

nexi

REPORTS AND
FINANCIAL
STATEMENTS
2022



This is the English translation of the original Italian document "Relazioni e Bilanci 2022". In any case of discrepancy between the English and the Italian versions, the original Italian document is to be given priority of interpretation for legal purposes.

This document is prepared in PDF format for the purpose of facilitating the reading of the financial statements for investors, and represents the faithful translation of the Nexi Group's Annual Financial Report for the financial year 2022, which must be prepared and published in XBRL format in accordance with the provisions of European Commission Regulation 815/2019 (European Single Electronic Format regulation - ESEF).

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LETTER FROM THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Dear Shareholders,

The year just ended saw another 12 months of solid, profitable growth in all our businesses and in all the geographical areas we operate in despite the complex macroeconomic landscape.

Thanks to our geographical diversification, presence in high-potential markets, and careful cost and resource management, we have boosted revenues and further increased margins and cash generation. Moreover, we reduced net leverage in accordance with our plan.

These results also testify to the great progress we have made in our process of integration and transformation as a Group thanks to the significant investments we have made in technology, skills and innovation to continue to guarantee the best collection and payment solutions. At the same time, we have continued to work on modernising our infrastructure and continually reinforcing the monitoring and security of the increasing number of transactions handled in order to be the gold standard for digital payments in Europe.

We are therefore proud to have been chosen by the European Central Bank to develop a prototype front-end solution to test Digital Euro payments to physical merchants. In terms of offerings and services, we have developed tailor-made solutions for SMEs, Large & Key Accounts (LAKA) and eCommerce to meet the constantly evolving needs of the local market and merchants.

Specifically, we strengthened the commercial range of digital products for SMEs with the roll-out of SmartPOS in Italy and SmartPay in DACH and the Nordics, continued our partnerships with market leaders and vertical specialists enabling the acquisition of important new customers, and launched the SoftPOS tap-on-phone solution in Hungary, Greece and Croatia. We also consolidated our range of services for large companies and further strengthened our business portfolio through targeted acquisitions and divestments.

On the issuing front, it was also a year full of new developments. We became a strategic partner of the GoHenry Group in Europe to support it in the roll-out of its prepaid debit card and financial education app for teenagers. We are developing an advance digital issuing offer for banks in the Nordics, also based on customer value management, providing strategic value in the management of the end customer.

It was also an important year because on Capital Markets Day we approved and presented the market with a new medium- to long-term growth strategy based on our strategic positioning – “European by Scale, Local by Nature” – unique in terms of scale and proximity to our customers in the various local markets. These characteristics are key competitive advantages for us that have positioned us well to continue supporting the Group’s growth, profitability and shareholder value in the future. And precisely in order to be able to implement this growth strategy more effectively on a global and local level, we put in place a new organisational model that took effect on 1 January 2023.

At the business level, our goal is to focus on accelerated and targeted growth in the SME, eCommerce and Advanced Digital Issuing sectors thanks to products of excellent quality combined with a solid business strategy and the achievement of strong synergies and continuous operational leverage. All these strategic drivers are based on the three pillars central to our operations, namely our excellent technological prowess that guarantees agility and efficiency in innovation, an integrated, talented team with extensive expertise in the PayTech sector, and a mastery of ESG, aimed at making digital payments a driver for progress.

In terms of our ESG initiatives, 2022 was also a significant year as we further improved our ratings, confirming our position as a global industry leader. Among the initiatives organised during the year, together with CheBanca we made available to the bank's customers the new International Debit Cards and Classic Credit Cards made of recycled plastic recovered from the oceans, and we launched Planet Care, the sustainability-oriented service available on the Nexi Pay app that raises awareness of a more conscious and environmentally friendly approach to consumption. When the war broke out in Ukraine last February, we supported the United Nations Refugee Agency (UNHCR) with a donation, and also organised other local initiatives in the various countries where we are operational. Furthermore, we launched the "Together with Ukraine" initiative within our Group to raise funds to donate to UNICEF, Nexi committing to match every single euro donated by each of us.

As also announced on Capital Markets Day, our commitment will continue to be focused on supporting the digitisation of payments for people, SMEs and the public administration, on our Net Zero in 2040 goal, which sees us Climate Neutral already in 2022 having contributed to the spread of more environmentally friendly consumption behaviour throughout the supply chain, and on our personnel by ensuring adequate gender and minority representation and promoting an inclusive culture with outstanding governance. We will also continue to strive to prioritise our people, with the goal of making life better for all those who work in the company by continuing with initiatives like those put in place in 2021 that earned us Top Employers Italy 2022 certification.

We started 2023 determined to grow even more in all regions, further increasing margins and cash generation. At the same time, we will continue to be very rigorous in the allocation of the capital generated by focusing on further financial deleveraging, on growth through strategic acquisitions – as demonstrated by the long-term partnership we have just signed with Banco Sabadell that will allow us to enter an attractive market like Spain – and on the return for our shareholders. We will continue to support our customers, merchants, partner banks, institutions and end consumers with our usual passion and dedication in order to promote the adoption of digital payments with the aim of making them a driver of progress for the pub-

lic, businesses and public administrations. And we will do so without losing sight of creating value for all our stakeholders, increasingly on a European scale, as the leading PayTech in Europe that we are today.

Enjoy the read!



Chief Executive Officer
Paolo Bertoluzzo

A handwritten signature in black ink, appearing to be 'PB', written in a cursive style.



Chairperson
Michaela Castelli

A handwritten signature in black ink, appearing to be 'M Castelli', written in a cursive style.

CORPORATE BODIES

As at the Board of Directors' meeting of 6 March 2023

Board of Directors

Term of office: approval of financial statements as at 31 December 2024

Chairperson	Michaela Castelli (*) (**) (***)
Chief Executive Officer	Paolo Bertoluzzo (*)
Directors	Elena Antognazza (***)
	Ernesto Albanese (**)
	Luca Bassi (*)
	Maurizio Cereda (***)
	Elisa Corghi (***) (***)
	Johannes Korp (*)
	Marina Natale (***)
	Bo Einar Lohmann Nilsson (*)
	Jeffrey David Paduch (*)
	Francesco Pettenati (*)
	Marinella Soldi (**)

(*) Strategic Committee members

(**) Members of the Risk Control and Sustainability Committee

(***) Members of the Remuneration and Appointment Committee

(****) Members of the Related Parties Committee

Board of Statutory Auditors

Chairperson	Giacomo Bugna
Statutory auditors	Eugenio Pinto Mariella Tagliabue
Alternate auditors	Serena Gatteschi Sonia Peron

Office of the General Manager

General Manager	Paolo Bertoluzzo
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Financial Reporting Manager

Enrico Marchini

Independent Auditors

PricewaterhouseCoopers S.p.A.

**REPORTS AND
CONSOLIDATED
FINANCIAL
STATEMENTS
FOR THE YEAR
2022**

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1.1

BOARD OF DIRECTORS'
MANAGEMENT REPORT
ON GROUP OPERATIONS

BOARD OF DIRECTORS' MANAGEMENT REPORT ON GROUP OPERATIONS

Introduction

The consolidated financial statements of the Nexi Group were drafted, as per Italian Legislative Decree 38 of 28 February 2005, pursuant to IAS/IFRS accounting standards issued by the International Accounting Standards Board (IASB) and the relevant IFRIC (International Financial Reporting Interpretations Committee) interpretations, endorsed by the European Commission, as provided for by Regulation (EC) No 1606 of 19 July 2002. Moreover, for the purpose of preparing the financial statements as at 31 December 2022, reference was made to the ESMA document "European common enforcement priorities for 2022 annual financial reports" of 28 October 2022 and the related Consob reminder.

Furthermore, during the 2022 financial year, pursuant to Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation - European Single Electronic Format, hereinafter also only the "Regulation"), with regard to the consolidated financial statements of issuers whose securities are listed on regulated markets in the European Union, the obligation was extended to apply the prescribed marking also with respect to the disclosures in the notes to the financial statements and not only to the financial statements.

Note that under the aforementioned Regulation, in order to fulfil their disclosure obligations under the Transparency Directive issuers, must prepare their annual financial reports in XHTML (Extensible Hypertext Markup Language) format. Furthermore, where the annual financial report contains consolidated financial statements prepared in accordance with IFRS (International Financial Reporting Standards), the economic and financial information is marked using XBRL (eXtensible Business Reporting Language) with the aim of further facilitating the accessibility, analysis and comparability of the data contained therein. The Regulation requires the use of Inline XBRL technology (so-called iXBRL), which allows for the incorporation of XBRL markings in the annual financial reports in XHTML format.

Nexi's consolidated financial statements as at 31 December 2022 in the iXBRL format are made available to the public, as required by the aforementioned regulations, in the Financial Statements section of Nexi's website at www.nexigroup.com.

The consolidated financial statements consist of a Statement of Financial Position, an Income Statement, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash Flows, the Notes to the Financial Statements and relevant comparative information, and also features the Management Report addressing the Group's management, assets and liabilities, financial position and profit or loss performance. Furthermore, the financial statements as at 31 December 2022 are audited by PricewaterhouseCoopers SpA, as is the expression of an opinion on the conformity of the annual financial statements and the consolidated financial statements with the provisions of the Regulation.

The information concerning corporate governance and the controlling structures called for by Article 123 bis of the Italian Consolidated Law on Finance (i.e. Testo Unico della Finanza; hereinafter, "TUF") is included, as allowed, in a separate Report, approved by the Board of Directors and published together with these financial statements, which can be consulted under the Governance section of Nexi's website (www.nexigroup.com).

The Non-Financial Consolidated Statement, drafted pursuant to Italian Legislative Decree 254 of 30 December 2016 and to Consob Resolution 20267 of 18 January 2018, which addresses issues concerning the environment, the social sphere, staff, respect of human rights and the fight against corruption relevant to ensuring an understanding of the Group's activities, trends, performance and impacts, has been drawn up as a separate document approved by the Board of Directors and published together with these financial statements, available on the website <https://www.nexigroup.com>.

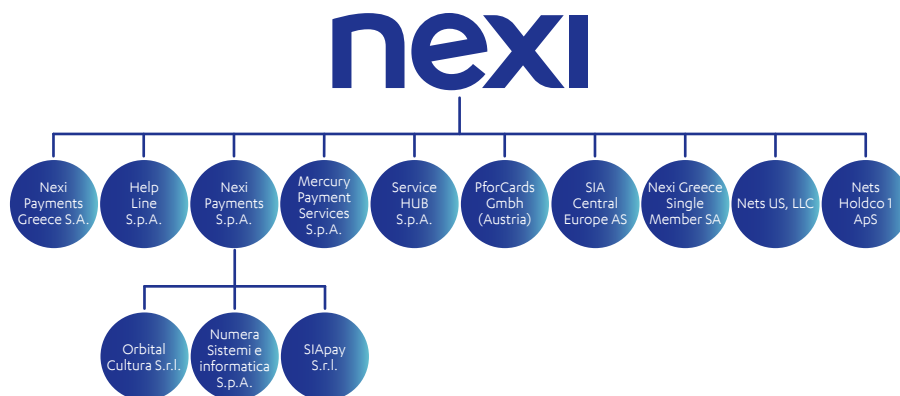
The website also discloses, pursuant to Article 123 ter of the TUF and as per the relevant approval procedures, information on remuneration.

Nexi Group

The Group's Parent Company is Nexi SpA, listed on Borsa Italiana's Euronext Milan as of 16 April 2019.

The Nexi Group remains the main operator in Italy and one of the main operators in Europe in the paytech sector, and as at 31 December 2022 is comprised of the Parent Company Nexi SpA and the subsidiaries listed under section 7 of the Notes to the Financial Statements. Compared to 31 December 2021, the Group's scope changed mainly due to the acquisitions of the foreign companies Orderbird GmbH, Paytech Payment Provider GmbH (belonging to the subgroup "Nets Holdco1 ApS"), Nexi Payments Greece S.A. and the acquisition of Numera Sistemi e Informatica SpA, a company operating in Italy, as better described in the section "Significant events during the period".

Below is a list of companies directly controlled by Nexi SpA. With regard to the "Sub Group Nets" and the "Sub Group SIA Central Europe", please refer to the aforementioned section of the Notes to the Financial Statements.



Based on representations provided pursuant to Article 120 of Italian Legislative Decree 58/1998 and on further information available, as at 31 December 2022, Nexi SpA's major shareholders are:

- Evergood H&F Lux S.à.r.l: 19.92%
- Cassa Depositi e Prestiti SpA: 13.57%
- Mercury UK HoldCo Ltd: 9.42%
- Eagle (AIBC) & Cy SCA: 6.08%
- AB Europe Investment S.à.r.l: 4.02%
- Poste Italiane SpA: 3.55%
- Gic Group PTe Ltd: 2.12%
- Float: 41.32%

“

Nexi Group is one of the main operators in Europe in the paytech sector



A resilient 2022 to price shocks energy and inflation falling in the second half

Macroeconomic Landscape

2022 ended with a less gloomy international economic landscape than what might have been expected at the outset. The overlapping of the war in Ukraine and the energy crisis with the new restrictive monetary phase could have had a strong impact on an economic system that was still convalescing after the pandemic response efforts. At least until the close of the year, however, the two main components of domestic demand – household spending on the one hand and investment on the other – remained solid, the former thanks to the savings of the Covid period, the latter thanks to expectations of a recovery in the cycle.

When placed in an international comparison, both the European and particularly the Italian economy entered the new year at a higher speed than both the US and the rest of the world. It will be important to observe how the aforementioned determinants, together with the varying intensity and effectiveness of fiscal support measures enacted by governments, will shape the growth of various areas in the months to come.

The European Economy

In Europe, the economic fabric proved resilient to the sharp energy price shock, at least until the end of 2022, showing positive growth rates that have continued for six consecutive quarters now, driven primarily by domestic consumption despite falling confidence indicators at least until November.

More generally, the strong inflationary tensions in Europe eased in the second half of the year, albeit in a differentiated manner among national economies. This differentiation, which among the largest economies saw a greater rigidity to falling energy prices for Italy and Germany, is equally differentially reflected in consumer inflation dynamics, particularly in the food sector. The combination of high levels of inflation, low levels of confidence and a monetary policy that, unlike that of the US, shows no signs of being cautious in its pursuit of restrictive targets, leads the major forecasting institutions to assume a significantly less resilient 2023 compared to 2022.

This development profile is shared by the economies of the Scandinavian countries, which were also characterised by a resilience until the end of the year and a deterioration during 2023, especially in Sweden, where the measures to combat the loss of purchasing power appear less pronounced than in neighbouring countries.

Across the continent the intensification of the economic turmoil increases as one gets closer to the area of the Russo-Ukrainian conflict. Indeed, despite a certain rebound in the third quarter, Poland was penalised by declining energy supplies and worsening household confidence, which reacted to inflationary pressures by reducing consumption. Business investment was also affected by the upward pressure on unit costs and monetary policy restrictions.

The Italian Economy

Even at the end of the year, the Italian economy showed a stronger dynamic than its European partners. Once again, it is domestic demand that is driving the pace of growth, in particular through household consumption, although investment also remained in positive territory. In contrast, the trade balance was negative, with foreign demand contracting in contrast to more buoyant imports, consistent with the rest of the year.

The sectoral breakdown of this development saw a boost in consumption in services related to tourism and leisure in addition to durable goods. Among investments, there was a marked recovery in capital goods (with the contribution of the upturn in car deliveries for company fleets), while investments in construction remained high, albeit with a setback due to the increased uncertainties linked to government incentives. However, in the fourth quarter the moderation in inflation rates already visible in other European countries did not materialise in Italy, mainly due to high energy and food prices. Depending on how long they continued in the months ahead, these differentials may induce greater caution in consumer households, also in view of the gradual withdrawal of government support measures for purchasing power and the continuation of restrictive policies on the credit side.

Reference Markets

Digital Payments and Digital Banking Solutions

The Covid years, especially 2020, as expected represented a watershed both in the way consumers relate to the way they consume, and specifically in the way they approach paying for what they consume every day. In 2021 and during the year just ended there was a new surge of digital payments, at first sustained by the prevalent use of online channels, then extended to in-store shopping, accelerating a growing digitisation trend that seems destined to continue.

Awaiting the publication of official data from the Bank of Italy and the ECB, confirmation of this comes from the findings of Milan Polytechnic, which attest to a growth of digital payments in Italy in 2022 of 18%, very similar to 2021. Trends by card type testify to the recomposition of consumption towards more "normal" channel and sector mixes than during the pandemic.

According to Assofin, the following dynamics were observed in the instalment card market in the first 11 months of 2022:

- pure instalments: -1.5%
- option cards via credit lines: +7.1%;
- instalment: +27.2%.

As for infrastructure, according to Global Data's forecasts based on Bank of Italy data, in 2022 the use of POSs in the Italian financial system increased by 11%, ATMs decreased by 5%.

Forecasts at the end of 2022 of the trend in POS expenditure volumes in the Group's major countries (source: Global Data) see a mixed situation: several Eastern and Southern European countries show growth rates of around 20%, similar to Italy: Romania (22%), Czech Republic (21%), Hungary (20%), Poland 20% and Slovenia (19%), Croatia (18%), Greece (17%). Smaller, but still double-digit growth is shown for Austria (12%), Denmark (11%) and Sweden (10%), while those of the other Nordics and Germany are slightly lower: Finland (8%), Norway and Germany (7%).



**Italian economy
more dynamic than
European average in
2022**

+20%

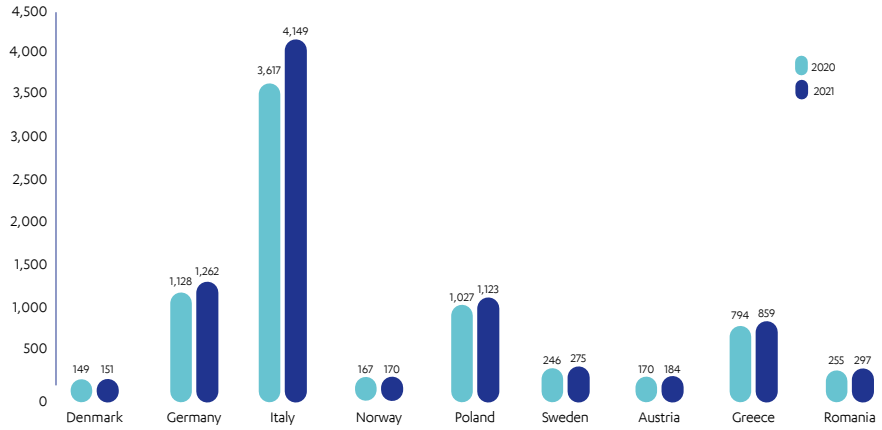
**Transaction volume
growth in key European
markets**



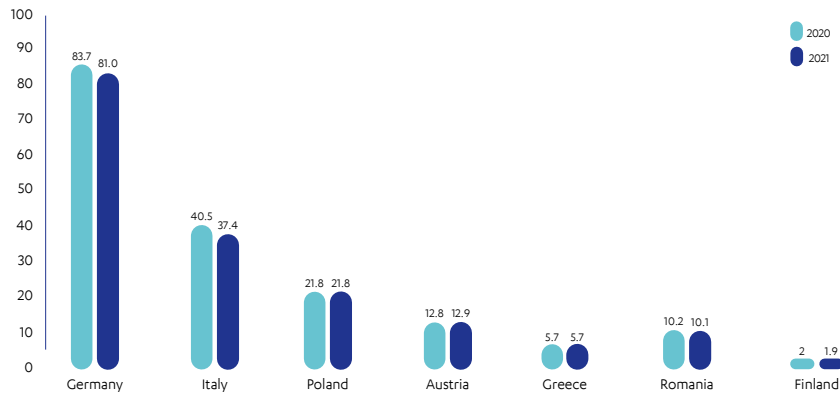
Growing demand of digital financial services

In Italy, the latest official data (Bank of Italy Annual Report) on digital banking solutions in 2021 confirmed the widespread use of home and corporate banking services. Specifically, 2,569,046 enterprises were corporate banking customers in 2021 (up +12.2% compared with 2020), while around 52 million families (+4.6%) and 4.5 million businesses (+8.7%) resorted to home banking information and instruction services. The overall payment flows regulated by the TARGET2 system shrank by 8.5%.

Number of POS ('000) - ECB Source



Number of ATM ('000) - ECB Source



Significant Events during the Reporting Period

Establishment of a Long-Term Strategic Partnership with Alpha Bank

On 30 June, the transaction concerning the creation of a long-term strategic partnership with Alpha Bank was closed, and a NewCo (renamed Nexi Payments Greece SA) was established, 51% owned by Nexi SpA and 49% by Alpha Bank.

On 29 July, Nexi SpA increased its stake in the NewCo to 90.01%. The NewCo operates as a provider of payment services in the Greek market and can rely on a long-term strategic partnership with Alpha Bank. As part of the July deal, Nexi granted Alpha the option to buy up to 39% of the NewCo's shares four years after the closing.

The acquisition of 51% described above represents a business combination that was accounted for in accordance with IFRS 3. For further information, please refer to section 39 of the Notes.

The costs incurred in the year directly attributable to this transaction amounted to Euro 8 million.

Acquisition of the merchant acquiring business from BPER - Banco di Sardegna and Numera Sistemi ed Informatica SpA

On 29 December 2022, the acquisition of the two merchant acquiring businesses of BPER and Banco di Sardegna was closed, effective from 31 December 2022. At the same time, Nexi Payments SpA acquired 100% of Numera Sistemi e Informatica SpA, a company that was held with a total shareholding by Banco di Sardegna, active in the management of POSs.

The consideration for the transaction was Euro 312 million, which may increase in the event of the payment of a possible deferred component up to Euro 66 million, conditional upon the achievement of certain economic and qualitative targets. In 2021, the transferred business generated a total transacted volume of about Euro 13 billion through a network of more than 110 thousand merchants and about 150 thousand POS.

The transaction will consolidate a long-term agreement with the BPER Group.

The business combination was accounted for in accordance with IFRS 3. For further information, please refer to section 39 of the Notes.

The costs incurred in the year directly attributable to this transaction amounted to Euro 9 million.

Acquisition of Merchant Acquiring Activities from Intesa Sanpaolo - Croatia

On 2 June Nexi, through Nets CEE, a company under Croatian law belonging to the Nexi Group and controlled by Concardis Holding GmbH, reached an agreement with Privredna banka Zagreb d.d. ("PBZ Bank") and PBZ Card d.o.o. ("PBZ Card") – a company under Croatian law indirectly controlled by Intesa Sanpaolo through PBZ Bank – for the acquisition of PBZ Card's merchant acquiring business in the Croatian market.

The merchant acquiring business unit of PBZ Card is the leader in the Croatian market with approximately 13 thousand merchants, which generated a total transaction volume of approximately Euro 5 billion in the 12 months from March 2021 to March 2022. The consideration paid was Euro 180 million, with an implied EV/EBITDA multiple to 2022 of approximately 10.5x.

The agreement also provides for a long-term business partnership between Nets CEE, PBZ Card and PBZ Bank in the marketing and distribution of Nexi products in the Croatian market. The transaction is substantially in line with the broader multi-year industrial



**Strategic partnership
between Nexi and
Alpha Bank**



ISP-PBZ merchant acquiring acquisition set to consolidate Nexi as leading PayTech in Europe

partnership between the Nexi Group and the ISP Group in the Italian merchant acquiring business, launched with the acquisition of the merchant acquiring business unit owned by ISP on 30 June 2020.

With this transaction, Nexi strengthens its relationship with ISP, a long-standing partner, and consolidates its position as Europe's leading PayTech in merchant services through an increase in the operational scale of merchant acquiring activities.

The closing of the transaction was signed at the end of the first quarter of 2023.

The costs incurred in the year directly attributable to this transaction amounted to Euro 2.5 million.

Acquisition of 100% of the shares in Orderbird

On 12 May 2022, Nexi, through Nets, acquired all of the shares of the German company Orderbird, a provider of integrated software solutions in the hospitality sector, in which it already held a 43% stake, with a cash outlay of around Euro 100 million, including the shares previously purchased.

Orderbird is a company that offers software-as-a-service solutions and complementary services for independent foodservice operators and SMEs in Germany, Austria, Switzerland and France. Its integrated solutions help merchants in the hospitality industry to run their businesses more efficiently through a cloud-native infrastructure.

The costs incurred in the year directly attributable to this transaction amounted to around Euro 1 million.

The business combination was accounted for in accordance with IFRS 3. For further information, please refer to section 39 of the Notes.

Sale of the Clearing Non-SEPA Business

As requested by the Italian Competition Authority ("AGCM") on 14 October 2021, following the approval of the Nexi-SIA transaction, conditioned on certain "remedies" to address the concerns raised during the investigation regarding the possible anti-competitive effects arising from the transaction, Nexi commenced discussions with the TAS Group for the sale of the non-SEPA clearing business.

The closing of the transaction took place on 30 June at a price of about Euro 3 million.

Sale of EDIGard AS

On 15 June, Nexi sold EDIGard AS, a billing management solutions company based in Norway, to AnaCap Financial Partners. This transaction is in line with the strategic review of the Nexi Group's portfolio and follows the completion of the mergers with Nets and SIA. The divested business comprises the EdiEX branded platform, part of Nexi's Digital Banking Solutions business unit. The closing of the transaction took place on 5 July at a price of about Euro 71 million.

A portion of the goodwill arising from the acquisition of the Nets Group was allocated to this business unit, for an amount determined in accordance with the fair value of the entity, which was determined based on the transaction price.

Sale of the Capital Markets Business

On 1 December, Nexi announced the completion of the sale to Euronext Group of the technology component that currently manages the operations of MTS, Euronext's main fixed-income trading platform, and Euronext Securities Milan, formerly Monte Titoli.

The price amounts to approximately Euro 55 million.

A portion of the goodwill and customer relations arising from the acquisition of the SIA Group was allocated to this business unit, for an amount determined in accordance with the fair value of the BU itself, which was determined based on the transaction price. Furthermore, since this is a discontinued business, the economic result of the business unit, net of tax, has been classified under "Income (loss) after tax from discontinued operations".

Changes in Group Debt

The Group's financial structure changed in 2022 mainly due to the following:

- 3 January 2022 repayment of the bank loans arising from the merger with SIA for a nominal amount of Euro 873 million, financed with resources already available as a result of the funding transactions carried out by Nexi SpA during 2021;
- on 29 June 2022 Nexi SpA signed a variable rate bank loan contract governed by Italian law (the "BPER Loan Contract") pursuant to which BPER Banca SpA granted Nexi SpA a credit line for a total amount of Euro 50 million (the "BPER Credit Line"), fully paid on 14 July 2022, which must be repaid with a single payment on 30 April 2026;
- on 2 August 2022, Nexi SpA entered into a variable-rate syndicated loan agreement with a pool of leading banks, pursuant to which the lenders granted the Parent Company a credit line for a total amount of Euro 900 million (the "2022 Term Loan") maturing on 2 August 2027, which can be disbursed within six months from subscription. As of 31 December 2022, the 2022 Term Loan was partially utilised for an amount of Euro 750 million, and therefore with a residual available and undisbursed amount of Euro 150 million. However, at the date of publication of these financial statements the 2022 Term Loan has been fully utilised and disbursed. In order to limit the risk of exposure to interest rates, the 2022 Term Loan was entirely subject to a hedging transaction that qualifies for hedge accounting, and specifically as a cash flow hedge realised through the subscription of interest rate swap derivative instruments finalised in the fourth quarter of 2022. The proceeds from the financing transaction are intended to finance new inorganic growth initiatives, as well as the pursuit of the Group's core business, including among others the refinancing of the Group's existing debt;
- on 30 September 2022, Nexi SpA made a partial repayment of the Term Loan in the amount of Euro 100 million, which was disbursed in June 2020 and had a final maturity of June 2025. This repayment was financed through the use of already available financial resources;
- on 7 October 2022, Nexi SpA completed a repurchase of its own and senior unsecured bonds for a total nominal amount of Euro 473 million (the "Liability Management"), of which Euro 349 million related to the 2024 Bond, having an original nominal amount of Euro 825 million, a semi-annual fixed-rate coupon of 1.75% p.a. and maturity on 31 October 2024, and Euro 124 million related to the 2026 Bonds, having an original nominal amount of Euro 1,050 million, a semi-annual fixed-rate coupon of 1.625% p.a. and maturity on 30 April 2026, with a total disbursement of approximately Euro 450 million, excluding accrued interest and transaction costs. The derecognition of the liabilities indicated above led to the accounting of a revenue of Euro 23 million.

Consequently, the gross financial debt at 31 December 2022 is Euro 6,971 million, and mainly consists – in addition to the BPER Credit Facility and the 2022 Term Loan – of the following financing received by the Group, specifically Nexi SpA, in the previous years:

- a bond loan issued on 6 April 2017 by Nassa Topco AS, expiring on the first business day following 6 April 2024, with a notional currently equal to Euro 219.584 million (the "Nassa Topco Bond Loan" and, jointly with the 2026 Bonds, the 2029 Bonds, the 2024 Bond Loan, the "Bond Loans"), having a semi-annual coupon at a fixed rate of 2.875% p.a.;
- a bond loan with a residual nominal amount after Liability Management of Euro 476 million, with a semi-annual coupon at a fixed rate of 1.75% p.a., issued at par by Nexi SpA on October 21, 2019 and expiring on 31 October 2024 (the "2024 Bond Loan");
- a bank loan contract signed by Nexi SpA disbursed on 23 December 2021, pursuant to which Banco BPM SpA granted a variable rate credit line for a total amount of Euro 200 million (the "BBPM Credit Line"). The BBPM Credit Line has been fully used and must be repaid in two instalments, for an amount equal to 30% of the total on 15 December 2024 and for the remaining 70% on 15 December 2025;
- a loan agreement signed by Nexi SpA and disbursed on 30 June 2020, pursuant to which certain lending institutions have granted a so-called variable rate term credit line, for a total original amount of Euro 466.5 million (the "Term Loan"). The Term Loan has been fully utilised in the amount of Euro 366.5 million, following the partial repayment made on 30 September 2022 and described above, and is to be repaid in a lump sum at maturity on 30 June 2025;
- a bond loan with a residual nominal amount after Liability Management of Euro 926 million, with a semi-annual coupon at a fixed rate of 1.625% p.a., issued at par by Nexi SpA on 29 April 2021 and expiring on 30 April 2026 (the "2026 Bonds");
- a variable rate loan agreement (the "IPO Loan") stipulated on 20 March 2019 by Nexi SpA (as subsequently amended), under which certain financial institutions have granted (i) a so-called term credit line for an amount currently equal to Euro 1,000 million (the "IPO Term Line"), fully disbursed and having a maturity in a single settlement on 31 May 2026; and (ii) a revolving credit line of Euro 350 million with the same maturity as the IPO Term Line, usable for multiple purposes and in multiple solutions, durations, currencies (the "IPO Revolving Line"), which was never used, and therefore today remains fully available. As a result of the changes in June 2021, the option was extended to other entities of the Nexi Group, in addition to Nexi Payments SpA which remains a borrower, incorporated in Italy or Denmark, to become parties to the IPO Loan agreement under certain conditions;
- an equity-linked bond loan of a nominal amount of Euro 500 million, convertible into ordinary shares of Nexi SpA, issued at par on 24 April 2020, with a semi-annual fixed rate coupon of 1.75% p.a. and maturity on 24 April 2027 (the "2027 Convertible Loan");
- an equity-linked bond loan of a nominal amount of Euro 1,000 million, convertible into ordinary shares of Nexi SpA, and issued at par on 24 February 2021, that does not pay interest and with maturity on 24 February 2028 (the "2028 Convertible Loan");
- a bond loan with a nominal amount of Euro 1,050 million, with a semi-annual coupon at a fixed rate of 2.125% p.a., issued at par by Nexi SpA on 29 April 2021 and expiring on 30 April 2029 (the "2029 Bonds").

It should be noted that at time of publication all covenants provided for by the financing – as detailed in section 40 of the Notes to the Financial Statements - have been complied with. In summary, as at 31 December 2022, the structure of gross debt is as follows:

(Amounts in million euros)

	Dec. 31, 2022	Dec. 31, 2021
2024 Bond Loan	475	822
2027 Convertible Bond	462	453
Term Loan	364	463
IPO Loan	996	993
2028 Convertible Bond	889	869
2026 Bonds	922	1,043
2029 Bonds	1,045	1,043
BBPM Loan Contract	199	198
BPER Loan Contract	50	-
2022 Term Loan	746	-
Nassa Bond	219	218
Ratepay funding	115	135
Former-SIA funding	-	874
Other financial liabilities	490	362
Total	6,971	7,474

The Group's gross financial debt is also comprised of lease liabilities (Euro 161 million), considered financial from 2019 following IFRS 16 first-time adoption, as well as liabilities associated with earn-outs or deferred prices associated with outstanding transactions (Euro 329 million) and funding contracted by the subsidiary Ratepay to finance "Buy Now, Pay Later" services (Euro 115 million).

Remuneration Policy

With regard to the Group's personnel remuneration policy, the Shareholders' Meeting of the Parent Company Nexi S.p.A. held on 5 May 2022 approved the new Long-Term Incentive Plan (LTI Plan). This LTI Plan envisages the free assignment of two categories of rights over a medium-long term time horizon divided into three three-year cycles (2022-2024, 2023-2025 and 2024-2026) to selected employees, the categories being "performance shares" rights and "restricted shares" rights, which, under the terms and conditions set out in the LTI Plan rules, entitle the beneficiaries to receive shares in Nexi SpA. During the second half of 2022, rights for the first cycle (2022-2024) were allocated to the beneficiary employees.

With respect to the previous LTI Plan, which was approved by the Shareholders' Meeting of Nexi SpA on 12 March 2019, the shares vested in relation to the first 2019-2021 cycle were granted in the second quarter of 2022.

The cost of the LTI Plans, recognised in the 2022 financial statements with a balancing entry to Shareholders' equity, amounts to Euro 21 million, as further detailed in note 38 to the financial statements.

Furthermore, as more fully described in Note 38.1 to the financial statements, Mercury UK HoldCo issued a number of share-based incentive plans ("Stock Grants" or "Plans") having Nexi SpA's shares as underlying assets, which resulted in the recognition of costs of Euro 16 million as a balancing entry to Equity.



New incentive plan for key people



Post Covid reopenings supported the recovery of the business

Business Environment Following the Covid-19 Outbreak and the Conflict in Ukraine

Impact on 2022 Business Performance

On a general level, statistical evidence and industry analyses confirm that the advent of the pandemic accelerated the transition from cash to digital payments instruments. According to ECB studies on payment attitudes of consumers, the proportion of cash used in physical channel transactions in the Eurozone, which had already decreased from 79% to 72% in the three-year period 2016-2019, dropped below 60% in 2022. In Germany and Italy, the preference for cash dropped by more than 10 percentage points in the last three years. According to a Nets survey, mobile payments have become the second preferred payment option for consumers in, the Nordics, after cards and before cash.

All of this has been helped – among other things – by the progressive digitisation of economies, increasingly convenient and technologically advanced payment solutions and, in the Italian market, new regulations to tackle tax avoidance by tracking money flows.

2022 also confirmed the relevance of the e-commerce channel, also thanks to new authentication requirements (“S.C.A.”) that have significantly reduced the risk of fraud, while “Buy Now, Pay Later”, while increasingly popular with new generations of consumers, has suffered from less favourable financing and market conditions.

Especially in the first half of the year, despite the spread of the Omicron variant of Covid-19 the trend was supported by the full re-opening of businesses and the – partly unexpected – strong rebound of tourism and ancillary services after the closures and restrictions of the previous two years. However, the context of uncertainty following the conflict in Ukraine and the drop in confidence associated with acute cost-of-living increases inevitably weakened the recovery in the second half of the year. Since the third quarter GDP growth in the Eurozone has all but disappeared, with consumer demand and industrial production slowing down.

Nonetheless, the Group delivered solid financial results and achieved its growth targets (“Ambition 2022”) despite the unexpectedly challenging macroeconomic situation, partly due to the contribution of high-impact consumption in all regions. Furthermore, the value of SMEs’ transactions grew faster than that of large merchants, resulting in an acceleration in the generation of Acquiring revenues (54% of total Group revenue).

Long-Term Impacts on Operations, Strategies and Economic-Financial Performance

Impacts of the Covid 19 Pandemic

Long-Term Impacts on Operations, Strategies and Economic-Financial Performance

From the initial phase of the Covid-19 pandemic the Nexi Group set up remote working arrangements for almost all its employees and contractors where not already envisaged, complying with the requirements of emergency regulations. The company’s directives on this subject aim to promote behaviour based on environmental sustainability, responsibility, trust and well-being by organising work-life balance initiatives.

The teleworking agreement signed in December 2021 with the trade unions of the companies operating in Italy was signed by about 95% of the employees. This agreement was extended until 30 June 2023. The Group’s foreign companies implemented specific hybrid working guidelines and introduced plans to cover and reimburse expenses incurred by staff for remote working tools.

Even in the most acute phases of the health emergency, the Group was therefore able to offer its partner banks and end customers services in line with the usual levels of quality and promptness.

With regard to personnel operating in areas close to the military conflict in Ukraine, Nexi was quick to provide information and organisational support and assistance.

From a strategic and commercial point of view, the Group's commitment to support private individuals, merchants, partner banks, companies and PA continued in order to meet their expectations and new operational needs. Direct evidence of this are, among others, the investment in Orderbird, which strengthens the commercial offer in the hospitality sector at the heart of the European market, the development of the Softpay solution in the Scandinavian market and the strategic collaboration with Microsoft in the field of digital innovation on a European scale, as well as the partnership with GoHenry for financial education of the digital consumers of the future.

Moreover, in Italy, to support small merchants, the initiative of zero commissions on transactions up to Euro 10 was continued and confirmed for 2023.

Impacts of the Conflict in Ukraine

The military conflict in Ukraine and the consequent restrictive and sanctioning measures adopted on an international scale – including the blocking of payment schemes and instruments used by natural and legal persons from Russia and Belarus – did not have any significant direct effects on the Group's economic and financial performance. Nor were specific acts of cyber aggression against the Group's systems, networks and infrastructure identified. See the section "Risks Associated with the Russia/Ukraine Conflict" of this Report for further details.

As regards the impact of the pandemic and the military conflict in Ukraine on long-term economic and financial performance, with specific reference to the potential impairment of financial assets, see the information referred to in the section "Nexi Group Risks" in the Notes to the Financial Statements.

Group Activities

Present in more than 25 countries, Nexi is one of the main players operating in Europe in the paytech sector by virtue of a consolidated leadership in the Italian market, further strengthened as a result of the combination with SIA at the end of 2021, and a strong presence in the Nordics and in Central and South-Eastern Europe, primarily overseen by the activities attributable to Nets. The strategic transactions carried out during the year, primarily in Greece, or being finalised in early 2023, aim to consolidate the Group's strategic positioning in markets with high development potential.

In 2022, directly or through its partner banks, the Nexi Group managed a total amount of approximately 34 billion transactions for the entire value chain on the acquiring front and on the issuing front, corresponding to an aggregate volume of approximately Euro 1,600 billion.

At the reporting date, the Group has the following three business lines: Merchant Solutions; Issuing Solutions; Digital Banking Solutions.

Merchant Solutions

Through this business line, the Group provides the services necessary to enable merchants to accept digital payments, including through commercial relationships with partner banks, for transactions carried out physically at retail outlets and digital transactions on the internet (e-commerce).



**34 billion of transactions
in 25 Countries in 2022**



**A single supplier
A range of services
wide and differentiated**

The services provided by this company unit can be subdivided into payment processing services, payment acceptance services (or acquiring services), and POS management services. Nexi operates under several service models, which vary depending on the nature of the Group's relationships with partner banks, which vary and, therefore, determine value chain presence, and the relative activities are managed internally and/or outsourced depending on the service models. Payment services on the acquiring side encompass the entire range of services that allow a merchant to accept payments either through cards or other digital payment instruments belonging to credit or debit schemes. POS management services include configuration, activation and maintenance of POS terminals, their integration within merchant accounts software, fraud prevention services, dispute management, as well as customer support services via a dedicated call centre.

Thanks to the breadth of services offered, the different types of payment accepted, geographical coverage and value-added services, the Nexi Group can offer a one-stop-shop model for merchants from various European countries. The offer of this business area includes end-to-end solutions aimed at guaranteeing payment acceptance, such as to allow merchants to use the Nexi Group as a single supplier.

Furthermore, a wide range of value-added services is offered to merchants based on their growth and changing needs throughout their business life cycle, including but not limited to invoice and receipt management, consumer financing (as well as for the merchants themselves), as well as loyalty and omni-channel solutions.

Issuing Solutions

Via this business line, the Group and its partner banks provide a wide range of issuing services, namely services relating to the supply, issue and management of private and corporate payment cards, with advanced fraud prevention systems ensuring fast, reliable and secure user authentication and fast payments. Furthermore, the Group provides processing and administrative services such as payment tracking and the production of monthly statements, data analysis and price-setting support services, customer service and dispute management, as well as communication and customer development services through promotional campaigns and loyalty programmes.

The Issuing Solutions division provides services for the issue of payment cards almost exclusively through partner banks (issuance in partnership with banks).

The majority of cards issued envisage monthly repayment of the exposure by the holders ("balance"), while cards that allow the holder to repay in instalments ("revolving") are used exclusively in the case of issuance in partnership in order to limit credit risk by having the partner banks assume the risk of holders' insolvency. Therefore, the credit risk in this business line is entirely shouldered by partner banks. The Group issues a limited number of deferred debit cards and prepaid cards without the assistance of a partner bank.

This business line includes the services that Nets provides with regard to the following products: (i) Account Management Services; (ii) Core Payment Processing; (iii) Risk Management Services, (iv) Digitisation Services and (v) eIdentity Infrastructure.

The business division also includes operations and processing services provided in relation to national debit card schemes in Denmark ("Dankort") and Norway ("BankAxept").

Digital Banking Solutions

Through this business line, the Group provides ATM terminal management, clearing, digital corporate banking, as well as network services.

The Group is responsible for installing and managing ATMs on behalf of partner banks. Of the ATMs managed, more than a third are so-called "cash in" machines, which allow both withdrawing cash and making deposits. The service can provide for the complete management of the machines (so-called full fleet), or only part of the services (so-called outsourcing).

In the Italian market, the Group operates as an Automated Clearing House (ACH) for domestic and international payments pursuant to standard interbank regimes. By means of a dedicated platform, the Group offers member banks the possibility of exchanging flows containing collection and payment instructions, as well as the calculation of bilateral and multilateral balances to be settled at a later date (so-called settlement). To complete the offer, the "ACH Instant Payments" service, focused on the management of instant credit transfers, stands out for its speed of execution and continuous availability of the service. For international clearing services, the Group continues to be the platform provider of EBA Clearing (the leading European clearing house for SEPA products).

The Group provides partner banks' corporate customers with digital banking services for the management of current accounts and payments. The latter fall within the following four categories:

- Electronic/mobile banking services: development of dedicated e-banking platforms.
- CBI, pension and collection services: development of payment platforms capable of providing group accounts and payment management services and provision of the CBI service, which has become a payment centre connected with public authorities.
- CBI Globe – Open Banking: provision of the service that allows the interconnection between banks and third parties through dedicated platforms to make the management of bank accounts by customers easier and more efficient, offering both information and instruction services, taking advantage of the business opportunities introduced by PSD2.
- Digital and multichannel payments support services: provision of applications for invoice management and storage, prepaid card reloading, bill payments, postal payments and other services through the internet, smartphones and ATMs.

The Group also provides network and access services to the Eurosystem's Target Services. Finally, for the Scandinavian market, the business unit provides e-Security and digitisation services. More specifically, these services include the provision of e-Security solutions through "MitID" (Denmark), digitisation services that allow customers to simplify workflows, as well as services to support digital transformation.

Group Financial and Business Performance

During the year ending 31 December 2022, the Group recorded – on a comparable basis – revenue growth of 7.1% to Euro 3,260 million and EBITDA growth of 14.2% to Euro 1,613 million, with the EBITDA margin improving to 49%.

Main Group indicators for the year 2022

n. 33.9 billion transactions managed (+15.2%)	Euro 3,260 million in Operating Revenues (+7.1%)	Euro 527 million in Capex (+19%)
Euro 1,592 billion in transactions managed (+12.8%)	Euro 1,613 million in EBITDA (+14.2%)	Net Financial Position Euro (5,482) million

Please note: The changes indicated above have been calculated on a yearly basis. Revenue and EBITDA are shown on a pro-forma basis (please refer to the "Group Performance" section). The Capex above does not include the effects of IFRS 16.

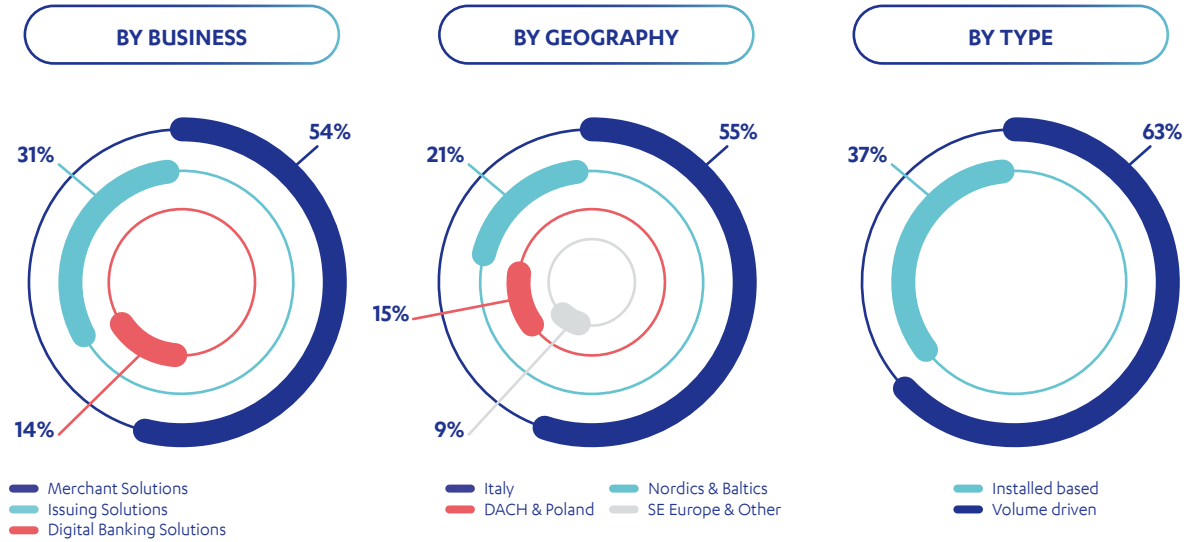


Digital Banking services for Customers of partner banks

+7.1%

Revenue growth

Revenue breakdown "pro forma"



+ 10.0%

Merchant Solutions revenues

+ 15.4%

Growth in MS transactions

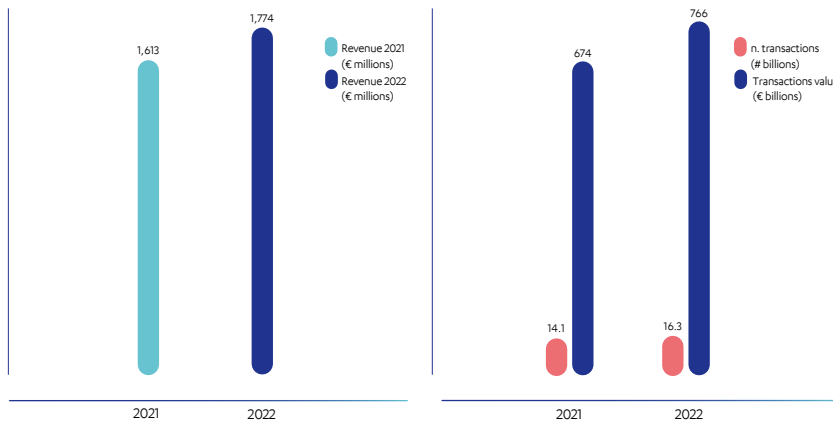
Business Unit: Financial and Business Performance

Merchant Solutions posted revenue of Euro 1,774 million in the year ending 31 December 2022, up +10.0% on a year-on-year comparable basis. In the same period, the Group handled 16.3 billion transactions, up 15.4%, for a value of Euro 766 billion, up 13.7%, mainly due to the recovery of international schemes, thanks to the resumption of tourist flows. The progressive return to pre-pandemic spending habits favoured the physical channel over e-commerce, which also maintained double-digit volume growth.

Lasting pandemic-induced changes in consumer patterns kept fuelling Easy uptake, which saw substantial volume growth in the Nordic markets. This was supplemented by the roll-out of Now instalments and deferred payments in Poland, as well as by strong e-com performance. In the physical space, Nets signed a 3-year agreement with leading retailer Coop Denmark, covering acquiring, value-added services, e-commerce and more than 4,000 terminals. Additionally, the Group launched Softpay for LAKA customers and has already signed an agreement for more than 5,000 licences across the Nordics, in collaboration with their partners. The cash advance solution continued growing in key Nordic markets, demonstrating reduced customer churn and improved brand perception among small businesses. Customer traction in main portals was improved, with more customers returning for data and self-service features. Throughout the year, Nets successfully launched new products and services, and, among other things, extended the range of uses of the mobile terminal A77, which is available as Pay-as-you-go and SmartPOS, as well as the first SoftPOS solution (turning Android mobile phones into Point-of-sale devices). Plus, additional functions and schemes were added to the SmartPay digital product solution. For the Italian SME segment, the POS stock grew by 7%, linked to the increase in the frontbook of new terminals (around +18%), thanks also to the boost of the new penalty regime envisaged for merchants without them starting last July. The contribution of new direct non-banking distribution channels increased further and the commercial push on mobility solutions (MPOS and PayByLink) continued. In the LAKA segment, omni-channel gateway services were also enhanced through integration with CRM/ERP solutions (e.g. Zuora cloud-based subscription payment services). Commercial performance marked further successes in specific segments (food retail, FMCG, PA, telephony). Also in the Italian market, the group recorded excellent

commercial results on the sale of vertical e-commerce solutions in specific sectors, such as Ho.re.ca. In terms of product developments, the Transaction Risk Analysis service was launched to maximise the commercial effectiveness of SME and LAKA e-commerce sales. Finally, preparations were initiated for the integration of the merchant acquiring and POS management business units of BPER and Banco di Sardegna.

Merchant Solutions



Issuing Solutions recorded revenues of Euro 1,025 million, an annual growth of 4.9%, against 17.6 billion transactions handled (excluding the Baltics), an increase of 15.0% compared to 2021 and corresponding to Euro 826 billion in market value, up 12.0%, with a significant contribution from international schemes. In the Italian market, the year saw a major boost to the marketing sale of the evolved international debit product (+1.7 million cards), signs of recovery in the growth of credit cards (with a focus on bank customers in Licensing), strong demand for “Buy Now, Pay Later” solutions (+30% for over 2.5 million plans activated since the product’s launch in July 2018), mobile payment transactions more than doubled in value with over 5 million payment cards registered, a return to the use of corporate cards in Licensing (+31% in value of transactions) and substantial stability of the “YAP” customer base, an app dedicated to millennials for prepaid cards (around 1 million, confirming high customer satisfaction). In the second half of the year a partnership with CoHenry (UK) was established with the aim of rolling out payment products for families/young people in combination with financial education services in several European markets, as early as 2023. Looking beyond the Alps, the Group continued its progress expanding its geographical footprint in the DACH region, first and foremost through the landmark partnership with Commerzbank (11 million retail customers in Germany) in credit, debit and prepaid card processing, as well as upcoming launches in Poland, the Baltics and the UK, confirming its market-leading proposition in supporting banks on their digital journey. A combination of its unique digital processing offering and modern, modular value-added services, has been cited as key in positive responses from issuers across Europe, including the largest ones. In the Nordics, Nets recorded strong business KPIs and secured continued long-term relationships with multiple key customers – including the new 7-year contract with Bokis (covering approx. 45% of card processing in Denmark). In addition, it is in the process of launching novel concepts from the broader Nexi Group with Nordic customers, for example products that will support issuers in their ambition to grow their card business and generate mutually beneficial portfolio growth.

+ 4.9%

Issuing Solutions revenues

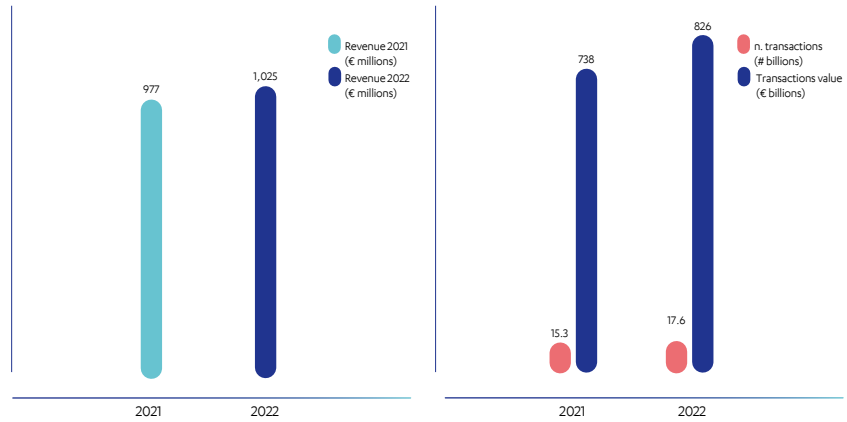
+ 15.0%

Growth in IS transactions

+1.3%

Digital Banking Solutions revenues

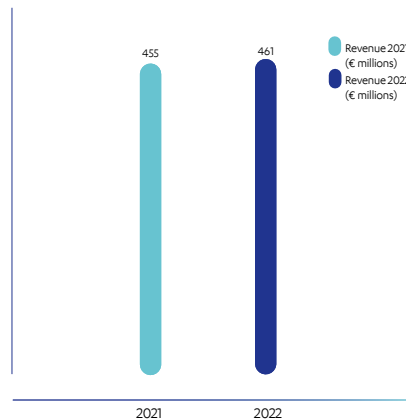
Issuing Solutions



Digital Banking Solutions recorded revenues of Euro 461 million, up 1.3% compared to last year, which had benefited from the contribution of specific project activities, confirming the Group's solid strategic positioning in Payment Infrastructure services, both domestically and internationally. Finally, it notes the key role Nexi plays in innovative Distributed Ledger Technology services thanks to its infrastructure of proprietary nodes serving the European banking system.

Development and onboarding for the new Open Banking platform continued, resulting in increased use in the Italian market. The Dynamic Currency Conversion (DCC) service was consolidated, already having been extended to foreign subsidiaries in Central Europe and Greece. At the international level, there was a consolidation of transport services to the Eurosystem Target Services. Moreover, the development of a prototype front-end solution for Digital Euro payments was initiated at the request of the ECB. In 2022, Nets state-of-the-art Digital Id Platform (MitID) was successfully launched as a fundament for European financial sector, governments, and private organisations, to digitalise their services by enabling easy and secure first-time identity verification (e.g. open a bank account), authentication and authorisation, via app or physical token. The scalable and secure platform is fully compliant with the latest EU regulations. eID services are user-friendly and built with flexibility and modularity as key principles, allowing customers to choose the full end-to-end platform solution, to pick-and-choose individual components of the platform, or to buy as stand-alone value-added services. eID value added services delivered double digit revenue growth, while the eID infrastructure saw robust revenue trends from the first full year operations of the next-gen "MitID" platform.

Digital Banking Solutions



Group Performance

Reclassified Consolidated Income Statement as at 31 December 2022

The reclassified consolidated Income Statement highlights profit determinants by reporting items commonly used to provide a condensed overview of company performance.

Said items are ranked as "Alternative Performance Measures" (APMs) pursuant to the Consob communication of 3 December 2015 which, in turn, encompasses the European Securities and Markets Authority (ESMA) guidelines of 5 October 2015. Please refer to the appropriate section on disclosures pursuant to said communication.

The results shown in the table below include the contribution of the Nets and SIA groups' activities:

- on a reported basis: in financial year 2022 and in the second half of the financial year 2021 for Nets only, since said activities were consolidated as of the acquisition date, i.e. 1 July and 31 December 2021, respectively, pursuant to the provisions set forth under IFRS 3 accounting standard;
- on a pro-forma basis: including the relevant economic effects as of 1 January 2021, and at constant exchange rates, for merely comparative and illustrative purposes up to and including EBITDA.

(Amounts in million euros)

	Reported Income Statement 2022	Proforma Adjustment 2022	Proforma Income Statement 2022 (**)	Reported Income Statement 2021	Proforma Adjustment 2021	Proforma Income Statement 2021 (**)	Delta % Reported	Delta % Proforma
Merchant Solutions	1,742	32	1,774	1,026	587	1,613	69.8%	10.0%
Issuing Solutions	1,025	-	1,025	552	425	977	85.6%	4.9%
Digital Banking Solutions	462	-	461	174	282	455	165.5%	1.3%
Operating revenues	3,228	32	3,260	1,752	1,293	3,045	84.3%	7.1%
Personnel-related costs	(736)	10	(726)	(328)	(386)	(713)	124.5%	1.8%
Operating costs	(892)	(29)	(921)	(494)	(426)	(920)	80.6%	0.1%
Total costs	(1,628)	(19)	(1,647)	(822)	(812)	(1,633)	98.1%	0.8%
EBITDA (*)	1,600	13	1,613	930	482	1,412	72.0%	14.2%
Depreciation and amortization	(937)			(359)			161.0%	
Interests & financing costs	(140)			(132)			5.6%	
Non recurring items	(245)			(380)			-35.4%	
Profit before taxes	278			59			370.4%	
Income taxes	(135)			(7)			n.m.	
Minorities	(3)			(1)			102.8%	
Profit attributable to the Group	140			50			178.7%	

Note

(*) The EBITDA shown above is "Normalised EBITDA" whose definition is provided in the "Alternative Performance Measures" section. Note that, in keeping with what was envisaged and in implementation of the Group's new strategic plan approved on 27 September 2022, Ratepay and Nets' DBS business unit will be classified as "non-core" as from 2023.

