

**nexi**

# 1H22 Results Presentation

July 29th, 2022

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The background features a low-angle shot of a modern glass skyscraper. The building's facade is composed of a grid of windows, and the 'nexi' logo is prominently displayed in blue on the top edge. A large, semi-transparent blue circle is positioned on the left side of the frame, partially overlapping the building. Two smaller, solid teal circles are placed in the upper right quadrant of the image. The sky is a clear, light blue.

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## Key messages

Capital Markets Day scheduled  
for September 27<sup>TH</sup> 2022

### Strong volume growth in 2Q22 across all geographies

- **Continued volume growth in Italy**, up 18% Y/Y (+27% vs 2019) in June. Foreign cards back to growth (+16% vs pre-Covid)
- **Double-digit volume growth Y/Y both in Nordics and DACH**, reaching +22% and +13% respectively in June. Continued recovery vs 2019
- **SMEs accelerating at +38% y/y in 1H22, faster than LAKAs**
- **Continued shift from cash to digital payments** visible across geographies

### Strong financial performance in 1H22, accelerating in 2Q22

- **Revenue** growth at **+10%** vs 2Q21 and **+9%** vs 1H21
- **MS&S revenues** strongly up **+16%** vs 2Q21 and **+14%** vs 1H21
- **EBITDA** growth of **+20%** vs 2Q21 and **+19%** vs 1H21 with **~+4 p.p. EBITDA margin expansion**

### Continued progress in creating the European PayTech leader

- Integration workstreams fully on track with **confirmed ~100€M cash synergies to be delivered in 2022**
- Continued **strengthening and focusing of business portfolio**:
  - Acquisition of BPER and BdS merchant book
  - Acquisition of ISP merchant book in Croatia
  - Closing of Alpha Bank JV and Orderbird
  - Sale of Capital Markets business
  - Sale of EDIGard, closed in July
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### Confirmed 2022 Ambition

- **Revenues +7% to +9% y/y**
- **EBITDA +13% to +16% y/y**

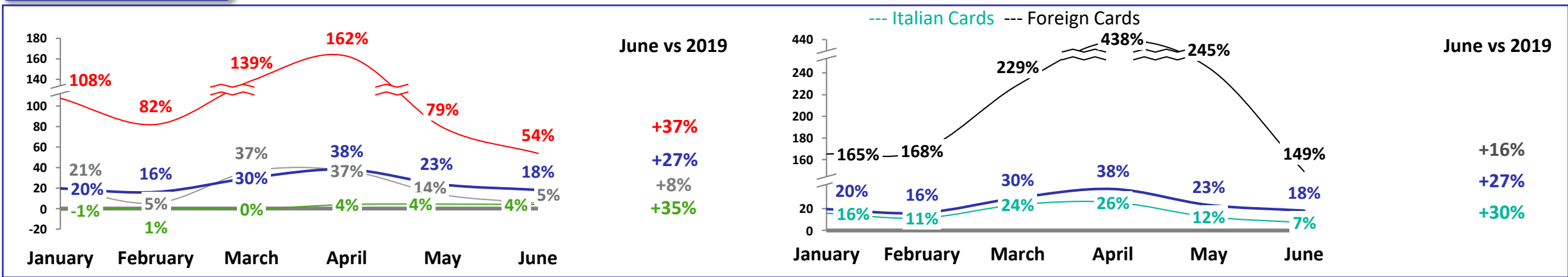
# Strong volume growth in 2Q22 across all geographies

2Q22 travel fully recovered and well above 2019 Group level<sup>1</sup>

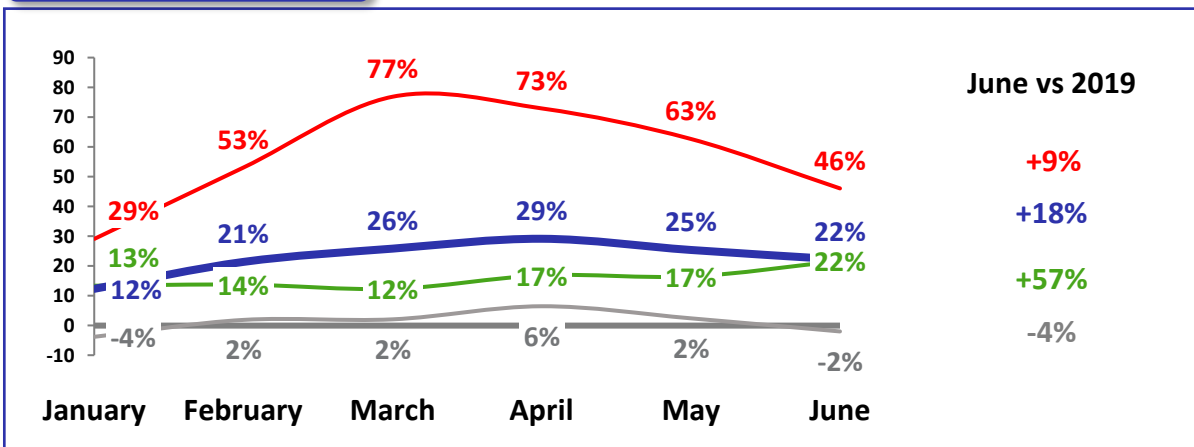
Y/Y performance

— High impact consumption — Basic consumption — Discretionary consumption — Total

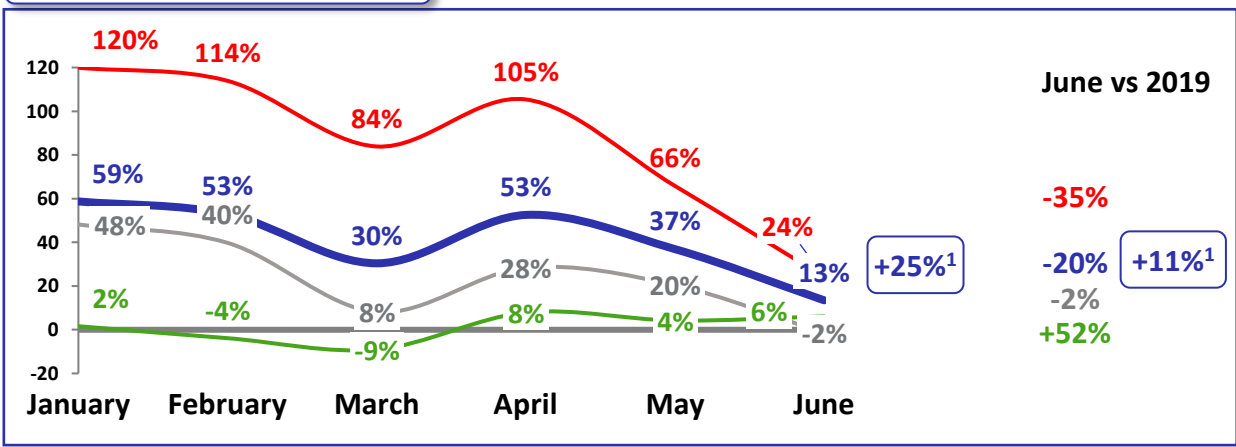
## ITALY



## NORDICS



## DACH



# Merchant Services & Solutions: key business update

## 1H22 TRX Value Key Business Highlights

55%<sup>1</sup>

SME

**+38%**  
vs. 1H21

- **Strong and accelerated sales performance across all geographies** vs last year, especially in DACH and Poland. Terminals installed base growing by ~150k y/y in 1H22<sup>2</sup>
- **Continued acceleration** of digital propositions **SmartPay** in Germany and **SmartPOS** in Italy
- Sustained performance of **complementary & digital channels**, with +144% y/y sales growth in Italy
- Launched **SoftPOS** tap-on-phone proposition in Greece, after Nordics and Hungary; preparing Italian launch
- Continued progress of **ISV partnerships** with market leaders and vertical specialists **across all geographies**

18%<sup>1</sup>

eCom

**+19%**  
vs. 1H21

- Continued **strong performance of Easy collecting PSP proposition** in the Nordics, with backbook migration almost completed; progressing roll-out in Germany
- **Good commercial performance of vertical propositions in Italy**, focus on hospitality and Ho.Re.Ca
- **Strong growth of owned A2A in Poland & Finland**; extending PSP partnerships
- Progressing on **proposition enhancements roadmap with Transaction Risk Analysis** launched and rolled-out in Italy, **1-click checkout for APMs** in Poland
- **New strategic partnership with Microsoft**, with Nexi as one of the main payment providers for key markets and joint efforts for ISVs integration and go-to-market, products co-development and cloud platforms transformation

11%<sup>1</sup>

LAKA

**+17%**  
vs. 1H21

- **Good pipeline of commercial wins in key verticals across markets**, such as Grocery, Retail, Petrol and Utilities
- **Integrated collection and B2B payments capabilities showing positive commercial traction** on Public Admins, Transport and Utilities
- **SoftPOS** proposition for Retail and Hospitality showing good commercial progress
- Extending **omni-acceptance** capabilities in Nordics (local wallets via QR-code) and DACH (Digital direct debit feature)
- Further **entrenchment with enabling platforms (CRM/ERP/PMS)** via strategic partnerships (**Global Blue** for Hospitality and Retail, **Zuora** for subscription services)

