



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 953 620
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NETS HOLDCO 5 AS
Forretningsadresse:	c/o Nets Branch Norway Haavard Martinsens vei 54 0978 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Lars Erik Tellmann
Dato for fastsettelse av årsregnskapet:	30.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 13.08.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Revenue		10 000 000	10 000 000
Sum inntekter		10 000 000	10 000 000
Kostnader			
Staff costs	3	13 133 000	6 659 000
External Expenses	2	1 031 000	903 000
Sum kostnader		14 164 000	7 562 000
Driftsresultat		-4 164 000	2 438 000
Financial expenses	4	12 454 000	56 964 000
Sum finanskostnader		12 454 000	56 964 000
Netto finans		-12 454 000	-56 964 000
Ordinært resultat før skattekostnad		-16 618 000	-54 526 000
Income taxes	5	1 000	-9 073 000
Ordinært resultat etter skattekostnad		-16 619 000	-45 453 000
Årsresultat		-16 619 000	-45 453 000
Overføringer og disponeringer			
Retained earnings		-16 619 000	-45 453 000
Sum overføringer og disponeringer		-16 619 000	-45 453 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	10 255 000	10 255 000
Sum immaterielle eiendeler		10 255 000	10 255 000
Finansielle anleggsmidler			
Investering i datterselskap	6	43 955 602 000	43 955 602 000
Sum finansielle anleggsmidler		43 955 602 000	43 955 602 000
Sum anleggsmidler		43 965 857 000	43 965 857 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	7	2 307 632 000	2 092 723 000
Sum fordringer		2 307 632 000	2 092 723 000
Bankinnskudd, kontanter og lignende			
Cash at banks	8	5 233 000	6 014 000
Sum bankinnskudd, kontanter og lignende		5 233 000	6 014 000
Sum omløpsmidler		2 312 865 000	2 098 737 000
SUM EIENDELER		46 278 722 000	46 064 594 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	9	81 000	80 000
Ikke registrert kapitalforhøyelse		0	83 775 000
Sum innskutt egenkapital		81 000	83 855 000



Balanse

Beløp i: NOK	Note	2023	2022
Opptjent egenkapital			
Avsatt utbytte		-541 634 000	-525 015 000
Paid in capital		43 847 359 000	43 763 585 000
Sum opptjent egenkapital		43 305 725 000	43 238 570 000
 Sum egenkapital	10	43 305 806 000	43 322 425 000
 Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		54 000	101 000
Tax payable			2 026 000
Kortsiktig konserngjeld	11	2 965 082 000	2 732 868 000
Other payables		7 780 000	7 175 000
Sum kortsiktig gjeld		2 972 916 000	2 742 170 000
 Sum gjeld		2 972 916 000	2 742 170 000
 SUM EGENKAPITAL OG GJELD		46 278 722 000	46 064 595 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 657059

Enheten

Organisasjonsnummer: 918 953 620
Organisasjonsform: Aksjeselskap
Foretaksnavn: NETS HOLDCO 5 AS
Forretningsadresse: c/o Nets Branch Norway
Haavard Martinsens vei 54
0978 OSLO

Regnskapsår

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Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

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Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lars Erik Tellmann
Dato for fastsettelse av årsregnskapet: 30.06.2024

Grunnlag for avgivelse

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Brønnøysundregistrene, 14.08.2024



Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

RESULTATREGNSKAP

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RESULTATREGNSKAP			
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Retained earnings		-16 619 000	-45 453 000
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Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

BALANSE

Beløp i: NOK	Note	2023	2022
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BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

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Finansielle anleggsmidler

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Sum finansielle anleggsmidler		43 955 602 000	43 955 602 000

Sum anleggsmidler		43 965 857 000	43 965 857 000
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Omløpsmidler

Varer

Fordringer

Konsernfordringer	7	2 307 632 000	2 092 723 000
Sum fordringer		2 307 632 000	2 092 723 000

Bankinnskudd, kontanter og lignende

Cash at banks	8	5 233 000	6 014 000
Sum bankinnskudd, kontanter og lignende		5 233 000	6 014 000

Sum omløpsmidler		2 312 865 000	2 098 737 000
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SUM EIENDELER		46 278 722 000	46 064 594 000
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	9	81 000	80 000
Ikke registrert kapitalforhøyelse		0	83 775 000
Sum innskutt egenkapital		81 000	83 855 000

Opptjent egenkapital

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Sum egenkapital	10	43 305 806 000	43 322 425 000
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Sum langsiktig gjeld		0	0
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Kortsiktig gjeld			
Leverandørgjeld		54 000	101 000
Tax payable			2 026 000
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Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

1. Accounting policies The financial statements have been prepared in accordance with the Accounting Act. It is based on Norwegian accounting standards and guidelines for good accounting practice. The accounting policies used are consistent with last year. Nets Holdco 5 AS and its subsidiaries are included in the consolidated financial statements of Nexi S.p.A. Recognition and measurement Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item. In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at the balance sheet date are taken into account. Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement. Functional and presentational currency Foreign currency translation Items included in the financial information the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial information is presented in Norske Kroner, which is also the functional and presentational currency of the Company. On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as interest income or expense and similar items. Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items. External costs External costs incurred in generating the revenue for the year comprise consulting and administration costs, as well as group management fee income. Interest income, expense and similar items Interest income, expense and similar items comprise interest income and expense and realised and unrealised gains, group contribution and dividends and losses on transactions denominated in foreign currencies and securities. Tax Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The change in deferred tax liabilities is also recognised in the income statement. Tax assets are recognised if they can be set off against deferred tax in other consolidated enterprises or if it is probable that it can be utilised in future earnings. Current and deferred tax is computed at the tax rates applicable. The companies in the Group are taxed under the on-account tax scheme. Interest/refund relating to the tax payment is included in interest income and expense and similar items. Investments in subsidiaries Subsidiaries are valued at cost in the Company accounts. The investment is



valued at acquisition cost of the shares unless write down for impairment has been necessary. Group contributions to subsidiaries, less tax, are recognized as increased cost of the shares. Dividends / group contributions are recognized in the same year as appropriated in the subsidiary / associated company. When dividends / group contributions exceed the share of retained profit subsequent to the acquisition, the excess part are considered repayment of invested capital and is deducted from the carrying value in the balance. Enterprises are recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Cash at banks Cash and cash equivalents comprise cash and bank deposits. Equity Dividends are disclosed as a separate item under current liabilities. Dividends are recognised immediately at the time when they are proposed, pending acceptance by the AGM. Liabilities Financial liabilities are measured at amortised cost, substantially corresponding to nominal value.

Note
3

Antall årsverk i regnskapsåret
3.00

Note
3

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	10318000.00	5450000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	2032000.00	834000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	745000.00	307000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	38000.00	68000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	13133000.00	6659000.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
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Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn



Nexi SpA

Forretningskontor for morselskapet
Corso Sempione 55, 20149 Milan

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Nets Holdco 5 AS

Annual Report 2023

Adopted at the Annual General Meeting
30 June 2024

Chairman of the AGM:

Simon Bonde

Org nr 918 953 620
Nets Holdco 5 AS
c/o Nets Branch Norway
Haavard Martinsens vei 54
NO-0978 Oslo



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Board of Directors report

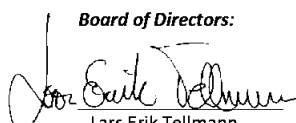
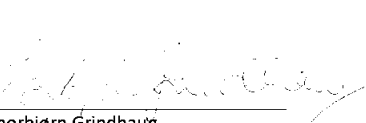
Business foundation	The objective of Nets Holdco 5 AS is to maintain ownership of Nets A/S. Headquarter is in Oslo.
2023 highlights	In 2023, net result for the year was negative by NOK 17 million, compared to negative NOK 45 million in 2022. Net result levels were in line with expectations. Equity amounted to 43.306 million, compared to NOK 43.322 million ultimo 2022. Cash flow from operations was close to neutral, with negative by NOK 0,8 million. Net financials cost was NOK 13 million in 2023 compared to NOK 57 million in 2022. The decrease was mainly driven by the group contribution of NOK 50 million. There are 3 employees in Nets Holdco 5 AS.
Basis for preparation and going concern	The financial statements have been prepared in accordance with the Norwegian Financial Statements Act. It is our opinion that the financial statements give a true and fair view of the financial position at 31 December 2023, the results of the operations for the financial year 1 January – 31 December 2023. In our opinion, the Financial Statements includes a fair review of the development in the Company's operations and financial conditions, the results for the year and financial position as well as a description of the most significant risks and uncertainty factors that the Company face. The financial Statements are prepared based on the going concern assumption and the Board of Directors confirm this assumption as valid.
Financial risks	Market risk The Company is indirectly exposed to market risk through the profitability and contributions received from subsidiaries. Liquidity risk The Company manages liquidity risk through the Nets group treasury system and obtains intra group short term financing when required. Foreign currency risk The company is exposed to EUR and DKK through loan from Parent, intercompany balances and ownership of a Nets A/S – which has a functional currency in EUR. The company has entered a liability insurance policy to cover members of the board.



Report on gender composition	With respect to the statutory statement on social responsibility in accordance with section §26,2 of Act on equity and prohibition of discrimination, the composition of the Board of Directors was considered an equal composition throughout the year, as only three members are employed in the company.
External environment	The Company does not contribute to any significant pollution of the external environment.
Events after the balance sheet date	No significant events affecting the annual report for 2023 have occurred subsequently to 31 December 2023.
Outlook 2024	Outlook 2024 is expected to be a year with soft outlook for GDP growth and consuming spending with single mid-digit revenue growth and improved operating result. As part of the Nexi Group, we will continue to streamline operations and processes and invest in innovative solutions with an ambition to create value for our customers, partners, and shareholders, and deliver on stability, security and integrity to build the future of the company.

Oslo, 30 June 2024

Board of Directors:

		
Lars Erik Tellmann	Maria Cæcilia Bardram	Thorbjørn Grindhaug
Chairman	Board member	Board member



Income statement			
NOKt	Note	2023	2022
Revenue, net		10.000	10.000
External expenses	2	-1.031	-903
Staff costs	3	-13.133	-6.659
Operating result (EBIT)		-4.164	2.438
Net financials	4	-12.454	-56.964
Result before tax		-16.618	-54.526
Income Taxes	5	-1	9.073
Net result for the year		-16.619	-45.453
Retained earnings		-16.619	-45.453
Total appropriation		-16.619	-45.453



Balance Sheet			
NOKt	Note	2023	2022
Assets			
Non-current assets			
Investments in subsidiaries	6	43.955.602	43.955.602
Deferred tax asset	5	10.255	10.255
Total non-current assets		43.965.857	43.965.857
Current assets			
Receivables from group enterprises	7	2.307.632	2.092.723
Cash at banks	8	5.233	6.014
Total current assets		2.312.865	2.098.737
Total assets		46.278.722	46.064.594
Equity and liabilities			
Equity			
Share capital	9	81	80
Paid in capital		43.847.359	43.763.585
Capital increase unregistered		-	83.775
Retained earning		-541.634	-525.015
Total equity	10	43.305.806	43.322.425
Liabilities			
Current liabilities			
Trade payables		54	100
Tax payable		-	2.026
Other payables		7.780	7.175
Payable to group enterprises	11	2.965.082	2.732.868
Total current liabilities		2.972.916	2.742.169
Total equity and liabilities		46.278.722	46.064.595



Cashflow statement		
NOKt	2023	2022
Result before tax	-16.618	-54.526
Changes in Tax position	-2.026	-
Changes in Trade payables	-46	-16
Changes in other payables	605	1.762
Changes in intergroup positions	17.304	56.858
Cashflow from operations	-781	4.078
Investments in subsidiaries	-	255
Cashflow from investments	-	255
Net change in cash and cash equivalents	-781	3.823
Cash at banks 01.01	6.014	2.191
Cash at banks 31.12	5.233	6.014



Notes to the financial statement

1. Accounting policies

The financial statements have been prepared in accordance with the Accounting Act. It is based on Norwegian accounting standards and guidelines for good accounting practice.

The accounting policies used are consistent with last year.

Nets Holdco 5 AS and its subsidiaries are included in the consolidated financial statements of Nexi S.p.A.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Functional and presentational currency

Items included in the financial information the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial information is presented in Norske Kroner, which is also the functional and presentational currency of the Company.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

External costs

External costs incurred in generating the revenue for the year comprise consulting and administration costs, as well as group management fee income.



Interest income, expense and similar items	Interest income, expense and similar items comprise interest income and expense and realised and unrealised gains, group contribution and dividends and losses on transactions denominated in foreign currencies and securities.
Tax	Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The change in deferred tax liabilities is also recognised in the income statement. Tax assets are recognised if they can be set off against deferred tax in other consolidated enterprises or if it is probable that it can be utilised in future earnings. Current and deferred tax is computed at the tax rates applicable. The companies in the Group are taxed under the on-account tax scheme. Interest/refund relating to the tax payment is included in interest income and expense and similar items.
Investments in subsidiaries	Subsidiaries are valued at cost in the Company accounts. The investment is valued at acquisition cost of the shares unless write down for impairment has been necessary. Group contributions to subsidiaries, less tax, are recognized as increased cost of the shares. Dividends / group contributions are recognized in the same year as appropriated in the subsidiary / associated company. When dividends / group contributions exceed the share of retained profit subsequent to the acquisition, the excess part are considered repayment of invested capital and is deducted from the carrying value in the balance. Enterprises are recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised.
Cash at banks	Cash and cash equivalents comprise cash and bank deposits.
Equity	Dividends are disclosed as a separate item under current liabilities. Dividends are recognised immediately at the time when they are proposed, pending acceptance by the AGM.
Liabilities	Financial liabilities are measured at amortised cost, substantially corresponding to nominal value.



2. Audit

NOKt	2023	2022
Statutory audit	26	289
Tax Services	61	105
Other services	211	80
Total audit fee	298	474

3. Payroll

NOKt	2023	2022
Payroll		
Wages	10.318	5.450
Pension and insurance	745	307
Payroll related taxes	2.032	834
Other payroll expenses	38	68
Total payroll	13.133	6.659

On the balance sheet day, the Company has 3 employees (2022: 2).

Remuneration of the Board of Directors

Remuneration for Board of Directors was total 200 t NOK in Nets Holdco 5 AS.

The company does not have a CEO and as such does not have any relating remuneration, severance or bonus packages in place.

4. Net financials

NOKt	2023	2022
Net financials		
Net foreign exchange gain/loss	-5	-
Net IC interest expense	-16.626	-16.357
IC foreign exchange gain/loss	-46.269	-40.601
Amortisation of loan fees	-	-
Group contribution	50.456	-
Other fees etc.	-10	-6
Total net financials	-12.454	-56.964



5. Income taxes

NOKt	2023	2022
Deferred tax balance:		
Tax loss carry forwards	46.612	46.612
Interest limitation carry forward	-29.882	13.287
Other temporary differences	29.882	-13.287
Total temporary differences	46.612	46.612
Deferred tax (-) / tax asset (+) 22 %	10.255	10.255
Calculation of taxable result:		
Result before tax	-16.618	-54.526
Permanent differences	27	-
Temporary difference	-4	-
Received Group contribution	-	50.451
Interest limitation	16.595	13.287
Utilization of losses carried forward	-	-
Basis for taxable income	1	9.212
Reconciliation tax expenses		
22 % of result before tax	-3.656	-
Deferred tax asset not recognized	3.652	-
Tax payable	-	2.026
Tax effect of Group Contribution	-	-11.099
22 % of permanent differences	6	-
22 % of temp differences	-1	-
Total tax	1	-9.073

6. Investment in subsidiaries

NOKt	2023	2022
Investments in subsidiaries		
Accumulated cost as at 1 January	43.955.602	43.955.347
Addition during the year	-	255
Accumulated cost as at 31 December	43.955.602	43.955.602
Carrying amount as at 31 December	43.955.602	43.955.602

2023

Company name	Share	Currency	Office
Nets A/S	100%	NOK	Ballerup

2022

Company name	Share	Currency	Office
Nets A/S	100%	NOK	Ballerup



7. Receivables from group enterprises

NOKt	2023	2022
Receivables from group enterprises		
Nets Branch Norway	51.155	21.082
Nets Holdco 1 ApS	722	-
Nets A/S	2.205.299	2.021.190
Group contribution	50.456	50.451
Total receivables from group companies	2.307.632	2.092.723

Management fee of related parties NOKt 10.000 billed to Nets branch Norway are presented as revenue.

8. Restricted bank deposits

NOKt	2023	2022
Restricted bank deposits	698	548

9. Share capital note

The share capital is owned by Nets Holdco 1 A/S, Klausdalsbrovej 601, 2750 Ballerup, Denmark. At the General Assembly held on December 16 2022 it was approved to increase the total share capital by loan conversion from Holdco 1 of NOK 80 thousand consists of 1,000 shares as per January 17 2023 to NOK 81 thousand with a share premium of NOK 83,774 thousand.

The ultimate parent company Nexi S.p.A has its registered offices in: CORSO SEMPIONE 55 MILANO, MILANO, 20149 Italy, where the consolidated accounts which include the company can be obtained.