(**) Figures at constant exchange rates, which also include the results of Nexi Payments Greece, Orderbird and Paytech from the beginning of the year.

Overall, Group revenue for the 2022 financial year increased – at constant exchange rates and scope – by 7.1% to Euro 3,260 million, reflecting the positive financial performance of all three business units (as detailed below), but mainly the double-digit growth in revenue from Merchant Solutions. Among other things, the increase in volumes in international schemes and in the number of terminals contributed to this growth.

Against higher expenses resulting from double-digit growth in volumes and other variable components, total costs (excluding depreciation and amortisation) amounted to Euro 1,647 million, up 0.8% year-on-year, thanks to the usual control of major expense items and savings related to integration initiatives.

This resulted in an EBITDA of Euro 1,613 million, up 14.2% compared to 2021, with a margin (49%) up by approximately 3 percentage points.

During the period depreciation and amortisation totalled Euro 937 million (including Euro 513 million on intangible assets from customer contracts, PPA and others), while interest expenses and similar charges amounted to Euro 140 million on a net basis, including the effects of the debt transactions of the Parent Company Nexi SpA carried out in the last months of the year in a context of rising market rates, with a consequent lengthening of the average duration of maturities.

Transformation costs, integration costs and other non-recurring expenses recorded under EBITDA on a reported basis, and therefore not directly comparable with 2021 due to mismatches in scope and exchange rates, amounted to Euro 245 million in 2022, including costs strictly related to integration activities downstream of recent strategic transactions (Euro 52 million), costs related to M&A transactions (Euro 40 million), incentive plans (Euro 21 million), as well as expenses incurred by Sponsors (Euro 16 million) and the earn-out related to the acquisition of the ISP/UBI merchant book (Euro 22 million).

As a result of the positive business performance and the other dynamics described above, the year ended 31 December 2022 closed with a Group net profit of Euro 140 million, not comparable with the result of the previous year.

Financial Position Highlights

The main financial position indicators are listed below.

Capex

The following table details Capex investments in 2022 and 2021.

(Amounts in million euros)

	2022	2021
Purchase of owned assets on property:	527	282
Ordinary tangible and intangible assets	354	167
IT and Strategy Transformation projects	173	75
Property investments	-	40
Increase of Rights of use (IFRS 16):	32	14
Tangible assets	32	14
Total Investments (Capex)	559	296

The "Ordinary tangible and intangible assets" item accounts for electronic systems (mostly connected to POSs and ATMs) as well as software and technology development.

The "IT & Strategy Transformation Projects" item refers to investments earmarked for the development of the Group's IT platforms and systems.

The item "Increase of Rights of Use" refers to the "increases" of the lease contracts entering into new lease contracts as well as the lengthening of the duration which are included in the definition of Capex as from 2022.

Net Financial Position

The Net Financial Position changed significantly as a result of the funding transactions conducted in 2022, further detailed under the "Changes in Group Debt" section.

The following table details the Net Financial Position as at 31 December 2022 and as at 31 December 2021.

(Amounts in million euros)

	At December 31, 2022	At December 31, 2021
A. Cash equivalents (*)	1,489	2,230
B. Cash-like items	-	-
C. Other current financial assets	-	-
D. Liquidity (A) + (B) + (C)	1,489	2,230
E. Current financial debt	(124)	(18)
F. Current portion of long-term debt	(39)	(939)
G. Current financial debt (E) + (F)	(163)	(957)
H. Net current financial debt (G) - (D)	1,325	1,273
I. Non-current financial debt	(2,796)	(1,908)
J. Debt instruments	(4,012)	(4,449)
K. Trade liabilities and other non-current financial liabilities	-	(160)
L. Non-current financial debt (I) + (J) + (K)	(6,808)	(6,517)
M. Net financial position (H) + (L)	(5,482)	(5,245)

(*) The item includes the liquidity of the parent company Nexi shown in the item "Cash and cash equivalents" and the available liquidity generated during the period by the operating companies, shown in the financial statements under "Financial assets at amortised cost".

It should be noted that, at the time of publication, all the covenants provided for by the financings have been complied with. Such covenants and the negative pledges are further described under section 40 of the Notes to the Financial Statements.

The Net Financial Position presented above ranks as an "Alternative Performance Measure" (APM), as detailed in the relevant section.

Below is a reconciliation between the Statement of Cash Flows, in which only the liquidity of the Parent Company Nexi SpA is shown, and the Group's liquidity, which also includes the available liquidity of the operating companies and is shown under "Financial assets at amortised cost".

(Amounts in million euros)

	Statement of Cash Flows ⁽¹⁾	Reconciliation (*)	Group liquidity ⁽²⁾
Profit for the year	143	-	143
Depreciation/amortisation, unpaid taxes and other non-cash items	849	-	849
Cash flow of operations	992	-	992
Cash flow absorbed by financial assets/liabilities	(357)	357	-
Operating cash flow	634	357	992
Cash flow absorbed by investment activities	(1,026)	-	(1,026)
Cash flow absorbed by financing activities	(706)	-	(706)
Cash flow absorbed in the year	(1,097)	357	(740)
Opening cash and cash equivalents	1,546	684	2,230
Closing cash and cash equivalents	449	1,040	1,489

(1) Consolidated Statement of Cash Flows, reporting cash available at Parent Company level only as "cash and cash equivalents".

(2) Liquidity of the Group included in the Net Financial Position: in addition to the parent company's cash, the definition of "cash and cash equivalents" also includes the liquidity available at the Operating Companies.

(*) Difference resulting exclusively from the different definition of "cash and cash equivalents" equal to:

- the cash flow generated by operating companies in the year (Euro 769 million)
- the cash available from operating companies at the beginning of the year, remaining after distributions made in 2022 to the parent company Nexi SpA (Euro 271 million). The amount distributed by the operating companies in 2022, mainly by dividend, amounted to Euro 412 million.

Alternative Performance Measures

In line with guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415), and subsequent updates, and for the purposes of these consolidated financial statements, Nexi Group, as well as reporting figures for income statement and net financial position envisaged under International Financial Reporting Standards (IFRS), also submits alternative performance measures derived from the afore-said, providing management with a further means to evaluate Group performance.

In 2022 the alternative performance measures adopted by the Group were substantially unchanged compared with the previous year, in terms of both definition and calculation method. Note that the format used for the presentation of the Net Financial Position incorporates the indications set out in Consob warning note 5/21.

Pursuant to standing rules and regulations, the following sections further detail Group APMs.

Operating Revenues

Nexi defines operating revenues as the financial and operative income normalised in respect of non-recurring expenses and income, excluding, where applicable, net financial charges on bond loans and financing. Excluded from operating revenues are those from non-core businesses, including companies or business units being divested. The following table details the reconciliation of the financial and operative income to operating revenues at 31 December 2022 and 2021.

(Amounts in million euros)

	2022	2021
Financial and operating income	3,101	1,518
Interests and financing costs ^(*)	140	132
Non-recurring costs/(income) ^(**)	(33)	109
Operating costs/(income)	20	(7)
Operating Revenues	3,228	1,752

(*) For the period as at 31 December 2022 the item mainly includes interest and commission on funding of Nexi SpA and interest and other net financial expenses of the operating companies. Such costs are reported under "Financial and operative income" in the Income Statement.

(**) For the period as at 31 December 2022 the item mainly consists of revenues classified as non-core businesses.

Normalised EBITDA

Nexi defines normalised EBITDA as profits for the period adjusted for (i) income (loss) after tax from discontinued operations, (ii) income tax on continuing operations, (iii) profit/loss on equity investments and disposals, (iv) interest and financing costs (included in the net interest income), (v) net value adjustments/write-backs on tangible and intangible assets, and (vi) non-recurring expenses and income, including those from non-core businesses/entities.

The following table details reconciliation of Group profits and normalised EBITDA for the periods ended 31 December 2022 and 2021.

(Amounts in million euros)

	2022	2021
Profit for the year	143	52
Profits/(losses) after tax from discontinued operations	(8)	-
Income taxes	135	7
Profit/(loss) on equity investments and disposals of investments	(3)	(1)
Interests and financing costs ^(*)	140	132
Net value adjustments/write-backs on tangible and intangible assets	933	358
Non-recurring financial and operating income ^(**)	(33)	109
Other non-recurring expenses/income impacting EBITDA ^(**)	294	273
EBITDA	1,600	930

(*) See table above.

(**) For the period at 31 December 2022, this item consists mainly of non-recurring administrative expenses, mainly related to the stock grant allocated by Mercury UK and the LTI (Euro 37 million), including integration costs or related to M&A transactions (Euro 91 million) and other non-recurring costs related mainly to the Group's transformation process.

Investments (Capex)

Nexi defines investments as tangible and intangible assets acquired in the period. These are detailed in the relevant table in the Notes to the Financial Statements, concerning changes to tangible and intangible assets. Such an Alternative Measure does not include tangible and intangible assets acquired following business combination transactions. Capex related to rights of use recognised under IFRS 16 are also shown as a specific item from 2022.

Net Financial Position

The Net Financial Position is the balance between current and non-current financial liabilities and financial assets. More specifically, financial liabilities comprise the carrying amounts of the following items:

- bonds issued and financing stipulated by the Group, included under "Financial liabilities measured at amortised cost";
- liabilities deriving from business combination transactions, consisting of the earn-out payables recognised under "Financial liabilities at fair value through profit or loss" and by the deferred financing cost recognised under "Financial liabilities measured at amortised cost";
- other financial liabilities, mostly consisting of liabilities under IFRS 16 (lease contracts) and included under "Financial liabilities measured at amortised cost" and any hedging derivatives with a negative fair value.

The item "Cash equivalents" includes the cash equivalents of Nexi SpA classified under "Cash and cash equivalents", and the liquidity available from the subsidiaries, included in the item "Financial assets measured at amortised cost" of the Statement of Financial Position.

Governance and Control Structures

Board of Directors

On 5 May 2022, the Shareholders' Meeting appointed the Board of Directors until the date of approval of the financial statements as at 31 December 2024, setting the number of members at 13.

On the same date, the Board of Directors appointed the Chairperson and the Chief Executive Officer in continuity with the previous mandate.

As at 31 December 2022 the Board of Directors was composed of:

Chairperson	Michaela Castelli
CEO and General Manager	Paolo Bertoluzzo
Directors	Ernesto Albanese
	Elena Antognazza
	Luca Bassi
	Maurizio Cereda
	Elisa Corghi
	Stefan Goetz
	Marina Natale
	Bo Nilsson
	Jeffrey David Paduch
	Francesco Pettenati
	Marinella Soldi

Note that on 26 January 2023 the Board of Directors co-opted the director Johannes Korp to replace the resigning director Stefan Goetz, appointing him also as a member of the Strategic Committee.

Internal Board Committees

On 5 May 2022, the Board of Directors resolved on the appointment of the members of the Internal Board Committees.

Remuneration and Appointment Committee (*)

Chairperson	Elisa Corghi
Members	Michaela Castelli Maurizio Cereda

Risk, Control and Sustainability Committee (*)

Chairperson	Marinella Soldi
Members	Ernesto Albanese Michaela Castelli

Related Party Transactions Committee (*)

Chairperson	Marina Natale
Members	Elena Antognazza Elisa Corghi

(*) Committees established as per the Corporate Governance code

Strategic Committee

The composition of the Strategic Committee as at 6 March 2023 is as follows:

Chairperson	Paolo Bertoluzzo
Members	Luca Bassi Michaela Castelli Johannes Korp Bo Nilsson Jeffrey Paduch Francesco Pettenati

Board of Statutory Auditors

On 5 May 2022, the Shareholders' Meeting appointed the members of the Board of Statutory Auditors until the date of approval of the financial statements as at 31 December 2024.

Chairperson	Giacomo Bugna
Statutory auditors	Eugenio Pinto Mariella Tagliabue
Alternate auditors	Serena Gatteschi Sonia Peron

Financial Reporting Manager

The role of the Financial Reporting Manager, provided for by Article 154 bis of the TUF, is held by Enrico Marchini.

Independent Auditors

The independent audit of the Group's consolidated financial statements for the financial years 2019-2027 and the limited audit of the Group's consolidated statements for the half-years ending on 30 June of said financial years has been entrusted to PricewaterhouseCoopers SpA.

Group Internal Control Systems

The period was characterised by the completion of a series of strategic transactions that transformed the Group's corporate structure. Specifically, with regard to auditing, after the integration of the Audit Function of Nets, the resources of the SIA Group were integrated into the Audit Function of Nexi in 2022. At the same time, a process was developed to apply the identified methods uniformly within the Group.

The Audit Function has the duty of periodically assessing the completeness, functionality and suitability of the Internal Control System (ICS), including issues related to the information system. Its activity is based on the pre-emptive evaluation of the Internal Control System during the planning of all audit activities, on the constant evaluation of the risks concerning corporate activities and on the thoroughness and coverage of the Company's ICS.

During the period, the Audit Function kept the metrics adopted for the assessment of the ICS unchanged, with the tool and method already in use, while integrating the new activities related to the corporate acquisition of the SIA Group and refining the assessment questionnaires used.

In order to maintain an appropriate level of awareness of the risks of each business area, periodic managerial reporting to the Group's ExCo members on their set of corrective actions continued.

On the subject of risk management, initiatives for discussion and cooperation with the Group Risk Management Function were continued.

With regard to on-site audits, the plans saw – more markedly in Italy – the entry of a significant number of “unplanned” activities, particularly in terms of external audits from customers. In addition to this, there were two accesses by the Bank of Italy: the first, of a reconnaissance nature, with regard to protection profiles concerning unauthorised transactions, fraud and disavowals; the second, of a general nature, involved all corporate structures for about three months. Information flows from the audit team responsible for activities in the Nets perimeter continued regularly and in a structured manner.

In this context, the activities undertaken by the German regulator BaFin with respect to the subsidiary Concardis GmbH were duly reported. The BaFin audit for the years 2020 and 2021 ended with the order, published on 9 November 2022 in which the supervisory authority recommended Concardis GmbH to take all measures to fully comply with its anti-money laundering obligations.

Finally, with regard to the work programme defined with the Group SBs, the Audit Function is conducting the audits envisaged in the year and supporting the Body in the impact analysis assessments that emerged following the merger. Furthermore, first steps were taken to update the Management, Organisation and Control Models pursuant to Italian Legislative Decree 231/2001 for all the Italian companies of the Nexi Group (Nexi SpA, Nexi Payments, Help Line SpA, Service HUB SpA and Mercury Payment Services SpA) whose processes are affected by changes that are relevant for regulatory purposes and to take account of organisational changes that have occurred, also with reference to the entry of SIA into the scope. As far as Nexi SpA is concerned, the updating of the Model is to be considered completed with exclusive reference to the latest regulatory interventions, since the organisational changes resulting from the “Target Operating Model” will be incorporated in a further update of the Model in 2023.

Second level controls, which aim to help define the business risk measurement methods and check that operations of individual production areas are consistent with assigned

risk-return objectives and business operating rules, are entrusted to structures other than the operational ones, and specifically to:

- the Risk Management Function, at the Group and local levels;
- the Compliance & AML Function, which includes the Anti-Money Laundering Function, the Officer Responsible for Reporting Suspicious Transactions and the Group DPO, which operate in specific reference to regulatory areas under their respective responsibilities;
- the Subject Matter Experts, namely local business units with responsibility for continuously ensuring compliance of activities and processes with regulations under their respective responsibilities.

Risk Management performs the function of identifying, managing and monitoring risks. The Function has an Enterprise Risk Management (ERM) Framework that – in line with top management's vision and the recommendations within the Code of Conduct for Listed Companies pertaining to risk management and control – focuses on the identification and handling of top risks impinging on value creation and protection. To that end, it is tasked with injecting a risk management culture and practices thereto pertaining in corporate processes relevant to strategic planning and performance management.

The Group Enterprise Risk Management Policy, adopted at both the central and local levels, outlines:

- the benchmark principles the Enterprise Risk Management takes cue from;
- the roles and responsibilities of the bodies and corporate management top offices in the ERM model scope;
- the adopted risk management framework: activities, stakeholders and methodologies.

The mission of the ERM model is therefore to promote decision-making based on awareness, on the expected yields and on the underlying risk profile, guaranteeing an adequate management that is consistent with the propensity to corporate risk. To this end, Nexi Group's ERM model aims to achieve the following goals:

- identify, prioritise and periodically monitor main corporate risks in order to direct investments and resources towards the most critical and relevant risks for the Group's business;
- assign roles and responsibilities for a clear and shared management of corporate risks;
- give due value to the existing Risk Management units, coordinating them and enhancing them if possible;
- spread a culture of risk awareness and a risk-based approach in the Group's decision-making processes, raising management's awareness of the major risks the company is exposed to.

With regard to recurring activities carried out during 2022, the Function updated the ERM risk assessment to identify risks that could impact the company over the next three years and continued to monitor the implementation of mitigation plans on priority risks on a quarterly basis. Moreover, thanks to risk management at the local level the Function ensured continuous monitoring of operational and IT risks (in cooperation with the CISO Area), the service risk analysis, the implementation and reporting of the reputational risks dashboard and managed the insurance package to cover the Group's main risks. Furthermore, we note the continued strengthening of credit risk assessment and monitoring, the analysis of risks and opportunities arising from climate change and analysis of third-party risks.

The Compliance Function checks compliance with the Regulatory Areas assigned to it using a risk-based approach.

In 2022 the Group Compliance Function:

- prepared the Group Guidelines (Compliance Risk Management, Whistleblowing, AML, PSD2, GDPR), which were approved by the Board of Directors of the Parent Company at the meeting in May 2022 and subsequently by the Board of Directors of the Group company;
- provided for the collection of compliance information flows from the local Compliance Functions of the Group companies;
- verified the adoption of the Group Anticorruption Policy and Code of Ethics by all Group companies;
- with the support of KMPC, launched the Project aimed at defining and implementing the Group Anticorruption Model;
- took action aimed at updating the Whistleblowing Policy for companies within the Nexi Payments Hub¹;
- monitored regulatory updates at a European level regarding anticorruption, whistleblowing, GDPR, PSD2, AML and at a national level with respect to Italian Legislative Decree 231/01;
- starting in the second half of the year, participated in the updating of the Organisational Model pursuant to Italian Legislative Decree 231/2001 of Nexi and Nexi Payments, the updated version of which was approved by the respective Boards of Directors at their December 2022 meetings. Work also began and continues on the preparation of the Organisational Model pursuant to Italian Legislative Decree 231/2001 of the company Service Hub;
- continued to coordinate the DPO Community and the Group Compliance Community.

With regard to Nexi Payments, with respect to its recurring activities, in addition to the measurement of non-compliance risks also through the execution of a multi-year risk-based plan of installation and operation tests, the Function continued to monitor the implementation of remedial actions on the non-compliance risks highlighted with the aim of ensuring the continuous monitoring of non-compliance risks. The Function's commitment to providing assistance and advice to top management bodies and corporate structures through the drafting of specific opinions was important and continuous. As part of the project initiatives and in light of new products and services, the relevant assessments were carried out in advance and the appropriate instructions were provided to ensure the implementation of compliant initiatives.

During the last quarter, it updated the Policy for the Management of Non-Compliance Risk of Nexi Payments (hereinafter also the "Policy"), which was approved by the Board of Directors at its meeting on 22 December 2022 and came into force on 1 January 2023.

The Function continued with its activities aimed at ensuring compliance with the e-commerce and mobile payment system through the analysis of the proposed solutions and their consequent orientation towards choices that comply with current regulations.

As part of the consolidation centred on data protection, as referred to in Regulation EU 2016/679 on data protection (GDPR), in keeping with the analyses performed in 2021, the Data Retention project continued for personal data stored on electronic instruments with the aim, among other things, to start the process of setting up the Master Database of

¹ These are specific competence centres that do not strictly correspond to the corporate structure of the Group. The Compliance Hub is responsible for interfacing with the Group Compliance Function with respect to all subsidiaries within its area of responsibility. If it is responsible for several subsidiaries, the Compliance Hub must liaise with the individual Local Compliance Functions, which maintain their responsibilities according to the mandate received from the Local Board of Directors (or equivalent body). Two Hubs have been identified for the management of Whistleblowing reports: Nets Denmark A/S, responsible for all Nets Group companies (including the Concardis Group) and Nexi Payments SpA for the remaining Nexi Group companies.

positions eligible for deletion, and in the second part of the financial year part of the implementation was completed. For personal data stored on paper, in continuity with what was established in 2021, controlled shredding campaigns were completed.

Following the merger of SIA, initiatives were carried out to revise the Privacy Organisational Models of the Group's companies, which, among other things, entailed the appointment of new Officers and Coordinators on the basis of the current organisational charts. For Service HUB and SIAPay a company regulatory system consistent with that of Nexi Payments was adopted, including a state-of-the-art processing register for the activities carried out by the companies.

With regard to anti-money laundering regulations, in 2022 Nexi Payments updated its AML Policy mainly in order to incorporate process changes from the Group CFT and AML Guidelines issued by the Parent Company. It also continued on strengthening controls to counter emerging phenomena, also as a result of new initiatives, as well as the streamlining of transaction monitoring and enhanced due diligence processes.

With regard to the Nets sub-Group, financial crime monitoring was implemented throughout the Nets group. SIAPay also updated its AML Policy in line with the Parent Company's instructions, and continued the process of continually improving the system of internal controls on potential money laundering and terrorist financing.

Lastly, with regard to the Nets Denmark A/S scope, of note is the business's continued and increasing focus on implementing the policies issued by the Group, as well as on the maturation path of the second line of defence in the PSD2 (Payments Services Directive) area.

Nexi Group Organisational Structure

2022 was characterised by the completion of a series of strategic transactions completed in 2021 that transformed the Group's corporate structure to its current configuration.

The Group continued with its integration and internationalisation, and actions were required to facilitate this process by revisiting the organisational structure, certain key processes for conducting business, operations aimed at coordinating management and personnel, and integrating and rationalising the existing IT systems, policies, structures and services of the Nexi Group and those of the acquired and/or merged companies.

As from 1 January 2022 consistent changes were therefore made to the organisational structure as a result of:

- The transfer of SIA's "Payments" business unit to Nexi Payments.
- The transfer of SIA's "Customer Operations" business unit to Service Hub.
- The fine-tuning of Nexi Payments's organisational model.

The main changes in the organisational structure of **Nexi Payments** during 2022 are described below:

- within the CFO area, the new International Markets CFO BP structure was created, dedicated to BP activities in the International Markets area;
- the Digital Banking Solutions area was renamed to Digital Banking & Corporate Solutions. Functions dedicated to the management of payment infrastructures were integrated within it, including the establishment of Central Institutions. Furthermore, in the Digital Banking & Corporate Solutions BU, as a result of the reallocation of activities and people from the CIO Area - Capital Markets & Network, two new structures were created in the Payments Infrastructures area: Network Services Solutions and Payment Infrastructure Strategic Projects;

- the new International Markets area was created, focusing on the management of international business; the International Markets BU was assigned the functional reporting of Nexi Payments Greece Societe Anonyme, the partnership between Nexi and Alpha Bank;
- in the Commercial area, the Partnerships & Acquisition staff structure was shifted to the line and reorganised to better supervise commercial partners through the creation of the new Strategic Partnerships structure and the Poste PA & Transit structure. In the Value Management structure, Sales Planning & Prebilling was eliminated, its people and operations being partly reallocated to Accounting & Financial Statements of the CFO\ Administration area, and partly to the Value Management structure;
- in the Operations Department, the Business Operations & Risk Prevention structure, the Frauds Management structure was reorganised into two offices: Fraud Intelligence & Modelling focused on the analysis of fraudulent activities and the search for models to assess the riskiness of transactions, and Frauds Management with the objective of operational supervision of anti-fraud systems and processes;
- in the CIO Area, part of the operations and resources of the Capital Markets & Network structure were reorganised and reallocated, partly to Payments Platform, partly to Network Infrastructures.
- the CIO IT Governance structure, Architecture & Cybersecurity was eliminated; IT Strategy & Governance, IT Architecture and Test Factory Governance were merged into IT Governance;
- the International IT Governance structure was discontinued and the activities were brought under the "Group Functional Reporting Matrix"; the Cybersecurity structure was brought under the hierarchical reporting of the CISO;

Nexi Payments also acts in servicing for the Parent Company Nexi SpA in the following areas:

- Group Audit;
- C&EA Area: Group Legal Strategy and Transformation, Group Public Affairs, Group Corporate Governance;
- CFO Area: Group Finance Transformation, Group Finance & Treasury (except Italian Treasury), Strategic Planning & Reporting (for some functions), Administration (Group Accounting Consolidation and Rules & Accounting Standards), Group M&A, Investor Relations, Group Procurement;
- Transformation & Strategy Department: Group Brand Strategy, Group Business Strategy, Nexi-SIA Transformation Office;
- CIO Area: Group CIO.

Nexi Payments maintains functional coordination of Help Line Operations, Mercury Payment Services and Service Hub in order to continue the convergence of the Group's Operations models.

The organisational structure of **Service Hub** approved following the merger with SIA saw the implementation of a number of changes during the first half of the year in order to create greater operational efficiency and implement a more organic and strengthened supervision of operations.

Specifically:

- Separation of the former Customer Operations IGR function in the following departments: Operations (focused on dispute, fraud, accounting & transaction control management and customer on-boarding) and Customer Operations.
- At the level of staff functions, the Service Management & Training activities were merged into the Global Performance & Data Management function, while the Global Process Optimisation & Automation function reports to the CEO to manage activities related to robotics and artificial intelligence and lean/six sigma.

In **Nets**, the main organisational changes concerned:

- Group Functions:
 - In Technology, a new Nets CTO organisation was created.
 - The Finance function in Issuer & Security Services and Merchant Services merged with Finance in Group Functions.
 - The HR function in Issuer & Security Services and Merchant Services merged with HR in Group Functions.

- Merchant Services:
 - In the -e-Commerce business, the PSP business was delayed to allow faster decision-making. Furthermore, the rebuilding of the digital services business with a focus on key verticals has begun.
 - Control functions (including subsidiaries) centralised and modified reporting lines to ensure compliance.
 - The 1st and 2nd levels of detail of the Compliance structure were compacted and brought back from Finance/Legal to Group Corporate & External Affairs and ESG.
 - Organisational adjustments were made within the corporate functions to accommodate the new organisational set-up envisaged in the new Nexi Group Operating Model (01/01/2023).
 - A new operating model was implemented within Merchant Solutions and e-Commerce shifting the commercial responsibility to the DACH and Nordics markets; e-Commerce was separated from Central Merchant Solutions.

Main organisational change during 2022 in **SIA Central Europe**: the creation of the Windows, EUS and Unix-Oracle support structures, with the simultaneous optimisation of the Distributed Network structure, in order to improve the quality of internal cooperation, communication between teams and cost management within Technology & Infrastructures.

In **Nexi Greece Processing Services**, the reorganisations were designed to complete the value chain of the Prometheus project and to increase the quality of the testing and network management processes. The Company welcomed three new management positions: Managing Director, CFO and Head of Legal, Commercial and Compliance.

In September 2022 the Group approved the Strategic Plan and medium- to long-term financial targets and the new Target Operating Model (TOM), which will take effect on 1 January 2023.

The new organisational model, operational from January 2023, defined the new organisation of the Nexi Group by structuring it into:

- 1) Group Business Units and Corporate Functions promoting international reach, scale and long-term development.
- 2) Region Units promoting market and customer proximity.

The new structure was designed so that it can operate in the following way:

- the **Business Units** (Merchant Solutions, Issuing Solutions, Digital Banking Solutions) promote international reach, economies of scale and innovation;
- the **Group functions** allow centralised exploitation of scale advantages in technology, processing platforms, digital, operations, talent/skills through investment and process standardisation;
- the **national organisations** ensure a strong local push to ensure proximity to customers and people, maximising opportunities for growth and involvement of people.

Regulatory Compliance

With regard to the activities carried out by Group Compliance, in 2022:

- Group Compliance Guidelines were issued by the Parent Company, specifically: Group Compliance Management Guidelines, Group Whistleblowing Guidelines, Group PSD2 Guidelines, Group AML Guidelines and Group GDPR Guidelines. These Guidelines are part of the "Group Internal Rules System" as governed by the Nexi Group's "General Rules on the Exercise of Direction and Coordination" and the Group's "Group Rule System" guidelines, and constitute one of the tools used by the Parent Company to guide and carry out direction and coordination while safeguarding the autonomy, responsibilities and independence of its subsidiaries. During the year these Guidelines were approved by the subsidiaries;
- The Code of Ethics and the Group Anti-Corruption Policy, approved by the Parent Company in December 2021, were approved by the Boards of Directors of the subsidiaries;
- the Project aimed at defining and implementing the Group Anticorruption Model was launched, which is expected to be concluded once the target operating model ("TOM") goes live;
- following the issuance of the Group Whistleblowing Guidelines, actions were taken to begin to update the Whistleblowing Policy for the companies falling within the Nexi Payments Hub²;
- meetings of the Compliance Community and the DPO Community were planned and held, where the respective Group companies discussed topics such as compliance risk assessment methods, third-party assessment as well as data erasure issues, in order to exchange views and identify areas needing improvement, exploit synergies and spotlight points requiring attention;

In the second half of the year, work began to update the Organisational Model pursuant to Italian Legislative Decree 231/2001 of Nexi and Nexi Payments, the updated version of which was approved by the respective Boards of Directors at their December 2022 meetings. Work also began and continues on the preparation of the Organisational Model pursuant to Italian Legislative Decree 231/2001 of the company Service Hub.

With specific reference to issues related to payment services, at this point the continued monitoring and analysis of regulatory developments is well established, both with respect to EBA clarifications (by means of specific Q&As) and to new regulatory changes (new directive - PSD3) that require the continuous revision of business processes and procedures. Discussions began and are continuing with the main wallet providers in order to find new solutions to address issues related to the recovery of the burden of proof of Strong Customer Authentication in the case of disallowed transactions. The review of security measures is being finalised with particular regard to the issuing perimeter, and the same activities have been started and are still ongoing with regard to the acquiring component. With regard to the world of payments via the physical channel, the plan to migrate payment cards to chip&pin authentication mode continues, with continuous monitoring of fraudulent cases as well as customer support by means of special communications. Recall that migration will end in December 2023. In general, the continuous streamlining and revision of enrolment processes continues.

² These are specific competence centres that do not strictly correspond to the corporate structure of the Group. The Compliance Hub is responsible for interfacing with the Group Compliance Function with respect to all subsidiaries within its area of responsibility. If it is responsible for several subsidiaries, the Compliance Hub must liaise with the individual Local Compliance Functions, which maintain their responsibilities according to the mandate received from the Local Board of Directors (or equivalent body). Two Hubs have been identified for the management of Whistleblowing reports: Nets Denmark A/S, responsible for all Nets Group companies (including the Concardis Group) and Nexi Payments SpA for the remaining Nexi Group companies.

Lastly, communications regarding the assessment of operational and security risks, as well as communications arising from serious incidents that occurred during the period, have been submitted to the Bank of Italy, and a governance model for outsourced functions has been defined and adjustments are under way, also taking into account the provisions of the relevant EBA Guidelines.

As far as Nets is concerned, a new monitoring plan has been launched to oversee the requirements introduced by the PSD2 Directive, focusing on first-level controls.

On 1 January 2022, the ECB Regulation on Payment Statistics came into force, which updated the reporting rules by integrating reporting on fraud data into the **supervisory reporting**. Reporting under the new schemes is effective from March 2022 for both Nexi Payments and SIAPay.

For the purposes of the adjustments to the new reporting schemes and their implementation, a specific planning group was set up to define and implement the plan of actions identified for the resolution of the anomalies identified, specifically during the second half of the year, as well as to clarify with the Supervisory Authority certain interpretative questions and to share the aforementioned plan of actions.

With regard to the new **"Provisions on the oversight of payment systems and instrumental technological or network infrastructure"**, a regulatory gap analysis was prepared in view of the developments in November 2021, and an initial mapping of the new perimeter of services impacted by the scope of application of the regulations was identified, including sharing an early version thereof with the Oversight Authority.

For Nexi Payments, the steps necessary to inform customers of **currency charges** applied to cross-border payments as required by **Regulation (EU) 2019/518 of 19 March 2019** were concluded.

Italian Law no. 79 of 29 June 2022 extended the obligation to join the **public system of fraud prevention in the consumer credit sector (SCIPAFI)** also to Imel and Payment Institutions from 30 June 2022. In the second half of the year, the activities aimed at complying with this system were finalised. Actions were taken to define the activities necessary for querying the SCIPAFI system, with particular regard to the criteria to be adopted for querying the SCIPAFI system to prevent and combat the phenomenon of identity theft, and the definition of the query and response management process.

With the extension of the **Stanca Law** also to private entities such as Nexi Payments, a specific project was launched aimed at defining the actions necessary to ensure the **accessibility** of the Nexi Payments website and mobile devices by people with disabilities. With the publication of the AgID guidelines applicable to private providers, the full scope of Nexi's properties was defined and an assessment was done to identify the technical requirements and priority implementations to be carried out which led to the publication of accessibility declarations for the mobile applications and websites analysed in accordance with the new AgID guidelines. This will continue in 2023 with new assessments on Nexi Payments sites and mobile devices, further confirming Nexi's attention to this area over the years. The goal is to reduce any kind of inequality in the use of digital services and products as indicated by the guidelines published by AGID on 22 May 2022.

Following integration with SIA, the necessary adjustments continue in view of the publication of Italian Decree-Law no. 82 of 14 June 2021, "Urgent provisions on **cybersecurity**, definition of the national cybersecurity architecture and establishment of the National Cybersecurity Agency".

- With regard to Regulation (EU) 2016/679 on data protection (so-called GDPR), Nexi continues to consolidate its data protection activities as set out in the GDPR, as well as monitoring activities to ensure that the solutions adopted ensure compliance. Specifically:
- efforts continued to increasingly identify and delete personal data stored on electronic or paper instruments which have exceeded the retention periods envisaged by law. For personal data stored on electronic media, in continuation of the analyses carried out in 2021, the process of establishing the Master Database of positions eligible for deletion began, from which all applications must draw in order to materially perform the deletions in their databases. For personal data stored on paper, in continuity with what was established in 2021, controlled shredding campaigns continued;
- with regard to the international transfer of personal data, the framework for conducting impact assessments on transfers of the personal data concerned, established at the end of 2021, was applied for the assessment of the relevant providers;
- following the creation of the "Group Data Protection Officer" and the concurrent assignment of a DPO to each Group Company, the Group's "Rules for the Protection and Processing of Personal Data" were abolished in favour of an equivalent document drafted for each Italian Group Company;
- following the merger of SIA into Nexi Payments, the simultaneous creation of the Company Service HUB, and in consideration of the above, initiatives were carried out to revise the Privacy Organisational Models of these Companies and of the remaining Italian Companies of the Group, which, among other things, entailed the appointment of new Officers and Coordinators on the basis of the current organigrams. For the same reason, activities were carried out to analyse and share the processing of personal data previously carried out by SIA, in cooperation with the Coordinators and other parties concerned, in order to transfer them to the Records of processing activities of Nexi Payments, Service HUB and SIApay, as both Data Controller and Data Processor, also according to the intra-group contracts and relative privacy policies drawn up. These activities were completed;
- with regard to the Risk Management issues of the Third Parties appointed as Data Processors, these were assessed from a risk-based perspective by verifying contracts and Data Processing Agreements.

With regard to the foreign companies of the former SIA Group, considerable efforts in terms of time and resources were made to improve governance with respect to the GDPR, while also aligning the organisational framework, after joining the NEXI Group. For instance, activities related to the GDPR Improvement project continued in SIA Central Europe, which differ according to the relevant branch. Furthermore, a project was launched to semi-automate the management of the Record of processing activities in order to improve its efficiency.

Note also that the activities related to setting up Nexi Payments Greece (officially operational as of 1 July 2022) were successfully completed in 2022, including those related to GDPR compliance (e.g. notification of the appointed DPO to the competent authority in Greece, establishment of a specific communication channel for the management of privacy aspects, drafting of company policies and notices to data subjects).

With regard to the Nets sub-Group, in order to improve the level of maturity in compliance with data protection regulations, resources were allocated as a priority, focusing efforts on identified mitigation actions. The efforts and priorities assigned vary by Business Unit and Group structure. Furthermore, several activities were continued, including for instance the data breach management procedures and the GDPR eLearning platform, and training was provided to employees.

With regard to the regulatory framework on anti-money laundering, Nexi Payments continued to take steps to improve controls to combat emerging phenomena, also following new initiatives as well as with respect to the study of such phenomena. Dialogue continued with trade associations to define the method for implementing in Italy the EBA Guidelines on Compliance Management and the Role of the Compliance & AML Officer issued in June 2022, as well as the introduction of the Register of Beneficial Owners established by Italian Decree no. 55/22.

With regard to the Nets sub-Group, the priorities in the area of financial crime prevention were driven by the mitigation activities initiated following the Danish FSA inspection in 2020. The last injunction was dismissed by the Danish FSA. The overall approach of the financial crime prevention system is of a good standard and it is very positive to see that risk has been downgraded in all parts of the Nets group. Monitoring for the prevention of financial crime was implemented across the Nets Group, and the first round of Group monitoring was completed in the second quarter of 2022.

Lastly, note that in view of the new projects organised by Nexi Payments as well as the initiatives planned for the second half of the financial year, a regulatory analysis for crypto assets was launched with a particular focus on recent regulatory developments in this area (see Bank of Italy Communication on decentralised technologies in finance and crypto assets - June 2022).

Group IT Systems

During 2022, the IT function's activities were focused on the implementation of the Group's technological transformation programme and on the continuation of IT projects aimed at supporting business objectives and guaranteeing optimal customer service levels. The main activities carried out in 2022 are shown below (excluding activities related to ordinary operations for the management of the services).

Within the scope of **Issuing systems**, the main activities are described below:

Italian market:

- definition of a strategic partnership with BANCOMAT for the development of the new National Debit platform and start of the related implementation;
- development of the International Debit product and expansion of the customer base through the integration of new banks;
- management and evolution of Issuing platforms for Intesa Sanpaolo customers, also in light of the implications deriving from mergers in the Italian banking system;
- launch of a new project to create a "Payment as a Service" platform.

Nordic countries:

- evolution of the Card Processing platform and rollout to other countries;
- expansion and evolution of digital card lifecycle services for Issuing customers (Instant Issuing, Secure card data display).

Greek market: consolidation of Alpha Bank's authorisation systems on the PowerCard platform.

As far as the **Acquiring area** is concerned, the main activities are outlined below:

Italian market:

- updates of the new Core Acquiring and Merchant Onboarding platforms and migration of Customer Banks to the new platforms;
- management and evolution of Acquiring platforms for Intesa Sanpaolo customers, also in light of the implications deriving from mergers in the Italian banking system.

Nordic countries:

- upgrades aimed at ensuring greater stability and security of the platforms in the perimeter;
- completion of the migration of the DACH SME portfolio from legacy to target platforms;
- technical upgrade of the Acquiring platform for the Finnish market;
- upgrades to improve fraud and operational risk monitoring capabilities and integration with key authorisation switches;
- functional upgrades of platforms (e.g. Easy collecting & settlement);
- development of more than 200 reports for various internal and external stakeholders.

DACH:

- upgrades aimed at ensuring greater stability of the platforms in the perimeter;
- Cloud Journey definition for CSS/TRX applications;
- completion of Card Processing Front End migration to new data centre/infrastructure and implementation of functional upgrades.

As far as **Payments Systems** are concerned, the following activities were carried out:

Italian market:

- function evolution for the Remote Corporate Banking platform;
- functional updates of the Nexi Open platform and expansion of commercial products for the Corporate/SME segment;
- updates of the Instant Payments platform, in line with market demands and Eurosystem regulatory requirements;
- evolution of the ATM commercial offering and consolidation of the terminals' management platform;
- closing of a strategic agreement with a third party for the partial divestiture of the Application Centre business in light of the guidelines issued by the Anti-trust Authority in connection with the Nexi-SIA merger;
- stabilisation and continuous improvement of the central PagoPA infrastructure and related value-added services (VAS).

In the area of **M&A, Operations & Corporate Systems**, activities focused on:

Greek market: acquisition of Alpha Bank's merchant book through the creation of a partnership between Nexi and Alpha Bank.

Italian market:

- merger by incorporation of Credito Valtellinese into Crédit Agricole;
- merger by incorporation of Carige into BPER;
- merger by incorporation of Friuladria into Crédit Agricole;
- acquisition of the BPER merchant book.

In the Digital area, activities mainly focused on:

Italian market:

- implementation of the e-commerce platform upgrade roadmap (e.g. new architecture, Cloud ready, API etc.) and completion of the migration of merchants from legacy systems to the new Payment Gateway;
- implementation of the capabilities required by the new BANCOMAT platform (i.e. Easy Way Core transaction system; Backoffice portals etc.);
- implementation of the new Group VCM platform;
- integration of the MOS (Merchant Online Store) platform with the Onboarding Acquiring platform.

Nexi Digital: establishment of the captive JV with Reply in Italy (Milan and Bari) and in Poland (Katowice); contribution to the development of capabilities in the Merchant Services (Team Experience and POS), eCommerce (L&C, Easy, Relay) and New Payment Gateway areas for Nexi Greece - Pastabar and CSEE projects.

In the **Capital Markets & Network** area, the main activities are reported below:

Italian market:

- technological and functional updates of Capital Markets platforms, in line with market and regulatory requirements;
- sale of the Capital Markets business and related technology platforms to Euronext.

In the **Data & Analytics** area, activities focused on the following:

Italian market:

- continuous optimisation of Big Data infrastructure to reduce refresh and access times of company data;
- development of data analytics tools for partner banks and business units, supporting commercial actions.

The activities of the **IT Infrastructure area** focused on the following activities:

Italian market:

- unification and rationalisation of the ISP Mainframe on the Nexi Mainframe;
- initiated consolidation of the Italian network systems on SIANet;
- initiated rationalisation of the data centre infrastructure.

Nordic Countries:

- initiatives aimed at consolidating the CGI Data Centres in Finland (75% of operations completed);
- decommissioning of the Nets legacy data centre in Norway.

At the Group level:

- started the migration of applications and services to the Cloud;
- operations for the consolidation of the Network Infrastructure, which will continue during 2023;
- rationalisation of Desktop & Collaboration technologies and processes, which will continue during 2023;
- consolidation and integration of processes and systems for monitoring Service Levels.

In the area of **IT Security** and **Business Continuity**, activities focused on:

Italian market:

- ongoing activities aimed at improving IT Security and reducing potential vulnerabilities within Nexi Group IT systems (e.g., network segregation, red teaming, cloud assessment) and within services offered to end Customers (e.g. multifactor authentication, identity & access);
- boosting of the 24/7 monitoring service of security events.

At the Group level:

- unification/rationalisation of IT Security solutions (e.g. unification of SOC, IAM, End-user Security, Business Continuity etc.);
- definition of a Group-wide framework for Security KPIs to ensure monitoring of the company's security posture and enable data-driven decisions;
- definition of a common strategy for the renewal of security certifications (e.g. PCI DDS, ISO 27001), with the aim of generating savings and synergies for the various Group entities.

The activities of the **IT Governance** area are outlined below:

- monitoring and reporting of Nexi Payments and Group IT Strategy programmes;
- improvement of portfolio management processes in the Nordic countries, with the aim of ensuring greater transparency and alignment between IT and Business, and optimising capacity allocation based on business priorities;
- support in the definition of the investment budget and monitoring of spending review initiatives;
- overseeing organisational changes in the CIO Area and supporting the implementation of new IT Governance processes in light of corporate operations;
- implement People Management and Skill Management initiatives in cooperation with the competent Group functions.

Human Resources

The Group's workforce is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Average number of employees	10,135	9,842
Total employees	10,221	9,929

External Communication and Media Relations

The media relations actions deployed during 2022 were focused on reinforcing the role of Nexi and the Group as a European PayTech able to lead the transition to a cashless Europe. The company's international standing, technological leadership, focus on ESG issues, and operational and product excellence were emphasised. Through the dissemination of more than 35 press releases, the organisation of numerous interviews and various in-depth reports, and thanks to Nexi's presence in scenario articles and the communication of products and partnerships in generalist, financial and trade media, several key messages were conveyed: leadership in digital payments, European market leader, investment capacity, international reach and local presence, sustainability, ability to create technologically advanced products and solutions in all business areas, partnerships with the most influential technology brands at an international level, distinctive competences and best in class. Furthermore, the following activities were carried out: formal and informal engagement initiatives aimed at disseminating Nexi's culture and values internally and speeding up the company's transformation; - organisation of meetings on Nexi's projects and ongoing activities; - content management and dissemination of the internal newsletter; - content management of the media relations area of the websites www.nexi.it and www.nexigroup.com.

Main Risks and Uncertainties

Risks related to exogenous events with global significance

Adding to the fears of the Covid-19 pandemic during the first half of 2022 was the economic and political instability generated by the Russia/Ukraine conflict, which, although localised, continues to have considerable effects on economies around the world. The two countries involved account for a significant portion of global energy exports (mainly

in the forms of natural gas, oil, coal), therefore rising prices and delays in supply are negatively affecting industrial production, especially in Europe. Rising energy prices could have an adverse effect on non-financial companies operating with the Group in sectors characterised by a higher incidence of energy costs, either in the form of higher energy procurement costs or through increases in non-energy inputs.

As the effects of post-pandemic reopening gradually fade away, high inflation, rising interest rates and low business and consumer confidence are likely to limit consumption and investment in this early part of 2023.

The sudden and significant increase in Covid cases in China has certainly affected the supply of semi-finished and finished products from China, but it has also raised no small amount of concern about the possible flare-up of the pandemic in the West as well. While the situation deserves constant monitoring, the risk of new stringent and/or restrictive measures put in place by local governments seems to have been averted for the time being (given the condition of prevailing immunity that now characterises European populations), and with it also the risk of a generalised drop in transacted volumes that would affect the Nexi Group's revenues.

Risks associated with Group growth initiatives

As part of the five-year plan approved by the BoD and presented to the financial community in September, ambitious growth targets were outlined. A large part of the expected growth in EBITDA is linked to the growth in nominal consumption and the higher expected penetration of digital payments. However, a significant part is also associated with commercial initiatives that aim to improve penetration in certain markets, foster greater diffusion of certain established products and ensure effective entry into as yet unexplored segments.

The risk is therefore represented by the possibility of not achieving the planned growth targets in the areas of greatest interest and over the five-year period covered by the Plan due to internal and external causes. This also in light of the complexity of organising the commercial initiatives while integration operations are still under way, including for IT systems.

Risks Related to Macroeconomic Conditions and Political Uncertainty in Italy and Europe, in the Countries where the Group Operates

The Nexi Group is exposed to the European and non-European market and the related economic and political conditions of the countries where the Group operates.

The revenues that the Nexi Group generates depend in part on the number and volume of payment transactions (so-called volume-driven revenues). The latter, in turn, among other things track the penetration of digital payments and overall spending of consumers, businesses and public administration.

General economic conditions in Italy and Europe affect confidence, consumer spending, the amount of income available for consumption, as well as changes in consumers' purchasing habits. These general economic conditions may change suddenly due to a large number of factors over which the Nexi Group has no control, such as government policy, monetary policy and international economic conditions. A prolonged deterioration of general economic conditions in Italy and/or the rest of the world could (i) lead to a decrease in the number of digital payment transactions or expenditures per transaction, as

well as (ii) negatively impact the number of cards issued or the number of new generation POSs distributed to merchants, thus negatively affecting the profitability of the Nexi Group.

Finally, the performance of the world's economies is subject to the uncertainty associated with the evolution of the Covid-19 pandemic and Russia/Ukraine conflict.

Therefore, the continuation or further worsening of these financial and macroeconomic conditions or prolonged political instability in Italy, Europe and outside Europe could lead to a decrease in demand for the services of the Group.

Risks Related to Customer Concentration

A significant part of the activities of the Nexi Group is carried out through commercial relationships with banks, thanks also to their network and branch networks.

The concentration of relationships with partner banks leaves the Nexi Group exposed to the risk that the performance of the banking and financial institutions sector, as well as possible integrations within such sector, could have possible negative effects on the Nexi Group itself. It is also possible that bigger banking or financial institutes arising from mergers or consolidations may hold greater bargaining clout in negotiations with the Nexi Group. Lastly, the extent of Nexi Group's dependence on partner banks increases with the latter's size, such that the loss of even one partner bank could have a significant impact on revenue, profitability and cash flow.

The uncertainties related to the conflict between Russia and Ukraine and the risks associated with energy price increases have generated the need for some large intermediaries to introduce adjustments to their expected loss calculation models, which has resulted in increased adjustments for many. This trend may gradually spread to the rest of the banking system in the coming months.

Should a partner bank of the Nexi Group be the subject of forced liquidation, said bank may be unable to provide for the performance of contracts entered into with Nexi and, therefore, to fulfil its obligations.

The loss of commercial relations with one or more of the major customers - including due to external factors, such as, with specific regard to the partner banks of the Group, the health of the banking and financial institutions sector, as well as any mergers within that sector - would entail a reduction in the revenues of the Nexi Group and negative effects on its economic, equity and financial position.

Risks Linked to Competition Within Nexi Group's Operations

The Group operates in highly competitive sectors, and in these markets is compared with its competitors mainly on the basis of the following elements: technological innovation, quality, breadth (so-called one stop shop) and reliability of services, speed and punctuality of delivery, performance, reputation, customer support and price of the services offered. Operators of a very different nature compete for segments of the value chain through the progressive consolidation and combination of models on a European and global scale.

The European market is becoming increasingly competitive and is undergoing a period of rapid transformation due to customer habits, technological innovation and the recent

harmonisation of legislation at an international level. Furthermore, in view of the increase in needs and expectations of customers (also taking into account the new generations that are entering the market), the attention to the end customer – consumer and business – and the management of the user experience are becoming increasingly important.

On the other hand, the Nexi Group may face increased competition with the entry into the market of new national and international players and the expansion of services by existing competitors. A growing trend in Europe – recently seen also in Italy – involves specific initiatives for individual domestic sectors where vertical fintech specialists and integrated software vendors try to establish themselves working with technological partners and adopting advanced digital solutions that respond quickly and flexibly to customer needs, including payment services.

In fact, the Group is dealing with competition from international payment companies (such as Adyen and Stripe) that are able to offer vertically integrated services in an omni-channel and cross-country logic. With specific regard to the e-Commerce/m-Commerce sector, the Group finds itself competing with specialised players such as PayPal.

Furthermore, a trend that is expected to increase over the next 3-4 years in Europe is that of Integrated Software Vendors and the progressive growth of offers to merchants of management software combined with payment services, with the consequent risk of disintermediation of acquiring services by these companies. Further competitors are emerging among providers of non-traditional payment services such as big tech (for example, Apple, Google and Amazon), which are developing real “ecosystems” of payments that in the future could allow them to further monetise relations with customers, also taking advantage of the huge data available to them.

Such potential competitors could have significantly greater financial, technological and marketing resources than the Nexi Group and greater experience gained in other markets, not to mention solid networks and a strong reputation, all highly valued by end consumers.

Risks Linked to the Group's Ability to Attract, Retain and Motivate Skilled Professionals

The Group's performance and the future success of its businesses are significantly dependent on its ability to attract, retain and motivate certain very specific skills sets in middle and senior management, namely individuals with significant levels of specialisation and technical knowhow. Therefore, the loss of one or more key figures in either middle or senior management and/or failure to attract and retain highly qualified and/or highly experienced managers in the business segments of the Group, may lead to the reduced Group competitiveness and may affect the Group's ability to reach its goals and implement its strategy, breeding potential adverse impacts on the economic, equity and/or financial activities and position of the Group.

In addition, the Group's performance and the future prospects of its business are also dependent on its ability to advantageously adapt to rapidly unfolding technological, social, economic and regulatory changes. To that end the Group must leverage a broad set of diverse specialist skills in the fields of engineering, technical servicing, finance and control, sales, administration and management. That places the Group under the constant requirement of having to attract, retain and motivate staff that is able to provide the professional skills and knowhow required to cater for the entire spectrum of the Group's activities.

The high-skills labour market is highly competitive and the Group may not be able to hire additional staff or may not be able to replace outgoing staff with equally skilled staff and/or may not be able to retain personnel that is key to the success of the growth initiatives.

In that respect the Group places a special emphasis on selecting, recruiting and training its human resources, with a view to maintaining the utmost standards.

As of 1 January 2023, the Group also introduced a new organisational structure to facilitate the integration of the acquired companies, strengthen governance and support the execution of the Group's strategies.

Operational Risks

Risks Linked to Personal Data Storage and Processing

In carrying out its activities the Nexi Group processes the personal data of cardholders, including their names and addresses, credit and debit card numbers and bank account numbers, of merchants, including their enterprise names and addresses, sales figures and bank account numbers. As such, it must therefore comply with domestic Italian and European laws pertaining to data protection and privacy rights. Additional rules apply in respect of credit card schemes, such as Visa and Mastercard.

With reference to the Group's ability to collect and use the personal data of current or potential customers, said rules and regulations as well as binding the Group to designated data protection and security standards, also, among other things, place liability with the Group in case of loss of control on these data or following an unauthorised third-party access to such data.

Note that, based on the regulation of payment card schemes, the Nexi Group is held to maintain certification with respect to the Payment Card Industry Data Security Standards issued by the Payment Card Industry Security Standards Council, including the PCI-DSS, PCI 3D-Secure, PCI Card Production Logical Security, PCI Card Production Physical Security and PCIPIN certification. The Group, in that respect, is also responsible for ensuring PCI-DSS compliance among certain third parties, such as merchants and service providers.

Although the Nexi Group's incident monitoring and management service operates 24/7 all year long, unauthorised personal data disclosures may occur, for instance, as a result of IT security violations, either due to human error or cyberattacks, malicious conduct or physical security breaches by unauthorised staff.

Any unauthorised use of personal data or any IT security breach stands to damage the Nexi Group's reputation as well as to discourage customers from using digital payments, in general, and the Group's services in particular; also, said uses and breaches may increase period operating expenses as a result of redress of breaches or malfunctions, make the Group liable for expenses not covered by insurance, increase the risk of Supervisory Authority inspections, make it liable to legal claims, lead to substantial fines and penalties either pursuant to Italian, European Union and other applicable international rules and regulations, or pursuant to payment scheme contracts. Said uses and breaches may also prejudice the Group's continued participation in credit card issuing partnerships with banks.

Furthermore, unauthorised disclosure of merchant and cardholder data may result in the Group being charged by credit card issuers for issuance of new payment cards, for merchant compensation, as well as for fines and sanctions, all of which may negatively impact the economic, equity and/or financial position of the Group. Additionally, in any of the above circumstances payment card schemes may even ban the Group from operating on their payment services networks.

On a final note, while service contracts of the Nexi Group with all third-party providers - such as entities external to the Group whether engaged in transaction processing, or debt collection, IT, marketing, etc. - that may have access to merchant and consumer data include non-disclosure and privacy and security compliance agreements as standard, the Nexi Group cannot rule out that said parties may breach contractual provisions, thus leading to disclosure of personal data without due authorisation by the owners of such data.

Breach of contractual and/or regulatory obligations with reference to consumers' personal data processing, whether by the Nexi Group or by third parties, may lead to the loss of cardholder data by merchants of the Group and other third parties for whom the Group is ultimately liable. In such instances, the Group may have to terminate contract with the merchants responsible for the breach, leading to reputational damage, fines and/or penalties issued by payment card schemes and/or loss of international credit card scheme membership, negatively impacting the economic, equity and/or financial position of the Group. For the purposes of partly mitigating the prospective adverse impact of this type of risk has secured coverage with leading insurance companies.

Finally, note that the Nexi Group employs hybrid working arrangements for its employees and contractors, alternating working from home with working in the office. The use of teleworking and remote links may bring about an increase in IT security risks for enterprises. In such a context, it is becoming increasingly important to be prepared to deal with cyberattacks in order to minimise impact. To face teleworking-related cyber threats, Nexi has implemented specific IT security measures and enhanced training and information concerning risks and the relevant conduct to be followed. Besides, the Group has continued to put in place the IT security measures provided for by the strategic plan for mitigating IT risks, and it has regularly monitored their implementation.

With regard to the Russia/Ukraine conflict, there was no increase in suspicious activities or cyber threats at the group level, but a dedicated task force was nonetheless established in order to: (i) monitor unusual events in all companies, (ii) define preventive measures to be implemented (e.g. offline backup of critical systems, mapping of network connections to warring countries, preparation of filters based on geographical locations, etc.), (iii) coordinate with intelligence providers, both national and European. Nexi also has Disaster Recovery and Business Continuity plans and procedures for critical services to be triggered in the event of a crisis.

