Nexi S.p.A.

"First Half 2026 Financial Results Presentation"

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OPERATOR: Good morning, this is the Chorus Call conference operator. Welcome and thank you for joining the Nexi First Half 2026 Financial Results Presentation. At this time, I would like to turn the conference over to Bernardo Mingrone, CEO of Nexi. Please go ahead, sir.

BERNARDO MINGRONE: Good morning, everyone and welcome back to our first half results call. I'm here today with Piergiorgio Pedron, our CFO, and Stefania Mantegazza, our Head of IR.

Let me start with a few introductory remarks with regards to the highlights of the first half. I would say that the first half has been very much consistent throughout the first quarter and the second quarter. As you can see, revenues grew 1% overall, similar to what it was in the first quarter, also for the second quarter. Importantly, our underlying growth is pretty steady at around 5%, as we have discussed at length also during the Capital Markets Day presentation back in March.

Our EBITDA in the first half was broadly stable. Moreover, I'd like to highlight how excess cash generation was €400 million, pretty similar to what it was in the first half of last year. Data which is comforting and puts us in a good position compared to our guidance for the whole year.

The second thing I'd like to focus on is, how we're shaping Nexi for our future profitable growth. In this, I just highlight how we continue to make progress on our roadmap to close the valuation gap, at least between how I and the management team perceive Nexi's underlying and true value to be and what it is perceived by investors. And we spoke of this back in May with the first quarter results.

Overall, our strategic initiatives are well on track. We've spoken of in the past our efforts in the ISV space, so in the all important convergence of software and payments, where our initiatives are proceeding as per plan in the geographies in which we operate.

Today, we announce an organization simplification, which has been underway for the last couple of months, and this will help us approach our journey going forward in the most efficient and effective way in the future. And it also helps us with our continued and ongoing steadfast commitment to cost containment and discipline, and Piergiorgio will speak about our cost performance in a few minutes.

Overall, I'd also like to highlight how, with regards to creation of value for our shareholders, in the first half, we have successfully as expected, obviously, paid out €350 million of dividend back in May. We have completed the acquisition of the Banca Popolare di Sondrio book in the beginning of the second quarter. And we have paid down over €1 billion of gross debt. I think this was part of an overall strategy that we also discussed back in May of the capital allocation, the most efficient use of the cash balance on our books.

We started the year with just under €2 billion of cash. This cash is being used, as I said, to pay down debt, and we'll continue to pay down debt as it comes due, make dividend distributions and also complete the M&A transactions that we had announced.

As you will see, gross leverage, therefore, has come down, and our net cash balance has come down as well. And we will continue to use that cash in the most efficient way, which right now is reimbursing maturities as they come due without accessing capital markets.

Second thing I would like to speak about is something we'll definitely be hearing more of in the future, and it is the Digital Euro program. As you know, Nexi's been a member of the Digital Euro Stakeholder Group since the start in 2021. We've been part of the Market Advisory Group that has contributed to developing the rule book. We are on the Italian Payments Committee, and in general, we are part of the overall ecosystem that is participating, led by the ECB, in defining the rules and implementation of the Digital Euro.

Back in 2022 and the beginning of 2023, we also developed the first Digital Euro prototype, and we have been participating to the ECB's public tenders in a consortium led by G&D. We won the tender on the offline, and we're now participating in remaining tenders and infrastructure part of the Digital Euro. So we are keen to play an active role in the development of this critically important infrastructure.

Finally, ECB has recently announced that we have been selected to participate in the pilot phase of the Digital Euro. Something we're keen to leverage on in promoting a system-wide solution for other banks that would be able to benefit from the technology Nexi is developing in the Digital Euro, in order to socialize the cost of this opportunity and position us as an infrastructure provider for the Digital Euro to market participants, something we will be speaking more of going forward.

That said, let me hand the floor over to Piergiorgio, who will take us through the details of the second quarter and the first half performance.

PIERGIORGIO PEDRON: Thanks Bernardo and good morning, everyone. And thank you for joining us today and for your interest in our company, Nexi. Let me start from where we left off a few months ago during our first quarter result call. The message we shared back then remains fully consistent with our Q2 results and confirms once again that we're a business built on resilient and diversified growth drivers, both from a geographical and operational viewpoint, supported by healthy underlying trends.