10. Equity note

Equity note					
NOKt	Share capital	Premium	Unregistered capital	Retained earning	Total equity
2023					
Equity 1 January	80	43.763.585	83.775	-525.015	43.322.425
Net profit for the year	-	-	-	-16.619	-16.619
Capital increase	1	83.774	-83.775	-	-
Total changes in equity	1	83.774	-83.775	-16.619	-16.619
Equity 31 December	81	43.847.359	-	-541.634	43.305.806

Equity note					
NOKt	Share capital	Paid in capital	Unregistered capital	Retained earning	Total equity
2022					
Equity 1 January	80	43.763.585	-	-518.914	43.244.751
Net profit for the year	-	-	-	-45.453	-45.453
Received Group contribution	-	-	-	50.451	50.451
Tax on Group contribution	-	-	-	-11.099	-11.099
Capital increase	-	-	83.775	-	83.775
Total changes in equity	-	-	83.775	-6.101	77.674
Equity 31 December	80	43.763.585	83.775	-525.015	43.322.425



11. Payables to group enterprises

NOKt	2023	2022
Payables to group companies		
Nassa TopCo A/S	762.142	698.393
Nets Denmark A/S	3.280	3.078
Nets A/S	-	-
Nets Branch Norway	-17.155	-
Nets Holdco 1 ApS	2.216.815	2.031.397
Total payables to group companies	2.965.082	2.732.868

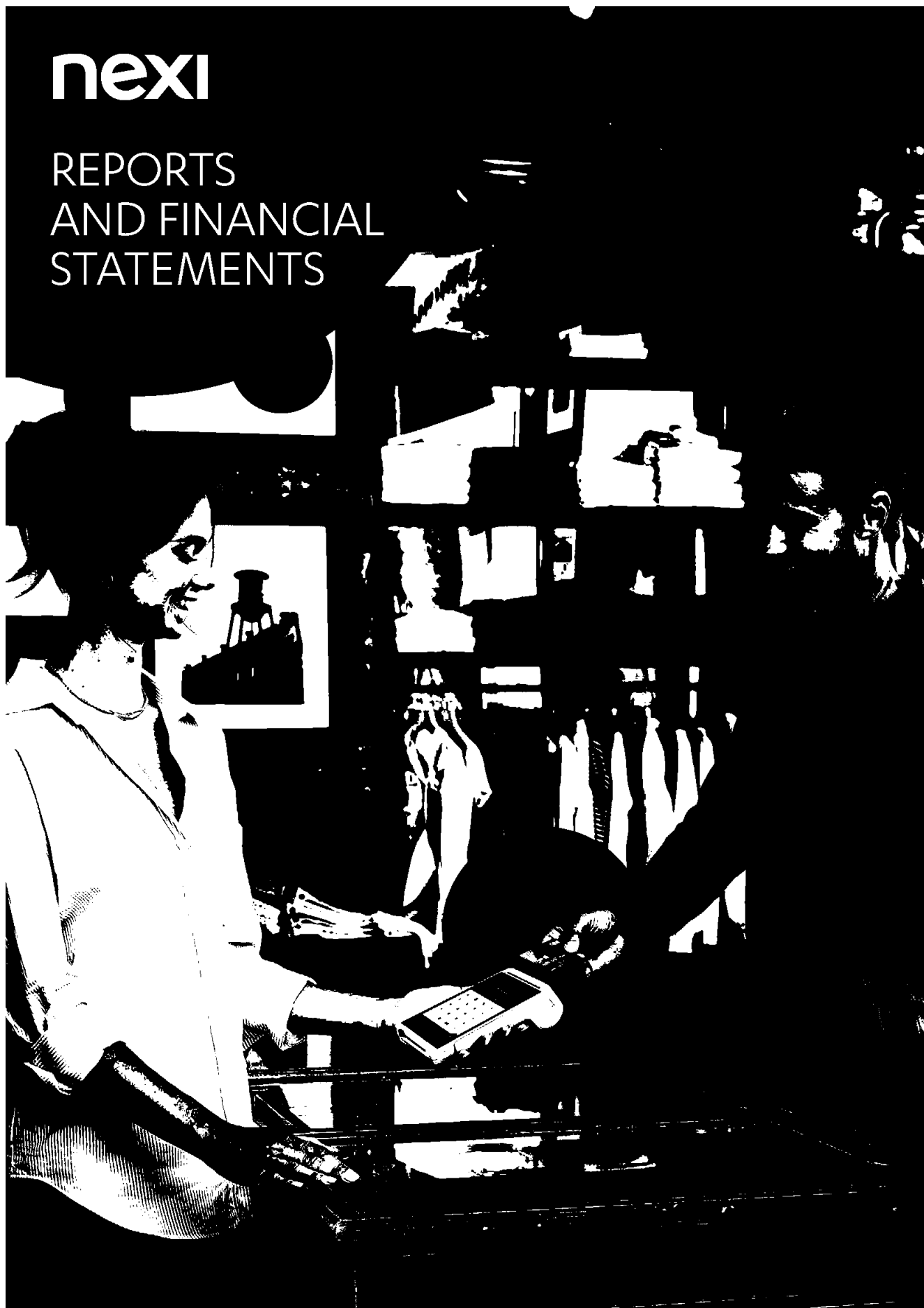
12. Events after the balance sheet date

No significant events affecting the annual report for 2023 have occurred subsequently to 31 December 2023.



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REPORTS AND FINANCIAL STATEMENTS





This is the English translation of the original Italian document "Relazioni e Bilanci 2023". 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 2023, which must be prepared and published in XBRL format in accordance with the provisions of European Commission Regulation 815/2019 (European Single Electronic Format - ESEF regulation).



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Letter from the Chairperson and Chief Executive Officer

LETTER FROM THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Dear Shareholders,

What just ended was another year of solid, profitable growth in all our businesses and in the various geographical areas we operate in. This is an important achievement also in light of the continuing uncertain macroeconomic situation. We are proceeding with our development plans in a rational and disciplined manner, investing in the areas with the greatest potential for growth, increasingly focusing our business portfolio and accelerating cash generation in the interest of our shareholders. Digital payments is a market that continues to offer great opportunities and is becoming increasingly competitive, and our goal remains to consolidate our leadership at the European level, always supporting the digital development of the economy in the countries where we operate.

The beginning of the year was characterised by the partnership with Banco Sabadell, thanks to which we entered the Spanish market with its great long-term growth potential. This operation further expands our development opportunities and represents a key step in our strategy as a leading PayTech in Europe that best combines European scale and proximity to the market and customers. Besides being a player that is already deeply rooted in the region, Banco Sabadell is also a partner that shares our ambition of accelerating the development of digital payments through product and commercial innovation.

This year also saw the continuation of our cooperation with the European Central Bank on the digital euro. In May the ECB presented the results of prototype tests, including one developed by us for point-of-sale payments, which showed that the virtual single currency works both online and offline.

Also at the institutional level, particularly worthy of note was the signing of the Memorandum of Understanding with the Italian Ministry of Tourism, together with Nomisma, which gave rise to the Nexi Tourism & Incoming Watch, an Observatory capable of monitoring the contribution that tourism and culture can make to the country's economy. Thanks to our expertise and extensive knowledge of consumers in the countries where we operate, with this new tool it will be possible to analyse the payment behaviour of foreign tourists in our country in even greater detail.

In terms of strategic partnerships on an international level, we established important partnerships with Microsoft for the digitisation of payments in Europe and with Adobe Commerce in Italy, Poland, DACH and the Nordic regions. We also continued our



Letter from the Chairperson and Chief Executive Officer

collaborations with market leaders enabling development in vertical sectors that are very important for the economies of the countries we operate in.

Locally, following Germany, Greece and Hungary, we launched SoftPOS in Italy as well, offering an innovative solution that allows merchants to use their smartphone or tablet to accept payments with contactless cards and digital wallets. This is another important achievement, the result of our continued investment in technology and innovation and consistent with our positioning as a leading PayTech in Europe, able to offer our partners and the market technologically advanced services and products.

2023 was also a key year from the point of view of sustainable development, as we continued the process of integrating ESG principles into our business, which at the end of the year resulted in our Group being added for the first time to the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Index Europe, the S&P Dow Jones sustainability indices that rank the best listed companies based on long-term sustainability criteria related to environmental, social and governance characteristics. This achievement testifies to Nexi's continued commitment to integrating environmental, social and governance issues into its business strategy and to moving forward with the implementation of actions relevant to achieving the company's ESG objectives. But it is also confirmation of the effectiveness of our approach in sustainability policies applied across the Group.

In this new year we will continue to invest in sustainable growth in all geographical areas as well as in increasing margins and cash generation. At the same time, we will continue to focus on our customers, merchants, partner banks, institutions and end consumers with passion and dedication in order to support the digital transition in payments, with the aim of making digital payments a driver of progress for the public, businesses and public administrations. And we will always do so being aware of our responsibility as the leading PayTech in Europe.

Enjoy the read!



Chief Executive Officer
Paolo Bertoluzzo



Chairperson
Michaela Castelli

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Corporate Bodies

CORPORATE BODIES

As at the Board of Directors' meeting of 6 March 2024

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 Corgi (***) (****)
	Johannes Korp (*)
	Marina Natale (**) (****)
	Bo Einar Lohmann Nilsson (*)
	Francesco Casiraghi (*)
	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

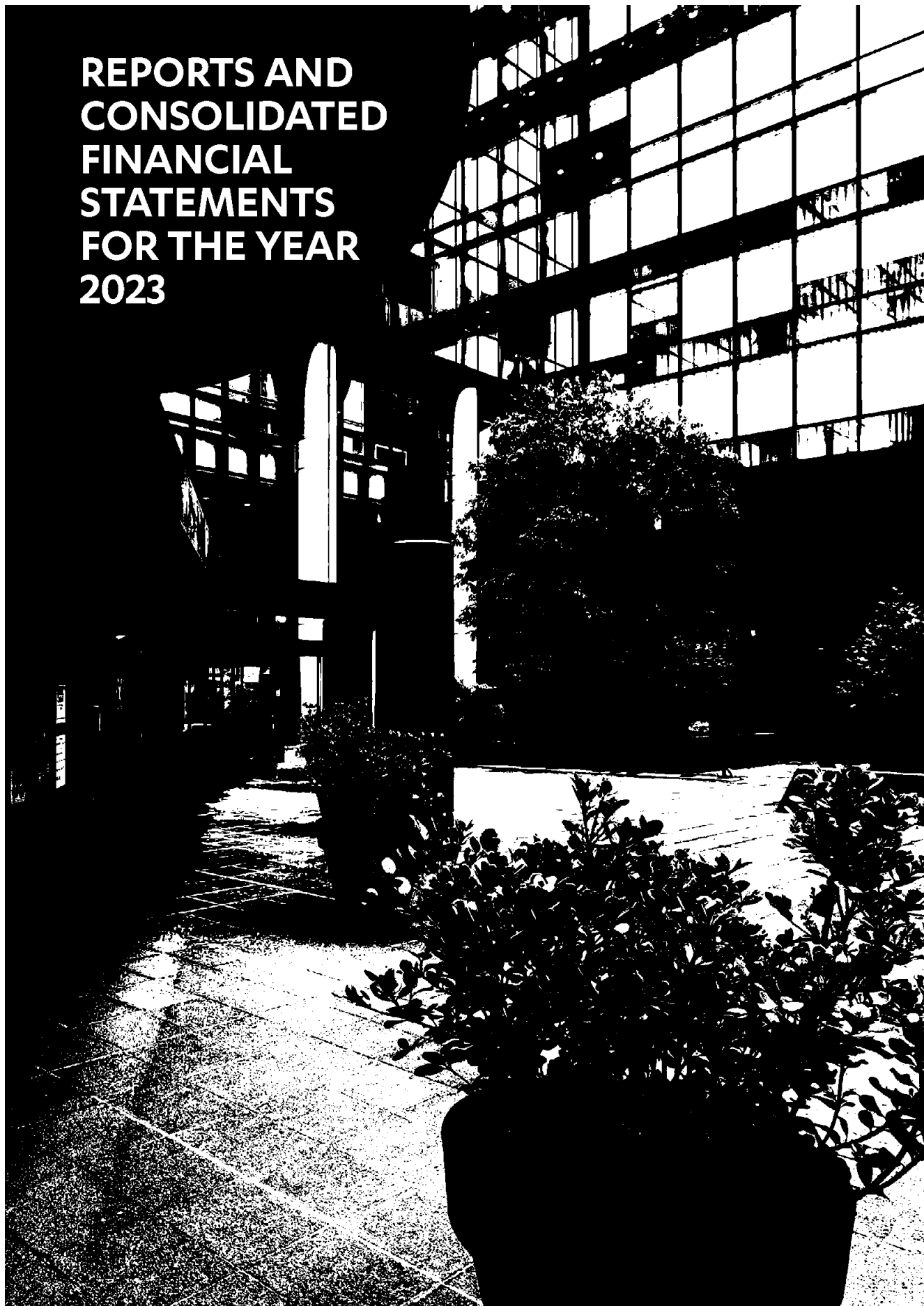
Enrico Marchini

Independent Auditors

PricewaterhouseCoopers SpA



REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2023





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1.1

BOARD OF DIRECTORS'
MANAGEMENT REPORT
ON GROUP OPERATIONS



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 2023, reference was made to the ESMA document "European common enforcement priorities for 2023 annual financial reports" of 25 October 2023 and the Recommendations on Accounting for Goodwill published by IOSCO (an international organisation of financial market Supervisory Authorities) on 15 December 2023 and the related Consob reminders.

Nexi's consolidated financial statements as at 31 December 2023 in the iXBRL format as required by Delegated Regulation 2019/815 are made available to the public 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 2023 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 aforesaid Regulation.

The information concerning corporate governance and the ownership 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 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.

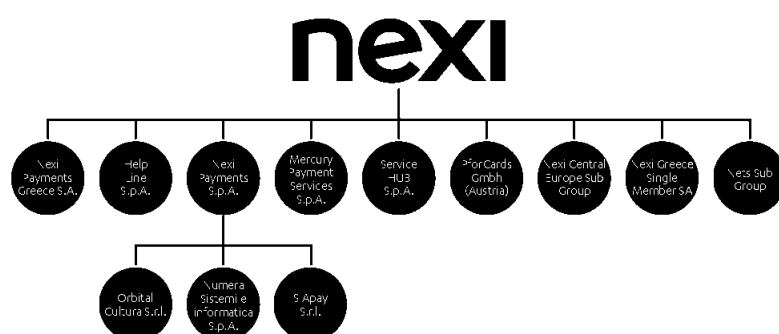
Board of Directors' Management Report on Group Operations

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 2023 is comprised of the Parent Company Nexi SpA and the subsidiaries listed under section 1 of the Notes to the Financial Statements. Compared to 31 December 2022, the Group's scope changed mainly as a result of the acquisition of a controlling stake in Split Tech-Solution GmbH, in addition to the purchase of minority equity investments in Computop Paygate GmbH, QRTAC Sp z.o.o. and Digital Commerce Finland Oy (belonging to the Nets Sub Group).

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



Based on representations provided pursuant to Article 120 of Italian Legislative Decree 58/1998 and on further information available, as at 31 December 2023, Nexi SpA's major shareholders are:

- Evergood H&F Lux S.à.r.l.: 19.91%
- Cassa Depositi e Prestiti SpA: 13.56%
- Mercury UK HoldCo Ltd: 9.27%
- Eagle (AIBC) & Cy SCA: 6.08%
- Poste Italiane SpA: 3.54%
- Cic Group PTE Ltd: 2.58%
- AB Europe Investment S.à.r.l.: 2.01%
- Neptune BC: 2.01%
- Float: 41.05%

Macroeconomic Landscape

The events taking place at the end of 2023 and the beginning of 2024 represent a new evolution of the so-called "polycrisis" period, a succession of various shocks that have impacted the world and European economies since the 2020 pandemic. The increase in costs due to excess demand for commodities after Covid and the explosion of the conflict in Ukraine added to excess liquidity created by the central banks' expansionary policies, resulting in a surge in inflation, the effects of which were felt broadly throughout 2023 on the distri-



Board of Directors' Management Report on Group Operations

tribution of real incomes, testing central banks' capacity to react as they sought to maintain the balance between price stabilisation and expansion. The period that followed was apparently characterised by the subsiding of some of these shocks, with lower tensions in commodity and energy markets on the one hand, and on the other a moderate slowdown in the household income-consumption chain, also due to stable employment figures and balanced wage dynamics. This scenario, and in particular the inflation and gross product data of recent months, would suggest a "soft landing", with a world economy capable of progressively easing monetary and fiscal restrictions and starting a new cycle without having to go through the turbulence of a recession. In this context, however, the extent to which further uncertainty factors can reignite the international inflationary spiral becomes decisive. The potential widening of the war in the Middle East, the exacerbation of the difficulties of maritime transport both in the Suez Canal (due to the conflict) and in the Panama Canal (for logistical reasons), the still unclear effects of El Niño on crops in the southern hemisphere, could become potentially decisive in this regard. Not to mention the impacts that the elections in Taiwan and the US could have on tensions with the Chinese government and on the evolution of the Ukrainian conflict. The uncertainty of this intermediate phase has led to a general period of stagnation of the world's economies, which will presumably last throughout the first half of 2024.

The European Economy

The European continent is moving in a climate of extreme caution, with the economies of the different countries showing very consistent dynamics with each other and with the different components all very close to zero growth. While domestic demand, especially household consumption, showed the greatest contribution at the end of the year, confidence and purchasing intentions do not foreshadow a decisive recovery, not even looking forward to 2024. The decidedly less intense grip of inflationary dynamics has not yet allowed for a recovery of the purchasing power lost in the year characterised by hyperinflation, also in the face of non-zero yet moderate wage dynamics. Investments are also still suffering from the credit crunch, which will only reasonably ease in the second half of the year. As mentioned, the international landscape is no different, with export demand still weak and uncertain. Uncertainty and caution are particularly evident in Germany, both for households and businesses, while France and Spain, which are less exposed to the shock of energy costs, are enjoying some benefits, the former from higher wage dynamics, the latter from measures to curb energy impacts and from more effective investments stemming from the Next Generation Europe programme.

After a growth-less 2023, according to major institutions Central and Eastern Europe are experiencing more dynamic growth with a greater capacity to react to the disinflationary trend compared to the EMU, especially on the domestic front, which will continue to counterbalance the weak demand of the neighbouring German economy.