Operational Risks Related to IT, Communication and Technological Infrastructure (so-called ICT Infrastructure), and to the Malfunction Thereof

The reliability, operational performance, integrity and continuity of the ICT infrastructure of the Nexi Group and the technological networks are crucial to the Group's business, prospects and reputation.

An especially crucial part of the ICT infrastructure in question are the merchant acquiring and card issuing platforms, whether debit or credit, domestic or international. Said platforms comprise systems tasked with digital payments' authorisation and settlement processing, card issuing and management, payment terminal and services management – all of which subject to interbank standards, involving, among other requirements, features such as two-way messaging, transactions and notifications, as well as Digital Corporate Banking systems.

Crucially, in respect of platforms handling merchant acquiring, card issuing, terminals management, bank payment systems and other products/services, operability may be compromised by Group or third-party service provider ICT systems damage or malfunctions.

Malfunctions can be caused by migrations to new technological or application environments, in the case of significant changes in the production environment, or by human error, insufficient and incomplete testing, cyber-attacks, unavailability of infrastructure services (e.g. electrical or network connectivity) or natural phenomena (e.g. floods, fires or earthquakes). In this regard, in general, it should be noted that Nexi has been identified as a "systemic operator" in the financial sector by the Bank of Italy and for this reason participates in CODISE (structure established in 2003 for the coordination of operational crises in the Italian financial system). This circumstance implies that Nexi itself is required to guarantee the ability to restore its systemic services extremely rapidly in the event of any type of possible malfunction as exemplified above. Such incidents, if not promptly reinstated, could have a practical impact on the availability of ATM cash withdrawals and the ability to process bank transfer transactions.

With particular regard to malfunctions attributable to migrations to new technological or application environments, note that the Nexi Group – due to the integration with the acquired companies – has undertaken an extensive process of IT rationalisation. Therefore, it will be necessary, among other things, to migrate certain technological systems from the platforms owned by the respective corporate groups to the target platforms identified by the Nexi Group, as an entity resulting from the Mergers.

Nexi has adopted an IT risk management model that is integrated with the operational risk management framework and consistent with the overall system of internal controls. This model is based on the three lines of defence (operational units and second- and third-level control functions) and includes specialised units to counter any critical IT and security issues. Specifically, a unit is dedicated to IT security, which defines strategies to protect systems and information, governs business continuity and security incident management processes and verifies the application of security standards and processes. The infrastructure management unit is responsible for the continuity of IT services, the control and management of IT incidents, the transition of new services, systems, applications and changes into production, and the design, implementation and technical operation of Nexi's technological infrastructures. Should the latter provisions prove inadequate in the face of service and system disruption, that may result in failure to deliver on agreed service levels with reference to either availability of service or customer transaction processing reliability. That, in turn, may lead to loss of earnings as well as customers opting for another payment services provider, compensation fees, damage to reputation, additional operating expenses in light of repairs, as well as other losses and liabilities.

Should any of the above circumstances arise, they could have a significant negative impact on the Nexi Group's economic, equity and/or financial position.

Risks Associated with Dependence on Suppliers

In order to conduct its business, the Nexi Group relies on third-party service providers and product suppliers. Its main suppliers include (i) payment processors, (ii) providers of smart cards compliant with the EMV (Europay Mastercard Visa) standard and card personalisation services, (iii) suppliers of advanced POS terminals featuring an advanced, flexible Android-based operating system, (iv) suppliers of traditional POS terminals and (v) suppliers of ATMs.

Finally, the Nexi Group also relies on suppliers of external services to connect its platforms with those of third parties, including Visa and Mastercard platforms. Hence, any damages ascribable to service providers, as much as any failure to perform data centre maintenance, or any network infrastructure downtime, may result in a service breakdown.

Partnering with third parties allows Nexi to attain greater efficiency, to optimise operating costs and to focus on its core business. However, increased reliance on third parties may

breed levels of dependence that may expose Nexi to risks in respect of service level oversight, data management and protection, systems continuity, concentration, compliance and reputation.

Risks Linked to Exposure to Credit/Counterparty Risk

For the Nexi Group credit risk mainly originates in the area of:

- Acquiring activities, and specifically in the form of:
 - chargeback risk: in the event of non-delivery of a product/service purchased on a pre-paid basis, the cardholder may receive an advance from the acquirer, who only then sees reimbursement from the merchant;
 - return risk: if a cardholder decides to exercise the right of withdrawal for online purchases of products/services, the acquirer is obliged to make the refund and only then is the amount settled with the merchant;
 - risk associated with non-payment of fees (i.e. Merchant Fees) in cases where net settlement is not applied.
- Issuing activities. Nexi manages "Retail" credit cards (in the name of individuals) and "Corporate" credit cards (in the name of legal entities). Nexi debits the expenditures of credit card customers on a date that is later than the date on which the payments were made, thus establishing a receivable due from the cardholders.
- Buy Now Pay Later ("BNPL") activities where the credit risk is inherent in the type of service provided.
- Processing activities, and in particular in relation to trade receivables generated by non-payment of invoices to non-banking customers.

Note that the Nexi Group has policies in place to manage and mitigate credit risk. The various mitigation levers include the request for bank guarantees or other types of collateral (e.g. Rolling Reserve, deferred settlement, Business Damage).

Risks Linked to Merchant, Cardholder, Supplier or Other Third-Party Fraud

The Nexi Group may incur liabilities and may suffer damages, including reputational ones, related to fraudulent digital payment transactions, fraudulent receivables claimed by merchants or other parties, or fraudulent sales of goods and services, including fraudulent sales by merchants of the Group in the Merchant Solutions and Issuing Solutions business lines.

Examples of commercial fraud may include phishing attacks, the sale of counterfeit goods, the malicious use of either stolen or counterfeit credit or debit cards, use by merchants or other parties of payment card numbers or of other card details to register a false sale or transaction, the processing of an invalid card, and the malicious failure to deliver goods or services sold within the scope of an otherwise valid transaction.

The parties engaging in criminal counterfeiting and fraud resort to increasingly sophisticated methods. Failure to identify thefts and the failure to effectively manage fraud risk and prevention may increase the Group's charge-back liability or cause the Group to incur other liability, including fines and sanctions. Although the Group is equipped with sophisticated monitoring and detection systems to alert its competent offices and has implemented additional authentication steps in the process (SCA requirements), these may not be able to prevent all cases of fraud or be subject to technical malfunction. In view of the increasing trend in fraud attempts, the Group could be exposed to an economic

impact in terms of increased chargebacks or other liabilities, a worsening of the online customer experience and a significant reputational impact that would affect consumer confidence in using digital payment systems.

Compliance Risks

Risks Linked to Continuous Developments in the Regulatory Environment

In the wake of a number of regulatory interventions at the European and Italian levels and of ensuing domestic implementation rules, the industry's regulatory environment is subject to ongoing change on several fronts. Adaptation in such a scenario requires concerted effort and can also be time-constrained and may thus directly impinge on profitability and compliance costs of the Nexi Group.

In the normal course of its business, the Nexi Group is subject to extensive regulation and supervision by the competent national authorities in the countries where the Group is present, each within their respective jurisdiction, and by the European Central Bank, in particular for network supervision per payment system.

Pursuant to the PSD2 directive, Nexi Group is under obligations to comply with, among other things, rules pertaining to data security reporting, systems interoperability and consumer protections in respect of payments.

With regard to the regulatory scope of anti-money laundering, the Nexi Group works continually to improve controls to counter emerging phenomena, also as a result of new initiatives, including the fine tuning of processes for the management of restrictive measures and international sanctions following the start of the war between Russia and Ukraine.

With reference to the GDPR regulation, it is worth noting that Nexi Group, in pursuing its activities, processes the personal data of cardholders and merchants, and, as such, is under obligations to comply with data protection and privacy laws issued in the EU.

Within the context of commercial ties to international card schemes, among which Visa and Mastercard, and as part of its acquiring and issuing activities, Nexi Group operates under specific licensing agreements. Such agreements require that Nexi Group comply with binding rules which are periodically updated by the international scheme operators themselves, and that it maintain certification under the Payment Card Industry Data Security Standards issued by the Payment Card Industry Security Standards Council.

With regard to transparency, the Nexi Group continues to implement actions designed to maintain full compliance. Its efforts focus especially on payment services transparency, customer pre-contract information and claims management.

Nexi Group companies are subject to domestic Italian and European competition rules and regulations. To ensure compliance with the latter, the Nexi Group has established an internal "Antitrust Compliance Programme", aimed both at expanding Nexi employee awareness of antitrust rules and regulations and of their impact on Group activities, and at providing guidance as to how to prevent actions, behaviours and any shortcomings that may constitute a violation of said rules and regulations.

As a listed company, Nexi SpA is subject to the entire range of special listing rules, which include but are not limited to the Italian Consolidated Law on Finance, Consob regulations, the EU's MAD II Directive and MAR Regulation, Italian Law 262/2005, as well as the codes of conduct and best practice rules applicable to regulated markets.

In general, the Nexi Group is exposed to the risk that additional restrictions and/or constraints will be applied to operators in the paytech sector, or that oversight will increase by the Supervisory Authorities, thus increasing the costs that the Nexi Group must incur to comply with these new regulations and/or in relation to the results of such oversight.

Note also that Nexi is subject to oversight by the European Central Bank, which sets out the oversight requirements for systemically important payment systems. In its relations with institutional customers (such as Central Banks or financial institutions), the Group is indirectly subject to the regulations governing the activities of such customers.

Some companies within the Nexi Group have in recent years been subject to inspections or administrative proceedings, both of an ordinary nature (mostly) and of an extraordinary nature by competent authorities including the German Federal Financial Supervisory Authority (BaFin), the Danish Financial Supervisory Authority (FSA) and the Polish Financial Supervisory Authority (KNF) in relation to various areas, including anti-money laundering. Note also that in 2022 Nexi Payments was subjected to two inspections by the Bank of Italy on general issues and in relation to the provisions introduced by PSD2 on unauthorised payment transactions, fraud and disavowals.

Non-compliance risk management is entrusted to the organisational and operational functions established, both at Group and local level, with a view to averting any departures from standing rules and regulations.

Financial Risks

Risks Linked to Debt Refinancing

The Group has significant financial indebtedness, as described in the section "Changes in Group Debt".

With respect to such debt, Nexi incurs high financial charges that could generate negative effects on the Group results and on its capacity to generate cash flows and distribute dividends, with potential effects on its capacity to repay debts at their due dates, as well as the capacity to support the investments necessary for business development.

At the date of this Report no significant critical issues regarding the Group's funding liquidity risk had been identified, although due consideration was given both to the direct consequences of the economic crisis, initially caused by the Covid-19 pandemic and later the Russia/Ukraine conflict, and to the debt refinancing operations of the group headed by Nets and SIA, following the mergers with these companies.

However, the Nexi Group cannot rule out that at a future date it may have to refinance its debt at due date or that, for whatever reason, it may have to replace its current factoring lines or other credit lines and that this circumstance may lead to higher charges and costs and/or lead to disruptions or delays in service provision also due to the required timeframe for replacement, to the extent that this may compromise Group operations.

Risks Related to Interest Rate Fluctuations

As of 31 December 2022, net of the effect of hedging derivatives, approximately 25% of the Nexi Group's medium-long term Financial Liabilities expressed at nominal value were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index. Nexi periodically monitors the forward curves of the variable rates of reference,

paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is primarily exposed to. Also in light of this monitoring – taking into consideration the maturity of the relative debts – in the second half of 2022 the Nexi Group decided to implement certain interest rate risk hedging transactions, qualifying as hedge accounting (so-called cash flow hedges) realised through interest rate swaps.

Also as a result of the Russia/Ukraine crisis, there was a clear change and worsening of the economic situation, especially with regard to inflation, which led the European Central Bank (ECB) to revise its monetary policies. During the second half of 2022, the Governing Council of the ECB decided, among other things, to raise the three key interest rates respectively by 50 basis points (July 2022), a further 75 basis points (September 2022 and October 2022) and 50 basis points (December 2022).

These measures are considered essential by the ECB in order to ensure a return of inflation to its 2% target in the medium term, in line with its mandate to preserve price stability, in an environment characterised by a current level of inflation judged to be too high and projected to remain above that target for a prolonged period of time.

A further normalisation of interest rates is considered appropriate for the next Council meetings. The future development of reference rates will be driven by data and how these will change the ECB's assessment of the outlook for prices in the medium term.

In light of the foregoing, it cannot be excluded that if there were significant fluctuations in variable interest rates in the future (which would lead them to be positive) and the risk hedging policies possibly adopted by the Nexi Group were not adequate, there may be an increase in the financial charges, with consequent significant impacts on the Nexi Group's results and prospects.

Risks Related to the Rating Assigned to Nexi and its Bonds Issued

The rating agencies Fitch, Moody's and S&P's have rated Nexi and the bonds issued below investment grade (meaning the rating given to debt instruments issued by companies with high creditworthiness). In fact, the Nexi Group's debt is classified as sub-investment grade, thus requiring a higher yield to attract investors. Issuers of high yield debt instruments may face greater difficulties in accessing credit, especially in times of financial market volatility, therefore there is a risk of not being able to easily access new financing if necessary and/or refinance its existing debt. The rating assigned to Nexi and the Bond Loans by the rating agencies could be influenced by several factors, including external factors such as any worsening of the yield differential of Italian government bonds (spreads) compared to other reference European government bonds and/or the rating attributed to the Italian State as well as the performance of the national and international macroeconomic context. In this sense, even the worsening of Italy's sovereign rating could lead to the decrease of one or more ratings attributed to Nexi or to the its bonds issued, with possible negative effects on access to various liquidity instruments, not to mention its ability to compete in the capital markets, with an increase in financing costs and consequent negative effects – even significant – on the assets, equity, economic and/or financial position of the Nexi Group.

Business Outlook

After a marked slowdown in H2 2022, the macro forecasts for the current year see weak dynamics in the EU area (GDP +0.8%, according to the latest European Commission projections, Feb. 2023). However, thanks to the easing of inflationary pressures, expansionary fiscal policies and reopenings in China, the recession feared until the beginning of the year now seems unlikely in the absence of unforeseen exogenous shocks.

In Italy, household consumption, which was buoyed by a return to pre-pandemic spending habits in 2022, could be affected by inflation and deteriorating confidence in the first half of the year, and then gradually accelerate. According to recent forecasts, Germany could head off a 2023 recession thanks to the massive fiscal stimulus plan, as well as reduced pressure on energy prices. Despite their reduced energy dependence on natural gas, lacklustre macro-economic dynamics are also expected in the Nordics countries, especially in Sweden, which is suffering from household debt in a context of rising interest rates.

In an economic framework that nevertheless promises to be complex, the Group remains committed to the construction of "One Nexi" following the business combination with Nets and SIA and the consequent strategic review of the business portfolio with a view to focusing on the reference market.

Taking into account the progress of the integration sites and based on the information currently available, for 2023, consistent with its medium/long-term financial targets, the Group expects:

- Revenue and EBITDA to grow by more than 7% and 10% respectively;
- Generation of "excess cash"³ of at least Euro 600 million;
- Net financial leverage³ approximately equal to 3x EBITDA;
- Normalised earnings per share³ up by more than 10%.

This guidance is based on the Group scope reflecting both the recently closed M&A transactions (acquisition of BPER's merchant book in Italy and ISP's merchant book in Croatia, sale of the non-SEPA business and the Customer Desk in Greece) and some assets classified under EBITDA as non-core business.

In fact, the financial targets are part of the medium- to long-term strategic development and growth path envisaged in the 2021-2025 Business Plan, approved last September and aimed at capturing the Group's full value creation potential through: 1) differentiation through scale and proximity to the target market and customers; 2) accelerated and targeted growth in the SME, e-commerce and Advanced Digital Issuing sectors; 3) achievement of strong synergies and continuous operational leverage. With a view to focusing on the payments market and in a "best owner" logic, it is planned to divest the "non-core" businesses represented by Nets DBS (digital identity business in the Nordics) and Ratepay (operating in the "Buy Now, Pay Later" business in Germany). As part of the plan, Nexi aims to accelerate organic revenue growth and record a generation of cash that opens up strategic opportunities to create value for shareholders (see the information issued on 27 September 2022 for more details).

Related-Party Transactions

Pursuant to relevant rules and regulations, the Company has set up a Procedure for Related-Party Transactions, the contents of which are published on its website. This procedure was updated in 2021 in order to incorporate the changes introduced by Consob Resolution 21624 of 10 December 2020 effective from 1 July 2021.

During the year, the Group did not execute any transactions qualifying as "major" or transactions that had a material impact on the financial position or results of the Nexi Group.

³ Metrics of a management nature, which are not part of the alternative IFRS performance indicators described above.

Information pertaining to financial and economic transactions between Nexi Group companies and related parties are detailed under the specific section of the Notes to these Financial Statements (section 37 of the Notes to the Financial Statements), to which reference should be made.

Unusual or Non-Recurring Transactions

No unusual or non-recurring transactions, other than those described under section "Significant Events during the Reporting Period", were carried out in 2022.

Research & Development

Note that the Group did not undertake any research and development activities in 2022. Please refer to the section "Group Information System" for information on the execution of project initiatives and activities involving the Group's applications during 2022.

Treasury Shares

In 2021 the Parent Company Nexi SpA purchased 325,000 of its treasury shares, which in the same year and in 2022 were partly used in settlement of the share-based remuneration plan (long-term incentives).

The remaining shares as of 31 December 2022 amount to 279,147 recorded in the financial statements at a value of Euro 4,439,985.

At 31 December 2022 no treasury shares of the Nexi Group were held by the other companies of Group.

Financial Instruments

In addition to receivables arising from the activities of the operating companies, the Group holds Visa Class C shares, which are convertible into ordinary shares, and entered into a number of derivative contracts in 2022 to hedge the interest rate risk associated with outstanding floating-rate loans. Furthermore, the Group issued two convertible bond loans during 2020 and 2021. For further information see the Notes.

Registered Office

The registered office of the Parent Company is Corso Sempione 55, Milan.

Going Concern

The Directors confirm the reasonable expectation that the Group will continue to operate on a going concern basis in the foreseeable future. Note also that, based on the Company's financial and equity structure and on its business performance, nothing would suggest any cause for uncertainty as to going concern.

There were no significant operational or economic impacts resulting from the Russia/Ukraine conflict. However, as per its business continuity procedures, the Group organised

a special Crisis Management Team in the earliest days of the conflict to closely monitor the evolution of the crisis and to implement the necessary actions to protect the Customers and the business. In fact, the areas under continuous monitoring are people, business continuity, cyber risk, business impact and regulatory compliance.

Rating

In 2022, following the completion of the merger with Nets and SIA and the improvement of the business and financial profile, the rating agencies Standard & Poor's and Fitch revised the rating of Nexi SpA and the Bonds upwards compared to 31 December 2021. Nexi SpA ratings at the reporting date are listed in the table below.

	Moody's	S&P Global Ratings	Fitch Ratings
LT Corporate Family Rating			
LT Issuer Credit Rating	Ba2	BB+	BB
LT Issuer Default Rating			
Outlook	Stable	Positive	Stable
Last Review Date	8 Jul 2022	10 March 2023	14 Feb 2023

Significant Events after the Reporting Period

On 27 February 2023 Nexi and Banco Sabadell signed an agreement for a long-term partnership in the Spanish market. The transaction involves Nexi's acquisition of 80% of Sabadell's merchant acquiring business following its spin-off into PayComet, a wholly owned subsidiary of Sabadell and an already licensed payment institution, for an upfront cash consideration of Euro 280 million, reflecting an Enterprise Value of Euro 350 million for 100%. Nexi will finance the transaction entirely from available cash. Also envisaged is an exclusive distribution agreement for an initial term of 10 years, with two potential renewals of a further five years each. Upon completion of the transaction, Nexi will acquire more than 380,000 merchants and approximately Euro 48 billion in transaction volumes by December 2022. Based on the information currently available, the merchant acquiring business is expected to generate an EBITDA of about Euro 30 million based on 2023 figures, with an implied EV/EBITDA 2023 of about 11.5x. The closing of the transaction, expected by the end of 2023, is subject to the obtaining of the regulatory authorisations foreseen for operations of this type.

Note also that during the first months of 2023 the last drawdown of the 2022 term loan was made for a value of Euro 150 million, and that on 28 February 2023 the closing related to the acquisition of the merchant acquiring business from Intesa Sanpaolo - Croatia described above took place.

Reconciliation Summary

The table below details reconciliation between Shareholders' equity and profits of Parent Company Nexi SpA and their corresponding value in the consolidated financial statements for Nexi Group.

(Amounts in thousand euros)

	Shareholders' equity	Profit for the year
Balance of accounts for Parent Company at December 31, 2022	12,541,849	209,774
Effect of consolidation of subsidiaries	(237,654)	242,335
Effect of measurement at equity method	5,047	3,463
Other adjustments including comprehensive income	(89,652)	-
Dividends collected in the year	-	(315,549)
Balance of consolidated accounts at December 31, 2022	12,219,590	140,023

Milan, March 6, 2023
The Board of Directors



1.2

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousand euros)

ASSETS	Notes	Dec. 31, 2022	Dec. 31, 2021 Restated
Cash and cash equivalents	3	448,778	1,546,116
Financial assets at Fair Value	4	146,904	74,508
Financial assets measured at amortised cost:	5	4,358,386	3,398,230
a) loans and receivables with banks		1,875,404	1,595,782
b) loans and receivables with financial entities and customers		2,482,982	1,802,448
Hedging derivatives	6	870	-
Equity investments	7	41,820	63,678
Tangible assets	8	563,354	543,539
Intangible assets	9	17,977,577	18,062,681
of which: Goodwill		13,104,984	12,769,109
Tax assets	10	210,818	242,244
a) current		14,896	25,080
b) deferred		195,922	217,164
Non-current assets held for sale and discontinued operations	11	2,471	1,790
Other assets	12	1,724,483	1,272,927
Total assets		25,475,461	25,205,713

(Amounts in thousand euros)

LIABILITIES	Notes	Dec. 31, 2022	Dec. 31, 2021 Restated
Financial liabilities measured at amortised cost	13	9,649,341	9,912,122
a) due to banks		3,495,963	3,649,309
b) due to financial entities and customers		2,141,864	1,813,534
c) securities issued		4,011,514	4,449,279
Financial liabilities at Fair Value through profit or loss	14	230,428	168,529
Hedging derivatives	6	256	-
Tax liabilities	10	1,232,172	1,298,510
a) current		106,715	47,571
b) deferred		1,125,457	1,250,939
Liabilities associated with non-current assets held for sale and discontinued operations	11	721	641
Other liabilities	15	1,951,924	1,284,285
Post-employment benefits	16	30,996	39,847
Provisions for risks and charges	17	141,886	193,611
Share capital	18	118,583	118,452
Treasury shares (-)	18	(4,440)	(4,493)
Share premium	18	11,587,260	11,587,260
Reserves	18	468,390	523,080
Valuation reserves	18	(90,226)	36,729
Profit (loss) for the year	19	140,023	37,729
Equity attributable to non-controlling interests (+/-)	18	18,147	9,411
Total liabilities and equity		25,475,461	25,205,713

CONSOLIDATED INCOME STATEMENT

(Amounts in thousand euros)

	Notes	2022	2021 Restated
Fees for services rendered and commission income	20	5,399,141	3,052,658
Fees for services received and commission expense	21	(2,106,995)	(1,280,180)
Net fee and commission income		3,292,146	1,772,478
Interest and similar income	22	49,650	20,399
Interest and similar expense	23	(221,310)	(199,864)
Net interest income		(171,660)	(179,465)
Profit (loss) on hedging/financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at Amortised cost	24	793	(67,969)
Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income	25	(20,496)	(6,997)
Financial and operating income		3,100,783	1,518,047
Administrative expenses	26	(1,895,730)	(1,073,390)
Personnel-related costs	26.1	(819,030)	(407,991)
Other administrative costs	26.2	(1,076,700)	(665,399)
Other operating income/expenses, net	27	139	3,098
Net value adjustments on assets measured at amortised cost	28	(13,159)	(4,995)
Net accruals to provisions for risks and charges	29	7,556	(26,851)
Net value adjustments/write-backs on tangible and intangible assets	30	(932,770)	(374,057)
Operating margin		266,819	41,852
Profit (loss) from equity investments and disposals of investments	31	3,281	1,441
Profit (loss) before taxes from continuing operations		270,100	43,293
Income taxes	32	(134,753)	(4,038)
Income (loss) after tax from discontinued operations	33	7,701	(34)
Profit (loss) for the year		143,048	39,221
Profit (loss) for the year attributable to the parent company		140,023	37,729
Profit (loss) for the year attributable to non-controlling interests	34	3,025	1,492
Basic earnings per share	41	0.11	0.05
Diluted earnings per share	41	0.11	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousand euros)

	2022	2021 Restated
Profit (Loss) for the year	143,048	39,221
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at fair value through other comprehensive income	32,716	(8,707)
Defined benefit plans	6,209	(90)
Items that will be reclassified subsequently to profit or loss		
Exchange rate changes	(165,947)	6,071
Cash flow hedges	226	-
Other comprehensive income (net of tax)	(126,796)	(2,726)
Total comprehensive income	16,252	36,495
Consolidated comprehensive income attributable to non-controlling interests	3,184	1,336
Consolidated comprehensive income attributable to the parent company	13,068	35,159

Note: for further details see section 36.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2022

(Amounts in thousand euros)

	Balance as at January 1, 2022	Change in opening balance	Balance as at January 1, 2022 Restated	Allocation of prior year profit		Changes in the year		2022 Comprehensive income		Shareholders' equity as at December 31, 2022
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit (loss) for the year	Other comprehensive income items	
1. Group equity:	12,315,980	(17,223)	12,298,757	-	-	(92,235)	-	140,023	(126,955)	12,219,590
Share capital	118,452		118,452				131			118,583
Tresuary shares	(4,493)		(4,493)			53				(4,440)
Share premium	11,587,260		11,587,260							11,587,260
Reserves	523,080		523,080	37,729		(92,288)	(131)			468,390
Valuation reserves	41,448	(4,719)	36,729						(126,955)	(90,226)
Profit for the year	50,233	(12,504)	37,729	(37,729)				140,023		140,023
2. Shareholders' equity attributable to non-controlling interests:	9,411	-	9,411	-	(1,502)	7,054	-	3,025	159	18,147
Total shareholders' equity	12,325,391	(17,223)	12,308,168	-	(1,502)	(85,181)	-	143,048	(126,796)	12,237,377

Note: for further details, see section 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2021

(Amounts in thousand euros)

	Balance as at January 1, 2021	Change in opening balance	Balance as at January 1, 2021 Restated	Allocation of prior year profit		Changes in the year		2021 Comprehensive income		Balance at December 31, 2021
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit (loss) for the year	Other comprehensive income items	
1. Group equity:	1,548,065	-	1,548,065	-	-	153,815	10,566,437	50,233	(2,570)	12,315,980
Share capital	57,071		57,071				61,381			118,452
Tresuary shares	-		-			(4,493)				(4,493)
Share premium	1,082,204		1,082,204				10,505,056			11,587,260
Reserves	236,846		236,846	127,926		158,308				523,080
Valuation reserves	44,018		44,018						(2,570)	41,448
Profit for the year	127,926		127,926	(127,926)				50,233		50,233
2. Shareholders' equity attributable to non-controlling interests:	9,685	-	9,685	-	(1,891)	281	-	1,492	(156)	9,411
Total shareholders' equity	1,557,750	-	1,557,750	-	(1,891)	154,096	10,566,437	51,725	(2,726)	12,325,391

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Amounts in thousand euros)

	2022	2021 Restated
A. OPERATING ACTIVITIES		
1. Operations	991,718	323,707
Profit for the year	143,048	39,221
Net losses on financial assets held for trading and other financial assets/liabilities measured at Fair Value through profit or loss and hedged assets	(735)	-
Net accruals to provisions for risks and charges and other costs/revenues	(7,556)	1,303
Amortisation, depreciation and net impairment losses on tangible and intangible assets	932,770	374,057
Unpaid taxes, duties and tax assets	(8,708)	(253,633)
Other adjustments	(67,101)	162,759
2. Cash flows generated/(used) by financial assets	(1,142,698)	(310,386)
Loans and receivables with banks	(147,408)	81,464
Loans and receivables with customers	(704,941)	(183,292)
Other assets	(290,349)	(208,558)
3. Cash flows generated/(used) by financial liabilities	785,363	310,645
Payables to banks	(64,261)	188,219
Payables to customers	465,804	3,205
Other liabilities	383,820	119,221
Net cash flows generated by operating activities	634,383	323,966
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	(146,126)	(100,917)
Acquisitions of intangible assets	(380,673)	(180,744)
Sale/purchase of subsidiaries, business units and other non-current assets	(498,874)	(244,343)
Net cash flows used in investing activities	(1,025,673)	(526,004)
C. FINANCING ACTIVITIES		
Repayments of loans and securities (*)	(1,502,513)	(1,653,740)
Dividends (paid)/received	1,897	(1,891)
Issues/purchases of equity instruments	-	(5,055)
Issues of debt instruments and new loans (**)	794,568	3,249,756
Net cash flows generated/(used) by financing activities	(706,048)	1,589,070
NET CASH FLOWS GENERATED/(USED) FOR THE YEAR	(1,097,338)	1,387,032
Net cash generated/used during the year	(1,097,338)	1,387,032
Cash and cash equivalents at the start of the year	1,546,116	159,084
Cash and cash equivalents at the end of the year	448,778	1,546,116

(*) consisting mainly of repurchase of bonds (Euro 450 million), repayments of bank loans (Euro 874 million), repayment of Term Loan (Euro 100 million) and repayment of leasing debt (Euro 48 million).

(**) composed mainly of the 2022 Term Loan (Euro 745 million, net of direct transaction costs) and BPER loan (Euro 50 million).



1.3

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FORM, CONTENT AND OTHER GENERAL INFORMATION

Name of the entity preparing the financial statements or other means of identification
Nexi SpA
Entity registered office Milan - Corso Sempione 55
Legal form of the entity
SpA
Country of registration
Italy
Address of the entity's registered office
Corso Sempione 55
Main place of business
Milan - Corso Sempione 55
Description of the nature of the entity's business and its main operations:
Holding of equity investments. Operating companies operate in the e-money sector (acquiring and issuing) and payments Parent entity name
Nexi SpA
Company name of the Parent Company
SpA
Duration of the entity set up for a fixed term
The duration of the Company is set at 31 (thirty-one) December 2100 (two thousand one hundred) and may be extended one or more times in the manner envisaged by law
Year that the financial statements pertain to
2022



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

In accordance with the provisions of art. 154 of Italian Legislative Decree no. 58 of February 24, 1998, the Group has prepared these Consolidated Financial Statements as at December 31, 2022 in compliance with the IAS/IFRS, issued by the International Accounting Standards Board (IASB) and subject to interpretation by the International Financial Reporting Interpretations Committee (IFRIC), as ratified by the European Commission and transposed into Italian Law via Italian Legislative Decree 38/2005 pursuant to Community Regulation no. 1606/2002. In preparing the Consolidated Financial Statements as at 31 December 2022, the IAS/IFRS standards endorsed and in force as at 31 December 2022 were applied, including the SIC and IFRIC interpretative documents.

Moreover, as required by current regulations, Nexi's consolidated financial statements are made available to the public in the iXBRL format. Note that due to technical problems some information contained in the Notes to the Consolidated Financial Statements, prepared in ESEF format and extracted from the XHTML format in an XBRL instance, may not be reproduced identically to what is contained in the consolidated financial statements in XHTML format.

The Consolidated Financial Statements as at 31 December 2022 comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Notes to the Financial Statements, which include the criteria used for their preparation, and the related comparative information. The Consolidated Financial Statements are also accompanied by the Board of Directors' Management Report addressing the Group's operating performance, its economic results and its equity and financial position.

In addition to the amounts for the reporting period, the Financial Statements and Notes to the Financial Statements also present the comparative figures as at 31 December 2021, which have been restated due to the completion of the Purchase Price Allocation process of Nets and SIA as detailed in section 39 of the Notes to the Financial Statements.

The Consolidated Financial Statements as at 31 December 2022 are prepared in euro which is the Company's functional currency. Unless otherwise stated, amounts in the financial statements and notes are expressed in thousands of euros.

As also specified in the Management Report, the measurement criteria are adopted considering the corporate business as a going concern with entries made on an accruals basis, respecting principles of relevance and significance of the accounting information and substance over form. Furthermore, no compensation is made between costs and revenues or between assets and liabilities except in cases expressly provided for or accepted by the accounting standards in force.

As well as providing all information mandatory pursuant to international accounting standards, the law, Consob and ESMA,

the Management Report and the Notes also provide additional non-mandatory information deemed useful for the purposes of presenting a true and fair view. In continuity with what was done during the drafting of the 2021 annual financial statements, also for the purposes of the 2022 consolidated financial statements, reference was made to the ESMA documents of 20 May 2020 and 28 October 2020 and to the Consob documents of 16 July 2020 and 16 February 2021 relating to the impacts deriving from the Covid-19 pandemic.

Moreover, in connection with the invasion of Ukraine that began on 24 February 2022 by troops of the Russian Federation, reference was made to the “European common enforcement priorities for 2022 annual financial reports” Public Statement issued by ESMA on 28 October 2022 for the preparation of the 2022 consolidated financial statements. Finally, account was taken of the joint Consob/Bank of Italy/IVASS statement of October 27, 2022 (“IAS/IFRS Financial Statements as at 31 December 2022 - Disclosures on the Transition to IFRS 17 and IFRS 9”), which requires users of financial statements to understand the impact that the adoption of IFRS 17 and, for many insurance companies, IFRS 9 will have on their financial position and results of operations. Note that the above principles have no impact on the Group’s financial statements.

In 2022 the Group applied accounting standards consistent with those of the previous year, except for the changes in accounting standards issued by the IASB and effective as of 1 January 2022. More specifically, the changes – which did not have a significant impact on the Group – concern:

- IAS 16 - Cost components: introduces a prohibition against deducting from the cost of property, plant and equipment amounts received from the sale of items produced before the activities necessary to prepare the asset for its intended purpose are completed. The company must recognise these sales proceeds and related costs in the income statement;
- IAS 37 - Onerous contracts: it is clarified that in order to assess whether a contract is onerous, it is necessary to include in the estimate all costs directly related to the contract and not only the incremental costs necessary to perform the contract. Accordingly, the assessment of whether a contract is onerous includes incremental costs (e.g. the cost of direct material used in the production), but also all costs that the company cannot avoid as a result of entering into the contract (e.g. the share of personnel costs and depreciation of machinery used in the performance of the contract);
- IFRS 3 - References to the Conceptual Framework: the reference to the new 2018 version of the Conceptual Framework has been updated and an exception to the requirements for recognising contingent liabilities under IFRS 3 has been inserted in order to avoid changes to pre-existing accounting methods. Furthermore, the prohibition against recognising contingent assets (i.e. those assets whose existence will only be confirmed by uncertain future events) in business combinations is made explicit (previously this prohibition was only explicitly stated in the Basis for Conclusion).

With this Regulation, the usual annual improvements – Annual cycle of improvements to IFRS 2018-2020 – that clarify the wording or correct errors, oversights or conflicts between the requirements of the standards were also implemented. Amongst these minor amendments are changes to IFRS 9 Financial Instruments, with some clarifications concerning the fees to be included in the 10% test for the derecognition of financial liabilities. In this regard, it is specified that only fees paid or received between parties should be included, and not also fees directly attributable to third parties.

The changes to the accounting standards described above had no significant impact on the Group’s financial statement balances and comparisons.

As of 1 January 2023 it will be mandatory to apply International Accounting Standard “IFRS 17 Insurance Contracts” and subsequent amendments “Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”, amendments to International Accounting Standard “IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies”, the amendments to International Accounting Standard “IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” and the amendments to International Accounting Standard “IAS 12 Income Taxes: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction” following endorsement by the European Union.

It is expected that these changes will have no significant impact on the Group.

The table below shows the standards for which amendments have been issued but not yet approved by the European Union.

IASB documents	IASB publication date
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	23/01/2020 – 15/07/2020
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022

Since none of these has been approved by the European Union, they have not impacted the Consolidated Financial Statements as of 31 December 2022.

The Consolidated Financial Statements are accompanied by a statement by the Managing Director - CEO and by the Financial Reporting Manager, in accordance with Article 154 bis of the TUF and subjected to an audit by the independent auditors PricewaterhouseCoopers SpA.

Contents of the accounting statements

Statement of Financial Position and Income Statement

The Statement of Financial Position and the Income Statement consist of items, sub-items and additional, more detailed information. In the Income Statement, revenues are indicated with no sign, while costs are preceded by the minus sign.

Statement of Comprehensive Income

The Statement of Comprehensive Income starts out from the profit (loss) for the period to show the items of income recognised as counter-entries in the valuation reserves, net of the relevant tax effect, in compliance with the international accounting standards. Consolidated comprehensive income is presented with separate evidence of the income components that will not be recognised in the income statement in the future and those that may otherwise be reclassified to profit (loss) for the year under certain conditions. The statement also distinguishes the share of profitability pertaining to the Parent Company from that pertaining to minority shareholders. Negative amounts are preceded by a minus sign.

Statement of Changes in Equity

The Statement of Changes in Equity shows the changes to shareholders' equity accounts that took place during the year covered by the financial statements and the previous year, divided up into share capital, reserves (capital reserves and net income reserves), valuation reserves and the profit (loss) for the period. Any treasury shares reduce Shareholders' equity. The "Equity" components included in the Bond Loans issued, net of the direct transaction costs, increase Shareholders' equity.

Statement of Cash Flows

The statement of cash flows provides information on cash flows for the year of the consolidated financial statements under review and the previous period, and has been prepared using the indirect method whereby, in reporting cash flows from operating activities, profit or loss is adjusted for the effects of non-monetary transactions.

Cash flows are broken down into those generated by operating, investing and financing activities. It should be noted that, as required by IAS 7.43, cash flows from investment activity have been excluded those that did not require the use of cash or cash equivalents, including leases. The cash flows generated in the period are indicated with no sign, while the cash flows absorbed in the period are preceded by the minus sign.

Contents of the Notes to the Financial Statements

The Notes to the Financial Statements provide all information envisaged by the international accounting standards.

The measurement criteria, described below, were adopted to determine all information given in the consolidated financial statements.

Consolidation criteria

The Group has established the consolidation scope in accordance with IFRS 10 - Consolidated Financial Statements. Accordingly, the concept of control is fundamental to consolidation of all types of entities. It exists when the investor concurrently:

- has power over the entity relevant activities;
- is exposed or has rights to variable returns arising from its involvement with the entity;
- has the ability to affect those returns through its power over the entity.

The Group therefore consolidates all types of entities when all three control elements are present. As a rule, when an entity is mainly managed through voting rights, control derives from the holding of more than half of the voting rights.

Assessment of whether control exists may be more complex in other circumstances and require a greater use of judgement as it is necessary to consider all the factors and circumstances that give control over the investee (de facto control).

In the context of the Nexi Group, all the consolidated entities are mainly controlled through voting rights. Accordingly, Nexi did not have to exercise judgements or make significant assumptions in order to establish the existence of control over subsidiaries and significant influence over associates.

For the preparation of the consolidated financial statements as at 31 December 2022, the following were used: i) the financial statements of the Parent Company Nexi SpA and ii) the accounting results as at 31 December 2022, approved by the competent bodies and functions of the other fully consolidated companies.

Controlled companies have been consolidated by recognising all the assets, liabilities, revenue and costs on a line-by-line basis of the Statement of Financial Position and Income Statement aggregates of the accounting situations of subsidiaries. To this end, the following adjustments were made:

- the carrying amount of equity investments in the in-scope subsidiaries and the Parent Company's share of their Shareholders' equity have been eliminated;
- recognising the Shareholders' equity and profits or losses of non-controlling interests in the period separately.

The differences resulting from the above adjustments, if positive, are recognised – after any allocation to items of the assets or liabilities of the subsidiary – as goodwill or as other intangibles in item "Intangible Assets" as at the date of first consolidation. Any negative differences are recognised in the Income Statement.

Intragroup assets and liabilities, off-balance sheet transactions, income and expenses, as well as profits and losses are eliminated.

Business combinations must be accounted for using the "acquisition method" in accordance with IFRS 3, whereby identifiable assets acquired or liabilities assumed (including contingent liabilities) are recognised at their fair value at the acquisition date. Moreover, for each business combination, any minority interest in the acquired company can be recognised at fair value or in proportion to the minority investment in the net identifiable assets of the acquired company. Any excess of the consideration transferred (being the fair value of the assets sold, the liabilities incurred and the equity instruments issued) over the fair value recognition of minority interests with respect to the fair value of the assets acquired and the liabilities assumed is recognised as goodwill. If the consideration is lower, the difference is recognised in the income statement. The Group applies the 'Partial Goodwill' approach and therefore accounts for minority interests at their book value. The "acquisition method" is applied starting from the acquisition date, that is from the moment in which control of the acquired company is obtained. Therefore, the economic results of a subsidiary acquired in the reference period are included in the Consolidated financial statements starting from the acquisition date. Likewise, economic results of a subsidiary sold are included in the Consolidated financial statements until the date in which control ceased. The difference between sale price and book value at the date of disposal (including foreign exchange differences recorded in shareholders' equity on consolidation, over time) is accounted for in the income statement.

In a business combination achieved in stages, the fair value at the acquisition date shall also be determined by reference to the acquirer's previously held equity interest in the acquiree.

Pursuant to IAS 28, the consolidated financial statements also include the results of investees, i.e., entities over which the Group has significant influence and the power to participate in directing its financial and operating policies without having control or joint control. Such equity investments are measured using the Shareholders' equity method which entails the initial recognition of the investment at cost and its subsequent adjustment based on the Group's share of the investee's shareholders' equity. The Group's share of the associate's profit or loss in the period is recognised separately in the consolidated Income Statement.

The difference between the investment's carrying amount and the Group's share of its Shareholders' equity is included in the investment's carrying amount.

If there is indication of impairment, the Group estimates the investment's recoverable amount, considering the discounted future cash flows that the investee may generate, including the investment's costs to sell. When the recoverable amount is less than the investment's carrying amount, the difference is recognised in the Income Statement.

All the assets and liabilities of the subsidiaries that prepare their financial statements in currency other than the euro (so-called Foreign Operation) and that fall within the consolidation area are translated using the exchange rates in force at the reporting date (current exchange method), while the related revenues and costs are translated at the average exchange rates for the year. The translation exchange differences resulting from the application of this method are classified as a Shareholders' equity item until the equity investment is disposed of in full or when the investee ceases to qualify as a subsidiary. On partial disposal, without loss of control, the portion of exchange rate differences relating to the portion of the equity investment disposed of is allocated to the Shareholders' equity of the minority interests. In preparing the consolidated statement of cash flows, the cash flows of consolidated foreign companies expressed in currencies other than the euro are translated using the average exchange rates for the period. Goodwill and fair value adjustments generated when allocating the purchase cost of a foreign company are recognised in the related currency and are translated using the year-end exchange rate.

Equity investments in subsidiaries

The following table shows Nexi Group's scope at 31 December 2022:

Company	Structure	Currency	investor	% ownership	Registered office
Nexi Payments SpA ^(*)	subsidiary	EUR	Nexi SpA	99.49	Milan, Italy
Nexi Payments Greece S.A. ^{(*) (**)}	subsidiary	EUR	Nexi SpA	90.01	Athens, Greece
Mercury Payment Services SpA	subsidiary	EUR	Nexi SpA	100	Milan, Italy
Help Line SpA	subsidiary	EUR	Nexi SpA	69.24	Milan, Italy
Help Line SpA	subsidiary	EUR	Nexi Payments SpA	1.06	Milan, Italy
Orbital Cultura srl (ex Bassmart)	subsidiary	EUR	Nexi Payments SpA	95	Florence, Italy
Service HUB SpA	subsidiary	EUR	Nexi SpA	100	Milan, Italy
SIAPay S.r.l. ^(*)	subsidiary	EUR	Nexi Payments SpA	100	Milan, Italy
SIA Central Europe AS	subsidiary	EUR	Nexi SpA	100	Bratislava, Slovakia
Nexi Greece Single Member SA	subsidiary	EUR	Nexi SpA	100	Athens, Greece
Numera Sistemi e Informatica SpA ^(**)	subsidiary	EUR	Nexi Payments SpA	100	Sassari, Italy
PforCards GmbH	subsidiary	EUR	Nexi SpA	100	Wien, Austria
SIA RS d.o.o. Beograd	subsidiary	RSD	SIA Central Europe a.s.	100	Beograd, Serbia
SIA Croatia d.o.o.	subsidiary	HRK	SIA Central Europe a.s.	100	Zagreb, Croatia
SIA Czech Republic, s.r.o.	subsidiary	CZK	SIA Central Europe a.s.	100	Prague, Czech Republic
SIA Romania Payment Technologies S.r.l.	subsidiary	RON	SIA Central Europe a.s.	100	Bucharest, Romania
SIA Payment Services	subsidiary	EUR	SIA Central Europe a.s.	100	Bratislava, Slovakia
Nets US LLC	subsidiary	USD	Nexi SpA	100	Delaware, USA
BillBird S.A. ^(*)	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Krakow, Poland
Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	subsidiary	PLN	Rementi Investments S.A.	100	Tajęcina, Poland
Checkout Finland Oy ^(*)	subsidiary	EUR	Paytrail Oyj	100	Tampere, Finland
Concardis GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Eschborn, Germany
Concardis Austria GmbH	subsidiary	EUR	Concardis GmbH	100	Vösendorf, Austria
Concardis Holding GmbH	subsidiary	EUR	Evergood Germany 1 GmbH	100	Eschborn, Germany
CPG Sales GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Köln, Germany
eCard S.A. ^(*)	subsidiary	PLN	P24 Dotcard Sp. z o.o.	100	Warszawa, Poland

Company	Structure	Currency	investor	% ownership	Registered office
GfiB Wireless GmbH (**)	subsidiary	EUR	Orderbird AG	98.15	Berlin, Germany
Orderbird GmbH (**)	subsidiary	EUR	Orderbird AG	98.15	Wien, Austria
Evergood Germany 1 GmbH	subsidiary	EUR	Nets Holdco 1 ApS	100	Eschborn, Germany
Nassa Topco AS	subsidiary	DKK	Nets A/S	100	Oslo, Norway
Nets A/S	subsidiary	EUR	Nets Holdco 5 AS	100	Ballerup, Denmark
Nets Cards Processing A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark
Nexi Croatia Ltd	subsidiary	HRK	Concardis Holding GmbH	100	Zagreb, Croatia
Nets CEE d.o.o. (Slovenia)	subsidiary	EUR	Nexi Croatia Ltd	100	Ljubljana, Slovenia
Nets DanID A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark
Nets Denmark A/S (*)	subsidiary	DKK	Nassa Topco AS	100	Ballerup, Denmark
Nets Estonia AS	subsidiary	EUR	Nets Denmark A/S	100	Tallinn, Estonia
Nets Holdco 1 ApS	subsidiary	DKK	Nexi SpA	100	Ballerup, Denmark
Nets Holdco 5 AS	subsidiary	DKK	Nets Holdco 1 ApS	100	Oslo, Norway
Nets Sweden AB	subsidiary	SEK	Nets Denmark A/S	100	Stockholm, Sweden
Nets Schweiz AG	subsidiary	CHF	Concardis GmbH	100	Wallisellen, Switzerland
Orderbird AG (**)	subsidiary	EUR	Concardis GmbH	98.15	Berlin, Germany
Paytech Payment Provider GmbH (**)	subsidiary	EUR	Concardis GmbH	100	Eschborn, Germany
P24 Dotcard Sp. z o.o.	subsidiary	PLN	Nets Denmark A/S	100	Warszawa, Poland
PayPro S.A. (*)	subsidiary	PLN	P24 Dotcard Sp. z o.o.	82	Poznań, Poland
Paytrail Oyj (*)	subsidiary	EUR	Nets Denmark A/S	100	Jyväskylä, Finland
Paytrail Technology Oy	subsidiary	EUR	Paytrail Oyj	100	Jyväskylä, Finland
Polskie ePlatnosci Sp. z o.o. (*)	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Jasionka, Poland
Poplatek Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland
Poplatek Payments Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland
Ratepay GmbH (*)	subsidiary	EUR	Concardis Holding GmbH	100	Berlin, Germany
Rementi Investments S.A.	subsidiary	PLN	Nets Denmark A/S	100	Warszawa, Poland
Signaturgruppen A/S	subsidiary	DKK	Nets Denmark A/S	100	Aarhus, Denmark
Storebox ApS	subsidiary	DKK	Nets Denmark A/S	100	Copenhagen, Denmark
TopCard Sp. z o.o.	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Tajęcina, Poland
Team4U Sp. z o.o. (**)	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	75	Bydgoszcz, Poland

(*) Company conducting regulated activities subject to local supervisory regulations.

(**) Companies included in full consolidation scope in 2022.

Note that in 2022 the companies EdiGard As, its subsidiary IT Baltic SIA (Latvia) and the company ATS SpA, which was sold, left the scope of consolidation.

The scope of consolidation of the Nexi Group's financial statements as at 31 December 2022 includes, in addition to the companies listed above and consolidated on a line-by-line basis, the following associates measured, given the stakes and/or relevance, according to the equity method:

Company	Structure	Currency	investor	% ownership	Registered office
Rs Record store (in liquidation)	significant influence/joint control	EUR	Nexi Payments SpA	30	Genova, Italy
e-Boks Development A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks GCC ApS	significant influence/joint control	DKK	e-Boks International A/S	50	Hellerup, Denmark
e-Boks Group A/S	significant influence/joint control	DKK	Nets Denmark A/S	50	Hellerup, Denmark
e-Boks International A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks Nordic A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
WEAT Electronic Datenservice GmbH(*)	significant influence/joint control	EUR	Concardis GmbH	40	Düsseldorf, Germany
Nexi Digital S.r.l.	significant influence/joint control	EUR	Nexi SpA	49	Bari, Italy
Nexi Digital Polska sp z o.o. (***)	significant influence/joint control	PLN	Nexi Digital Srl	49	Warszawa, Poland

(***) the percentage indicated refers to the Group's share.

Significant assessments and assumptions made to determine the scope of consolidation

As mentioned above, companies in which the Group is exposed to variable returns or holds rights to such returns arising from its relationship with them, and at the same time has the ability to affect returns by exercising power over those entities, are considered subsidiaries. Control can only take place if the following elements are present at the same time:

- the power to direct the relevant activities of the investee;
- the exposure or rights to variable returns arising from the relationship with the entity invested in;
- the capacity to exercise its power over the investee company to affect the amount of its returns.

Specifically, the Group considers the following factors when assessing the existence of control:

- the purpose and structure of the investee, in order to identify the entity's objectives, its relevant activities, i.e. those that most influence its performance, and how these activities are governed;
- power, in order to understand whether the Group has contractual rights that confer the ability to direct the relevant operations;
- exposure to the variability of the investee's returns, in order to assess whether the return received by the Group may potentially vary depending on the results achieved by the investee.

Furthermore, in order to assess the existence of control, potential principal-agent relationships are taken into account. In assessing whether it operates as a principal or as an agent, the Group considers the following factors:

- decision-making power over the relevant activities of the investee;
- rights held by other parties;
- the remuneration the Group is entitled to;
- the Group's exposure to the variability of returns from any investment held in the investee.

IFRS 10 identifies as "material assets" only those assets that significantly affect the performance of the investee company. In general terms, when material assets are managed through voting rights, the following factors provide evidence of control:

- ownership, directly or indirectly through its subsidiaries, of more than half of the voting rights of an entity, unless – in exceptional cases – it can be clearly demonstrated that such ownership does not constitute control;
- ownership of half or less of the votes exercisable at the shareholders' meeting and the practical ability to unilaterally govern the relevant activities through:
 - control of more than half of the voting rights by virtue of an agreement with other investors;
 - the power to determine the financial and operating policies of the entity by virtue of provisions of the articles of association or a contract;
 - the power to appoint or remove the majority of the members of the board of directors or equivalent corporate governance body;
 - the power to exercise the majority of voting rights at meetings of the board of directors or equivalent corporate governance body.

In order to exercise the power, it is necessary that the Group's rights over the investee entity be substantial. To be substantial, those rights must be practically exercisable when decisions on the relevant activities are to be made. Where substantial, the existence and effect of potential voting rights are taken into account when assessing whether or not there is the power to direct the financial and management policies of another entity. It may sometimes be the case that "de facto control" is exercised over certain entities when, even in the absence of a majority of voting rights, one owns such rights as to enable one to direct the relevant activities of the investee entity in a unidirectional manner. Conversely, cases may arise where, despite owning more than half of the voting rights, one does not have control of the entities invested in because, as a result of agreements with other investors, the exposure to variable returns from the relationship with those entities is not considered significant.

Subsidiaries may also include any "structured entities" in which voting rights do not represent determinants of control, including special purpose vehicles (SPE/SPV) and investment funds. Structured entities are considered to be controlled where one has power through contractual rights to govern the relevant assets and is exposed to variable returns from those assets.

As mentioned above, no circumstances arose that required the exercise of subjective evaluations or significant assumptions to determine the scope and method of consolidation.

Significant restrictions

Note that as for significant restrictions applicable to the transfer of resources within the Nexi Group, some Group companies, as specified in the relevant section, are subject to prudential rules under supervisory regulations, aimed at preserving adequate capitalisation in relation to the risks assumed. The ability of these companies to distribute capital or dividends is, therefore, subject to compliance with the relevant provisions on equity requirements.

Conversely, there are no significant limitations or restrictions to the exercise of voting rights held in subsidiaries.

Other Information

There are no financial statements of subsidiaries used in preparing the consolidated financial statements for a date other than that of the consolidated financial statements.

At the date of the consolidated financial statements, no other undertakings connected to equity investments in associated companies are in place with reference to the regulation in force.

As reported in the Management Report, the Directors confirm the reasonable expectation that the Group will continue to operate in the foreseeable future with a view to business continuity

Main Accounting Policies**Financial assets at Fair Value through OCI****Classification criteria**

At the reporting date, this category only includes equity instruments other than those held for trading and which the Group has opted to measure at FVTOCI. In fact, the non-derivative financial assets held within the scope of the "Held to Collect and Sell" business model do not have a balance at the reporting date as they are sold on a daily basis as part of a factoring contract.

Under IFRS 9 general requirements on the reclassification of financial assets (excluding equity securities, for which no reclassification is allowed), reclassifications to other categories of financial assets is only permitted if the Group changes its business model within which the financial assets are held. Such cases, the occurrence of which should be extremely infrequent, allow reclassification of financial assets measured at Fair Value through other comprehensive income to one of two categories designated by IFRS 9 (i.e. "Financial assets measured at amortised cost" or "Financial assets at FVPL"). The transfer value, which is applied prospectively from the reclassification date, is recognised as the Fair Value at time of reclassification. Where financial assets at FVTOCI are reclassified to amortised cost, the Fair Value of the financial asset at the reclassification date is adjusted by the cumulative profit or losses presented in the valuation reserve. Where financial assets at FVTOCI are reclassified to financial assets at FVTPL, the cumulative gain or loss previously recognised presented in the valuation reserve is reclassified from equity to profit or loss for the period.

Recognition criteria

They are initially recognised at the settlement date and measured at Fair Value, which includes the transaction costs attributable to their acquisition.

Measurement criteria

They are measured at Fair Value and recognised as a balancing entry in the statement of changes in equity (i.e. "Other comprehensive income items"). Fair Value is determined based on the criteria set out in the "Fair Value Disclosure" section.

While dividends are recognised under profit and loss for the period, any impairment loss and any profit or loss from their sale is not recognised in the Income Statement.

Derecognition criteria

Financial assets or parts of such assets are derecognised whenever the contractual rights to cash flows expire or are transferred, essentially transferring all the related risks and rewards. More specifically, transferred financial assets are derecognised when the entity retains the contractual rights to receive the assets' cash flows but concurrently assumes an obligation to pay these – and only these – cash flows to third parties without significant delay.

Where derecognition is applied to receivables transferred within the scope of non-recourse factoring contracts, the result of disposals, which is equal to the difference between the carrying value and the price of sale, is recognised under "Dividends and profit/loss from the investment and sale of financial assets at FVTOCI" on the Income Statement.

Financial assets measured at amortised cost

Classification criteria

This category comprises non-derivative financial assets held in the "Held-to-Collect" business model, the contractual terms of which solely generate cash flows that are payments of principal and interest (SPPI criterion).

The item mainly accounts for receivables due from holders and merchants (including those deriving from the "pay later" solution), their bank accounts, including positions towards international card schemes. Under IFRS 9 general requirements on the reclassification of financial assets, reclassifications to other categories of financial assets is only permitted if an entity changes the business model within which the financial assets are held. Such cases, the occurrence of which should be extremely infrequent, allow reclassification of financial assets measured at Fair Value through other comprehensive income to one of the other two categories designated by IFRS 9 (i.e. "Financial assets at fair value through OCI" or "Financial assets at FVPL"). The transfer value, which is applied prospectively from the reclassification date, is recognised as the Fair Value at time of reclassification. Gains or losses generated by the difference between the amortised cost of financial assets and their fair value are recognised either to profit or loss, where the assets are reclassified as "Financial assets at FVPL", or to Shareholders' equity (and to the relevant valuation reserve), where the assets are reclassified as "Financial assets at fair value through OCI".