### Examples of recent customer wins & upsells



### ISVs/Platforms Partnerships

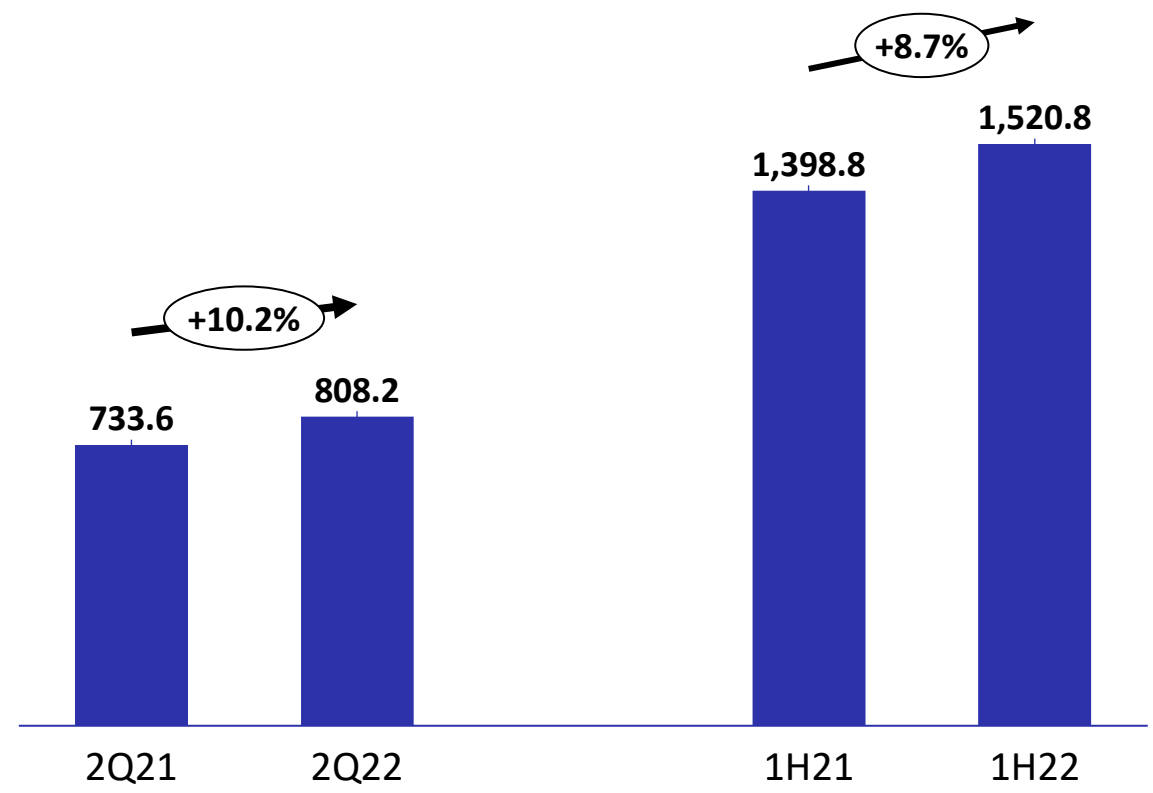


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**Focus on 1H22 results**

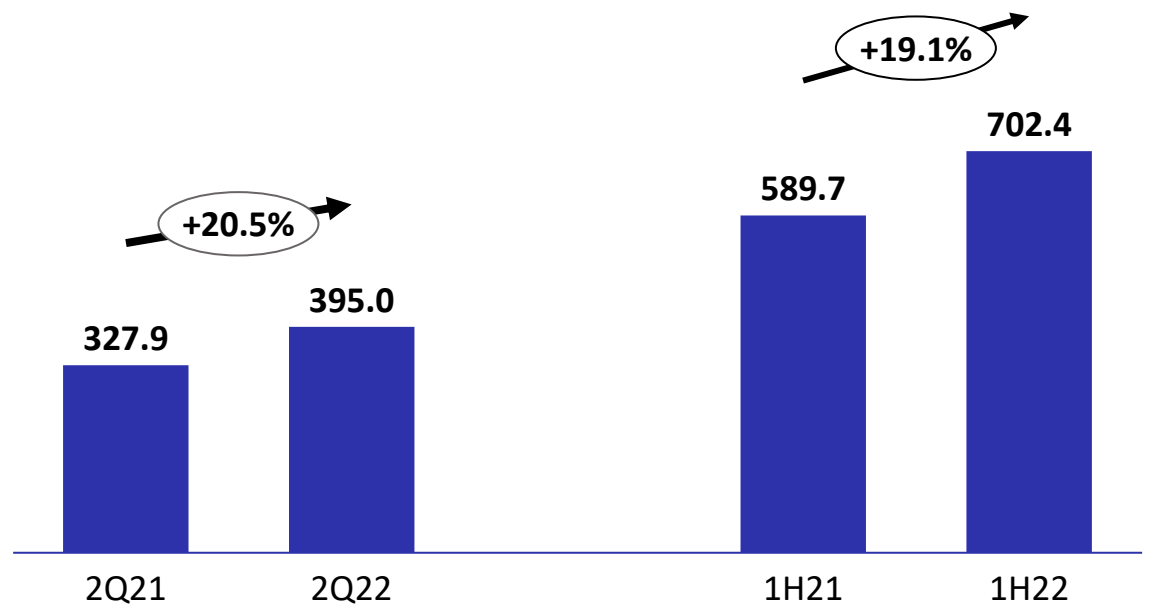
# Accelerated Revenue and EBITDA growth in 2Q22, leading to strong EBITDA growth and margin expansion

## Net Revenues (€M)

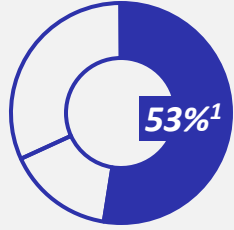


## EBITDA (€M)

EBITDA margin



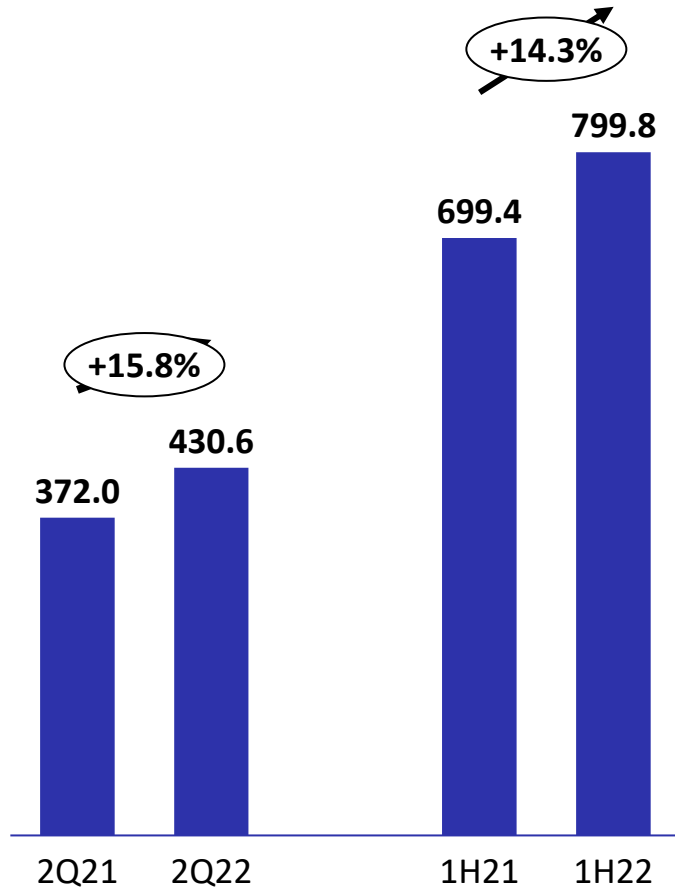
# Merchant Services & Solutions: double-digit revenue growth supported by strong volumes and installed base expansion



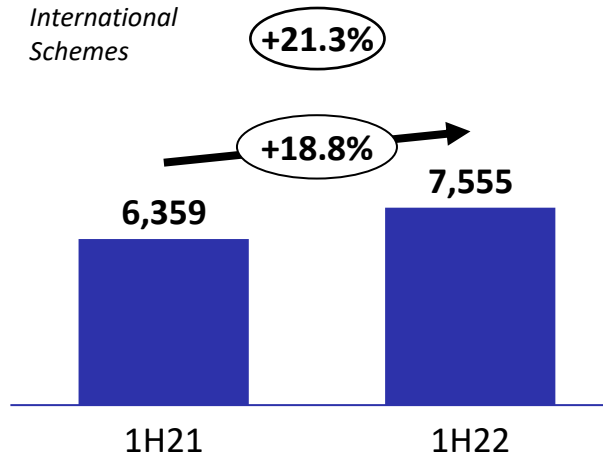
Merchant Services & Solutions



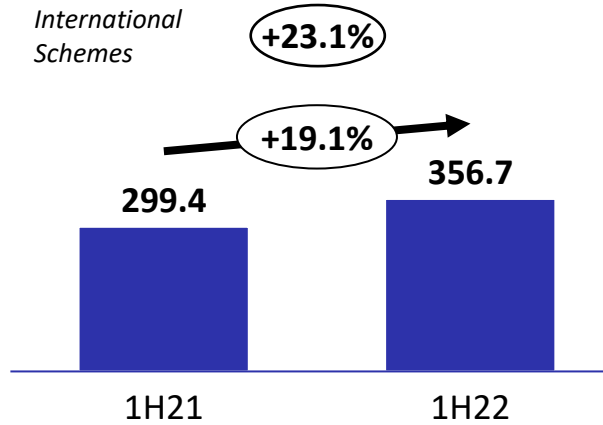
## Net Revenues (€M)



## Managed Transactions (#M)



## Value of Managed Transactions (€B)

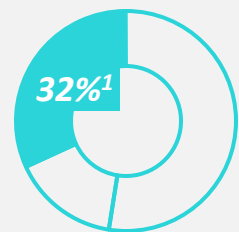


## Key Highlights

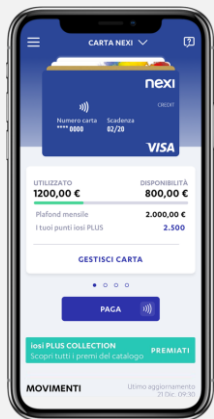
- Accelerated revenue growth in 2Q22 for both Nexi and Nets
- Continued solid value of transactions performance across the Group, driven by International schemes and the recovery of foreign travel
- Positive contribution from installed-base growth (~150k increase in #POS y/y in 1H22)
- SME value of transactions accelerating at +38% y/y in 1H22, faster than large merchants and positively contributing to revenue growth
- Strong growth of the physical channel vs ecommerce on the wave of easing of restrictions started in 1Q22



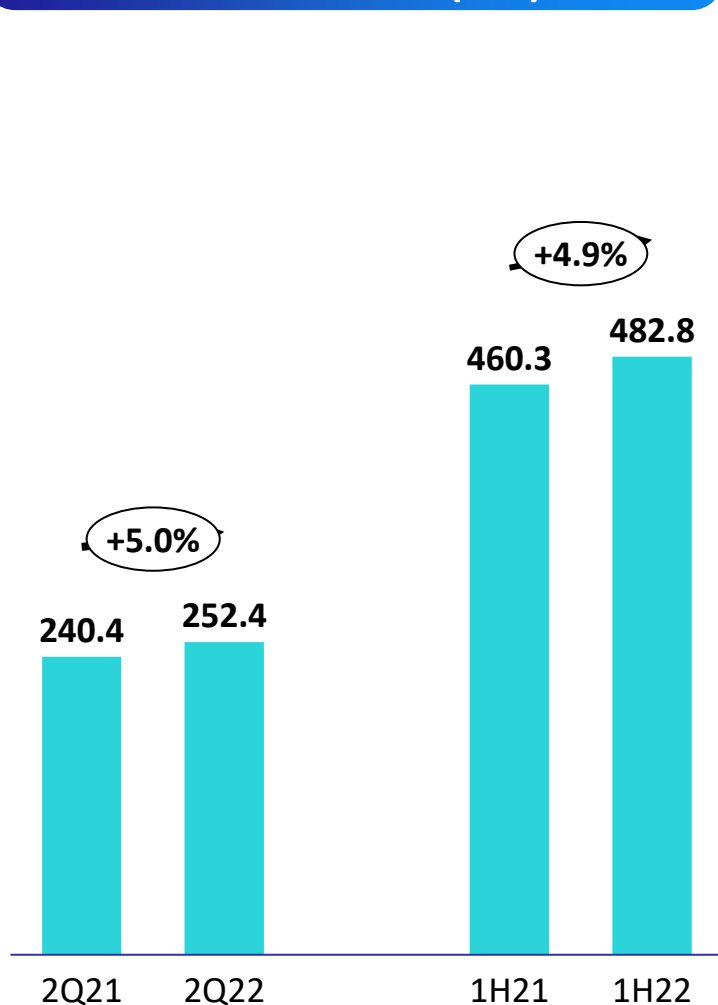
# Cards & Digital Payments: positive revenue growth supported by sustained volume dynamics