The same applies to the Nordics, driven by good dynamics in Sweden and Finland, where falling inflation and interest rates will support domestic demand, while exports continue to struggle.

The Italian Economy

As shown, the Italian economy remains pretty much in lock step with the European context as a whole. The exit from a difficult 2023 saw some resilience of purchasing power to inflationary erosion and the monetary tightening aimed at containing it, with consumption higher than expected despite the fact that the round of contract renewals scheduled for 2024 has not yet materialised. This, together with a still moderate contraction of investments and a good external balance (especially exports) led to a general slowdown, but not to a feared recession. How much households and businesses will be able to maintain an overall positive

Board of Directors' Management Report on Group Operations

pace will depend on the aforementioned international unknowns and their impact on inflation in the coming months. Despite everything, the most accredited forecasts foresee a continued moderate level of inflation, if a wage-price spiral is not triggered, and continued employment stability, in a market that for technical reasons manages to keep the workforce active in view of a next recovery.

Reference Markets

In order to understand the dynamics of the markets in 2023, it is worth examining the various factors influencing their development. In fact, the overall effect intertwines economic phenomena such as consumption trends, usage patterns in general and opportunities created by specific product innovations.

Pending the publication of official data from the Bank of Italy and the ECB, an analysis of the estimates of the main institutes calculate an almost halving of the growth in card spending volumes in Italy compared to 2022 (Milan Polytechnic forecasts +12% for 2023 versus a Bank of Italy figure of +21% for 2022), with a similar trend also for household consumption (Prometeia: +13% for 2022 and +7% for 2023). In other words, the sharp slowdown in real consumption, a reaction to inflationary peaks, has transferred almost proportionally to card purchases, thus not affecting the medium-term trend of an increasing percentage use of the instrument, which, as we know, accelerated starting with the 2020 pandemic.

Within this context, the increasing innovation induced by market players is increasingly stimulating the sector. This applies both to acceptance, with merchants increasingly evolving to offer value-added payment solutions for themselves and for payers, and such payers being increasingly inclined to take advantage of more convenient, secure and cost-effective solutions.

On the merchant side, thanks to increased regulatory effectiveness (e.g. the enforcement of the obligation to have a POS device), the growing interest of new merchant segments in facilitating digital payments by their customers and the promotional initiatives of acquirers, the inventory of POS devices is continuously evolving both quantitatively and qualitatively, with the increased deployment of mobile, smart and, more recently, software-based solutions. Estimates published by Milan Polytechnic see further progress in 2023, with growth expected to reach up to +10%.

Similarly, on the payer side there is growing awareness of the added value offered by technical forms such as mobile and wearable payments, together with other solutions that have been in use for much longer, such as contactless. On the other hand, the increasing availability of digital payments in the public administration and the possibility of paying in instalments via Buy Now, Pay Later are contributing to their increasing use, even in areas that were not previously particularly common.

According to Assofin, the instalment card market saw the following volumes in the first half of 2023: pure instalment cards: -20.2%, option cards via credit lines: +3.8%, instalment: +15%, for a growth in total volumes of +7.1% in the third quarter.

As for withdrawal infrastructure, according to Global Data's forecasts for 2023 based on Bank of Italy data, ATMs remained unchanged at 47,000.

Consistent with last year's developments, the evolution of volumes across the various countries of Europe varied by region. Forecasts of the 2023 trend in POS expenditure volumes in the Group's core countries (source: Global Data) show several Eastern and Southern European countries expanding at rates above 20%: Hungary (29%), Serbia (27%), Lithuania (26%), Romania (25%), Croatia (23%), Czech Republic (21%), Poland (20%), Bulgaria (20%). Then there is a group of countries with more moderate but still double-digit growth, such as Slovakia (19%), Spain (18%), Austria (15%), Ireland (15%), Russia (14%), Slove-

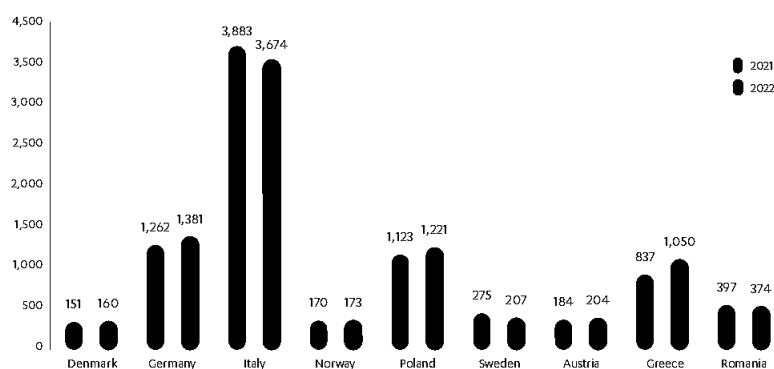


Board of Directors' Management Report on Group Operations

nia (13%), Germany (12%), Estonia (12%), Luxembourg (12%) and Greece (11%). In contrast, the countries where digital payments are more common, such as the Nordics, show rates around or below 10%: Norway (10%), Sweden (9%), Finland (7%).

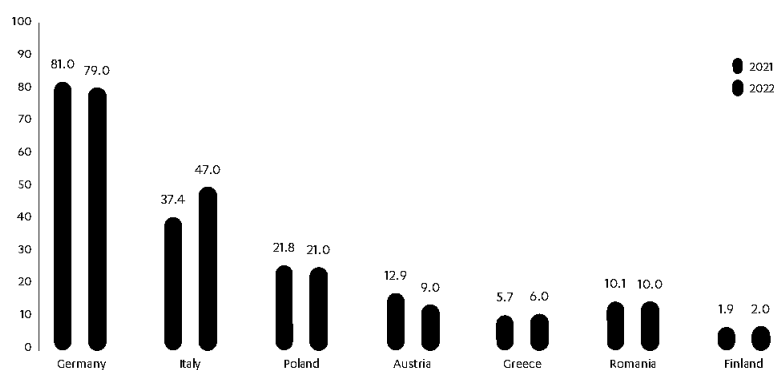
As for Home and Corporate Banking services in Italy, the Annual Report of the Bank of Italy for 2022 reports 54,272 thousand family positions (+3.8%) and 4,929 thousand company positions (+8.8%). The active client companies were 1,471 thousand. Payments in the gross settlement system (BI-REL and TARGET2-Bank of Italy) amounted to Euro 30,643 billion (+31.1%).

Number of POS ('000) - ECB Source



Source for Italy data is Bank of Italy, which – starting from 2022 – includes POS terminals owned or managed by regulated institutions only.

Number of ATM ('000) - ECB Source





Board of Directors' Management Report on Group Operations

Significant Events during the Reporting Period

Establishment of a Long-Term Strategic Partnership with Banco Sabadell

On 27 February 2023, Nexi SpA ("Nexi") and Banco Sabadell, S.A. ("Sabadell") signed an agreement for a long-term partnership in the Spanish market.

The transaction provides for Nexi's acquisition of 80% of Sabadell's merchant acquiring business following its spin-off into PayComet SL, a company wholly owned by Sabadell and an already authorized payment institution, for an upfront cash consideration of Euro 280 million, which reflects 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.

The transaction, which has yet to close, had no impact on the financial statements.

The costs incurred in the period directly attributable to this transaction amounted to around Euro 3 million.

Acquisition of Merchant Acquiring Activities from Intesa Sanpaolo - Croatia

As already reported in the 2022 financial report, on 2 June 2023 Nexi, through Nexi Croatia Ltd, a company under Croatian law belonging to the Nexi Group and controlled by Concordis 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 closing of the transaction took place on 28 February 2023.

The transaction above is 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 period directly attributable to this transaction amounted to around Euro 2 million.

Strategic Partnership with Computop Paygate

On 22 May, Concordis Holding GmbH, a company of the Nexi Group, signed the Investment and Shareholders' Agreement for the acquisition of a stake in Computop Paygate GmbH, one of the leading payment service providers in the German e-commerce market as well as a global player, which annually manages approximately USD 30 billion of transactions in 127 different currencies.

On 30 June, the closing took place through a partial buy-out and a capital increase, which guaranteed Nexi 30% of the company. Under existing shareholder agreements, Nexi exercises joint control on Computop Paygate GmbH.

The transaction was financed by cash on hand.

Consistent with the group strategy presented during Capital Market Day, the investment in a long-term partnership will help strengthen Nexi's position both in a key region such as DACH & Poland, especially in Germany, and in the growing e-commerce world.

This partnership will also allow Nexi to expand its portfolio with omnichannel payments for merchants.

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



Board of Directors' Management Report on Group Operations

Sale of the eID Business

On 9 November 2023, Nexi S.p.A. signed an agreement with IN Groupe, a specialist in secure digital identities and services, which will take over ownership of the eID business.

Nexi's strategic ambition is to further strengthen its position as the leading PayTech in Europe. In the context of the process of portfolio rationalisation and simplification announced at Capital Markets Day in September 2022, this divestment is fully in keeping with the strategic direction presented.

IN Groupe is a global leader specialised in identity and trust applications, providing comprehensive solutions for a wide variety of digital identity-related areas enabling both businesses and consumers/citizens to benefit from digital transformation in a simple, secure manner.

Completion of the transaction is subject to the usual closing conditions and approval by the Danish government of IN Groupe's suitability and capabilities as an eID solution provider.

Assets held for sale were accounted for in accordance with IFRS 5. For further information, please refer to section 11 of the Notes.

Acquisition of Merchant Acquiring Activities from the Sparkasse Group

On 29 December 2023, Nexi S.p.A. signed an agreement with Cassa di Risparmio di Bolzano S.p.A. ("Sparkasse") and its subsidiary Banca di Cividale S.p.A. ("Civibank" and, together with Sparkasse, the "Sparkasse Group") for the transfer of merchant acquiring activities to the Nexi Group and for the creation of a long-term partnership aimed at the promotion and exclusive placement of all merchant acquiring products and services of the Nexi Group through the Sparkasse Group's commercial network.

The agreement, which values merchant acquiring at Euro 30.8 million, of which Euro 22.8 million for Sparkasse and Euro 8.0 million for Civibank, will allow the Nexi Group to further develop the payments market for local businesses by enriching its offer with innovative solutions and services, in addition to a variable consideration based on the achievement of specific objectives.

The closing of the transaction is subject to certain preparatory activities and obtaining the necessary authorisations from the relevant authorities and is expected to take place in H1 2024. The transaction will be financed with available cash.

On 25 January 2024, Nexi Payments S.p.A. was designated as the final buyer of the aforementioned activities.

Changes in Group Debt

The Group's financial structure changed during 2023 mainly due to the full drawdown of the 2022 Term Loan. In fact, on 1 February 2023 Nexi SpA received the disbursement of the residual tranche equal to Euro 150 million.

Consequently, the Group's gross financial debt at 31 December 2023 was Euro 7,215 million, and – aside from the 2022 Term Loan – mainly consisted of the following third-party financing received by the Group, primarily by 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 220 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 currently with a nominal amount 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 21 October 2019 and expiring on 31 October 2024 (the "2024 Bond Loan");



Board of Directors' Management Report on Group Operations

- 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 bond loan with a nominal amount 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 bank loan contract signed by Nexi SpA and disbursed on 14 July 2022, pursuant to which BPER Banca SpA granted Nexi SpA a variable rate credit line governed by Italian law, for a total amount of Euro 50 million (the "BPER Credit Line"). The BPER Credit Line has been fully used and is to be repaid in a lump sum on 30 April 2026;
- 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 current amount of Euro 366.5 million (the "Term Loan"). The Term Loan is fully used and will have to be repaid in a lump sum upon expiry on 30 June 2025;
- 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 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");
- a variable rate loan contract (the "2022 Term Loan") stipulated on 2 August 2022 by Nexi SpA, under which certain financial institutions granted a credit line totalling Euro 900 million, fully used and due in a single payment on 2 August 2027. 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. In July 2023, the 2022 Term Loan was successfully converted to a sustainability-linked loan format.
- 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").



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As at 31 December all covenants provided for by the Group's medium/long-term financing (described under note 40 of the Notes) were complied with.

In summary, as at 31 December 2023, the structure of gross debt is as follows:

(Amounts in million euros)

	Dec. 31, 2023	Dec. 31, 2022
2024 Bond Loan	477	475
2027 Convertible Bond	470	462
Term Loan	365	364
IPO Loan	999	996
2028 Convertible Bond	910	889
2026 Bonds	924	922
2029 Bonds	1,046	1,045
BBPM Credit Line	199	199
BPER Credit Line	50	50
2022 Term Loan	896	746
Nassa Topco Bond	219	219
Ratepay funding	110	115
Other financial liabilities	549	490
Total	7,215	6,971

The item "Other financial liabilities" includes the lease liability (Euro 164 million), as well as liabilities related to earn-outs or deferred prices connected to certain M&A transactions executed by the Group (Euro 361 million), in addition to the negative fair value of hedging derivatives (Euro 24 million).

Remuneration Policy

With regard to the Group's personnel remuneration policy, the Shareholders' Meeting of the Parent Company Nexi SpA 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 2023, rights for the second cycle (2023-2025) 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 second 2020-2022 cycle were granted in the second quarter of 2023.

The cost of the LTI Plans, recognised in the 2023 financial statements with a balancing entry to Shareholders' equity, amounts to Euro 15.6 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 4 million as a balancing entry to Equity.



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The Macroeconomic Repercussions of the Conflict in Ukraine

Impact on Business Performance during the Year

The ongoing military conflict in Ukraine has continued to generate uncertainty about the state and prospects of European economies, despite effective initiatives to reduce strategic dependence on energy supplies and trade relations with Russia.

Although recovering over the course of the year, consumer confidence indicators remain well below the levels observed before the war. While the energy price shock has been largely absorbed, its second-round effects on the cost of living have inevitably eroded the spending capacity of households, curbing their consumption of non-essential goods in the context of a substantial stagnation of economic activity.

As expected, aggressive monetary tightening in some Scandinavian countries triggered a moderate recession. In contrast, some southern European countries, starting with Spain and Croatia (which joined the Euro area), continued to record marked GDP growth, even higher than forecasts. More moderate yet still positive was the performance of the Italian economy, with household consumption sustained by favourable employment dynamics.

In the latter part of the year, geopolitical tensions were further exacerbated by the bloody conflict that flared up in the land of Israel, threatening to spread to other military powers in the Middle East.

Overall, in real terms, private consumption in the Eurozone is estimated to grow by less than 1% in 2023, a sharp slowdown compared to the 4% annual growth rate of the previous two years, which had benefited from the exit from the worst of the pandemic, with consequent repercussions on the Group's business, especially in the second half of the year.

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

As in 2022, 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 economic and financial performance during the period. 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 ongoing conflict 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" of the Notes.

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 Scandinavian markets and in Central and South-Eastern Europe, primarily overseen by the activities attributable to Nets. The long-term partnership with Sabadell will allow it to enter



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the Iberian market, the fourth largest in Europe with a structure and growth potential not dissimilar to the Italian market, with a solid strategic positioning.

During the year, directly or through its partner banks, the Nexi Group managed an aggregate volume of approximately 38 billion transactions for the entire value chain on the acquiring front and on the issuing front, corresponding to a total amount of Euro 1,713 billion.

The Group conducts its business through the following *business lines*: *Merchant Solutions*, *Issuing Solutions* and *Digital Banking Solutions*.

Merchant Solutions

Through this business line, which also includes the E-commerce Business Unit, 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*).

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



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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.

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). The range is completed by the "ACH Instant Payments" service, focused on the management of instant credit transfers, which 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 payment 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, which 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. As described below, the contribution of this business segment is excluded from operating revenues and EBITDA referred to in section "Group Financial and Business Performance" as it is considered "non-core" from a strategic point of view and classified as a discontinued operation (with application of IFRS 5 on the basis of the disposal agreement signed on 9 November 2023).



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Group Financial and Business Performance

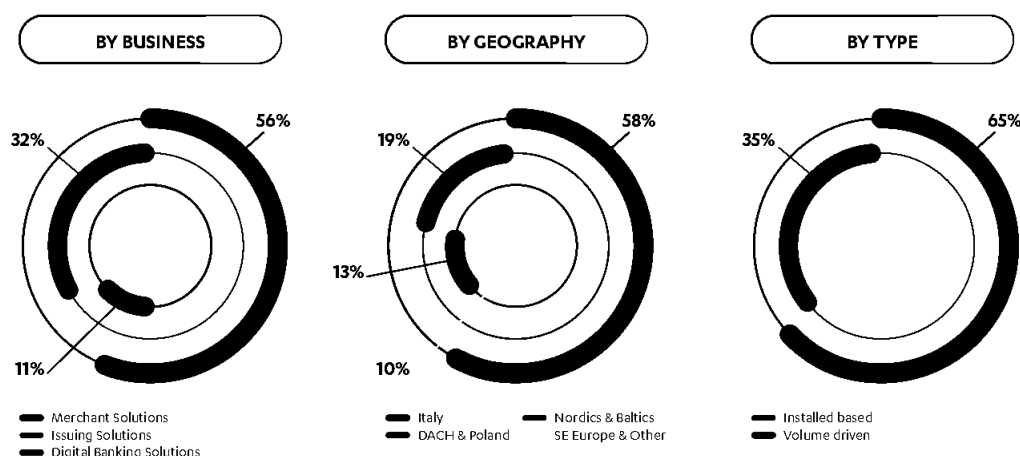
During the year ending 31 December 2023, the Group recorded – on a comparable basis – revenue growth of 7% to Euro 3,362 million and EBITDA growth of 10% to Euro 1,752 million, with the margin slightly improving to 52%.