Recognition criteria

"Financial assets measured at amortised cost" are initially recognised at the agreement signing date, which is usually the disbursement date, based on the financial instrument's Fair Value, which usually equals the amount disbursed including transaction costs.

Measurement criteria

After initial recognition, assets included in this item are measured at amortised cost using the effective interest method.

"Financial assets measured at amortised cost" are tested for impairment at each reporting date. The impairment rules described below also apply to loan commitments and financial guarantee contracts.

Impairment is calculated considering the financial asset's expected credit losses. For the financial receivables, application of the related impairment method requires classification of the financial assets according to three stages, depending on whether any significant increase in credit risk has occurred as of initial recognition. For each stage a different method of measuring impairment is used based on the expected loss in the 12 subsequent months for receivables in Stage 1 (performing financial instruments that have not seen a significant increase in credit risk) and on lifetime expected losses of receivables classified in Stage 2 and Stage 3 (including performing financial instruments that have seen an increase in credit risk and bad financial assets, respectively). Given the specific features of the Group's credits portfolio, the expected 12-month loss is itself the expected lifetime loss.

Regarding the trade receivables under the item in point, mainly consisting of merchant fees charged to the merchants, the Group made use of the option to apply the simplified approach of IFRS 9 by measuring the expected loss over the life of the instrument without applying the three-stage approach.

With respect to impairment:

- the Group defined the methods to monitor changes in credit quality of its financial assets measured at amortised cost and at Fair Value as a balancing entry in the statement of changes in equity;
- since the IFRS definition of exposures at default is now aligned with the regulatory definition, the approach used to classify exposures as credit-impaired, which are now allocated to Stage 3, has not changed.

The Group considers historical information and all the information available at the reporting date, including forward-looking information on the potential worsening in the historical losses.

Impairment losses are recognised in profit or loss as net impairment losses.

An entity recognises an impairment gain on credit-impaired debt instruments when the reasons for the impairment no longer exist and the gain is objectively related to an event that took place after recognition of the impairment loss. Impairment gains are recognised in the Income Statement and may not exceed the amortised cost the asset would have had had the impairment loss not been recognised.

Derecognition criteria

Financial assets or parts of financial assets are derecognised when the contractual rights to cash flows expire or are transferred, transferring substantially all the related risks and rewards.

More specifically, transferred financial assets are derecognised when an entity retains the contractual rights to receive the assets' cash flows but concurrently assumes an obligation to pay these - and only these - cash flows to third parties without significant delay.

Hedging transactions

Classification criteria

Asset and liability items include hedging financial derivatives, which at the date of the financial statements had a positive and negative fair value, respectively.

Hedges seek to mitigate potential recognisable losses on a particular financial instrument or group of financial instruments attributable to a specific risk by offsetting them with recognisable gains on a different financial instrument or group of financial instruments.

The following types of hedging relationships are envisaged in IFRS 9:

- fair value hedge: a hedge of the exposure against changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of the exposure against variability in cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on variable rate debt) or a highly probable planned transaction that could affect profit (loss) for the period;
- hedges of a net investment in a foreign operation as defined in IAS 21.

As established by IFRS 9, derivative instruments are designated as hedging instruments provided that the hedging relationship between the hedged instrument and the hedging instruments is formally documented and meets all the requirements of the standard, including those relating to hedge effectiveness.

The Group has only entered into cash flow hedge transactions.

Recognition criteria

Hedging derivatives are initially recognised at fair value at the date of the transaction.

Measurement criteria

Hedging derivatives are measured at fair value.

The method of accounting for gains and losses arising from changes in fair value differs according to the type of hedge:

With regard to cash flow hedges, changes in the fair value of the derivative are recognised in Shareholders' equity for the effective portion of the hedge, and are only recognised in the income statement when a change in the cash flows to be offset occurs or if the hedge proves ineffective with respect to the hedged item.

In application of the accounting standard, hedging relationships must meet the following requirements:

- presence of an economic relationship between the hedged item and the hedging instrument;
- the non-dominance of credit risk within the fair value changes relating to this economic relationship;
- the definition of a hedge ratio that identifies the quantities of hedged item and hedging instrument considered in the hedging relationship, so as not to create a mismatch that generates a component of ineffectiveness that does not properly reflect the objectives of the hedge.

Derecognition criteria

The hedging relationship is terminated if the hedge effectiveness test fails or the risk management objective underlying the hedging relationship has changed. In such case, the derivative instrument is classified as a trading transaction.

Furthermore, the hedging relationship is interrupted when:

- the hedged item is sold and repaid;
- the hedging transaction is terminated early;
- the derivative expires, is sold, extinguished or exercised.

Equity investments in associates and joint ventures

Basis of classification, recognition and measurement

This item includes equity investments in associates and joint ventures, measured using the equity method, as described in the Consolidation criteria section.

Jointly controlled companies are entities for which control is shared between the Group and one or more other parties on a contractual basis, or when the unanimous consent of all parties sharing control is required for decisions concerning material activities. Associate companies are entities in which the Group owns at least 20% of the voting rights (including potential voting rights) or in which, even with a lower proportion of voting rights, it has the power to participate in the determination of the financial and management policies of the investee company by virtue of special legal ties such as participation in shareholders' agreements.

Equity investments are recognised at cost and accounted for using the equity method. If there is evidence that the value of an investment may have been impaired, the recoverable amount of the investment is estimated, considering the discounted future cash flows that the investee may generate, including the investment's costs to sell.

When the recoverable amount is less than the investment's carrying amount, the difference is recognised in the income statement. If the reasons for an impairment loss are removed as a result of an event occurring after the impairment was recognised, a reversal of the impairment loss is recognised in the income statement.

Investments in entities other than subsidiaries, associates or joint ventures are classified in the portfolio of financial instruments measured at Fair Value through the income statement or the portfolio of financial instruments measured at Fair Value through comprehensive income.

Derecognition criteria

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the equity investment is sold, substantially transferring all the risks and rewards associated with it.

Tangible Assets

Classification criteria

Property, equipment and investment property include land, instrumental properties, furniture, furnishings, valuable artistic heritage, POSs and ATMs, electronic machinery and equipment of all types, expected to be used for more than one year. The item also includes rights of use acquired through lease contracts, as envisaged by IFRS 16. According to IFRS 16, a lease is a contract or part of a contract that transfers the right to use an asset for a period of time in exchange for consideration.

Items of property and equipment held for use in production or for the supply of goods and services are classified as such under IAS 16. Property held for investment purposes held to earn rentals or for capital appreciation or both is classified as "Investment property" under IAS 40.

Recognition criteria

Tangible assets acquired on the market are recognised as assets when the main risks and rewards connected with the asset are transferred. Initial recognition is at cost, which includes all directly related charges.

Rights of use accounted for under IFRS 16 are recognised as the sum of the present value of future lease payments to be made over the lease term, lease payments made on or before the lease term, any incentives received, initial direct costs, and any estimated costs of dismantling or restoring the underlying asset, as the lessee has a financial obligation to make payments due to the lessor to compensate for its right to use the underlying asset during the lease term. Recognition occurs when the asset is made available to the lessee for its use, and on that date the lessee recognises both the liability and the asset consisting of the right of use. The recognised financial liability corresponds to the present value of the lease payments due.

Regarding the discount rate, on the basis of IFRS 16 requirements, the Group uses the implicit interest rate, where available, for each lease contract. If such a rate is not available or cannot be readily determined without resorting to estimates, the Group will base the incremental rate on market rate curves and the lessee's spread.

Land is recognised separately, even when purchased jointly with the building, taking a component-based approach. The breakdown of the value of the land and that of the building is prepared on the basis of independent expert appraisals.

The costs of major repairs which increase the future economic benefits associated with the asset are recognised in the carrying amount of the asset, when the criteria for capitalisation are met, while the costs of day-to-day servicing are recognised in the Income Statement.

Measurement criteria

Property, plant and equipment (for operational use and held for investment purposes) with a finite useful life are subsequently measured at cost adjusted for accumulated depreciation and any impairment losses and reversals.

The depreciable value of property and equipment, equal to the cost of the assets insofar as the residual value at the end of the depreciation process is held to be insignificant, is split systematically on a straight-line basis throughout the estimated useful life, according to a criterion of allocation that reflects the technical-economic duration and the residual possible use of the individual elements.

The useful life with reference to the different categories of tangible assets is at most as follows:

- Civil/industrial buildings for functional use: 33 years
- Civil/industrial buildings held for investment purposes: 33 years
- POSs: 5 years
- ATMs: 7 years
- Electrical systems 7 years
- Data centres: 7 years
- Air-conditioning systems: 7 years

- Alarm and security systems: 5 years
- Fire-fighting systems: 7 years
- Telephone and telecommunications equipment: 3 years
- Hardware: 5 years
- Furniture: 7 years
- Furnishings: 7 years

The rights of use recognised in accordance with IFRS 16 are depreciated over a period equal to the lesser of the asset's useful life and the duration of the lease contract. The lease term is determined taking into account periods covered by an option to extend the lease and an option to terminate the lease where the exercise of those options is reasonably certain.

Land is not depreciated insofar as it has an undefined useful life, and artistic heritage is not depreciated insofar as the useful life cannot be estimated and its value normally increases over time.

At each reporting date, the Group weighs up whether or not there is any indication showing that property, equipment, investment property and rights of use may have suffered a loss in value. If there is evidence of any such loss, the carrying amount is compared with the recoverable value.

Derecognition criteria

Property, equipment and investment property are derecognised when disposed of or when no further future economic benefit is expected from their use or decommissioning.

Intangible assets

Classification criteria

Intangible fixed assets are non-monetary assets with no physical consistency, which can be identified and are able to generate future economic benefits that can be controlled by the company, and include goodwill and other intangible assets governed by IAS 38. They may include rights of use acquired under leases and relating to the use of an intangible asset by the lessees.

Recognition criteria

Intangible assets are recognised at the cost of acquisition when the main risks and benefits connected with the asset are transferred, but only if it is likely that the related future economic benefits will be realised and if the cost can be reliably determined. If not, the cost of the intangible asset is recognised in the income statement in the year in which it is incurred. More specifically, the cost of software development includes only the expenses incurred that can be directly attributed to the development process and constitute intangible assets only if all the following conditions are met:

- the cost attributable to the development activity can be reliably determined;
- the entity has the intention, the availability of financial resources and the technical capacity to make the asset ready for use or sale;
- it can be demonstrated that the asset is able to produce future economic benefits.

There are also intangible assets linked to the customers represented by the valuation, during combinations, of contracts with customers and permanent relations, again with customers. These assets are originally valued by discounting, using a rate that is representative of the time value of money and the specific risks of the asset, of the flows representative of the income margins over a period expressing the residual, contractual or estimated duration of the relationships in place at the time of the combination transaction. Finally, the brand, which is also recognised in combination transactions, is valued using the "royalty relief" criterion.

Measurement criteria

All intangible assets recognised, other than goodwill, are considered of finite useful life and consequently amortised considering the cost of the individual assets and the related useful life.

More specifically, intangible assets based on technology, such as application software purchased with permanent user's licenses and the costs for software development, are amortised according to their expected technological obsolescence and in any case in general over a period of five years, save for particular cases connected to the development of new platforms, analysed from time to time based on the technical features.

Intangible assets arising from the purchase price allocation of business combination have a useful life estimated individually for each transaction:

- Customer contracts: on the basis of the contract terms;
- Customer relationship: approximately 20 years;
- Brand: 5 years

The residual value of the various assets is assumed as equal to zero.

If there is any indication that an intangible asset with a finite useful life may be impaired, the asset's recoverable amount is estimated and the amount of the loss, recognised in the income statement, is equal to the difference between the asset's carrying amount and its recoverable amount.

Derecognition criteria

An intangible asset is derecognised on disposal or when no future economic benefits are expected.

Goodwill

Goodwill is recognised in the statement of financial position at cost, net of any accrued losses, and is not subject to amortisation.

With respect to business combinations, goodwill may be recorded when the positive difference between the fair value of shareholders' equity acquired and the purchase price of the equity investment is representative of the future potential income generation of the equity investment.

If this difference is negative (badwill) or if goodwill may not be attributed considering future potential income generation of the equity investments, the same difference is directly recorded in the income statement.

Even if there is no indication of impairment, goodwill is impairment tested once a year. For this purpose, goodwill is allocated to the Cash Generating Units ("CGUs") identified based on the characteristics of the Group's business, its model and related organizational structure as well as internal and external reporting used. Starting from the financial statements for the year ended December 31, 2022, within the Nexi Group, Cash Generating Units matches to the business units represented in the segment reporting. The recoverable amount of an asset or CGU is the greater of its value in use and its Fair Value less costs of disposal. A loss of value is recognised if the carrying amount of the CGU exceeds its recoverable value.

Impairment of goodwill is recognised on the consolidated Income Statement and not restored in subsequent years.

Non-current assets or groups of assets/liabilities held for sale

"Non-current assets held for sale and discontinued operations" (in the assets) and "Liabilities associated with assets held for sale and discontinued operations" (in the liabilities) include all non-current assets or groups of assets/liabilities for which a decision has been made to dispose and the sale of which is considered extremely likely.

These assets/liabilities are measured at the lower of their carrying value and their Fair Value less costs to sell, with the exception of certain types of assets for which IFRS 5 specifically provides that the valuation criteria of the relevant accounting standard must be applied (e.g. financial assets within the scope of IFRS 9). Income and expenses (net of the tax effect) attributable to groups of assets held for disposal or recognised as such during the period, are presented in the Income Statement in a separate item.

Other assets and liabilities

Other assets essentially include items awaiting arrangement and items that cannot be traced to other items of the Statement of Financial Position, including receivables deriving from the supply of non-financial goods and services (net of depreciation funds), tax items other than those recognised under own item (for example connected with the activity of tax substitute), accrued income other than that capitalised on the related financial assets, including that deriving from contracts with customers in accordance with IFRS 15, paragraphs 116 et seq. and costs incurred to fulfill contracts with customers as envisaged by paragraphs 91 et seq. of IFRS 15. The item also includes inventories related to POS and ATM (including spare parts) and plastics for cards managed by the Group. These inventories are valued respectively at weighted average cost and at FIFO. At the end of the year, impairment losses are eventually recognised if the Fair Value minus the selling costs is lower than the carrying amount.

Other liabilities include liabilities that cannot be allocated to the other liability items in the statement of financial position, including payables associated with the payment of non-financial goods and services, accrued expenses other than those to be capitalised on the relevant financial liabilities, and miscellaneous tax credit items other than those recognised under "Tax liabilities", for example related to the activity of a withholding agent.

Current and deferred tax

Income taxes are calculated in accordance with national tax legislation, and are accounted for as a cost on an accruals basis, in line with the method of recognition in the financial statements of the costs and revenues that they generated. Taxes are therefore determined on the basis of the forecast of the current, advance and deferred tax burden.

Current tax assets and liabilities include the net balance of the Group companies' positions vis-à-vis Italian and foreign tax authorities attributable to direct taxation. More specifically, these items include the net balance between past and current tax liabilities for the year, calculated on the basis of a prudent forecast of the tax liability for the year, determined in accordance with current tax regulations, and current tax assets represented by advance payments, withholding taxes incurred or other tax credits.

Current tax expenses, determined on the basis of the "national tax consolidation", not yet paid as at the reporting date, in full or in part, is included amongst the tax liabilities on the Statement of Financial Position. If the payment of current tax expenses for the period or current tax expenses for the previous years has exceeded the related tax payable, the surplus is entered amongst the assets of the statement of financial position, under "Tax assets - a) current".

Current and deferred tax expenses are recognised in the Income Statement under "Income taxes for the period", with the exception of those relating to cost or revenue components recorded in specific valuation reserves (defined benefit plans, financial instruments measured at Fair Value through other comprehensive income and related hedging derivatives); these latter are instead allocated directly to the same valuation reserves, which, therefore, are stated net of the relevant tax.

Deferred tax assets and liabilities are recognised as equity with open balances and without netting, stating the first under "Tax assets" and the second under "Tax liabilities".

Deferred tax assets are computed in respect of the temporary differences arising between the carrying amount assigned to an asset or a liability, and their corresponding assumed value for tax purposes. For these purposes, "taxable temporary differences" are those that will result in taxable amounts in future periods and "deductible temporary differences" are those that will result in deductible amounts in future periods. Deferred taxation is calculated by applying the tax rates set forth in the applicable law to taxable temporary differences for which there is a probability that taxes will actually be incurred, and to deductible temporary differences for which there is a reasonable certainty that there will be future taxable income at the time when the related tax deductibility will arise.

Deferred tax liabilities are calculated on all taxable timing differences.

Deferred tax assets and liabilities are determined using the tax rates expected to be applied in the period in which the tax asset is realised or the tax liability will be extinguished, in accordance with current tax legislation. Tax assets and liabilities relating to the same tax and due in the same period are offset.

Deferred tax assets and liabilities are systematically measured to reflect any alterations to tax rules or rates as well as any possible changes in the Group companies' subjective positions.

Financial liabilities measured at amortised cost

Classification criteria

A financial instrument issued is classified as a liability when, on the basis of the substance of the contractual agreement, a contractual obligation is held to deliver money or another financial asset to a third party. More specifically, the item mainly includes loans in place and facilities in place in support of the Group's electronic money business, as well as lease debts. Please note that the item also included the "debt" component of the convertible bond loans issued.

Recognition criteria

Payables are recognised as at the date on which the contract is entered into, which normally coincides with the time when the amounts collected are received and debt instruments issued.

Financial liabilities are initially measured at Fair Value, which normally coincides with the amount collected or issue price, plus the directly related costs/income. Internal administrative costs are excluded. Lease liabilities are initially recognised at the current value of the payments due.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Interest is recorded under the "Interest and similar expense" item of the Income Statement.

Derecognition criteria

Financial liabilities, or part thereof, are derecognised when extinguished, i.e. when the obligation has been met, cancelled or expired.

Financial liabilities measured at Fair Value through profit or loss

As at 31 December 2022 the item "Financial liabilities measured at Fair Value through profit or loss" includes the earn-outs related to the business combination transactions executed, as well as the fair value of the call option sold to Alpha Bank on the shares of Nexi Payment Greece.

All the items included in this caption are valued at Fair Value with the allocation of the result of the measurement to the Income Statement.

Fair Value is determined based on the criteria set out in the "Fair Value Disclosure" section.

Share-Based Payments

Staff share-based remuneration plans, all falling under the "Equity settled" category, are recognised in the Income Statement with a corresponding increase in shareholders' equity, on the basis of the Fair Value of the financial instruments attributed at the assignment date, breaking up the expense throughout the plan period.

If options are present, their Fair Value is determined using a valuation technique that takes into account the specific terms and conditions of the stock option plan in place, in addition to information such as the exercise price and the life of the option, the current price of underlying shares, the expected volatility of the share price, dividends expected on the shares and the risk-free interest rate for the life of the option. The measurement model measures, separately, the option and the probability of fulfilment of the conditions on which basis the options have been assigned. The combination of the two values is the Fair Value of the stock option. Any reduction in the number of financial instruments assigned is recognised as the cancellation of a portion of such.

Employee benefits

Employee benefits are all types of remuneration disbursed by the company in exchange for the work of employees. Employee benefits are divided up into:

- short-term benefits (other than benefits due to employees for the termination of the contract of employment and remunerative benefits in the form of a share in the capital), expected to be paid in full within twelve months of the end of the period during which the employees worked and recorded fully on the Income Statement at the time they are accrued (this category includes, for example, wages, salaries and “extraordinary” provisions);
- post-employment benefits due after the termination of the contract of employment that oblige the company to make a future payment to employees, divided into:
 - defined contribution plans that mainly comprise: supplementary pension funds involving a defined amount of contributions by the company; the severance pay provision, limited to the portions accrued since 1 January 2007 for companies with more than 50 employees, regardless of the allocation option chosen by the employee; the portions of severance pay accrued since 1 January 2007 and allocated to supplementary pension funds, in the case of companies with fewer than 50 employees; and supplementary health care funds;
 - defined benefit plans or company pension funds, which mainly include: severance pay, limited to the portion accrued up to 31 December 2006 for all companies, as well as the portions accrued from 1 January 2007 and not allocated to supplementary pension plans for companies with fewer than 50 employees; supplementary pension funds whose terms and conditions provide for the payment of a defined benefit to members; and seniority bonuses, which provide for an extraordinary payment to employees upon reaching a certain level of seniority.
- benefits for the termination of the contract of employment, i.e. compensation that the company acknowledges to employees in exchange for the termination of the contract of employment following its decision to terminate the contract of employment ahead of the standard retirement date;
- long-term benefits other than the foregoing, which are not expected to be extinguished in full within twelve months after the end of the period in which the employees worked.

With particular regard to post-employment benefits, note that in defined contribution plans the reporting company’s obligation is determined on the basis of the contributions due for that year, and therefore the valuation of the obligation does not require the application of actuarial methods. On the contrary, the accounting of defined benefit plans is characterised by the use of an actuarial method to determine the value of the obligation. Specifically, these benefits are recognised using the “Projected Unit Credit” method, which involves projecting future disbursements on the basis of historical statistical analyses and the demographic curve, and discounting these flows on the basis of a market interest rate.

The components of defined benefit cost are recognised as follows:

- service cost and net interest on the net liability (asset) in the Income Statement;
- revaluations of the net defined benefit liability (asset) in the Statement of Comprehensive Income.

Actuarial gains and losses are recognised in the Statement of Comprehensive Income, with an offsetting entry to Shareholders’ equity (valuation reserve).

For discounting purposes, the rate used is determined by reference to the market yield on bonds of leading companies, taking into account the average remaining life of the liability, weighted by the percentage of the amount paid and advanced for each maturity with respect to the total amount to be paid and advanced until the final repayment of the entire obligation.

Provisions for risks and charges

Provisions for risks and charges include all provisions made in relation to current obligations originating from past events for which an economic outlay is probable for the fulfilment of such obligations, as long as a reliable estimate can be made of the relevant amount. Accordingly, a provision is recognised if and only if there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation existing at the date of the financial statements and reflects risks and uncertainties that inevitably characterise a number of facts and circumstances. When the effect of the time value of money is material, the

amount of the provision is discounted at current market rates. The provision is recognised on the income statement. At the close of all financial statements the provisions made are periodically reviewed, and if the incurrence of possible expenses should become unlikely the provisions are entirely or partially released to the income statement.

Foreign currency transactions

Criteria for initial recognition

At initial recognition, foreign currency transactions are registered into the money of account, applying the current exchange rate in force at the date of the transaction.

Criteria for subsequent recognition

At each annual or interim report closing date:

- the monetary elements are converted at the current exchange rate in force at the reporting date;
- non-monetary items measured at historical cost are converted at the exchange rate as at the date of the transaction;
- non-monetary items measured at Fair Value are translated using the exchange rate at the reporting date.

Exchange differences relative to monetary items are recognised in the Income Statement in the period they arise; those relating to non-monetary items are recognised in Shareholders' equity or in the Income Statement consistently with the method of entering profits and losses that include this component.

The costs and revenues in foreign currencies are recognised at the exchange rate in force at the time of booking or, if being accrued, at the exchange rate in force at the reporting date.

Other Information

Income Statement

Interest income and expense

Interest income and expense is recognised on the Income Statement for all instruments measured in accordance with the amortised cost criterion, using the effective interest method, including commissions and transaction costs.

Other fees for services rendered and commission income

Commission income other than that included in the amortised cost and other fees for services provided are recognised when the obligation of the provision is satisfied, transferring the service to the customer or when all the following conditions are met:

- the contract with the customer has been identified;
- in order to identify a contract, the parties must have approved the contract (in writing or in compliance with other standard commercial practices) and must have undertaken to fulfil their respective obligations;
- the performance obligations contained in the contract have been identified;
- the goods and services to be transferred must be identified; - the price was determined;
- the prices and payment methods must be defined;
- the price has been allocated to the individual performance obligations contained in the contract;
- if a contract envisages the delivery/supply of multiple goods or services, the prices agreed must be allocated to the individual goods/ services;
- the performance obligations contained in the contract have been satisfied;
- goods and services must be effectively transferred to the customer.

Additionally, in accordance with IFRS 15, the service is transferred to the customer and, therefore, revenues can be recognised:

- at a specific moment in time, when the entity fulfils the obligation to do, transferring the good or service promised to the customer, or
- over time, gradually, as the entity fulfils the obligation to do, transferring the good or service promised to the customer.

The asset is transferred when, or during the period in which, the customer acquires control over such. The variable components of the prices, mainly relating to year-end balances and variable incentives, are included in the price if they can be reliably determined and if any refund is considered to be a remote or unlikely event. Specifically:

- association fees are entered on the Income Statement according to the credit card validity date;
- commission income from merchants and systems are entered on the Income Statement, according to the trading date of expenses incurred by the holders;
- up-front revenues connected with the start of new customers and new products are recorded throughout the expected term of the contracts;
- revenues for design activities specifically requested by customers are recorded during development (overtime), if any of the following conditions apply:
 - a. the customer simultaneously receives and uses the benefits deriving from the provision, as it is made;
 - b. the provision is provided on customer's assets;
 - c. the asset produced has no alternative use and Nexi is entitled to be paid for the work done to date;if not, the costs and revenues of the project are suspended and recorded at the end of the design phase;
- the revenues connected with recurring services (mainly maintenance and rental of POSs and ATMs and processing services) are split in a linear fashion throughout the contract term.

It is also noted that, in application of IFRS 15, the value of the commission is rectified in order to take the Fair Value of the premiums connected with the Loyalty program into account. The Fair Value of the catalogue is calculated as the average unitary value of the points with respect to the market value of the premiums, including VAT and delivery expenses, so as to link the Fair Value to the value perceived by the customer. The unitary Fair Value is applied to the number of points in circulation, net of the points that, on the basis of the analysis performed, are expected not to be redeemed (on the basis of the redemption estimates). Deferred commission is recognised in the Income Statement according to point redemption.

Commission considered in the amortised cost to calculate the effective interest rate are excluded and recognised instead under interest income.

Commission expense

Commission expense, other than that included in the amortised cost, is recognised when incurred or when the related revenues are recorded.

Fees for services received

Fee for services received are recognised when incurred or when the related revenues are recorded.

Costs for the implementation of the contract with the customer (such as, for example, costs for the emission of cards and ICT services incurred during the start-up of new customers/products or non-substantial contractual changes) are recognised on a straight-line basis in connection with the useful life of the underlying contracts.

Dividends

Dividends are recognised in the Income Statement when their distribution is resolved upon.

Basis for presentation of the segment disclosure

The segment disclosure of the Nexi Group is based on the elements that the management uses to make its operative decisions and is therefore consistent with the information requirements envisaged by IFRS 8.

Specifically, the identification of the operating segments is based on the way in which the reports that the "chief operating decision maker" (i.e. the highest operative decision-making level, as defined by IFRS 8) receives and uses for the purpose of decision-making in regard to the resources to be allocated and the assessment of results.

Business combinations

Business combinations are accounted for using the “purchase method”, which requires: (i) the identification of the acquirer; (ii) the determination of the combination costs; (iii) the “Purchase Price Allocation”.

According to the IFRS 3, an acquirer is identified for all business combinations. The acquirer is the entity that obtains control over another entity, which is the power to determine the financial and management policies of that entity in order to receive benefits from its activities.

The consideration transferred in a business combination is equal to the Fair Value, at the acquisition date, of the assets sold, the liabilities incurred and the equity instruments issued by the acquirer in exchange for obtaining control of the acquiree. The consideration that the acquirer transfers in exchange for the acquired entity includes any assets and liabilities resulting from an agreement on the “potential consideration”, to be recognised on the acquisition date on the basis of Fair Value.

Based on the purchase method, on the acquisition date, the acquirer must allocate the cost of the combination (so-called PPA, “Purchase Price Allocation”) to the identifiable assets acquired and the liabilities measured at the relative Fair Value on that date, also recognising the value of the minority interests of the acquired entity.

Use of Estimates and Assumptions in Preparing the Consolidated Financial Statements

In accordance with the IAS-IFRS international accounting standards, the implementation of some accounting standards illustrated above for the several balance sheet aggregates can entail the adoption, by Corporate Management, of estimates and assumptions capable of significantly impacting the values recognised in the statement of financial position and in the income statement.

The drafting of such estimates implies the use of the information available and the adoption of subjective evaluations, also based on historical experience, used for the purpose of formulating reasonable assumptions for the reporting of management-related issues. In the presence of significant uncertainties and/or activities subject to measurement of particular materiality, the valuation is supported by fairness opinions of external experts/appraisers.

By nature, the estimations and assumptions used may vary from year to year and, therefore, it cannot be ruled out that in subsequent financial periods the values posted to the financial statements may also vary significantly as a result of changes in the subjective evaluations used. Specifically, the measurement process is particularly complex, considering how uncertain the macroeconomic and market contexts are, hence it is not possible to rule out that the envisaged hypotheses, while being reasonable, may not be confirmed in the future scenarios in which the Group shall operate. The parameters and information used to check the aforesaid amounts are therefore considerably affected by such factors, which may quickly change in a way that is not currently foreseeable, to the point that future balance sheet amounts might be affected.

Among the several elements of uncertainty that may impact the future scenarios for the Group are the effects of the Covid-19 pandemic and the macroeconomic impacts linked to interest rate trends, inflation and other market trends consequent to the invasion of Ukraine on 24 February 2022 by Russian troops, further detailed within the relevant section of the Report on Operations and the Notes.

In that respect, please also note that an estimate can be adjusted following changes to the circumstances on which it was based or new information or even additional experience. Any change to the estimate is applied prospectively and therefore impacts the income statement of the period in which the change is made and, potentially, those of future years.

While stressing that the use of reasonable estimates is key when drafting financial statements, without this factor being held to affect their reliability, below are the items in which the use of estimates and assumptions is most significant, both in terms of the materiality of the values to be recognised in the balance sheet and impacted by such policies, and in terms of the complexity of the measurements, which entails the resorting to estimates and assumptions by Corporate Management:

- valuation of financial assets and liabilities measured at Fair Value not listed on active markets;
- fair value measurement of assets and liabilities within the Purchase Price Allocation processes carried out following the completion of business combinations as described in the specific section;
- measurement of the financial assets measured at amortised cost and loan commitments;
- stock valuation;
- quantification of the useful life of intangible assets with a finite useful life and tangible assets;

- estimate of the recoverable amount of goodwill for impairment testing purposes;
- quantification of employee benefits and share-based payments;
- quantification of provisions made for risks and charges and payables for Loyalty programmes;
- assessment of the recoverability of deferred taxation.

For some of the cases listed above, the main factors can be identified that are subject to estimates by the Group and therefore contribute to determining the value at which assets and liabilities are recognised in the financial statements. Without claiming to be exhaustive, note that:

- to determine the fair value of financial instruments not listed on active markets, if it is necessary to use parameters that cannot be deduced from the market, on the one hand the main estimates concern the development of future cash flows (or even income flows, in the case of equities), possibly conditioned by future events, and on the other hand the level of certain input parameters not listed on active markets;
- to determine the value of goodwill and other intangible assets with a finite useful life arising from business combinations, with regard to the Cash Generating Units (CGUs) of the Group, the future cash flows in the analytical forecast period are estimated separately and appropriately discounted, and the flows used to determine the so-called terminal value generated by the CGU. The cost of capital is also included in the estimated elements;
- to quantify employee benefits requiring actuarial valuation, the present value of the obligations is estimated taking into account the appropriately discounted flows resulting from historical statistical analyses, and the demographic curve;
- when quantifying provisions for risks and charges, where possible an estimate is made of the amount of disbursements required to fulfil obligations, taking into account the actual likelihood of having to use resources;
- to determine deferred taxation items, the probability of actual future taxable income (taxable temporary differences) and the degree of reasonable certainty – if any – of future taxable income at the time when tax deductibility will arise (deductible temporary differences and tax loss carryforwards) is estimated.

Events after the reporting period

No events with an impact on the financial statements have occurred since the reporting date. For a complete description of the subsequent events, please refer to the most important events, in addition to the Management Report.

Transfers of Financial Assets Between Portfolios

No transfers of financial assets between portfolios occurred.

Fair Value Disclosure

The international accounting standards IAS/IFRS prescribe the Fair Value measurement for financial products classified as “Financial assets at fair value through OCI” and “Financial assets at FVPL”.

Accounting standard IFRS 13 regulates the Fair Value measurement and related disclosure.

More specifically, the Fair Value is the price that would be received for the sale of an asset, or which would be paid for the transfer of a liability in a regular transaction between market operators (i.e. not in a compulsory liquidation or sale below cost) as at the valuation date. In determining the Fair Value of a financial instrument, IFRS 13 establishes a hierarchy of criteria in terms of the reliability of the Fair Value, according to the degree of discretion applied to businesses, giving precedence to the use of parameters that can be observed on the market, which reflect the assumptions that the market participants would use in the valuation (pricing) of the asset/liability. Three different levels of input are identified:

- Level 1: inputs consisting of listed prices (unadjusted) on active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2: inputs other than the listed prices included on Level 1, which can be observed, directly (as in the case of prices) or indirectly (insofar as deriving from the prices) for assets or liabilities to be measured;
- Level 3: inputs for assets or liabilities that are not based on observable market data.

The measurement method defined for a financial instrument is adopted continuously over time and modified only following significant changes in market conditions or subjective conditions of the financial instrument issuer.

For financial assets and liabilities recognised on the financial statements at cost or amortised cost, the Fair Value given in the Notes to the Financial Statements is determined according to the following method:

- for bonds issued: Fair Value obtained from active markets where the liability is traded;
- for assets and liabilities at fixed rates in the medium/long-term (other than securities issued): discounting of future cash flows at a rate obtained from the market and rectified to include the credit risk;
- for variable rate, on demand assets or those with short-term maturities: the carrying amount recognised net of the analytical and collective impairment is considered a good approximation of the fair value, insofar as it incorporates the change in rates and the change in the counterparty's credit risk;
- for variable rate and short-term fixed rate liabilities: the carrying amount is considered a good approximation of the Fair Value, for the reasons given above.

Qualitative Disclosure

Fair Value Levels 2 and 3: measurement techniques and inputs used

The information requested by IFRS 13 concerning accounting portfolios measured at Fair Value on a recurring basis and not measured at Fair Value or measured at Fair Value on a non-recurring basis is reported below.

Assets and Liabilities measured at Fair Value on a recurring basis

At the date of the consolidated financial statements, the following instruments were measured at fair value:

- Preferred Class C Visa Shares: these are measured according to the market value of Visa Inc class A shares, listed on active markets where the portfolio shares (class C) will be converted, adjusting the value to reflect both the liquidity risk of class C shares and the potential adjustments to the conversion ratio, as communicated by Visa under the specific section of the company's website, which varies depending on potential future liabilities linked to European merchants of Visa Europe, a company that has been incorporated into Visa Inc US. Share-based payments: the Group has implemented remuneration plans similar to share-based payments. This adjustment was not applied with respect to the Class C Shares, for which notice of forthcoming conversion into Visa Preferred Class A Shares was received at a now finalised exchange ratio.
- Contingent consideration: Fair Value is the current value, based on the market rates and spread at measurement date, of the expected cash-outs based on the earn-out mechanisms provided for by contracts.
- Call options on shares of unlisted companies: Fair Value is estimated using models generally used by market participants (Black & Scholes) and supplemented where possible with parameters derived from the market. Moreover, due to the nature of the instrument underlying the option, the valuation model was also fed with parameters not derived from the market. Specifically, volatility was determined based on the historical volatility of shares of comparable companies. The equity value of Nexi Payments Greece ("NP Greece" or "NPG") was estimated using the DCF model and the discount rate was estimated also taking into the Cost of Equity of NPG.
- Hedging derivatives: outstanding derivatives consist of plain vanilla interest rate swaps, the fair value of which is estimated using valuation models in line with market practice. Specifically, since these derivatives are not listed on active markets and are not subject to Credit Support Annexes (CSA), the Fair Value is determined as the sum of the risk-free (mid-market) reference value and the Credit Value Adjustment (CVA), understood as the counterparty risk premium linked to the possibility that the counterparties to the contract may not honour their commitments. The CVA is calculated using valuation models that take into account the Loss Given Default (LGD) and Probability of Default (PD), which are determined on the basis of market information, where available.

Assets and Liabilities measured at fair value on a non-recurring basis

Financial instruments not measured at Fair Value (FV), including loans and receivables with customers and banks are not managed on a Fair Value basis. For said assets, Fair Value is calculated solely for the purpose of complying with the request of disclosure to the market and has no impact on the financial statements or on profit and loss. Furthermore, since these assets are not generally

traded, the determining of Fair Value is based on the use of internal parameters not directly detectable on the market, as defined under IFRS 13.

- Cash and cash equivalents: given their short-term nature and their negligible credit risk, the carrying amount of cash and cash equivalents is practically equal to the Fair Value.
- Financial assets measured at amortised cost: for variable rate, on demand assets or those with short-term maturities, the book value recognised net of the analytical and collective impairment is considered a good approximation of the Fair Value, insofar as it incorporates the change in rates and the change in the counterparty's credit risk.
- Investment property: the Fair Value of Investment property is determined on the basis of a measurement made by independent experts holding duly acknowledged and pertinent professional expertise, who conduct their measurement mainly on the basis of an indirect knowledge of assets through the information made available by the holders with reference to property location, consistency, venue use, and in view of market analyses.
- Financial liabilities measured at amortised cost: the carrying amount is considered to approximately be equivalent to Fair Value for variable and fixed rate, short term liabilities. As for debt instruments issued, Fair Value is calculated based on active markets where liabilities have been traded.

Measurement process and sensitivity

The option on Nexi Payments Greece's shares represents an instrument with a Level 3 Fair Value. In particular, below is indicated the volatility of the fair value of the option as a function of the following non market-related parameters:

Discount Rate/Volatility	2%	Base	-2%
1%	18%	8%	-2%
Base	10%	-	-10%
-1%	2%	-8%	-18%

Fair Value hierarchy

Transfers between Fair Value levels derive from the empirical observation of intrinsic phenomena of the instrument taken into account or the markets on which it is traded.

Changes from Level 1 to Level 2 are brought about by a lack of an adequate number of contributors or the limited number of investors holding the float in issue.

Conversely, securities that at issue are not very liquid but have high numbers of contracts - thereby classified as Level 2 - are transferred to Level 1 when the existence is seen of an active market.

There have been no transfers between categories of financial assets and liabilities between Level 1, Level 2 or Level 3.

Quantitative Disclosure

Fair Value hierarchy

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVELS

	Dec.31, 2022			Dec.31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at Fair Value through profit or loss		3,083			3,322	
Financial assets at Fair Value through OCI	19,200	124,621			71,186	
Hedging derivatives	-	870	-		-	
Total	19,200	128,574	-	-	74,508	-
Financial liabilities at Fair Value through profit or loss	-	215,757	14,671		168,529	
Hedging derivatives	-	256	-		-	
Total	-	216,013	14,671	-	168,529	-

The item "Financial assets measured at fair value through profit or loss" includes Euro 1.5 million of equity instruments for which, based on agreements made at the time of acquisition of the companies holding these instruments, there is a contractual obligation to transfer the relative fair value back to the counterparties to the transaction. The corresponding liability is measured at Fair Value through profit or loss.

The item "Financial assets at fair value through OCI" consists of capital assets not held for trading, which the company, at initial recognition, has irrevocably chosen to classify and measure at FVTOCI.

The item "financial liabilities at Fair Value through profit or loss" comprises not only the liability described above, but also liabilities associated with contingent consideration recognised in connection with acquisitions for which earn-out mechanisms are envisaged, and the option related to the purchase of the equity investment in Nexi Payments Greece.

There have been no transfers between categories of financial assets and liabilities between Level 1, Level 2 or Level 3.

Annual changes of assets measured at Fair Value on a recurring basis (level 3)

No variations.

Annual changes of liabilities measured at Fair Value on a recurring basis (level 3)

In the year the item increased as a result of the option agreement on shares of Nexi Payments Greece representing a liability measured at Fair Value level 3.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVEL

	Dec. 31, 2022				Dec. 31, 2021			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Loans and receivables with banks	-	1,875,404	-	1,875,404	-	1,595,782	-	1,595,782
Loans and receivables with customers	-	2,462,980	20,002	2,482,982	-	1,764,076	38,372	1,802,448
Investment property	-	1,614	-	1,607	-	2,257	-	1,800
Total	-	4,339,998	20,002	4,359,992	-	3,362,115	38,372	3,400,030
Payables to banks	-	3,495,963	-	3,495,963	-	3,649,309	-	3,649,309
Payables due to financial entities and customers	-	2,141,864	-	2,141,864	-	1,813,534	-	1,813,534
Securities issued	-	3,535,460	-	4,011,514	-	4,635,783	-	4,449,279
Total	-	9,173,287	-	9,649,341	-	10,098,626	-	9,912,122

Information on “Day One Profit or Loss”

Not reported to the extent that for Nexi Group no transactions are recorded that are ascribable to this item.

2. Statement of Financial Position

(Amounts in thousand euros)

ASSETS**3. Cash and cash equivalents**

	Dec. 31, 2022	Dec. 31, 2021
a) Cash	47	53
b) Deposits and current accounts	448,731	1,546,063
Total	448,778	1,546,116

The item “Deposits and current accounts” refers to the liquid funds in the current accounts of Nexi SpA.

The change in the item is mainly attributable to the repayment of former SIA funding at the beginning of 2022. The item also includes the effects of funding and acquisition transactions during the period, the receipt of dividends from subsidiaries, the payment of interest expenses related to financing taken out and other expenses incurred during the period.

The item total for “Deposits and current accounts” is included in the Net Financial Position reported in the Management Report.

4. Financial assets at Fair Value

4.1 BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at Fair Value through profit or loss	3,083	3,322
Financial assets measured at Fair Value through OCI	143,821	71,186
Total	146,904	74,508

4.2 BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Dec. 31, 2022	Dec. 31, 2021
Financial assets held for trading	-	-
Financial assets measured at Fair Value	3,083	3,322
Other financial assets mandatorily valued at Fair Value	-	-
Total	3,083	3,322

The item "Financial assets at Fair Value through profit or loss" includes Euro 1.5 million of Fair Value of Visa Shares held through the Nets Group and related to Financial liabilities measured at Fair Value as well as other minor investments in equity instruments that do not confer any influence on the investee company.

4.3 BREAKDOWN BY PRODUCT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Dec. 31, 2022	Dec. 31, 2021
Debt instruments	-	-
Equity instruments	143,821	71,186
Financing	-	-
Total	143,821	71,186

4.4 BREAKDOWN BY ISSUER OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Dec. 31, 2022	Dec. 31, 2021
a) Banks	19,241	41
b) Financial institutions	118,920	70,533
- Visa Inc.	86,599	70,489
- Other financial companies	32,321	44
c) Non-financial institutions	5,660	612
Total	143,821	71,186

The item "Financial assets at Fair Value through OCI" mainly refers to Visa Inc. shares held by the Group's operating companies (Euro 87 million) and the shares acquired in 2022 by Nexi SpA in GoHenry (Euro 32 million) and in Monte dei Paschi di Siena (Euro 19.2 million). With respect to these equity investments, the Group does not exercise control, joint control or significant influence. With regard to the Visa shares in portfolio, note that they consist of Class A Preferred Shares and Visa Series C Shares eligible for conversion into Visa Class A ordinary Shares at a variable conversion rate dependent on expenses arising from contingent liabilities associated with the former Visa Europe. Note that the Class A Preferred Shares in the portfolio derive from the conversion in the

second quarter of 2022 of approximately 50% of the Visa Series C shares previously held. The Visa Class A Preferred shares are immediately available for sale in the market.

5. Financial assets measured at amortised cost

5.1 LOANS AND RECEIVABLES WITH BANKS: BREAKDOWN BY PRODUCT

	Dec. 31, 2022					Dec. 31, 2021				
	Carrying amount		Fair Value			Carrying amount		Fair Value		
	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3
Loans and receivables with banks										
Deposits and current accounts	1,549,870	-	-	1,549,870	-	1,426,610	-	-	1,426,610	-
Prepaid cards liquidity	47,855	-	-	47,855	-	49,474	-	-	49,474	-
Restricted deposits	159,886	-	-	159,886	-	119,295	-	-	119,295	-
Other assets	117,793	-	-	117,793	-	403	-	-	403	-
Total	1,875,404	-	-	1,875,404	-	1,595,782	-	-	1,595,782	-

The current account balance includes the daily settlement balance of transactions processed by the Group on behalf of Intesa Sanpaolo and the liquidity at the level of the operating entities only.

The liquidity of the prepaid cards relates to the electronic money business carried out on said cards. Such liquidity is considered separate from operational liquidity to the extent that it is deposited in a restricted current account, transactions on which are limited to covering uses of prepaid cards by cardholders.

The item "Restricted deposits" includes the escrow accounts connected with the Nexi Payments factoring transactions on the balances of credit cards (Euro 3.2 million) as well as Euro 106.6 million in deposits to guarantee deferred payments made to merchants as part of the acquiring activity. A Euro 0.5 million pledge in favour of the factoring company is attached to said restricted accounts. The item also includes time deposits related to the operations of the Nets Group (amounting to Euro 50 million).

The total of the item includes Euro 1,040 million of liquidity in the operating companies' bank accounts, which has been included in the Group's Net Financial Position reported in the Management Report.

5.2 LOANS AND RECEIVABLES WITH FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec. 31, 2022						Dec. 31, 2021					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stages 1 & 2	Stage 3 Purchased	Other	Level 1	Level 2	Level 3	Stages 1 & 2	Stage 3 Purchased	Other	Level 1	Level 2	Level 3
Ordinary credit cards	191,140	-	-	-	191,140	-	324,240	-	-	-	324,240	-
Receivables from schemes	1,561,833	-	-	-	1,561,833	-	791,986	-	-	-	791,986	-
Revolving credit cards	278,441	-	1,216	-	278,441	1,216	255,101	-	781	-	255,101	781
Receivables from "Buy Now Pay Later" solution	103,281	-	18,019	-	103,281	18,019	174,271	-	36,629	-	174,271	36,629
Receivables from merchants	131,987	-	-	-	131,987	-	118,861	-	-	-	118,861	-
Other assets	196,296	-	766	-	196,296	766	99,617	-	962	-	99,617	962
Total	2,462,980	-	20,002	-	2,462,980	20,002	1,764,076	-	38,372	-	1,764,076	38,372

The "Ordinary credit cards" item refers to charge cards and is the balance at the end of each month of the amount cumulatively spent up to that date by the cardholders during the last operative month. Via the partner banks this amount is generally debited to the current accounts of holders on the 15th day of the following month. The Group adopts a model according to which the receivables deriving from ordinary credit cards are the object of factoring operations that envisage the daily sale of receivables. The balance at 31 December 2022, included Euro 120 million worth of receivables sold on a with recourse basis and which therefore have not been derecognised.

Positions in respect of international schemes refer to the daily settlement balances on the Visa-Mastercard schemes of which Nexi Payments SpA is a direct member and include the deposit paid by the Group's operating companies to its customer merchants on transactions that are yet to be settled. All such positions are settled within a few days (generally 1 to 3 days). Moreover, these period-end balances are influenced by the number of non-working days running across the end of each period, days on which settlement systems are closed, determining a greater build-up of transactions and a consequent drawdown of funding facilities.

The item "Receivable from Buy Now Pay Later" refers to receivables arising from the "Buy Now, Pay Later" solution provided through the Nets Group.

The item "Receivables from merchants" refers to trade receivables from merchants for commissions to be collected. The item "Revolving credit cards" mainly includes receivables guaranteed by partner banks.

"Other assets" mainly include the amount due from the factoring company of Nexi Payments SpA of Euro 76.4 million connected with the balance to be settled daily with the counterparty.

5.3 LOANS AND RECEIVABLES WITH CUSTOMERS: GROSS AND NET VALUES AND WRITE-OFFS OF PERFORMING AND NON-PERFORMING LOANS

	Dec. 31, 2022			Dec. 31, 2021		
	Gross value	Fund	Net value	Gross value	Fund	Net value
Performing loans						
- Stage 1	2,467,361	(4,380)	2,462,980	1,767,012	(2,936)	1,764,076
- Stage 2	-	-	-	-	-	-
Non-performing loans						
- Stage 3	61,581	(41,580)	20,002	85,390	(47,018)	38,372
Total	2,528,942	(45,960)	2,482,982	1,852,402	(49,954)	1,802,448

6 Hedging derivatives

During 2022 Nexi SpA entered into cash flow hedging transactions related to some outstanding variable-rate financing. These transactions fall under the type of cash flow hedges envisaged by IFRS 9. For more information see section 40.

At the reporting date the derivatives taken out had the following values:

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Derivatives with positive Fair Value								
Fair Value hedge	-				-			
Cash flow hedge	870		870		-			
Total	870	-	870	-	-	-	-	-
Derivatives with negative Fair Value								
Fair Value hedge	-				-			
Cash flow hedge	256		256		-			
Total	256	-	256	-	-	-	-	-

7. Equity investments

The balance of this item consists of the following Equity Investments:

Name	Direct ownership	% held	Carrying amount	Share capital ^(**)	Equity ^(**)	Profit/(loss) ^(**)
A. Companies subject to joint control						
e-Boks A/S, Denmark ^(*)	Nets Denmark A/S	50%	37,977	134	24,305	6,251
B. Companies subject to significant influence						
Nexi Digital	Nexi SpA	49%	910	10	10	-
Rs-Record Store into liquidation	Nexi Payments SpA	30%	-	2,921	317	(412)
WEAT Electronic Dataservice GmbH, Germany	Concardis GmbH	40%	2,933	409	6,732	3,903
Total			41,820			

(*) Information reported in aggregate for all companies belonging to e-Boks Group A/S.

(**)Data from the latest approved financial statements as at 31 December 2021.

This item decreased due to the acquisition of control of Orderbird as described in section 39. Moreover, the equity investment in ATS was sold as part of the sale of the "Capital Market" business units.

8. Tangible assets

8.1 TANGIBLE ASSETS: BREAKDOWN OF ASSETS BY DESTINATION

	Dec. 31, 2022	Dec. 31, 2021 Restated
Property and equipment	561,747	541,739
Investment property	1,607	1,800
Total	563,354	543,539

8.2 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2022	Dec. 31, 2021 Restated
Owned		
a) Land	42,430	42,430
b) Buildings	71,184	70,452
c) POS and ATM	143,862	117,058
d) Machinery and electronic equipment/systems	123,090	114,543
e) Furniture and furnishings	8,697	5,978
f) Other	7,130	1,391
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	108,339	123,798
c) POS and ATM	17,458	22,594
d) Machinery and electronic equipment/systems	17,825	30,954
e) Furniture and furnishings	-	-
f) Other	21,731	12,541
Total	561,747	541,739

With regard to item "Owned", note the following:

- the value of real estate includes the effect of the write-back to Fair Value of the assets acquired in 2015 with the establishment of the Mercury Group, as a result of the completion of the purchase price allocation (PPA);
- the item "POS and ATM" refers to assets acquired by the Group and covered by contracts with customers;
- the item "machinery and electronic systems" mainly includes hardware used by the Group's operating companies. The amount entered is net of depreciation up until the reporting date.

The "Rights of use from lease contracts" item refers to assets recognised following the application of IFRS 16.

The total of tangible assets in progress at 31 December 2022 amounted to approximately Euro 9.5 million.

At the reporting date there are no restrictions as to the usage of such rights of use. Note that the Nexi Group made use of the option to exclude contracts with a duration of less than 12 months and/or contract value of less than Euro 5,000 from IFRS 16 for certain asset classes (low value contracts).

8.3 PROPERTY AND EQUIPMENT: CHANGES

31.12.2022	Land	Buildings	POS and ATM	Machi- nery and electronic equipment/ systems	Furniture and furnishings	Other	Total
A. Opening balance - Gross	44,643	275,833	325,996	345,069	13,399	25,015	1,029,955
A.1 Depreciation Fund	(2,213)	(81,583)	(186,344)	(199,573)	(7,421)	(11,083)	(488,216)
A.2 Net Opening balance	42,430	194,250	139,652	145,496	5,978	13,932	541,739
B. Increases	-	13,315	90,004	55,806	4,581	23,099	186,806
B.1 Purchases	-	1,369	82,632	55,352	4,202	2,571	146,126
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-	-
B.4 Positive Fair Value adjustments	-	-	-	-	-	-	-
B.5 Business combination	-	1,874	4,836	-	-	236	6,946
B.6 Transfers from investment property	-	-	-	-	-	-	-
B.7 Other increases	-	10,073	2,536	454	379	20,293	33,734
<i>of which of Rights of use</i>	-	10,073	2,008	272	-	20,285	32,637
B.8 Currency translation adjustment	-	-	-	-	-	-	-
C. Decreases	-	28,043	68,336	60,388	1,862	8,170	166,798
C.1 Sales	-	-	-	-	-	-	-
C.2 Depreciation	-	26,137	67,649	58,341	1,861	7,553	161,541
<i>of which of Rights of use</i>	-	21,633	9,202	10,890	-	6,684	48,409
C.3 Impairment losses	-	-	-	-	-	-	-
C.4 Negative Fair Value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	-	-	-	-	-	-
C.6 Transfers	-	-	-	662	-	0	663
a) investment property	-	-	-	-	-	-	-
b) non-current assets held for sale and discontinued operations	-	-	-	662	-	0	663
C.7 Other decreases	-	1,753	-	-	-	-	1,753
C.8 Currency translation adjustment	-	153	688	1,385	0	616	2,841
D. Closing balance - Gross	44,643	282,222	408,615	405,148	19,100	45,483	1,205,210
D.1 Depreciation Fund	(2,213)	(102,699)	(247,295)	(264,233)	(10,403)	(16,621)	(643,463)
D.2 Net Closing balance	42,430	179,523	161,320	140,915	8,697	28,862	561,747

8.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned								
a) land	339	-	-	-	366	-	-	-
b) buildings	1,268	-	-	-	1,434	-	-	-
2. Rights of use acquired through leasing								
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	1,607	-	1,614	-	1,800	-	2,257	-

The item includes the following properties:

- Strada delle Frigge 6, Monteriggioni (Siena), owned by Nexi Payments SpA;
- Via Nazionale 3, San Giovanni al Natisone (Udine), owned by Help Line SpA.

These investments are recorded in accordance with IAS 40 and include properties held (whether through ownership or finance leases) either to obtain remuneration by way of their rental, or to benefit from a return on invested capital as they appreciate in market value. Such property is measured at cost, net of depreciation.

As at the date of reference, there are no:

- restrictions or limits to the sale of property or collection of rental charges;
- obligations or contractual commitments, construction, development, repair or extraordinary maintenance of these properties.

The reduction in this item reflects depreciation for the period as well as the sale of the building located in Colle Val D'Elsa.

8.5 INVESTMENT PROPERTY: CHANGES

	Dec. 31, 2022		
	Land	Buildings	Total
A. Opening balance - Gross	366	1,876	2,242
A.1 Depreciation Fund	-	(442)	(442)
A.2 Net Opening balance	366	1,434	1,800
B. Increases	-	-	-
B.1 Purchases	-	-	-
B.2 Capitalised improvement costs	-	-	-
B.3 Reversals of impairment losses	-	-	-
B.4 Positive Fair Value adjustments	-	-	-
B.5 Business combination	-	-	-
B.6 Transfers from property and equipment	-	-	-
B.7 Other increases	-	-	-
of which of Rights of use	-	-	-
B.8 Currency translation adjustment	-	-	-
C. Decreases	27	166	193
C.1 Sales	27	73	100
C.2 Depreciation	-	93	93
of which of Rights of use	-	-	-
C.3 Impairment losses	-	-	-
C.4 Negative Fair Value adjustments	-	-	-
C.5 Business combination	-	-	-
C.6 Transfers	-	-	-
a) property and equipment	-	-	-
b) non-current assets held for sale and discontinued operations	-	-	-
C.7 Other decreases	-	-	-
C.8 Currency translation adjustment	-	-	-
D. Closing balance - Gross	339	1,803	2,142
D.1 Depreciation Fund	-	(535)	(535)
D.2 Net closing balance	339	1,268	1,607

9. Intangible assets

9.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	Dec. 31, 2022		Dec. 31, 2021 Restated	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill		13,104,984		12,769,109
A.2 Intangible assets - Customer contracts	3,509,583		3,981,090	
A.3 Other intangible assets	1,363,010		1,312,482	
- internally generated assets	743,744		625,412	
- externally purchased assets	619,266		687,070	
- leased intangible assets	-		-	
Total	4,872,593	13,104,984	5,293,572	12,769,109

Goodwill as at 31 December 2022 is as follows:

- goodwill arising from the acquisition of the Nets Group amounting to Euro 7,145 million, already net of the Purchase Price Allocation process completed in 2022 as described in section 39. Note that during 2022 goodwill was reduced by Euro 71 million due to the sale of Edigard and by Euro 150 million due to the conversion of goodwill allocated to currencies other than the Euro;
- goodwill arising from the acquisition of the SIA Group, amounting to Euro 2,394 million net of the Purchase Price Allocation process completed in 2022 as described in Section 39. Note that in 2022 goodwill was reduced by Euro 8 million due to the sale of the Capital Market business unit;
- goodwill related to book acquiring acquired in previous years by Nexi Payments for Euro 1,357 million, already net of the Purchase Price Allocation process;
- goodwill arising from the 2022 acquisition of Bper's acquiring book and Numera amounting to Euro 300 million, for which the Purchase Price Allocation process has not yet been completed;
- acquisition of Nexi Payments and Help Line in 2018 (Euro 931 million, already net of the Purchase Price Allocation process);
- acquisition of Mercury Payment Services in 2017 (Euro 590.8 million, already net of the Purchase Price Allocation process);
- goodwill recognised in the financial statements of Nexi Payments, the Group's share amounting to Euro 123 million mainly relative to the payment business unit acquired from DEPObank in 2018 following the reorganisation of the Nexi Group;
- goodwill of Euro 167 million related to the acquisition in 2022 of Nexi Payments Greece as described in section 39;
- goodwill of Euro 97 million related to the acquisitions in 2022 of Orderbird, PayTech and Team4U as described in section 39.