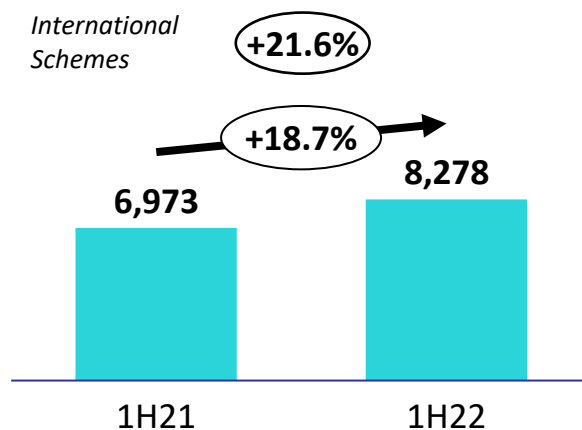
## Cards & Digital Payments



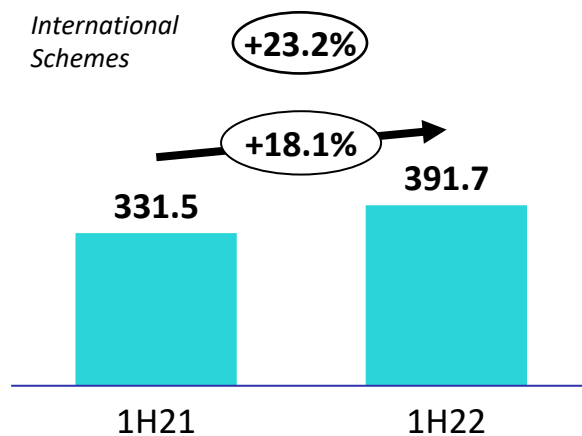
### Net Revenues (€M)



### Managed Transactions (#M)



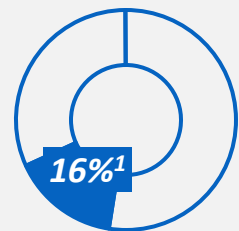
### Value of Managed Transactions (€B)



### Key Highlights

- Positive revenue growth, led by Italy (+7.1% y/y in 2Q22)
- Continued solid value of transactions performance across the Group, primarily thanks to International schemes
- Solid growth of International debit in Italy with increasing card stock (+1.1M cards y/y in 1H22)
- New services upselling to Nordic customers; attractive pipeline to drive future growth
- Progressing commercial effort for extending Nexi value propositions (e.g. CVM) to bank customer base across Europe

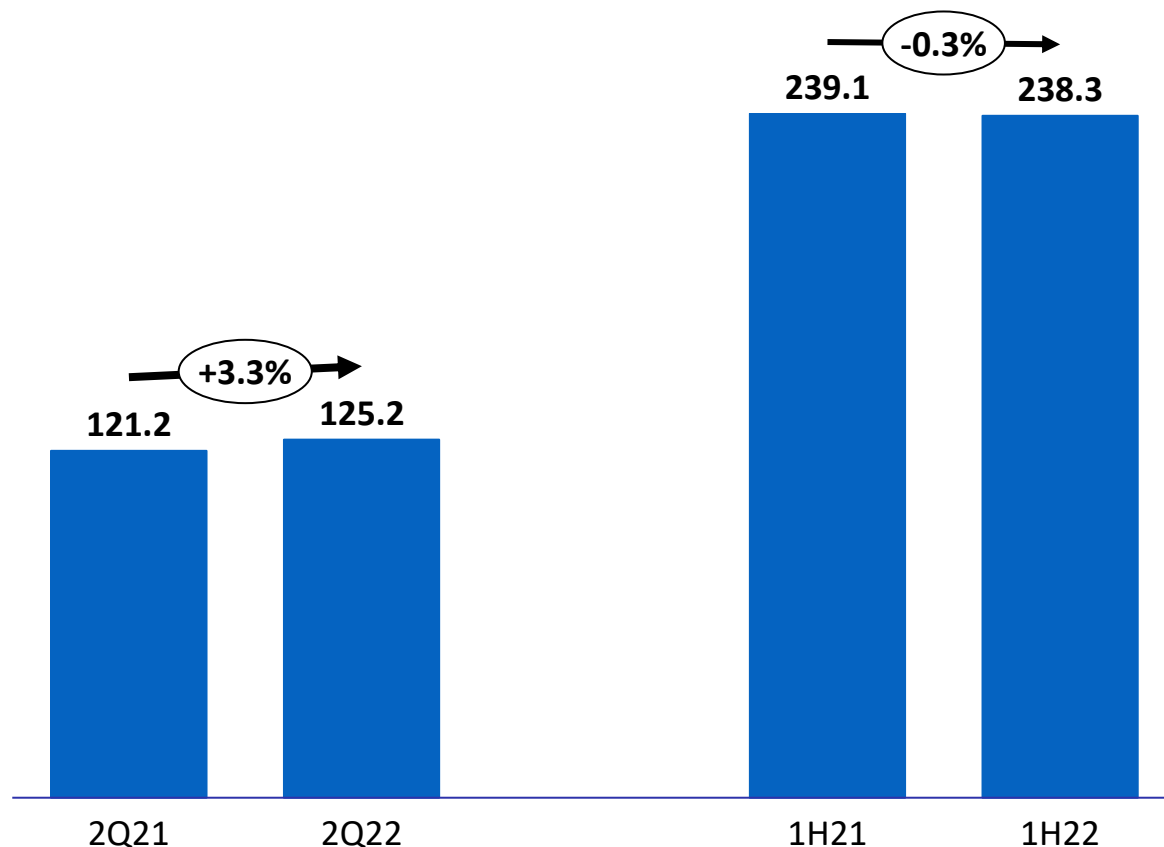
# Digital Banking & Corporate Solutions: revenue growth in the quarter supported by business initiatives and projects



Digital Banking & Corporate Solutions



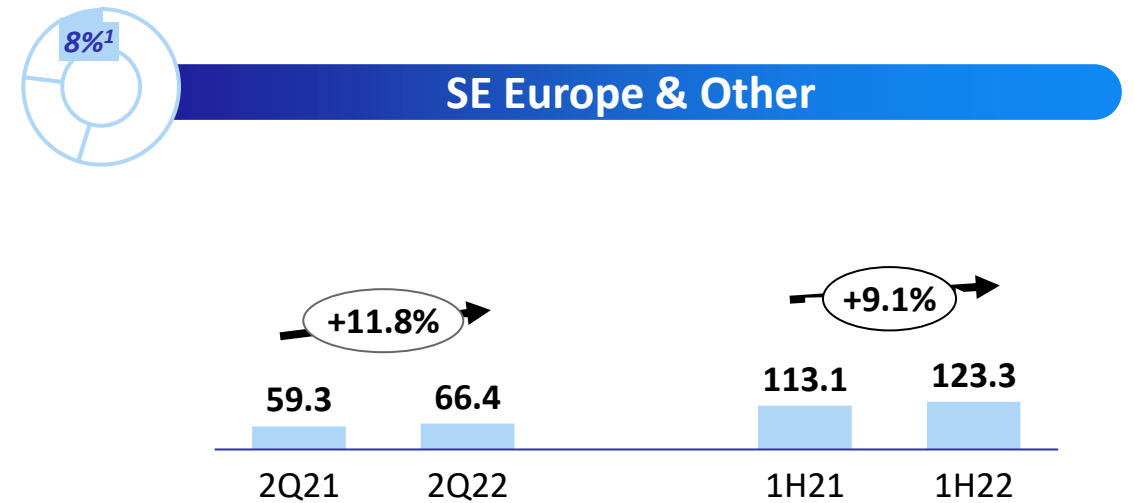
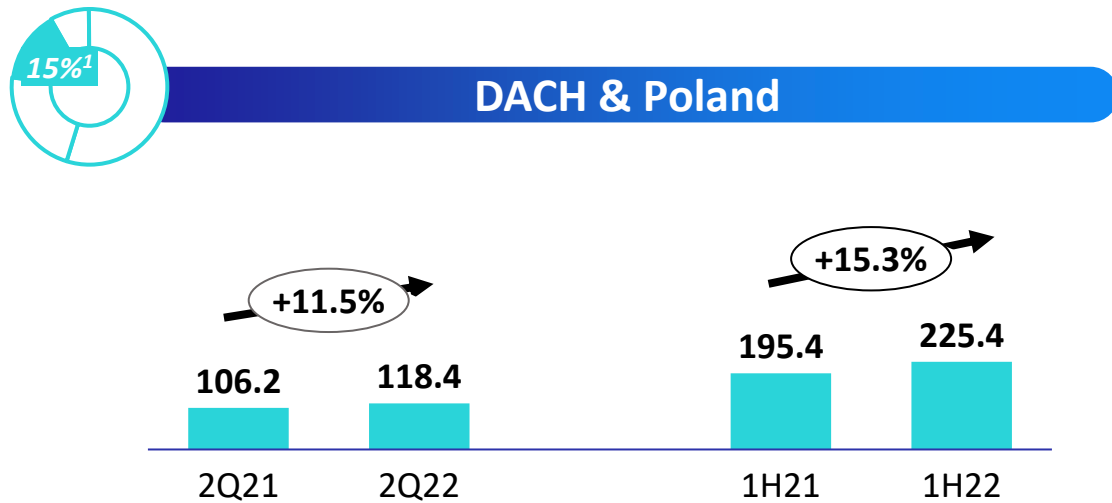
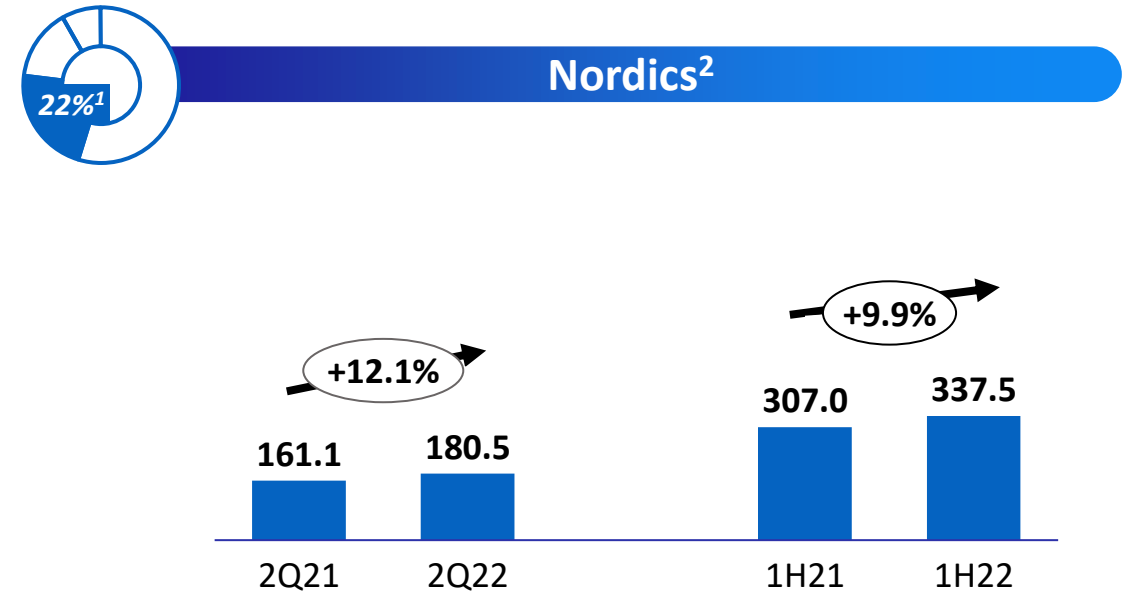
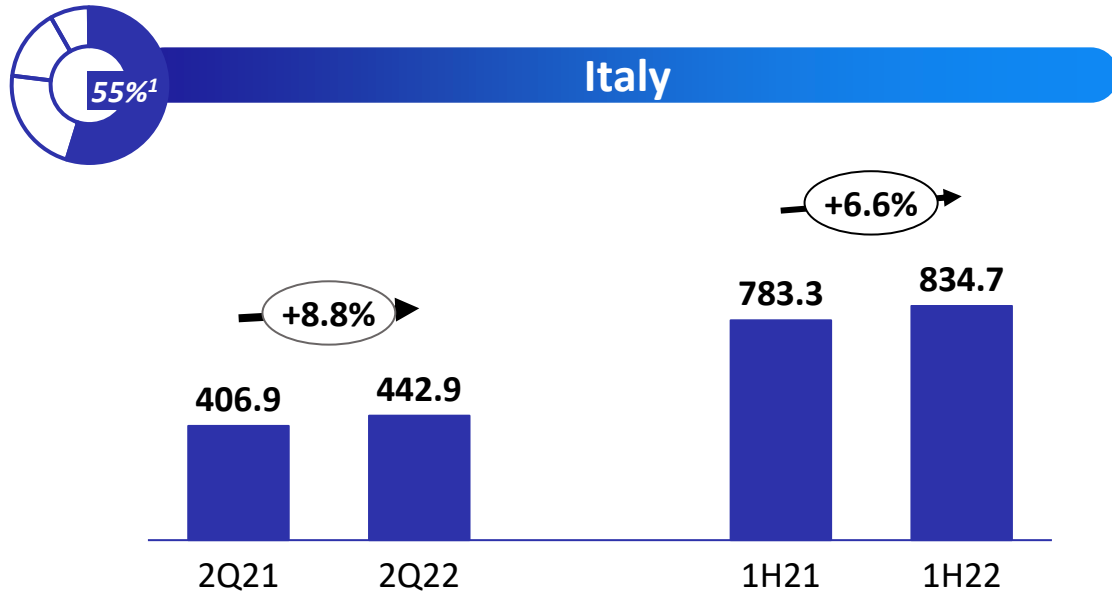
## Net Revenues (€M)



