

## GROUP FINANCIAL RESULTS AS OF JUNE 30<sup>th</sup> 2023, APPROVED SOLID FINANCIAL PERFORMANCE, WITH CONTINUED EBITDA MARGIN EXPANSION

- *Revenues at € 1,577.0 million in 1H23, +8.1% Y/Y; EBITDA at € 771.8 million in 1H23, +11.6% Y/Y, with a continued EBITDA margin expansion of c.+153 bps*
- *Sustained volume growth in all geographies in 2Q23 despite tough Y/Y comparison; accelerated volume growth in 1H23 across all geographies vs 2019*
- *Continued acceleration on EBITDA minus Capex and non-recurring cash items at +18% Y/Y*
- *2023 Guidance confirmed*

**Milan, August 1<sup>st</sup> 2023** – The Board of Directors of Nexi S.p.A. approved on July 31<sup>st</sup> the Group's consolidated financial results as of June 30<sup>th</sup> 2023.

*"This first half of the year confirms a solid and profitable growth in all our businesses and in the different geographic areas in which we operate, despite the ongoing uncertain macroeconomic situation," commented Paolo Bertoluzzo, CEO of Nexi Group. "We are progressing with our development with great rationality and discipline, investing in the areas with the greatest growth potential, increasingly focusing our business portfolio and accelerating cash generation, to the benefit of our shareholders. In an increasingly competitive digital payments market, our goal remains to strengthen our European leadership position in the industry, supporting the digital development of the countries in which we operate."*

In 2Q23 the acquiring volumes<sup>1</sup> registered a sustained volume growth in all geographies, despite tough Y/Y comparison due to Covid-19 re-openings in 2Q22. Compared to 2019, there has been an acceleration of volumes in 1H23, reaching approximately 30%+ across all geographies in June. The volume growth rates across different categories started to converge towards more normalised levels, post Covid-19.

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<sup>1</sup> Volumes data include sales, International schemes and exclude SIA. For Italy: data also include national schemes for ISP merchant book only. For Nordics and DACH region: data include regular business and exclude non-card based transactions from e-commerce.

## Key consolidated financial managerial results<sup>2</sup>

€M	1H22	1H23	Δ% vs. 1H22	2Q22	2Q23	Δ% vs. 2Q22
Merchant Solutions	807.6	886.4	+9.8%	437.5	473.9	+8.3%
Issuing Solutions	477.3	516.5	+8.2%	249.4	270.0	+8.2%
Digital Banking Solutions	173.7	174.2	+0.3%	91.4	91.4	-0.0%
<b>Operating revenue</b>	<b>1,458.6</b>	<b>1,577.0</b>	<b>+8.1%</b>	<b>778.4</b>	<b>835.3</b>	<b>+7.3%</b>
Personnel Costs	(354.1)	(373.1)	+5.4%	(176.0)	(179.5)	+2.0%
Operating Costs	(412.9)	(432.1)	+4.6%	(206.3)	(219.8)	+6.5%
<b>Total Costs</b>	<b>(767.0)</b>	<b>(805.2)</b>	<b>+5.0%</b>	<b>(382.3)</b>	<b>(399.2)</b>	<b>+4.4%</b>
<b>EBITDA</b>	<b>691.6</b>	<b>771.8</b>	<b>+11.6%</b>	<b>396.1</b>	<b>436.1</b>	<b>+10.1%</b>
Ordinary D&A	(205.4)	(213.1)	+3.8%			
Normalised Interests & financing costs	(101.1)	(120.5)	+19.2%			
<b>Normalised Pre-tax profit</b>	<b>385.1</b>	<b>438.2</b>	<b>+13.8%</b>			
Income taxes	(128.6)	(146.5)	+13.9%			
Profit (loss) after tax from assets held for sale	18.0	4.2	-76.6%			
Minorities	(1.4)	(0.9)	-36.4%			
<b>Normalised Net profit</b>	<b>273.1</b>	<b>295.0</b>	<b>+8.0%</b>			

In 1H23 the Group delivered solid financial results, with revenues reaching € 1,577.0 million, +8.1% versus 1H22, and EBITDA reaching € 771.8 million, +11.6% versus 1H22. The EBITDA Margin was at 49%, up by 153 basis points compared to 1H22.