With reference to the method of allocation of goodwill to the different CGUs identified, please refer to the disclosure in section 9.3 "Intangible assets: Impairment Test" below.

The other intangible assets consist of:

- purchases of software and technological developments; the item also includes the effects of software revaluations performed as part of the Purchase Price Allocation processes. Note that ongoing uncompleted projects amount to Euro 359 million;
- intangible assets with a finite useful life as resulting from the above Purchase Price Allocation processes, comprised as follows:
 - customer contracts and customer relationships deriving from the Purchase Price Allocation processes completed in previous years referring to acquiring books, amounting to Euro 610 million;
 - contracts with customers and customer relationships resulting from the Purchase Price Allocation processes concluded during 2022 of Euro 2,900 million as detailed in section 39. Broken down, these intangible assets are composed as follows: Euro 1,653 million related to the acquisition of the SIA Group, Euro 1,226 million to the acquisition of the Nets Group, and a total of Euro 21 million related to the acquisition of Orderbird and Paytech.

9.2 INTANGIBLE ASSETS: CHANGES

Dec. 31, 2022	Goodwill	Customer Contracts	Other intangible assets			Total
			internally generated assets	externally purchased assets	leased intangible assets	
A Net opening balance	12,769,109	3,981,090	625,412	687,070		18,062,681
B. Increases	565,435	23,436	326,867	78,043	-	993,783
B.1 Purchases	-	-	326,645	54,027		380,673
B.2 Reversals of impairment losses						-
B.3 Positive Fair Value adjustments						
B.4 Business combination	565,435	23,436	-	17,011		605,882
B.5 Other increases			222			222
of which of Rights of use						
B.6 Currency translation adjustment				7,005		7,005
C. Decreases	229,560	494,943	208,535	145,848	-	1,078,886
C.1 Sales						-
C.2 Amortisation ^(*)	-	362,007	199,050	145,157		706,214
of which of Rights of use						
C.3 Impairment losses	-	65,210	1,826	39		67,075
C.4 Business combination	79,085	45,704	2,092	-		126,881
C.5 Negative Fair Value adjustments						-
C.6 Transfers to non-current assets held for sale and discontinued operations	-	-	-	6		6
C.7 Other decreases			230	567		797
C.8 Currency translation adjustment	150,475	22,023	5,337	78		177,913
D. Net closing balance	13,104,984	3,509,583	743,744	619,266	-	17,977,577

(*) The item includes Euro 2 million classified under the item "Income/(Loss) after tax from discontinued operations".

Item C.3 mainly refers to the acceleration of the amortisation of customer relationships accounted for with respect to the Purchase Price Allocation process of Nets, following the exit of some customers.

9.3 INTANGIBLE ASSETS: IMPAIRMENT TESTING

As required by the international accounting standard IAS 36, Nexi Group carried out the Impairment Test exercise on intangible assets with an indefinite useful life represented by goodwill recorded in the financial statements.

It should be noted that, having completed the PPA (Purchase Price Allocation) processes of the SIA and Nets business combinations whose reflections have been accounted for in these financial statements, taking into account the process of integrating the business of SIA and Nets within the Group, the evolution of the Group's organizational model, the related organizational structure and management responsibilities and subsequent monitoring carried out by business unit, it was necessary to revise the CGUs compared to those used for the 2021 financial statements that had been identified based on the different corporate entities. These considerations with reference to the criteria for determining the CGUs for the goodwill impairment test are, moreover, consistent with the definition of recoverable value of an asset - the determination of which is the basis for impairment tests - according to which the amount that the company expects to recover from that asset, considering synergies with other assets, is relevant. So, consistent with the pricing logic that gave rise to the accounting of goodwill, the recoverable value for the purpose of impairment tests of the CGU, to which the goodwill is allocated, must include the valuation of not only external (or universal) synergies but also the internal ones, which the specific acquirer can obtain from the integration of the acquired assets in its business combinations, evidently depending on the business models defined by the management.

In view of the above, coherently with the business units into which the Nexi Group is organized and the related reporting model implemented, the following Cash Generating Units have been identified:

- Merchant Solutions;
- Issuing Solutions;
- Digital Banking Solutions.

As a result, it was first necessary to reallocate the goodwill, amounting to 13,105 million euros, which was previously allocated provisionally to the corporate entities of the respective groups (Nexi Payments, SIA and Nets) to the three units above. The allocation process was carried out, in compliance with the provisions of the international accounting standards, on the basis of the “implied goodwill relative fair value” method, which provides for the attribution of the relative goodwill attributable to each business unit on the basis of the percentage weight of the respective notional goodwill determined as the difference between the overall fair value of each business unit and the fair value of the assets and liabilities attributable to it, as it is considered more representative than the standard method of the so-called “relative fair value.” The allocation process described above, thus led to the following result:

(Amounts in million euros)

Name of CGU	Goodwill ^(*)	Carrying Amount
Merchant Solutions	9,401	11,830
Issuing Solutions	3,420	4,767
Digital Banking Solutions	488	1,213
Total	13,309	17,810

(*) Goodwill expressed at 100%, including minority interests.

According to IAS 36, the recoverable amount of CGUs is determined as the greater of:

- Fair Value, less costs of disposal;
- Value in Use;

although it is not necessary to estimate both values. In fact, the impairment test is passed if either value in use or fair value less costs of disposal is higher than the carrying value of the CGUs to which goodwill is allocated.

Therefore, for the purpose of this impairment test, the value in use of the CGUs defined above was estimated.

Regarding the determination of the value in use, the method of discounted cash flow in the unlevered version (“DCF”) was adopted. Such method is based on the general concept that the value of a company is equivalent to the discounted amount of the two following elements:

- the cash flows it will generate within the forecast horizon;
- the terminal value, namely the overall corporate value deriving from the period that lies beyond the forecast horizon.

Cash flows are discounted using the weighted average capital cost (WACC) which is the weighted average of the cost of equity and the cost of debt, after taxation. The formula for estimating WACC is the following:

$$\text{WACC} = K_e * \frac{E}{D + E} + K_d * (1 - t) * \frac{D}{D + E}$$

where:

- K_e = cost of equity;
- $E/(D+E)$ = percentage of equity capital in the total invested capital (risk capital+ debt capital);
- K_d = cost of debt capital before taxes;
- t = tax rate (“tax shield”);
- $D/(D+E)$ = percentage of debt capital in the total invested capital (risk capital + debt capital).

The cost of equity is the expected return, in a situation not affected by contingent phenomena, on the relevant sector; it is calculated through the Capital Asset Pricing Model, the formula being:

$$K_e = R_f + \beta * (R_m - R_f)$$

where:

- Rf = risk-free rate, equal to the average yield to maturity of 10-year government bonds observed over the last six months weighted by the countries the Group operates for each CGU;
- Beta = "beta" coefficient expressing the risk of the specific enterprise in the market. This parameter was estimated based on an analysis of the betas of comparable companies
- Rm - Rf = equity risk premium, namely the additional return requested by a risk averse investor compared with the return of risk-free assets; it is equivalent to the difference between the average return of the stock market and the risk-free rate. The parameter considered is 5.70%, applicable to European companies (source: Berec BoR (22) 70).

The debt cost must be considered net of the tax rate "t", in order to take into account the tax shield on interest costs. This parameter was estimated based on an analysis of the yields of comparable bonds, consistent with the target financial structure assumed in the WACC calculation.

For the purpose of estimating the long-term growth rate (g rate), the long-term inflation rate of the countries the CGUs operate in as estimated by the IMF (World Economic Outlook) in October 2022 was used.

The WACC and g rate used for the purpose of the impairment test are as follows:

- Merchant Solutions CGU: 9.05% and 2.02%
- Issuing Solutions CGU: 9.25% and 2.01%
- Digital Banking Solutions CGU: 9.02% and 1.94%

The estimate of the CGUs' recoverable value was based on an estimate of the value in use, using a Discounted Cash Flow (DCF) asset-side criterion starting from the 2023 Budget and the 2024-2027 Plan (base plan) approved by the Nexi SpA Board of Directors. Note that, as part of the impairment test, it was verified that the plan cash flows were an expression of expected average flows, and that in this sense there was a balance between the upside and downside with respect to the plan disclosed to the market.

In light of the current macro-economic landscape, a worst-case scenario was developed by management to reflect the volatility resulting from the current macro-economic environment. This scenario was developed using worst-case macroeconomic assumptions provided by external bodies, to which further downward adjustments were made in order to take into account the possible variability of these parameters (double-stressed scenario).

The checks, carried out by means of the above impairment testing, have shown that the book values can be fully recovered, even in the worst scenario.

Since the value in use is determined through estimates and assumptions that may feature elements of uncertainty, sensitivity analyses were conducted – as provided for by IAS/IFRS standards – for verifying the sensitivity of the results obtained upon variation of some basic parameters and hypotheses.

In fact, the sensitivity analysis was performed with respect to the base plan considering the following ranges of variability:

- WACC increase: +50 bps;
- reduction in the long-term growth rate g: -100 bps
- parallel downward shift in EBITDA: -5%

The above sensitivity analyses did not reveal any indicators of impairment.

In order to make the value in use equal to the value of the invested capital (break-even hypothesis), the following permanent changes (thus also impacting the terminal value) of the key parameters would be required:

Name of the CGU	Increase of WACC	Decrease of growth rate (g)	Shift parallel to decrease in EBITDA
Merchant Solutions	+1.19%	-1.62%	-12.34%
Issuing Solutions	+1.16%	-1.60%	-11.95%
Digital Banking Solutions	+0.84%	-1.14%	-9.48%

10. Tax Assets and Liabilities

10.1 CURRENT TAX ASSETS AND LIABILITIES

At 31 December 2022 the financial statements show Euro 14.9 million (Euro 25.1 million at 31 December 2021) relating to current tax assets and Euro 106.7 million (Euro 47.6 million as at 31 December 2021) for current tax liabilities.

The current tax assets mainly consist of IRES and IRAP receivables of Italian subsidiaries and receivables for taxes paid abroad.

The current tax liabilities include payables for the balance of the domestic tax consolidation as well as taxes owed by foreign subsidiaries.

Note that the current national tax consolidation scheme refers not just to the Parent Company Nexi SpA, but extends to subsidiaries Mercury Payment Services SpA, Nexi Payments SpA, Help Line SpA, Service Hub SpA and SIAPay Srl.

10.2 DEFERRED TAX ASSETS: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021 Restated
Deferred taxes assets		
- of which: recognised in equity	2,267	3,482
- of which: recognised in profit and loss	193,654	213,682
Total	195,922	217,164

The deferred tax assets amounted to Euro 196 million and were composed as follows:

- tax recognised in Shareholders' equity mainly arising from deferred tax assets relating to severance pay;
- taxes recognised with a balancing entry in the Income Statement, mainly relating to deferred tax assets arising from the redemption of goodwill recognised in the financial statements of Nexi Payments and Nexi SpA. The item also includes deferred tax assets relating to adjustments to receivables, provisions for risks and charges, as well as the tax asset arising from the spin-off of certain equity investments from DEPObank SpA to Nexi, and deferred tax assets on tax losses.

As at 31 December 2022 the Group had unused tax losses of Euro 90 million, of which Euro 4 million can be carried forward for 3 years and Euro 86 million for more than 3 years

With regard to these tax losses, according to available estimates, deferred tax assets of Euro 11 million were recognised. The assessment of the recoverability of tax loss assets is based on the positive taxable income expected within the next three to five years.

Unrecognised tax assets, for which there is no evidence of short-term use, were not recognised and amounted to Euro 9 million, corresponding to tax losses of approximately Euro 39 million.

10.2.2 Changes in deferred tax assets (recognised in equity)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	3,482	548
2. Increases	184	2,934
2.1 Deferred tax assets recognised in the year	-	-
2.2 Business combination	-	2,934
2.3 Other increases	184	-
2.4 Currency translation adjustment	-	-
3. Decreases	1,399	-
3.1 Deferred tax assets derecognised in the year	58	-
3.2 Business combination	-	-
3.3 Other decreases	1,341	-
3.4 Currency translation adjustment	-	-
4. Closing balance	2,267	3,482

10.2.3 Changes in deferred tax assets (recognised in profit and loss)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	213,682	49,996
2. Increases	19,494	193,015
2.1 Deferred tax assets recognised in the year	16,224	63,677
2.2 Business combination	-	129,338
2.3 Other increases	3,270	-
2.4 Currency translation adjustment	-	-
3. Decreases	39,521	29,329
3.1 Deferred tax assets derecognised in the year	39,200	29,209
3.2 Business combination	-	-
3.3 Other decreases	185	-
3.4 Currency translation adjustment	136	120
4. Closing balance	193,654	213,682

10.3 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021 Restated
Deferred tax liabilities		
- of which: recognised in equity	4,216	3,166
- of which: recognised in profit and loss	1,024,537	1,167,314
- of which: recognised in the profit and loss statement due to elimination of the equity investments	96,704	80,459
Total	1,125,457	1,250,939

The deferred tax liabilities amounted to Euro 1,125 million (Euro 1,250 million in 2021 restated) and consisted mainly of deferred taxes recognised as a result of purchase price allocations of Nets and SIA.

Specifically:

- tax recognised in Shareholders' equity mainly arising from deferred tax relative to the Fair Value measurement of the Visa Shares portfolio;
- tax recognised in the Income Statement arising from temporary differences in goodwill and deferred taxes identified in the Purchase Price Allocation of the business combination transactions carried out by the Group;
- tax recognised in the Income Statement arising from the elimination of the equity investments in subsidiaries and the allocation of part of the purchase price to intangible assets with a finite useful life.

10.3.1 Changes in deferred tax liabilities (recognised in equity)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	3,166	7,026
2. Increases	2,018	737
2.1 Deferred tax liabilities recognised in the year	2,018	737
2.2 Business combination	-	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	968	4,597
3.1 Deferred tax liabilities derecognised in the year	968	4,597
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	4,216	3,166

10.3.2 Changes in deferred tax liabilities (recognised in the profit and loss)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	1,247,773	217,122
2. Increases	22,335	1,095,496
2.1 Deferred tax liabilities recognised in the year	12,477	840,512
2.2 Business combination	9,800	251,670
2.3 Other increases	58	467
2.4 Currency translation adjustment	-	2,847
3. Decreases	148,867	64,845
3.1 Deferred tax liabilities derecognised in the year	122,238	39,967
3.2 Business combination	1,062	-
3.3 Other decreases	23,087	24,878
3.4 Currency translation adjustment	2,480	-
4. Closing balance	1,121,241	1,247,773

11. Non-current assets held for sale and discontinued operations and liabilities associated with non-current assets held for sale and discontinued operations

	Dec. 31, 2022	Dec. 31, 2021
A. Assets held for sale		
A.1 Financial assets	621	551
A.2 Tangible assets	681	16
A.3 Intangible assets	269	229
A.4 Other assets	900	995
Total (A)	2,471	1,790
B. Liabilities associated with assets held for sale		
B.1 Financial liabilities	259	329
B.2 Other liabilities	462	312
Total (B)	721	641

This category mainly includes the assets and liabilities related to Orbital Cultura and a business unit of Nexi Greece Processing Services Single Member S.A. concerning customer operations services, for which a contract of sale was signed in October 2022 and whose closing is expected in 2023.

12. Other assets

	Dec. 31, 2022	Dec. 31, 2021 Restated
Tax receivables	71,251	68,364
Other assets for commissions to be collected	750,542	649,510
Deferred costs	199,559	174,497
Inventory	53,699	23,164
Unsettled transactions	617,255	324,941
Other receivables	32,176	32,451
Receivables for tax consolidation	-	-
Total	1,724,483	1,272,927

The item "Other assets for commissions to be collected" refers to receivables net of the relevant risk provisions.

Inventories mainly refers to ATMs, POSs and spare parts net of the relevant depreciation.

The "Deferred costs" item includes deferred expenses relating to costs connected to contracts with customers and similar for Euro 106 million and deferred expenses for costs paid but not yet accrued of about Euro 93 million.

The item "Unsettled transactions" refers to transaction associated with different processing stages of the settlement of transactions generally concluded in the first days of the following month.

LIABILITIES**13. Financial liabilities measured at amortised cost****13.1 FINANCIAL LIABILITIES DUE TO BANKS: BREAKDOWN BY PRODUCT**

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	3,230,728	-	3,230,728	-	3,358,371	-	3,358,371	-
2. Other liabilities	263,080	-	263,080	-	281,815	-	281,815	-
3. Lease liabilities	2,155	-	2,155	-	9,123	-	9,123	-
Total	3,495,963	-	3,495,963	-	3,649,309	-	3,649,309	-

The item "Financing" mainly includes the Group's funding, composed as follows:

- the IPO Term line for Euro 996 million. The carrying amount as at the reporting date included direct residual transactions costs, not yet amortised, for Euro 7.5 million;
- the Term Loan for Euro 364 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 2.6 million. In 2022 Euro 100 million were repaid early;
- the BBPM Credit Line for Euro 199 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 1 million;
- the 2022 Term Loan for Euro 746 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 4.5 million;
- the BPER loan agreement amounting to Euro 50 million;
- funding to support the operations of the subsidiary Ratepay, in particular pay-later services in the amount of Euro 115 million;
- the payable to Alpha Bank in the amount of Euro 114 million for the deferred payment of the purchase of Nexi Payments Greece.

Moreover, the item includes credit lines used by the Group for settlements.

The item "Other liabilities" mainly refers to payables for fees and other retrocessions to partner banks.

The item total includes Euro 2,584 million in bank financing and Euro 2 million in lease debts in the Net Financial Position reported in the Management Report.

13.2 FINANCIAL LIABILITIES DUE TO FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	223,054	-	223,054	-	434,699	-	434,699	-
2. Other liabilities	1,759,780	-	1,759,780	-	1,202,184	-	1,202,184	-
3. Lease liabilities	159,030	-	159,030	-	176,651	-	176,651	-
Total	2,141,864	-	2,141,864	-	1,813,534	-	1,813,534	-

The item "Financing" refers mainly (Euro 177 million) to payables to the factoring company for advances on ordinary credit cards sold with recourse.

The item "Other liabilities" mainly includes settlement payables of the acquiring business arising from the activities of the foreign operating companies, as well as balances related to prepaid cards.

The item "Lease liabilities" equal to Euro 159 million includes the liability deriving from the application of IFRS 16 to operating leases, equal to the current value of the payment flows envisaged by current contracts and is entirely included in the Net Financial Position reported in the Management Report.

13.3 SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Fixed rate securities	4,011,514	-	3,535,460	-	4,449,279	-	4,635,783	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	4,011,514	-	3,535,460	-	4,449,279	-	4,635,783	-

Note: with reference to the convertible bonds, the Fair Value above refers to financial liability for the issue as a whole.

As more fully explained in the Directors' Report, the item refers to:

- the 2026 Bonds, in the amount of Euro 922 million, including direct transaction costs not yet amortised in the amount of Euro 7 million; during 2022, nominal Euro 124 million were repurchased and subsequently cancelled;
- the 2029 Bonds in the amount of Euro 1,045 million, including direct transaction costs not yet amortised in the amount of Euro 9 million;
- the 2027 Convertible Loan, in the amount of Euro 462 million, including direct transaction costs not yet amortised in the amount of Euro 4 million attributed to the "Payable" component;
- the 2028 Convertible Loan, in the amount of Euro 889 million, including direct transaction costs not yet amortised in the amount of Euro 9 million attributed to the "Payable" component;
- the 2024 Bond Loan, in the amount of Euro 475 million, including direct transaction costs not yet amortised in the amount of Euro 2 million; during the year nominal Euro 349 million were repurchased and subsequently cancelled;
- the Nassa Topco Bond, in the amount of Euro 219 million.

The item is fully included in the Net Financial Position reported in the Management Report.

14. Financial Liabilities at Fair Value through Profit or Loss

14.1 FINANCIAL LIABILITIES AT FVTPL: BREAKDOWN

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial liabilities measured at Fair Value	1,133	-	1,133	-	1,572	-	1,572	-
Other financial liabilities mandatorily measured at Fair Value	229,295	-	214,624	14,671	166,957	-	166,957	-
Total	230,428	-	215,757	14,671	168,529	-	168,529	-

The item "Financial liabilities measured at Fair Value" refers to the liability linked to Visa shares as described in more detail in section 4.2. The item "Other financial liabilities mandatorily measured at Fair Value" refers to the contingent considerations provided for by contracts with reference to the business combination transactions.

The item also includes the Fair Value of the call option granted to Alpha Bank in connection with the purchase of an additional 39% of Nexi Payments Greece.

This item is included in Net Financial Position for Euro 214 million reported in the Management Report.

15. Other Liabilities

	Dec. 31, 2022	Dec. 31, 2021
Tax liabilities and social security debts	51,325	55,307
Payables due to employees	180,063	169,692
Other liabilities for fees and commissions	731,248	650,910
Unsettled transactions	912,364	340,715
Deferred loyalty fees and other revenues	76,013	66,841
Other debts	911	820
Payables for tax consolidation	-	-
Total	1,951,924	1,284,285

The item "Other liabilities for fees and commissions" includes payables to suppliers and other counterparties for commercial services received.

The item "Deferred loyalty fees and other revenues" mainly includes liabilities associated with Loyalty programmes in place, worth Euro 37.3 million, aside from the liabilities deriving from customer contracts, worth Euro 33 million, mainly associated with revenues invoiced in advance and one-off revenues for projects concerning the goodwill of new customers or new products.

The item "Unsettled transactions" refers to transaction associated with different processing stages of the settlement of transactions in the first days of the following month.

16. Post-employment benefits

	Dec. 31, 2022	Dec. 31, 2021
Defined benefit plan	30,996	39,847
Contribution plan	-	-
Total	30,996	39,847

The item includes defined benefit plans in place at the Group's operating companies based on local legislation or supplementary agreements. As at 31 December 2022, amounts payable pursuant to IAS 19 requirements for post-employment benefits totalled Euro 31 million (Euro 39.8 million as at 31 December 2021).

16.1 POST-EMPLOYMENT BENEFITS : CHANGES

	Dec. 31, 2022	Dec. 31, 2021
A. Opening balance	39,847	14,808
B. Increases	1,745	29,728
B.1 Accruals for the year	1,354	416
B.2 Other changes	391	29,312
- Business combinations	298	28,181
- Other increases	93	1,131
C. Decreases	10,597	4,689
C.1 Payments	2,251	581
C.2 Other changes	8,346	4,108
- Business combinations	1,006	-
- Other decreases	7,340	4,108
D. Closing balance	30,996	39,847

16.2 MAIN DEMOGRAPHIC AND ACTUARIAL ASSUMPTIONS USED TO MEASURE POST-EMPLOYMENTS BENEFITS: SENSITIVITY ANALYSIS

	Assumptions		Sensitivity	
	Dec. 31, 2022	Dec. 31, 2021	(0.50%)	0.50%
- Discount rate	from 1.78% to 4.04%	from 0.98% to 1.07%	4.71%	-3.79%
- Inflation rate	2.30%	from 1.75% to 2.08%	n.a.	n.a.
- Turnover rate	3.23%	from 0.00% to 4.39%	-0.24%	0.24%

17. Provisions for Risks and Charges**17.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN**

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Internal pension funds	-	-
2. Other provisions for risks and charges	141,886	193,611
2.1 Legal and tax disputes	55,133	61,638
2.2 Employees expenses	1,801	3,257
2.3 Other provisions	84,953	128,716
Total	141,886	193,611

The item "Legal and tax disputes" of Euro 55 million (Euro 62 million as at 31 December 2021) refers mainly to the provisions made for litigation, including estimated legal fees, for which the risk is considered probable. The reduction is mainly related to uses.

The item "Other provisions" of Euro 85 million (Euro 129 million as at 31 December 2021 restated) mainly refers to:

- Provision for contractual commitments made during the acquisition of the equity investment held in Bassilichi, for about Euro 6 million, down compared with 31 December 2021 (Euro 7.2 million) mainly due to releases in the period;
- Provision for disposal costs of non-core equity investments held by the Bassilichi Group, for Euro 1 million (Euro 2.5 million as at 31 December 2021) down due to use in the period;
- Provision to cover risks mainly related to pending transactions and other disputes related to ordinary operations amounting to approximately Euro 11 million (Euro 15 million as at 31 December 2021). The item decreased mainly as a result of the releases during the period because of the reduced level of risk;
- Provision for fraudulent transactions, mainly in issuing, of Euro 1 million (Euro 1.3 million as at 31 December 2021);
- Provision to cover charge back and other risks related to the acquiring business in the amount of approximately Euro 17 million (Euro 27 million as at 31 December 2021) as a result of the release in the period due to the lapse of the specific risks involved;
- Provisions to cover risks recorded as an adjustment to the opening balances related to the merger with Nets and SIA equal to Euro 34 million (Euro 10 million as at 31 December 2021);
- Provisions related to onerous contracts and contractual penalties amounting to Euro 13 million (Euro 32 million as at 31 December 2021), the reduction of which is related to uses for the period.

With reference to the ongoing arbitration against Cedacri, central to which is Cedacri's request of a Euro 74.1 million price adjustment, please note that the Group, also based on the opinion of its legal advisers, cannot rule out the risk of an adverse ruling.

On 15 December 2022 a tax audit report was served to the company contesting its failure to apply the withholding tax as withholding agent, amounting to approximately Euro 126.2 million on dividends distributed in 2018 to the shareholder Mercury UK Ltd. Based on the opinion issued by its consultants appointed for the defence, without prejudice to the right of recourse, the Company believes that it can successfully litigate the reasons for the correctness of the company's actions and is in the process of initiating formal discussions with the tax authority to explain its reasoning.

On 28 December 2022, three notices of assessment were served for IRES, IRAP and VAT in 2017, in which the Revenue Agency contested the tax relevance of a settlement agreement entered into by the merged Bassilichi with one of its counterparties. The potential charge resulting from these notices is estimated at approximately Euro 15.2 million for taxes and Euro 7.3 million for penalties, plus interest. Based on the opinion issued by its consultants appointed for the defence, the Company believes that it can successfully litigate the groundlessness of the Revenue Agency's charge in the aforesaid notices, in respect of which it has submitted a petition to argue its reasoning.

A VAT dispute dating back to the years 2007, 2008, and 2011 of the merged company SIA SpA, which in turn derives from the Italian branch of a Belgian subsidiary, is pending before the Court of Cassation. The potential risk should reasonably be limited to penalties and interest amounting to approximately Euro 12 million. The two previous court rulings were in the company's favour.

The Group's operating companies are also involved in tax disputes totalling Euro 14 million, as well as other legal disputes totalling Euro 31 million, in respect of which the Group believes it can successfully argue the groundlessness of the relative objections.

17.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Internal Pen- sion funds	Other provi- sions for risks and charges	Total
A. Opening balance	-	193,611	193,611
B. Increases	-	5,882	5,882
C. Business combination	-	-	-
D. Decreases for utilisation	-	(44,159)	(44,159)
E. Decreases for releases	-	(13,437)	(13,437)
F. Time value adjustment	-	(11)	(11)
G. Closing balance	-	141,886	141,886

18. Shareholders' Equity

	Dec. 31, 2022	Dec. 31, 2021 Restated
Share capital	118,583	118,452
Treasury shares	(4,440)	(4,493)
Share premium	11,587,260	11,587,260
Reserves	468,390	523,080
Valuation reserves	(90,226)	36,729
Profit (Loss) for the year	140,023	37,729
Equity attributable to non-controlling interests (+/-)	18,147	9,411
Total Shareholders' Equity	12,237,737	12,308,168

The "Equity attributable to non-controlling interests" item of Euro 18.1 million, mainly refers to minority stakes in Nexi Payments SpA (Euro 14.5 million), Help Line SpA (Euro 1.4 million) and Nexi Payments Greece (Euro 1.7 million).

Specifically, as at 31 December 2022 share capital comprised 1,311,638,938 ordinary shares, all fully paid up.

The treasury shares in portfolio amounted to 279,147.

The item "Reserves" increased mainly due to the recognition of the effects of share-based plans (about Euro 37 million).

The change in the item "Valuation reserves" is mainly related to the Conversion Reserve, whose decrease was partially offset by the increase in the Valuation reserve related to the Visa shares in the portfolio.

19. Income Statement

(Amounts in thousand euros)

Note that the income statement figures are not comparable with those for the 2021 period due to the extraordinary transactions executed in 2021.

20. Fees for Services Rendered and Commission Income

	2022	2021
Issuing & Acquiring fees:	3,507,963	2,285,758
- fees and commissions from counterparties	2,414,912	1,543,787
- fees and commissions from cardholders	1,093,051	741,971
Revenues from services	1,891,178	766,900
Total	5,399,141	3,052,658

The item "Issuing & Acquiring fees" item mainly consists of:

- the item "Fees and commissions from counterparties", which includes the interchange fees recognised by the schemes, the acquiring commissions paid by merchants and the commissions for processing issuing/acquiring and servicing paid by partner banks;
- the item "Fees and commissions from cardholders", which includes commissions debited to licensed cardholders, mainly relating to charges.

The item "Revenues from services" mainly consists of POS and ATM rental and maintenance charges, of revenue from Digital & Corporate Banking services, and revenue from activities linked to Payment Services and revenues connected with Help Desk services.

Revenues from active lease contracts amount to approximately Euro 337,2 million.

The revenue recognised, in accordance with IFRS 15 "At a point of Time" mainly refers to revenue commensurate with transacted volumes, which at 31 December amounted to approximately Euro 3,442 million.

Note that, as required by IFRS 15.116, fees and commission income for services rendered include revenues recognised during the period, included in the opening balance of liabilities from customer contracts for Euro 14 million.

21. Fees for Services Received and Commission Expense

	2022	2021
Bank charges:	(1,713,348)	1,091,819
- fees due to correspondents	(1,299,387)	(782,305)
- fees due to banks	(413,961)	(309,514)
Other fees	(393,647)	(188,361)
Total	(2,106,995)	(1,280,180)

This item mainly comprises:

- the item "Fees due to correspondents", mostly consisting of interchange fees and other charges debited by the schemes;
- the item "Fees due to banks", mainly consisting of fees paid to partner banks and commissions retroceded within the framework of the master and distribution agreements in place with regard to acquiring books acquired in recent years.

22. Interest and Similar Income

	2022	2021
Financial assets measured at amortised cost:	15,637	20,277
Other assets	1,134	123
Other financial income	32,879	-
Total	49,650	20,399

Interest income with customers mainly refers to revolving credit card transactions.

23. Interest and Similar Expense

	2022	2021
Financial liabilities measured at amortised cost:	(198,116)	(187,669)
- lease contracts	(8,984)	(3,234)
- due to banks and customers	(92,447)	(102,576)
- securities issued	(96,685)	(81,859)
Financial liabilities at Fair Value through profit or loss:	(10,142)	(574)
- financial liabilities held for trading	(156)	-
- financial liabilities measured at Fair Value	(9,986)	(574)
- other financial liabilities mandatorily measured at Fair Value	-	-
Hedging derivatives	(38)	-
Other liabilities/provisions	(555)	(11,622)
Other financial charges	(12,458)	-
Total	(221,310)	(199,864)

Interest expense mainly refers to:

- recourse credit facilities attached to the factoring agreement entered into in 2018 by Nexi Payments SpA;
- securities issued as detailed in the Board of Directors' Management Report and Note 38;
- outstanding financing as detailed in the Board of Directors' Management Report and section 14.1.

24. Profit/(Loss) on Hedging/ Financial Assets and Liabilities at Fair Value through Profit or Loss/ Derecognition of Assets and Liabilities at Amortised Cost

	2022	2021
Net result of financial assets measured at FVTPL	453	-
Net result of financial liabilities measured at FVTPL	(22,951)	(67,969)
Net hedging income on financial assets	426	-
Net result on derecognition of asset and liabilities at Amortised cost	22,865	-
Total	793	(67,969)

The item mainly includes the effect of the repurchase of bonds and subsequent cancellation for a positive Euro 23 million, in addition to the fair value measurement of the earn-outs (negative to about Euro 22 million), the measurement of the option related to Nexi Payments Greece (negative for about Euro 2 million), to the effect of the ineffectiveness of the hedging relationship (positive for about Euro 0.4 million).

25. Dividends and Profit (Loss) from Investments and Sale of Assets at Fair Value through Other Comprehensive Income

	2022	2021
Dividends	457	1,383
Profit/(loss) from disposal of financial assets at FVTOCI	(20,954)	(8,380)
Net income	(20,496)	(6,997)

The item's balance mainly refers to, under the scope of the factoring contract, expense due to transfer without recourse by Nexi Payments SpA of a significant portion of the loans portfolio attached to credit cards issued. It also includes dividends distributed by the Group's investee companies, other than subsidiaries and associates, which are classified as "Financial assets at Fair Value through OCI". The increase is related to the rise in market rates.

26. Administrative Expenses

26.1 PERSONNEL-RELATED COSTS: BREAKDOWN

	2022	2021
1) Employees		
a) wages and salaries	(556,947)	(261,602)
b) social security charges and similar cost	(135,669)	(56,782)
c) post-employment benefits	(36,403)	(16,432)
- <i>defined contribution plans</i>	(12,448)	(9,115)
- <i>defined benefit plans</i>	(23,955)	(7,318)
d) costs of share-based payment plans	(38,081)	(47,506)
e) other employee benefits	(23,137)	(12,290)
2) Other personnel	(28,793)	(13,378)
Total	(819,030)	(407,991)

Payroll costs also include costs linked to the stock grant plan (guaranteed by Mercury UK) for Nexi Group employees and the costs connected with the Long-Term Incentive plan, as further detailed in Note 38.

In addition, capitalised personnel costs amount to Euro 93.8 million.

26.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2022	2021
1. Third-party services	(273,884)	(221,011)
2. Lease and building management fees	(19,633)	(8,426)
3. Insurance	(8,738)	1,368
4. Rentals (*)	(31,809)	(12,433)
5. Maintenance	(117,646)	(46,181)
6. Shipping costs	(26,902)	(27,642)
7. Telephone and telegraph	(34,125)	(15,144)
8. Cards and accessories	(1,179)	(4,151)
9. Printed matter and stationery	(14,987)	(6,655)
10. Other taxes	(23,382)	(13,188)
11. Legal, notary and consultancy services	(201,772)	(161,254)
12. Agents' commissions and expense reimbursement	(174)	(121)
13. Advertising	(12,768)	(7,265)
14. Promotional materials and competition prizes	(37,373)	(31,506)
15. Other commercial costs	(7,279)	(1,704)
16. Other general expenses	(265,050)	(110,085)
Total	(1,076,700)	(665,399)

(*) The item includes software rental fees for Euro 28.9 million and short-term rental contracts or related to low value assets for Euro 2.9 million.

As required by IFRS 15.128, note that the costs for the execution of customer contracts recognised during the period and included in the opening balance of assets deriving from customer contracts, amounted to approximately Euro 26 million.

27. Other Operating Income/Expenses, Net

	2022	2021
Other operating income	7,694	26,463
Other operating expenses	(7,555)	(23,365)
Total	139	3,098

28. Net Value Adjustments on Assets Measured at Amortised Cost

	Impairment losses		Reversals of Impairment losses		2022	2021
	Stages 1& 2	Stage 3	Stages 1& 2	Stage 3	Total	Total
A. Loans and receivables with banks	-	-	-	-	-	-
B. Loans and receivables with customers	(4,052)	(9,302)	-	195	(13,159)	(4,995)
Total	(4,052)	(9,302)	-	195	(13,159)	(4,995)

The item refers to the net value adjustments applied to receivables due from customers mainly connected with direct issuing and acquiring operations carried out by the Group's operating companies.

29. Net Accruals to Provisions for Risks and Charges

	2022	2021
Provisions for risks and charges	(5,882)	(26,851)
Releases	13,437	-
Total	7,556	(26,851)

The item reflects changes to the provision for risks and charges.

30. Net value adjustments/write-backs on tangible and intangible assets

	2022	2021 Restated
Depreciation and net impairment loss on tangible assets	(161,634)	(90,241)
Amortisation and net impairment loss on intangible assets	(771,136)	(283,816)
Total	(932,770)	(374,057)

30.1. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS: BREAKDOWN

	Amortisation	Impairment losses	Reversals of impairment losses	Net income
A. Intangible assets				
A.1 Owned	(704,061)	(67,075)	-	(771,136)
- From acquisition	(359,854)	(65,210)	-	(425,064)
- Other	(344,207)	(1,865)	-	(346,073)
A.2 Rights of use acquired through leasing	-	-	-	-
A.3 Intangible assets held for sale	-	-	-	-
Total	(704,061)	(67,075)	-	(771,136)

30.2. DEPRECIATION AND NET IMPAIRMENT LOSSES ON TANGIBLE ASSETS: BREAKDOWN

	Depreciation	Impairment losses	Reversals of impairment losses	Net income
A. Tangible assets				
A.1 Owned	(113,225)	-	-	(113,225)
- Property and equipment	(113,132)	-	-	(113,132)
- Investment property	(93)	-	-	(93)
A.2 Held under lease	(48,409)	-	-	(48,409)
- Property and equipment	(48,409)	-	-	(48,409)
- Investment property	-	-	-	-
A.3 Tangible assets held for sale	-	-	-	-
Total	(161,634)	-	-	(161,634)

31. Profit (Loss) from Equity Investments and Disposals of Investments

	2022	2021
Profit		
Profits on equity investments	3,463	1,585
Profits on sale of investments	67	240
Loss		
Loss on equity investments	-	-
Loss on sale of investments	(250)	(384)
Net Result	3,281	1,441

32. Income Taxes

	2022	2021 Restated
Current taxes	(241,686)	(90,367)
Changes in current taxes in previous years	-	(723)
Change in deferred tax assets	42,488	30,696
Change in deferred tax liabilities	64,445	56,356
Total	(134,753)	(4,038)

Income taxes amounted to Euro 134.8 million, compared to Euro 4.0 million in the previous period restated.

32.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE RECOGNISED

The reconciliation between the theoretical tax charge of the Group and the effective tax charge is shown below. Note that the effective tax rate includes taxes of euro 2.5 million relating to discontinued operations accounted for, as required by IFRS 5, in the item "income/(losses) after tax from discontinued operations".

	2022
Theoretical Tax rate	24%
Difference in subsidiaries' tax rates compared with Nexi's tax rate	19%
Permanent differences: not deductible cost	12%
Permanent differences: not taxable revenues	-5%
Not recognised tax losses utilised or capitalised	1%
Currency translation adjustment	-2%
Change in income tax rate on deferred taxes	0%
Prior year adjustment	1%
Other taxes	1%
Effective tax rate	49%

33. Income (Loss) after Tax from Discontinued Operations

The item mainly includes the positive and negative income components of the Capital Market segment classified as discontinued operations.

	2022	2021
1. Profit	22,066	781
2. Loss	(10,354)	(815)
3. Valuation of disposal group and associated liabilities	-	-
4. Profit (Loss) from disposal	-	-
5. Tax and duty	(4,011)	-
Profit (Loss)	7,701	(34)

34. Profit (Loss) for the year attributable to Non-Controlling Interests

These are minorities mainly referring to Nexi Payments SpA for Euro 2 million, Nexi Payments Greece for Euro 0.7 million and Help Line SpA for Euro 0.3 million.

35. Information on Risks and Related Hedging Policies

The Nexi Group oversees strategic, operational, compliance and financial risks. These Notes to the Financial Statements analyse some more relevant cases of operational and financial risks. For other risks, please refer to the “Main Risks and Uncertainties” section of the Report on Operations.

Risk Management at Nexi Group

The Risk Management and Internal Control System adopted by the Nexi Group (RMICS) consists of a set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks in order to contribute to the company’s sustainable success.

This system is integrated into the more general organisational and corporate governance structures adopted by the companies of the Nexi Group, takes into account the recommendations of the Corporate Governance Code and is inspired by current national and international best practices.

The Nexi Group’s Risk Management and Internal Control System is divided into three lines of defence for its companies. Specifically:

- First level of control - line controls, aimed at ensuring the smooth running of operations. These controls are the primary responsibility of operational management and are considered an integral part of every business process. The operational and business structures are therefore primarily responsible for the internal control and risk management process. In the course of day-to-day operations, these structures are called upon to identify, measure or assess, monitor, mitigate and report risks arising from ordinary business operations in accordance with the risk management process and applicable internal procedures.
- Second level of control - controls on risk management and regulatory compliance that aim to contribute to the definition of methodologies for the identification and assessment of corporate risks, to the definition of their governance policies, to verify compliance with the limits assigned to the various operational functions and to ensure the consistency of the operations of individual production areas with the assigned risk-return objectives, as well as the compliance of corporate operations with laws and regulations, in particular for Supervised Companies, including those of self-regulation. They are entrusted to structures other than the operational ones (so-called Second-level control functions).

- Third level of control consisting of the controls of the Internal Audit function. This includes controls aimed at detecting violations of procedures and regulations, as well as the periodic assessment of the completeness, functionality and adequacy of the risk management and internal control system, including those on the information system (ICT Audit), at a predetermined frequency in relation to the nature and intensity of the risks. This activity is carried out by a different function that is independent of the operational functions, including through on-site audits.

In the Companies of the Nexi Group, the Audit Function is placed under the direct authority of the Board of Directors and does not directly take part in the provision of the services they are required to audit.

The second- and third-level Control Functions have the authority, resources and skills necessary for the performance of their tasks. These Functions may intervene in corporate activities, including those that have been outsourced, have access to all the documentation necessary for the performance of their duties and, if necessary, promote the involvement of other Organisational Units concerned by any issues that may arise.

The subsidiaries of Nexi SpA ensure the establishment and maintenance of an adequate and effective RMICS, implementing the Guidelines defined by the Parent Company in compliance with the regulations applicable to each Subsidiary and Supervised Company.

Nexi Group Risks

Liquidity and interest rate risks

The Group has significant financial indebtedness, as described in the section "Changes in Group Debt". Sustainability of Nexi Group's debt level is correlated, first and foremost, to its operating results and thus to its capacity to generate sufficient liquid funds and to refinance debt at maturity.

The Group is exposed to the risk that significant changes may take place with respect to interest rates and that the policies adopted to neutralise such changes may prove inadequate. The fluctuation of interest rates depends on various factors, which are outside the Group's control, such as monetary policies, macroeconomic performance and economic and political conditions in Italy.

Changes in interest rates impact the market value of the company's financial assets and liabilities and the level of interest expenses, as some of the loans subscribed are variable rate.

As of 31 December 2022, net of the effect of interest rate risk hedging transactions put in place, approximately 25% of the Nexi Group's medium-long term Financial Liabilities expressed at nominal value were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index. Nexi periodically monitors the forward curves of the variable rates of reference, paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is primarily exposed to. Also in light of this monitoring – taking into consideration the maturity of the related debts – in the second half of 2022 the Nexi Group decided to implement certain interest rate risk hedging transactions, qualifying as hedge accounting (so-called cash flow hedges) and realised through interest rate swaps.

It is not possible to rule out that at a future date the Nexi Group may have to refinance its debt at due date or that, for whatever reason, it may have to replace its current factoring lines or other credit lines and that that may lead to higher charges and costs and/or lead to disruptions or delays in service provision also due to the required timeframe for replacement, to the extent that may compromise Group operations.

The Group has set up procedures aimed at identifying, monitoring and managing liquidity and interest rate risks, which include among other things the regular monitoring of the interest rates market curve to which the debt is indexed, the performance of its listed securities and the country risk, as well as other macroeconomic market indicators.

BREAKDOWN OF ASSETS BY RESIDUAL LIFE

(Amounts in thousand euros)

	Current	Non-current	Total
Cash and cash equivalents	448,778		448,778
Financial receivables	4,355,172	3,214	4,358,386
Financial assets at Fair Value	69,238	78,536	147,774
Net trade receivables	750,542		750,542
Inventory	53,699		53,699
Other assets	935,137	18,778,673	19,713,810
Non-current assets held for sale and discontinued operations	2,471		2,471
Total	6,615,037	18,860,424	25,475,461

BREAKDOWN OF LIABILITIES BY RESIDUAL LIFE

(Amounts in thousand euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Financial Liabilities:				
Payables to:				
- Banks	1,027,285	2,468,678		3,495,963
- Financial entities and customers	2,019,445	122,419		2,141,864
- Securities issued	-	2,077,891	1,933,623	4,011,514
Other financial liabilities	9,445	221,238		230,684
Total	3,056,175	4,890,226	1,933,623	9,880,025

(Amounts in thousand euros)

	Current	Non-current	Total
Other items of liabilities:			
Trade payables	731,248		731,248
Other liabilities	1,220,676		1,220,676
Provisions for risks and charges		141,886	141,886
Post-employment benefits		30,996	30,996
Deferred tax liabilities		1,125,457	1,125,457
Current tax liabilities	106,715		106,715
Liabilities associated with non-current assets held for sale and discontinued operations	721		721
Total	2,059,360	1,298,339	3,357,699

Impacts of the Russia/Ukraine conflict on liquidity and interest rate risk

Following Russia's attack on Ukraine, there has been a marked change in the economic picture, especially with regard to inflation, and the way in which the European Central Bank (ECB) is responding to these changes. Inflation has been rising sharply globally for several months as a result of rising energy prices on international markets, especially oil and gas.

Despite the increased downside risks to growth posed by the Russian invasion of Ukraine, the gradual increase in current and expected inflation led the European Central Bank to decide, among other things, to discontinue the APP (Asset Purchase Programme) in July 2022, continuing from then on to fully reinvest the repaid principal on maturing bonds. At its meeting in December 2022, the Governing Council then decided that from March 2023 onwards the APP portfolio would be reduced at a moderate, pre-determined pace (Euro 15 billion per month until the second quarter of 2023), with only a portion of the principal repaid on maturing securities actually reinvested.

The significant increase of the ECB's three key interest rates decided by the Governing Council at its October 2022 meeting by 75 bps was followed by an increase of 50 bps in December 2022 and a further 50 bps in February 2023, confirming the Central Bank's decision to move towards the removal of monetary accommodation. The intention in the medium term remains to bring the inflation rate back towards the target value of 2% in order to fulfil the ECB's mandate to preserve price stability. Indeed, at its meeting in February 2023 the ECB already made clear its intention to raise interest rates by a further 50 bps at its next monetary policy meeting in March 2023 in order to ensure a prompt return of inflation to the 2% target in the medium term mentioned above, judging the current level of inflation to be too high and projected to remain above this target for a prolonged period of time.

In light of the foregoing, it cannot be excluded that there may be an increase in the financial charges, with consequent significant impacts on the Nexi Group's results and prospects.

Moreover, with specific reference to the Group's funding liquidity risk, while no critical elements were identified as of the date of these Notes to the Financial Statements, considering the current maturity of the existing financial debt, it cannot be excluded that in the future the level of this risk may increase, even significantly, to the point of generating significant impacts on the results and prospects of the Nexi Group itself.

The company in September 2022 approved the new strategic plan for 2022/2027. The Plan has been prepared considering the main factors of macroeconomic uncertainty that could affect the Group's future scenarios such as inflation and interest rate trends

Moreover stress tests have been prepared in order to include possible adverse scenarios such as the interruption of the supply of Russian gas by the European economy with a consequent increase in gas prices throughout Europe would lead to a further surge inflation from the end of the year, reducing real household incomes, consumer spending and, ultimately, GDP growth.

In this scenario, no significant impact on debt sustainability is expected over the five-year plan, as inflation leads to an increase in nominal private consumption that partially covers the macroeconomic slowdown and does not impact the CAGR of EBITDA.

Operational risk

Operational risks relate to the performance of business processes in an inefficient and/or ineffective manner, including ICT, security, legal and contractual risks, which could adversely affect the Company's operations and/or performance.

The reliability, operational performance, integrity and continuity of the ICT infrastructure of the Nexi Group and the technological networks are crucial to the Group's business, prospects and reputation. Particularly important in the context of the ICT infrastructure in question are the merchant acquiring and card issuing platforms. The availability of such platforms and other systems and products may be compromised by damage or malfunctions to the Group's or its third-party service providers' ICT systems. Malfunctions can be caused by migrations to new technological or application environments, in the case of significant changes in the production environment, or by human error, insufficient and incomplete testing, cyber-attacks, unavailability of infrastructure services (e.g. electrical or network connectivity) or natural phenomena (e.g. floods, fires or earthquakes).

In line with the high degree of technological innovation of the services supplied by the Group and given the sensitive nature of operations involving the management of payment data, specific policies and methods have been set in place to identify and manage IT risk (including cybersecurity risk) and specific organisational measures have been implemented under the scope of the Information Security Management System for line controls and risk management control.

Other significant risks worthy of consideration are that the Group may incur liability and, therefore, may suffer damages, including to its reputation, in connection with fraudulent digital payment transactions, fraudulent loans made by merchants or other parties or fraudulent sales of goods or services, including fraudulent sales made by Group merchants.

Examples of fraud may include the intentional use of stolen or counterfeit debit or credit cards, of payment card numbers or other credentials to book sales or false transactions by merchants or other parties, the sale of counterfeit goods, the intentional failure to deliver goods or services sold under the scope of a transaction that is otherwise valid. Failure to identify thefts and the failure to effectively manage fraud risk and prevention may increase the Group's charge-back liability or cause the Group to incur other liability, including fines and sanctions.

The Group has sophisticated systems in place for transaction control and detection and suitable organisational measures to prevent fraud and control risk management.

For operational risks, the risk management objective is mitigation of the impact and/or probability from a cost/benefit perspective, in line with the defined risk appetite. Nexi has adopted policies, processes and instruments to identify, manage and monitor these risks, in line with the national and international regulatory provisions and requirements and best practices in the sector.

Impacts of the Russia/Ukraine conflict on operational risk

The economic and political tensions generated by the conflict between Russia and Ukraine undoubtedly pose threats to the operational continuity of many companies. As per its business continuity procedures, the Nexi Group organised a special Group Crisis Management Team in the earliest days to closely monitor the evolution of the crisis and to implement the necessary actions to protect the Customers and the business. In fact, the areas under monitoring are people, business continuity, cyber risk, business impact and regulatory compliance.

As far as the Nexi Group is concerned, there were no significant operational or economic impacts. In fact, the company has no production or personnel in Russia, Belarus or Ukraine, and has no direct business relations with companies based in those countries. There are also no reported impacts of any sanctions on the company's business.

With regard to cyber risk, no suspicious activities or cyber threats were identified at a group level. However, a dedicated task force was set up at a group level in order to:

- monitor unusual events in all companies;
- define preventive measures to be implemented (e.g. offline backup of critical systems, mapping of network connections to war-ring countries, preparation of filters based on geographical locations, etc.);
- coordinate with intelligence providers, both national and European.

Nexi also has Disaster Recovery and Business Continuity plans and procedures for critical services to be triggered in the event of a crisis. Finally, with regard to the risk of fraud, there has been no change in the level of fraud in the recent period due to the Russia/Ukraine conflict.

Credit risk

For Nexi Group, credit risk mainly originates in the area of:

- Acquiring activities, and in particular in the form of:
 - Chargeback risk: in the event of non-delivery of a product/service purchased on a prepaid basis, the cardholder may receive an advance from the acquirer, who only then sees reimbursement from the merchant;
 - Return risk: if a cardholder decides to exercise the right of withdrawal for online purchases of products/services, the acquirer is obliged to make the refund and only then is the amount settled with the merchant;
 - Risk associated with non-payment of fees (i.e. Merchant Fees) in cases where net settlement is not applied.
- Issuing activities. Nexi Group manages "Retail" credit cards (in the name of individuals) and "Corporate" credit cards (in the name of legal entities). Nexi Group debits the expenditures of credit card customers on a date that is later than the date on which the payments were made, thus establishing a receivable due from the cardholders.
- Buy Now Pay Later ("BNPL") activities carried out by Ratepay, where the credit risk is inherent in the type of service provided.
- Processing activities, and in particular in relation to trade receivables generated by non-payment of invoices to non-banking customers.

Credit risk mitigation and monitoring

The Group is committed to assessing and implementing all mitigation measures deemed necessary and/or most effective depending on the specific circumstances, based on risk-return analyses.

The main mitigation measures that the Group can adopt include the following:

- request for bank, insurance or cash collateral guarantees from the customer;
- inclusion of contractual clauses requiring bank or insurance guarantees if the customer exceeds certain risk thresholds;

Moreover, with specific reference to acquiring, we note the following:

- use of net settlement to credit the merchant with the amounts due, net of commissions, chargebacks, any refunds
- deferral of payments due, depending on business model and characteristics of the merchants

In selected cases, following a risk-based analysis, the Group may also decide to reduce or terminate the relationship with the customer.

Within each Legal Entity, the first-level functions are responsible for the continuous monitoring of credit risk, initiating the appropriate mitigation and/or escalation measures in the event of signs of anomalies. Moreover, the local second-level Risk Management functions contribute to the definition of credit risk governance policies, ensure proper monitoring of risk performance and provide adequate information to the Corporate Bodies on the outcome of the activities carried out.

The Nexi Group works very hard to estimate the current and future risk levels in the most vulnerable economic sectors, intensifying the monitoring of exposures.

At the date of these Notes to the Financial Statements, while faced with situations that are still potentially critical arising from the pandemic and the Russia-Ukraine conflict, timely risk management, monitoring and applicable mitigation actions are effective tools in maintaining a low risk profile.

Indeed, with regard to the full year of 2022, it is noted that:

- Chargebacks decreased compared to 2021.
- The value of outstanding amounts from merchants, gross of recoveries, was down compared to 2021. Therefore, no relevant risks are foreseen in the short term.
- Insolvencies in the Buy Now, Pay Later business are decreasing compared to 2021.

BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNTS)

(Amounts in thousand euros)

	Non-performing exposures	Unlikely to pay	Impaired past due exposures	Unimpaired past due exposures	Other unimpaired exposures	Total
Financial assets measured at amortised cost						
a) Loans and receivables with banks					1,875,404	1,875,404
b) Loans and receivables with financial entities and customers		20,002			2,462,980	2,482,982
Hedging derivatives					870	870
Financial assets held for sale					2,471	2,471
Total as at December 31, 2022	-	20,002	-	-	4,341,725	4,361,727
Total as at December 31, 2021	-	24,269	-	-	3,375,751	3,400,020

BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET AMOUNTS)

(Amounts in thousand euros)

	Performing	of which: forbearance	Non performing	of which: forbearance	Total
Loans and receivables with banks					
Gross exposure	1,875,404				1,875,404
Bad debt provision					-
Net exposure	1,875,404				1,875,404
Loans and receivables with financial entities and customers					
Gross exposure	2,467,361		61,581		2,528,942
Bad debt provision	(4,380)		(41,580)		(45,960)
Net exposure	2,462,980		20,002		2,482,982
Hedging derivatives					
Gross exposure	870				870
Bad debt provision					-
Net exposure	870				870
Non-current financial assets held for sale					
Gross exposure	2,471				2,471
Bad debt provision	-				-
Net exposure	2,471				2,471
Total as at December 31, 2022	4,341,725	-	20,002	-	4,361,727
Total as at December 31, 2021	3,375,751	-	24,269	-	3,400,020

ON-BALANCE SHEET EXPOSURES TO CUSTOMERS AND FINANCIAL ENTITIES: TRENDS IN GROSS IMPAIRED EXPOSURES

(Amounts in thousand euros)

	Non performing	of which: forbearance
A. Initial gross exposure	71,270	-
- of which: transferred exposures not derecognised	-	-
B. Increases	7,330	-
B.1 Inflow from unimpaired exposures	582	
B.2 Inflow from purchased or originated credit-impaired financial assets		
B.3 Transfers from other impaired exposure categories		
B.4 Contractual changes without derecognition		
B.5 Other increases	6,748	
C. Decreases	17,019	-
C.1 Outflows to unimpaired exposures		
C.2 Write-offs		
C.3 Collections	12,775	
C.4 Profits from sales		
C.5 Losses from sales	4,242	
C.6 Transfers to other impaired exposure categories		
C.7 Contractual changes without derecognition		
C.8 Other decreases	2	
D. Final gross exposure	61,581	-
- of which: transferred exposures not derecognised	-	-

ON-BALANCE SHEET IMPAIRED EXPOSURES TO CUSTOMERS AND FINANCIAL ENTITIES: TRENDS IN COMPREHENSIVE VALUE ADJUSTMENTS

(Amounts in thousand euros)

	Non performing	of which: forbearance
A. Initial gross adjustments	47,001	
- of which: transferred exposures not derecognised		
B. Increases	6,999	-
B.1 Value adjustments from purchased or originated credit-impaired financial assets		
B.2 Other value adjustments		
B.3 Losses from sales		
B.4 Transfers from other impaired exposure categories		
B.5 Contractual changes without derecognition		
B.6 Other increases	6,999	
C. Decreases	12,420	-
C.1 Reversals of impairment losses from revaluation		
C.2 Reversals of impairment losses from collections	8,179	
C.3 Profits from sales		
C.4 Write-offs		
C.5 Transfers to other impaired exposure categories		
C.7 Contractual changes without derecognition		
C.8 Other decreases	4,241	
D. Final gross adjustments	41,580	-
- of which: transferred exposures not derecognised		

Market risk (price and exchange rate risk)

The Nexi Group is exposed to the risk of unfavourable movements in the price of the shares in its portfolio, especially Visa Inc. Class A and C shares, as well as negative effects on the value of said shares due to movements in the EUR/USD exchange rate. Furthermore, the Class C shares (convertible into Visa ordinary Class A shares at a conversion factor that varies based on the costs deriving from potential liabilities of the former Visa Europe, acquired by Visa Inc.) are illiquid financial instruments, and as such are characterised by possible obstacles (in law or de facto) or restrictions on divestment within a reasonable time and at fair market conditions.