We remain highly disciplined in managing costs and investments, and we continue to deliver strong EBITDA and a robust excess cash generation. Overall, Q2 confirmed the resilience we saw in Q1, with solid underlying growth and sound profitability, despite the expected impact of bank contract effects across both Merchant Solutions and

Issuing Solutions, as well as some softness in consumer spending, particularly in Germany.

Starting with the top line, year-to-date revenues are slightly above €1.7 billion, up 1% versus 2025, broadly in line both with our expectations and what we saw in Q1, and consistent with the back-end loaded growth profile we outlined at our recent Capital Markets Day, with no major deviation to highlight.

Year-to-date, EBITDA at €870 million is in line with last year and with our guidance. While Q2 EBITDA at €473 million was slightly below 2025, reflecting the expected normalization of Opex phasing that I anticipated and we discussed back in May. I would, therefore, strongly encourage you all not to look at this quarter in isolation.

I will come back to operating expenses later but let me say that we're very pleased with the first half Opex growth, slightly below 2%, while keep on investing to support the top-line initiatives discussed during the Capital Markets Day. Year-to-date, EBITDA margin at 50.1% was just below 2025, which closed at 50.6%, supported by disciplined execution and the cost control initiatives we put in place over the past few months.

In Merchant Solutions, the Q2 revenues were broadly stable year-on-year. This brought year-to-date performance to minus 0.8%, improving from minus 1.4% at the end of Q1. We are beginning to see the gradual recovery we discussed, with further acceleration expected in Q3 and Q4 as our strategic growth drivers gain traction and the impact of bank contracts effect reduces.

To this point, I'd like to underline the positive contribution of direct channels, where we keep on investing as outlined again during the Capital Markets Day and ISVs, whose impact to our sales is slightly better than our original assumptions.

Looking at the underlying performance, revenues increased by around 3% year-on-year. On volumes, the value of managed transactions continued to expand, supported by processing activities and the ramp-up of the Bancomat processing hub consolidation in Italy. These remain an important development as it further strengthened our positioning as an infrastructure provider within the payment ecosystem. At the same time, the macro-environment softened versus Q1 in one of our markets. In Germany, consumer spending weakened during the quarter, putting some pressure on volume growth, even as new customers acquisition continued to run ahead of last year. So far, the overall impact has remained contained.

Let me now move to Issuing Solutions. IS delivered another robust quarter, with revenues up 1.5% in Q2 and approximately 3% in the first half of the year, despite the impact of the bank-related contracts. The results were supported by solid core business trends, with the value of managed transaction remaining very robust and growing by 7% in the first half.

Looking at the main drivers, the momentum was supported by the ongoing ramp-up of the Nexi Bancomat processing hub in Italy and the completion of the onboarding of a large customer in DACH, together with sustained expansion international schemes. This was further complemented by the positive contribution of our business levers, including international debit in Italy and increasing penetration of value-added services across our current portfolio.

As we highlighted in May, the first quarter results also benefited in part from favorable timing of certain projects and initiatives, which mainly explain the different growth rate between Q1 and Q2. Going forward, we expect the non-bank-related headwinds to become a bit more pronounced in the second half of the year. As a result, we anticipate full-year growth for Issuing Solutions to be in the low single-digit range, fully consistent with the framework we have previously shared with the market.

Moving on, DBS delivered strong results, with the revenues up 6% in Q2 and 4.5% in the first half. This was supported by solid volume trends across the SEPA clearing, open banking, network services, and pagoPA, together with the contribution of new projects and business initiatives.

We also benefited from favorable timing of certain activities, including bank M&A related work, while seeing additional contribution from initiatives such as Verification of Payee, Zippay, and the digital euro offline project Bernardo just talked about. As we have consistently highlighted DBS us structurally more exposed to project-based revenues then our other businesses. And part of the first half progression reflects positive project phasing. While the underlying business trajectory remains very sound, we continue to expect full year growth to be in the low-single-digits.

Moving on to the next slide. Our geographic diversification remains one of Nexi's key strengths, helping us to deliver resilient and predictable growth, despite localized headwinds in specific markets. Starting with Italy, revenue grew 0.4% year-on-year in the first half, improving from a decline of 0.4% at the end of Q1.

Let me remind you that Italy is the region most affected by the bank-related contract effect. In the Nordics, revenues declined by 1.7% or €5 million in H1, mainly reflecting the mitigation of a large issuing client at the end of 2025, as we have discussed many times in the past. Excluding this effect, the underlying trend remains solid, supported by sustained momentum in e-commerce, value-added services, and national scheme. Also in this case, Q2 improved compared with the start of the year, and we expect further progression in H2.

