



MEDIOBANCA



PRESS RELEASE

COMPASS STRENGTHENS ITS BUY NOW PAY LATER OPERATIONS

- 19.5% STAKE ACQUIRED IN SWISS FINTECH HEIDYPAY
- 100% OF ITALIAN FINTECH SOISY ACQUIRED

THE TWO DEALS WILL HELP TO DEVELOP COMPASS'S TECHNOLOGY AND COMMERCIAL STANDARDS FURTHER AND LAUNCH GEOGRAPHICAL DIVERSIFICATION

THE ACQUISITIONS CONFIRM COMPASS'S POSITION AS AN INNOVATIVE PLAYER IN DEFERRED PAYMENT SOLUTIONS, ALLOWING IT TO PURSUE GROWTH IN VALUE BY COMBINING A CUTTING-EDGE TECHNOLOGY PLATFORM WITH THE COMPANY'S DISTINCTIVE RISK MANAGEMENT CAPABILITIES AND A GROWING CLIENT BASE

Compass, the Mediobanca Group's consumer credit arm, has completed two deals in the Buy Now Pay Later (BNPL) segment. The rationale for the deals is to accelerate the bank's growth in the deferred payment business using digital channels, which it has entered successfully with the launch of its *PagoLight* product.

With the two deals, Compass has acquired:

- A 19.5% stake in HeidiPay, a fintech company based in Switzerland, and specialized in the development of digital platforms to support BNPL in the e-commerce segment. In operation since 2021, the company has developed agreements with important distributors and luxury brands, and today has one of the most important plug-ins in the market, which can already be activated for multi-country product offerings;
- 100% of Soisy, an Italian fintech operator with strong expertise in granting special purpose loans for the purchase of goods and services using e-commerce platforms, with portfolio of active partners. Founded in 2017, the company has developed agreements with 800 e-tailers, has more than 70,000 clients, and posts new loans per annum of €50m.

The two deals will allow Compass to pursue its growth strategy in the BNPL segment, on the back of its established risk assessment capability, for amounts and durations typical of consumer credit. Expansion and diversification of the client base will also enable the company to cross-sell Compass products to a younger target clientele more likely to make purchases online.



The HeidiPay transaction will also allow Compass to launch geographical diversification, with international as well as national coverage. All this will be achieved on the back of Compass's consolidated credit assessment capabilities, which have always been one of its areas of excellence.

*"The two deals have a strong strategic and business rationale as far as we are concerned, consistent with the innovation process launched at Group level", said **Alberto Nagel, Chief Executive Officer of Mediobanca**. "The synergies we will generate from our acquisition of these two companies will give us access to new expertise and next generation technology assets, an important value option in a segment such as deferred payments which is changing at such a fast pace. Leveraging these acquisitions will also act as a driver to obtain new clients, not just in Italy but also elsewhere", **Nagel commented**.*

*"Buy Now Pay Later is now an established trend", added **Gian Luca Sichel, Compass CEO**. "Compass is so far the only bank in Italy to seize the opportunities offered by this business and create its own interest-free deferred payment solution with PagoLight: it's a business which dovetails perfectly with consumer credit, innovative and with excellent potential to support growth. BNPL also allows a bank such as Compass to strengthen our presence in e-commerce, with a focus on certain categories of products and targets in particular, such as younger and digitally-literate clients, which historically have received less coverage from consumer credit", Sichel concluded.*

With these two deals, Compass will be able to leverage its full-digital BNPL solutions that can be integrated into e-commerce websites, which in turn will strengthen the PagoLight product still further. Launched in 2021, for physical stores only to begin with, the proprietary BNPL solution developed by Compass has allowed the PagoLight service to be activated with more than 7,000 actual POS already (a number that continues to grow, with more than 500 new installations per month) as well as around 40 e-commerce platforms.

In FY 2021-22, the continuing enhancement of Pagolight operations resulted in almost €70m in BNPL finance being granted, a trend which has continued to increase even since the Summer. Compass's capability to acquire new clients through BNPL is expected to rise fourfold by the end of FY 2022-23 (from 5,000 to 20,000 new clients per month).

The deal has no impact on the Mediobanca Group's Core Tier 1 ratio.

Milan, 13 October 2022

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