As at the reference date of these Notes, based on the measurement at fair value of the stock in the current context of the reference markets, hedging against market risks described above via financial instruments was deemed unnecessary.

For the moment it appears that market risks have not been significantly impacted by the Covid-19 pandemic and the Russia/Ukraine conflict.

The Italian Group companies are also marginally exposed to the exchange rate risk, to the extent that the payments and collections, respectively for transactions to be paid or collected in relation to the Mastercard and Visa schemes, are mainly denominated in euros.

However, note that some of the Group's foreign companies operate mainly in Northern and Central Europe, and consequently the Group is exposed to exchange rate risk arising from its operations in DKK (Danish krone), NOK (Norwegian krone), SEK (Swedish krona), PLN (Polish zloty) and until 31 December 2022 HRD (Croatian dinar), and to a lesser extent to its operations in USD (US dollar), CHF (Swiss franc), GBP (British pound) and ISK (Icelandic krona). The risk exposure in Danish kroner is considered to be low, as it is a currency that has seen relatively low volatility against the euro in the past.

The potential impact on revenues and EBITDA from changes in the main currencies the group is exposed to is shown below:

(Amounts in million euros)

	2022		
	Any change in the exchange rate	Net Revenue	EBITDA
NOK	10%	14.89	8.72
SEK	10%	6.93	4.88
DKK	1%	3.65	1.19
PLN	10%	13.11	8.78
HRK	10%	1.91	(0.35)
EUR	1%	-	-

Below are the average and spot rates used for the conversion of financial statements in other currencies for the main currencies:

(Euro per 100)

Exchange rate	2022								
Main currencies	NOK	SEK	DKK	PLN	HRK	RSD	CZK	RON	EUR
Average exchange rate	9.57	9.10	13.45	21.35	13.26	0.85	4.07	20.28	1.00
End of year exchange rate	9.51	8.99	13.45	21.35	13.27	0.85	4.15	20.20	1.00
Change for the year	-8.6%	-7.9%	-	-1.9%	-0.2%	0.3%	3.1%	-	-

Climate risk

In accordance with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and the European Commission's Non-Binding Guidelines on Climate Information Reporting, the Nexi Group conducted an analysis to identify and assess the risks and opportunities related to climate change in Nexi, although no risk area related to environmental aspects was identified. The risks identified did not exceed the materiality threshold that would have determined their inclusion in ERM assessments. However, climate change risks are important to the Group given the potentially high strategic and reputational impacts such risks could have on the company and the speed with which such changes could occur.

Climate-related risks are integrated into the company-wide risk management process and evaluated regularly through analyses covering multiple time horizons, short, medium and long term.

36. Statement of Comprehensive

(Amounts in thousand euros)

	2022	2021 Restated
Profit (Loss) for the year	143,048	39,221
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at FVTOCI		
a) Fair Value changes	35,575	(9,358)
b) transfers to other equity components		
Defined benefit plans	8,503	(123)
Income taxes related to high income components without profit and loss reversal	(5,154)	684
Items that will be reclassified subsequently to profit or loss		
Conversion reserve		
a) Fair Value changes	(165,945)	6,071
b) income statement reversal		
c) other changes		
Cash flow hedges:		
a) fair value variances	298	
b) income statement reversal		
c) other variances		
Income taxes related to high income components with profit and loss reversal	(73)	-
Other comprehensive income (net of tax)	(126,796)	(2,726)
Comprehensive income	16,252	36,495
Comprehensive income attributable to non-controlling interests	3,184	3,184
Comprehensive income attributable to the owners of the parent	13,068	33,311

37. Related Parties

The purpose of IAS 24 (Related party disclosure) is to make sure that the financial statements of an entity contain the additional information necessary to highlight the possibility that the equity-financial position and economic results may have been altered by the existence of related parties and transactions and balances applicable with said parties.

In accordance with these indications, applied to the organisational and governance structure of the Nexi Group, the following are considered as related parties:

- a) parties that directly or indirectly, de jure or de facto, including through subsidiaries, trusts or intermediaries, exercise significant influence over Nexi; note that these parties include, Bain Capital Investors LP, Advent International Corporation and Hellman & Friedman LLC, Cassa Depositi e Prestiti and its direct parent company represented by the MEF (Italian Ministry of Finance);
- b) the subsidiaries or entities under the joint control of the entities listed at the point above;
- c) the subsidiaries, associates or entities under the joint control of Nexi SpA;
- d) key management personnel of the Nexi Group and its direct Parent Company and its subsidiaries, entities under its joint control or subject to its significant influence;
- e) close family members of the natural persons included under letters a) and d) above;
- f) the complementary pension fund established in favour of employees of Nexi SpA or its related entities.

37.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

Below are the fees paid, in the reference period, to the directors and managers and key management personnel.

(Amounts in thousand euros)

	Directors	Board of Statutory Auditors	Executives holding strategic responsibility
Corporate bodies remunerations	1,731	459	-
Short-term benefits	-	-	3,028
Benefits subsequent to the termination of employment	-	-	432
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,731	459	3,461

37.2 INFORMATION ON RELATED-PARTY TRANSACTIONS

The effects of transactions with related parties, over and above the fees described above, are summarised in the table below:

(Amounts in thousand euros)

	Controlling company	Other related parties	Directors, Executives and other Supervisory Bodies
Financial asset measured at amortised cost		19,179	
Financial asset at Fair Value		19,200	
Tangible assets		12	
Intangible assets		4,134	
Other assets		63,600	2
Financial liabilities measured at amortised cost		7,013	
Other liabilities		21,615	
Fees for services rendered and commission income		160,560	
Fees for services received and commission expense		9,129	
Interest and similar expense		700	
Other administrative expenses		30,967	
Other operating income/expenses			6

Credit and debit balances with related parties as of 31 December 2022 were not material with respect to the size of the Group's balance sheet. Likewise, the impact of income and expenses with related parties on the consolidated operating result was not material, nor was the impact of these transactions on the Group's cash flows.

The main contracts, all of which falling within ordinary operations, mainly refer to services received from related parties (especially consulting services, software development and card production) and services provided related to the ordinary business carried out by the group to customers falling within the definition of related parties, regulated by conditions in line with market conditions and in any case based on assessments of mutual economic convenience.

38. Share-Based Payments

38.1 STOCK GRANT

Mercury UK HoldCo Ltd ("Mercury UK") in 2019 adopted two incentive plans (the "Plans"), based on the shares of Nexi SpA ("Nexi") that ended in 2021.

In addition, during 2020 and 2021, Mercury UK together with Nexi's other financial sponsors adopted some new incentive plans based on the shares of Nexi SpA ("Nexi") and with a vesting period until 16 April 2022, 31 December 2022 and 1 July 2024. These plans are reserved for selected employees (the "Beneficiaries") of Group companies. These plans provide for additional shares assignable to employees depending on the market price of Nexi shares.

On the basis of the provisions of IFRS 2, although not having made any commitments to the Beneficiaries, as the Nexi Group is the entity that receives the services (the "receiving entity"), it must book, in its consolidated financial statements, the Plans in question on the basis of the accounting rules envisaged for the "plans settled with equity instruments".

More specifically, IFRS 2 establishes that, in the plans settled with equity instruments with employees, the entity must:

- measure the cost for the services it has received on the basis of the Fair Value of the representative instruments as at the assignment date;
- book the Fair Value of the services received, throughout the accrual period, making a counter-entry as an increase in Shareholders' equity on the basis of the best estimate available of the number of equity instruments expected to accrue;
- review this estimate, if the subsequent information indicates that the number of equity instruments to be accrued differs from previous estimates.

For the 2020 and 2021 plans, the Fair Value was determined, for base shares, considering the forward price, discounted at the valuation date, of Nexi shares at the expiry of the vesting period. As for additional shares, the Monte Carlo method was adopted in order to simulate, for an adequate number of scenarios, the number of additional shares and the price of Nexi stocks. In this context, the implicit volatility used was that obtained from info-providers as relevant to Nexi stock options with time-to-maturity set at equal to that of the plan.

Below are the changes in the rights (conventionally measured in terms of the number of based shares) relating to the aforementioned plans:

Description	Number of Based shares
Outstanding rights to receive shares at the grant date	10,546,916
Rights assigned definitively in accordance with the Plans	(9,195,680)
Rights forfeited from the Plans	(161,833)
Outstanding rights at December 31, 2022	1,189,403

Based on the above, the overall cost of the Plans for 2022 is about Euro 16 million.

38.2 LONG TERM INCENTIVES

In 2019 a medium- to long-term incentive plan (hereinafter the First LTI Plan) was approved, implementing the remuneration policy adopted by the Company. The Plan was structured into three cycles, each with a three-year duration (2019-2021/2020-2022/2021-2023) and envisaged the assignment of rights to receive ordinary shares in the Company once a year. These shares are not subject to any restrictions to voting rights or dividend distribution.

In 2022 the Shareholders' Meeting of Nexi SpA approved a Second Long-Term Incentive Plan (hereinafter referred to as the Second LTI Plan). In keeping with the First LTI Plan, this second plan envisages the free assignment of a number of incentives to selected employees over a medium-long-term time horizon, divided into three three-year cycles (2022-2024, 2023-2025 and 2024-2026). These plans, according to the provision of IFRS 2 described above with reference to the Stock Plan, must be accounted for as a transaction with employees to be settled with equity instruments of the entity.

As of the date of these Financial Statements, all three cycles of the First LTI Plan have been assigned (for the first cycle 2019-2021 vested shares have already been granted, for the remaining two cycles the vesting period expires on 31 December 2022 and 31 December 2023, respectively), as has the first cycle of the Second Plan for which the vesting period expires on 31 December 2024. More specifically, the process of assigning the rights to receive shares was completed as follows:

- First tranche (First Plan): for most of the employees, in July 2019, and for new employees, on 30 September 2019;
- Second tranche (First Plan): for most of the employees, in July 2020, and for new employees, on 30 September 2020;
- Third tranche (First Plan): for most of the employees in July 2021, and for new employees, in October 2021. With regard to this tranche, there was also the allocation in January 2022 to former SIA employees.
- First tranche (Second Plan): for most of the employees, in July 2022, and for new employees, in October 2022.

These dates are the grant dates for the purpose of IFRS 2.

The rights to be assigned in the context of the LTI plan are divided up into:

- Performance Share Rights, i.e. the rights to receive ordinary shares in the Company, which accrue (and the same applies to the attribution of the related shares to the employee) only upon achieving predetermined business performance objectives, referring to a specific period of time;
- Restricted Share Rights, i.e. the rights to receive ordinary shares in the Company, which accrue (and the same applies to the attribution of the related shares to the employee) regardless of whether or not the predetermined business performance objectives are achieved. These rights will accrue after the vesting period, subject to the beneficiary remaining in the Company.

A condition for the accrual of the rights and, therefore, the attribution of the shares for both the types described above is that the employee remains in service until the delivery date of the share attribution letter.

More specifically, with reference to Performance Share Rights:

- accrual is first and foremost subject to achieving - at the end of the vesting period of each Cycle - at least 80% of the Operating Cash Flow Target (the "Entry Gate");
- once the Entry Gate is satisfied, accrual of Performance Share Rights is also subject to achieving specific objectives at the end of the related vesting period, comprising two components:
 - a market-based component, linked to the achievement of objectives related to the performance of the market price of Nexi shares with respect to a benchmark, during the measurement period (weighing for 50%). The benchmark is determined as the mathematical average of three market indicators identified in the Plan regulation;
 - a non-market-based component, linked to the achievement of the Company's performance objectives in terms of Operating Cash Flow (weighing for 50%).

Changes in the number of rights assigned for the three cycles are reported below:

Description	No. of Performance Share Rights	No. of Restricted Share Rights	Total
Outstanding rights to receive shares at the grant date	3,852,943	2,172,528	6,025,471
Right assigned definitively in accordance with the Plans	(850,540)	(377,713)	(1,228,253)
Rights forfeited from the Plans	(150,905)	(135,264)	(286,169)
Outstanding rights at December 31, 2022	2,851,498	1,659,551	4,511,049

The rights assigned were measured, reflecting the financial market conditions valid as at the grant date. Determination of the total plan value, as established by IFRS 2, is impacted by the number of rights that will accrue in accordance with the rules set out by the performance and Fair Value conditions of each right. Measurement was carried out considering the two components of the Performance Shares and Restricted Shares included in the plan, separately. Moreover, within the Performance Share component, consideration was given to the presence of the aforesaid specific objectives.

More specifically, the market-based component was estimated using the Monte Carlo Method, a stochastic simulation technique which, based on a set of starting conditions, produced a wide array of outcomes within a specified time horizon. More specifically,

for each outcome scenario, share price projections are computed as of the initial value according to geometric Brownian motion. In this case it is:

$$\Delta S = \mu \cdot S \cdot \Delta t + \sigma \cdot S \cdot \varepsilon \cdot \Delta t$$

and that is the change in the price of the share **S** over a period of time depends on the expected average change (**μ**) and its variability (**σ**) as well as on a random parameter (**ε**) with standardised normal distribution.

Based on market sources at the reference date, other starting conditions include a risk-free rate in Nexi share returns of 1% p.a. and a share price volatility of 25% for the first tranche, 47% for the second tranche, 40% for the third tranche of the First LTI Plan and 42% and 37% for the first tranche of the Second LTI Plan (reasonable estimates based on historical volatility as at the measurement date).

At the grant date the simulation delivered a unit value of Euro 11.9, Euro 11.6 for the first tranche, around Euro 25.87 and Euro 25.71 for the second tranche and Euro 20.17, Euro 17.63 and Euro 10.81 for the third tranche (respectively, with reference to the shares issued in July and September 2021 and January 2022) of the First LTI Plan and Euro 7.41 and Euro 9.57 for the first tranches of the Second LTI Plan (respectively, with reference to the rights granted in July and October 2022).

As for the likelihood of beneficiaries leaving, the annual exit probability was assumed to be zero. In accordance with IFRS 2, the non-market-based component is a condition that rather than be measured at the time of assignment is to be updated periodically at each reporting date, so as to take into account the expectations in relation to the number of rights that may accrue. For these components the unit Fair Value is Euro 9.57 and Euro 9.36 for the first tranche, Euro 15.59 and Euro 17.12 for the second and Euro 18.22 and Euro 17.03 for the third tranche (respectively, with reference to the shares issued in July and September) of the First LTI Plan and Euro 7.842 and Euro 8.514 (respectively, with reference to the rights assigned in July and October 2022).

The total cost pertaining to 2022 is approximately Euro 21 million.

39. Business Combination Transactions

39.1 Transactions carried out during the period

Below are the transactions carried out during the period that, falling within the definition of business combinations, have been accounted for in accordance with the provisions of IFRS 3: Business Combinations. Specifically, the latter defines a business combination as “a transaction or other event in which an acquirer obtains control of one or more businesses” and states that any assets acquired (including any intangible assets not featured in the acquiree’s statements at the date of acquisition) and any liabilities assumed or contingent are subject to Fair Value consolidation as at the acquisition date, and that the same applies for measurement at goodwill of the difference between the Fair Value of the net assets acquired and the considerations transferred during the transaction.

Acquisition of control of Nexi Payments Greece

As already described in the Management Report, on 30 June 2022 the transaction with Alpha Bank SA was realised with the acquisition of control, through :

- spin-off by Alpha Bank of its merchant acquiring arm to a new entity licensed to operate as a payment institution;
- purchase by Nexi SpA of a 51% stake in the Newco, which has since been named Nexi Payments Greece, for a cash outlay of Euro 160 million (including the Euro 4 million price adjustment).

With regard to this transaction, the Purchase Price Allocation process, as also permitted by the international accounting standard IFRS 3, will be completed within 12 months from the date of closing.

The agreement with Alpha Bank also provides for an earn-out of up to Euro 30.6 million (corresponding to a maximum total amount of Euro 60 million for 100%), contingent upon the achievement of predetermined financial targets within the first four years of the NewCo's operations, as well as certain indemnification mechanisms related to the actual recovery of certain receivables included in the merchant acquiring business. These components were subject to valuation on a provisional basis, pending the completion of the Purchase Price Allocation process.

The ancillary charges associated with the transaction described were recognised in the Income Statement at the date the services were rendered. Specifically, the costs incurred in 2022 amount to approximately Euro 8 million.

Provisional goodwill arising from the business combination, pending the Purchase Price Allocation, amounts to approximately Euro 166.6 million and is composed as follows:

(Amounts in thousand euros)

	Provisional Fair Value
Cash consideration paid	156,870
Contingent consideration/deferred price	15,038
Minority interests	5,126
Cash and cash equivalents	-
Financial assets	202,621
Tangible assets	1,188
Financial liabilities	(889)
Other liabilities	(192,458)
Net assets	10,461
Goodwill	166,573
Cash consideration paid	171,908
Cash acquired	-
Net cash consideration	171,908

Acquisizione di Orderbird

Through Nets, in May the Nexi Group acquired full ownership of the German company Orderbird, a leading provider of integrated software solutions in the hospitality industry. Nets increased its strategic investment in Orderbird at the end of 2021 (44% as at 31 December 2021) and acquired a controlling stake to further strengthen its commercial services in the hospitality sector. Therefore, the Nexi Group owns 99.53% of Orderbird through Nets, with an aggregate liquidity of approximately Euro 100 million including previous share purchases.

Specifically, considering that this was a "business combination achieved in stages", as required by IFRS 3.47 Nexi reassessed the value of the shares held prior to the acquisition of control. Since these equity investments had already been revalued as part of the Purchase Price Allocation process of the merger with Nets, there were no further adjustments to be made.

The ancillary charges associated with the transaction described were recognised in the Income Statement at the date the services were rendered. Specifically, the costs incurred in 2022 amount to approximately Euro 1 million.

The Purchase Price Allocation process was completed in 2022 and the price paid was allocated as follows:

- Software: Euro 9 million
- Brand: Euro 2 million
- Customer contracts/relations: Euro 13 million

Residual goodwill amounted to approximately Euro 91.4 million and was composed as follows:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustment	Final Fair Value
Cash consideration paid	102,085	-	102,085
Contingent consideration/deferred price	3,796	-	3,796
Minority interests	70	202	271
Cash and cash equivalents	5,396	-	5,396
Financial assets	158	-	158
Tangible assets	202	-	202
Intangible assets	4,941	24,369	29,310
Other assets	3,284	(700)	2,584
Financial liabilities	(1,000)	-	(1,000)
Tax liabilities	-	(7,311)	(7,311)
Other liabilities	(9,201)	(5,400)	(14,601)
Net assets	3,780	10,958	14,738
Goodwill	102,171	(10,756)	91,414
Cash consideration paid	105,881	-	105,881
Cash acquired	5,396	-	5,396
Net cash consideration	100,485	-	100,485

Acquisition of Paytec Payment Provider GmbH

As further described in the Management Report, on 22 December 2021, Concardis GmbH signed an agreement to acquire the control through the participation in the 100% of the share capital of Paytec Payment Provider GmbH for a purchase price of Euro 17.2 million. The transaction was completed on 31 March 2022.

Currently, the price paid has been allocated mainly to customer contracts/relationships, the Fair Value of which was determined using the Multi-Period Excess Earnings ("MPEEM") method.

The ancillary charges associated with the transaction described were recognised in the Income Statement at the date the services were rendered and amount to Euro 0.2 million.

The goodwill amounts to about Euro 1.3 million and is composed as follows:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustment	Provisional Fair Value after Draft PPA
Cash consideration paid	14,501	(478)	14,023
Contingent consideration/deferred price	-	-	-
Minority interests	-	-	-
Cash and cash equivalents	6,459	-	6,459
Tangible assets	484	-	484
Intangible assets	7,661	2,139	9,800
Other assets	359	(300)	59
Tax liabilities	-	(2,500)	(2,500)
Other liabilities	(1,379)	(200)	(1,579)
Net assets	13,584	(861)	12,723
Goodwill	917	383	1,300
Cash consideration paid	14,501	(478)	14,023
Cash acquired	6,459	-	6,459
Net cash consideration	8,042	(478)	7,564

Acquisition of Team4U

On 8 July 2022 the Nexi Group, through Nets Subgroup acquired the control of Team4U with the participation in 75% of the share capital. The company provides value-added services for merchants (Simcard registration, pre-paid top-ups, insurance, loans, etc.). The consideration paid is Euro 3.3 million.

Pending the completion of the Purchase Price Allocation process, provisional goodwill amounts to Euro 5.7 million, as shown below:

(Amounts in thousand euros)

	Provisional Fair Value
Cash consideration paid	3,236
Contingent consideration/deferred price	2,700
Minority interests	88
Cash and cash equivalents	-
Other liabilities	351
Net assets	351
Goodwill	5,673
Cash consideration paid	5,936
Cash acquired	-
Net cash consideration	5,936

Acquisition of Bper and Numera Sistemi e Informatica S.p.A book acquiring

On 29 December 2022, the acquisition of the two merchant acquiring businesses of BPER and Banco di Sardegna was closed, effective from 31 December 2022.

At the same time, Nexi Payments SpA acquired 100% of Numera Sistemi e Informatica SpA, a company that was held with a total shareholding by Banco di Sardegna, active in the management of POSs.

The consideration for the transaction was Euro 318 million, which may increase in the event of the payment of a possible deferred

component up to Euro 66 million, the payment of which will be conditional upon the achievement of certain economic and qualitative targets.

Pending the completion of the Purchase Price Allocation process, this transaction resulted in the recognition of provisional goodwill in the amount of Euro 300 million.

39.2 Retrospective adjustments

As at 31 December 2022, the Purchase Price Allocation processes were completed with respect to the merger by incorporation of Nets Topco 2 S.à.r.l., the Luxembourg holding company of the Nets Group, whose legal, fiscal and accounting effects took effect on 1 July 2021 and the merger by incorporation of SIA SpA which took effect on 31 December 2021. Nets Topco 2 S.à.r.l. during the second half of 2021 was merged by incorporation into Nets Topco 3 S.à.r.l., which in turn was merged by incorporation into Nets Holdco 1 ApS on 27 December 2022.

This process requires the acquirer to allocate the cost of the combination to the identifiable assets acquired, including any intangible assets not recognised in the financial statements of the acquiree, to the liabilities assumed measured at their Fair Values at the acquisition date, and to recognise the value of non-controlling interests in the acquired entity.

The Fair Values of the above intangible assets were determined, with the support of an independent expert, using income methods (income approach). Specifically:

- Customer contacts/Customer relationships: the Fair Value was estimated using the MPEEM method, which derives the value of customer relationships on the basis of the present value of the extra income attributable to the customer relationships over the remaining life of the relationships. Extra income from customer relations is derived from total income by deducting the income pertaining to the other activities that contribute to the total income (so-called contributory asset) and adding any costs for the acquisition of new customers (which do not constitute costs pertaining to the customer base existing at the date of the PPA). The assumptions and parameters used include estimated annual income flows, discount rates to discount the result flows, the estimated useful life of customer relationships and the tax benefit of amortisation (Tax Amortisation Benefit - TAB).
- Software: the Fair Value estimate for the Nets merger was based on an income approach that took into account capitalised costs (also related to software acquired from third parties) and the Net Present Value (NPV) of ongoing projects for the development of new technology platforms. The assumptions and parameters used include the estimated differential cash flows of each project, the discount rate, the estimated life cycle and the tax amortisation benefit. For SIA's merger, the estimate was based on a market measure of the royalty rate found in comparable transactions. The assumptions and parameters used include the estimated annual net income (including the appropriate revenue attributable to the business, the applicable tax rate and royalty rate), the discount rate, the estimated life cycle and the Tax Amortisation Benefit (TAB);
- Brand: the fair value of the brands (Nets and SIA) was estimated using the relief-from-royalty (RFR) method, which deduces the value on the basis of the present value of the income derived from the brand, estimated as the product of a royalty rate reconstructed on the basis of implicit rates in comparable PPAs (Business Combination pursuant to IFRS 3) and the revenues of the geographical areas where the brands themselves are located.

The assumptions and parameters used include the estimated annual net income (including the appropriate revenue attributable to the business, the applicable tax rate and royalty rate), the discount rate, the estimated life cycle and the Tax Amortisation Benefit (TAB).

Nets Purchase Price Allocation

The Purchase Price Allocation process led to the identification of the following adjustments to the book values of the assets and liabilities of the acquired company:

(Amounts in million euros)

Customer Relationship	1,621
Software	643
Brand	59
Contingent Liabilities	(21)
Investments	4
Deferred taxes	(446)

The aforementioned intangible assets have an average useful life of about 7-13 years with regard to customer relations, about 7 years for software and about 5 years for the Nets brand.

Contingent liabilities were estimated on the basis of information available at the date.

The adjustment related to Equity investments refers to the revaluation of the equity investment in Orderbird, determined by taking into account the Fair Value resulting from the transaction concluded in 2022 relating to the acquisition of control of the company by the Nexi Group.

These values replace the values previously accounted for by Nets, as a result of the Purchase Price Allocation processes previously accounted for by the Nets sub-group, which were consequently written off for a total value (net of the related deferred taxes) of Euro 993.7 million.

Finally, note that the assets identified above and the residual goodwill were allocated in the functional currencies of the businesses comprising the Nets Group using methods consistent with those used for the valuation of the assets themselves, taking into account, in particular, the contribution of the different geographic areas of operation of the Nets Group.

The residual goodwill from the business combination amounted to approximately Euro 7,370.1 million, and is mainly attributable to the highly qualified workforce and know-how of the Nets Group.

(Amounts in thousand euros)

	Provisional Fair Value	PPA Adjustment	Final Fair Value
Cash consideration paid	7,051,352	-	7,051,352
Contingent consideration/deferred price	-	-	-
Minority interests	-	-	-
Cash and cash equivalents	1,116	-	1,116
Financial assets	1,709,718	-	1,709,718
Equity investments	41,031	4,000	45,031
Tangible assets	171,868	-	171,868
Intangible assets	1,176,619	1,147,022	2,323,641
Tax assets	49,708	4,784	54,492
Other assets	242,535	-	242,535
Financial liabilities	(3,683,709)	-	(3,683,709)
Tax liabilities	(392,044)	(268,030)	(660,074)
Other liabilities	(484,369)	(21,040)	(505,409)
Equity attributable to non-controlling interests	(17,929)	-	(17,929)
Net assets	(1,185,456)	866,736	(318,720)
Goodwill	8,236,808	(866,736)	7,370,072

SIA Purchase Price Allocation

The Purchase Price Allocation process led to the identification of the following adjustments to the book values of the assets and liabilities of the acquired company:

(Amounts in million euros)

Customer Relationship	1,824
Software	288
Brand	84
Tangible assets	(6)
Contingent Liabilities	(13)
Other adjustments	(3)
Deferred taxes	(587)

The above-mentioned intangible assets have an average useful life of between 11 and 20 years with regard to customer relations, 5 years for software and the SIA brand.

Contingent liabilities were estimated on the basis of information available at the date.

These values replace the values previously accounted for by SIA which were consequently written off for a total value (net of the related deferred taxes) of Euro 395 million.

The residual goodwill from the business combination amounts to approximately Euro 2,402.8 million, and is mainly attributable to the highly qualified workforce and know-how of the SIA Group.

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	3,515,085		3,515,085
Contingent consideration/deferred price	-		-
Minority interests	-		-
Cash and cash equivalents	145,014		145,014
Financial assets	107,690		107,690
Equity investments	754	(101)	653
Tangible assets	166,717	(5,993)	160,724
Intangible assets	430,559	1,766,097	2,196,656
Tax assets	101,247	4,504	105,751
Other assets	285,510	(2,223)	283,287
Financial liabilities	(1,032,157)		(1,032,157)
Tax liabilities	(36,583)	(556,033)	(592,617)
Other liabilities	(249,789)	(12,975)	(262,764)
Equity attributable to non-controlling interests			-
Goodwill	(81,040)	1,193,275	1,112,236
Avviamento	3,596,125	(1,193,275)	2,402,850
Cash consideration paid	3,515,085	-	3,515,085
Cash acquired	145,014	-	145,014
Net cash consideration	3,370,072	-	3,370,072

39.3 Other information

As provided for by IFRS 3, the following table shows, for the aforesaid corporate transactions, the pro-forma figures of revenues and costs at current exchange rates as if the transaction had been completed at the beginning of the year:

(Amounts in million euros)

	Income Statement 2022	Orderbird	PayTech	Nexi Payments Greece	Exchange rate impact	Proforma 2022
Operating revenues	3,228	7	1	16	8	3,260
Operating costs	(1,628)	(7)	(0)	(12)	(1)	(1,647)
EBITDA	1,600	1	1	4	7	1,613

The table does not include the BPER/Numera transaction as it will contribute to the Income Statement from 1 January 2023.

(Amounts in million euros)

	Income Statement 2022	Total proforma effect	Proforma 2022
Operating revenues	3,228	32	3,260
Operating costs	(1,628)	(19)	(1,647)
EBITDA	1,600	13	1,613
Profit before taxes	278		
Net profit	140		

39.4 Transactions after the reporting period

28 February 2023 saw the closing of the transaction for the purchase of the merchant book of Intesa Sanpaolo in Croatia. Further information is available under the Management Report.

40. Group funding transactions

As shown in the Management Report, the Group's financial structure changed significantly during the year.

The following is a summary of the accounting impacts deriving from the refinancing and repayment transactions executed during the year ended 31 December 2022. See the Management Report for the exposure of the Group's Net Financial Position.

VOLUNTARY EARLY REPAYMENT OF FINANCIAL DEBT INSTRUMENTS

During 2022 several early repayments were made for various debt instruments, which improved the Group's financial structure. Specifically:

- on 30 September the variable-rate bank "Term Loan" in the original amount of Euro 466.5 million, maturing on 30 June 2025, was partially repaid in the amount of Euro 100 million. As at 31 December 2022, the Term Loan was fully utilised for a residual nominal amount of Euro 366.5 million;
- on 7 October 2022, Nexi SpA completed Liability Management by repurchasing its own senior unsecured bonds for a total nominal amount of Euro 473 million, of which Euro 349 million related to the 2024 Bond, having an original nominal amount of Euro 825 million, a semi-annual fixed-rate coupon of 1.75% p.a. and maturity on 31 October 2024, and Euro 124 million related to the 2026 Bonds, having an original nominal amount of Euro 1,050 million, a semi-annual fixed-rate coupon of 1.625% p.a. and maturity on 30 April 2026, with a total disbursement of approximately Euro 450 million, excluding accrued interest and transaction costs.

As of 31 December 2022, the outstanding nominal value of the 2024 Bond and the 2026 Bonds was Euro 476 million and Euro 926 million, respectively.

BPER CREDIT LINE

On 29 June 2022, Nexi SpA signed the BPER Loan Agreement pursuant to which BPER Banca SpA granted an unsecured credit line for a total amount of Euro 50 million, fully disbursed on 14 July 2022, which in any case must be repaid in a single instalment on 30 April 2026.

2022 TERM LOAN

On 2 August 2022, Nexi SpA entered into the 2022 Term Loan pursuant to which a pool of leading banks granted Nexi SpA a credit line for a total amount of Euro 900 million, partially utilised as of 31 December 2022 for a nominal amount of Euro 750 million and therefore with a residual amount available and not yet disbursed of Euro 150 million, which must be repaid in a single payment on 2 August 2027. Fully utilised at the date of these Notes to the Financial Statements, the 2022 Term Loan was entirely subject to interest rate risk hedging transactions executed in the fourth quarter of 2022 through the subscription of interest rate swap derivative instruments that meet the requirements to be qualified as hedge accounting (so-called cash flow hedges).

COVENANTS AND OTHER GUARANTEES LINKED TO FUNDING TRANSACTIONS

In line with financing transactions of a similar complexity and nature, the Nexi Group's financial indebtedness is characterised by clauses containing commitments, limitations (including negative pledge clauses) and restrictions, representations and warranties, as well as cases of early repayment (in whole or in part), and events of default linked to contractual breaches. The primary obligations include:

- financial maintenance covenant: at each "test date" (i.e. 30 June and 31 December of each year), respect for a financial leverage ratio at a consolidated level (essentially the "leverage ratio", the ratio of net debt and consolidated LTM – last twelve months – EBITDA), that will be tested with respect to the consolidated financial statements and consolidated half-yearly reports and must not exceed the specific periodic thresholds indicated in the contracts of the IPO Loan, the Term Loan, the BBPM Credit Line, the BPER Credit Line and the 2022 Term Loan;
- negative pledge: Nexi SpA must abstain from establishing or allowing for the maintenance (and must ensure that no other member of the Nexi Group establishes or maintains) liens or collateral against its assets, with the exception of certain expressly permitted guarantees and restrictions;
- prohibition against dispositive actions related to assets (sales, leases, transfers or other dispositive actions), except as expressly permitted under the relevant contracts.

Note that at the reporting date all obligations attached to the abovementioned loan contracts have been fulfilled.

41. Earnings per Share

The share capital of Nexi SpA is made up entirely of ordinary shares.

The indicator "Earnings per share" (or "EPS") is presented on both basic and diluted basis: the basic EPS is calculated by considering the ratio of profit theoretically attributable to shareholders to the weighted average of the shares issued, whilst the diluted EPS also takes into account the effects of any future issues.

Furthermore, as envisaged by IAS 33, below are details of earnings per share, deriving from the result of the continuing and discontinued operations:

BASIC EARNINGS PER SHARE

	2022	2021 Restated
Profit from continuing operations attributable to the company's ordinary shares	0.10	0.05
Income (Loss) after tax from discontinued operations	0.01	-
Total Basic earnings per share attributable to the company's ordinary shares	0.11	0.05

DILUTED EARNINGS PER SHARE

	2022	2021 Restated
Profit from continuing operations attributable to the company's ordinary shares	0.10	0.04
Income (Loss) after tax from discontinued operations	0.01	-
Total Diluted earnings per share attributable to the company's ordinary shares	0.11	0.04

PROFIT ATTRIBUTED TO ORDINARY SHARES

(Amounts in thousand euros)

	2022	2021 Restated
Profit from continuing operations	135,347	39,255
Income (Loss) after tax from discontinued operations	7,701	(34)
Total net income	143,048	39,221

AVERAGE NUMBER OF ORDINARY DILUTED SHARES

(number of shares in thousand)

	2022	2021
Average number of ordinary shares used to compute basic earnings per share	1,310,754	834,754
Deferred Shares (*)	70,215	64,321
Average number of ordinary and potential shares used to compute diluted earnings per share	1,380,969	899,075

(*) These are the shares assigned to the employees under the LTI Plan and the potential shares resulting from the conversion of the convertible bond issued on 29 June 2020 and 17 February 2021.

42. Segment Reporting

The segment disclosure has been prepared in compliance with the IFRS 8 international accounting standard. As described in the paragraph 9.3 "Intangible Asset: impairment Test", starting from 2022 financial statements, the Group has identified operating segment consistent with the Business Units of the Group and the Cash Generating Units considered for Impairment test purposes.

Consistent with the Group's organisational structure as well as the reporting to management at the date of the financial statements, the following Operating Sectors were identified:

- Merchant Solutions: through this business line, the Group provides the services necessary to enable merchants to accept digital payments, including through commercial relationships with partner banks, for transactions carried out physically at retail outlets and digital transactions on the internet (e-commerce).
- Issuing Solutions; via this business line, the Group and its partner banks provide a wide range of issuing services, namely services relating to the supply, issue and management of payment cards.
- Digital Banking Solutions: through this business line, the Group provides ATM terminal management, clearing, digital corporate banking, as well as network services.

The geographical breakdown of revenues is also provided.

Section 42.2 presents a reconciliation of the Income Statement drafted by means of segment disclosure and the Income Statement prepared in the Financial Statements.

42.1 SEGMENT REPORTING: INCOME STATEMENT FOR THE PERIOD

(Amounts in million euros)

	Merchant Solutions	Issuing Solutions	Digital Banking Solutions	Total segment
Operating revenues	1,742	1,025	462	3,228
Personnel expenses	(379)	(231)	(126)	(736)
Other administrative expenses	(443)	(287)	(177)	(907)
Adjustments and net operating provisions	2	2	11	15
Operating costs net of amortization	(820)	(516)	(291)	(1,628)
EBITDA	921	509	170	1,600
Amortization and depreciation				(937)
Operating margin				663
Interest and financial costs				(140)
Non-recurring items				(245)
Profit before taxes				278
Income taxes				(135)
Profit for the year				143
Profit for the year attributable to non-controlling interests				(3)
Profit attributable to the Group				140

The EBITDA presented above is the “normalised EBITDA” as described in the “Alternative Performance Indicators” section of the Management Report.

The breakdown of revenues by geographical area is as follows:

(Amounts in million euros)

	Italy	Nordics & Baltics	DACH & Poland (*)	SE Europe & Other	Total
Merchant Solutions	831	419	430	61	1,742
Issuing Solutions	671	176	37	140	1,025
Digital Banking Solutions	290	89	6	77	462
Total Operating Revenues	1,792	684	473	279	3,228

(*) DACH includes Germany, Austria and Switzerland

42.2 SEGMENT REPORTING: RECONCILIATION OF SEGMENT REPORTING ON THE INCOME STATEMENT WITH THE INCOME STATEMENT FOR THE PERIOD

(Amounts in million euros)

	Total segment reporting	Reconciliation	Financial statements
Operating revenues/Financial and operating income	3,228	(127)	3,101
Personnel expenses	(736)	(83)	(819)
Other administrative expenses	(907)	(170)	(1,077)
Adjustments and net operating provisions	15	(20)	(5)
Operating costs net of amortization	(1,628)		
EBITDA	1,600		
Amortization and depreciation	(937)	5	(933)
Operating margin	663		
Interest and financial costs	(140)		
Non-recurring items	(245)	256	11
Profit before taxes	278	-	278
Income taxes	(135)	-	(135)
Profit for the year	143	-	143
Profit for the year attributable to non-controlling interests	(3)	-	(3)
Profit attributable to the Group	140	-	140

43. Restatement of the 2021 financial statements

2022 saw the completion of the Purchase Price Allocation (PPA) associated with the business combination transactions for the acquisition of the Nets Group and the SIA Group. As required by IFRS 3, the Group recognised the adjustments to the provisional amounts shown above as if the accounting for the business combination had been completed at the acquisition date, and then adjusted the comparative information for the 2021 financial year.

The effects on the 2021 financial statements are shown below:

(Amounts in thousand euros)

ASSETS	Dec. 31, 2021	PPA Nets	PPA SIA	Dec. 31, 2021 Restated
Cash and cash equivalents	1,546,116	-		1,546,116
Financial assets at Fair Value	74,508	-		74,508
Financial assets measured at amortised cost:	3,398,230	-		3,398,230
a) loans and receivables with banks	1,595,782	-		1,595,782
b) loans and receivables with financial entities and customers	1,802,448	-		1,802,448
Hedging derivatives	-	-	-	-
Equity investments	59,779	4,000	(101)	63,678
Tangible assets	549,532	-	(5,993)	543,539
Intangible assets	17,230,476	259,383	572,822	18,062,681
of which: Goodwill	14,831,647	(869,263)	(1,193,275)	12,769,109
Tax assets	232,956	4,784	4,504	242,244
a) current	25,080	-		25,080
b) deferred	207,876	4,784	4,504	217,164
Non-current assets held for sale and discontinued operations	1,790	-		1,790
Other assets	1,275,150	-	(2,223)	1,272,927
Total assets	24,368,537	268,167	569,009	25,205,713

(Amounts in thousand euros)

LIABILITIES	Dec. 31, 2021	PPA Nets	PPA SIA	Dec. 31, 2021 Restated
Financial liabilities measured at amortised cost	9,912,122	-		9,912,122
a) due to banks	3,649,309	-		3,649,309
b) due to financial entities and customers	1,813,534	-		1,813,534
c) securities issued	4,449,279	-		4,449,279
Financial liabilities at Fair Value through profit or loss	168,529	-		168,529
Hedging derivatives	-	-	-	-
Tax liabilities	478,126	264,350	556,033	1,298,510
a) current	47,571	-		47,571
b) deferred	430,555	264,350	556,033	1,250,939
Liabilities associated with non-current assets held for sale and discontinued operations	641	-		641
Other liabilities	1,284,285	-		1,284,285
Post-employment benefits	39,847	-		39,847
Provisions for risks and charges	159,596	21,040	12,975	193,611
Share capital	118,452	-		118,452
Treasury shares (-)	(4,493)	-		(4,493)
Share premium	11,587,260	-		11,587,260
Reserves	523,080	-		523,080
Valuation reserves	41,448	(4,719)		36,729
Profit (loss) for the year	50,233	(12,504)		37,729
Equity attributable to non-controlling interests (+/-)	9,411	-		9,411
Total liabilities and equity	24,368,537	268,167	569,009	25,205,713

INCOME STATEMENT

(Amounts in thousand euros)

	2021	PPA Nets	2021 Restated
Fees for services rendered and commission income	3,052,658		3,052,658
Fees for services received and commission expense	(1,280,180)		(1,280,180)
Net fee and commission income	1,772,478	-	1,772,478
Interest and similar income	20,399		20,399
Interest and similar expense	(199,864)		(199,864)
Net interest income	(179,465)	-	(179,465)
Profit (loss) on hedging/financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at Amortised cost	(67,969)		(67,969)
Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income	(6,997)		(6,997)
Financial and operating income	1,518,047	-	1,518,047
Administrative expenses	(1,073,390)		(1,073,390)
Other operating income/expenses, net	3,098		3,098
Net value adjustments on assets measured at amortised cost	(4,995)		(4,995)
Net accruals to provisions for risks and charges	(26,851)		(26,851)
Net value adjustments/write-backs on tangible and intangible assets	(358,219)	(15,838)	(374,057)
Operating margin	57,690	(15,838)	41,852
Profit (loss) from equity investments and disposals of investments	1,441		1,441
Profit (loss) before taxes from continuing operations	59,131	(15,838)	43,293
Income taxes	(7,372)	3,334	(4,038)
Income (loss) after tax from discontinued operations	(34)		(34)
Profit (loss) for the year	51,725	(12,504)	39,221
Profit (loss) for the year attributable to the parent company	50,233	(12,504)	37,729
Profit (loss) for the year attributable to non-controlling interests	1,492		1,492
Basic earnings per share	0.06		0.05
Diluted earnings per share	0.06		0.04

44. Fees for audit and non-audit services pursuant to Article 149 duodecies of Consob Regulation no. 11971

(Amounts in thousand euros)

	NEXI SpA		Nexi's Group Entities	
	PwC S.p.A.	PwC network	PwC S.p.A.	PwC network (**)
Audit	269		523	2,192
Other certifications (*)	76		-	864
Other services:	-	-	-	10
- Due diligence				-
- Agreed verification procedures				10
- Other services				-
Total	345	-	523	3,066

(*) Include attestation services assigned to PwC network companies in accordance with specific regulatory requirements, ISAE 3000 and 3402 attestation services and the limited audit services of the Non-financial Consolidated Statement

(**) It also includes foreign companies in the PwC network that perform legal or voluntary auditing services in favour of the Nexi Group's foreign subsidiaries and consolidated companies.



1.4

CERTIFICATION OF THE CONSOLIDATED
FINANCIAL STATEMENTS PURSUANT
TO ARTICLE 154 BIS OF ITALIAN
LEGISLATIVE DECREE 58/98

Certification of the Consolidated Financial Statements pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98

1. The undersigned Paolo Bertoluzzo, as Chief Executive Officer of Nexi S.p.A., and Enrico Marchini, as Manager in charge of preparing the corporate accounting documents of Nexi S.p.A., certify, also taking into account the contents of article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 February 24th, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of administrative and accounting procedures for the preparation of financial statements in the year 2022.

2. To this purpose, no significant issues were recorded.

3. It is also certified that:

3.1 the Consolidated Financial Statements:

- a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
- b) correspond to the information contained in the accounting ledgers and records;
- c) provide a true and fair representation of the equity, economic and financial situation of the issuer and the whole of the companies included in the scope of consolidation;

3.2 the Report on Operations includes reliable analysis on the performance, result of operations and the business of the issuer and of all entities included in the consolidated financial statements as well as description of principal risks and uncertainties to which they are exposed.

Milan, March 6, 2023

Chief Executive Officer
Paolo Bertoluzzo



Manager in charge of preparing the
corporate accounting documents
Enrico Marchini





1.5

REPORT OF THE INDEPENDENT
AUDITORS



Independent auditor's report

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010
and article 10 of Regulation (EU) No. 537/2014*

Nexi SpA

***Consolidated financial statements
as of 31 December 2022***



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Nexi SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Nexi Group (the "Group"), which comprise the consolidated balance sheet as of 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Nexi SpA (the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



Key Audit Matters

Auditing procedures performed in response to key audit matters

Allocation of the price paid for the acquisition of Nets Group and SIA Group (Purchase Price Allocation)

Notes to the consolidated financial statements

Main accounting policies, section titled “Intangible assets”

Section 39. “Business Combinations”

Section 43. “Restatement of 2021 figures”

In the course of 2022 the Group completed the purchase price allocation (“PPA”) processes relating to the acquisitions of the businesses of the Nets and SIA Groups, the consideration paid for which was equal to Euro 7,051 million and Euro 3,515 million, respectively, which became effective for accounting purposes on 1 July 2021 and 31 December 2021.

As required by IFRS 3 “Business combinations”, in the consolidated financial statements as of 31 December 2021 the Group determined the fair values of the assets acquired and liabilities assumed on a provisional basis; in 2022 it completed the PPA exercise and restated the comparative financial and other information for the year 2021 in order to reflect the adjustments posted with reference to the provisional period.

As part of the PPA process, the Group’s directors, with the support of an external expert, determined the fair values of the assets acquired and liabilities assumed using methods based on the capitalisation of earnings.

Those methods required the use of financial and other information and assumptions which involve a high degree of complexity in the estimation processes, with particular reference to:

- the estimated development of business volumes related to the customer contracts acquired, in relation to their estimated remaining useful lives, and the estimation of the related future cash flows;
-

As part of our audit we performed the following procedures, also using the support of our business valuation experts.

We verified the appropriate identification of the assets acquired and liabilities assumed underlying the business combinations executed in the previous year.

We performed a critical analysis of the adequacy of the methods adopted by management and the reasonableness of the key assumptions and inputs used by the directors in determining the fair values of the assets acquired and liabilities assumed.

We assessed the expertise, capabilities and relative objectivity of the external expert retained by the Company, and the methods used for the purpose of the PPA process.

We verified that the adjustments posted with reference to the provisional period were reflected in the consolidated financial statements, and the related restatement of the comparative information as of 31 December 2021.

We verified the adequacy and completeness of disclosures provided in the notes to the consolidated financial statements in relation to the allocation of the purchase prices paid for the acquisitions.



Key Audit Matters	Auditing procedures performed in response to key audit matters
<ul style="list-style-type: none">• the differential cash flows attributable to the technological platforms acquired;• the revenues expected from the brands, estimated by multiplying the revenues of the geographical areas covered by those brands by a royalty rate retraced on the basis of implicit rates applied in comparable PPA exercises;• the use of external and/or market inputs, where necessary also as a result of the lack of internal inputs necessary for the estimation process, broken down by geographical area;• the financial parameters used to determine the discount rate to be applied to the cash flows attributable to the various intangible assets identified during the PPA. <p>In consideration of the magnitude of the transactions, the values emerging from the PPA exercises and the complexity of the methods, inputs and assumptions used to determine the fair values of the assets acquired and liabilities assumed, we considered the process of allocation of the prices paid for the acquisitions of the Nets Group and the SIA Group a key matter in our audit of the Group's consolidated financial statements as of December 2022.</p>	
Business Combinations	
<i>Notes to the consolidated financial statements</i>	
<i>Main accounting policies, section titled "Intangible assets"</i>	We met with the Company's management to obtain an understanding of the structure of the transactions and we analysed the agreements between the parties.
<i>Section 39. "Business Combinations"</i>	We analysed the consistency of the accounting treatment adopted by the Company with the requirements of IFRS 3.
In the course of 2022 the Nexi Group completed the acquisitions of Orderbird GmbH, Paytec Payment Provider GmbH, Team4U Sp. z o.o., Numera Sistemi and Informatica SpA and of certain merchant acquiring businesses previously owned by Alpha Bank SA, BPER Banca SpA and Banco di Sardegna SpA, respectively. As of 31	We understood and evaluated the estimation process and the method used by the directors to: - determine the purchase consideration

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p>December 2022 the goodwill and customer contracts recognised as a result of the above-mentioned acquisitions totalled Euro 565 million, against a total consideration paid equal to Euro 616 million.</p> <p>For those transactions, which qualify as business combinations as defined by IFRS 3 “Business combinations”, the directors defined the fair values of the assets acquired and liabilities assumed on a provisional basis, except for the acquisition of Orderbird GmbH whose PPA process was completed by 31 December 2022.</p> <p>The recognition of extraordinary transactions in accordance with IFRS 3 required the directors to apply significant elements of judgement, specifically with reference to</p> <ul style="list-style-type: none"> - the estimation of the purchase price, including any price adjustment mechanisms and/or earn-out clauses; - the identification and measurement of the assets acquired and liabilities assumed. <p>In consideration of the magnitude of the transactions and of the element of judgement inherent in the recognition process illustrated above we considered this a key audit matter.</p>	<p>amounts, in light of the agreements made in connection with the business combinations;</p> <ul style="list-style-type: none"> - the appropriate identification of the assets acquired and liabilities assumed and the related measurement, as well as the recognition of the goodwill posted in relation to Orderbird GmbH; - the identification and preliminary measurement of the assets acquired and liabilities assumed, as well as the recognition of provisional goodwill amounts for all business combinations whose PPA process was not yet complete as of 31 December 2022. <p>Moreover, we verified the accounting treatment applied to each business combination, including goodwill and the PPA adjustments.</p> <p>Finally, we verified the adequacy and completeness of disclosures provided in the notes to the consolidated financial statements in light of the requirements of IFRS 3.</p>
<hr/>	
<p>Measurement of indefinite-lived tangible assets – Goodwill</p>	
<p><i>Notes to the consolidated financial statements</i></p> <p><i>Main accounting policies, section titled “Intangible assets”</i></p> <p><i>Balance sheet, section 9. “Intangible assets: Impairment Test”</i></p> <p>As of 31 December 2022 goodwill reported in the consolidated financial statements within intangible assets totalled Euro 13,105 million (accounting for 51% of total consolidated assets). The goodwill</p>	<p>In performing our audit procedures in this area we also used the support of our business valuation experts.</p> <p>We discussed with the Company’s management and with the external expert to obtain an understanding of the evaluations made and measurement criteria used by the directors to identify the new CGUs and re-allocate previously recognised goodwill, verifying their consistency with management reporting and the Group’s current</p>

Key Audit Matters

amounts, recognised in relation to business combinations executed during the year and in previous years, are tested annually for impairment in accordance with IAS 36 “Impairment of assets”.

In the course of 2022, taking into account the process of integration of Nets and SIA, and the change in the Group’s organisational model, the directors consistently reviewed the CGUs identified compared with those used for the purposes of the 2021 consolidated financial statements, and identified three new, different CGUs that coincide with the business units in which the Nexi Group is organised, i.e. Merchant - Solutions, Issuing Solutions and Digital - Banking Solutions, also in light of the implemented reporting model. As reported in the notes to the consolidated financial statements, previously recognised goodwill amounts were re-allocated to those CGUs with the support of an external expert, using a specific method (implied goodwill relative fair value) based on internal and external inputs and market assumptions.

Determining the recoverable amounts of goodwill tested for impairment, calculated with the support of an external expert using the method of value in use, required the directors to develop estimates that, by their nature, involve significant elements of judgement with regard to:

- the identification of the new cash generating units (“CGUs”) relevant for the purposes of impairment testing and the consequent process of re-allocation of previously recognised goodwill amounts;
- the definition of the assumptions underlying the estimation of the future cash flows from the identified CGUs and of the other relevant assumptions, for instance the discount rate and the growth rate g , for the purposes of determining the recoverable amount of the assets.

In consideration of the complexity and subjectivity of the estimation of the future cash flows and of the

Auditing procedures performed in response to key audit matters

organisational and operating structure, also in light of the integration of the Nets and Sia Groups within the Nexi Group.

We obtained an understanding of the process adopted in the preparation of the estimates of future cash flows, used first for the re-allocation of goodwill and then for impairment testing as of 31 December 2022

We verified, on a test basis, the accuracy and reasonableness of the forecasts used to determine the future cash flows from the identified CGUs and their general consistency with the approved business plan.

We performed a critical analysis of the reasonableness of the key assumptions used by the directors in the valuation process, through specific sensitivity analyses, also in response to the current uncertainty in the macro-economic environment.

We assessed the expertise, capabilities and relative objectivity of the external expert retained by the Company, and the methods used to re-allocate the goodwill amounts and then test them for impairment.

We verified the adequacy and completeness of disclosures provided in the notes to the consolidated financial statements in relation to indefinite-lived intangible assets, with particular reference to the description of the method of performance of impairment testing, the key assumptions used, and the sensitivity analyses performed.



Key Audit Matters

Auditing procedures performed in response to key audit matters

financial parameters used in the valuations, of the magnitude of the goodwill amounts recognised, and of the redefinition of the CGUs underlying the impairment test, and in light of the existing macro-economic uncertainties, we considered the valuation of goodwill a key matter in our audit of the Group's consolidated financial statements as of 31 December 2022.

Revenue recognition

Notes to the consolidated financial statements

Main accounting policies, section titled "Fees for services rendered and commission income"

Income statement, section 20. "Fees for services rendered and commission income"

'Fees for services rendered and commission income' of Nexi Group for the year ended 31 December 2022 is equal to Euro 5,399 million and relates to services rendered in the digital payments business, including any ancillary services.

The revenue recognition process is particularly complex due to the multiplicity of sales schemes in place, the large number of counterparties and transactions, and the interfacing of various, complex Information Technology (IT) platforms. The integrity, reliability and operating performance of the Group's Information Communication Technology (ICT) infrastructure and of its technological network, mostly outsourced to third party service providers, are key to an accurate revenue recognition process. Moreover, the billing process for the services includes steps that are performed manually.

'Fees for services rendered and commission income' was considered a key audit matter in consideration of the structured nature and complexity of the recognition and measurement process, as well as the materiality of the amount.

In performing our audit procedures we involved our IT experts who supported us in the understanding, evaluation and validation of:

- general IT controls over the ICT systems supporting payment acceptance (the "Acquiring" business) and issuance and management of payment cards (the "Issuing" business);
- relevant controls in place for managing transactions and the consequent generation of commission income and fees for services rendered.

For the main sales offerings we verified on a sample basis that the accounting policies and measurement criteria applied in revenue recognition were in compliance with IFRS 15 "Revenue from contracts with customers".

We reconciled management reporting information to the general ledger data for the main financial statements items related to revenue from services in the digital payments segment.

We carried out a trend analysis for certain types of commission income paid to the Nexi Group in the Acquiring and Issuing businesses under the various service models, in correlation with volumes and physical holdings.



<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
	<p>We verified, on a test basis, the accuracy of revenues recognised against contractual information, billing and evidence that the service was actually provided in the reporting period.</p> <p>Moreover, on a test basis, we sent balance confirmation requests to certain customers.</p> <p>We verified the adequacy and completeness of disclosures provided in the notes to the consolidated financial statements in relation to 'Fees for services rendered and commission income' as required by the applicable International Financial Reporting Standards.</p>

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Nexi SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 13 February 2019 the shareholders of Nexi SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Nexi SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2022 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58

The directors of Nexi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Nexi Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis,



paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Nexi Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Nexi Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Nexi SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Lia Lucilla Turri
(Partner)

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian is authoritative.

2022 REPORTS AND FINANCIAL STATEMENTS OF THE PARENT COMPANY



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2.1

BOARD OF DIRECTORS'
MANAGEMENT REPORT

BOARD OF DIRECTORS' MANAGEMENT REPORT

12,541.8 mln

Equity

Financial year 2022 closed with a profit for the period of Euro 210 million, following a Euro 197 million profit in 2021. Equity stood at Euro 12,541.8 million, compared with Euro 12,295.7 million at 31 December 2021.

