

Nexi, update in relation to Covid-19 impacts

- ***Ensured full business continuity and highest efficiency of service, while safeguarding health and safety of all employees***
- ***Increase in transaction volumes in January-February compared to the same period last year, followed by a progressive decline starting from March and the beginning of April, as a consequence of the lockdown measures in Italy***
- ***Preliminary results in 1Q2020 expected to be broadly in line with 1Q2019; Revenues expected in excess of €220 million and EBITDA expected in excess of €110 million, despite the deterioration in the final part of the quarter due to the lockdown***
- ***Given the high level of uncertainty on the evolution of the health emergency, financial guidance conservatively suspended***
- ***Solid underlying business fundamentals, with strong cash position***

Milan, April 15 2020 – Nexi S.p.A. (“Nexi” or the “Company”) is closely monitoring on a daily basis the development of the Covid-19 pandemic and has swiftly implemented effective business continuity plans to ensure the normal functioning of its business, safeguarding the health and safety of its employees and guaranteeing the highest efficiency of service for partner Banks and end customers.

Since the first day of emergency Nexi has implemented numerous initiatives, in line with the directives provided by the competent Authorities and those dictated by the internal continuity plans, which immediately ensured safety of all operations, with more than 95% of staff, including the call centre activities, transitioned in a few days to working remotely and the implementation of precautionary measures for the limited number of employees still working in the operational centres.

Italy was the first European country to impose severe restrictive measures in early March, with a generalized lockdown nationwide. In this emergency context, in which electronic payment solutions are increasingly fundamental for the normal functioning of the whole country’s economy, Nexi remains focused on providing and ensuring its services to partner Banks and end customers with the usual standards of quality and safety.

Moreover, Nexi has launched several initiatives to support merchants and professionals in order to facilitate their businesses activities. In addition to the XPay platform for accepting online payments, Nexi has made available to its clients Pay By Link, a service which allows customers to cash-in remotely even without having their own e-commerce website, Nexi Welcome, a zero-fee Mobile Pos; and the refund of commissions for payments lower than 10 euros from the first of March until the end of the year to support small merchants.

Trading Update

During the 1Q2020, in the market context described above, overall Nexi managed more than 1 billion issuing and acquiring transactions in the period January-February, up by 13.2% Y/Y, with value of managed transactions totalling €72.5 billion (+5.4% Y/Y); in March, given the implementation of the lockdown measures nationwide, managed issuing and acquiring transactions were 338.1 million, down by 31.1% Y/Y, with value of managed transactions totalling €24.9 billion (-33.0% Y/Y).

In the second half of March, the contraction on a weekly basis in terms of value of managed transactions has stabilised at approximately -45-50% compared to the same period last year; the same trend of contraction in value of managed transactions has been recorded at the beginning of April¹.

Based on the first data and preliminary estimates of the financial results for the first quarter 2020, at the date of this press release Nexi expects to record Revenues in excess of €220 million for the 1Q2020 (slightly lower than the figure recorded in the same period of 2019), also supported by installed base Revenues, representing approximately half of the total Revenues generated by the Company², which have not been directly impacted by the sharp contraction in March volumes in correspondence with the start of the lockdown. Furthermore, Nexi expects to record an EBITDA in excess of €110 million for the 1Q2020 (slightly higher than the figure reported last year), also thanks to a contraction in variable operating costs determined by volumes as well as to the continuous work on efficiency.

Nexi's operating segments showed the following trends in the first quarter of 2020:

- **Merchant Services & Solutions** (approximately 46% of Revenues in 1Q2020):
 - Nexi managed 754 million transactions³, -4.5% Y/Y (+12.4% Y/Y in the period January-February 2020 and -35.6% Y/Y in March 2020), with value of managed transactions totalling €52 billion, -9.5% Y/Y (+4.7% Y/Y in the period January-February 2020 and -35.5% Y/Y in March 2020). Considering only international schemes volumes, number of transactions was up by 0.9% Y/Y in the quarter, with value of managed transactions down by -6.0% Y/Y.
 - Based on data related to physical POS transactions, some consumption sectors highly impacted by the lockdown measures (hotels and restaurants, travels and transports, entertainment and other discretionary retail spending such as clothing and luxury) have driven the overall decrease in number and value of managed transactions. Other sectors, such as groceries and pharmacies, have experienced instead an increase in volumes.
 - With regards to e-commerce sales (representing still a small portion of Italy's and Nexi's overall volumes), number and value of managed transactions declined less sharply compared to physical sales, in a context in which some business activities carried out typically online (e.g. tourism and transports) have been heavily impacted by the lockdown and although not all retailers with online distribution were able to continue to operate normally during this emergency period.
- **Cards & Digital Payments** (approximately 42% of Revenues in 1Q2020):
 - Nexi managed 611 million transactions, +0.4% Y/Y (+14.1% Y/Y in the period January-February 2020 and -25.3% Y/Y in March 2020), with value of managed transactions totalling €45 billion, -6.4% Y/Y (+6.3% Y/Y in the period January-February 2020 and -30.0% Y/Y in March 2020). Considering only international

¹ Volumes based on Nexi Payments SpA international schemes for direct/referral/licensing acquiring models and issuing licensing model; for Mercury Payment Services SpA both national and international schemes included in daily volumes monitoring. Such volumes represent approximately 70% of overall volumes.

² Based on Revenues for financial year 2019 (€984 million, of which 52% related to the installed base).

³ Overall volumes managed by Nexi, point-of-sale, e-commerce or cash advances.

schemes volumes, number of transactions was up by 5.4% Y/Y in the quarter, with value of managed transactions down by -2.9% Y/Y.

- **Digital Banking Solutions** (approximately 12% of Revenues in 1Q 2020):
 - Revenues for this operating segment have been less directly impacted for the time being by the recent events in Italy linked to the Covid-19 pandemic.

Measures taken to mitigate earnings impact

Nexi's management team has identified and has started taking a number of actions to reduce some costs and re-phase some capital expenditures in order to mitigate the financial impact of Covid-19, although remaining fully focused on implementing plans and strategic initiatives to support growth.

Financial guidance suspended

Given the continuously evolving context causing uncertainty on the duration of the lockdown, the timeline for the reopening process and the subsequent speed of economic recovery, at the moment Nexi conservatively suspends the financial guidance to the market (disclosed by the Company during the IPO process and reiterated on February 12, 2020 before the outbreak of Covid-19 pandemic).

Solid underlying business fundamentals, with strong cash position

Notwithstanding the trends experienced in recent weeks, Nexi believes that its fundamentals and growth prospects remain strong thanks to the structural features of under-penetration of the Italian digital payments market, coupled with the initiatives implemented by the Company together with its partner Banks.

The Company enjoys a strong cash position: as of 31-Mar-2020, cash freely available at Nexi SpA was in excess of €240 million⁴. In addition to this, Nexi has also benefitted from cash flows generated at operating entities levels in the first quarter of 2020. Lastly, the Company can count on additional €350 million of currently existing liquidity capacity in the form of a fully undrawn revolving credit facility committed until 2024.

With the acquisition of Intesa Sanpaolo's merchant acquiring activities (closing expected by summer 2020, with bridge financing already secured), Nexi will further strengthen its role as independent leading PayTech in the European field of digital payments.

Conclusion

Considering the solid underlying business fundamentals of the Company, its competitive positioning and track record of value creation, Nexi remains confident about the growth prospects of its business once the current emergency context affecting all sectors of the country will subside.

⁴ Including approximately €110 million of cash freely available in the bank accounts pertaining to Nexi SpA and approximately more than €130 million of dividends to be collected from Nexi's subsidiaries in the coming month of May.



Nexi remains focused on providing and ensuring its services to partner Banks and end customers with the usual high standards of efficiency and, at the same time, on continuing its investment and development activities for the future, while safeguarding the health and safety of its employees.

In the current Italian context, Nexi's role is fundamental to contribute to the digitalisation and modernisation of the country, benefitting citizens, businesses and the public administration.

Lastly, please note that the approval by the Board of Directors of the Consolidated Quarterly Report as of March 31, 2020 and the presentation of the 1Q2020 financial results to the market are currently scheduled for Tuesday, May 12, 2020, as indicated in the 2020 Financial Calendar published on the Company's website.

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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