Main Group indicators for the year 2023

n. 37.8 billion transactions managed (+11.7%)	Euro 3,362 million in Operating Revenues (+7.0%)	Euro 465 million in Capex
Euro 1,713 billion in transactions managed (+7.9%)	Euro 1,752 million in EBITDA (+10.0%)	Net Financial Position Euro (5,326) million

Please note: the changes indicated above are 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 do not include the effects of IFRS 16.

2023 revenue breakdown



Financial and Business Performance of the Business Units

In 2023 **Merchant Solutions** reported revenues of Euro 1,889 million, up 7.7% year-on-year on a comparable basis (at constant exchange rates and scope). In the period, the Group handled 18.5 billion transactions, up 12.6%, for a value of Euro 825 billion, up 7.6%, mainly due to the robust recovery of international schemes, thanks to the resumption of tourist flows in the first part of the year and the growth of the customer base and the number of POS terminals. The average transaction ticket continued its downward trend below the Euro 50 threshold. Volumes in the e-commerce channel grew by 8%, with double-digit revenue generation and particularly positive results in the Italian market.

Across Nordic markets we have progressed on stimulating commercial growth with new initiatives, against a backdrop of a challenging macroeconomic environment. Special commercial focus was on extending our product and service range to new modules, in addition to our core acquiring and terminal areas. Exemplary for this extension are the merchant financing solutions and the increasing collaboration with integrated software vendors (ISVs) with whom we have entered various commercial models. In addition, the Group followed its "customer centricity" approach to improve customer service, resulting in positive NPS



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developments. Also in the E-commerce space, the customer base grew, with strong front book across major Nordic markets.

In the DACH & Poland region, we have made significant progress across all our strategic initiatives. While rebranding from Concardis to Nexi, the Group launched a new attractive commercial offer for SME merchants, strengthened customer operations to further improve Net Promoter Scores, and kicked off the strategic partnership with German leading payment provider Computop, which is expected to significantly strengthen the business proposition towards LAKA merchants in the region. Despite a challenging macroeconomic environment and dynamic competition, as witnessed by the entry of new international players, the Group continued to accelerate its core acquiring and terminal businesses with new deals in LAKA and a significant frontbook growth in SME, by leveraging both direct and partner-based sales channels. E-Commerce continued to market Nexi Checkout (off-the-shelf product for the mid-market) as well as tailor-made solutions to best address market needs. Poland kept delivering double-digit growth, thanks to the successful roll-out of new value-added services, such as merchant financing solutions, and the smart pricing initiative, notwithstanding the phasing-out of the local Government-backed cashless program.

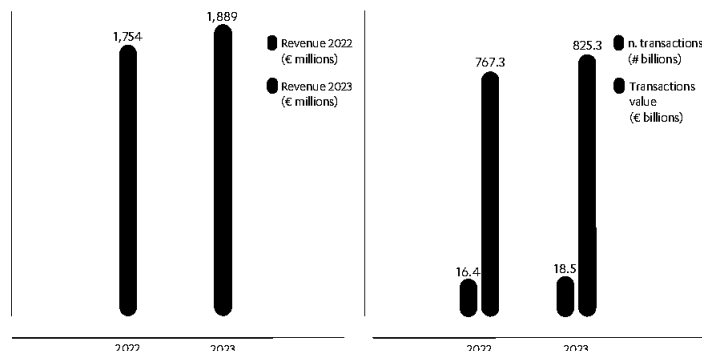
Looking at the Italian market, and specifically at the SME segment, the Group continued the development of new non-banking direct distribution channels, strengthening the Retail channel by expanding the number of points of sale distributing Nexi products, increasing online sales and boosting the presence of its distribution network. Alongside the traditional mobility solutions (MPOS and PayByLink), a new smartphone app acceptance solution (SoftPOS) was launched during the year, which is ideal for mobile businesses, self-employed professionals and home-delivery businesses. The development of distinctive offerings continued with the addition of new services for merchants. Specifically, thanks to an important partnership with Compass, the Group was able to offer its customers a Buy Now Pay Later service for physical shops through Nexi SmartPOS, which can be used in a simple, frictionless and secure way. For the LAKA segment, the evolution of the omni-channel gateway offer and services continued, with important commercial successes in specific segments (fuel, insurance and other services). In terms of product developments, the Transaction Risk Analysis service was reinforced to maximise the commercial effectiveness of e-commerce sales, extended to SME and LAKA customers. Finally, the integration of the merchant acquiring and POS management business units of BPER and Banco di Sardegna was completed.

The SE Europe region delivered satisfactory double-digit growth rates in key KPIs, with business tailwinds in Greece and Croatia.



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Merchant Solutions



Issuing Solutions recorded revenues of Euro 1,090 million, an annual growth of 7.6%, against 19.3 billion transactions handled, an increase of 10.8% compared to 2022 and corresponding to Euro 888 billion in market value, an increase of 8.2%.

On the Italian market, which provided a decisive boost to revenue generation, the surge in the marketing of the evolved international debit product continued (+1.9 million cards), there were signs of recovery in the growth of credit cards (with a focus on bank customers in Licensing), with a significant upturn in the use of cards in the non-euro area, with values for the first time above 2019 (pre-pandemic), a strong demand for "Buy Now Pay Later" solutions (+22% for more than 1.2 million plans activated in the year and more than 3.5 million since the product's launch in July 2018), mobile payment transactions doubled in value with more than 7 million payment cards registered and the consolidation of the use of corporate credit cards in Licensing (around 20% of the value of total credit card transactions in Licensing). Finally, the strong performance recorded in Italy is also attributable to the already expected non-recurring contributions related to banking M&A transactions and the phasing of some specific projects conducted during the year.

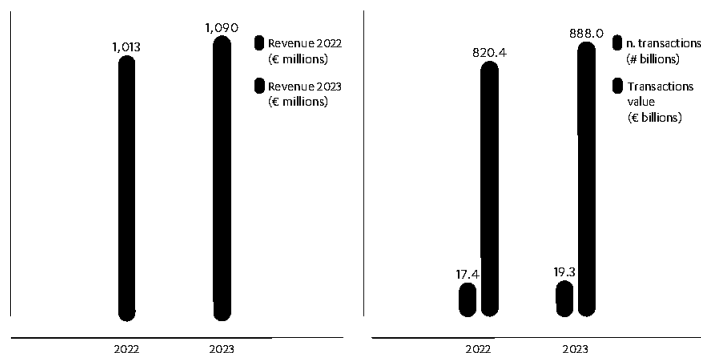
In the DACH & Poland region, the Group made further steps ahead in expanding its geographical footprint and market share, first and foremost via the landmark partnership with Commerzbank (11 million retail customers in Germany) in credit, debit and prepaid card processing. The partnership has been solidified throughout the year, with operational efforts towards the "go live" progressing well. Additionally, efforts on launching modular sales of key value-added-services from the broader Group in DACH started to bear fruit.

In the Nordics, the Group recorded incremental sales and business KPIs and secured long-term relationships with key customers – including a renewed 7-year contract with BankAxept (covering approx. 60% of all card processing in Norway), which Nets served as processor since inception in 1993. Further, the Group has been embarking in an interesting expansion journey together with an innovative retail bank to supply BNPL and similar products across European markets with ambitions for further expansion of the relationship. Broader Nexi Group solutions have been widely appreciated in the Nordic marketplace, e.g. opening up the way to progressed discussions around Customer Value Management products designed for issuer customers. Finally, migration to UNI platform – a key transformation project - is running smoothly in Finland, with key milestones successfully achieved without any operational impact.



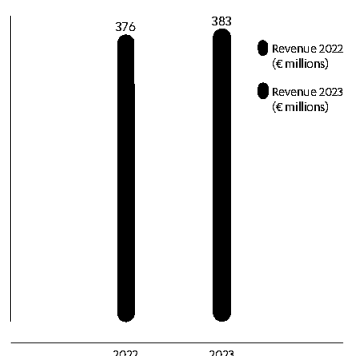
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Issuing Solutions



Finally, **Digital Banking Solutions** posted revenues of Euro 383 million as at 31 December 2023, an annual increase of 1.8%, on the back of increased client activity on the SEPA Clearing platform and payment settlement infrastructure, both domestically and on a pan-European scale (RT1 for real-time payments and Step2), also supported by the expansion of the international customer base served with network solutions for access to ESMIC. In Italy, innovative services were launched during the year, starting with the "CBI Hub" corporate banking system, which all major banks and corporates have joined, and NameCheck, which extends the functionality of Open Banking. With regard to the public administration, the renewal of the "PagoPA" agreement is worth mentioning, as well as the offer of new digital services (e.g. "Io" app for local authorities and payment channels). In the ATM area, the Group acquired new banking customers, also in the VAS catalogue, and expanded its Dynamic Currency Conversion (DCC) service coverage in Italy and the South-East Europe region. Finally, outside Europe an important Account-to-Account project, including for instant bank transfers, in the United Arab Emirates deserves mention.

Digital Banking Solutions





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Group Performance

Reclassified Consolidated Income Statement as at 31 December 2023

The reclassified consolidated Income Statement highlights, in a multi-step format, net result determinants for the period 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.

Note that, in accordance with and in implementation of the Group's strategic plan, the subsidiary Ratepay (Germany) engaged in the "Buy now pay later" segment, and the e-Security and digitisation business unit (Denmark) are considered "non-core" from a strategic point of view¹. The following table therefore excludes their contribution to revenues and EBITDA and shows the net result among the "non-recurring items".

Note that the 2023 Income Statement figures are not comparable with the previous year due to the effects of corporate transactions and exchange rates. Consequently, both the reported and proforma Income Statement figures are shown below.

(Amounts in million euros)

	Reported Income Statement 2023	Proforma effects 2023 ^(**)	Proforma Income Statement 2023	Reported Income Statement 2022	Proforma effects 2022 ^(**)	Proforma Income Statement 2022	Delta % Reported	Delta % Proforma
Merchant Solutions	1,863	26	1,889	1,742	12	1,754	6.9%	7.7%
Issuing Solutions	1,085	5	1,090	1,025	(12)	1,013	5.9%	7.6%
Digital Banking Solutions	383	-	383	462	(85)	376	-17.0%	1.8%
Operating revenues	3,331	31	3,362	3,228	(85)	3,143	3.2%	7.0%
Personnel-related costs	(730)	(3)	(733)	(736)	43	(693)	-0.8%	5.8%
Operating costs	(871)	(6)	(877)	(892)	33	(858)	-2.3%	2.1%
Total costs	(1,601)	(9)	(1,610)	(1,628)	77	(1,551)	-1.6%	3.8%
EBITDA^(*)	1,730	22	1,752	1,600	(8)	1,592	8.1%	10.0%
Depreciation and amortization	(895)			(937)			-4.5%	
Interests & financing costs	(245)			(140)			75.2%	
Non recurring items	(1,459)			(245)			494.9%	
Result before taxes	(869)			278			n.s.	
Income taxes	(133)			(135)			-1.1%	
Minorities	(3)			(3)			6.7%	
Profit/(loss) attributable to the Group	(1,006)			140			n.s.	

(*) The EBITDA shown above is "Normalised EBITDA" whose definition is provided in the "Alternative Performance Measures" section.

(**) Data at constant exchange rates, which also includes the results of the ISP Croatia merchant book from the beginning of the year.

¹ Note that for the financial statements the e-Security and digitisation business unit of the Nets Group is accounted for as a "discontinued operation" in accordance with IFRS 5, unlike the German subsidiary Ratepay, for which the conditions were not met.



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Overall, Group revenues grew by 7.0% at constant exchange rates and scope compared to 2022, thanks to increased contributions from all three business units (as detailed below). Merchant Solutions generated 56.2% of Group revenues, consistent with the previous year, while Issuing Solutions and Digital Banking Solutions contributed 32.4% and 11.4% respectively. As expected, revenue growth benefited from inertial market trends and strategic initiatives aimed at optimising the commercial offering to customers, as well as - especially in the first months of the year - the final normalisation of consumer spending habits after the pandemic.

Total costs (excluding depreciation and amortisation) for the year amounted to Euro 1,610 million, an increase of 3.8% year-on-year, resulting from both higher personnel-related costs in strategically important areas in Northern Europe and Italy and the growth in payment volumes. Even in the context of strong pressure on procurement markets, the Group managed to contain cost pressures thanks to integration synergies following the mergers with SIA and Nets, especially in the most relevant IT expenditure items, as well as careful control of variable labour cost components and other efficiency gains.

This resulted - on a comparable basis - in a 10.0% increase in EBITDA, which reached Euro 1,752 million in the year. Thanks to the positive effect of the operating leverage, the margin (52%) improved by about 146 basis points compared to 2022. Amortisation and depreciation totalled Euro 895 million, while interest on debt and similar charges amounted on a net basis to Euro 245 million, an annual increase as a result - among others - of the significant upward movement in market rates and the transactions carried out on the debt of the parent company Nexi SpA (see the "Changes in Group Debt" section), also with the aim of lengthening the average duration of maturities.

The non-recurring expenses recorded under EBITDA on a reported basis amounted to Euro 1,459 million. They mainly include the impairment of intangible assets (Euro 1,257 million, as described in the Notes to the financial statements), digital transformation and integration costs (Euro 116 million, down 24% from last year), prudential non-cash charges arising from litigation related to certain corporate transactions, costs directly related to M&A transactions (Euro 27 million), on top of non-cash charges related to the long-term incentive plans incurred by the Group and Sponsors ("LTI plans" and "Stock Grant plans", respectively) amounting to Euro 20 million and non-cash income related to Fair Value measurements of financial liabilities (Euro 40 million).

Consequently, as a result of the aforementioned impairment of intangible assets, the Group realised a net loss of Euro 1,006 million as at 31 December 2023.



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Financial Position Highlights

The main financial position indicators are listed below.

Capex

The following table details Capex investments in 2023 and 2022.

(Amounts in million euros)

	2023	2022
Purchase of owned assets on property:	465	527
Ordinary tangible and intangible assets	376	354
IT and Strategy Transformation projects	89	173
Property investments	-	-
Increase of Rights of use (IFRS 16):	86	32
Tangible and intangible assets	86	32
Total Investments (Capex)	551	559

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" in lease contracts resulting from the signing of new lease contracts as well as the extension of the term of existing lease contracts as at 31 December 2023.



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Net Financial Position

The Net Financial Position did not change significantly in 2023, as shown below:

(Amounts in million euros)

	At Dec. 31, 2023	At Dec. 31, 2022
A. Cash equivalents ^(*)	1,889	1,489
B. Cash-like items	-	-
C. Other current financial assets	-	-
D. Liquidity (A) + (B) + (C)	1,889	1,489
E. Current financial debt	(810)	(124)
F. Current portion of long-term debt	(104)	(39)
G. Current financial debt (E) + (F)	(914)	(163)
H. Net current financial debt (G) - (D)	975	1,325
I. Non-current financial debt	(2,951)	(2,796)
J. Debt instruments	(3,350)	(4,012)
K. Trade liabilities and other non-current financial liabilities	-	-
L. Non-current financial debt (I) + (J) + (K)	(6,300)	(6,808)
M. Net financial position (H) + (L)	(5,326)	(5,482)

(*) 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".

Note that as at 31 December 2023 all covenants envisaged by the Group's medium- and long-term financing had been complied with. For a description of the covenants and negative pledges see section 40 of the Notes.

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

The following 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 liquidity available in 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/(Loss) for the year	(1,003)	-	(1,003)
Depreciation/amortisation, unpaid taxes and other non-cash items	1,955	-	1,955
Cash flow of operations	952	-	952
Cash flow absorbed by financial assets/liabilities	(50)	49	-
Operating cash flow	902	49	952
Cash flow absorbed by investment activities	(640)	-	(640)
Cash flow generated by financing activities	89	-	89
Cash flow generated/absorbed in the year	351	49	400
Opening cash and cash equivalents	449	1,040	1,489
Closing cash and cash equivalents	800	1,090	1,889

(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 operating cash flow generated by operating companies during the year (Euro 641 million)
- The cash available from operating companies at the beginning of the year, remaining after distributions in 2023 to the Parent Company Nexi SpA (Euro 448 million). The amount distributed by the operating companies in 2023 amounted to Euro 592 million.



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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 the consolidated financial statements, Nexi Group, as well as reporting figures for income statement and net financial position envisaged under the International Financial Reporting Standards (IFRS), also submits alternative performance measures derived from the aforesaid, providing management with a further means to evaluate Group performance.

In 2023, the alternative performance measures adopted by the Group were substantially unchanged compared with the previous financial year, in terms of both definition and calculation method.

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 2023 and 2022.

(Amounts in million euros)

	2023	2022
Financial and operating income	3,169	3,101
Interests and financing costs ^(*)	245	140
Non-recurring costs/(income) ^(**)	(80)	(33)
Operating costs/(income)	(4)	20
Operating Revenues	3,331	3,228

(*) For the period as at 31 December 2023 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 2023, the item consisted mainly of revenues relating to businesses classified as "non-core" as above indicated.

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 2023 and 2022.



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(Amounts in million euros)

	2023	2022
Profit/(Loss) for the year	(1,003)	143
Profits/(losses) after tax from discontinued operations	(21)	(8)
Income taxes	134	135
Profit/(loss) on equity investments and disposals of investments	14	(3)
Interests and financing costs ^(*)	245	140
Net value adjustments/write-backs on tangible and intangible assets	2,152	933
Non-recurring financial and operating income ^(**)	(80)	(33)
Other non-recurring expenses/income impacting EBITDA ^(**)	288	294
EBITDA	1,730	1,600

(*) Please refer to the table above.

(**) For the period as at 31 December 2023, the item mainly consists of digital transformation and integration costs (Euro 116 million), prudential non-cash charges related to disputes arising from certain corporate transactions, costs directly related to M&A transactions (Euro 27 million), and non-cash income and expenses.

