Company has closely monitored the evolution of the pandemic and swiftly implemented effective business continuity plans to ensure the normal functioning of its business and the highest efficiency of service for partner Banks and customers, while safeguarding the health and safety of its employees - allowing more than 95% of staff, including call center activities, to work remotely in a few days.

At the beginning of March, Italy was the first Country in Europe to adopt some of the most restrictive measures with a generalized lockdown nationwide. In this emergency context, in which digital payments are even more important for the functioning of the Country's economy, Nexi remains focused on providing and ensuring its services to partner Banks and customers with the usual standards of quality and safety.

After two months of lockdown, starting from May 4th, the "Phase 2" started with a gradual easing of the adopted restrictive measures and the progressive reopening of the economic activities. In the context of this health emergency, the Government has introduced a series of extraordinary measures aimed at providing financial support to businesses, workers and families through the "Cura Italia" Decree and the "Liquidità" Decree; an imminent new package, the "Rilancio" Decree, which would contain initiatives aimed at supporting the Country's economic recovery phase, has been announced.

In addressing the complexity of the current context, Nexi can count on a diversified and resilient business model, with approximately half of the total Revenues¹ linked to the installed base (n. of POS terminals, n. of merchants, n. of managed cards, n. of ATMs, etc.) - and therefore not directly impacted by the short term volumes' dynamics - and 38% of variable costs related to volumes and activities¹.

After a strong performance in January and February (value of acquiring and issuing transactions +5.4% Y/Y), Nexi observed a decline in volumes in March and a subsequent stabilization at new levels in April (value of acquiring and issuing transactions -33.0% Y/Y and -43.4% Y/Y respectively) due to the lockdown measures in the Country. This contraction was mainly determined by the performance of consumer sectors heavily affected by the restrictive measures (e.g. travel, tourism, restaurants, etc.) and other discretionary consumption sectors (e.g. clothing), while sectors more related to basic consumptions (e.g. groceries and pharmacies) continued to experience an increase

¹ Based on 2019 data

in volumes. Overall, e-commerce declined less sharply compared to physical sales and, net of the impact of the sectors most affected by the lockdown such as travel and tourism, recorded a strong performance Y/Y in terms of value of managed transactions. Value of acquiring and issuing transactions at -25% Y/Y² in the last week rolling (May 2nd – 8th), showing very early signals of possible initial recovery across categories, to be confirmed in the coming weeks.

In light of the new market context emerged in the recent months, an evolution in customers' behaviors and habits is observed, well supporting the underlying trend of structural growth related to digital payments in the Country. In this context, Nexi has already accelerated the launched innovation initiatives, e.g. in the digital field and on e-commerce, showing its flexibility in effectively addressing the complexity coming from the Covid-19 epidemic and its ability to anticipate "new normal" customer needs.

Initiatives connected to Covid-19 emergency

Nexi has launched several initiatives to support merchants and professionals, with particular focus to SMEs, in order to facilitate their businesses activities. In addition to the **XPay** platform for accepting online payments already enabled for all physical stores, Nexi has made available to its clients **Pay By Link**, to cash-in remotely even without having an own e-commerce website, **Nexi Welcome**, a zero-fee Mobile POS, and the **refund of merchant fees** for payments lower than €10 from March 1st until the end of the year to support small merchants.

The entire Nexi community (customers, employees, managers and shareholders) raised and donated **€ 1 million** to support the creation of more than 200 intensive care beds in a Milan hospital.

Key financial results

€M	1Q19	1Q20	Δ% vs. 1Q19
Merchant Services & Solutions	106.1	105.1	-0.9%
Cards & Digital Payments	93.0	92.6	-0.4%
Digital Banking Solutions	27.4	27.6	+0.8%
Revenues	226.5	225.3	-0.5%
Personnel & related expenses	(41.7)	(40.0)	-4.1%
Operating Costs	(74.2)	(70.4)	-5.2%
Total Costs	(115.9)	(110.3)	-4.8%
EBITDA	110.6	115.0	+3.9%

In the first quarter of 2020, Group's **EBITDA** reached € 115.0 million, up by 3.9% Y/Y. The EBITDA Margin increased by ~2 p.p. to 51% in the first three months of 2020 compared to the same period of 2019.