## Key Highlights

- **Positive Revenue performance in 2Q22** thanks to business initiatives and projects
- **B2B/Corporate Payments:** good progress on new services to Corporates (e.g. PagoinConto, Check IBAN, smart onboarding)
- **Open Banking:** positive performance driven by Globe API (usage at 3x vs 1H21), the largest Italian PSD2 Open Banking access and aggregation gateways
- **Payments Infrastructures:** good traction in Clearing, Network Services and Central Bank solutions

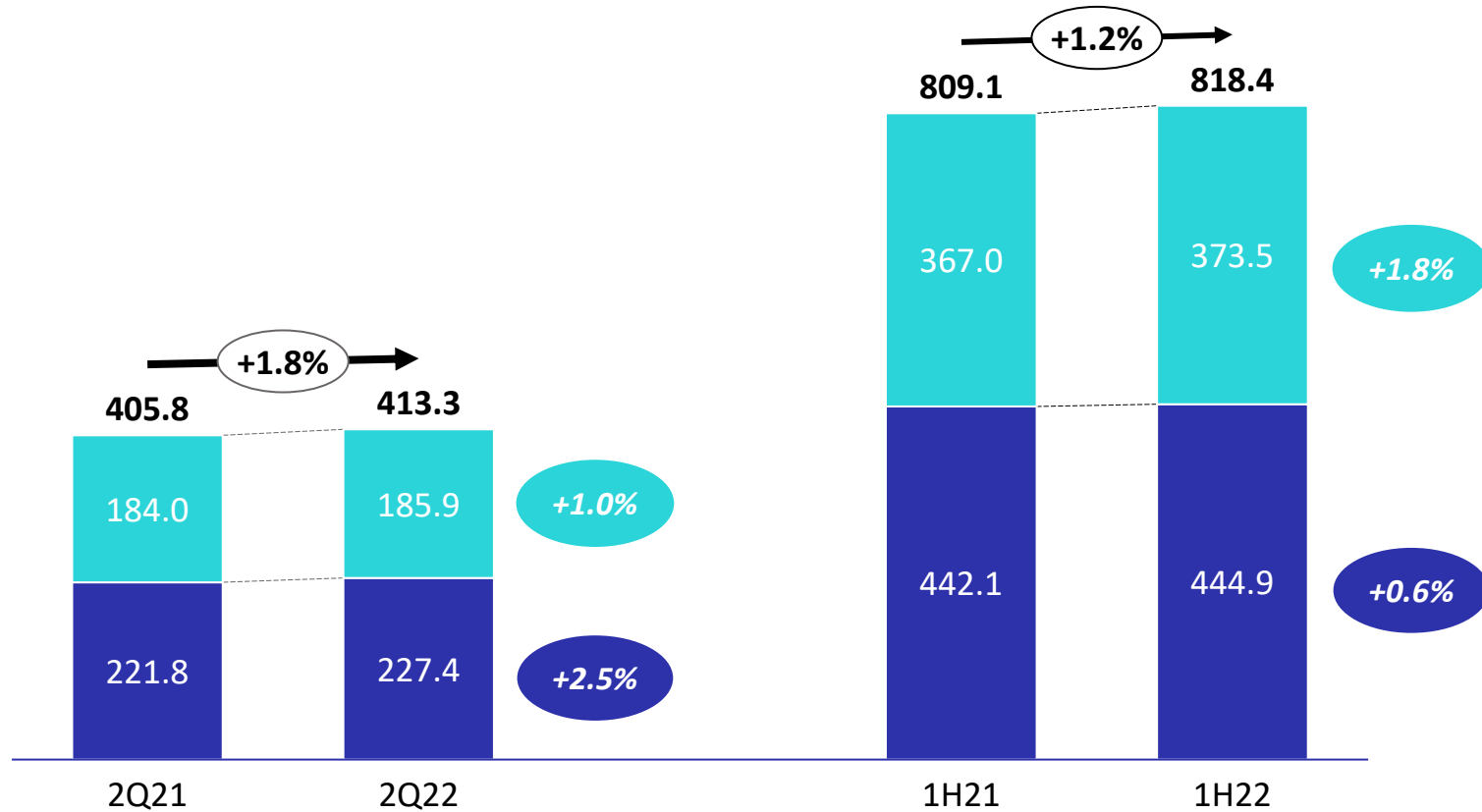
# Strong revenue performance across geographies in 2Q22 and 1H22



# Strong cost performance thanks to operating leverage, cost control and M&A synergies' delivery

## Total Costs (€M)

Personnel Costs  
Operating Costs



## Key Highlights

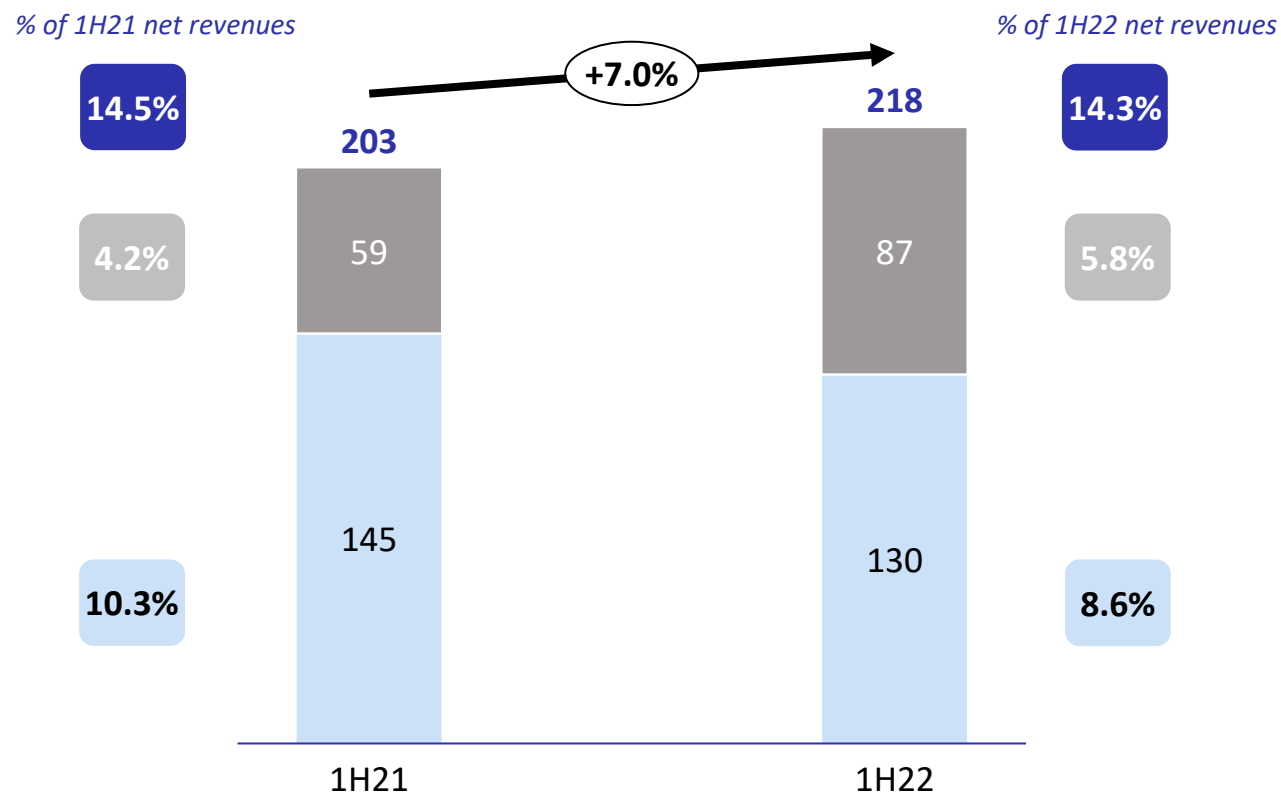
- 2Q22 total costs well under control vs last year, despite volume and business growth
- About 20€M contribution from M&A synergies
- Initial, but limited, impact of synergies' reinvestment plan in 1H22. Ramp-up expected in 2H22

# Continued investments to support quality, innovation and IT transformation

## Ongoing investments 2022: key examples

### Capital Expenditure (€M)

- Transformation Capex
- Ordinary Capex



### Transformation Capex

87

#### Standalone Nexi and Nets Transformation Capex:

- ✓ UNI Core Processing platform rollout
- ✓ Acquiring Target Platform (merchants migration phase)
- ✓ New architecture for Italian Domestic Debit Scheme
- ✓ New JV for Acquiring and consolidation of Issuing platform in the Greek Market
- ✓ Payment gateway new platform
- ✓ Card processing platform development in the Nordics Market

#### New Group Transformation Capex (*enabling synergies planned*):

- ✓ Closing of Nexi/SIA "Day1" merger
- ✓ Mainframe and datacenter consolidation (first wave)
- ✓ Payments platforms consolidation (Instant payments, ATM, POS)
- ✓ Extension and rationalization of security operation center at Group level
- ✓ Convergence in the new desktop and collaboration infrastructure tools at Group Level

### Ordinary Capex

130

#### Continuous Innovation and Delivery:

- ✓ Digital channels evolution via new Nexi digital company
- ✓ Issuing licensing new model and International debit rollout on new customers
- ✓ POS ecosystem evolution
- ✓ Data & Analytics capabilities evolution
- ✓ Identity full digital onboarding for Nordics market
- ✓ Bank migrations