Investments (Capex)

Nexi defines investments as tangible and intangible assets acquired in the period, as listed in the relevant table in the Notes to the Interim 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. The specific item also includes the Capex related to the Rights of Use accounted for in accordance with IFRS 16.

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:

- bond loans 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.



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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.

Below is the composition of the Board of Directors as at 31 December 2023:

Chairperson	Michaela Castelli
CEO and General Manager	Paolo Bertoluzzo
Directors	Ernesto Albanese
	Elena Antognazza
	Luca Bassi
	Francesco Casiraghi(**)
	Maurizio Cereda
	Elisa Corgi
	Johannes Korp(*)
	Marina Natale
	Bo Nilsson
	Francesco Pettenati
	Marinella Soldi

(*) On 26 January 2023 the resignation of Director Stefan Goetz due to professional commitments became effective. On the same date the Board of Directors co-opted Johannes Korp as a new non-executive and non-independent member with the approval of the Board of Statutory Auditors. The Shareholders' Meeting held on 4 May 2023 confirmed the appointment of Johannes Korp, stipulating that he will remain in office for the remainder of the current term, and thus until the date of the Shareholders' Meeting convened for the approval of the annual financial statements as at 31 December 2024;

(**) On 31 July 2023 the resignation of Director Jeffrey David Paduch due to professional commitments became effective. On the same date the Board of Directors co-opted Francesco Casiraghi as a new non-executive and non-independent member with the approval of the Board of Statutory Auditors. He will remain in office until the next Shareholders' Meeting.

Internal Board Committees

On 5 May 2022, the Board of Directors resolved on the appointment of the members of the Internal Board Committees. Below is the composition as at 31 December 2023.

Remuneration and Appointment Committee(*)

Chairperson	Elisa Corgi
Members	Michaela Castelli
	Maurizio Cereda



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Risk, Control and Sustainability Committee^(*)

Chairperson Ernesto Albanese
Members Michaela Castelli
Marina Natale

Note that on 18 October 2023, following the resignation of Director Marinella Soldi as a member of the Risk, Control and Sustainability Committee (formerly Chairperson of the aforesaid committee), the committee was reconstituted with the new appointment of Marina Natale and designation of Ernesto Albanese as Chairperson (already a member of the committee).

Related Party Transactions Committee^(*)

Chairperson Marina Natale
Members Elena Antognazza
Elisa Corgi

(*) Committees established as per the Corporate Governance code

Strategic Committee

The breakdown of the Strategic Committee as at 31 December 2023 is the following:

Chairperson Paolo Bertoluzzo
Members Luca Bassi
Francesco Casiraghi
Michaela Castelli
Johannes Korp
Bo Nilsson
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.

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Group Internal Control Systems

The period saw the continuation of activities related to the introduction of the Group's new organisational model, called TOM (i.e. Target Operating Model). The new model guided the redesign of management processes, now divided into Business Units (Merchant Solutions, eCommerce, Issuing Solutions, Digital Banking Solutions) and Regions (Italy, Nordics, DACH, CSEE). This implementation required appropriate adjustments to the Group-wide audit approach and processes.

Specifically, as far as the Audit Function is concerned, the integration of resources from the former SIA Group within the Audit Function of Nexi Payments and Nexi SpA that began in 2022 was successfully completed, and the reorganisation of the Audit Competence Line consistent with the TOM was also completed. The actions taken successfully include: i) the introduction of the Audit Regional Coordinator to facilitate information flows between the Legal Entities of the Region and the Holding; ii) the redesign of the periodic and regulatory reporting flows for the Group companies with a local Audit Function; iii) the redistribution of resources consistent with the areas of responsibility to be covered; iv) the further updating of the methodological and governance set of the Competence Line (i.e. Audit Charter, Group Audit Policy, Audit Manual) in order to implement the application of a consistent, uniform approach within the Group.

During the year the Audit Function refined the questionnaires used to assess the Internal Control System (ICS), keeping the metrics adopted unchanged.

In order to maintain an appropriate level of awareness of the risks of each business area, special managerial reporting – also referred to during the monthly management meetings – on the corrective actions of each structure was submitted to the Group's ExCo members, as in the previous period.

A new integrated reporting set was also developed to better target the main areas of attention of all Group management.

With regard to on-site audits, the plans confirmed an increase in "unplanned" support in Italy related to external audits from various customers, and the monitoring and evaluation of the improvement actions implemented following inspections by Local Regulators in both Germany and Italy were carried out, with respect to which the relevant improvement plans have been communicated and are being implemented.

Finally, with regard to the work programme defined with the Group SBs, the Audit Function promptly conducted the audits required in the year and supported the Body in the impact analysis assessments that emerged following the corporate and organisational merger. The Function's proactive support of the process of updating the Management, Organisation and Control Models pursuant to Italian Legislative Decree 231/2001 also continued for all the Italian companies of the Nexi Group whose processes were impacted by significant changes both for regulatory purposes, and of course to take account of organisational changes that had occurred (e.g. TOM implementation).

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 Group and local levels;
- the Group Compliance Function.

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 man-

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agement'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.

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 in 2023, the Risk Management 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, through controls at the local level the Risk Management 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, note the continued strengthening of credit risk assessment and monitoring, the analysis of risks related to ESG issues and analysis of third-party risks.

The Group Compliance Department is responsible for the Group Guidelines and Policies issued in 2022 as part of the "Group Internal Rules System", as governed by the Nexi Group's "General Rules for the Exercise of Management and Coordination" and the Group's "Group Rules System" Guidelines. These rules constitute one of the tools used by the Parent Company to direct and exercise management and coordination while safeguarding the autonomy, responsibilities and independence of its subsidiaries. In 2023 a Group Compliance Function was established within the Corporate and External Affairs & ESG function, which was followed by the appointment of its Head.

In 2023 the Group Compliance Function drafted and adopted company rules to improve Group Policies and Guidelines on Anti-Corruption and Whistleblowing. Furthermore, the Compliance Function carried out an independent assessment of the regulatory requirements of the Digital Operational Resilience Act (DORA) in order to define an implementation plan whose guidance was entrusted to the Group Risk function.

In 2023, the Organisational and Management Model pursuant to Italian Legislative Decree 231/2001 was approved with respect to the Group's Italian companies: Service Hub S.p.A., Mercury Payment Services S.p.A. and Help Line S.p.A.. In February 2024 the update of Nexi S.p.A.'s Model was approved, and in March 2024 the update of Nexi Payments' Model was approved.

With regard to GDPR and PSD2, a gap analysis was conducted with the aid of an external consultancy firm to assess the Group's level of compliance and to identify best practices. Based on the results of the gap analysis, inputs were elaborated both for the development and implementation of the Group's governance framework relating to Data Protection and PSD2, and for updating the relevant Group-wide.

Furthermore, the Group Guidelines on Compliance Management were updated in order to define the regulatory scope of the Group Compliance function, and to define the activities and information flows aligned with the relevant operating model. A regulatory monitoring

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tool was adopted to provide constant updates on the regulations considered to be the responsibility of the Compliance Function.

Overall, in 2023 the Group's Compliance functions focused their efforts on strengthening the regulatory compliance and control frameworks for key areas such as Anti-Money Laundering and Data Protection, which are also the main targets for 2024.

Nexi Group Organisational Structure

In 2023 the organisational model that defined the new organisation of the Nexi Group was implemented 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, eCommerce, Issuing Solutions, Digital Banking Solutions) promote international reach, economies of scale and innovation;
- the Group support functions (Corporate functions - Group Corporate and External Affairs & ESC, Finance, Strategy & Transformation HR, IT, Operations Transformation, Group Risk Management, Group Audit) allow centralised exploitation of the advantages of scale in technology, processing platforms, digital, operations, talent/skills through investment and process standardisation;
- the Region Units (Italy, Nordics, DACH, CSEE) ensure a strong local push to ensure proximity to customers and people, maximising opportunities for growth and involvement of people.

More specifically, the new organisational structures derive from the specific focuses as described below.

The Merchant Solutions BU focuses on strengthening the European leadership of SMEs and the growth of LAKAs in medium/large national (and regional) companies.

The eCommerce BU, included in the "Merchant Solutions" operating segment, aims to achieve leadership in the mid-market through single modular solutions with local integrations, local front-ends with a single level of pan-European integration and a stronger local go-to-market and support model.

The Issuing Solutions BU focuses on acquiring new banking customers for digital processing across Europe by leveraging the agility and efficiency of innovation platforms; on conquering companies/FinTechs and medium/small banks through Payments-as-a-Service proposals; Upsell; on the modular VAS service based on banks' customers; on the Payments-as-a-Service proposal for medium/small banks.

The main objectives of the Digital Banking Solutions BU are the sale of integrated B2B payment and collection solutions for companies and PAs; promotion of the growth of instant and account-to-account payments throughout Europe; the sale/partnership in non-strategic activities.

The Group support Functions are responsible for: promoting the execution and transformation of the "One Organisation" model; promoting the allocation of capital and talent development between the BUs and the Regions/Countries; ensuring the progressive standardisation of key processes and tools; ensuring Group Governance; ensuring effective risk and compliance management.



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Finally, the "local" aspect of the new organisation is represented by the individual countries. To optimise and create synergies, a regional management level was defined to coordinate and guide the efforts of national teams. The countries were grouped according to criteria such as: relative business relevance for the Group, specificity in the payments area, commonality between the countries, shared technological platforms and competitive scenario.

The coordination between the Region/Country and the Business Units takes place through corporate governance that allows the leaders of each Region, Business Unit or Function to discuss the most critical issues and find common solutions.

The new Legal Entities were also onboarded according to the criteria described above, and the new companies have seen and continue to see organisational adjustments according to the Group's overall objectives.

Group IT System

During 2023, the IT Function's activities were focused on the implementation of the Group's technological transformation programme and on the initiatives supporting the Business objectives, while ensuring the provision of optimal service levels to customers.

The main activities carried out in addition to those put in place to ensure day-to-day operations for the management of services concern the following areas:

- Issuing Solutions: the commercial launch of the new digital bank of the Intesa Sanpaolo group took place in the Italian market. In the Nordic countries there were developments in the processing and provision of digital services related to the card life cycle, while in Greece the migration of Issuing systems to the target platform continues.
- Merchant Solutions: the migration of Italian customers to the new Core Acquiring and Merchant Onboarding platforms continued. Furthermore, updates were made to ensure greater stability, security and compliance of the platforms used in the Nordic markets, and the acquiring platform used in Germany was upgraded to ensure compliance with local regulations.
- Digital Banking Solutions: the cloud solution for the management of Corporate Banking was implemented. A Europe-wide initiative was also completed for the development of an anti-fraud service for SEPA payments (ordinary and instant).
- Digital: activities focused on the delivery of the e-commerce platform to different countries (Italy, Greece and Central Europe), on the release of the new SoftPOS for primary Italian customers, and also on the implementation of the Group's new Customer Value Management platform and the evolution of the Group's Acquiring onboarding processes.
- Data & Analytics: work was aimed at expanding the scope of operations at the Group level, while pursuing the development of Analytics tools for partner banks and business units.
- Group Corporate Systems: in Italy Intesa Sanpaolo customer Contact Centre services were transferred to the Nexi Italia Contact Centre, and important projects for the transformation of the systems responsible for the management of Finance and HR processes were launched.

In terms of infrastructural actions, the consolidation of the Group Data Centres, the development of "open source" components and networks continued according to plan. The migration of applications and services in Italian data centres to cloud technology is also under way.



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Finally, efforts aimed at the monitoring and continuous improvement of Information Security and Business Continuity continued, as well as the Group-wide standardisation of information system protection solutions.

Human Resources

The Group's workforce (including fixed-term resources) is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Average number of employees	10,464	10,135
Total employees	10,580	10,347

Note that the above data is in FTE.

Note that an agreement was signed with the Italian trade union representatives on 28 February 2024, allowing the process for about 400 voluntary redundancies to begin.

External Communication and Media Relations

In 2023 media relations accelerated sharply in comparison to previous years, with the drafting of around 40 press releases, many of them international, the organisation of more than 50 interviews and the production of several editorial articles in the main print and online media. These activities further strengthened Nexi's media positioning as the European PayTech leading the evolution of digital payments, emphasising product and service excellence. On the corporate side, special attention was paid to ESG issues, financial performance, investment capacity, international scale and local presence. On the business side, particular emphasis was placed on the products and services of the Merchant Solutions BU, as well as the number of strategic partnerships entered into or consolidated during the year. On the other hand, tailor-made communications were deployed with respect to the products and services of the Issuing Solutions and Digital Banking Solutions BUs, emphasising product innovation and Nexi's ability to work as a system. In terms of the media presence of the Nexi brand, its products and services and its managers, 2023 saw a significant strengthening.

Main Risks and Uncertainties

Risks Related to Macroeconomic Conditions, Exogenous International Events 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

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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.

Despite increased geopolitical tensions, in particular due to the evolving conflicts in Ukraine and the Middle East and the attacks on Red Sea shipping, the international economy grew at a moderate but steady pace in 2023, in an environment characterised by strong private consumption and a resilient labour market. Furthermore, with specific regard to the Eurozone economy, household consumption began expanding again after a slowdown in the first part of the year thanks to the good performance of the labour market. At the same time, inflation declined, reflecting improved supply conditions, the reabsorption of the effects of the past energy shock and the impact of tighter monetary policy on demand and the power of firms to determine prices. In fact, in December the Governing Council of the European Central Bank left official interest rates unchanged, believing that their current levels - if maintained for a sufficiently long period - will make a substantial contribution to the return of inflation to the 2% target in the medium term.

However, the economic expansion is expected to strengthen from early 2024, as real disposable income rises, supported by falling inflation, robust wage growth and resilient employment.

Risks Associated with Group Growth Initiatives

Ambitious growth targets were set as part of initiatives for 2024, mainly related to the increase in nominal consumption, the expected higher penetration of digital payments, and commercial initiatives that aim to foster a greater spread of certain established products and ensure effective entry into as yet unexplored segments and/or markets.

The risk is therefore represented by the possibility of not achieving the planned growth targets in the areas of greatest interest and over the established period, 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 (e.g. IT systems).

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, especially in the Italian market, 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 the Group's dependence on partner banks increases with the latter's size, such that the loss of even one partner bank could have a substantial impact on revenue, profitability and cash flow.

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 e-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 involves specific initiatives for individual domestic sectors where vertical fintech specialists and integrated software vendors try to establish themselves adopting advanced digital solutions that respond quickly and flexibly to customer needs, also in the context of payment services.

With specific regard to Integrated Software Vendors, this trend is expected to increase in the medium term in Europe through 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.

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 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.



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Operational Risks

Cyber Risk

As part of its operations the Nexi Group processes personal data, including data relating to payment transactions, cardholders and merchants, and is therefore exposed to the risk of cyber security attacks and/or incidents resulting in potential data breaches or interruptions of business. The improper use of such data, including by third parties, or a breach of IT security could damage the Nexi Group's reputation and disrupt business relations, increase the expense of the period to correct breaches or malfunctions, lead to the imposition of significant fines and penalties, expose the Group to lawsuits and increase the risk of controls by Supervisory Authorities.

Furthermore, Nexi is aware of the risks arising from the activities of third parties, such as service providers or business partners. In addition to including contractual clauses to ensure the security and confidentiality of data, Nexi is committed to mitigating these threats through vigilance and close cooperation.

Nexi is bound by data protection and privacy laws, as well as the rules of international schemes such as Visa and Mastercard. Compliance with these rules involves adopting data protection standards and maintaining industry certifications, such as those required by the PCI (Payment Card Industry) consortium.

The Nexi Group is actively engaged in mitigating cyber security risks. In addition to having an adequate insurance policy, Nexi implements specific IT security measures, organises training to make staff aware of risks and best practices, and maintains a constant monitoring of services and a business continuity plan to ensure an effective response to any 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.

Specifically, the availability of such platforms, systems and services 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).

With particular regard to malfunctions attributable to migrations to new technological or application environments, note that, due to the integration with the acquired companies,



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the Nexi Group undertook an extensive process of IT rationalization. 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.

Moreover, with particular regard to Italy, note that Nexi Payments has been identified as a "systemic operator" by the Bank of Italy and is therefore required to restore its systemic services (ATM, SEPA and Instant Credit Transfers and the RNI network) extremely quickly in the event of any kind of malfunction.

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. 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.

Risks Associated with Dependence on Suppliers

In order to conduct its business, the Nexi Group relies on third-party service providers and product suppliers. The main providers include (i) payment processors, (ii) ICT and application maintenance providers, (iii) card suppliers and related card personalisation services, (iv) suppliers of traditional and advanced POS terminals, (v) ATM suppliers, (vi) contact units.

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.



Board of Directors' Management Report on Group Operations

- 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.

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. Considering the increasing fraud attempts, and the potential increase in cases of reimbursing customers who are victims of fraud, the Group could be exposed not only to an economic impact in terms of increased charge-backs or other liabilities, but also to 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

The constantly changing regulatory environment requires Nexi to continuously adapt to the various regulations and measures at the European and national levels. In the normal course of its business, as it falls within the scope of systemically important payment systems, the Group is exposed to the risk of audits by the Supervisory Authorities, especially by the relevant National Authorities in the countries where the Group is operational and by the European Central Bank.



Board of Directors' Management Report on Group Operations

Specific to the sector it operates in, the main directives/regulations the Group must comply with include the following:

- i) AML for regulations on anti-money laundering, aimed at improving safeguards against money laundering and terrorist financing.
- ii) GDPR for the protection of personal data and privacy.
- iii) PSD2 for information security reporting requirements, interoperability of systems and the protection of payment service users' funds (note that this directive is currently under revision with the subsequent introduction of PSD3).
- iv) Antitrust in the area of competition law.
- v) Binding rules issued periodically by the International schemes.

