

## PRELIMINARY CONSOLIDATED FINANCIAL RESULTS AT 31 DECEMBER 2020 APPROVED

### Revenues and EBITDA growth trend confirmed despite the Covid-19 effect

- **Revenues of €748 million (+2% YoY), at an accelerating pace in the fourth quarter of 2020, despite the second nationwide lockdown. About 50% related to the installed base, fee-based services and development activities, not impacted by the contraction in volumes**
- **EBITDA of €285 million (+3% YoY) and with a 38% EBITDA margin. Result obtained entirely on an organic basis and without contributions from M&A activities**
- **Net debt at €688 million (2.4x EBITDA), significantly lower than in 2019 (2.9x EBITDA)**
- **In the fourth quarter of 2020, revenues reached €222 million (+7% q/q) with EBITDA at €89 million (+13% q/q)**
- **Confirmation of the resilience of the business model and the ability to start up and complete new partnerships with banks and large corporates**
- **Guarantee of operational continuity and support in important development projects of Italian and international clients despite the limitations imposed by Covid-19**
- **The path of integration with Nexi continues as planned: binding agreements signed today**

Milan, 11<sup>th</sup> February 2021 – SIA's Board of Directors, meeting under the **chairmanship of Federico Lovadina**, approved the preliminary consolidated financial results at 31 December 2020, confirming the **positive trend of 2019** and **growing in the fourth quarter of 2020**, despite the economic contraction caused by the Covid-19 pandemic.

### **PRELIMINARY CONSOLIDATED FINANCIAL RESULTS AT 31 DECEMBER 2020**

In 2020, SIA Group recorded **consolidated revenues of €748 million**, an increase of 2% YoY, **entirely on an organic basis** of which **approximately 50% is generated by recurring activities**. Revenues maintain a geographical diversification in line with 2019 with **68% in Italy and 32% abroad**.

At the level of the market segments in which SIA Group operates, the following results were obtained to 31 December 2020:

- **Card & Merchant Solutions**, representing 67% of the total revenues generated by the Group - approximately divided between 64% for activities related to issuing services and 36% for acquiring

services - recorded revenues of €499 million, up 2% compared with 2019, benefiting from a growth in transactions volumes;

- **Digital Payment Solutions**, representing 21% of the Group's total revenues, recorded proceeds of €155 million, up 4% compared to 2019. The segment was boosted by the trend in volumes processed, which were not impacted by the economic contraction due to Covid-19, and were especially related to PagoPA (+76% YoY) and corporates (Telcos, Utilities, Retailers) using Gateway services for the collection of payments from their customers (+8% YoY);
- **Capital Market & Network Solutions**, representing 12% of the Group's total revenues, recorded proceeds of €94 million, up 1% on 2019, due to the growth in Network services volumes processed.

Despite the complexity of the current context, **SIA Group can count on a diversified and resilient business model**, thanks to **32% of revenues generated abroad** and about **50% of total revenues associated with the installed base** (number of POS terminals, number of cards managed, etc.), fee-based services and development activities, therefore not directly impacted by the dynamics of volumes in the short term.

**EBITDA reached €285 million**, up 3% compared to the previous year with a **38% EBITDA margin**.

In 2020, **costs** amounted to €463 million, with an increase of 2% YoY due to higher personnel costs incurred for organic growth and operating costs (+1% YoY) related to regulatory compliance, the development of new technology platforms and, in general, increased processing capacity.

**Investments** amounted to €93 million, substantially in line with 2019.

At 31 December 2020, **Net Financial Debt** was €688 million (2.4x EBITDA) compared to €812 million at the end of 2019 (2.9x EBITDA), a **significant improvement thanks to cash generation** during the period in question.

#### **PRELIMINARY CONSOLIDATED FINANCIAL RESULTS - FOURTH QUARTER 2020**

In the fourth quarter of 2020, SIA Group recorded **revenues of €222 million**, up 7% q/q, while **EBITDA amounted to €89 million**, with a 13% increase q/q.

At the level of the market segments in which SIA Group operates, the following results were obtained in the fourth quarter:

- **Card & Merchant Solutions**, recorded revenues of €143 million, up 9% compared to the same period in 2019, benefiting from the addition of new customers in Italy and abroad, as well as from an increase in the number of transactions processed over the same quarter of the previous year and the development of anti-fraud services;
- **Digital Payment Solutions**, recorded revenues of €50 million, with a 3% increase compared to the same period in 2019. This segment continues to be positively affected by the trend in volumes

managed, which were not impacted by the economic downturn generated by Covid-19, and benefited from the start-up of a number of new corporate clients;

- **Capital Market & Network Solutions**, recorded revenues of €29 million, up 4% compared to the same period in 2019, due to the growth of volumes managed.

In the fourth quarter of 2020, **costs** amounted to €132 million, up 3% q/q due to personnel and operating costs.

### **MAIN EVENTS AND BUSINESS INITIATIVES STARTED UP IN THE FOURTH QUARTER OF 2020**

On 4 October, SIA and Nexi signed a memorandum of understanding regarding the integration of the two groups through the merger by incorporation of SIA into Nexi. The transaction is conditional upon the satisfactory outcome of a reciprocal confirmatory due diligence process on Nexi and SIA, the required approvals by the corporate bodies of the entities involved in the transaction in relation to the execution of binding agreements, the absence of an obligation to launch a mandatory takeover offer on the New Group, as well as upon the obtainment of required consents and authorizations, of both a contractual and regulatory nature (including the authorization by the relevant Antitrust authorities and, where applicable, the Bank of Italy). The Parties aim to complete the transaction by the summer of 2021.