#### Running and Maintenance/ Quality/ Security:

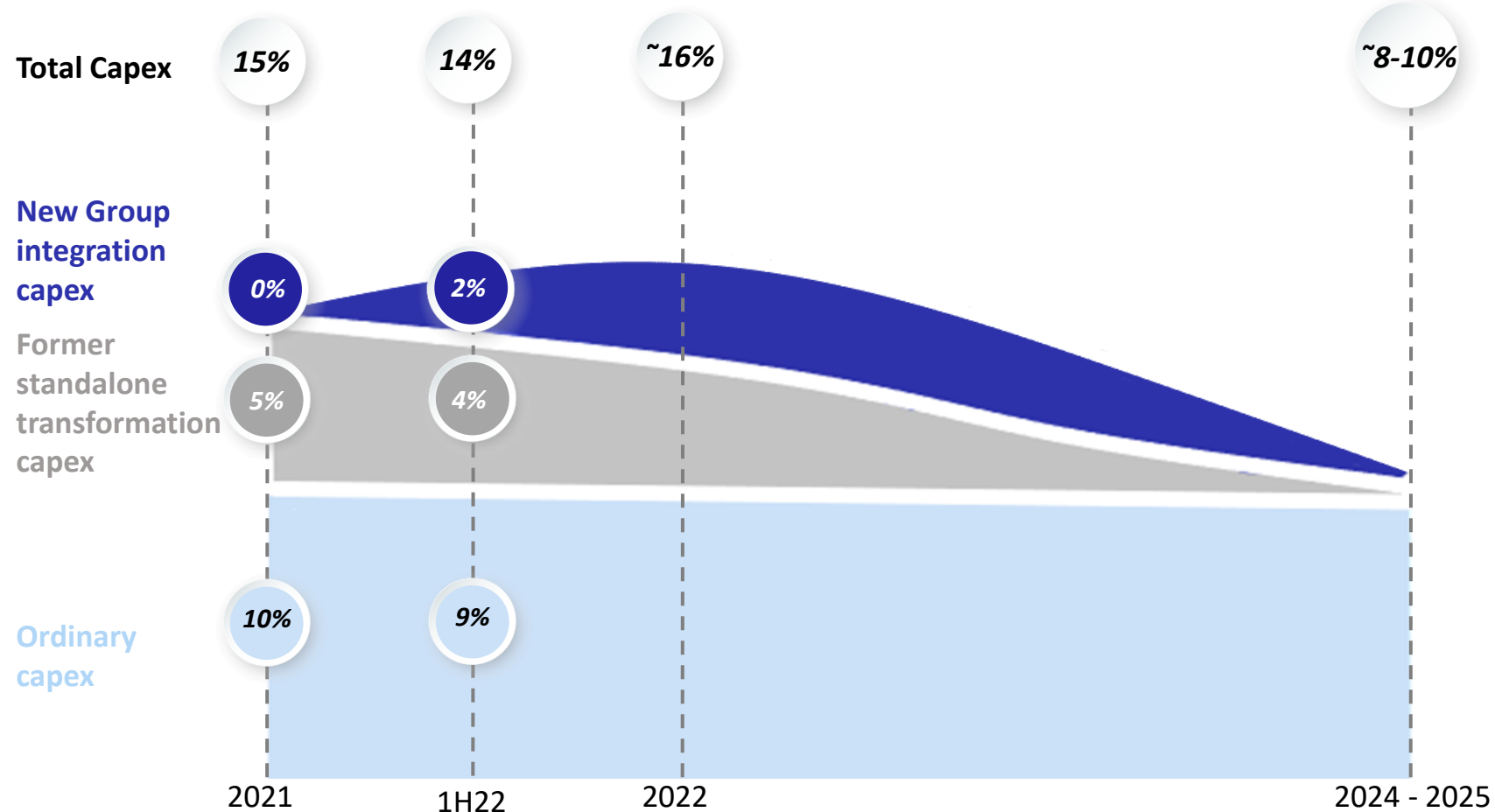
- ✓ Cyber security continuous improvement
- ✓ Hardware upgrade/refresh
- ✓ Application renewal

POS and ATM purchase & other

# Group Capex evolution trending towards 8-10% ordinary level, with transformation and integration capex peaking in 2022 to support new Group integration

## Capital Expenditure (€M)

% Capex in % of net revenues



## Key Highlights

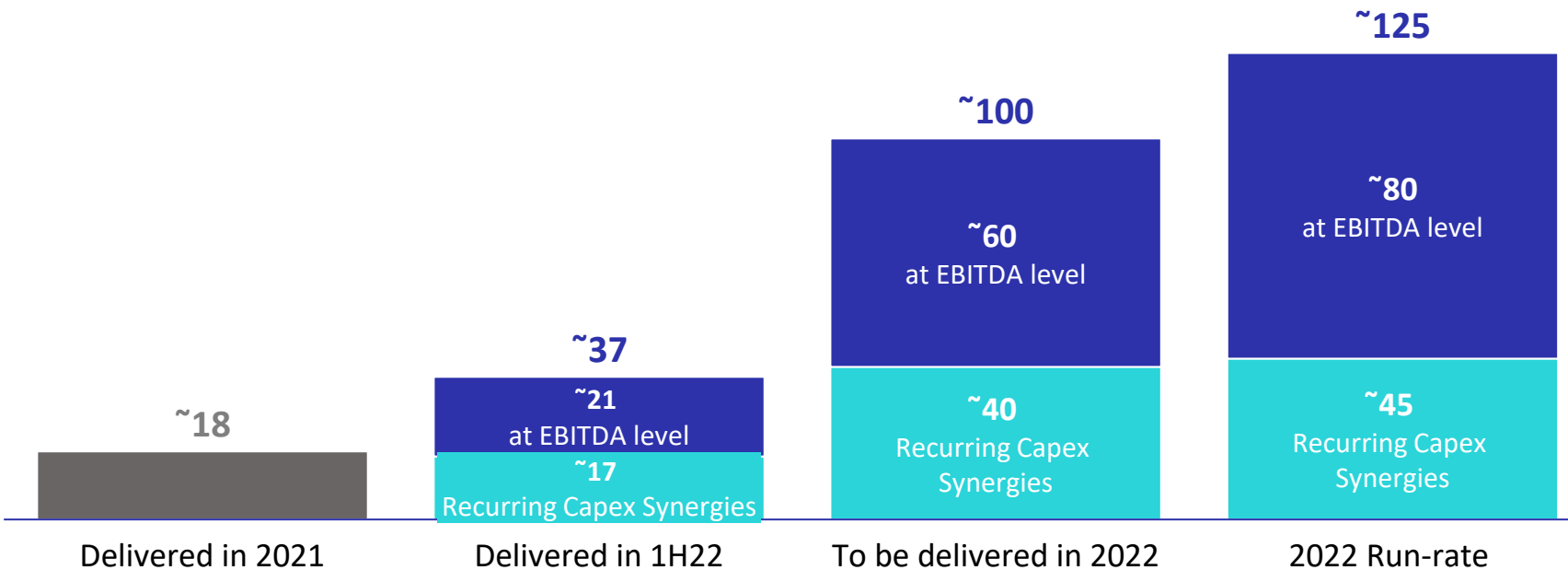
- **Group Ordinary Capex intensity ratio structurally at ~8-10%**, including investments for ordinary innovation
- **Residual ~215 €M of Transformation and integration Capex by 2024-2025 including:**
  - former transformation Capex (Nexi, Nets and SIA standalone), net of one-off capex synergies
  - New Group integration capex related to Nets and SIA integrations, to deliver the announced synergies (part of the previously announced 320 €M integration costs)

# Confirmed ~100 €M cash synergies in 2022

## Cash synergies (€M)



Target >65€M one-off capex savings already secured



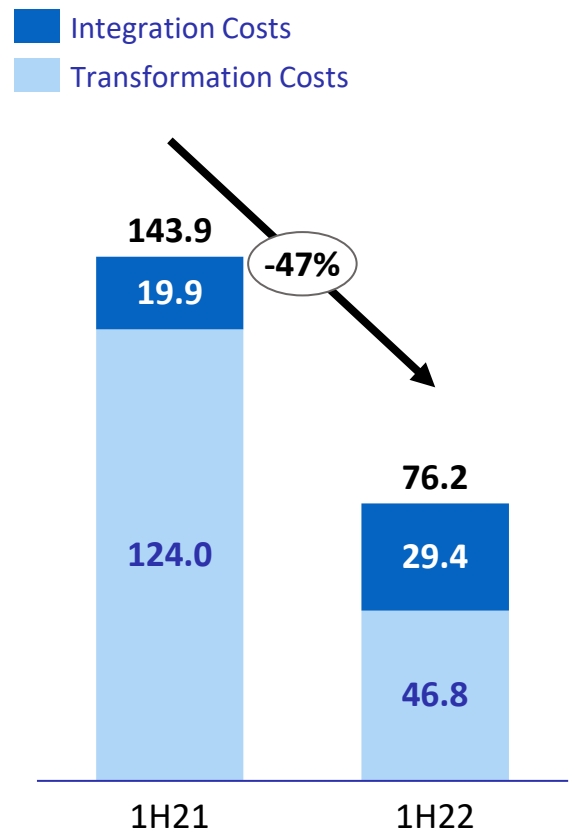
## Key Highlights

~320 €M total recurring cash synergies with possible 10%+ synergies' upside in the long term

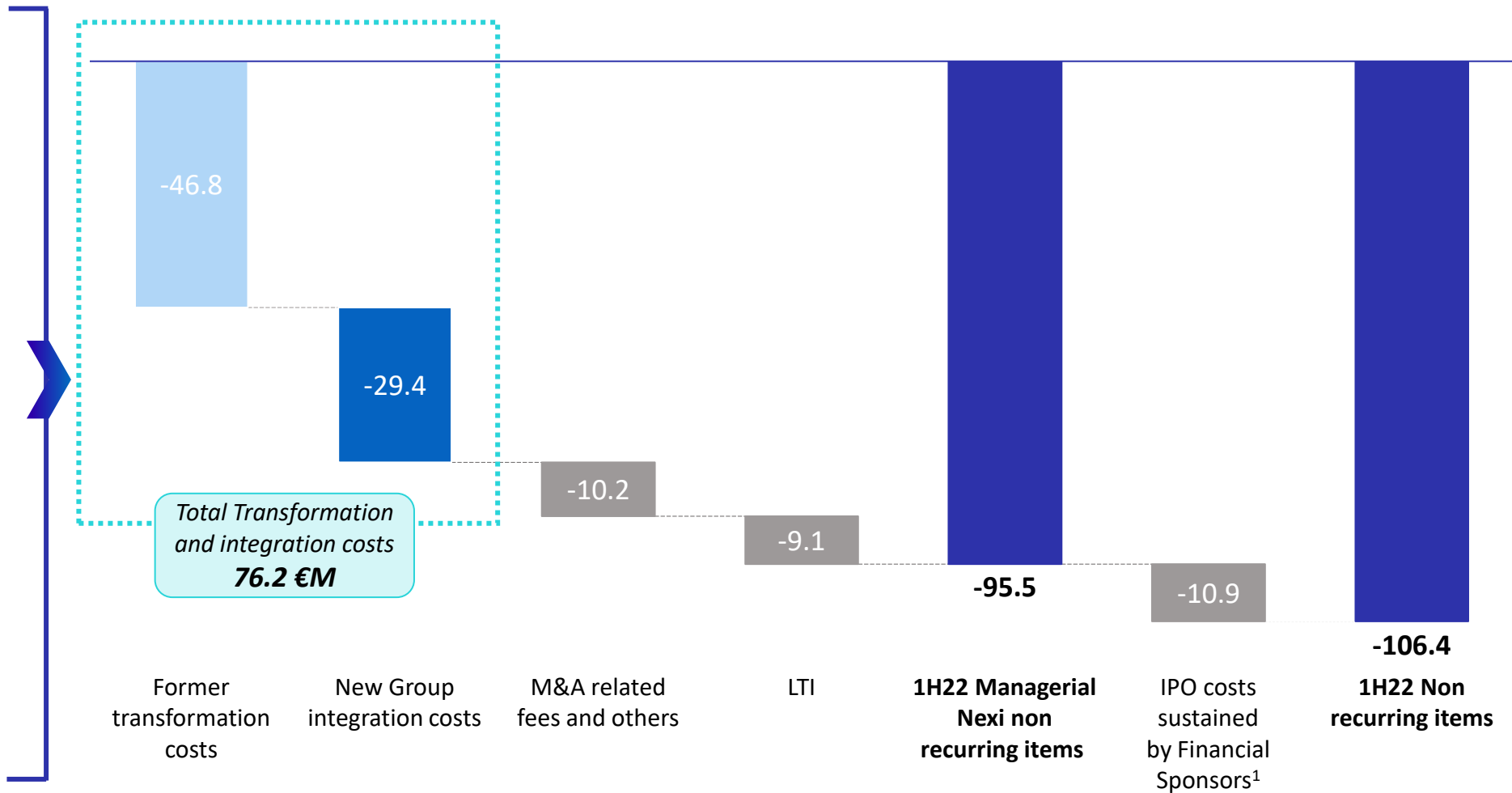
- **Cost synergies** coming from:
  - tech platforms and infrastructure optimization and consolidation
  - >25 strategic renegotiations on procurement
  - insourcing and organizational excellence
- **Revenue synergies** mainly focused on cross/up-selling to financial institution, corporates and PA for Nexi-Sia, on proposition cross-fertilization for Nexi-Nets (e.g. E-commerce)