One of the regulations that the Group is in the process of adapting to as it is about to enter into force is DORA, concerning the improvement of operational resilience in ICT systems, which will be effective from January 2025.

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, CSRD corporate sustainability reporting, as well as the codes of conduct and best practice rules applicable to regulated markets.

Note that in recent years some companies belonging to the Nexi Group have been subject to inspections or administrative procedures, both of an ordinary nature (mostly) and of an extraordinary nature by competent authorities including the German Federal Financial Supervisory Authority (BaFin), the Italian Supervisory Authority (Bank of Italy), the Danish Financial Supervisory Authority (FSA) and the Polish Financial Supervisory Authority (KNF) in relation to various areas, including anti-money laundering, and the provisions introduced by PSD2.

Financial Risks

The Nexi Group has a significant financial debt, and the corresponding high financial charges could among other things trigger negative effects on its ability to generate cash, and consequently to repay the debt at maturity, bearing in mind however that at the time this report was prepared no critical issues had been identified. The Nexi Group, whose debt is currently classified as "sub-investment grade" or "high yield", with the greater difficulty in accessing credit that this entails, has nevertheless benefited in recent years from certain upgrades to its creditworthiness that have allowed the Group to reach the rating levels of Ba1 for Moody's and BB+ for Fitch and S&P (the latter also assigned a positive outlook). 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 in time. The effective maintenance or improvement of the current ratings also depends on the Group's ability to continue to increase its economic and financial health and reduce financial debt over time. Any deviation from the path outlined, even in terms of financial policy, could worsen the Group's creditworthiness and lead to a negative change in the ratings assigned by agencies. The same effect with similar impacts could also occur if there is a deterioration in the creditworthiness ascribed to the Italian State or in the national and international macroeconomic environment.

As of 31 December 2023, considering the effect of hedging derivatives, approximately 24% of the Nexi Group's medium-long term Financial Liabilities expressed at nominal value (consisting



Board of Directors' Management Report on Group Operations

of bond loans, including equity-linked bond loans, and bank, bilateral and syndicated financing) 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 relevant variable rates, paying particular attention to trends relating to the 1/3/6-month Euribor rate. To mitigate this risk, it carries out interest rate risk hedging operations when necessary using the appropriate financial instruments.

In 2023 the Governing Council of the ECB decided to raise the three key interest rates by a total of 200 basis points each, pursuing a monetary policy aimed at preserving price stability and ensuring a return of inflation to its medium-term target of 2%. However, at the last two meetings in 2023 the Council opted to maintain the rates at the same level following the last increase in September 2023, considering them to be at the level where, if maintained for a sufficiently long period, they could make a substantial contribution to the return of inflation to the target value of 2%. The future development of reference rates will be driven, not least, by data and how these will change the ECB's assessment of the outlook for prices in the medium term.

If there were significant fluctuations in variable interest rates in the future and the risk hedging policies possibly adopted by the Nexi Group were not adequate, there could be an increase in the financial charges, with consequent significant impacts on the Nexi Group's economic and financial results and prospects.

Indeed, it is not possible to rule out that at a future date the Nexi Group may have to refinance its financial 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 that may compromise Group operations.

Business Outlook

The outlook for the current year is set against the backdrop of an economic cycle weakened by monetary tightening policies aimed at slowing inflation, and made uncertain by geopolitical tensions and new rules on public finances in the euro area.

In these early days of 2024 there have been no clear signs of Europe emerging from its economic stagnation.

Net of new exogenous shocks, however, household consumption - which a significant component of the Group's payment flows and hence revenues depends on - is expected to gradually benefit from the recovery of purchasing power thanks to the gradual reduction of inflation and the renewal of collective labour contracts, not to mention the resilience of employment levels. Indeed, positive movement is expected in Northern Europe, especially in the second half of the year, as it was the region that suffered most from weak private consumption in 2023.

Forecasts for the main markets in Southern Europe, including Italy, foresee further progress in the digitisation of retail payments, resulting in positive returns on the recent and current investments made by the Group.

For 2024, also in light of the complex macroeconomic scenario described, the Group's financial targets are as follows:

- Mid-single-digit growth in revenues on an annual basis;
- Mid-to-high single digit EBITDA growth year-on-year, with margin up more than 100 basis points;



Board of Directors' Management Report on Group Operations

- Excess cash generation² over Euro 700 million;
- Net financial leverage² down below 2.9x EBITDA, including the M&A transactions announced and the effects of the share buyback programme.

In the medium term, assuming continued strong growth in digital payment penetration in the Group's key geographies and a gradual macroeconomic recovery, Nexi forecasts:

- Revenues gradually re-accelerating from mid-single digit growth year-on-year;
- EBITDA margin continuously expanding by more than 100 basis points per year;
- Continued strong growth in organic cash generation² expected to reach around Euro 1 billion in 2026;
- Target financial leverage² of ~2.0x-2.5x EBITDA by 2026 after further return of capital to shareholders (1.5x on an organic basis).

The full integration of the Merchant Solutions activities of PayComet (formerly Banco Sabadell) in Spain will also be completed during the year.

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

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 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 2023.

Research & Development

Note that the Group did not undertake any research and development activities in 2023. Please refer to the section "Group Information System" for information on the execution of project initiatives and activities involving the Group's applications during 2023.

Treasury Shares

As at 31 December 2023 the parent company Nexi SpA held no. 744,170 treasury shares for a market value of Euro 7,013 thousand.

At 31 December 2023 no treasury shares of the Nexi Group were held by the other companies of Group.

² Management metrics, which are not among the IFRS alternative performance indicators described above.



Board of Directors' Management Report on Group Operations

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, listed shares of Banca Monte dei Paschi di Siena, unlisted shares of Acorns and entered into a number of derivative contracts in 2023 to hedge the interest rate risk associated with outstanding floating-rate financing, as well as certain derivative contracts on equity investments in subsidiaries and jointly controlled companies. Furthermore, the Group has two convertible bonds outstanding as at 31 December 2023. 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.

Rating

During 2023, also as a result of the improvement in the Group's financial health and prospect of deleveraging, the Standard & Poor's, Fitch and Moody's rating agencies revised the rating of Nexi and the Bond Loans upwards one notch compared to 31 December 2022. Current Nexi's rating are listed in the table below.

	Moody's	S&P Global Ratings	Fitch Ratings
LT Corporate Family Rating			
LT Issuer Credit Rating	Ba1	BB+	BB+
LT Issuer Default Rating			
Outlook	Stable	Positive	Stable
Last Review Date	4 Aug 2023	25 July 2023	1 Feb 2024



Board of Directors' Management Report on Group Operations

Significant Events after the Reporting Period

As reported in the "Human Resources" section, on 28 February 2024 an agreement was signed with the Italian trade union representatives for the voluntary redundancy of about 400 employees.

Furthermore, taking into account the substantial existing cash available and the strong growth in current and future cash generation, and also considering that the current share price does not fully reflect the value of the Company and its prospects, note that the Board of Directors decided to propose an 18-month treasury share buyback programme up to a maximum of Euro 500 million at the next Shareholders' Meeting on 30 April 2024.

Milan, 6 March 2024
The Board of Directors





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Consolidated Financial Statements as at 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousand euros)

ASSETS	Notes	Dec. 31, 2023	Dec. 31, 2022 Restated
Cash and cash equivalents	3	800,172	448,778
Financial assets at Fair Value	4	129,189	146,904
Financial assets measured at amortised cost:	5	5,708,585	4,358,386
a) loans and receivables with banks		2,225,657	1,875,404
b) loans and receivables with financial entities and customers		3,482,928	2,482,982
Hedging derivatives	6	1,571	870
Equity investments	7	71,960	41,820
Tangible assets	8	549,053	563,354
Intangible assets	9	16,584,054	18,052,180
of which: Goodwill		11,999,223	13,041,982
Tax assets	10	248,922	210,818
a) current		15,837	14,896
b) deferred		233,085	195,922
Non-current assets held for sale and discontinued operations	11	105,139	2,471
Other assets	12	2,151,143	1,727,647
Total assets		26,349,788	25,553,228

(Amounts in thousand euros)

LIABILITIES	Notes	Dec. 31, 2023	Dec. 31, 2022 Restated
Financial liabilities measured at amortised cost	13	11,095,636	9,650,822
a) due to banks		4,130,544	3,497,444
b) due to financial entities and customers		2,919,348	2,141,864
c) securities issued		4,045,744	4,011,514
Financial liabilities at Fair Value through profit or loss	14	246,313	249,639
Hedging derivatives	6	24,419	256
Tax liabilities	10	1,089,958	1,262,323
a) current		37,777	106,715
b) deferred		1,052,181	1,155,608
Liabilities associated with non-current assets held for sale and discontinued operations	11	14,774	721
Other liabilities	15	2,373,133	1,953,152
Post-employment benefits	16	32,000	30,996
Provisions for risks and charges	17	176,409	148,186
Share capital	18	118,647	118,583
Treasury shares (-)	18	(7,013)	(4,440)
Share premium	18	11,587,260	11,587,260
Reserves	18	713,900	484,491
Valuation reserves	18	(132,390)	(90,226)
Profit (loss) for the year	19	(1,005,989)	138,995
Equity attributable to non-controlling interests (+/-)	18	22,731	22,470
Total liabilities and equity		26,349,788	25,553,228



Consolidated Financial Statements as at 31 December 2023

CONSOLIDATED INCOME STATEMENT

(Amounts in thousand euros)

	Notes	2023	2022 Restated
Fees for services rendered and commission income	20	5,813,560	5,301,044
Fees for services received and commission expense	21	(2,345,323)	(2,106,995)
Net fee and commission income		3,468,237	3,194,049
Interest and similar income	22	125,313	49,650
Interest and similar expense	23	(383,096)	(221,256)
Net interest income		(257,783)	(171,606)
Profit (loss) on hedging/ financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at amortised cost	24	48,216	793
Dividends and profit (loss) from sale of assets at Fair Value through other comprehensive income	25	(86,124)	(20,496)
Financial and operating income		3,172,546	3,002,740
Administrative expenses	26	(1,846,835)	(1,845,934)
Personnel-related costs	26.1	(801,725)	(804,698)
Other administrative costs	26.2	(1,045,110)	(1,041,236)
Other operating income/expenses, net	27	2,855	139
Net value adjustments on assets measured at amortised cost	28	(3,393)	(13,159)
Net accruals to provisions for risks and charges	29	(48,616)	7,556
Net value adjustments/write-backs on tangible and intangible assets	30	(2,151,752)	(933,663)
Operating margin		(875,195)	217,679
Profit (loss) from equity investments and disposals of investments	31	(14,391)	3,281
Profit (loss) before taxes from continuing operations		(889,586)	220,960
Income taxes	32	(134,331)	(126,760)
Income (loss) after tax from discontinued operations	33	21,156	47,706
Profit (loss) for the year		(1,002,761)	141,906
Profit (loss) for the year attributable to the parent company		(1,005,989)	138,995
Profit (loss) for the year attributable to non- controlling interests	34	3,228	2,911
Basic result per share	41	(0.76)	0.11
Diluted result per share	41	(0.72)	0.10



Consolidated Financial Statements as at 31 December 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousand euros)

	2023	2022 Restated
Profit (Loss) for the year	(1,002,761)	141,906
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at Fair Value through other comprehensive income	19,698	32,716
Defined benefit plans	(1,062)	6,209
Items that will be reclassified subsequently to profit or loss		
Exchange rate changes	23,802	(165,947)
Cash flow hedges	(23,135)	226
Other comprehensive income (net of tax)	19,303	(126,796)
Total comprehensive income	(983,458)	15,110
Consolidated comprehensive income attributable to non-controlling interests	3,357	3,184
Consolidated comprehensive income attributable to the parent company	(986,815)	11,926

Note: for further details see section 36



Consolidated Financial Statements as at 31 December 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN 2023

(Amounts in thousand euros)

	Balance as at January 1, 2023	Change in opening balance	Balance as at January 1, 2023 Restated	Allocation of prior year profit		Changes in the year		2023 Comprehensive income		
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit/(Loss) for the year	Other comprehensive income items	Shareholders' equity as at December 31, 2023
1. Group equity:	12,219,590	15,073	12,234,663	-	-	-	26,567	(1,005,989)	19,174	11,274,415
Share capital	118,583		118,583				64			118,647
Tresuary shares	(4,440)		(4,440)				(2,573)			(7,013)
Share premium	11,587,260		11,587,260							11,587,260
Reserves	468,390	16,101	484,491	138,995		61,338	29,076			713,900
Valuation reserves	(90,226)		(90,226)			(61,338)			19,174	(132,390)
Profit/(Loss) for the year	140,023	(1,028)	138,995	(138,995)				(1,005,989)		(1,005,989)
2. Shareholders' equity attributable to non-controlling interests:	18,147	4,322	22,470	-	(3,144)	-	48	3,228	129	22,731
Total shareholders' equity	12,237,737	19,395	12,257,133	-	(3,144)	-	26,615	(1,002,761)	19,303	11,297,146

Note: for further information, see section 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN 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		
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit (loss) for the year	Other comprehensive income items	Shareholders' equity as at December 31, 2022
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)	12,237,737



Consolidated Financial Statements as at 31 December 2023

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Amounts in thousand euros)

	2023	2022 Restated
A. OPERATING ACTIVITIES		
1. Operations	952,137	991,718
Profit/(loss) for the year	(1,002,761)	141,906
Gains/losses on hedging/ financial assets and liabilities measured at FVTPL/ derecognition of assets and liabilities at amortised cost	(48,217)	(735)
Net accruals to provisions for risks and charges and other costs/revenues	48,616	(7,556)
Amortisation, depreciation and net impairment losses on tangible and intangible assets	2,151,752	933,912
Unpaid taxes, duties and tax assets	(218,362)	(8,708)
Other adjustments(***)	21,109	(67,101)
2. Cash flows generated/(used) by financial assets	(1,746,540)	(1,142,698)
Loans and receivables with banks	(345,027)	(147,408)
Loans and receivables with customers	(1,010,692)	(704,941)
Other assets	(390,821)	(290,349)
3. Cash flows generated/(used) by financial liabilities	1,696,827	785,363
Payables to banks	480,431	(64,261)
Payables to customers	784,278	465,804
Other liabilities	432,118	383,820
Net cash flows generated/(used) by operating activities	902,424	634,383
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	(129,443)	(146,126)
Acquisitions of intangible assets	(335,099)	(380,673)
Sale/purchase of subsidiaries, business units and other non-current assets	(175,916)	(498,874)
Dividends received	617	3,400
Net cash flows generated/(used) in investing activities	(639,841)	(1,022,273)
C. FINANCING ACTIVITIES		
Repayments of loans and securities(*)	(53,327)	(1,502,513)
Dividends paid	(3,127)	(1,503)
Issues/purchases of equity instruments	(4,735)	-
Issues of debt instruments and new loans(**)	150,000	794,568
Net cash flows generated/(used) by financing activities	88,811	(709,448)
NET CASH FLOWS GENERATED/(USED) FOR THE YEAR	351,394	(1,097,338)
Net cash generated/used during the year	351,394	(1,097,338)
Cash and cash equivalents at the start of the year	448,778	1,546,116
Cash and cash equivalents at the end of the year	800,172	448,778

(*) In 2023 consisting mainly of repayment of lease debt (Euro 494 million) and repayment of funding to support the BNPL solution (Euro 39 million).

(**) For 2023 consisting of the last drawdown of the 2022 Term Loan.

(***) For 2023 consisting mainly of non-cash costs/revenues related to LTI/Stock Grant plans (about Euro 19.6 million), amortised cost and other interest not collected/paid (around Euro 58.4 million), offset by the negative effect of changes in net working capital (Euro 67 million).





1.3

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Notes to the Financial Statements

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 structure of the entity

S.p.A. (Italian public limited company)

Country of registration

Italy

Address of the entity's registered office

Corso Sempione, 55

Main place of business

Milano - 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

S.p.A.

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

2023





Notes to the Financial Statements - **Accounting Policies**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

The Group has prepared these Consolidated Financial Statements as at 31 December 2023 in accordance 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 2023, the IAS/IFRS standards endorsed and in force as at 31 December 2023 were applied, including the SIC and IFRIC interpretative documents. No derogations were made from the IAS/IFRS standards.

In addition, as required by current legislation, the Nexi Consolidated Financial Statements are made available to the public in the iXBRL format. Note that due to some technical limits of the main tools used in the market some information contained in the Notes to the Consolidated Financial Statements, 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.

It should be noted that the publication of the Nexi Group's Consolidated Financial Statements as at 31 December 2023 was authorised by a resolution of the Board of Directors on 6 March 2024.

The Consolidated Financial Statements as at 31 December 2023 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 year, the Financial Statements and Notes present comparative figures as at 31 December 2022, which, as described in section 43, were restated as a result of the completion of the Purchase Price Allocations relating to the acquisitions of Nexi Payments Greece and BPER acquiring book as well as the classification of DBS eID assets as discontinued operations.

The Consolidated Financial Statements as at 31 December 2023 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.

Notes to the Financial Statements - Accounting Policies

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 non-mandatory information deemed useful for the purposes of presenting a true and fair view of the Group's situation. In continuity with what was carried out during the preparation of the 2022 annual financial statements, also for the purposes of the Consolidated Financial Statements as at 31 December 2023 reference was made to the ESMA documents and in particular to the document issued on 25 October 2023 concerning the priorities relating to the financial statements prepared based on the IASs/IFRSs. Specifically, the enforcement priorities for 2023 for financial statements prepared in accordance with international accounting standards are:

- Climate-related aspects for which ESMA emphasises the need for consistency in estimates and measurements between financial statements and non-financial statements, recommending that they be included in the assumptions used in the impairment testing process, and requiring clear information with specific reference to the accounting of emission allowances (ETS) and renewable energy certificates. The Group considers these aspects to be irrelevant to the type of business and the sector it operates in;
- Impacts of the current macroeconomic environment on refinancing and other financial risks. Apart from the process of determining Fair Value and related disclosure, considering the operations and risks it is exposed to, the Group has not identified any significant issues worthy of note;
- Alternative Performance Measures and the preparation of the financial statements in ESEF format, with regard to which reference is made to the information contained in this section and in the Management Report.