In the first quarter of 2020, **Revenues** reached € 225.3 million, down by 0.5% Y/Y.

Nexi's operating segments delivered the following results in the first quarter of the year:

- **Merchant Services & Solutions**, which represented 47% of the Group's total revenues, reported revenues of € 105.1 million in 1Q20, down by 0.9% Y/Y. In the first quarter of 2020, 754 million transactions were managed, down by 4.5% Y/Y, with value of managed transactions at € 52.2 billion (-9.5% Y/Y), sustained by the dynamic of international schemes volumes (-6.0% Y/Y). E-commerce declined less sharply compared to physical sales (value of managed transactions up by 4% Y/Y), with a strong acceleration net of sectors, such as travel and tourism, heavily impacted by the lockdown measures and for which online activities have a significant weight;

² Data include International schemes only for Nexi Payments, International and national schemes for MePS

- **Cards & Digital Payments**, which represented 41% of the Group's total revenues, reported revenues of € 92.6 million in 1Q20, down by 0.4% Y/Y. In the first quarter of 2020, 611 million transactions were managed, up by 0.4% Y/Y, with volumes of € 45.3 billion (-6.4% Y/Y), sustained by the dynamic of international schemes volumes (-2.9% Y/Y);
- **Digital Banking Solutions**, which represented 12% of the Group's total revenues, have experienced a more limited impact from the lockdown measures introduced in March, with 1Q20 revenues equal to € 27.6 million, substantially flat Y/Y (+0.8% Y/Y).

In the first quarter of 2020, **total Costs** were € 110.3 million, down by 4.8% Y/Y due to the contraction in variable operating costs linked to volumes as well as to the continuous work on efficiency.

As of March 31st 2020, managerial **Net Debt** was reduced to € 1,420 million compared to € 1,470 million as of December 2019, thanks to the cash flow generated in the period.

Given the evolution of the context and the uncertainty related to the speed of recovery, Nexi has conservatively suspended the financial guidance (as already announced on April 15th). While volume-driven revenues will depend on the evolution of Covid-19 pandemic, the duration of the peak and the speed of recovery, Nexi promptly identified and put in place a cash cost containment plan for more than € 100 million, while remaining fully focused on implementing strategic initiatives to support future growth. The actions envisaged in the plan aimed to mitigate the impact of Covid-19 on EBITDA and cash flow, through a strict cost control and a rephrasing of certain less strategic projects and investments.

Significant subsequent events

On April 24th, Nexi successfully completed the issuance of € 500 million of senior unsecured equity-linked convertible bonds due 2027. The Bonds will pay a coupon of 1.75% *per annum*, payable semi-annually in arrear. The initial conversion price is €19.47 and incorporates a premium of 50% above the Reference Share Price of €12.98, in turn determined on the basis of the placement price of the Ordinary Shares realized in the Concurrent Equity Offering supporting the issuance.

This bond issue allows Nexi to extend the average life of its debt – at the same cost of the 5-year bond issued in October 2019 - and further strengthens its liquidity position, also considering the planned acquisition of the merchant acquiring activities of the Intesa Sanpaolo Group, announced in December 2019.

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Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, the undersigned, Enrico Marchini, in his capacity as the manager in charge of preparing Nexi's financial reports, declares that the accounting information contained in this press release corresponds to the accounting documents, books and records of Nexi S.p.A..



About Nexi

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

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

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

Digital Banking Solutions: *Nexi manages 13,100 ATMs, approximately 469,000 e-banking workstations and 947 million clearing transactions in 2019. In addition, Nexi developed the open banking system in collaboration with the CBI consortium to which the main Italian banks have already adhered.*

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