# Significant ongoing reduction of Integration and Transformation Costs

## Transformation and Integration Costs (€M)



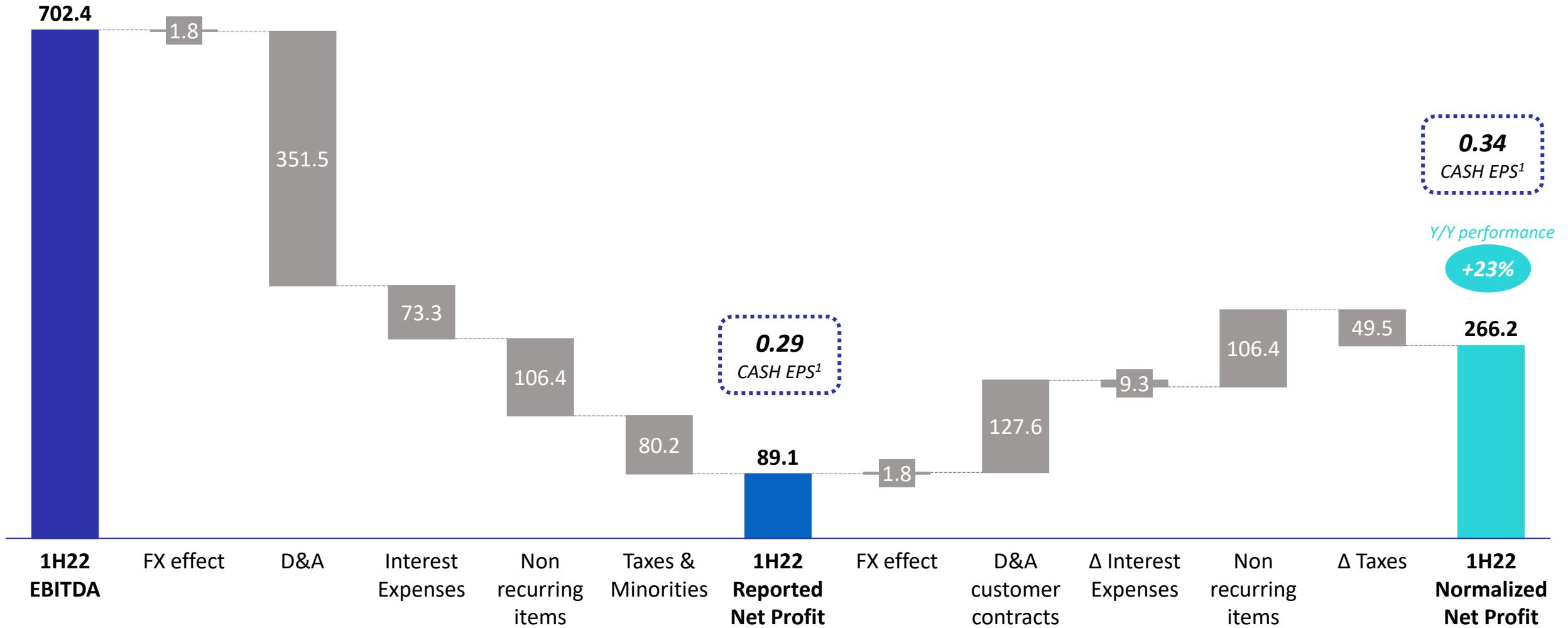
## Bridge from 1H 2022 Transformation Costs to Managerial Non recurring items (€M)





# Normalized Net Profit at 266.2 €M, up by 23% Y/Y

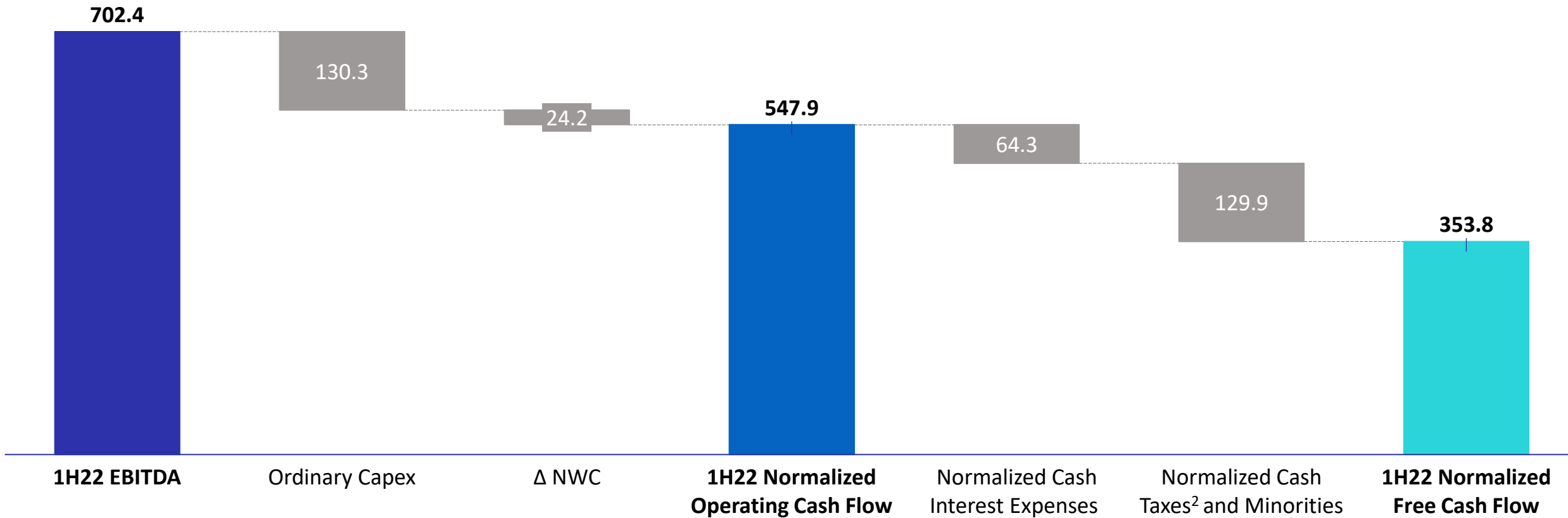
€M



# Cash Flow conversion at 78%

€M

Cash Flow Conversion <sup>1</sup>  
**78%**



Note: (1) Cash Flow Conversion defined as Normalized Operating Cash Flow (excluding transformation capex, D&A of customer contracts, transformation costs and other non recurring items) as % of EBITDA. (2) Related to FY22 normalized pre-tax profit.

# Net Financial Debt / EBITDA in line with plan, at ~2.9x including run-rate synergies

## Net Financial Debt (€M)

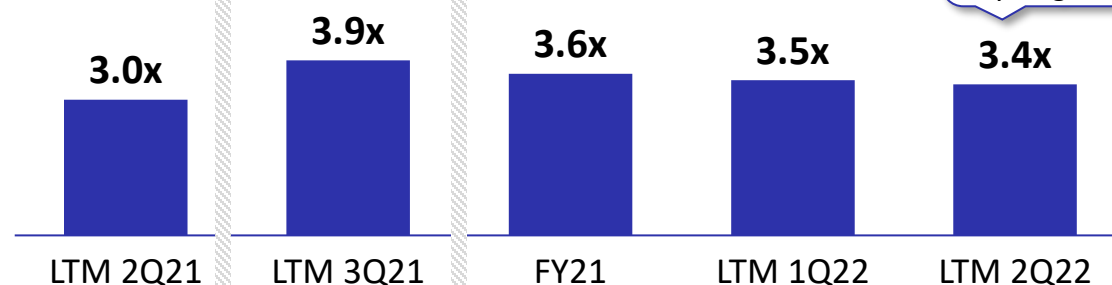
Nets closing

SIA closing

	June 21	Sept 21	Dec 21	Mar 22	June 22
<b>Gross Financial Debt</b>	5,721	6,376	7,474	6,584	6,576
<b>Cash</b>	3,727	2,168	2,230	1,449	1,332
<b>Cash Equivalents<sup>1</sup></b>	67	65	71	67	84
<b>Net Financial Debt</b>	<b>1,928</b>	<b>4,142</b>	<b>5,174</b>	<b>5,068</b>	<b>5,160</b>

## Net Financial Debt / EBITDA (€M)

~2.9x  
incl. run-rate  
synergies



LTM EBITDA (€M)

638

1,061<sup>2</sup>

1,422<sup>2</sup>

1,465<sup>2</sup>

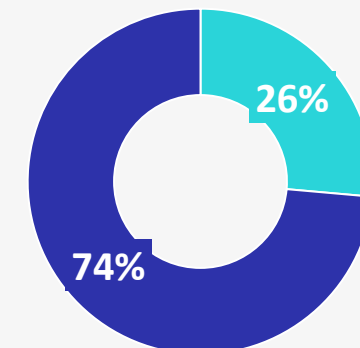
1,532<sup>2</sup>

## Key Highlights

- One notch **rating upgrade** by Moody's. "BB/Ba2" rating for Fitch, S&P, and Moody's
- No debt maturities until 2024

## Interest rate mix<sup>3</sup>

- Floating rate (zero-floored)
- Fixed rate



# Focused and disciplined M&A activity in 1H22 both in and out

## Acquisitions

### BPER and BdS merchant acquiring business

- Merchant acquiring business generating a total value of transactions of ~13€B through a network of >110,000 merchants and ~150,000 POS
- 318 €M cash consideration (plus potential earn-out up to 66 €M)
- Implied multiple: ~10x EV/EBITDA 2022E
- Closing expected in 2H22

### ISP merchant acquiring business in Croatia

- Merchant acquiring business generating a total value of transactions of ~€5B<sup>1</sup> through a network of 13,000 merchants
- 180 €M cash consideration
- Implied multiple: ~10.5x EV/EBITDA 2022E
- Closing expected in 2H22