In 2023 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 2023.

Specifically, the following changes in accounting standards apply from 1 January 2023:

- IFRS 17 Insurance Contracts and subsequent amendments - In May 2017 the IASB published the new IFRS 17 "Insurance Contracts" accounting standard, which was subsequently amended on 25 June 2020 and endorsed by EU Regulation no. 2036/2021 of 19 November 2021. IFRS 17 superseded IFRS 4 and applies to all types of insurance contracts (e.g. life, non-life, direct insurance, reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features, and allows for a single way of representing insurance contracts. IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
 - a specific adjustment for contracts with direct participation (the variable fee approach);
 - a simplified approach (the premium allocation approach) mainly for short-term contracts.

In December 2021 the IASB also issued the initial application of IFRS 17 and IFRS 9 – Comparative information (amendment to IFRS 17). The amendment is a transition option relating to comparative information on financial assets presented in connection with the first-time application of IFRS 17.

The amendment is intended to help insurers avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for users of financial statements. IFRS 17, which takes account of this amendment, is effective for financial years beginning on or after 1 January 2023.

During the year, the Group carried out an assessment involving all its companies with the aim of checking the applicability of the standard. Given that the Group does not include insurance companies or companies engaged in the insurance business, the analysis focused on any other cases, also taking into account exclusions from application envisaged by the standard.

As a result of this assessment, IFRS 17 is not applicable within the Nexi Group.

- *Definition of accounting estimate – Amendments to IAS 8* - In February 2021 the IASB issued amendments to IAS 8, introducing a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
- *Disclosures of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2* - In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to disclosures of accounting policies. The amendments aim to help entities provide more useful accounting standard disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting standards. Moreover, guidance is added on how entities apply the concept of materiality in making accounting standard disclosure decisions.

Notes to the Financial Statements - Accounting Policies

- *Deferred taxes relating to assets and liabilities arising from a single transaction - Amendments to IAS 12* - In May 2021 the IASB issued amendments to IAS 12, narrowing the scope of the initial recognition exception included in IAS 12, which is no longer to be applied to those transactions that give rise to taxable and deductible temporary differences in equal measure. The changes are applied to transactions occurring after or at the beginning of the comparative period presented. Furthermore, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognised for all deductible and taxable temporary differences associated with leases and restoration provisions.
- *International Tax Reform - Pillar Two Model - Amendments to IAS 12* - At the end of 2021 more than 135 countries, accounting for more than 90% of global GDP, reached an agreement on international tax reform introducing a Global Minimum Tax for large multinational corporations. In detail, these countries adhered to the OECD Inclusive Framework on Base Erosion and Profit Shifting, which introduces a two-pillar model to address tax issues arising from the digitisation of the economy. In Europe, the Directive to implement the minimum tax component of the OECD reform was approved by the European Commission on 12 December 2022. Following the overcoming of reservations by some Member States, unanimous agreement was reached in the EU for the adoption of the proposed EU Directive to achieve a minimum level of effective taxation of 15% for multinational groups with total revenues exceeding Euro 750 million per year. Directive No. 2523/2022 was published in the EU Official Journal on 22 December 2022 and applies from the 2024 tax year. Other non-EU countries where the Group is present may implement the same internationally derived legislation in their national laws. With the publication of the amendments to IAS 12, the IASB intends to respond quickly to the concerns of several stakeholders on the potential implications of the application of the Pillar Two rules on tax accounting, given the imminent entry into force of the new tax provisions in some jurisdictions. Specifically, the amendments to the standard introduce a mandatory temporary exception not to recognise deferred taxation resulting from the implementation of the Pillar Two Framework. The exception is immediately applicable and retroactive. Specific disclosure requirements are also envisaged for the companies affected (applicable starting from the annual financial statements that commence with 1 January 2023), with different disclosure obligations to be fulfilled in periods when the Pillar Two regulations are enacted or substantially enacted but not yet in force and in periods in which the tax reform is in force. This new obligation falls on the parent company Nexi SpA, and analyses are currently under way to identify the most appropriate methods for managing it. Indeed, taking into account the involvement of more than 20 jurisdictions and more than 70 companies and subsidiaries of the Group in this obligation, the activities also include the identification of a tool that is suitable for this corporate structure. Efforts are also under way to estimate the likelihood that the simplified Safe Harbour requirements are applicable in the jurisdictions the Group operates in (using 2024 figures), which - if met - would not result in tax payments arising from the application of the aforementioned new law.

These changes had no impact on the Group with respect to the balances of the Consolidated Financial Statements as at 31 December 2023 and comparative balances.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not early adopted by the Group as at 31 December 2023

- *Amendments to IFRS 16 Leases: Lease Liabilities in a Sale and Leaseback Agreement.*

From 1 January 2024 amendments to IFRS 16 are mandatory, which specify how the lessee-seller subsequently assesses sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale, and amendments to IAS 1, which mainly clarify the distinction between current and non-current liabilities.

Specifically, with regard to the amendments to IFRS 16, note that a sale and leaseback transaction consists of the sale of an asset by a seller and the repurchase of that same asset by entering into a lease. A characteristic of sale and leaseback transactions is that the sale price and lease payments are usually interdependent. The key issue is to define whether the transaction represents a true sale, in which most of the risks and rewards are transferred to the buyer, while the seller continues to use the asset, exposing itself to some (but not substantially all) of the risks and rewards, or whether it is merely a transaction for financial, tax or other purposes, in which the risks/benefits of ownership of the asset essentially remain with the seller/lessee. IFRS 16 governs this topic: if the selling lessee transfers the asset to another entity (the purchasing lessor) and leases back the asset from the purchasing lessor, both the selling lessee and the purchasing lessor must account for the transfer agreement and the lease under IFRS 16. To determine whether the transfer of the asset constitutes a sale, entities shall apply the requirements for determining when the obligation to do something is discharged under IFRS 15. Similarly, IFRS 15 shall be applied to determine whether the transfer of the asset is accounted for as a sale of the asset. A sale and leaseback qualify as a sale if the lessor purchaser obtains control of the underlying business.



Notes to the Financial Statements - Accounting Policies

The seller-lessee measures a leaseback asset as the percentage of the former carrying amount of the asset that relates to the retained right of use. The gain (or loss) recognised by the seller is limited to the percentage of the total gain (or loss) that relates to the rights transferred to the buyer-lessee. Any difference between the sale proceeds and the Fair Value of the asset is a prepayment of lease instalments (if the purchase price is below market terms) or additional financing (if the purchase price is above market terms). The same logic applies if the lease payments are not at market rates.

- Amendments to IAS 1: Presentation of Liabilities as Current or Non-Current and Subsequent - Deferral of First Application Date

The amendments to IAS 1 clarify that an entity must classify a liability as current when:

- a) it is expected to settle the liability in its normal operating cycle;
- b) it possesses it primarily for the purpose of negotiating it;
- c) the liability must be discharged within 12 months after the end of the financial year; or
- d) at the end of the reporting period it does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All other liabilities are to be classified as non-current.

Liabilities arising from financing arrangements may be classified as non-current when the entity's right to defer settlement of those liabilities is subject to the entity's compliance with the terms within twelve months after the reporting period. In such situations the entity must disclose information in the notes that enables users of its financial statements to understand the risk that the liabilities may become repayable within twelve months after the reporting period. Specifically, the entity must disclose information about the terms (including the nature of the terms and when the entity is required to comply with them) and the carrying amount of the related liabilities and information about any facts and circumstances that indicate that the entity may have difficulty complying with the terms. The amendments also clarify that for the purposes of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of cash or other economic resources, e.g. goods or services or equity instruments of the entity. The terms of a liability that, at the option of the counterparty, could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, in applying IAS 32, the entity classifies the option as an equity instrument and recognises it separately from the liability as a component of equity in a compound financial instrument.

These amendments have been analysed and it is therefore specified that, given the nature of the Group's business and capital structure, these new amendments to the standards will have very little if any impact on the Group's consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations not yet endorsed by the European Union and not applicable at 31 December 2023

La tabella seguente mostra infine gli standard per i quali sono state emanate modifiche non ancora oggetto di omologa da parte dell'Unione Europea.

IASB documents	IASB publication date
Amendment allo IAS 7 "Statement of Cash Flows": Supplier Finance Arrangements	25/05/2023
Amendment all'IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements	25/05/2023
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	15/08/2023

Since none of these has been approved by the European Union, they have not had any impact on the Consolidated Financial Statements as at 31 December 2023.

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.



Notes to the Financial Statements - Accounting Policies

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 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. Note that as required by IAS 743, cash flows from investing activities were excluded that did not require the use of cash or cash equivalents, including lease transactions.

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 from its involvement with the investee;
- has the ability to affect those returns through its power over the entity.

Notes to the Financial Statements - Accounting Policies

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 requires a greater use of judgement as it is necessary to consider all the factors and circumstances that give control over the entity (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 2023, the following were used: i) the financial statements for the period of the Parent Company Nexi SpA and ii) the accounting results as at 31 December 2023, 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 held by the Parent Company and the corresponding share of the shareholders' equity have been eliminated;
- recognising the equity and profits or losses of non-controlling interests 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 intangible assets in the 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. Acquisitions of companies are accounted for according to the "acquisition method" envisaged in IFRS 3, on the basis of which the identifiable assets acquired and the identifiable liabilities assumed (including potential liabilities) are to be recognised at their respective Fair Values at the acquisition date. Moreover, for each business combination, any non-controlling interest in the acquiree may be recognised at Fair Value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Any excess of the consideration transferred (represented by the Fair Value of the assets sold, liabilities incurred and equity instruments issued) and the Fair Value of the minority interests over the Fair Value of the assets and liabilities acquired is recognised as goodwill. If the price is lower, the difference is recognised in the income statement. The Group applies the Partial Goodwill method and therefore accounts for minority interests at the carrying amount.

The "acquisition method" is applied from the date of acquisition, i.e. when control of the acquired company is effectively obtained. Therefore, the economic results of a subsidiary acquired during the reporting period are included in the consolidated financial statements from the date of its acquisition. Similarly, the results of operations of a transferred subsidiary are included in the consolidated financial statements up to the date on which control ceased. The difference between the sale consideration and the carrying amount at the date of disposal (including exchange rate differences recognised in equity at the time of consolidation) is recognised in the income statement.

In a multi-stage business combination, the Fair Value at the acquisition date must also be determined by reference to the interests in the acquiree previously held by the acquirer.

Pursuant to IAS 28, the Group 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, as well as equity investments subject to joint control in accordance with IFRS 11. 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 investee's profit or loss for 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.



Notes to the Financial Statements - Accounting Policies

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 period. 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 period-end exchange rate.

Scope of Consolidation

The following table shows the list of subsidiaries in the Nexi Group as at 31 December 2023:

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
Nexi Central Europe AS	subsidiary	EUR	Nexi SpA	100	Bratislava, Slovakia
Nexi Greece Single Member SA	subsidiary	EUR	Nexi SpA	100	Athens, Greece
Numeria Sistemi e Informatica SpA	subsidiary	EUR	Nexi Payments SpA	100	Sassari, Italy
PforCards GmbH (Austria)	subsidiary	EUR	Nexi SpA	100	Wien, Austria
Nexi RS d.o.o. Beograd	subsidiary	RSD	Nexi Central Europe a.s.	100	Beograd, Serbia
SIa Croatia d.o.o.	subsidiary	HRK	Nexi Central Europe a.s.	100	Zagreb, Croatia
Nexi Czech Republic, s.r.o.	subsidiary	CZK	Nexi Central Europe a.s.	100	Prague, Czech Republic
SIa Payment Services	subsidiary	EUR	Nexi Central Europe a.s.	100	Bratislava, Slovakia
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 Oy	100	Tampere, Finland
Nexi Germany GmbH	subsidiary	EUR	Nexi Germany Holding GmbH	100	Eschborn, Germany
Nexi Austria GmbH	subsidiary	EUR	Nexi Germany GmbH	100	Vösedorf, Austria
Nexi Germany Holding GmbH	subsidiary	EUR	Evergood Germany 1 GmbH	100	Eschborn, Germany
Nexi Germany Sales GmbH	subsidiary	EUR	Nexi Germany Holding GmbH	100	Köln, Germany
eCard S.A. ^(*)	subsidiary	PLN	P24 Dotcard Sp. z o.o.	100	Warszawa, Poland
Orderbird AT GmbH	subsidiary	EUR	Orderbird GmbH	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	Nexi Germany Holding GmbH	100	Zagreb, Croatia
Nexi Slovenia Ltd	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
Nexi Schweiz AG	subsidiary	CHF	Nexi Germany GmbH	100	Wallisellen, Switzerland
Orderbird GmbH Germany (ex Orderbird AG)	subsidiary	EUR	Nexi Germany GmbH	98.15	Berlin, Germany
Paytech Payment Provider GmbH	subsidiary	EUR	Nexi Germany 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
PayPro S.A. ^(*)	subsidiary	PLN	eCard S.A.	18	Poznań, Poland



Notes to the Financial Statements - Accounting Policies

Company	Structure	Currency	Investor	%ownership	Registered office
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
Nexi Digital Finland 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	Nexi Germany 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
Team4U Sp. z o.o.	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	75	Bydgoszcz, Poland
Trust Services Aps	subsidiary	DKK	Nassa Topco AS	100	Ballerup, Denmark

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

Note that in 2023 the scope of consolidation changed mainly due to the acquisition of control of Split Tech-Solutions GmbH, a company based in Frankfurt, Germany, that offers innovative solutions in the catering industry. The transaction price was approximately Euro 2 million. The transaction represents a business combination that was accounted for in accordance with IFRS 3. For further information, please refer to section 39 of the Notes.

Note also that during the year the following business combination transactions under common control were carried out with the aim of simplifying the Group structure, which did not generate impacts on the Nexi Group's consolidated financial statements:

- Merger of Split Tech-Solution and Glib Wireless GmbH into Orderbird GmbH;
- Merger of Storebox into Nets Denmark.

Moreover, the liquidations of SIA Romania Payments Technologies, NETS US LLC and Topcard were completed during the year, and a new company, Trust Services, was set up, which is necessary for the sale of the eID business.

Finally, note that Poplatek Payments Oy was merged into Nets Denmark effective 1 January 2024.

The scope of consolidation of the Nexi Group's financial statements as at 31 December 2023 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
QRTAG Sp. z o.o. (**)	significant influence/joint control	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	45	Poznań, Poland
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	Nexi Germany GmbH	40	Düsseldorf, Germany
Computop Paygate GmbH ^(**)	significant influence/joint control	EUR	Nexi Germany Holding GmbH	30	Bamberg, Germany
Computop inc. (USA) ^(**)	significant influence/joint control	USD	Computop Paygate GmbH	30	Delaware, United States
Computop Ltd. (UK) ^(**)	significant influence/joint control	GBP	Computop Paygate GmbH	30	London, United Kingdom
Computop Shanghai Co.Ltd ^(**)	significant influence/joint control	CNY	Computop Paygate GmbH	30	Shanghai, China
Computop Finance GmbH (Germany) ^(**)	significant influence/joint control	EUR	Computop Paygate GmbH	30	Bamberg, 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
Digital Commerce Finland Oy	significant influence/joint control	EUR	Paytrail Oyj	16.67	Eteläanta, Finland

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

(**) = Companies included in full consolidation scope in 2023

(***) = For indirect shareholdings significant influence/joint control has been indicated the relevance percentage

Notes to the Financial Statements - Accounting Policies

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, with the aim in particular of assessing whether the entity 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 are not the determining factor for the assessment 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.



Notes to the Financial Statements - Accounting Policies

Significant Restrictions

As for significant restrictions applicable to the transfer of resources within the Nexi Group, note that, as specified in the relevant section, some companies of the Group are subject to prudential rules under supervisory regulations in order to preserve adequate capitalisation based on the risks taken. The ability of such 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

No accounting records of subsidiaries used in preparing the consolidated financial statements refer to non-homogeneous accounting standards or a date other than that of the consolidated financial statements.

As noted in the management report, the Directors confirm the reasonable expectation that the Group will continue to operate on a going concern basis in the foreseeable future.

In this regard, the Directors believe that no risks and uncertainties have arisen that would raise doubts as to the Group's ability to continue as a going concern, and that the Group has a reasonable expectation of being able to continue operating in the foreseeable future.

For the purpose of expressing the aforesaid opinion, the Directors also evaluated the effects of the uncertainties related to the reference macroeconomic landscape, taking into account the current geopolitical tensions, which could reasonably lead to negative repercussions on the corporate future results. However, the extent of these effects is deemed to be negligible with respect to continuing as a going concern, especially considering the current and prospective solidity of the Group's equity and financial structure.

For information on the Group's risks and related controls, see Note 35. "Information on risks and related hedging policies" in these Notes to the Financial Statements, as well as the Group's Management Report.

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.

Recognition Criteria

They are initially recognised at the settlement date and measured at Fair Value, which includes the transaction costs and/or proceeds directly 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.

Notes to the Financial Statements - Accounting Policies

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.

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 direct transaction costs/proceeds.

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.



Notes to the Financial Statements - Accounting Policies

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.



Notes to the Financial Statements - Accounting Policies

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.

Notes to the Financial Statements - Accounting Policies

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

Tangible assets 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.