Note that the increase in equity incorporates capital increases and the increase in reserves.

Relations with Other Group Companies

As the Parent Company, Nexi carries out management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code and internal rules with respect to its subsidiaries. Please refer to the notes to the consolidated financial statements for a list of the subsidiaries. Relations with the Group Companies, further detailed in the Notes to the Financial Statements, aim to foster fruitful cooperation and, pursuant to the applicable laws governing related-party transactions, the pertinent contractual and economic terms have all been regulated complying with the procedures and values adopted by the market for similar services.

Regulatory Compliance

Please refer to the relevant section in the Board of Directors' Management Report on Group Operations.

Human Resources

As at 31 December 2022 the Company had 34 employees, all of whom were seconded from subsidiaries.

With reference to seconded staff, note that said staff is head-counted within the relevant group company if and when their percentage secondment is $\geq 50\%$.

	Dec.31, 2022	Dec.31, 2021
Executives	25	18
Middle management	9	6
Employees	-	-
Other	-	-
Total	34	24
Open-ended	34	24
Fixed-term	-	-

Covid-19 Impacts

Please refer to the relevant section in the Board of Directors' Management Report on Group Operations.

Operating Performance

The profit for the year amounted to Euro 209.8 million, derived mainly from dividends received from subsidiaries in the amount of Euro 315.5 million, all net of net expenses of Euro 145.2 million, other expenses of Euro 61.9 million, and interest income of Euro 66.2 million, as well as the positive effect of taxes for the year in the amount of Euro 35.2 million. As detailed below, other net expenses mainly consist of administrative expenses of Euro 72.5 million net of other financial income of Euro 21.7 million and impairments of equity investments of Euro 11.2 million.

The Statement of Financial Position and the Income Statement are reported below.

Financial Statement Results

Statement of Financial Position

The financial position figures as at 31 December 2022 are compared with the closing figure for the previous year.

The balance sheet at 31 December 2022 presents Total assets at Euro 18,941.2 million, compared with Euro 20,039.7 million at 31 December 2021 restated.

Please note that the 2022 data are not comparable with the previous year's data as a result of the transfer of the former-SIA business units into Nexi Payments and Service Hub with effect from 1 January 2022.

ASSETS

(Amounts in million euros)

	Dec. 31, 2022	Dec. 31, 2021 Restated
Cash and cash equivalents	448.7	1,546.1
Financial assets	2,327.6	2,109.9
Hedging derivatives	0.9	-
Equity investments	15,995.6	11,487.8
Tangible and intangible assets	1.3	4,507.8
Other assets	167.1	388.2
Total assets	18,941.2	20,039.7

LIABILITIES

(Amounts in million euros)

	Dec. 31, 2022	Dec. 31, 2021 Restated
Financial liabilities	6,291.3	6,854.6
Hedging derivatives	0.3	-
Post-employment benefits	-	20.9
Other liabilities	107.8	868.5
Equity	12,332.1	12,098.7
Profit (Loss)	209.8	197.0
Total liabilities	18,941.2	20,039.7

209.8 mln

Profit for the year

In particular, the following emerged from the analysis of the aggregates that contribute to the total assets:

- the item "Cash and cash equivalents" refers to the available cash in Nexi SpA bank accounts;
- the item "Financial assets" mainly refers to intercompany financing granted to group companies, in particular to Nets Holdco1;
- hedging derivatives amounted to Euro 0.9 million and related to the hedges executed in October 2022 on certain variable-rate financing lines;
- equity investments total Euro 15,996 million, versus Euro 11,488 million as at 31 December 2021. The increase mainly refers to the increase in the value of the equity investment in Nexi Payments and Service Hub following the contribution of the business units of the former SIA S.p.A., as well as the purchase of the equity investment in Nexi Payments Greece;
- "tangible and intangible fixed assets" amounting to Euro 1.3 million as at 31 December 2022 decreased compared to the previous period (Euro 4,508 million as at 31 December 2021) following the transfer of SIA SpA to Nexi Payments and Service Hub on 1 January 2022;
- the item "Other assets" totals Euro 167 million, compared with Euro 388 million for the previous year and decreased mainly as a result of the contributions mentioned above. The balance at 31 December 2022 is mainly represented from tax consolidation receivables, current tax assets and deferred tax assets.

Regarding liabilities:

- "Financial liabilities" stood at Euro 6,291 million compared with Euro 6,855 million of the previous year. The decrease is mainly related to the repayment of the former SIA loan, as well as the purchase and subsequent cancellation of some bonds and the partial early repayment of the Term Loan. These effects were partially offset by the new funding;
- hedging derivatives amounted to Euro 0.3 million and related to the hedges executed in December 2022 on certain variable-rate financing lines;
- post-employment benefits amounted to zero compared to Euro 21 million last year; the decrease is related to the transfer of the assets from SIA SpA to Nexi Payments and Service Hub;
- the item "Other liabilities" totals Euro 108 million, compared with Euro 868 million at 31 December 2021 and mainly consists of payables to suppliers and invoices to be received whose drop is due to the transfers above;
- Shareholders' equity, including profit for the year, stood at Euro 12,542 million, up from Euro 12,296 million as at 31 December 2021. The change is mainly related to the profit for the year and the increase in the IFRS 2 reserve relating to stock grant plans and the LTI granted by the company to employees of Nexi Group companies.

Income Statement

The following table shows the Income Statement at 31 December 2022 compared with the previous year. Note that the merger with SIA, having taken place on 31 December 2021, had no impact on the Income Statement for the year.

As at 31 December 2022, the Company's profit stood at Euro 209.8 million, compared with a profit of Euro 197 million at 31 December 2021.

INCOME STATEMENT

(Amounts in million euros)

	2022	2021
Net interest income	(79.0)	(111.5)
Profit (Loss) on hedging/financial assets and liabilities at Fair Value through profit or loss/derecognition of assets and liabilities at Amortised cost	21.7	37.3
Dividends and profit/loss from investments and sale of assets at fair value through OCI (former AFS)	315.5	338.1
Financial and operating income	258.3	263.9
Total administrative expenses	(72.6)	(125.4)
Other operating income/expenses, net	0.1	15.6
Net accruals to provisions for risks and charges	-	-
Net value adjustments/write-backs on tangible and intangible assets	-	-
Profit (loss) from equity investments and disposals of investments	(11.2)	-
Profit (loss) before taxes from continuing operations	174.6	154.1
Income taxes	35.2	42.9
Income (loss) after tax from discontinued operations	-	-
Profit for the year	209.8	197.0

In view of such data, with reference to the items that concurred in forming the profit for the year:

- the net interest income of Euro -79 million versus Euro -111.5 million in 2021 consists of:
 - interest income amounted to Euro 66.2 million for financing to subsidiaries;
 - interest and similar expense totalled Euro 145.2 million, compared with Euro 141.3 million in 2021 and mainly consisted of interests on issued securities and current financing;
- positive gain/loss on assets and liabilities measured at fair value of Euro 21.7 million includes the gain from the repurchase and subsequent cancellation of certain treasury bonds and the effects of the fair value measurement of the option on shares in Nexi Payments Greece;
- dividends of Euro 315.5 million compared to Euro 338.1 million in 2021 refer to dividends paid by the subsidiaries Nexi Payments, Mercury Payment Services and SIA Central Europe;
- administrative expenses totalled Euro 72.6 million, versus Euro 125.4 million in 2021 and are mainly arising with respect to the extraordinary transactions of the company, on top of other general expenses and personnel costs;
- other income equal to Euro 0.1 million refers to miscellaneous operating income;
- losses of equity investments and disposals of investments in the amount of euro 11.2 million, following the write-down of the equity investments in the subsidiaries PforCards and Nexi Greece due to the losses incurred by the companies during 2022 and consistent with the valuations made during the Purchase Price Allocation.

Such items, net of the positive effects of income tax for Euro 35.2 million, bring profit for the year to Euro 209.8 million.

35.2 mln

Income tax

Joint Document of the Bank of Italy/Consob/Isvap No. 4 of 3 March 2010 - and No. 2 of 6 February 2009

The following report contains information as to going concern of the Company, financial risks and uncertainties in the use of estimates.

Going Concern

The Directors confirm the reasonable expectation that the Group will continue to operate on a going concern basis in the foreseeable future. Note also that, based on the Company's financial and equity structure and on its business performance, nothing would suggest any cause for uncertainty as to going concern.

There were no significant operational or economic impacts resulting from the Russia/Ukraine conflict. However, as per its business continuity procedures, the Group organised a special Group Crisis Management Team in the earliest days of the conflict to closely monitor the evolution of the crisis and to implement the necessary actions to protect the Customers and the business. In fact, the areas under continuous monitoring are people, business continuity, cyber risk, business impact and regulatory compliance.

Information on Risks

For risk exposure, please refer to the relevant section in the Consolidated Financial Statements.

Business Outlook

Please refer to the relevant section in the Board of Directors' Management Report on Group Operations. In fact, the Company will continue to act as the Group's holding company, also as a result of the contribution transactions carried out on 1 January 2022 with respect to assets, liabilities and contractual relationships previously held by SIA and merged into Nexi following and as a result of the merger.

Significant Events after the Reporting Period

Please refer to the relevant section in the Board of Directors' Management Report on Group Operations.

Other Information

Please note that Nexi SpA is not subject to either management or coordination by other companies or entities, pursuant to Articles 2497-sexties and 2497-septies of the Italian Civil Code.

In 2022 Nexi SpA did not carry out any research and development activities.

Treasury shares

In the period between 14 May and 18 May 2021 Nexi SpA purchased 325,000 treasury shares (equal to 0.05% of the total shares in circulation) at an average unit price of Euro 15.905545, for a total value of Euro 5,169,302.05, as part of the authorisation approved by the shareholders' meeting on 5 May 2021. In the 2021 and 2022 these shares were partly used in settlement of the share-based remuneration plan granted by the Parent Company Nexi (LTI). The remaining shares as 31 December 2022 amount to 279,147 recorded in the financial statements at a value of Euro 4,439,985.

Distribution of Financial Year Profit (Loss)

Dear Shareholders,

the financial statements submitted to you, which we ask you to approve, show a profit of Euro 209,773,516.

It is proposed to allocate 5% of the year's profit of Euro 10,488,676 to the Legal Reserve and to carry forward the remaining profit of Euro 199,284,840.

Milan, 6 March 2023
The Board of Directors



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FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

(Amounts in euros)

ASSETS	Notes	Dec. 31, 2022	Dec. 31, 2021 Restated
Cash and cash equivalents	3	448,730,534	1,546,089,184
Financial assets at Fair Value	4	52,088,988	612,000
Financial assets measured at amortised cost	5	2,275,531,881	2,109,275,587
a) loans and receivables with banks		1,327,829	-
b) loans and receivables with financial entities and customers		2,274,204,052	2,109,275,587
Hedging derivatives	6	869,943	-
Equity investments	7	15,995,564,584	11,487,806,909
Tangible assets	8	43,525	111,124,326
Intangible assets	9	1,230,734	4,396,635,112
of which: Goodwill		-	2,340,718,768
Tax assets	10	69,400,634	116,750,354
a) current		9,944,500	17,191,143
b) deferred		59,456,134	99,559,211
Other assets	11	97,711,620	271,406,378
Total assets		18,941,172,443	20,039,699,850

LIABILITIES	Notes	Dec. 31, 2022	Dec. 31, 2021 Restated
Financial liabilities measured at amortised cost	12	6,261,341,518	6,854,123,969
a) due to banks		2,468,670,772	2,527,507,689
b) due to financial entities and customers		42,551	95,664,809
c) securities issued		3,792,628,195	4,230,951,471
Financial liabilities at Fair Value through profit or loss	13	29,935,555	500,000
Hedging derivatives	6	255,576	-
Tax liabilities	10	63,854,550	596,351,602
a) current		63,854,550	25,661,368
b) deferred		-	570,690,234
Other liabilities	14	43,936,420	244,854,840
Post-employment benefits	15	-	20,859,427
Provisions for risks and charges	16	-	27,295,705
Share capital	17	118,582,844	118,451,992
Treasury shares (-)	17	(4,439,985)	(4,492,919)
Share premium	17	11,587,259,890	11,587,259,890
Reserves	17	631,246,330	397,526,421
Valuation reserves	17	(573,770)	-
Profit (Loss) for the year	17	209,773,516	196,968,923
Total liabilities and equity		18,941,172,443	20,039,699,850

INCOME STATEMENT

(Amounts in euros)

	Notes	2022	2021
Interest and similar income	18	66,244,901	29,788,797
Interest and similar expense	19	(145,199,778)	(141,308,409)
Net interest income		(78,954,878)	(111,519,612)
Profit (Loss) on hedging/financial assets and liabilities at Fair Value through profit or loss/derecognition of assets and liabilities at Amortised cost	20	21,680,271	37,325,388
Dividends and profit (loss) from investments and sale of assets at FVTOCI	21	315,548,713	338,104,814
Financial and operating income		258,274,107	263,910,589
Administrative expenses	22	(72,589,793)	(125,386,982)
<i>Personnel-related costs</i>	22.1	(9,472,693)	(7,171,518)
<i>Other administrative costs</i>	22.2	(63,117,100)	(118,215,464)
Other operating income/expenses, net	23	86,577	15,559,500
Net value adjustments on assets measured at amortised cost		-	-
Net accruals to provisions for risks and charges		-	-
Net value adjustments/write-backs on tangible and intangible assets	24	(9,287)	(7,461)
Operating margin		185,761,605	154,075,646
Profit (loss) from equity investments and disposals of investments	25	(11,158,990)	-
Profit (Loss) before taxes from continuing operations		174,602,615	154,075,646
Income taxes	26	35,170,901	42,893,277
Profit (Loss) for the year		209,773,516	196,968,923

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in euros)

	2022	2021
Profit (Loss) for the year	209,773,516	196,968,923
Items that will not be reclassified subsequently to profit or loss	-	-
Hedging of equity instruments measured at FVTOCI	(800,000)	-
Cash flow hedges	226,230	-
Other comprehensive income (net of tax)	(573,770)	-
Total comprehensive income	209,199,746	196,968,923

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in euros)

	Balance at January 1, 2022	Change in opening balance	Allocation of prior year profit		Changes for the year		2022 comprehensive income		Balance at December 31, 2022
			Reserves	Dividends	Change in reserves	Transactions on net equity	Profit for the year	Other comprehensive income items	
Share capital	118,451,992	-	-	-	-	130,852	-	-	118,582,844
Treasury shares	(4,492,919)	-	-	-	52,933	-	-	-	(4,439,985)
Share premium	11,587,259,890	-	-	-	-	-	-	-	11,587,259,890
Reserves	397,526,422	-	196,968,923	-	36,881,838	(130,852)	-	-	631,246,330
Valuation reserves	-	-	-	-	-	-	-	(573,770)	(573,770)
Profit (loss) for the year	196,968,923	-	(196,968,923)	-	-	-	209,773,516	-	209,773,516
Total Shareholders' Equity	12,295,714,307	-	-	-	36,934,772	-	209,773,516	(573,770)	12,541,848,825

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in euros)

	Balance at January 1, 2021	Change in opening balance	Allocation of prior year profit		Changes for the year		2021 comprehensive income		Balance at December 31, 2021
			Reserves	Dividends	Change in reserves	Transactions on net equity	Profit for the year	Other comprehensive income items	
Share capital	57,070,707	-	-	-	-	61,381,285	-	-	118,451,992
Treasury shares	-	-	-	-	(4,492,919)	-	-	-	(4,492,919)
Share premium	1,082,204,039	-	-	-	-	10,505,055,851	-	-	11,587,259,890
Reserves	206,067,710	-	49,744,349	-	141,714,362	-	-	-	397,526,422
Valuation reserves	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	49,744,349	-	(49,744,349)	-	-	-	196,968,923	-	196,968,923
Total Shareholders' Equity	1,395,086,806	-	-	-	137,221,443	10,566,437,136	196,968,923	-	12,295,714,307

CASH FLOW STATEMENT (INDIRECT METHOD)

(Amounts in thousand euros)

	2022	2021
A. OPERATING ACTIVITIES		
1. Operations	(182,088)	(135,905)
Profit for the year	209,774	196,969
Net losses on financial assets held for trading and other financial assets/liabilities measured at Fair Value through profit or loss and hedged assets	(21,642)	-
Unpaid taxes, duties and tax assets	15,887	(10)
Other adjustments	(386,107)	(332,864)
2. Cash flows generated/(used) by financial assets	-	-
Financial assets at Fair Value	-	-
Loans and receivables with banks	-	-
Loans and receivables with customers	-	-
Assets held for sale	-	-
Other assets	-	-
3. Cash flows generated/(used) by financial liabilities	-	-
Payables to banks	-	-
Payables to customers	-	-
Financial liabilities	-	-
Liabilities associated with disposal groups	-	-
Other liabilities	-	-
Net cash flows generated/(used) by operating activities	(182,088)	(135,905)
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	-	-
Acquisitions of intangible assets	(1,231)	-
Dividends from equity investments	315,549	338,105
Sale/purchase of subsidiaries, business units and other non-current assets	(550,955)	(23,922)
Net cash flows generated/(used) in investing activities	(236,637)	314,183
C. FINANCING ACTIVITIES		
Repayments of loans and securities	(1,424,801)	(2,764)
Intercompany financing	(48,399)	(2,044,000)
Issues/purchases of equity instruments	-	(5,169)
Issues of debt instruments and new loans	794,568	3,260,686
Net cash flows generated/(used) by financing activities	(678,633)	1,208,753
NET CASH FLOWS GENERATED/(USED) FOR THE YEAR	(1,097,358)	1,387,031
Net cash flows generated/(used) during the year	(1,097,358)	1,387,031
Cash and cash equivalents at the start of the year	1,546,089	159,058
Cash and cash equivalents at the end of the year	448,731	1,546,089



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NOTES TO THE FINANCIAL STATEMENTS

1. Declaration of compliance with the International Financial Reporting Standards

In compliance with the provisions of EU Regulation no. 1606 of 19 July 2002, the Company has prepared these Financial Statements for the year ended 31 December 2022 in accordance with IAS/IFRS, issued by the International Accounting Standards Boards (IASB) and the related interpretations of the International Financial Reporting Standards - Interpretations Committee (IFRS-IC) and endorsed by the European Commission and adopted by the Italian legislator with Italian Legislative Decree no. 38/2005.

The IAS/IFRS standards in force as at 31 December 2022, including the SIC and IFRS-IC interpretative documents, were applied in the preparation of the financial statements.

In 2022 the Company applied accounting standards consistent with those of the previous year, except for the changes in accounting standards issued by the IASB and effective as of 1 January 2022. Specifically, the changes – which did not have a significant impact on the Company – concern:

- IAS 16 – Cost components: introduces the prohibition of deducting from the cost of property, plant and equipment the amounts received from the sale of items produced before the activities necessary to prepare the asset for the intended purposes are completed. The Company must recognise these sales proceeds and related costs in the income statement;
- IAS 37 - Onerous contracts: it is clarified that in order to assess whether a contract is onerous, it is necessary to include in the estimate all costs directly related to the contract and not only the incremental costs necessary to perform the contract. Accordingly, the assessment of whether a contract is onerous includes incremental costs (e.g. the cost of direct material used in the production), but also all costs that the company cannot avoid as a result of entering into the contract (e.g. the share of personnel costs and depreciation of machinery used in the performance of the contract);
- IFRS 3 - References to the Conceptual Framework: the reference to the new 2018 version of the Conceptual Framework has been updated and an exception to the requirements for recognising contingent liabilities under IFRS 3 has been inserted in order to avoid changes to pre-existing accounting methods. Furthermore, the prohibition against recognising contingent assets (i.e. those assets whose existence will only be confirmed by uncertain future events) in business combinations is made explicit (previously this prohibition was only explicitly stated in the Basis for Conclusion).

With this Regulation, the usual annual improvements – Annual cycle of improvements to IFRS 2018-2020 – that clarify the wording or correct errors, oversights or conflicts between the requirements of the standards were also implemented. Amongst these minor amendments are changes to IFRS 9 Financial Instruments, with some clarifications concerning the fees to be included in the 10% test for the derecognition of financial liabilities. In this regard, it is specified that only fees paid or received between parties should be included, and not also fees directly attributable to third parties.

As of 1 January 2023 it will be mandatory to apply International Accounting Standard “IFRS 17 Insurance Contracts” and subsequent amendments “Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information”, amendments to International Accounting Standard “IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies”, the amendments to International Accounting Standard “IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” and the amendments to International Accounting Standard “IAS 12 Income Taxes: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction” following endorsement by the European Union.

It is expected that these changes will have no significant impact on the Company.

The table below shows the standards for which amendments have been issued but not yet approved by the European Union.

IASB Documents	IASB publication date
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	23/01/2020 – 15/07/2020
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022

Since none of these has been approved by the European Union, they have not impacted the Financial Statements as of 31 December 2022.

Basis of Preparation

The Financial Statements as at 31 December 2022 consist of a Statement of Financial Position, an Income Statement, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash Flows, the Notes to the Financial Statements and relevant comparative information, and also features the Board of Directors' Management Report on Group operations, assets and liabilities, financial position and profit or loss performance.

The financial statements as at 31 December 2022 are prepared using the euro as the reporting currency. Amounts in the financial statements and the Notes are expressed in euro units (unless otherwise specified), while amounts in the Statement of Cash Flows are expressed in thousands of euro.

The Financial Statements as at 31 December 2022 were prepared by applying the recognition and measurement criteria set forth in IAS 1 and the specific accounting standards endorsed by the European Commission, as well as in accordance with the general assumptions set forth in the Framework for the Preparation and Presentation of Financial Statements issued by the IASB. No derogations were made from the IAS/IFRS standards.

As well as providing all information mandatory pursuant to international accounting standards, the law and supervisory authorities, the Management Report and the Notes also provide additional non-mandatory information deemed useful for the purposes of presenting a true and fair view of the Company's situation.

The measurement criteria are adopted considering the corporate business as a going concern with entries made on an accruals basis, respecting principles of the significance of the accounting information and substance over form. Furthermore, no compensation is made between costs and revenues or between assets and liabilities except in cases expressly provided for or accepted by the accounting standards in force.

In addition to the amounts for the reporting year, the Financial Statements also present the corresponding comparative figures as at 31 December 2021.

Contents of the accounting statements

Statement of Financial Position and Income Statement

The Statement of Financial Position and the Income Statement consist of items, sub-items and additional, more detailed information. In the Income Statement, revenues are indicated with no sign, while costs are preceded by the minus sign.

Statement of Comprehensive Income

The Statement of Comprehensive Income starts out from the Profit (Loss) for the year to show the items of income recognised as counter-entries in the valuation reserves, net of the relevant tax effect, in compliance with the international accounting standards. Comprehensive income is shown by providing separate evidence of income components that will not be recognised in the Income

Statement in the future and those that may otherwise be reclassified to profit (loss) for the year under certain conditions. As in the case of the Statement of Financial Position and Income Statement, with respect to the formats defined by the Bank of Italy, items are also shown that do not have any amounts either for the year the financial statements refer to or for the previous year. Negative amounts are preceded by a minus sign.

Statement of Changes in Equity

The Statement of Changes in Equity shows the changes to shareholders' equity accounts that took place during the year covered by the financial statements and the previous year, divided up into share capital, capital reserves, profit reserves and reserves from valuation of assets or liabilities and the profit (loss) for the period. Treasury shares reduce equity.

Statement of Cash Flows

The Statement of Cash Flows provides information on cash flows for the period under review and the previous period, and has been prepared using the indirect method whereby, in reporting cash flows from operating activities, profit or loss is adjusted for the effects of non-monetary transactions.

Cash flows are broken down into those generated by operating, investing and financing activities.

The cash flows generated in the period are indicated with no sign, while the cash flows absorbed in the period are preceded by the minus sign.

Contents of the Notes to the Financial Statements

The Notes to the Financial Statements provide all information envisaged by the international accounting standards.

Events after the reporting period

Please refer to the corresponding section of the Consolidated Financial Statements.

Other aspects

Auditing

The Company's financial statements are audited by PricewaterhouseCoopers SpA.

Tax consolidation

The Company and the Italian companies of the Group: Nexi Payments SpA, Help Line SpA, Service HUB SpA, Mercury Payment Services SpA and SIAPay S.r.l. have adopted so-called "national tax consolidation", governed by Articles 117-129 of the Consolidated Income Tax Act (TUIR), introduced into tax law by Italian Legislative Decree no. 344/2003. It consists of an optional scheme whereby the total net income or tax loss of each subsidiary participating in the tax consolidation – together with withholdings, deductions and tax credits – are transferred to the parent company, in respect of which a single taxable income or tax loss carryforward is determined (resulting from the algebraic sum of its own income/losses and those of the participating subsidiaries), and consequently a single tax liability/asset. By virtue of this option, Group companies participating in the "national tax consolidation" determine their own tax liability and the corresponding taxable income is transferred to the Parent Company.

VAT Group

The Company and all the Italian companies of the Group that are eligible to participate (i.e. all the Italian companies of the Group with the exception of SIApay) opted for the establishment of a VAT Group, governed by Articles 70-bis to 70-duodecies of Italian Presidential Decree no. 633/1972. The option is effective from 1 January 2019 and is valid for three years, with automatic renewal from year to year unless revoked. As a result of the option, supplies of both goods and services between participating parties are, with few exceptions, not subject to the tax. Supplies of goods and services effected by a participating party to an outside party are deemed to be made by the Group. Supplies of goods and services effected by an outside party to a participating party are deemed to be made to the Group.

Main Accounting Policies

Financial assets measured at amortised cost

Classification criteria

This category comprises non-derivative financial assets held in the “Held-to-Collect” business model, the contractual terms of which solely generate cash flows that are payments of principal and interest (SPPI criterion).

This item mainly includes financial receivables from Group companies. Under IFRS 9 general requirements on the reclassification of financial assets, reclassifications to other categories of financial assets is only permitted if an entity changes the business model within which the financial assets are held. Such cases, the occurrence of which should be extremely infrequent, allow reclassification of financial assets measured at Fair Value through other comprehensive income to one of the other two categories designated by IFRS 9 (i.e. “Financial assets at fair value through OCI” or “Financial assets at FVPL”). The transfer value, which is applied prospectively from the reclassification date, is recognised as the Fair Value at time of reclassification. Gains or losses generated by the difference between the amortised cost of financial assets and their fair value are recognised either to profit or loss, where the assets are reclassified as “Financial assets at FVPL”, or to Shareholders’ Equity (and to the relevant valuation reserve), where the assets are reclassified as “Financial assets at fair value through OCI”.

Recognition criteria

“Financial assets measured at amortised cost” are initially recognised at the agreement signing date, which is usually the disbursement date, based on the financial instrument’s Fair Value, which usually equals the amount disbursed including transaction costs.

Measurement criteria

After initial recognition, assets included in this item are measured at amortised cost using the effective interest method. “Financial assets measured at amortised cost” are tested for impairment at each reporting date. The impairment rules described below also apply to loan commitments and financial guarantee contracts.

Impairment is calculated considering the financial asset’s expected credit losses. For the financial receivables, application of the related impairment method requires classification of the financial assets according to three stages, depending on whether any significant increase in credit risk has occurred as of initial recognition. For each stage a different method of measuring impairment is used based on the expected loss in the 12 subsequent months for receivables in Stage 1 (performing financial instruments that have not seen a significant increase in credit risk) and on lifetime expected losses of receivables classified in Stage 2 and Stage 3 (including performing financial instruments that have seen an increase in credit risk and bad financial assets, respectively). Given the specific features of the Group’s credits portfolio, the expected 12-month loss is itself the expected lifetime loss.

Impairment losses are recognised in profit or loss as net impairment losses.

An entity recognises an impairment gain on credit-impaired debt instruments when the reasons for the impairment no longer exist and the gain is objectively related to an event that took place after recognition of the impairment loss. Impairment gains are recognised in the Income Statement and may not exceed the amortised cost the asset would have had had the impairment loss not been recognised.

Derecognition criteria

Financial assets or parts of financial assets are derecognised when the contractual rights to cash flows expire or are transferred, transferring substantially all the related risks and rewards.

More specifically, transferred financial assets are derecognised when an entity retains the contractual rights to receive the assets' cash flows but concurrently assumes an obligation to pay these - and only these - cash flows to third parties without significant delay.

Hedging transactions

Classification criteria

Asset and liability items include hedging financial derivatives, which at the date of the financial statements had a positive and negative fair value, respectively.

Hedges seek to mitigate potential recognisable losses on a particular financial instrument or group of financial instruments attributable to a specific risk by offsetting them with recognisable gains on a different financial instrument or group of financial instruments.

The following types of hedging relationships are envisaged in IFRS 9:

- fair value hedge: a hedge of the exposure against changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of the exposure against variability in cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on variable rate debt) or a highly probable planned transaction that could affect profit (loss) for the period;
- hedges of a net investment in a foreign operation as defined in IAS 21.

As established by IFRS 9, derivative instruments are designated as hedging instruments provided that the hedging relationship between the hedged instrument and the hedging instruments is formally documented and meets all the requirements of the standard, including those relating to hedge effectiveness.

The Company has only entered into cash flow hedge transactions.

Recognition criteria

Hedging derivatives are initially recognised at fair value at the date of the transaction.

Measurement criteria

Hedging derivatives are measured at fair value.

The method of accounting for gains and losses arising from changes in fair value differs according to the type of hedge:

With regard to cash flow hedges, changes in the fair value of the derivative are recognised in equity for the effective portion of the hedge, and are only recognised in the income statement when a change in the cash flows to be offset occurs or if the hedge proves ineffective with respect to the hedged item.

In application of the accounting standard, hedging relationships must meet the following requirements:

- presence of an economic relationship between the hedged item and the hedging instrument;
- the non-dominance of credit risk within the fair value changes relating to this economic relationship;
- the definition of a hedge ratio that identifies the quantities of hedged item and hedging instrument considered in the hedging relationship, so as not to create a mismatch that generates a component of ineffectiveness that does not properly reflect the objectives of the hedge.

Derecognition criteria

The hedging relationship is terminated if the hedge effectiveness test fails or the risk management objective underlying the hedging relationship has changed. In such case, the derivative instrument is classified as a trading transaction.

Furthermore, the hedging relationship is interrupted when:

- the hedged item is sold and repaid;
- the hedging transaction is terminated early;
- the derivative expires, is sold, extinguished or exercised.

Equity investments

Basis of classification, recognition and measurement

The item includes interests held in subsidiaries, jointly controlled and associated companies.

Companies are considered to be subsidiaries if Nexi is exposed to variable returns or holds rights to such returns due to its relations with the companies, and can simultaneously affect such returns by exercising its power over the companies. Jointly controlled companies (joint ventures) are entities for which control is shared between Nexi and one or more other parties external to the Group on a contractual basis, or when the unanimous consent of all parties sharing control is required for decisions concerning material activities. Companies subject to significant influence (associates) are entities in which Nexi owns at least 20% of the voting rights (including "potential" voting rights) or in which – even with a lower proportion of voting rights – it has the power to participate in the determination of the financial and management policies of the investee company by virtue of special legal ties such as participation in shareholders' agreements.

Equity investments are recorded on the settlement date. Upon initial recognition, equity interests are accounted for at cost. Equity investments are measured at cost, adjusted as necessary for impairments. If there is evidence that the value of an investment may have been impaired, the recoverable amount of the investment is estimated, considering the discounted future cash flows that the investee may generate, including the investment's costs to sell. When the recoverable amount is less than the investment's carrying amount, the difference is recognised in the income statement. If the reasons for an impairment loss are removed as a result of an event occurring after the impairment was recognised, a reversal of the impairment loss is recognised in the income statement.

Derecognition criteria

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the investment is sold, substantially transferring all the risks and rewards associated with it.

Property and equipment

Classification criteria

Property and equipment include land, instrumental properties, furniture, furnishings, electronic machinery and equipment of all types, expected to be used for more than one year. The item also includes rights of use acquired through lease contracts, as envisaged by IFRS 16. According to IFRS 16, a lease is a contract or part of a contract that transfers the right to use an asset for a period of time in exchange for consideration. Items of property and equipment held for use in production or for the supply of goods and services are classified as such under IAS 16.

Recognition criteria

Tangible assets acquired on the market are recognised as assets when the main risks and rewards connected with the asset are transferred. Initial recognition is at cost, which includes all directly related charges.

Rights of use accounted for under IFRS 16 are recognised as the sum of the present value of future lease payments to be made over the lease term, lease payments made on or before the lease term, any incentives received, initial direct costs, and any estimated costs of dismantling or restoring the underlying asset, as the lessee has a financial obligation to make payments due to the lessor to compensate for its right to use the underlying asset during the lease term. Recognition occurs when the asset is made available to the lessee for its use, and on that date the lessee recognises both the liability and the asset consisting of the right of use. The recognised financial liability corresponds to the present value of the lease payments due.

Regarding the discount rate, on the basis of IFRS 16 requirements, the Group uses the implicit interest rate, where available, for each lease contract. If such a rate is not available or cannot be readily determined without resorting to estimates, the Group will base the incremental rate on market rate curves and the lessee's spread.

Measurement criteria

Property and equipment for operational use with a finite useful life are subsequently measured at cost adjusted for accumulated depreciation and any impairment losses and reversals.

The depreciable value of property and equipment, equal to the cost of the assets insofar as the residual value at the end of the depreciation process is held to be insignificant, is split systematically on a straight-line basis throughout the estimated useful life, according to a criterion of allocation that reflects the technical-economic duration and the residual possible use of the individual elements.

The rights of use recognised in accordance with IFRS 16 are depreciated over a period equal to the lesser of the asset's useful life and the duration of the lease contract. The lease term is determined taking into account periods covered by an option to extend the lease and an option to terminate the lease where the exercise of those options is reasonably certain.

At each reporting date the Company weighs up whether or not there is any indication showing that property and equipment and rights of use may have suffered a loss in value. If there is evidence of any such loss, the carrying amount is compared with the recoverable value.

Derecognition criteria

Property, equipment and investment property are derecognised when disposed of or when no further future economic benefit is expected from their use or decommissioning.

Intangible assets

Classification criteria

Intangible fixed assets are non-monetary assets with no physical consistency, which can be identified and are able to generate future economic benefits that can be controlled by the company, and include goodwill and other intangible assets governed by IAS 38. They may include rights of use acquired under leases and relating to the use of an intangible asset by the lessees.

Recognition criteria

Intangible assets are recognised at the cost of acquisition when the main risks and benefits connected with the asset are transferred, but only if it is likely that the related future economic benefits will be realised and if the cost can be reliably determined. If not, the cost of the intangible asset is recognised in the income statement in the year in which it is incurred. More specifically, the cost of software development includes only the expenses incurred that can be directly attributed to the development process and constitute intangible assets only if all the following conditions are met:

- the cost attributable to the development activity can be reliably determined;
- the entity has the intention, the availability of financial resources and the technical capacity to make the asset ready for use or sale;
- it can be demonstrated that the asset is able to produce future economic benefits.

Measurement criteria

All intangible assets recognised, other than goodwill, are considered of finite useful life and consequently amortised considering the cost of the individual assets and the related useful life.

More specifically, intangible assets based on technology, such as application software purchased with permanent user's licenses and the costs for software development, are amortised according to their expected technological obsolescence and in any case in general over a period of five years, save for particular cases connected to the development of new platforms, analysed from time to time based on the technical features.

The residual value of the various assets is assumed as equal to zero.

If there is any indication that an intangible asset with a finite useful life may be impaired, the asset's recoverable amount is estimated and the amount of the loss, recognised in the income statement, is equal to the difference between the asset's carrying amount and its recoverable amount.

Derecognition criteria

An intangible asset is derecognised on disposal or when no future economic benefits are expected.

Other assets and liabilities

Other assets essentially comprise items that cannot be attributed to other items of the statement of financial position, including receivables arising from the supply of non-financial goods and services (net of write-down provisions), tax items other than those recognised under their own headings (e.g. in connection with withholding agent activities and the tax consolidation scheme), accrued income other than proceeds to be capitalised on the related financial assets, and prepaid expenses.

Other liabilities include liabilities that cannot be allocated to the other liability items in the statement of financial position, including payables associated with the payment of non-financial goods and services, accrued expenses other than those to be capitalised on the relevant financial liabilities, and miscellaneous tax credit items other than those recognised under "Tax liabilities", for example related to the activity of a withholding agent.

Current and deferred tax

Income taxes are calculated in accordance with tax laws, and are accounted for as a cost on an accruals basis, in line with the method of recognition in the financial statements of the costs and revenues that they generated. Taxes are therefore determined on the basis of the forecast of the current, advance and deferred tax burden.

Current tax assets and current tax liabilities include the net balance of the Company's positions vis-à-vis the tax authorities attributable to direct taxation. In particular, these items include the net balance between past and current tax liabilities for the year, calculated on the basis of a prudent forecast of the tax liability for the year, determined in accordance with current tax laws, and current tax assets represented by payments on account, withholding taxes incurred or other tax credits.

If the payment of current tax expenses for the period or current tax expenses for the previous years has exceeded the related tax payable, the surplus is entered amongst the assets of the statement of financial position, under "Tax assets - a) current".

Current and deferred tax expenses are recognised in the income statement under "Income taxes for the period" with the exception of that relating to cost or revenue components recorded in specific valuation reserves (defined benefit plans, financial instruments measured at Fair Value through other comprehensive income and related hedging derivatives); these latter are instead allocated directly to the same valuation reserves, which, therefore, are stated net of the relevant tax.

Deferred tax assets and liabilities are recognised as equity with open balances and without netting, stating the first under "Tax assets" and the second under "Tax liabilities". Deferred tax assets are computed in respect of the temporary differences arising between the carrying amount assigned to an asset or a liability, and their corresponding assumed value for tax purposes. For these purposes, "taxable temporary differences" are those that will result in taxable amounts in future periods and "deductible temporary differences" are those that will result in deductible amounts in future periods. Deferred taxation is calculated by applying the tax rates set forth in the applicable law to taxable temporary differences for which there is a probability that taxes will actually be incurred, and to deductible temporary differences for which there is a reasonable certainty that there will be future taxable income at the time when the related tax deductibility will arise.

Deferred tax liabilities are calculated on all taxable timing differences.

Deferred tax assets and liabilities are determined using the tax rates expected to be applied in the period in which the tax asset is realised or the tax liability will be extinguished, in accordance with current tax legislation. Tax assets and liabilities relating to the same tax and due in the same period are offset.

Deferred tax assets and liabilities are systematically measured to reflect any alterations to tax rules or rates as well as any possible changes in the Company's subjective positions.

Financial liabilities measured at amortised cost

Classification criteria

A financial instrument issued is classified as a liability when, on the basis of the substance of the contractual agreement, a contractual obligation is held to deliver money or another financial asset to a third party. Specifically, the item mainly includes outstanding loans and the "debt" component of convertible bonds issued.

Recognition criteria

Payables are recognised as at the date on which the contract is stipulated, which normally coincides with the time when the amounts collected are received and debt instruments issued.

Financial liabilities are initially measured at Fair Value, which normally coincides with the amount collected or issue price, plus the directly related costs/income. Internal administrative costs are excluded.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Interest is recorded under the "Interest and similar expense" item of the income statement.

Derecognition criteria

Financial liabilities, or part thereof, are derecognised when extinguished, i.e. when the obligation has been met, cancelled or expired.

Provisions for risks and charges

Provisions for risks and charges include all provisions made in relation to current obligations originating from past events for which an economic outlay is probable for the fulfilment of such obligations, as long as a reliable estimate can be made of the relevant amount. Accordingly, a provision is recognised if and only if there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation existing at the date of the financial statements and reflects risks and uncertainties that inevitably characterise a number of facts and circumstances. When the effect of the time value of money is material, the amount of the provision is discounted at current market rates. The provision is recognised on the income statement. At the close of all financial statements the provisions made are periodically reviewed, and if the incurrence of possible expenses should become unlikely the provisions are entirely or partially released to the income statement.

Interest income and expense

Interest income and expense is recognised on the income statement for all instruments measured in accordance with the amortised cost criteria, using the effective interest method, including direct costs and commissions of the transaction in the calculation.

Dividends

Dividends are recognised in the income statement when their distribution is resolved.

Other items of the income statement

Costs are recognised in the income statement when incurred on an accrual basis.

Use of estimates and assumptions in preparing the financial statements

In accordance with the IAS-IFRS international accounting standards, the implementation of some accounting standards illustrated above for the several balance sheet aggregates can entail the adoption, by Corporate Management, of estimates and assumptions capable of significantly impacting the values recognised in the statement of financial position and in the income statement.

The drafting of such estimates implies the use of the information available and the adoption of subjective evaluations, also based on historical experience, used for the purpose of formulating reasonable assumptions for the reporting of management-related issues. In the presence of significant uncertainties and/or activities subject to measurement of particular materiality, the valuation is supported by fairness opinions of external experts/appraisers.

By nature, the estimations and assumptions used may vary from year to year and, therefore, it cannot be ruled out that in subsequent financial periods the values posted to the financial statements may also vary significantly as a result of changes in the subjective evaluations used. Specifically, the measurement process is particularly complex, considering how uncertain the macroeconomic and market contexts are, hence it is not possible to rule out that the envisaged hypotheses, while being reasonable, may not be confirmed in the future scenarios in which the Company shall operate. The parameters and information used to check the aforesaid amounts are therefore considerably affected by such factors, which may quickly change in a way that is not currently foreseeable, to the point that future balance sheet amounts might be affected.

In that respect, please also note that an estimate can be adjusted following changes to the circumstances on which it was based or new information or even additional experience. Any change to the estimate is applied prospectively and therefore impacts the income statement of the period in which the change is made and, potentially, those of future years.

While stressing that the use of reasonable estimates is key when drafting financial statements, without this factor being held to affect their reliability, below are the items in which the use of estimates and assumptions is most significant, both in terms of the materiality of the values to be recognised in the balance sheet and impacted by such policies, and in terms of the complexity of the measurements, which entails the resorting to estimates and assumptions by Corporate Management:

- valuation of financial assets and liabilities measured at Fair Value not listed on active markets;
- valuation of equity investments;
- quantification of the useful life of intangible assets with a finite useful life and tangible assets;
- assessment of the recoverability of deferred taxation.

For some of the cases listed above, the main factors can be identified that are subject to estimates by the Company and therefore contribute to determining the value at which assets and liabilities are recognised in the financial statements. Without claiming to be exhaustive, note that:

- to determine the fair value of financial instruments not listed on active markets, if it is necessary to use parameters that cannot be deduced from the market, on the one hand the main estimates concern the development of future cash flows (or even income flows, in the case of equities), possibly conditioned by future events, and on the other hand the level of certain input parameters not listed on active markets;
- to determine deferred taxation items, the probability of actual future taxable income (taxable temporary differences) and the degree of reasonable certainty – if any – of future taxable income at the time when tax deductibility will arise (deductible temporary differences and tax loss carryforwards) is estimated.

Statement of Financial Position

(Amounts in euros)

ASSETS

3. Cash and cash equivalents

	Dec. 31, 2022	Dec. 31, 2021
a) Cash	-	26,554
b) Deposits and current accounts	448,730,534	1,546,062,630
Total	448,730,534	1,546,089,184

The change in the item is mainly attributable to the cash resulting from the repayment of former SIA funding at the beginning of 2022. The item also includes the effects of funding and acquisition transactions during the period, the receipt of dividends from subsidiaries, the payment of interest expenses related to loans taken out and other expenses incurred during the period.

4. Financial assets at Fair Value

4. FINANCIAL ASSETS AT FAIR VALUE

	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at FVTPL	-	-
Financial assets measured at FVTOCI	52,088,988	612,000
Total	52,088,988	612,000

The item includes minority equity investments in companies that are not subsidiaries or subject to significant influence. The increase in this item is attributable to the purchase of a stake in Banca MPS for Euro 19.2 million and the minority investment in GoHenry, a financial technology company, for Euro 32 million.

4.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY PRODUCT

	Dec. 31, 2022	Dec. 31, 2021
1. Debt instruments	-	-
2. Equity instruments	52,088,988	612,000
3. Financing	-	-
Total	52,088,988	612,000

**4.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:
BREAKDOWN BY ISSUER**

	Dec. 31, 2022	Dec. 31, 2021
a) Banks	19,200,000	-
b) Financial institutions	32,276,988	-
- <i>Visa Europe Limited</i>	-	-
- <i>Visa Inc.</i>	-	-
- <i>Other financial companies</i>	32,276,988	-
c) Non-financial institutions	612,000	612,000
Total	52,088,988	612,000

5. Financial assets measured at amortised cost**5.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST: LOANS AND RECEIVABLES WITH BANKS:
BREAKDOWN BY PRODUCT**

	Dec. 31, 2022					Dec. 31, 2021				
	Carrying amount		Fair Value			Carrying amount		Fair Value		
	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3
Loans and receivables with banks										
Deposits and current accounts	-	-	-	-	-	-	-	-	-	-
Prepaid cards liquidity	-	-	-	-	-	-	-	-	-	-
Restricted deposits	-	-	-	-	-	-	-	-	-	-
Other assets	1,327,829	-	-	1,327,829	-	-	-	-	-	-
Total	1,327,829	-	-	1,327,829	-	-	-	-	-	-

5.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: LOANS AND RECEIVABLES WITH FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec. 31, 2022					Dec. 31, 2021					
	Carrying amount		Fair Value			Carrying amount		Fair Value			
	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3	
		Purchased	Other				Purchased	Other			
Ordinary credit cards	-	-	-	-	-	-	-	-	-	-	-
Receivables from schemes	-	-	-	-	-	-	-	-	-	-	-
Revolving credit cards	-	-	-	-	-	-	-	-	-	-	-
Receivables from "Buy Now Pay Later" solution	-	-	-	-	-	-	-	-	-	-	-
Receivables from merchants	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,274,204,052	-	-	-	2,274,204,052	2,109,275,587	-	-	-	2,109,275,587	-
Total	2,274,204,052	-	-	-	2,274,204,052	2,109,275,587	-	-	-	2,109,275,587	-

The item mainly includes the loan granted to the sub-holding company Nets Holdco 1 ApS in order to implement the refinancing of the Nets Group as part of the related merger transaction.

5.2.1. LOANS AND RECEIVABLES WITH FINANCIAL ENTITIES AND CUSTOMERS: GROSS, NET VALUES AND IMPAIRMENT LOSSES ON PERFORMING AND NON-PERFORMING LOANS

	Dec. 31, 2022			Dec. 31, 2021		
	Gross value	Fund	Net value	Gross value	Fund	Net value
Performing loans						
- Stage 1	2,274,204,052	-	2,274,204,052	2,109,275,587	-	2,109,275,587
- Stage 2	-	-	-	-	-	-
Non-performing loans						
- Stage 3	-	-	-	-	-	-
Total	2,274,204,052	-	2,274,204,052	2,109,275,587	-	2,109,275,587

6. Hedging derivatives

	Carrying amount	Fair Value Dec. 31, 2022			Carrying amount	Fair Value Dec. 31, 2021		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Derivatives with positive Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	869,943	-	869,943	-	-	-	-	-
Total	869,943	-	869,943	-	-	-	-	-
Derivatives with negative Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	255,576	-	255,576	-	-	-	-	-
Total	255,576	-	255,576	-	-	-	-	-

Hedging derivative assets and liabilities and relate to the hedges executed in October 2022 on certain variable-rate loan facilities.

7. Equity investments

7.1 EQUITY INVESTMENTS: INFORMATION ON EQUITY INVESTMENT RELATIONS

Name	% held	Carrying amount
A. Subsidiaries:		
Mercury Payment Services SpA	100.00%	8,339,898
Nexi Payments SpA	99.49%	8,330,328,518
Help Line SpA	69.24%	2,334,289
Service HUB SpA	100.00%	32,136,749
Nets HoldCo 1 ApS	100.00%	7,074,057,712
Nets US, LLC	100.00%	88
PforCards GmbH	100.00%	443,595
SIA Central Europe a.s.	100.00%	183,799,391
Nexi Greece Single Member S.A.	100.00%	61,818,337
Nexi Payments Greece S.A.	90.01%	302,301,107
B. Companies subject to significant influence:		
Nexi Digital S.r.l.	49.00%	4,900
Total		15,995,564,584

With regard to the values of equity investments, note that as of 31 December 2022, the values of the equity investments in PforCards and Nexi Greece were impaired by Euro 1.3 million and Euro 9.8 million, respectively. Specifically, consistent with the fact that in the Purchase Price Allocation these equity investments were assigned a value equal to Shareholders' Equity, they were written down on the basis of the losses incurred in 2022.

As far as other equity investments are concerned, there are no indicators of impairment. However, considering the significance, it was prudently decided to perform an impairment test on the Equity Investments in Nexi Payments and NetsHoldco1 ApS. The test was conducted in a manner consistent with the models used for the purposes of the consolidated financial statements.

Specifically, the recoverable amount was estimated in the value-in-use configuration. The value of each equity investment was determined by the algebraic sum of the enterprise value (addend), the net financial position (subtrahend) and the surplus assets/liabilities (addend/subtrahend). The estimate of the enterprise value was based on the DCF asset side criterion starting from the 2023 Budget and 2024-2027 Plan flows of Nets HoldCo1 ApS and Nexi Payments as a contribution to the Nexi Group's plan disclosed to the market. For the purposes of verifying the recoverability of the value of the equity investments, account was taken of the fact

that the estimate of the value in use must be consistent with the carrying value of the equity investments. More specifically, part of the price paid for HoldCo1 ApS (and therefore the value of the equity investment in Nets HoldCo1 ApS) incorporated synergies that could be realised through the integration with SIA, of which Nexi Payment was not pushed down at the time of the transfer of the SIA branch. Similarly, part of the synergies realisable at Nexi Payment through the purchase of Nets HoldCo1 ApS were recognised in the price paid by Nexi for Nets HoldCo1 ApS (and thus in the value of the Nets Topco AS equity investment) even though they were intended to be realised by Nexi Payment. Therefore, these synergies were deducted from the estimate of the value in use of Nexi Payment and taken into account in the estimate of the value in use of Nets HoldCo1 ApS, consistent with the formation of the price (and thus the carrying amount) of the two equity investments in the financial statements of Nexi SpA.

Cash flows are discounted using the weighted average capital cost (WACC) which is the weighted average of the cost of equity and the cost of debt, after taxation. The formula for estimating WACC is the following:

$$\text{WACC} = K_e * \frac{E}{D + E} + K_d * (1 - t) * \frac{D}{D + E}$$

where:

- K_e = cost of equity;
- $E/(D+E)$ = percentage of equity capital in the total invested capital (risk capital+ debt capital);
- K_d = cost of debt capital before taxes;
- t = tax rate ("tax shield");
- $D/(D+E)$ = percentage of debt capital in the total invested capital (risk capital + debt capital).

The cost of equity is the expected return, in a situation not affected by contingent phenomena, on the relevant sector; it is calculated through the Capital Asset Pricing Model, the formula being:

$$K_e = R_f + \beta * (R_m - R_f)$$

where:

- R_f = risk-free rate, equal to the average yield to maturity of 10-year government bonds observed over the last six months weighted by the countries the company operates in;
- Beta = "beta" coefficient expressing the risk of the specific enterprise in the market. This parameter was estimated based on an analysis of the betas of comparable companies
- $R_m - R_f$ = equity risk premium, namely the additional return requested by a risk averse investor compared with the return of risk-free assets; it is equivalent to the difference between the average return of the stock market and the risk-free rate. The parameter considered is 5.70%, applicable to European companies (source: Berec BoR (22) 70).

The measures of cost of capital and long-term growth rate used (estimated consistent with the method) are as follows:

	WACC	g
Nets Holdco1 ApS	8.56%	2.01%
Nexi Payments	9.40%	2.00%

The impairment test described above showed that the value of the two equity investments is higher than the carrying amount.

8. Tangible assets

	Dec. 31, 2022	Dec. 31, 2021
Property and equipment	43,525	111,124,326
Investment property	-	-
Total	43,525	111,124,326

The item Tangible assets includes only property and equipment.

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

8.1 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2022	of which "in progress"	Dec. 31, 2021
Owned			
a) Land	-	-	-
b) Buildings	-	-	-
c) POS and ATM	-	-	2,625,812
d) Machinery and electronic equipment/systems	-	-	18,520,710
e) Furniture and furnishings	-	-	-
f) Other	-	-	7,124,870
Rights of use from leasing contracts			
a) Land	-	-	-
b) Buildings	-	-	46,984,133
c) POS and ATM	-	-	16,692,539
d) Machinery and electronic equipment/systems	-	-	17,700,616
e) Furniture and furnishings	-	-	-
f) Other	43,525	-	1,475,646
Total	43,525	-	111,124,326

8.2 PROPERTY AND EQUIPMENT: CHANGES

Dec. 31, 2022	Land	Buildings	POS and ATM	Machinery and electronic equipment/ systems	Furniture and furnishings	Other	Total
A. Opening balance - Gross	-	46,984,133	19,318,351	36,221,325	-	8,607,977	111,131,787
A.1 Depreciation Fund	-	-	-	-	-	(7,461)	(7,461)
A.2 Net Opening balance	-	46,984,133	19,318,351	36,221,325	-	8,600,516	111,124,326
B. Increases	-	-	-	-	-	50,460	50,460
B.1 Purchases	-	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-	-
B.4 Positive Fair Value adjustments	-	-	-	-	-	-	-
B.5 Business combination	-	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-	-
B.7 Other increases	-	-	-	-	-	50,460	50,460
<i>of which of Rights of use</i>	-	-	-	-	-	-	-
B.8 Currency translation adjustment	-	-	-	-	-	-	-
C. Decreases	-	46,984,133	19,318,351	36,221,325	-	8,607,452	111,131,261
C.1 Sales	-	-	-	-	-	-	-
C.2 Depreciation	-	-	-	-	-	9,287	9,287
<i>of which of Rights of use</i>	-	-	-	-	-	9,287	9,287
C.3 Impairment losses	-	-	-	-	-	-	-
C.4 Negative Fair Value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	46,984,133	19,318,351	36,221,325	-	8,598,165	111,121,975
C.6 Transfers	-	-	-	-	-	-	-
a) <i>investment property</i>	-	-	-	-	-	-	-
b) <i>non-current assets held for sale and discontinued operations</i>	-	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-	-
C.8 Currency translation adjustment	-	-	-	-	-	-	-
D. Closing balance Gross	-	-	-	-	-	60,272	60,272
D.1 Depreciation Fund	-	-	-	-	-	(16,748)	(16,748)
D.2 Net Closing balance	-	-	-	-	-	43,525	43,525

9. Intangible assets

9.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	Dec. 31, 2022		Dec. 31, 2021 Restated	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill				2,340,718,768
A.2 Intangible assets - Customer contracts	-	-	1,720,409,068	-
A.3 Other intangible assets	1,230,734	-	335,507,275	-
- internally generated assets	1,230,734	-	-	-
<i>of which internally generated assets "in progress"</i>	1,230,734	-	-	-
- externally purchased assets	-	-	335,507,275	-
- leased intangible assets	-	-	-	-
Total	1,230,734	-	2,055,916,343	2,340,718,768

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

9.2 INTANGIBLE ASSETS: CHANGES

Dec. 31, 2022	Goodwill	Contracts Customer	Other intangible assets			Total
			internally generated assets	externally purchased assets	leased intangible assets	
A. Net opening balance	2,340,718,768	1,720,409,068	-	335,507,275	-	4,396,635,112
B. Increases	-	-	1,230,734	-	-	1,230,734
B.1 Purchases	-	-	1,230,734	-	-	1,230,734
<i>of which: internal capitalised costs</i>	-	-	-	-	-	-
B.2 Reversals of impairment losses	-	-	-	-	-	-
B.3 Positive Fair Value adjustments	-	-	-	-	-	-
B.4 Business combination	-	-	-	-	-	-
B.5 Other increases	-	-	-	-	-	-
<i>of which of Rights of use</i>	-	-	-	-	-	-
B.6 Currency translation adjustment	-	-	-	-	-	-
C. Decreases	2,340,718,768	1,720,409,068	-	335,507,275	-	4,396,635,112
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	-	-	-	-	-
<i>of which of Rights of use</i>	-	-	-	-	-	-
C.3 Impairment losses	-	-	-	-	-	-
C.4 Business combination	2,340,718,768	1,720,409,068	-	335,507,275	-	4,396,635,112
C.5 Negative Fair Value adjustments	-	-	-	-	-	-
C.6 Transfers to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
C.8 Currency translation adjustment	-	-	-	-	-	-
D. Net closing balance	-	-	1,230,734	-	-	1,230,734

10. Tax Assets and Liabilities

10.1 CURRENT TAX ASSETS AND LIABILITIES: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021
Current IRES receivables	4,389,243	11,608,227
Current IRAP receivables	5,555,257	5,582,916
Total	9,944,500	17,191,143
	Dec. 31, 2022	Dec. 31, 2021
Current IRES payables	63,854,550	25,661,368
Current IRAP payables	-	-
Total	63,854,550	25,661,368

10.2 DEFERRED TAX ASSETS: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021 Restated
Deferred taxes assets		
- of which: recognised in shareholders' equity	-	1,556,704
- of which: recognised in profit and loss	59,456,134	98,002,507
- of which: recognised in the profit and loss statement due to elimination of the equity investments	-	-
Total	59,456,134	99,559,211

10.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	1,556,704	-
2. Increases	-	1,556,704
2.1 Deferred tax assets recognised in the year	-	-
2.2 Business combination	-	1,556,704
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	1,556,704	-
3.1 Deferred tax assets derecognised in the year	-	-
3.2 Business combination	1,556,704	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	-	1,556,704

10.4 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN THE INCOME STATEMENT)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	98,002,507	19,656,698
2. Increases	-	83,946,702
2.1 Deferred tax assets recognised in the year	-	-
2.2 Business combination	-	78,952,375
2.3 Other increases	-	4,994,327
2.4 Currency translation adjustment	-	-
3. Decreases	38,546,373	5,600,893
3.1 Deferred tax assets derecognised in the year	-	5,600,893
3.2 Business combination	14,442,702	-
3.3 Other decreases	24,103,671	-
3.4 Currency translation adjustment	-	-
4. Closing balance	59,456,134	98,002,507

10.5 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021 Restated
Deferred tax liabilities		
- of which: recognised in equity	-	-
- of which: recognised in profit and loss	-	570,690,234
- of which: recognised in the profit and loss statement due to elimination of the equity investments	-	-
Total	-	570,690,234

10.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Opening balance	570,690,234	-
2. Increases	-	570,690,234
2.1 Deferred tax liabilities recognised in the year	-	-
2.2 Business combination	-	35,550,250
2.3 Other increases	-	535,139,984
2.4 Currency translation adjustment	-	-
3. Decreases	570,690,234	-
3.1 Deferred tax liabilities derecognised in the year	-	-
3.2 Business combination	570,690,234	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	-	570,690,234

11. Other assets

	Dec. 31, 2022	Dec. 31, 2021 Restated
Tax receivables	7,696,693	11,650,200
Other assets for commissions to be collected	55,718	191,033,937
Deferred costs	3,904,934	27,557,504
Inventory	-	1,913,286
Other receivables	229,951	6,126,111
Receivables for tax consolidation	85,824,324	33,125,338
Total	97,711,620	271,406,378

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

LIABILITIES**12. Financial liabilities measured at amortised cost****12.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: FINANCIAL LIABILITIES DUE TO BANKS: BREAKDOWN BY PRODUCT**

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	2,468,670,772	-	2,468,670,772	-	2,527,507,689	-	2,527,507,689	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	-	-	-	-	-	-	-	-
Total	2,468,670,772	-	2,468,670,772	-	2,527,507,689	-	2,527,507,689	-

12.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: FINANCIAL LIABILITIES DUE TO FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	-	-	-	-	13,484,401	-	13,484,401	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	42,551	-	42,551	-	82,180,408	-	82,180,408	-
Total	42,551	-	42,551	-	95,664,809	-	95,664,809	-

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

12.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Fixed rate securities	3,792,628,195	-	3,318,598,145	-	4,230,951,471	-	4,417,456,000	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	3,792,628,195	-	3,318,598,145	-	4,230,951,471	-	4,417,456,000	-

The decrease in this item is mainly due to the purchase and subsequent cancellation of certain bonds issued by the company. For further details, see the Management Report in the consolidated financial statements.