In 2Q23, revenues reached € 835.3 million, +7.3% versus 2Q22 and EBITDA was at € 436.1 million, +10.1% versus 2Q22, with EBITDA Margin at 52%.

Nexi Group's operating businesses delivered the following results in 1H23:

- **Merchant Solutions**, representing approximately 56% of Group's total revenues, reported revenues of € 886.4 million, +9.8% Y/Y. In 1H23 8,766 million transactions were processed, +14.9% Y/Y, with value of processed transactions at € 392.0 billion, +9.7% Y/Y. Transactions value growth continued across the Group, primarily driven by international schemes, coupled with continued strong growth of customer base and number of terminals.

In 2Q23, Merchant Solutions revenues reached € 473.9 million, +8.3% Y/Y, despite tough Y/Y comparison.

The main initiatives realized in Merchant Solutions during 1H23 include:

- ISVs partnership: with new partnership wins in both ECRs and vertical specialists in hospitality and retail;
- Progress on roll-out of SME capabilities and best practices across markets. SoftPOS roll-out across geographies progressing;
- Strategic partnership with Computop, the leading eCommerce provider in Germany, strengthening our online and omnichannel proposition across all verticals in DACH and beyond;

<sup>2</sup> 2022 and 2023 pro-forma normalised managerial data at constant FX and scope (for the M&A recently closed - i.e. ISP merchant book acquisition in Croatia).

- Continued strengthening of the partnerships (e.g., with eCom enabler Shopware). Additionally, a preferred partnership with Shopify has been signed in Poland;
  - Continued progress of LAKA propositions evolution, including data-enabled insights suite in Nordics and progress in unattended capabilities for hospitality & EV charging.
- **Issuing Solutions**, representing approximately 33% of Group's total revenues, reported revenues of € 516.5 million, +8.2% Y/Y. In 1H23 9,178 million transactions were processed, +12.2% Y/Y, with value of processed transactions at € 425.4 billion, +9.3% Y/Y. Transaction volumes showed a sustained growth versus last year, mainly driven by international schemes.  
In 2Q23, Issuing Solutions reached € 270.0 million of revenues, +8.2% Y/Y. In particular, the quarterly performance in Italy has been sustained by positive volume mix, acceleration of international debit, and one-off contribution related to banks' M&A.
  - **Digital Banking Solutions**, representing approximately 11% of Group's total revenues, reported revenues of € 174.2 million, +0.3% Y/Y, with strong volume growth broadly offset by impacts from banking consolidation in Italy in 2022.  
In 2Q23, Digital Banking Solutions reached € 91.4 million of revenues, stable Y/Y.

In 1H23, **Total Costs** were at € 805.2 million, up by 5.0% Y/Y, due to volume and business growth, people investments in key strategic areas and inflationary pressure. In 2Q23 Total Costs were at € 399.2 million, +4.4% versus 2Q22, normalised after the peak in 1Q23.

Nexi confirmed its commitment on investments in technology and innovation, with **total Capex**<sup>3</sup> at € 230 million for 1H23, equal to 15% net revenues. In particular, € 78 million were related to transformation and integration initiatives, and € 152 million were related to the ordinary innovation of products and services, maintenance of high-quality services and security, POS and ATM purchase and strategic one-off infrastructure renewals.

Continued strong reduction of **transformation and integration costs** at € 54.0 million, down 25% versus 1H22; non-recurring items below EBITDA decreased to € 79.1 million in 1H23.

During the semester the Group delivered strong **EBITDA minus Capex and non-recurring cash items** performance at +18.4% Y/Y.

**Normalised net profit**<sup>4</sup> in 1H23 was € 295.0 million, with normalised EPS at 0.22 € up by 8.0% Y/Y.

The **excess cash generation** was equal to € 270,5 million in 1H23.

<sup>3</sup> Managerial figure.

<sup>4</sup> Net profit to which non-recurring items and D&A customer contracts are added back net of taxes.



As of June 30<sup>th</sup> 2023, the **Net Financial Debt** was at € 5,422 million, while the Net Financial Debt/ EBITDA ratio reached 3.2x. The pro-forma Net Financial Debt / EBITDA ratio including the run-rate synergies was at ~2.8x, in line with the plan. The weighted average maturity is ~3.6 years with an average pre-tax cash cost of debt at ~2.8%. 2024 maturities are expected to be met with existing cash resources triggering a gross debt reduction.