### Alpha Bank JV

(agreement signed to increase to 90.01% stake)



### Orderbird full ownership

## Disposals



### EDIGard

- Norwegian invoice distribution solutions business
- 77 €M cash consideration
- Implied multiple: ~14x EV/EBITDA 2022E
- Closed in July 2022

### Capital Markets business

- Technology businesses currently powering MTS, Euronext's leading fixed-income trading platform, and Euronext Securities Milan
- 57 €M cash consideration
- Implied multiple: ~12x EV/EBITDA 2022E
- Closing expected in 2H22



### Non-SEPA clearing



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## Closing remarks

## Confirmed 2022 Ambition

Assuming no material changes to the current Covid-19 and macro scenario:

<b>Net Revenues</b>	<ul style="list-style-type: none"><li>▪ 7-9% net revenue growth</li><li>▪ Double-digit growth in Merchant Services &amp; Solutions</li></ul>
<b>EBITDA</b>	<ul style="list-style-type: none"><li>▪ 13-16% EBITDA growth, +2 p.p. EBITDA margin expansion</li><li>▪ Delivered synergies partially reinvested in E-commerce and Germany acceleration</li></ul>
<b>Capex</b>	<ul style="list-style-type: none"><li>▪ 8-10% ordinary capex as % of net revenues</li></ul>
<b>Non recurring Items</b>	<ul style="list-style-type: none"><li>▪ Transformation and integration costs rapidly decreasing. 2022 almost halved compared to 2021 combined Group level</li><li>▪ ~300 €M Transformation and integration Capex by 2024-2025</li></ul>
<b>Leverage</b>	<ul style="list-style-type: none"><li>▪ Continued organic de-leverage with target net debt of ~2.5x EBITDA including run-rate synergies, proforma at ~3.0x EBITDA considering all recent M&amp;A transactions</li></ul>

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- **EBITDA** growth of **+20%** vs 2Q21 and **+19%** vs 1H21 with **~+4 p.p. EBITDA margin expansion**

## Continued progress in creating the European PayTech leader

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- Continued **strengthening and focusing of business portfolio**:
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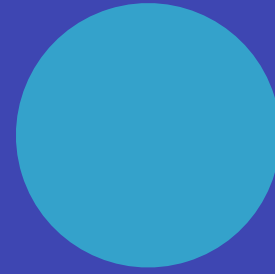
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- **EBITDA +13% to +16% y/y**

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Q&A

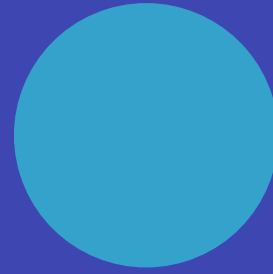
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Annex



# Group P&L

€M	1H21	1H22	Δ% vs. 1H21	2Q21	2Q22	Δ% vs. 2Q21
Merchant Services & Solutions	699.4	799.8	+14.3%	372.0	430.6	+15.8%
Cards & Digital Payments	460.3	482.8	+4.9%	240.4	252.4	+5.0%
Digital Banking & Corporate Solutions	239.1	238.3	-0.3%	121.2	125.2	+3.3%
<b>Operating revenue</b>	<b>1,398.8</b>	<b>1,520.8</b>	<b>+8.7%</b>	<b>733.6</b>	<b>808.2</b>	<b>+10.2%</b>
Personnel Costs	(367.0)	(373.5)	+1.8%	(184.0)	(185.9)	+1.0%
Operating Costs	(442.1)	(444.9)	+0.6%	(221.8)	(227.4)	+2.5%
<b>Total Costs</b>	<b>(809.1)</b>	<b>(818.4)</b>	<b>+1.2%</b>	<b>(405.8)</b>	<b>(413.3)</b>	<b>+1.8%</b>
<b>EBITDA</b>	<b>589.7</b>	<b>702.4</b>	<b>+19.1%</b>	<b>327.9</b>	<b>395.0</b>	<b>+20.5%</b>
Ordinary D&A	(187.0)	(223.9)	+19.7%			
Normalized Interests & financing costs	(80.0)	(82.6)	+3.3%			
<b>Normalized Pre-tax profit</b>	<b>322.7</b>	<b>396.0</b>	<b>+22.7%</b>			
Income taxes	(104.6)	(128.4)	+22.7%			
Minorities	(1.0)	(1.3)	+31.5%			
<b>Normalized Net profit</b>	<b>217.1</b>	<b>266.2</b>	<b>+22.6%</b>			

# Revenues gross of scheme fees, shifted to Opex

*For illustrative  
purpose only*

€M	1Q22	Δ% vs. 1Q21	2Q22	Δ% vs. 2Q21	1H22	Δ% vs. 1H21
Merchant Services & Solutions	444.8	+16.5%	535.1	+22.3%	979.9	+19.6%
Cards & Digital Payments	236.9	+5.5%	260.7	+6.1%	497.6	+5.8%
Digital Banking & Corporate Solutions	113.1	-4.0%	125.2	+3.3%	238.3	-0.3%
<b>Operating revenue</b>	<b>794.8</b>	<b>+9.8%</b>	<b>921.0</b>	<b>+14.5%</b>	<b>1,715.8</b>	<b>+12.2%</b>
Personnel Costs	(191.0)	+1.9%	(189.0)	+0.7%	(380.0)	+1.3%
Operating Costs	(296.3)	+7.8%	(337.0)	+16.6%	(633.3)	+12.3%
<b>Total Costs</b>	<b>(487.4)</b>	<b>+5.4%</b>	<b>(526.0)</b>	<b>+10.4%</b>	<b>(1,013.4)</b>	<b>+7.9%</b>
<b>EBITDA</b>	<b>307.5</b>	<b>+17.4%</b>	<b>395.0</b>	<b>+20.5%</b>	<b>702.4</b>	<b>+19.1%</b>

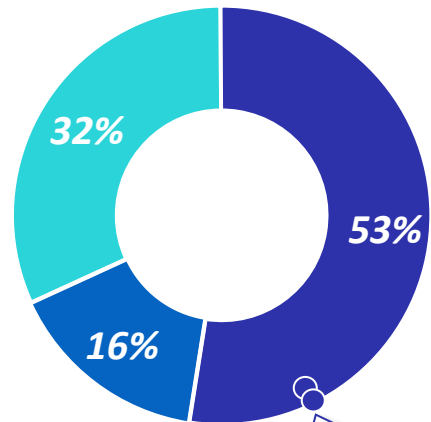
# Well diversified revenue base both in terms of business and geography at scale, with exposure to fast growing European markets

## 1H22 Revenues breakdown

## 1H22 Costs breakdown by type

### By business

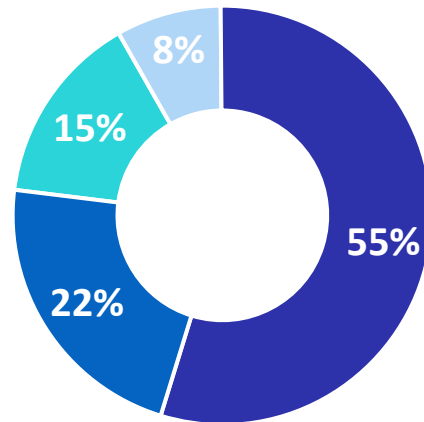
- Merchant Services & Solutions
- Cards & Digital Payments
- Digital Banking & Corporate Solutions



of which  
~20% E-Commerce

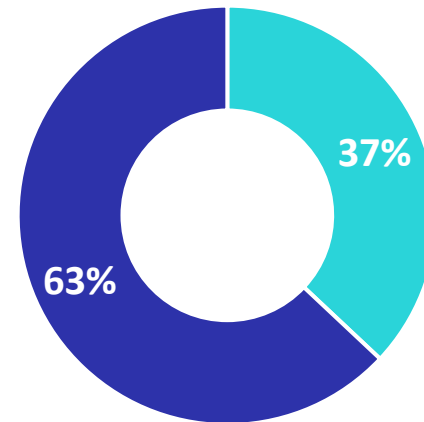
### By geography

- Italy
- Nordics<sup>1</sup>
- DACH & Poland
- SE Europe & Other

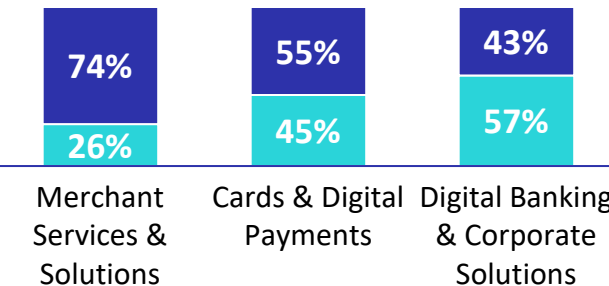
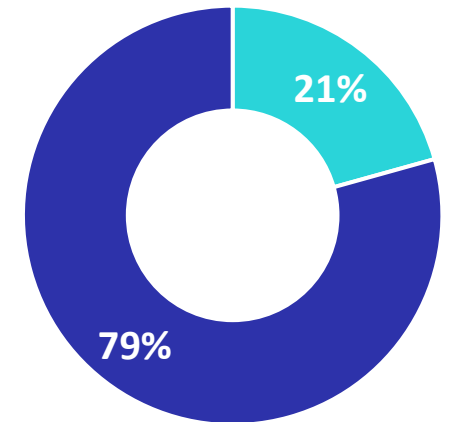