13. Financial liabilities at Fair Value through profit or loss

13.1 FINANCIAL LIABILITIES AT FAIR VALUE

	Dec. 31, 2022				Dec. 31, 2021			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial liabilities measured at Fair Value	-	-	-	-	500,000	-	500,000	-
Other financial liabilities mandatorily measured at Fair Value	29,935,555	-	15,264,371	14,671,184	-	-	-	-
Total	29,935,555	-	15,264,371	14,671,184	500,000	-	500,000	-

The item increased due to the valuation of the earn-out and call option related to the acquisition of Nexi Payments Greece. For further details, see the Consolidated financial report.

14. Other liabilities

	Dec. 31, 2022	Dec. 31, 2021
Tax liabilities and social security debts	82,741	25,493,791
Payables due to employees	4,045	24,786,346
Other liabilities for fees and commissions	32,114,507	189,824,406
Deferred loyalty fees and other revenues	-	523,320
Other debts	7,067,059	327,575
Payables for tax consolidation	4,668,068	3,899,403
Total	43,936,420	244,854,840

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

15. Post-employment benefits

15.1 POST-EMPLOYMENT BENEFITS: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021
Defined benefit plan	-	20,859,427
Contribution plan	-	-
Total	-	20,859,427

15.2 POST-EMPLOYMENT BENEFITS: CHANGES

	Dec. 31, 2022	Dec. 31, 2021
A. Opening balance	20,859,427	-
B. Increases	-	20,859,427
B.1 Accruals for the year	-	-
B.2 Other changes	-	20,859,427
- Business combinations	-	20,859,427
- Other increases	-	-
C. Decreases	20,859,427	-
C.1 Payments	-	-
C.2 Other changes	20,859,427	-
- Business combinations	20,859,427	-
- Other decreases	-	-
D. Closing balance	-	20,859,427

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

16. Provisions for risks and charges**16.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN**

	Dec. 31, 2022	Dec. 31, 2021 Restated
1. Internal pension funds	-	-
2. Other provisions for risks and charges	-	27,295,705
2.1 Legal and tax disputes	-	1,077,184
2.2 Employees expenses	-	225,223
2.3 Other provisions	-	25,993,298
Total	-	27,295,705

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

16.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Internal Pension funds	Other provisions for risks and charges	Total
A. Opening balance	-	27,295,705	27,295,705
B. Increases	-	-	-
C. Business combination	-	(27,295,705)	(27,295,705)
D. Decreases for utilisation	-	-	-
E. Decreases for releases	-	-	-
F. Time value adjustment	-	-	-
G. Closing balance	-	-	-

On 15 December 2022 a tax audit report was served to the Company contesting its failure to apply withholding tax as withholding agent on dividends distributed in 2018 to the shareholder Mercury UK Ltd amounting to approximately Euro 126.2 million. Based on the opinion issued by its consultants appointed for the defence, without prejudice to the right of recourse, the Company believes that it can successfully litigate the reasons for the correctness of the company's actions and is in the process of initiating formal discussions with the tax authority to explain its reasoning.

On 28 December 2022, the Company was served three notices of assessment for IRES, IRAP and VAT in 2017, in which the tax authority contested the tax relevance of a settlement agreement entered into by the merged Bassilichi with one of its counterparties. The potential charge resulting from these notices is estimated at approximately Euro 15.2 million for taxes and Euro 7.3 million for penalties, plus interest. Based on the opinion issued by its consultants appointed for the defence, the Company believes that it can successfully litigate the groundlessness of the tax authority's charge in the aforesaid notices, in respect of which it has submitted a petition to argue its reasoning.

A VAT dispute dating back to the years 2007, 2008, and 2011 of the merged company SIA SpA, which in turn derives from the Italian branch of a Belgian subsidiary, is pending before the Court of Cassation. The potential risk should reasonably be limited to penalties and interest amounting to approximately Euro 12 million. The two previous court rulings were in the Company's favour.

The reduction is related to the transfer of the assets of the former SIA to Nexi Payments and Service Hub.

With regard to the ongoing arbitration against Cedacri, central to which is Cedacri's request of a Euro 74.1 million price adjustment, please note that the Parent Company, also based on the opinion of its legal advisers, cannot rule out the risk of an adverse ruling.

On 15 December 2022 a tax audit report was served to the company contesting its failure to apply the withholding tax as withholding agent, amounting to approximately Euro 126.2 million on dividends distributed in 2018 to the shareholder Mercury UK Ltd. Based on the opinion issued by its consultants appointed for the defence, without prejudice to the right of recourse, the Company believes that it can successfully litigate the reasons for the correctness of the company's actions and is in the process of initiating formal discussions with the tax authority to explain its reasoning.

17. Shareholders' equity

	Dec. 31, 2022	Dec. 31, 2021
Share capital	118,582,844	118,451,992
Treasury shares	(4,439,985)	(4,492,919)
Share premium	11,587,259,890	11,587,259,890
Reserves	631,246,330	397,526,421
Valuation reserves	(573,770)	-
Profit (Loss) for the year	209,773,516	196,968,923
Total Shareholders' Equity	12,541,848,825	12,295,714,307

17.1 SHARE CAPITAL: BREAKDOWN

The share capital stands at Euro 118.6 million, and the increase is related to the free increase to service the first tranche of the First LTI Plan.

17.2 TREASURY SHARES: BREAKDOWN

	Dec. 31, 2022	Dec. 31, 2021
Treasury shares	(4,439,985)	(4,492,919)
Total	(4,439,985)	(4,492,919)

The treasury shares in portfolio amounted to 279,147.

17.3 SHARE PREMIUM: BREAKDOWN

The share premium equal to Euro 11,587 million did not change in 2022.

17.4 RESERVES: BREAKDOWN AND CHANGES

	Legal	Retained earnings	Other reserves	Total
Possible use (*)	B	A, B, C	A, B, C	
A. Opening balance	11,414,141	121,600,229	264,512,051	397,526,421
B. Increases	-	196,968,923	36,881,838	233,850,761
B.1 Allocation of profit for the year	-	196,968,923	-	196,968,923
B.2 Other changes	-	-	36,881,838	36,881,838
C. Decreases	-	(130,852)	-	(130,852)
C.1 Utilisation	-	-	-	-
C.2 Other changes	-	(130,852)	-	(130,852)
D. Closing balance	11,414,141	318,438,300	301,393,889	631,246,330

(*) A: capital increase; B: to cover losses; C: dividend distribution

The increase in other reserves mainly includes the 2021 profit carry-forward and the effects of the IFRS 2 valuation of share-based plans granted to Group employees.

Other Information

Nothing to report.

Income Statement

(Amounts in euros)

18. Interest and similar income

	2022	2021
Financial assets measured at amortised cost:	65,697,766	29,787,350
- <i>loans and receivables with banks</i>	-	-
- <i>loans and receivables with financial entities and customers</i>	65,697,766	29,787,350
Financial assets measured at FVTOCI	-	-
Financial assets measured at FVTPL:	-	-
- <i>financial assets held for trading</i>	-	-
- <i>financial assets measured at Fair Value</i>	-	-
- <i>Other financial assets mandatorily measured at Fair Value</i>	-	-
Hedging derivatives	-	-
Other assets	527,917	-
Other financial income	19,218	1,447
Total	66,244,901	29,788,797

This item mainly refers to interest income accrued on intercompany loans granted to Group companies.

19. Interest and similar expense

	2022	2021
Financial liabilities measured at amortised cost:	(144,593,308)	(141,308,335)
- lease contracts	(270)	(112)
- due to banks and customers	(47,908,222)	(62,665,223)
- securities issued	(96,684,817)	(78,643,000)
Financial liabilities at FVTPL:	(566,941)	-
- financial liabilities held for trading	-	-
- financial liabilities measured at Fair Value	(566,941)	-
- other financial liabilities mandatorily measured at Fair Value	-	-
Hedging derivatives	(38,173)	-
Other liabilities/provisions	-	-
Other financial charges	(1,356)	(75)
Total	(145,199,778)	(141,308,409)

20. Profit/(Loss) on hedging /financial assets and liabilities at Fair Value through profit or loss/ derecognition of assets and liabilities at amortised cost

	2022	2021
Net result of financial assets measured at FVTPL	-	-
Net result of financial liabilities measured at FVTPL	(1,610,668)	37,325,388
Net hedging income on financial assets	426,310	-
Net result on derecognition of asset and liabilities at Amortised Cost	22,864,629	-
Total	21,680,271	37,325,388

This item mainly includes the effect of the repurchase of outstanding Nexi bonds as well as the effects of the valuation of earn-outs and the option related to the purchase of the equity investment in Nexi Payments Greece.

21. Dividends and profit (loss) from investments and sale of assets at FVTOCI

	2022	2021
Dividends	315,548,713	338,104,814
Profit/(loss) from disposal of financial assets at FVTOCI	-	-
Total	315,548,713	338,104,814

This item includes dividends received during the year from Nexi Payments, Mercury Payment Services and SIA Central Europe.

22. Administrative Expenses

22.1 PERSONNEL-RELATED COSTS: BREAKDOWN

	2022	2021
1) Employees		
a) wages and salaries	-	-
b) social security charges and similar cost	-	-
c) post-employment benefits	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
d) costs of share-based payment plans	-	-
e) other employee benefits	-	-
2) Other personnel	(9,472,693)	(7,171,518)
Total	(9,472,693)	(7,171,518)

22.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2022	2021
1. Third-party services	(4,131,724)	(2,290,322)
2. Lease and building management fees	-	-
3. Insurance	(444,561)	(658,255)
4. Rentals	(13,812)	(13,414)
5. Maintenance	-	-
6. Shipping costs	-	-
7. Telephone and telegraph	-	-
8. Cards and accessories	-	-
9. Printed matter and stationery	-	-
10. Other taxes	(650,744)	(368,542)
11. Legal, notary and consultancy services	(54,286,842)	(112,909,400)
12. Agents' commissions and expense reimbursement	-	-
13. Advertising	-	-
14. Promotional materials and competition prizes	-	-
15. Other commercial costs	-	-
16. Other general expenses	(3,589,416)	(1,975,531)
Total	(63,117,100)	(118,215,464)

23. Other operating income/expenses, net

	2022	2021
Other operating income	86,578	15,559,514
Other operating expenses	-	(14)
Total	86,577	15,559,500

24. Net value adjustments/write – backs on tangible and intangible assets

	2022	2021
Depreciation and net impairment loss on tangible assets	(9,287)	(7,461)
Amortisation and net impairment loss on intangible assets	-	-
Total	(9,287)	(7,461)

24.1 DEPRECIATION AND NET IMPAIRMENT LOSSES ON TANGIBLE ASSETS: BREAKDOWN

	Depreciation	Impairment losses	Reversals of impairment losses	Net income
A. Tangible assets				
A.1 Owned	-	-	-	-
- <i>Property and equipment</i>	-	-	-	-
- <i>Investment property</i>	-	-	-	-
A.2 Held under lease	(9,287)	-	-	(9,287)
- <i>Property and equipment</i>	(9,287)	-	-	(9,287)
- <i>Investment property</i>	-	-	-	-
A.3 Tangible assets held for sale	-	-	-	-
Total	(9,287)	-	-	(9,287)

25. Profit (Loss) from equity investments and disposals of investments

	2022	2021
Profit		
Profits on equity investments	-	-
Profits on sale of investments	-	-
Loss		
Loss on equity investments	(11,158,990)	-
Loss on sale of investments	-	-
Net Result	(11,158,990)	-

As at 31 December 2022, the investments in PforCards GmbH and Nexi Greece Single Member S.A. were written down by Euro 1.3 million and Euro 9.8 million, respectively.

26. Income taxes

	2022	2021
Current taxes	55,695,015	44,025,071
Changes in current taxes in previous years	3,579,557	(5,401)
Change in deferred tax assets	(24,103,671)	(1,126,392)
Change in deferred tax liabilities	-	-
Total	35,170,901	42,893,277

26.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE RECOGNISED

	2022	2021
Theoretical Tax rate	24 %	24%
Difference in subsidiaries' tax rates compared with Nexi's tax rate		
Permanent differences: not deductible cost	2%	0%
Permanent differences: not taxable revenues	-44%	-52%
Not recognised tax losses utilised or capitalised		
Currency translation adjustment		-
Change in income tax rate on deferred taxes		-
Prior year adjustment	-2%	-
Other taxes		-
Effective tax rate	-20%	-28%

Non taxed revenues mainly refer to dividends received from the subsidiaries Mercury Payment Services SpA and Nexi Payments SpA. The adjustments from previous years result from positive responses to requests for tax rulings received in 2022.

27. Information on risks and related hedging policies

Please refer to the relevant section in the consolidated financial statements.

The relevant quantitative information for Nexi SpA is listed below.

27.1 BREAKDOWN OF ASSETS IN TERMS OF RESIDUAL LIFE

(Amounts in euros)

	Current	Non-current	Total
Cash and cash equivalents	448,730,534		448,730,534
Financial receivables	2,275,531,881		2,275,531,881
Financial assets at Fair Value	52,088,988	-	52,088,988
Hedging derivatives	490,696	379,247	869,943
Net trade receivables	55,718	-	55,718
Inventory	-	-	-
Other assets	107,600,402	16,056,294,977	16,163,895,379
Non-current assets held for sale and discontinued operations	-	-	-
Total	2,884,498,219	16,056,674,224	18,941,172,443

27.2 BREAKDOWN OF LIABILITIES IN TERMS OF RESIDUAL LIFE

(Amounts in euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
FINANCIAL LIABILITIES:				
Payables to:				
- Banks	-	2,468,670,773	-	2,468,670,772
- Financial entities and customers	10,435	32,115	-	42,551
- Securities issued	-	1,859,005,172	1,933,623,023	3,792,628,195
Other financial liabilities	-	29,935,555	-	29,935,555
Hedging derivatives	10,260	245,316	-	255,576
Total	20,695	4,357,888,931	1,933,623,023	6,291,532,648
		Current	Non-current	Total
OTHER ITEMS OF LIABILITIES:				
Trade payables		32,114,507	-	32,114,507
Other liabilities		11,821,913	-	11,821,913
Current tax liabilities		63,854,550	-	63,854,550
Total		107,790,970	-	107,790,970

27.3 BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNTS)

(Amounts in euros)

	Non-performing exposures	Unlikely to pay	Impaired past due exposures	Unimpaired past due exposures	Other unimpaired exposures	Total
Financial assets measured at amortised cost						
a) Loans and receivables with banks	-	-	-	-	1,327,829	1,327,829
b) Loans and receivables with financial entities and customers	-	-	-	-	2,274,204,052	2,274,204,052
Hedging derivatives	-	-	-	-	869,943	869,943
Financial assets held for sale	-	-	-	-	-	-
Total as at Dec. 31, 2022	-	-	-	-	2,276,401,824	2,276,401,824
Total as at Dec. 31, 2021	-	-	-	-	2,109,275,587	2,109,275,587

28. Related-party transactions

28.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below summarises the fees paid by Nexi SpA to the directors and managers and key management personnel.

(Amounts in thousand euros)

	Directors	Board of Statutory Auditors	Executives holding strategic responsibility
Corporate bodies remunerations	1,731	349	-
Short-term benefits	-	-	-
Benefits subsequent to the termination of employment	-	-	-
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,731	349	-

28.2 INFORMATION ON RELATED-PARTY TRANSACTIONS

The purpose of international accounting standard no. 24 (Related Party Disclosures) is to make sure that the financial statements of an entity contain the additional information necessary to highlight the possibility that the equity-financial position and economic results may have been altered by the existence of related parties and transactions and balances applicable with said parties.

In accordance with these indications, applied to the organisational and governance structure of the Nexi Group, the following are considered as related parties:

- parties that directly or indirectly, de jure or de facto, including through subsidiaries, trusts or intermediaries, exercise significant influence over Nexi; in particular, note that following the SIA Merger, these parties include, in addition to Bain Capital Investors LP, Advent International Corporation and Hellman & Friedman LLC, also Cassa Depositi e Prestiti and its direct parent company represented by the MEF (Italian Ministry of Economy and Finance);
- the subsidiaries or entities under the joint control of the entities listed at the point above;
- the subsidiaries, associates or entities under the joint control of Nexi SpA;
- key management personnel of the Nexi Group and its direct Parent Company and its subsidiaries, entities under its joint control or subject to its significant influence;
- close family members of the natural persons included under letters a) and d) above;
- the complementary pension fund established in the favour of employees of Nexi SpA or its related entities.

The effects of transactions with related parties as defined above are summarised in the table below:

(Amounts in thousand euros)

	Other Group companies	Other related parties	Directors, Executives and other Supervisory Bodies
Financial assets measured at amortised cost	2,274,204	-	-
Financial assets at Fair Value	-	19,200	-
Other assets	85,824	-	-
Other liabilities	19,574	-	-
Interest and similar income	65,281	-	-
Interest and similar expense	2	-	-
Other administrative costs	11,550	-	-

Note that these contracts are regulated by market terms and conditions, including intercompany service contracts.

Transactions with Group companies mainly refer to the national tax consolidation scheme and the loan disbursed to the Nets Group in 2021.

29. Group funding transactions

The Company's financial structure changed significantly in 2022, primarily as a result of the transactions put in place to finance the mergers with Nets and SIA.

For further information, please refer to section 39 of the Notes to the Consolidated Financial Statements.

30. Share-Based Payments

Please refer to the Notes to the Consolidated Financial Statements for a description of share-based payments in place as at the reporting date.

In particular, please note the following:

- outstanding plans must be accounted for as equity-settled transactions both in the individual financial statements of the parent company and in the consolidated financial statements according to IFRS 2 rules;
- the measurement criteria applied to the full amount of the grant-date fair value of the plans and to its breakdown throughout the vesting period are described in the Notes to the Consolidated Financial Statements;
- in the parent company's financial statements, since the beneficiaries of said share-based payments are employees of the parent company, the Equity increase is recognised through "Equity investments", and not, as in the consolidated financial statements, within the Income Statement.

Increases in equity investments as recognised within the individual 2022 financial statements break down as follows:

	LTI	Stock Grant	Total
Help Line SpA	78,333		78,333
Mercury Payment Services SpA	18,717		18,717
Nexi Payments SpA	15,145,674	16,170,574	31,316,248
Nets Holdco 1 ApS	5,063,914	183,605	5,247,519
Nexi Greece Single Member SA	67,166		67,166
PforCards GmbH	13,934		13,934
Service HUB SpA	116,941		116,941
SIA Central Europe A.S.	75,914		75,914
Total	20,580,593	16,354,179	36,934,772

31. Business Combination Operations

During the year, Nexi SpA did not engage in any business combination transactions falling within the scope of IFRS 3.

31.1 RETROSPECTIVE ADJUSTMENTS

As at 31 December 2022 the Purchase Price Allocation process was completed relating to the merger by incorporation of SIA S.p.A. effective as of 31 December 2021.

With regard to the valuation process adopted, please see the Notes to the Consolidated Financial Statements.

The Purchase Price Allocation process led to the identification of the following adjustments to the book values of the assets and liabilities of the acquired company:

(Amounts in thousand euros)

Customer Relationship	1,720,409
Software	251,067
Brand	84,446
Contingent Liabilities	(12,974)
Other adjustments	(2,127)
Equity investments	(77,015)
Deferred taxes	(565,697)

The above-mentioned intangible assets have an average useful life of between 11 and 20 years with regard to customer relations, 5 years for software and the SIA brand.

Contingent liabilities were estimated on the basis of information available at the date.

The residual goodwill from the business combination amounts to approximately Euro 2,340.7 million, broken down as follows:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	3,515,085		3,515,085
Contingent consideration/deferred price	-		-
Minority interests	-		-
Cash and cash equivalents	145,012		145,012
Financial assets	36,100		36,100
Equity investments	311,481	(77,015)	234,467
Tangible assets	111,122		111,122
Intangible assets	389,729	1,666,187	2,055,916
Tax assets	96,293	4,994	101,288
Other assets	235,833	(2,127)	233,706
Financial liabilities	(956,159)		(956,159)
Tax liabilities	(35,550)	(535,140)	(570,690)
Other liabilities	(203,420)	(12,975)	(216,395)
Net assets	130,442	1,043,925	1,174,367
Goodwill	3,384,644	(1,043,925)	2,340,719

Note that the aforementioned assets and liabilities (with the main exception of the equity investments in the ex-SIA subsidiaries) as well as the residual goodwill were included in the business unit transferred to Nexi Payments S.p.A with effect from 1 January 2022.

32. Restatement of the 2021 financial statements

As noted above, 2022 saw the completion of the Purchase Price Allocation (PPA) associated with the business combination transaction for the acquisition of the SIA Group. As required by IFRS 3, the Group recognised the adjustments to the provisional amounts shown above as if the accounting for the business combination had been completed at the acquisition date, and then adjusted the comparative information for the 2021 financial year.

(Amounts in euros)

ASSETS	Dec. 31, 2021	Restatement	Dec. 31, 2021 Restated
Cash and cash equivalents	1,546,089,184		1,546,089,184
Financial assets at Fair Value	612,000		612,000
Financial assets measured at amortised cost:	2,109,275,587		2,109,275,587
a) loans and receivables with banks	-		-
b) loans and receivables with financial entities and customers	2,109,275,587		2,109,275,587
Equity investments	11,564,821,417	(77,014,507)	11,487,806,910
Tangible assets	111,124,326		111,124,326
Intangible assets	3,774,372,659	622,262,453	4,396,635,112
of which: Goodwill	3,384,643,706	(1,043,924,937)	2,340,718,769
Tax assets	111,756,027	4,994,327	116,750,354
a) current	17,191,143		17,191,143
b) deferred	94,564,884	4,994,327	99,559,211
Other assets	273,533,411	(2,127,034)	271,406,377
Total assets	19,491,584,612	548,115,238	20,039,699,850
LIABILITIES	Dec. 31, 2021	Restatement	Dec. 31, 2021 Restated
Financial liabilities measured at amortised cost	6,854,123,969		6,854,123,969
a) due to banks	2,527,507,689		2,527,507,689
b) due to financial entities and customers	95,664,809		95,664,809
c) securities issued	4,230,951,471		4,230,951,471
Financial liabilities at Fair Value through profit or loss	500,000		500,000
Tax liabilities	61,211,619	535,139,984	596,351,603
a) current	25,661,368		25,661,368
b) deferred	35,550,250	535,139,984	570,690,234
Other liabilities	244,854,840		244,854,840
Post-employment benefits	20,859,427		20,859,427
Provisions for risks and charges	14,320,450	12,975,255	27,295,705
Share capital	118,451,992		118,451,992
Treasury shares	(4,492,919)		(4,492,919)
Share premium	11,587,259,890		11,587,259,890
Reserves	397,526,421		397,526,421
Profit (loss) for the year	196,968,923		196,968,923
Total liabilities and equity	19,491,584,612	548,115,238	20,039,699,850



2.4

CERTIFICATION OF THE FINANCIAL
STATEMENTS PURSUANT TO ART. 154 BIS
OF ITALIAN LEGISLATIVE DECREE 58/98

Certification of the Financial Statements pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98

1. The undersigned Paolo Bertoluzzo, as Chief Executive Officer of Nexi S.p.A., and Enrico Marchini, as Manager in charge of preparing the corporate accounting documents of Nexi S.p.A., certify, also taking into account the contents of article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 February 24th, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of administrative and accounting procedures for the preparation of financial statements in the year 2022.

2. To this purpose, no significant issues were recorded.

3. It is also certified that:

3.1 the Financial Statements:

- a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
- b) correspond to the information contained in the accounting ledgers and records;
- c) provide a true and fair representation of the equity, economic and financial situation of the issuer.

3.2 the Report on Operations includes reliable analysis on the performance, result of operations and the business of the issuer, as well as description of principal risks and uncertainties to which is exposed.

Milan, March 6, 2023

Chief Executive Officer
Paolo Bertoluzzo



Manager in charge of preparing the
corporate accounting documents
Enrico Marchini





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2.5

REPORT OF THE BOARD
OF STATUTORY AUDITORS

**Report of Nexi SpA's Board of Statutory Auditors
to the Shareholders' Meeting
pursuant to Article 153 of Legislative Decree 58/1998**

Dear Shareholders,

the Board of Statutory Auditors (hereinafter, also the "Board") is held to report to the Shareholders' Meeting of Nexi SpA (hereinafter, also the "Company" or "Nexi") with reference to the supervisory activity conducted throughout the year and the omissions and censurable actions detected, pursuant to Article 153 of Legislative Decree 58/1998 (TUF). The Board may also remark upon and make proposals concerning the financial statements, their approval and other matters within the scope of its competence.

Throughout the financial year 2022, the Board of Statutory Auditors carried out its statutory tasks in compliance with governing laws and taking due account of the Rules of Conduct set forth by the National Councils of Tax Consultants and Accounting Experts, and by Consob and by the Corporate Governance Code for listed companies.

1. The Board of Statutory Auditors, its composition and its activities

With regard to the composition of the Board of Statutory Auditors, note that:

- effective as of 31 December 2021, at 11.59 pm, the resignation of the standing auditor Marco Giuseppe Zanobio and of the alternate auditors Andrea Carlo Zonca and Tommaso Ghelfi became effective, and at the same time Eugenio Pinto - standing auditor, Serena Gatteschi and Emiliano Ribacchi - alternate auditors were appointed as new members of the Board of Statutory Auditors of Nexi S.p.A.;
- with the approval of the annual financial statements as at 31 December 2021 the three-year term of the Company's Board of Statutory Auditors came to an end;
- on 5 May 2022 the Issuer's Ordinary Shareholders' Meeting resolved to appoint a new Board of Statutory Auditors that will remain in office until the approval of the financial statements as at 31 December 2024, in the persons of Messrs:

Giacomo Bugna - Chair

Eugenio Pinto - Standing auditor

Mariella Tagliabue - Standing auditor

Serena Gatteschi - Alternate auditor

Sonia Peron - Alternate auditor

This report is prepared based on the activities and audits carried out during 2022 and up to the date this Report was issued.

Note that the Board of Statutory Auditors also acts as the Supervisory Board, as per Legislative Decree 231 of 2001.

During 2022 the Board met 18 times and attended 11 meetings of the Board of Directors as well as the only Shareholders' Meeting.

Furthermore, in 2022 the Board – usually as a complete body – attended all 15 meetings of the Risk, Control and Sustainability Committee, all 12 meetings of the Remuneration and Appointments Committee and all 2 meetings of the Related Parties Committee.

During 2022, the Board of Statutory Auditors also participated in the induction activities organised by Nexi.

At its meeting on 6 February 2023, the Board of Statutory Auditors finalised the Board's Self-Assessment process, preparing the Self-Assessment Report, which was presented to the Company's Board of Directors at its meeting of 6 March 2023.

More specifically, with reference to the requirements and expertise of the individual members and of the board as a whole, the following has emerged:

- all standing auditors, as well as meeting integrity and professionalism requirements and not falling within the situations of incompatibility provided for by the governing laws, also possess required independence envisaged under Article 148 of the TUF and the Corporate Governance Code;
- the composition of the Board of Statutory Auditors ensures the diversity of its members, especially with regard to gender, experience and professional background;
- each standing auditor has good knowledge and experience in the areas of competence and has adequate overall skills.

The operation of the Board is sufficient for Nexi's current needs. The Board identified the need for guidelines to govern the operating mechanisms between the Parent Company's Board of Statutory Auditors and the supervisory or equivalent bodies of the foreign and Italian subsidiaries. This assessment was initiated by the Company with the support of an external consultant.

The Board of Statutory Auditors regularly received, whether from the Board of Directors directly or by attending the meetings of the Board of Directors and of the Internal Board Committees, information on the activities carried out and on the foremost economic, financial and equity transactions approved and performed during the financial year by the Company and Nexi Group companies (hereinafter, also the "Group" or "Nexi Group"), including those pursuant to Article 150(1) of the TUF.

Based on the available information, the Board of Statutory Auditors can reasonably believe that such transactions are compliant in respect of Law and of the Articles of Association and are not patently imprudent, reckless, contrasting with Shareholders' resolutions, nor do they compromise the integrity of Group's fundamentals. Furthermore, all and any operations potentially entailing a conflict of interest have been approved in compliance with the Law, with regulatory provisions and with corporate Articles of Association.

2. Significant events of the financial year

In the second half of the year the Company completed its strategic planning and the Board of Directors approved the new 2023-2027 Business Plan at its meeting on 26 September 2022 and disclosed it to the market on 27 September 2022.

This Business Plan, together with the evolution of the group's perimeter, is supported by the design of a new group-wide organisational set-up called the TOM - Target Operating Model.

The implementation of the new organisation involves business, support and governance functions, and among these the second- and third-level control functions. The Board has taken note of and is monitoring this reorganisation process, which is still in progress and which also includes an update of the control functions' operational model.

Among the most significant transactions that changed the corporate and group structure in 2022 was the merger of SIA Spa into Nexi Spa, effective as at 31 December 2021 at 11.59 pm. The merger with SIA allowed the Nexi Group to strengthen its role as a European player in the payments sector, diversifying its possible sources of revenue geographically and in terms of product/service offerings.

Following the merger of SIA into Nexi, certain business units that were previously the responsibility of SIA were transferred, from 1 January 2022, to the companies Nexi Payments Spa and Service Hub Spa. Specifically:

- (i) some specific non-regulated activities (e.g. Help Desk & Customer Operations and Card Factory services) and part of the branches that carry out these activities were transferred to Service HUB and;
- (ii) all the remaining assets, liabilities and contractual relationships held by the SIA Group prior to the merger, including the investment in SIA Pay S.r.l. and the branches that carry out the related activities were transferred to Nexi Payments.

Finally, the following elements among others were excluded from the transfers, and therefore remained the responsibility of the Parent Company Nexi: the financial debt of SIA and the equity investments held in the foreign subsidiaries of SIA.

Also worth mentioning are the corporate rationalisation of the Nets structure, the sale of EDIGard AS, and the acquisition of all shares in Orderbird GmbH (Germany).

Regarding the crisis created by the Russian invasion of Ukraine and the effects of international sanctions, the Board acknowledges that the Company: (i) adopted specific and timely countermeasures to remove or mitigate

risks related to both the energy supply of the data centres through which it provides its core services and the supply chain of certain suppliers, and (ii) carefully monitors the evolution of events.

Russia's ban on international payment circuits (SWIFT, credit cards, etc.) as a result of the sanctions resulted in significant adjustments to internal procedures and had a negligible impact on volumes handled.

The other most significant transactions involving the Nexi Group and the Group's new corporate structure are described in the financial statements, to which the reader is referred.

The Group's financial structure changed in 2022 mainly as a result of funding transactions (refinancing and repayment) carried out by Nexi, including the repurchase of its own senior and unsecured bonds for a total of Euro 473 million, as described in detail in the Report on Operations of the 2022 Financial Statements, to which the reader is referred.

3. The Covid pandemic

For more detail on the issues related to the Covid-19 pandemic, including its indirect effects and related risks, see the financial statements.

The Board acknowledges that the company has implemented the regulations put in place by health authorities in good time.

4. Significant events after the reporting period

On 26 January 2023 the Board of Directors co-opted the director Johannes Korp to replace the resigning director Stefan Goetz, appointing him also as a member of the Strategic Committee.

In February 2023 a long-term strategic partnership in merchant acquiring in Spain was signed with Banco Sabadell.

5. Atypical or unusual operations

In light of the oversight carried out, the information received at the Board of Directors' meetings from the Chairman and Chief Executive Officer, management and independent auditors, the Board did not identify any atypical and/or unusual transactions.

6. Supervision of Related-Party Transactions

The Board of Statutory Auditors monitored both the RPT Procedure's compliance in respect of any rules and regulations applicable from time to time, and its full and proper implementation.

In its Report on Group Operations, the Board of Directors expressly states that, as in 2022, no related-party transactions were carried out that significantly affected the Group's consolidated assets or financial performance.

Any financial and business ties between Group Companies and related parties are detailed within the relevant section of the Notes to the Consolidated Financial Statements (SECTION 37).

During the year, the Group did not carry out any transactions qualifying as 'major'.

To the best of the Board of Statutory Auditors' knowledge, there were no intra-group or related party transactions in 2022 in conflict with the Company's interests.

7. Oversight of management standards and organisational structure

Pursuant to Article 114(2) of the TUF, the Board of Statutory Auditors secured knowledge and provided oversight as to organisational structure, as to compliance with the standards of proper management, and as to the appropriateness of any instructions provided by the Company to any subsidiaries, by securing information both from relevant corporate officers and at meetings held with the Independent Auditors in the context of mutual reporting on relevant data and information.

Acknowledging Nexi S.p.a.'s compliance with the Corporate Governance Code, the Board of Statutory Auditors checked the independence requirements of its members, as well as the proper application of the criteria and verification procedures adopted by the Board to assess the independence of its Directors.

As previously reported, in September 2022 the new 2023-2027 Business Plan was approved, and in accordance therewith the new organisational structure known as TOM was approved, which involves the adaptation of both business and control functions to the objectives of the Plan.

By participating in the meetings of the Corporate Bodies and through its own oversight, the Board took note of the TOM implementation process and its current status.

The formalisation of the internal control body consisting of Policies and Procedures is in the process of being completed. The final sizing of the control functions will be refined by 2023.

The organisational configuration that has been designed and is in the process of being completed appears on the whole to be adequate with respect to the Group's structure, the size of the Company and the type of business conducted. Moreover, it is worth underscoring that the reorganisation processes summarised in the preceding paragraphs could lead to further refinements in the course of 2023.

8. Oversight of the internal control and risk management system

The Board of Statutory Auditors has monitored the appropriateness of the internal control and risk management systems by:

- meeting with the Company's top managers to examine the internal control and risk management system;
- regularly meeting with the Internal Audit function, the Compliance function and the Anti-Money Laundering function so as to assess work planning methods, based on the identification and evaluation of the major risks in organisational units and processes;

- meeting with the Chief Executive Officer, the CFO, the Group HR Manager, the Risk Manager, the Chief Information Officer and the CISO;
- reviewing the Control function's periodical reports, including the ones concerning the outcome of supervising and implementing the identified adjustments;
- attending the meetings of the Risk Control and Sustainability Committee as permanent invitees, and when specific agenda items called for it, jointly addressing them with the committee;
- meeting with the Financial Reporting Officer and with the independent advisor appointed by the Company to review the methods adopted for the Purchase Price Allocation and Impairment Tests;
- gathering information from the Company and Group Corporate Functions managers, in order to examine the outcomes of the audits they conducted, including to ensure regular reporting with reference to corporate risks monitoring.

Whilst performing its audit activity, the Board of Statutory Auditors constantly liaised with the Control Functions.

In 2022 and in February 2023 the Board also met with the Boards of Statutory Auditors of the Italian companies directly and indirectly owned by Nexi Spa to exchange information on their oversight.

As already mentioned, the new TOM organisational model was defined in 2023 and will be in force from 1 January 2023.

The Board paid particular attention to the organisational structure of the 2nd- and 3rd-level control functions, which envisages:

- a) Group control functions placed in Nexi S.p.A.
- b) regional roles in Nexi S.p.A. with functional reporting to the Group's control structures, and
- c) local control functions reporting to the corporate bodies of the subsidiaries

in order to ensure the uniformity of frameworks, methodologies and tools of reference, including through the issuance of Group Policies, Group Procedures and Guidelines that address control principles in operational processes.

With regard to the **Internal Audit** function, among other things the Board examined the annual report for 2022 and the business plan with an annual action plan for 2023 and an outline plan for 2024-2027.

The annual report shows that all planned activities were essentially covered and no significant critical issues emerged.

The Board also examined the results of the work done by the **Risk Management** function in 2022, a function that has an Enterprise Risk Management (ERM) Framework. The assessment identified no significant risks, also thanks to derisking initiatives.

Furthermore, the Board took note of the Risk Management programme that envisages mitigation actions for the risks being monitored, including with respect to those arising from the implementation of the new Business Plan and the TOM.

With regard to the **compliance** function, a new Group manager was appointed, who took office in January 2023. The Board noted that during the year the Group Compliance Guidelines were approved, which are consistent with the TOM, and will be completed in 2023.

In summary, the Board of Statutory Auditors acknowledges that the yearly reports of the Control Functions give an essentially favourable opinion on the overall internal controls structure.

As described in the Report on Operations, some actions were taken by foreign supervisory authorities on subsidiaries in Germany, Denmark and Poland, in addition to the intervention of the Bank of Italy on Nexi Payment Spa. The Board of Statutory Auditors monitored and continues to monitor the preparation of plans to respond to the requests of these supervisory authorities.

Based on the activities carried out, on the information gathered, on the contents of the Control Functions' Reports, the Board of Statutory Auditors reckons there are no critical elements that may undermine the structure of the control and risk management system as implemented up to now. The implementation of the TOM in 2023 will be able to strengthen the control functions.

9. Oversight of accounts administration and of financial reporting

The Board of Statutory Auditors, acting as Internal Control and Accounting Auditing Committee (pursuant to article 19(2) of Italian Legislative Decree no. 39/2010), monitored the process and checked the efficacy of the internal control and risk management systems as far as financial reporting is concerned.

The Board of Statutory Auditors has regularly met with the Financial Reporting Officer to share information on the administrative-accounting system and on its reliability in terms of a correct representation of management. During these meetings, no significant shortcomings in the operational and control processes were reported that could affect the judgement of the adequacy and effective application of the administrative and accounting procedures.

The administrative and accounting procedures for the drafting of the separate and consolidated financial statement, as for any other financial communication, have been set up under the responsibility of the Financial Reporting Officer who, together with the Chief Executive Officer, certifies its adequacy and effective implementation. The Board took note of the preparation of the instructions given to the subsidiaries for the consolidation process.

In a joint meeting with the Risk Control and Sustainability Committee, the Board of Statutory Auditors examined the Report of the Financial Reporting Officer, which concluded that the design of the processes and the testing of the related controls of the financial reporting show an organisational and management framework that is well-suited for the control of the correctness of the financial statements.

The Board of Statutory Auditors acknowledged that, based on the actions taken as part of the process of certifying the Group Consolidated Financial Statements and Separate Financial Statements of the Parent Company Nexi S.p.A. as at 31 December 2022, also taking into account the results related to the testing and verification of the system of controls used in the process of preparing the financial report, the Chief Executive Officer and the Financial Reporting Officer of Nexi S.p.A. deemed it appropriate to sign the certification of the Group's consolidated financial statements and the Parent Company's separate financial statements as at 31 December 2022.

Finally, the Board of Statutory Auditors reviewed the declarations of the Chief Executive Officer and of the Financial Reporting Officer, pursuant to the provisions set forth under Article 154a of the TUF.

As regards the drafting of the consolidated and separate financial statements, the Board of Statutory Auditors acknowledges that the Board of Directors, at the meeting held on 26 January 2023, approved (as called for by the joint Bank of Italy/CONSOB/Isvap document of 3 March 2010) the guideline of the impairment procedure.

Since in 2022 the Company was engaged in:

- a) the PPA - Purchase Price Allocation of the large NETS and SIA business combinations in 2021-2022;
- b) recognition of the respective goodwill generated;
- c) allocation of the goodwill after redefinition to the Group's new CGUs - Cash Generating Units;
- d) performing impairment tests on CGUs and related goodwill;

Nexi Group made use of an independent advisor of excellent standing.

At its meeting of 3 March 2023 the Board of Statutory Auditors acknowledged the results of the impairment test conducted in implementation of international accounting standard IAS 36 for the purpose of preparing the consolidated and separate financial statements of Nexi S.p.A. as at 31 December 2022.

The Board of Statutory Auditors met with the Financial Reporting Officer and the Independent Auditors in the presence of the Risk Control and Sustainability Committee to examine the proper use and uniformity of the accounting principles for the purpose of preparing the Group Consolidated Financial Statements and Separate Financial Statements as at 31 December 2022, noting that no particular critical issues were found, and having heard the Independent Auditors deemed the process of preparing the Consolidated Financial Statements as at 31 December 2022 to be adequate with regard to the proper use of the accounting principles and their uniformity.

The heads of the Independent Auditors, in the meetings held regularly with the Board of Statutory Auditors, reported no critical situation that may undermine the internal control system concerning administrative and accounting procedures.

In view of the information gathered and of the conducted review, the Board reckons that the administrative and accounting system in place is adequate on the whole and complies with the current laws of reference.

10. ESEF - European Single Electronic Format

The Board took note that, as required by Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation - European Single Electronic Format, hereinafter also only "Regulation"), the 2022 Consolidated Financial Statements will include the so-called markings required by these regulations, also with respect to the disclosure in the Notes to the Financial Statements.

The directors have pointed out in the Notes to the Consolidated Financial Statements that certain information contained in the Notes, prepared in ESEF format, extracted from the XHTML format in an XBRL instance, may not be reproduced identically to what is contained in the consolidated financial statements in XHTML format due to technical issues.

This aspect was discussed by the Board of Statutory Auditors with the Financial Reporting Officer and the Independent Auditors, who had no findings of note on the compliance of the financial statements with the provisions of Delegated Regulation (EU) 2019/815, recalling what the Directors said about the technical issues mentioned above.

11. Enforcement of Corporate Governance rules

While performing its tasks, as envisaged by Article 149(1)(Ca) of the TUF the Board of Statutory Auditors monitored the modalities of a concrete enforcement of the Corporate Governance rules envisaged by the codes of conduct, which Nexi declares to abide by.

Nexi complies with the Corporate Governance Code promoted by Borsa Italiana SpA and has drafted, pursuant to Article 123a of the TUF, the annual Report on Corporate Governance and Controlling Structures, which provides information on:

- a) the Corporate Governance practices effectively set in place;
- b) the main characteristics of the risk management and internal control systems;
- c) the operating mechanisms of the Shareholders' Meeting, its main powers, the Shareholders' rights and the exercise modalities of such rights;
- d) the composition and functioning of administration and control bodies and of the internal board committees, as well as other information provided for by Article 123a of the TUF.

The Board of Directors carried out a self-assessment of its own functioning, size and breakdown, and of the Internal Board Committees. The outcome of said process is illustrated in the Corporate Governance Report. Concurrently, the Board of Directors also ascertained whether the independence requisites connected to the risk of conflicts of interest were met.

The Board of Statutory Auditors verified the appropriate implementation of the verification criteria and procedures adopted by the Board of Directors for evaluating the independence of its members.

At its meeting of 22 December 2021, the Board of Directors adopted the "*Policy for Managing Dialogue with Shareholders and Other Investors*" at the proposal of the Chair drawn up in agreement with the Chief Executive Officer and subject to the favourable opinion of the Risk Control and Sustainability Committee.

On 6 March 2023 the Board of Directors approved the *Report on Corporate Governance and Ownership Structures*.

12. Oversight of independent audits

The Board recalls that on 13 February 2019 the Shareholders' Meeting appointed PricewaterhouseCoopers SpA (hereinafter, also "PWC") as Independent Auditors for the nine-year period spanning from 2019 to 2027, and has also been designated as Group auditor.

In early 2023, the Organisational Procedure for the Assignment of Tasks to the Independent Auditors and its network was updated to take into account the Group's new scope and changes in the Group's organisational structure. In agreement with the Board of Statutory Auditors, the Procedure will be submitted for approval at a forthcoming meeting of the Risk Control and Sustainability Committee and then to the Board of Directors.

Pursuant to Article 19(2) of Legislative Decree 39/2010, the Board of Statutory Auditors also acts as Internal Control and Accounting Audit Committee and carried out said supervision of the legal audit of annual accounts and of consolidated financial statements.

The Board of Statutory Auditors regularly met with the Independent Auditors PWC, as provided for by Article 150(3) of the TUF, in order to share the data and information necessary to carry out their respective tasks.

During such meetings, the Independent Auditors reported no actions, nor facts, deemed reprehensible, nor any irregularity that required specific flagging, pursuant to Article 155(2) of the TUF.

During such meetings, the Board was informed about the fundamental issues that emerged during the audit, which concerned assessment-related issues, in particular given their importance, the NETS and SIA extraordinary transactions (the so-called business combinations) to be dealt with pursuant to IFRS 3, as well as the main implications relating to the extraordinary transactions of 2022.

Whilst supervising the 2022 Financial Statements, the Board of Statutory Auditors met with PWC on 30 June 2022 and 27 July 2022, to examine the activities concerning the limited audit of the interim consolidated financial statements as of 30 June 2022. On 5 August 2022 PWC issued its report on the limited audit of the half-yearly condensed consolidated financial statements, finding no issues of note.

During the following period and up to the date of this report, the Board of Statutory Auditors met several times with the Independent Auditors to analyse the audit plan for the Financial Statements as at 31 December 2022 of Nexi and the Nexi Group, and was updated on the progress of the audits.

The project concerning the financial statements closing on 31 December 2022, featuring the Board of Directors' Report on Group Operations and the certification of the Chief Executive Officer and of the Financial Reporting

Officer, was submitted to the approval of the Board of Directors at the meeting held on 6 March 2023, and was concurrently made available to the Board of Statutory Auditors.

On 6 April 2023, the Independent Auditors published, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) 537/2014, the audit reports of Nexi's separate financial statement and Nexi Group's consolidated financial statement at 31 December 2022 that finalize with a "clean" opinion.

On 6 April 2023, the Independent Auditors also submitted to the Board of Statutory Auditors the additional report envisaged by Article 11 of Regulation (EU) 537/2014 which notes no significant shortfalls in the internal control system, with reference to the financial reporting.

This report will be submitted to the Board of Directors along with any observations of the Board of Statutory Auditors pursuant to Article 19(1)(a)(2nd part) of Legislative Decree 39/2010.

The Independent Auditors submitted to the Board of Statutory Auditors the declaration concerning independence, as requested by Article 6 of Regulation (EU) 537/2014, which identified no situations that are prejudicial to independence.

The Independent Auditors were assigned the following tasks in 2022, remuneration for which was included in the attachment to the financial statement, as provided for by Article 149-K of the Issuers Regulation.

(Amounts in Euro thousand)

	NEXI S.p.A.		Group Companies	
	PwC S.p.A.	PWC network	PwC S.p.A.	PWC network**
Audit	269		523	2,192
Other certifications*	76			864
Other services:	-	-	-	10
<i>due diligence</i>				-
<i>agreed-to verification procedures</i>				10
<i>other services</i>				-
Total	345	-	523	3,066

* Includes certification services assigned to PwC network companies in accordance with specific regulatory requirements, ISAE 3000 and 3402 certification services and the limited audit of the Consolidated Non-Financial Statement

** Also includes the foreign companies of the PwC network that perform statutory or voluntary audit services for the foreign subsidiaries and consolidated companies of the Nexi Group

Pursuant to Article 19(1)(d) of Legislative Decree 39/2010, having taken note of the Transparency Report and the Declaration of Independence issued by the Independent Auditors, having received the flows envisaged by the procedure as updated in December 2021, the Board of Statutory Auditors did not identify any issues that could affect the independence of the statutory auditor.

13. Non-Financial Information Statement

In the preparation of the Non-Financial Statement referred to in Legislative Decree 254/2016 and Consob Resolution no. 20267 of 18 January 2018 (hereinafter also "NFS"), the Company: (i) used the 2016 Global Reporting Initiative's "GRI Standards" and subsequent updates as reporting standards for the Statement; (ii) opted to include the Statement in a separate report from the Report on Operations accompanying the consolidated financial statements as required by Article 5 of the Decree.

The Board of Statutory Auditors monitored the drafting of the NFS.

The Board attended meetings of the Risk Control and Sustainability Committee, which the Board of Directors tasked with specific, sustainability-related duties. Attending the Committee meetings, the Board of Directors acknowledged the attention it gave to the proper management reporting (needed for the drafting of the NFS) with subsidiaries, focusing, in this context, on the Nexi Group structure and on the drafting of the NFS.

The Board read the Limited Assurance Report prepared by the Independent Auditors on the Consolidated Non-Financial Statement issued today, in which it noted that it found no elements that lead to believe that such statement was not drafted, in all its relevant aspects, in compliance with the laws and with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by the Global Reporting Initiative and subsequent updates.

14. Remuneration policy

The Board of Statutory Auditors monitored the corporate processes that led to the definition of the Company's remuneration policies, with a specific focus on the remuneration criteria for the Chief Executive Officer, top management and the heads of the control functions.

The Board of Statutory Auditors acknowledges that, both internally and in its dealings with the Board of Directors, the Remuneration and Appointments Committee acted in an informed manner, devoted adequate time to the topics addressed and benefited from the active participation of its members.

15. Omissions or reprehensible actions and opinions issued

During the 2022 financial year no reports were filed pursuant to Article 2408 of the Italian Civil Code against the Board of Statutory Auditors, nor was it sued by third parties.

The Board of Statutory Auditors released the opinions requested by the governing laws.

During the activities undertaken, and on the basis of the information gathered, no omissions, reprehensible actions, irregularities or significant circumstances worth reporting to the Supervisory Authority or signalling in this Report, emerged.

16. Conclusions

Taking into account all the above, considering the contents of the reports drafted by the Independent Auditors, having acknowledged the certifications jointly provided by the Chief Executive Officer and by the Financial Reporting Officer, the Board of Statutory Auditors finds no reasons pursuant to Article 153 of the TUF to prevent the approval of the separate financial statements of Nexi S.p.A. as at 31 December 2022 and the proposal to allocate the profit for the year of Euro 209,773,516 to the legal reserve and to retained earnings as proposed by the Board of Directors.

Concluding, with this Report the Board of Statutory Auditors wishes to thank the Board of Directors, the Management, the Company and Nexi Group Staff for the remarkable commitment and for the fruitful cooperation shown throughout the activities carried out.

* * *

Milan, April 6, 2023

For the Board of Statutory Auditors

The Chairman

Mr. Giacomo Bugna

This report of Nexi S.p.A.'s board of Statutory Auditors has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian is authoritative.



2.6

REPORT OF THE INDEPENDENT
AUDITORS ON THE FINANCIAL
STATEMENTS AS AT
31 DECEMBER 2022



Independent auditor's report

*in accordance with article 14 of Legislative Decree No. 39 of 27
January 2010 and article 10 of Regulation (EU) No. 537/2014*

Nexi SpA

Financial Statements as of 31 December 2022



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Nexi SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nexi SpA (the “Company”), which comprise the balance sheet as of 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

Key Audit Matters
Auditing procedures performed in response to key audit matters

Measurement of equity investments and related impairment process

Notes to the financial statements

Main accounting policies, section titled “Equity investments”

Balance sheet, section 7. “Equity investments”

Nexi SpA holds investments in subsidiaries for an amount of Euro 15,996 million (accounting for 84% of total assets).

Equity investments are recognised at cost less any impairment losses, determined in accordance with IAS 36 “Impairment of assets”.

Whenever indicators exist that the value of an investment may have become impaired, the directors estimate its recoverable amount, using the value in use method which reflects the estimated future cash flows from the investee, discounted to the testing date.

In consideration of the significant element of judgement inherent in the process of estimating the recoverable amounts of equity investments, and of their materiality relative to the Company’s total assets, and in light of the existing macro-economic uncertainties, we considered that process a key matter in our audit of the financial statements as of 31 December 2022.

In performing our audit procedures in this area we also used the support of our business valuation experts.

We obtained an understanding of the measurement criteria adopted by the directors and of their consistent application in the process of identification of impairment indicators and of determination of the recoverable amounts of the investments.

We verified, on a test basis, the accuracy and reasonableness of the forecasts used to determine the future cash flows from equity investments for the purposes of impairment testing.

We assessed the reasonableness of the key assumptions used by the directors in determining the recoverable amounts of equity investments, also through specific sensitivity analyses performed independently.

We assessed the expertise, capabilities and relative objectivity of the external expert retained by the Company, and the methods used for impairment testing.

Allocation of the price paid for the acquisition of Nets Group and SIA Group (Purchase Price Allocation)

Notes to the financial statements

Main accounting policies, section titled “Intangible assets”

Section 31. “Business combinations”

Section 32. “Restatement of 2021 figures”

As part of our audit we performed the following procedures, also using the support of our business valuation experts.

We verified the appropriate identification of the assets acquired and liabilities assumed underlying the business combination executed in the previous year



Key Audit Matters

In the course of 2022 the Company completed the purchase price allocation (“PPA”) process relating to the acquisition of the business of the SIA Group, the consideration paid for which was equal to Euro 3,515 million, which became effective for accounting purposes on 31 December 2021.

As required by IFRS 3 “Business combinations”, in the financial statements as of 31 December 2021 the Company determined the fair values of the assets acquired and liabilities assumed on a provisional basis; in 2022 it completed the PPA exercise and restated the comparative financial and other information for the year 2021 in order to reflect the adjustments posted with reference to the provisional period.

As part of the PPA process, the Company’s directors, with the support of an external expert, determined the fair values of the assets acquired and liabilities assumed using methods based on the capitalisation of earnings.

Those methods required the use of financial and other information and assumptions which involve a high degree of complexity in the estimation processes.

In consideration of the magnitude of the transaction, the values emerging from the PPA exercise and the complexity of the methods, inputs and assumptions used to determine the fair values of the assets acquired and liabilities assumed, we considered the process of allocation of the prices paid for the acquisition of the SIA Group a key audit matter.

Auditing procedures performed in response to key audit matters

We performed a critical analysis of the adequacy of the methods adopted by management and the reasonableness of the key assumptions and inputs used by the directors in determining the fair values of the assets acquired and liabilities assumed.

We assessed the expertise, capabilities and relative objectivity of the external expert retained by the Company, and the methods used for the purpose of the PPA process.

We verified that the adjustments posted with reference to the provisional period were correctly reflected in the financial statements, and the related restatement of the comparative information.

We verified the adequacy and completeness of disclosures provided in the notes to the financial statements in relation to the allocation of the purchase price paid for the acquisition.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 13 February 2019 the shareholders of Nexi SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Nexi SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2022 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.



Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Nexi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Nexi SpA as of 31 December 2022, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Nexi SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Nexi SpA as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Lia Lucilla Turri
(Partner)

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian is authoritative.

Nexi SpA

Corso Sempione 55, 20149 Milan
T. +39 02 3488.1 • F. +39 02 3488.4180
Milan, Monza Brianza and Lodi Company Register, tax code 09489670969
Nexi VAT Group Representative VAT no. 10542790968
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