Group strategy execution progressing well, with expected ~2.8€B organic excess cash generated in 2023-25. At least € 1.5 billion earmarked for debt reduction, still leaving plenty of room for returning cash to shareholders and strategic value accretive M&A.

### **2023 Guidance**

Nexi confirms the 2023 Guidance in line with CMD medium-long term growth ambition:

- **Net revenues:** more than 7% Y/Y growth;
- **EBITDA:** more than 10% Y/Y growth;
- **Excess cash generation:** at least € 600 million<sup>5</sup>;
- **Net leverage:** ~3.0x EBITDA (~2.7x EBITDA incl. run-rate synergies) including the acquisition of Sabadell merchant book (announced in February 2023, closing expected in 4Q23);
- **Normalised EPS:** more than 10% Y/Y growth.

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### **Significant subsequent events**

In addition, Nexi informs that Mr. Jeffrey David Paduch, a non-executive and non-independent Director, has submitted effective as of 31 July 2023 his resignation due to new professional commitments. The Board of Directors unanimously thanks Mr. Jeffrey David Paduch for his professional contribution. Based on the communications to the Company and to the public, at the time of the resignation Mr. Jeffrey David Paduch does not hold any shares of the Company.

In light of the above, the Board of Directors of the Company during yesterday's meeting, appointed by co-optation Mr. Francesco Casiraghi as a non-executive and non-independent Director, after the favorable opinion of the Board of Statutory Auditors. His curriculum vitae is available on the website at the following link [www.nexigroup.com/en/group/governance/corporate-bodies/](http://www.nexigroup.com/en/group/governance/corporate-bodies/)

Mr. Francesco Casiraghi will remain in post until the next Shareholders' Meeting and, as of today, does not own any shares in Nexi.

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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

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<sup>5</sup> Gross of c.100€M deferred taxes in 2023.



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..

Reported results under review by PricewaterhouseCoopers that will release limited revision.

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Disclaimer: This is the English translation of the original Italian press release "Approvati i risultati finanziari di Gruppo al 30 giugno 2023". In any case of discrepancy between the English and the Italian versions, the original Italian document is to be given priority of interpretation for legal purposes.

## **Nexi**

Nexi is Europe's PayTech company operating in high-growth, attractive European markets and technologically advanced countries. Listed on Euronext Milan, Nexi has the scale, geographic reach and abilities to drive the transition to a cashless Europe. With its portfolio of innovative products, e-commerce expertise and industry-specific solutions, Nexi provides flexible support for the digital economy and the entire payment ecosystem globally, across a broad range of different payment channels and methods. Nexi's technological platform and the best-in-class professional skills in the sector enable the company to operate at its best in three market segments: Merchant Solutions, Issuing Solutions and Digital Banking Solutions. Nexi constantly invests in technology and innovation, focusing on two fundamental principles: meeting, together with its partner banks, customer needs and creating new business opportunities for them. Nexi is committed to supporting people and businesses of all sizes, transforming the way people pay and businesses accept payments. It offers companies the most innovative and reliable solutions to better serve their customers and expand. By simplifying payments and enabling people and businesses to build closer relationships and grow together, Nexi promotes progress to benefit everyone. [www.nexi.it/en](http://www.nexi.it/en) [www.nexigroup.com](http://www.nexigroup.com)

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## 1H 2023 P&L – Reported vs Normalised

€M	1H23 Reported	Delta	1H23 Normalised
Merchant Solutions	870	16	886
Issuing Solutions	515	2	516
Digital Banking Solutions	174	0	174
<b>Revenues</b>	<b>1,559</b>	<b>18</b>	<b>1,577</b>
Personnel & related expenses	-371	-2	-373
Operating Costs	-429	-3	-432
<b>Total Costs</b>	<b>-800</b>	<b>-5</b>	<b>-805</b>
<b>EBITDA</b>	<b>759</b>	<b>12</b>	<b>772</b>
D&A	-439	226	-213
Interests & financing costs	-108	-12	-121
Non recurring items	-75	75	-
<b>Pre-tax Profit</b>	<b>137</b>	<b>301</b>	<b>438</b>
Income taxes	-104	-43	-146
Profit (loss) after tax from assets held for sale	0	4	4
Minorities	-1	0	-1
<b>Net Profit</b>	<b>32</b>	<b>263</b>	<b>295</b>

Reported data at current FX with ISP merchant book acquisition in Croatia consolidated from February 28<sup>th</sup> 2023. Normalised data pro-forma for M&A (i.e. ISP merchant book acquisition in Croatia consolidated from January 1<sup>st</sup> 2023), at constant FX and excluding non-recurring items and other one-offs (e.g. D&A of customer contracts).