Moving to DACH, the region delivered strong growth overall with revenue increasing by more than 7% in the first 6 months. Austria and Switzerland remained very strong, also in Q2, continuing to benefit from healthy commercial momentum and disciplined execution. In Germany, however, we experienced a second soft quarter, reflecting a challenging consumer environment, particularly in hospitality, where our exposure is relatively higher. As evidence of this challenging scenario, Germany recorded one of the highest levels of corporate insolvencies in the last 2 decades. Despite these market conditions, commercial momentum remains encouraging, with new customers acquisitions increasing at a faster rate over last year.

Finally, Nexi continued to grow, even though at a softer pace in Q2, mainly because of some phasing in non-volume-driven revenues and ongoing mix and pricing pressure in our Polish e-commerce franchise.

Let me now turn to cost performance. As I highlighted in our first quarter call, looking at the single quarter in isolation does not provide a meaningful view of the underlying cost trajectory of our business, because timing and phasing effects can influence quarterly performance. For this reason, I believe the first half as a whole provides the most relevant perspective.

In the first 6 months of the year, total cost increased by slightly less than 2%, moving from €850 million to €866 million, despite ongoing inflationary pressure on labor and other operating expenses, as well as higher volumes. This result was achieved while investing in the strategic priorities outlined during the Capital Markets Day, which will support Nexi future development.

Personnel costs increased broadly in line with our expectations at about 4%, the same pace we saw in Q1, reflecting salary adjustment and investments made during 2025 and early 2026 to support our strategic growth drivers.

At the same time, operating expenses remained essentially flat year-on-year. This reflects a combination of continued operating leverage, disciplined expense management, and the first benefit from several cost control measures launched over the past few months. These initiatives span both technology and non-technology spending and are increasingly supported by AI-enabled productivity improvements across the organization.

Overall, I am very encouraged by the progress we are seeing so far, and the first half results reinforce my confidence that we will continue to manage our expense base with discipline throughout the remainder of the year, and to deliver our full-year profitability and excess cash objectives.

Moving on to Capex. As we indicated at the beginning of the year, we continue to invest in key pillars of our strategy, growth platform modernization and consolidation and product quality, innovation, and security. In the first half, Cash Capex amounted to approximately €168 million. This was broadly in line with last year and slightly better in terms of both absolute Capex and Capex intensity, while we continue, as said, to invest in strategic growth drivers. These reflect, once more, disciplined execution, clear prioritization, and our continued focus on cash cost control and efficiency.

Let's now move on to cash generation. Our cash conversion profile remained a key strength in the first half. We generated €400 million of excess cash during the period, once again demonstrating the strong cash conversion characteristics of our business model. This result was achieved while continuing to invest in the business and funding the strategic initiatives we have discussed many times.

Overall, H1 results confirm the resilience of Nexi cash generation model and give us full confidence in our ability to deliver around €750 million of excess cash for 2026, consistent with our guidance that we reaffirm today. The strength of our cash generation has also enabled us to continue executing our capital allocation priorities.

As Bernardo just said, during the first half, we repaid approximately €1 billion of debt maturities, paid around €350 million of dividends to our shareholders, and completed the BPS deal, leveraging our strong liquidity position while maintaining a solid financial position and preserving our investment grade credit profile, which was reaffirmed very recently by both Fitch and Standard & Poor's just in July.

Let me conclude with our outlook for the full year. As you can see on the slide, we are confirming all elements of our 2026 guidance. On our revenues, the underlying business drivers remain intact, and Merchant Solutions is progressively re-accelerating as expected. At the same time, we continue to see a somewhat softer consumer environment, particularly in Germany, as I said, and the second half includes important seasonal periods such as the summer and year-end, which naturally carry a higher degree of variability. Taking this factor into account, our current view remains that revenues are on track to be in line with our guidance, with the final landing point depending on the normal evolution of consumer spending and seasonal dynamics over the coming months.

Importantly, we also have a high degree of confidence in our ability to deliver our EBITDA guidance, and our excess cash target of around €750 million. Once again, this confidence is supported by the flexibility we retain on our cost base and by the strict cash control we demonstrated in the first 6 months of the year.