

SisalPay | Update on COVID-19 emergency

1. Key milestones and Government measures

The COVID-19 epidemic in Italy started from a few small towns in the Northern part of the country which were put on lockdown by the Government through the creation of the first so-called "red zones", preventing people from moving outside their town borders.

On March 11th, the Government imposed the closure of all non-essential retail activities, while further tightening the stay at home rules.

On March 22nd further restrictions were announced by the Government, forcing the closure of all non-essential manufacturing and service activities.

Supermarkets and grocery stores, pharmacies, post offices and bank branches, tobacconists and newsagents – including the ones belonging to the SisalPay network – have remained open, and essential public services including transport have been ensured.

2. Impact on SisalPay and how we reacted

2.1. Implemented measures to support employees, network and community

In the last few weeks, SisalPay reacted to the epidemic by putting in place a Corporate Social Responsibility action plan to ensure the safety and well-being of its employees, while at the same time supporting its network and the community. Such measures enhance the company's social responsibly role and active contribution in the community during the emergency period, while looking ahead to Italy's economic and social recovery. These measures include:

- **Support for People:** signing of a COVID19 Health Policy for all employees and implementation in the space of a week of the "100% Smart Working" plan, a major organizational, logistical and technological effort to ensure personnel safety
- **Support for Retail Network:** Postponement to H2 of Merchant Services payments due in March and April for the entire network and distribution of protective masks to retail PoS, by prioritizing the ones remaining open (tobacconists and newsagents)
- **Support for the Community:** fundraising for the Italian Civil Protection (and/or another comparable operator playing an active role in handling the emergency) and direct donation to a leading non-profit organization – "Francesca Rava Foundation" – to support Policlinico and Sacco Hospitals in Milan

2.2. Economic impact and adopted measures

Tobacconists and newsagents currently open represent 65%-70% of SisalPay PoS network, selling Utilities Bill Payments, Telco Top Ups, Prepaid Cards and Banking services (Withdrawal, Credit transfers). Bars forced to close by government decree represent approximately 25% of the SisalPay PoS network and Tobacconists which opted to close represent approximately 5-10% of the SisalPay PoS network.

Since the outset of the crisis, SisalPay has put in place several initiatives to support its affiliated merchants and sustain volumes, such as:

- Launch of new products enriching merchants' portfolio
- Increase number of PoS permitted to sell our branded prepaid card
- Support on technical issues also leveraging commercial salesforce
- Postponement to H2 of Merchant Services payments due in March and April for the entire network

Over the last 4 weeks, revenues from transactions have been down 19% vs. the same period in prior year, however on a weekly basis the trajectory has been improving, with week 15 only down 5% vs. prior year

We also expect to see an increase in transaction volumes in H2 once the government postponement on part of public sector payments ends (i.e. Car Tax etc...)

We estimate a negative impact on a monthly basis of approximately 2.0/2.5 million in cash in connection with a 20/25% drop in transactional revenues on a monthly basis year on year. To partially offset the drop in revenues, in addition to consequent reduction of variable costs, we have implemented a contingency plan, concerning both Opex and Capex (i.e. Cancellation of low-priority new contracts, postponement of part of investments to 2021). Should the situation worsen we have also identified additional mitigation measures.

We currently do not anticipate liquidity issues relating to the COVID-19 outbreak, as we continue to leverage our structurally negative Working Capital and strong cash conversion.

We opted to draw our RCF in full and expect to reduce borrowings as business volumes return to normal. At March 31st our available liquidity was above EUR 100 million.

Even though the impact of the COVID-19 crisis cannot be compared with any other moment in the history of SisalPay, our business (particularly given the non-discretionary nature of the services it provides) has demonstrated resilience during downturns and periods of slow economic growth: from 2008 to 2018, we estimate that Sisal Payments Business' transaction revenues increased at a CAGR of 15%, well above the Italian GDP CAGR of 0.8% over the same period.

SisalPay Group S.p.A.

Società soggetta all'attività di direzione e coordinamento di Sisal Group S.p.A.

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3. Reporting Date

The decree issued by the government on 11th March allows all Italian companies to defer approval of the financial statements within 180 days of the end of the year.

SisalPay will publish the annual report within 150 days as permitted by the bond regulation and covenants.

Reporting date:

- a. Financial Year 2019 Reporting date: 2020 May 29th
- b. Q1 2020 Reporting date: within 90 days from 2020, 31st March
- c. H1 2020 Reporting date: within 75 days from 2020, 30th June
- d. Q3 2020 Reporting date: within 60 days from 2020, 30th September

Forward-looking statements

This press release may include forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this press release. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and applicable regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

<https://www.sisalpay.it/investor-relations/comunicati-stampa>

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