## Income Statement

(€'000)	1H23	1H22
Fees for services rendered and commission income	2,777,447	2,449,979
Fees for services received and commission expense	(1,110,002)	(931,556)
<b>Net fee and commission income</b>	<b>1,667,445</b>	<b>1,518,423</b>
Interest and similar income	55,188	26,128
Interest and similar expense	(171,952)	(105,768)
<b>Net interest income</b>	<b>(116,764)</b>	<b>(79,640)</b>
Profit (loss) on hedging/financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at Amortised cost	2,034	810
Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income	(35,687)	(4,320)
<b>Financial and operating income</b>	<b>1,517,028</b>	<b>1,435,273</b>
Administrative expenses	(943,046)	(927,734)
<i>Personnel-related costs</i>	<i>(415,114)</i>	<i>(419,302)</i>
<i>Other administrative costs</i>	<i>(527,932)</i>	<i>(508,432)</i>
Other operating income/expenses, net	3,086	(2,673)
Net value adjustments on assets measured at amortised cost	(1,403)	(10,976)
Net accruals to provisions for risks and charges	(879)	14,281
Net value adjustments/write-backs on tangible and intangible assets	(438,507)	(349,336)
<b>Operating margin</b>	<b>136,279</b>	<b>158,835</b>
Profit (loss) from equity investments and disposals of investments	595	4,001
<b>Profit (loss) before taxes from continuing operations</b>	<b>136,874</b>	<b>162,836</b>
Income taxes	(103,542)	(76,625)
Income (loss) after tax from discontinued operations	-	4,224
<b>Profit (loss) for the year</b>	<b>33,332</b>	<b>90,435</b>
Profit (loss) for the year attributable to the parent company	32,463	89,130
Profit (loss) for the year attributable to non-controlling interests	869	1,305

## Balance Sheet

ASSETS (€'000)	30/06/2023	31/12/2022 Restated
Cash and cash equivalents	420,865	448,778
Financial assets at Fair Value	160,605	146,904
Financial assets measured at amortised cost:	3,974,765	4,358,386
a) loans and receivables with banks	1,868,630	1,875,404
b) loans and receivables with financial entities and customers	2,106,135	2,482,982
Hedging derivatives	6,673	870
Equity investments	73,060	41,820
Tangible assets	593,286	563,354
Intangible assets	17,934,048	18,049,835
of which: Goodwill	13,079,291	13,039,637
Tax assets	211,813	210,818
a) current	10,232	14,896
b) deferred	201,581	195,922
Non-current assets held for sale and discontinued operations	2,378	2,471
Other assets	1,672,987	1,724,483
<b>Total assets</b>	<b>25,050,480</b>	<b>25,547,719</b>

LIABILITIES (€'000)	30/06/2023	31/12/2022 Restated
Financial liabilities measured at amortised cost	9,393,068	9,649,341
a) due to banks	3,519,083	3,495,963
b) due to financial entities and customers	1,845,709	2,141,864
c) securities issued	4,028,276	4,011,514
Financial liabilities at Fair Value through profit or loss	265,455	246,885
Hedging derivatives	1,780	256
Tax liabilities	1,357,513	1,262,323
a) current	241,784	106,715
b) deferred	1,115,729	1,155,608
Liabilities associated with non-current assets held for sale and discontinued operations	726	721
Other liabilities	1,659,277	1,951,924
Post-employment benefits	30,359	30,996
Provisions for risks and charges	136,732	148,186
Share capital	118,647	118,583
Treasury shares (-)	(7,504)	(4,440)
Share premium	11,587,260	11,587,260
Reserves	644,374	484,491
Valuation reserves	(189,896)	(90,226)
Profit (loss) for the year	32,463	138,995
Equity attributable to non-controlling interests (+/-)	20,226	22,423
<b>Total liabilities and equity</b>	<b>25,050,480</b>	<b>25,547,719</b>