On November 15, Nexi and Nets announced the signing of a binding framework agreement for the integration of the two groups through merger that will be entirely carried out in shares. The transaction is subject to a vote through the so-called whitewash mechanism in the context of the Extraordinary Shareholders' Meeting called to approve the merger in the first quarter of 2021.

Upon completion of the aforementioned transactions, the new group born from the combination of Nexi, Nets and SIA will be one of Europe's leading PayTechs with unique scale, geographical presence and expertise capable of promoting the transition to a cashless and digital economy in Europe.

#### Card & Merchant Solutions

- SIA launched with INFORM a new digital service for banks, payment service providers and other financial institutions across Europe to allow their customers to speed-up the authentication process for online payments.
- On 5 October, UniCredit and SIA confirmed that they had entered into exclusive negotiations on the current outsourcing agreement for the provision of a number of processing services in Italy, Austria and Germany relating to payment card transactions and the management of POS and ATM terminals and its renewal until 2036.

#### Digital Payment Solutions

- Enel X Financial Services signed a strategic partnership with SIA for the design and realization of new mobile banking solutions.
- SIA will enable banks, corporates, public administration bodies and FinTechs for the new "Request to Pay" (R2P) service on EBA Clearing's technology infrastructure, compliant with the European Payments Council (EPC) scheme.

- The Central Bank of Iceland (CBI) and SIA went live with the new real-time gross settlement system (RTGS) and the new instant payment platform.

*Capital Market & Network Solutions*

- The European Central Bank (ECB) chose SIA for its connection to the Eurosystem market infrastructures through a single access interface (Eurosystem Single Market Infrastructure Gateway - ESMIG).
- With around 100 Italian banks connected, Spunta Banca DLT, a project promoted by Abi and coordinated by Abi Lab, which uses the blockchain network provided by SIA for the reconciliation of reciprocal accounts, is now fully operational.
- SIA signed a partnership agreement with Hex Trust to provide innovative digital asset services to European financial institutions enabling their customers to access new investment opportunities based on blockchain technology.

**SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR 2020**

On today's date, following the approval of the Boards of Directors of Cassa Depositi e Prestiti, CDP Equity, Mercury UK, SIA and Nexi, the final agreement relating to the merger by incorporation of SIA into Nexi (the "**Merger**" and the "**Framework Agreement**" respectively), was signed in line with the memorandum of understanding signed and announced on 5 October 2020. The completion of the Merger is subject to the fulfilment of certain standard conditions precedent for transactions of this type, among which the obtainment of the appropriate authorizations including that of the relevant Antitrust Authority. The transaction is also subject to a vote with the so-called whitewash mechanism<sup>1</sup> in the context of the Extraordinary Shareholders' Meeting of Nexi called upon to approve the Merger.

The Framework Agreement provides that if, as expected, the completion of the planned merger by incorporation of Nets into Nexi (the "**Nets Transaction**") occurs prior to the completion of the transaction with SIA, CDP Equity will be entitled to call for a capital increase of SIA, for the purpose of offsetting the dilutive effect on its prospective equity stake in the capital of Nexi as a result of the completion of the Nets Transaction.

Still in the anticipated event that the Merger occurs subsequent to the completion of the Nets Transaction, a shareholders' agreement will be signed by Mercury UK, CDP Equity and FSIA together with the current Nets shareholders.

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<sup>1</sup> In accordance with art. 122 of Legislative Decree no. 58 dated 24 February 1998, the provisions having the nature of shareholders' agreement as contained in the Framework Agreement, as well as in such two alternatives of the shareholders' agreements, will be duly disclosed to the public pursuant to the terms and conditions set out by applicable laws and regulations.

## **GLOSSARY OF THE PERFORMANCE INDICATORS**

In order to allow for better evaluation of the performance of its business management and financial situation, SIA Group uses the following performance indicators:

- **EBITDA**, obtained by adjusting the profit for the period for income taxes, financial income and expense, income and expense on equity investments, the result of the management and trading of financial assets and liabilities, depreciation and amortization and non-recurring incomes and charges;
- **Revenues** include revenues and other income and are calculated net of commissions expense in connection with payment services;
- **Costs** are calculated net of commissions expense for payment services, reclassified as a reduction of related revenues, and non-recurring expenses;
- **Net Financial Debt** represents an indicator of the financial structure and is calculated as financial debt net of cash and cash equivalents, as well as financial assets and short-term financial receivables.

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**SIA** - a subsidiary of CDP Equity - is European leader in the design, creation and management of technology infrastructures and services for Financial Institutions, Central Banks, Corporates and the Public Sector, in the areas of Card & Merchant Solutions, Digital Payment Solutions and Capital Market & Network Solutions. SIA Group provides its services in 50 countries, and also operates through its subsidiaries and branches in Austria, Belgium, Croatia, Czech Republic, Germany, Greece, Hungary, the Netherlands, Romania, Serbia, Slovakia, and South Africa. The company also has representation offices in the UK and Poland.

For more information: [www.sia.eu/en](http://www.sia.eu/en)

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