### By type

- Installed based
- Volume driven



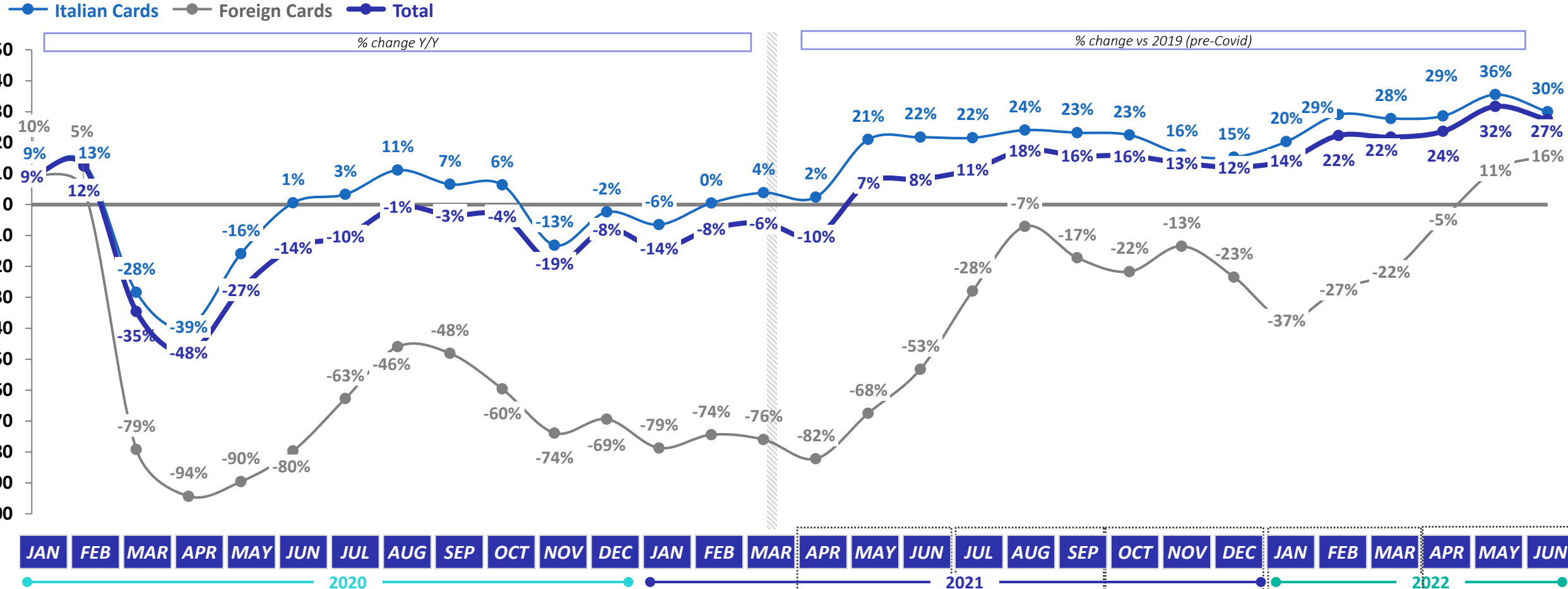
- Variable costs
- Fixed Costs



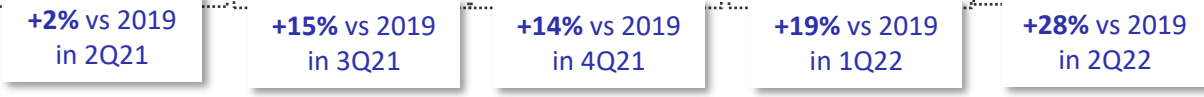
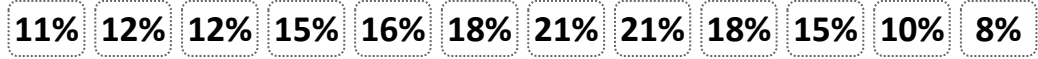
# Acquiring sales volume trend vs pre-Covid

ITALY

## Italian Cards vs Foreign Cards



2019 monthly weight Foreign Cards on total volumes

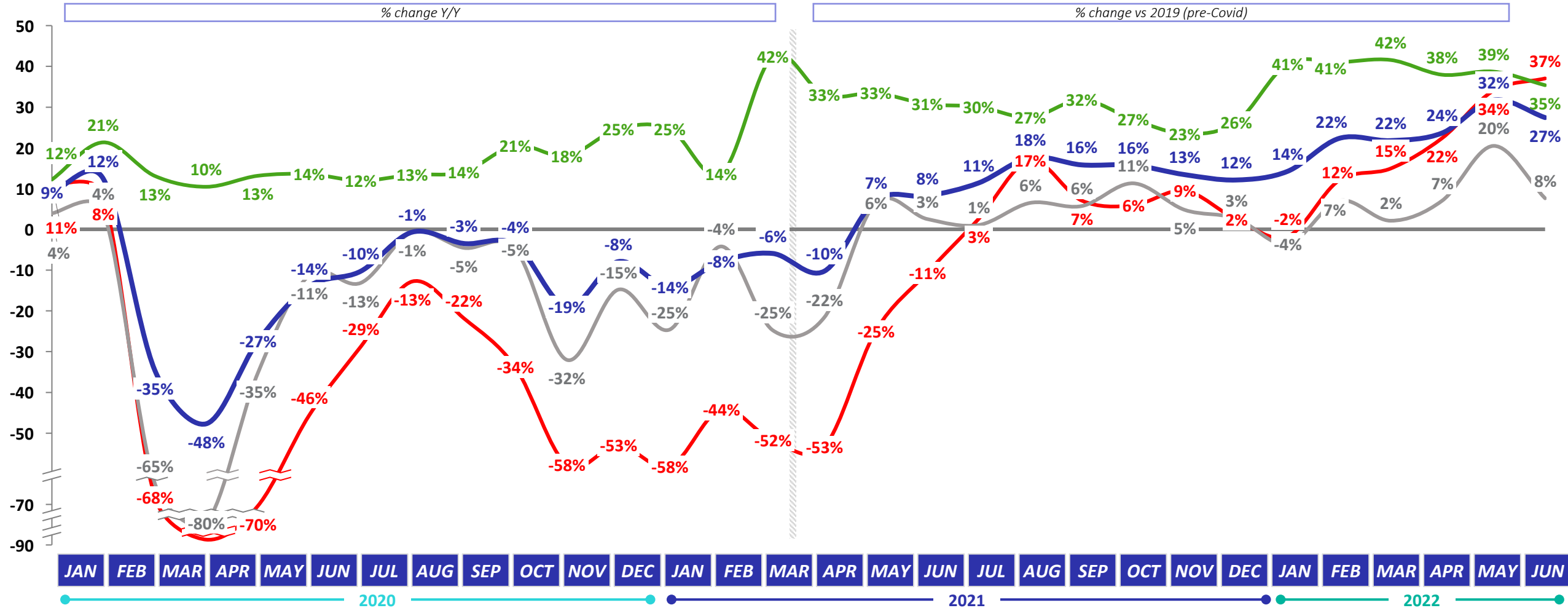


# Acquiring sales volume trend vs pre-Covid

## Breakdown by consumption category

ITALY

— High impact consumption — Basic consumption — Discretionary consumption — Total

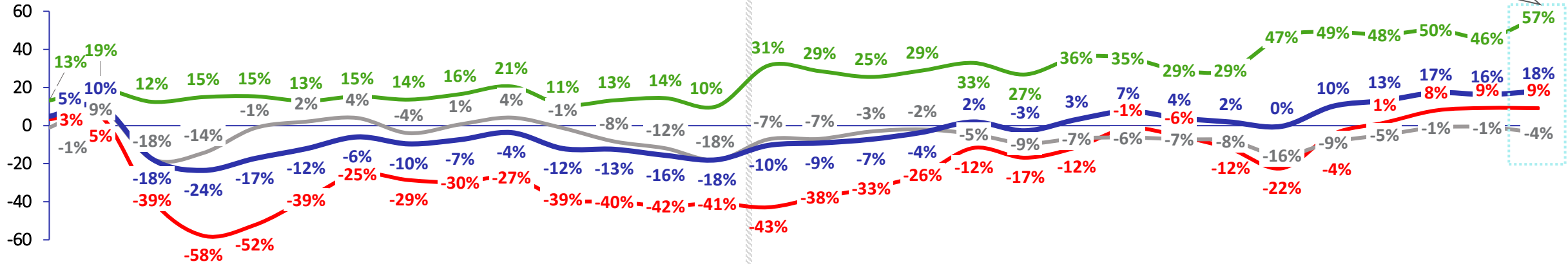


# Acquiring sales volume trend vs pre-Covid – Other key geographies

— Total — High Impact Consumption — Basic Consumption — Discretionary Consumption

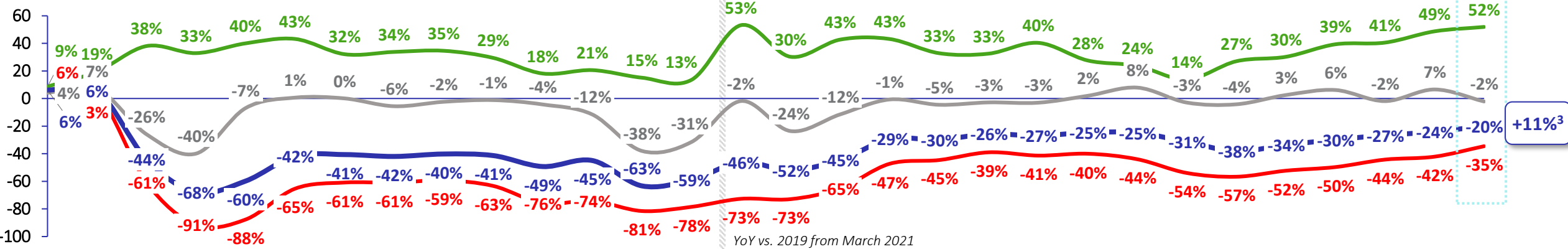
## Nordics acquiring volumes<sup>1,2</sup>

Grocery +47%  
Doctors +32%



## DACH acquiring volumes<sup>1,2</sup>

Grocery +67%  
Veterinary +50%



YoY vs. 2019 from March 2021

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN 2020 2021 2022

# Continued acceleration of cash to digital payments shift across sectors

■ High Impact Consumption 
 ■ Basic Consumption 
 ■ Discretionary Consumption

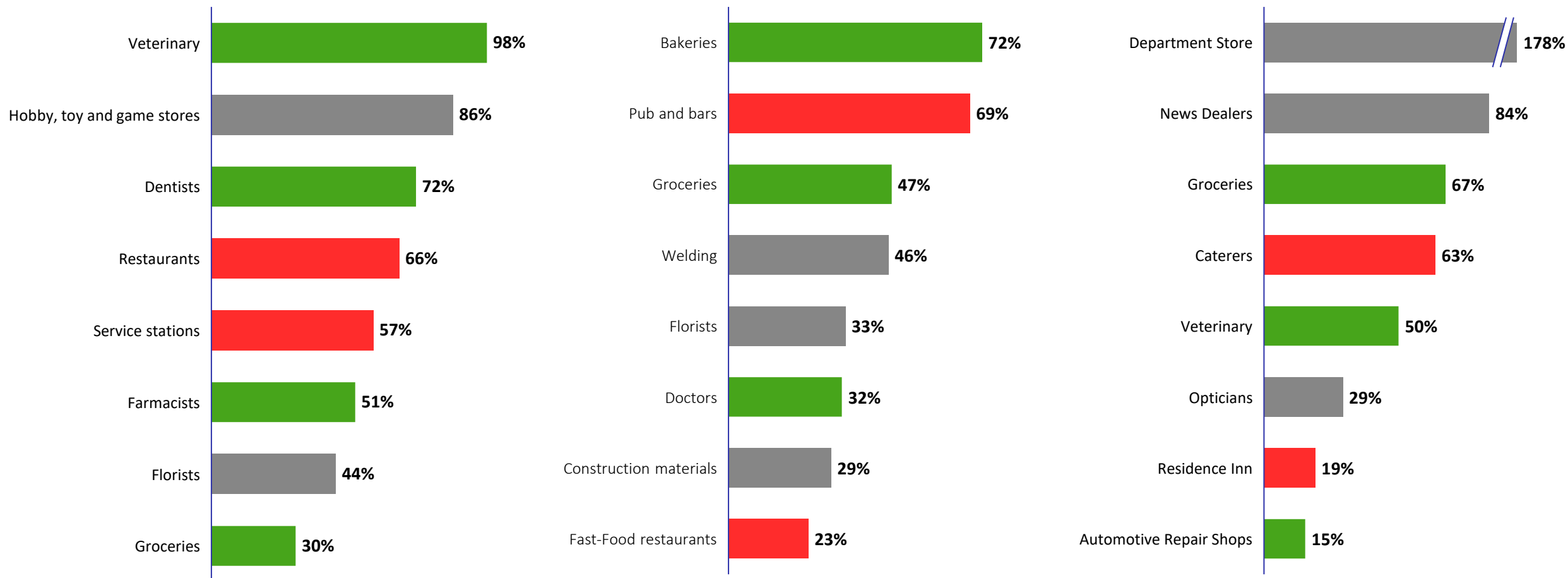
## Focus on specific industries (June)

% change vs 2019

### Italy<sup>1</sup>

### Nordics<sup>2</sup>

### DACH<sup>2</sup>







**nexi**

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