Tangible assets held for use in production or for the supply of goods and services are classified as "Property and equipment" 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;



Notes to the Financial Statements - **Accounting Policies**

- 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 tangible assets 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

Tangible assets are derecognised when disposed of or when no further future economic benefit is expected from their use or de-commissioning.

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 peri-

Notes to the Financial Statements - Accounting Policies

od 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.

Goodwill may be recognised in the context of business combinations when the positive difference between the consideration transferred and the Fair Value of the non-controlling interest and the Fair Value of the assets acquired is representative of the future earning capacity of the equity investment (goodwill).

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.

In conducting the impairment test as at 31 December 2023, the following was also taken into account:

- ESMA's Public Statement of 25 October 2023 "European common enforcement priorities for 2023 annual financial reports" as reported in the previous section, which among other things reiterates a number of recommendations already present in its previous Public Statement published in October 2022.
- Discussion paper no. 1/2022 "Impairment test of non-financial assets (IAS 36)" published on 29 June 2022 by the Organismo Italiano di Valutazione ("OIV") following the war in Ukraine, which incorporates the contents of ESMA's Public Statement of 13 May 2022 (the subject of Consob's Warning Note of 19 May 2022) and provides operational guidance for dealing with the uncertainty of the current environment in the context of the possible exercise of the impairment test.

Notes to the Financial Statements - Accounting Policies

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 fulfil 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 tax for the year on current operations", 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.



Notes to the Financial Statements - Accounting Policies

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.

Lease payables are recognised on the basis of the present value of future instalments still to be paid over the contractual term discounted at the interest rate implicit in the transaction or, if not determinable, the marginal financing rate.

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 2023 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.

Notes to the Financial Statements - Accounting Policies

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 and according to the accrual criterion of the service provided.

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).



Notes to the Financial Statements - Accounting Policies

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 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;



Notes to the Financial Statements - Accounting Policies

- 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.



Notes to the Financial Statements - Accounting Policies

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 IASs/IFRSs, 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 and/or independent assessments 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.

The main factors of uncertainty that could affect the future scenarios the Group will operate in include macroeconomic impacts related to interest rate trends, inflation and market trends.

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.

Notes to the Financial Statements - Accounting Policies

While stressing that the use of reasonable estimates is key when drafting the 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 the 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, the main estimates concern, on the one hand, 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 and the flows used to determine the so-called terminal value generated by the CGU are estimated separately and appropriately discounted, and in the case of assets with a finite useful life the estimated useful life. 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) are estimated.

Events after the Reporting Period

No events occurred after the date of the financial statements that had an impact thereon.

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.

Notes to the Financial Statements - Accounting Policies

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 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 Information

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 valued at Fair Value were mainly in place:

- 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 to European merchants of Visa Europe, a company that has been incorporated into Visa Inc US.
- Acorns shares in the portfolio, Fair Value was estimated using models generally used by market operators (Discounted Cash Flow) based partially on market-driven parameters;
- Monte dei Paschi di Siena shares in portfolio, listed on active markets and valued according to market prices.
- Contingent consideration: Fair Value is estimated as the present value of expected cash outflows, based on contractually agreed earn-out mechanisms, using the weighted average cost of capital (WACC) at the valuation date.
- Derivatives 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.
- 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



Notes to the Financial Statements - Accounting Policies

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 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.
- 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

Acorns shares and derivatives on shares of unlisted companies represent instruments whose Fair Value is Level 3. Specifically, the volatility of the option's Fair Value as the main non-market parameters change is provided below:

CALL OPTION SOLD ON SHARES OF NEXI PAYMENTS GREECE:

Discount Rate/Volatility	2%	Base	-2%
1%	94%	22%	-31%
Base	63%	0%	-46%
-1%	36%	-19%	-58%

PUT AND CALL OPTIONS AND FORWARDS TO PURCHASE SHARES OF COMPUTOP GMBH

Discount Rate/Volatility	2%	Base	-2%
1%	34.2%	34.6%	35.0%
Base	-0.4%	0%	0.4%
-1%	-36.1%	-35.7%	-35.2%



Notes to the Financial Statements - Accounting Policies

ACORNS SHARES

WAAC	% impact on Fair Value
-0.50%	6%
Base	-
0.50%	-6%
g rate	% impact on Fair value
0.50%	5%
Base	-
-0.50%	-5%

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 Information

Fair Value Hierarchy

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

	Dec.31, 2023			Dec.31, 2022 Restated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at Fair Value through profit or loss	-	3,388	6,260	-	3,083	-
Financial assets at Fair Value through OCI	30,460	79,080	10,000	19,200	124,621	-
Hedging derivatives	-	1,571	-	-	870	-
Total	30,460	84,040	16,260	19,200	128,574	-
Financial liabilities at Fair Value through profit or loss	-	245,624	689	-	234,968	14,671
Hedging derivatives	-	24,419	-	-	256	-
Total	-	270,043	689	-	235,224	14,671



Notes to the Financial Statements - Accounting Policies

The item "Financial assets measured at Fair Value through profit or loss" mainly includes the Fair Value of outstanding derivatives on shares of companies measured at Equity (approximately Euro 6 million) and the Fair Value of equity instruments held (approximately Euro 2 million), which are linked to liabilities 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" mainly comprises liabilities associated with contingent consideration recognised in connection with acquisitions for which Earn-out mechanisms are envisaged, and the option related to the shares held 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 and Liabilities Measured at Fair Value on a Recurring Basis (Level 3)

Assets measured at Level 3 Fair Value in 2023 include the shares in the company Acorns - received in 2023 as a result of the acquisition of CoHenry and the derivatives stipulated in 2023 with respect to the company Computop GmbH.

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, 2023				Dec. 31, 2022 Restated			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Loans and receivables with banks	-	2,225,657	-	2,225,657	-	1,875,404	-	1,875,404
Loans and receivables with customers	-	3,462,857	20,070	3,482,928	-	2,462,980	20,002	2,482,982
Investment property	-	1,360	-	1,204	-	1,614	-	1,607
Total	-	5,689,874	20,070	5,709,789	-	4,339,998	20,002	4,359,992
Payables to banks	-	4,130,544	-	4,130,544	-	3,497,444	-	3,497,444
Payables due to financial entities and customers	-	2,919,348	-	2,919,348	-	2,141,864	-	2,141,864
Securities issued	-	3,841,097	-	4,045,744	-	3,535,460	-	4,011,514
Total	-	10,890,989	-	11,095,636	-	9,174,768	-	9,650,822

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.



Notes to the Financial Statements - **Statement of Financial Position**

2. Statement of Financial Position

(Amounts in thousand euros)

ASSETS

3. Cash and Cash Equivalents

	Dec. 31, 2023	Dec. 31, 2022
a) Cash	46	47
b) Deposits and current accounts	800,128	448,731
Total	800,172	448,778

The item "Deposits and current accounts" refers to the liquid funds in the current accounts of Nexi SpA, and is included in the Net Financial Position presented in the Management Report. The increase is related to dividends received from the Group's operating companies, net of costs incurred by the parent company.

4. Financial Assets Measured at Fair Value

4.1 BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at Fair Value through profit or loss	9,648	3,083
Financial assets measured at Fair Value through OCI	119,540	143,821
Total	129,189	146,904

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

	Dec. 31, 2023	Dec. 31, 2022
Financial assets held for trading	-	-
Financial assets measured at Fair Value	3,388	3,083
Other financial assets mandatorily valued at Fair Value	6,260	-
Total	9,648	3,083

The item "Financial assets measured at Fair Value through profit or loss" includes Euro 1.8 million of Fair Value of Class A and Class C 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.

The item "Other financial assets mandatorily measured at Fair Value" refers to the Fair Value as of the reporting date of derivatives related to the purchase of tranches II and III of the shares in Computop GmbH, a company over which the Group exercises joint control at the reporting date. Note that the strike price for the settlement of these derivatives, estimated at the reporting date, totalled approximately Euro 105 million.



Notes to the Financial Statements - Statement of Financial Position

4.3 BREAKDOWN BY PRODUCT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	Dec. 31, 2023	Dec. 31, 2022
Debt instruments	-	-
Equity instruments	119,540	143,821
Financing	-	-
Total	119,540	143,821

4.4 BREAKDOWN BY ISSUER OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	Dec. 31, 2023	Dec. 31, 2022
a) Banks	30,501	19,241
b) Financial institutions	73,747	118,920
- Visa Inc.	63,703	86,599
- Other financial companies	10,044	32,321
c) Non-financial institutions	15,292	5,660
Total	119,540	143,821

The item "Financial assets at Fair Value through OCI" mainly refers to Visa Inc shares held by the Group's operating companies (Euro 64 million), Acorns shares (Euro 10 million) – received in 2023 following the acquisition of GoHenry – and Monte dei Paschi di Siena shares (Euro 30 million). With respect to these equity investments, the Group does not exercise control, joint control or significant influence. Note that the Class A Preferred shares in the portfolio, derived from the conversion of Visa Series C Shares in the second half of 2022, were sold in the second half of 2023.

As a result of this divestment, the portfolio shares shown above are made up of 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.

5. Financial Assets Measured at Amortised Cost

5.1 LOANS AND RECEIVABLES WITH BANKS: BREAKDOWN BY PRODUCT

	Dec. 31, 2023					Dec. 31, 2022				
	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	1,876,717	-	-	1,876,717	-	1,549,870	-	-	1,549,870	-
Prepaid cards liquidity	46,153	-	-	46,153	-	47,855	-	-	47,855	-
Restricted deposits	231,978	-	-	231,978	-	159,886	-	-	159,886	-
Other assets	70,809	-	-	70,809	-	117,793	-	-	117,793	-
Total	2,225,657	-	-	2,225,657	-	1,875,404	-	-	1,875,404	-

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.



Notes to the Financial Statements - Statement of Financial Position

The item "Restricted deposits" includes the escrow accounts connected with the Nexi Payments factoring transactions on the balances of ordinary credit cards (Euro 3.2 million) as well as Euro 279 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 65 million).

The total of the item includes Euro 1,090 million of liquidity in the operating companies' bank accounts, which has been included in the Group's Net Financial Position in the Management Report.

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

	Dec. 31, 2023						Dec. 31, 2022					
	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	145,828	-	-	-	145,828	-	191,140	-	-	-	191,140	-
Receivables from schemes	2,592,928	-	-	-	2,592,928	-	1,561,833	-	-	-	1,561,833	-
Revolving credit cards	305,053	-	523	-	305,053	523	278,441	-	1,216	-	278,441	1,216
Receivables from "Buy Now Pay Later" solution	92,679	-	17,558	-	92,679	17,558	103,281	-	18,019	-	103,281	18,019
Receivables from merchants	142,134	-	2	-	142,134	2	131,987	-	-	-	131,987	-
Other assets	184,234	-	1,988	-	184,234	1,988	196,296	-	766	-	196,296	766
Total	3,462,857	-	20,070	-	3,462,857	20,070	2,462,980	-	20,002	-	2,462,980	20,002

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 2023 included Euro 76.4 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 "Revolving credit cards" mainly includes receivables guaranteed by partner banks.

The item "Receivables from Buy now pay later solution" 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.

As the latter two items are not related to asset settlement accounts, they are included for the purpose of calculating the effects of working capital.

"Other assets" mainly include the amount due from the factoring company of Nexi Payments SpA of Euro 182.5 million connected with the balance to be settled daily with the counterparty.



Notes to the Financial Statements - Statement of Financial Position

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

	Dec. 31, 2023			Dec. 31, 2022		
	Gross value	Fund	Net value	Gross value	Fund	Net value
Performing loans						
- Stage 1	3,467,708	(4,851)	3,462,857	2,467,361	(4,380)	2,462,980
- Stage 2	-	-	-	-	-	-
Non-performing loans						
- Stage 3	61,743	(41,673)	20,070	61,581	(41,580)	20,002
Total	3,529,451	(46,523)	3,482,928	2,528,942	(45,960)	2,482,982

6. Hedging Derivatives

During 2022 Nexi SpA entered into cash flow hedging transactions related to certain outstanding variable-rate financing. These transactions fall under the type of cash flow hedges envisaged by IFRS 9.

At the reporting date the derivatives stipulated had the following values:

	Dec. 31, 2023				Dec. 31, 2022			
	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	1,571		1,571		870		870	
Total	1,571	-	1,571	-	870	-	870	-
Derivatives with negative Fair Value								
Fair Value hedge								
Cash flow hedge	24,419		24,419		256		256	
Total	24,419	-	24,419	-	256	-	256	-

The negative Fair Value of hedging derivative, amount of Euro 24 million, has been included in the Net Financial Position. The total notional amount of outstanding hedging derivatives, represented by plain vanilla interest rate swaps, is Euro 900 million.



Notes to the Financial Statements - **Statement of Financial Position**

7. Equity Investments

7.1 EQUITY INVESTMENTS: BREAKDOWN

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

Name	Direct ownership	Carrying amount Dec. 31, 2023	Carrying amount Dec. 31, 2022
A. Companies subject to joint control			
e-Boks A/S, Denmark	Nets Denmark A/S	20,648	37,977
Computop Paygate GmbH	Nexi Germany Holding GmbH	44,249	-
B. Companies subject to significant influence			
QRTAG Sp. z.o.o.	Polskie ePlatści S.A.	1,292	-
Digital Commerce Finland Oy	Paytrail Oy	50	-
Nexi Digital	Nexi SpA	1,385	910
Rs-Record Store into liquidation	Nexi Payments SpA	-	-
WEAT Electronic Datenservice GmbH, Germany	Nexi Germany GmbH	4,336	2,933
Total		71,960	41,820

In 2023 this item increased mainly as a result of the following transactions:

- Purchase of a 45% stake in the company QRTAG Sp z.o.o. for a price of approximately Euro 1.2 million.
- Purchase of a 30% stake in the share capital of the company Computop Paygate GmbH for Euro 45 million. The agreement also provides for the purchase of the remaining 70% in two tranches, within three years of the first closing. Furthermore, shareholder agreements were made such that Nexi will exercise joint control over the company until it acquires 100% of the company's capital.

7.2 CHANGE IN EQUITY INVESTMENTS CARRIED IN EQUITY

Company name	Carrying amount Dec. 31, 2022	Acquisitions 2023	Effect of measurement at equity method	Dividends	Other changes	Carrying amount Dec. 31, 2023	of which implicit Goodwill
e-Boks A/S, Denmark	37,977	-	(1,707)	-	(15,621)	20,648	14,087
Computop Paygate GmbH	-	44,947	(698)	-	-	44,249	40,043
Other equity investments	3,842	1,342	2,496	(617)	-	7,063	62
Total	41,819	46,289	90	(617)	(15,621)	71,960	

7.3 EQUITY INVESTMENTS: ACCOUNTING INFORMATION

Company name	% held	Currency	Revenues	Result for the year	Equity
e-Boks A/S, Denmark	50%	DKK	203,250	33,927	275,963
Computop Paygate GmbH	30%	Euro	20,912	(2,012)	2,264
QRTAG Sp. z.o.o.	45%	PLN	955	(165)	305
Digital Commerce Finland Oy	17%	Euro	n/a	n/a	n/a
Nexi Digital	49%	Euro	19,047	1,558	1,568
Rs-Record Store SpA in liquidazione	30%	Euro	54	(74)	243
WEAT Electronic Datenservice GmbH, Germany	40%	Euro	18,043	5,010	8,535

The figures in the table above refer to the latest approved financial statements and include the results of any equity investments held by the entities indicated above.



Notes to the Financial Statements - **Statement of Financial Position**

8. Tangible Assets

8.1 TANGIBLE ASSETS: BREAKDOWN OF ASSETS BY DESTINATION

	Dec. 31, 2023	Dec. 31, 2022
Property and equipment	547,849	561,747
Investment property	1,204	1,607
Total	549,053	563,354

8.2 PROPERTY AND EQUIPMENT: BREAKDOWN

	Dec. 31, 2023	Dec. 31, 2022
Owned		
a) Land	42,175	42,430
b) Buildings	65,944	71,184
c) POS and ATM	159,371	143,862
d) Machinery and electronic equipment/systems	114,951	123,090
e) Furniture and furnishings	7,405	8,697
f) Other	13,098	7,130
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	98,731	108,339
c) POS and ATM	11,751	17,458
d) Machinery and electronic equipment/systems	21,932	17,825
e) Furniture and furnishings	-	-
f) Other	12,491	21,731
Total	547,849	561,747

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 price allocation process (PPA).
- The item "POS and ATM" refers to assets acquired by the Group and covered by contracts with customers.
- The item "Machinery and electronic equipment/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.

At the reporting date there are no restrictions as to the usage of such rights of use. Note that for some categories of assets and/or agreements the Nexi Group exercised the right to exclude contracts with a duration of less than 12 months and/or contract value worth less than Euro 5,000 (low value contracts) from IFRS 16.

Note that commitments already undertaken in connection with the purchase of tangible fixed assets amount to Euro 5.5 million and are entirely represented by the purchase of lease rights.



Notes to the Financial Statements - Statement of Financial Position

8.3 PROPERTY AND EQUIPMENT: CHANGE

Dec. 31, 2023	Land	Buildings	POS and ATM	Machinery and electronic equipment/ systems	Furniture and furnishings	Other	Total
A. Opening balance - Gross	44,643	282,222	408,615	405,148	19,101	45,482	1,205,210
A.1 Depreciation Fund	(2,213)	(102,699)	(247,295)	(264,233)	(10,403)	(16,621)	(643,464)
A.2 Net Opening balance	42,430	179,523	161,320	140,915	8,697	28,861	561,747
B. Increases	-	42,396	83,214	77,273	791	7,684	211,358
B.1 Purchases	-	1,921	79,627	46,530	669	695	129,443
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	-	40,475	3,053	24,737	12	4,981	73,258
of which of Rights of use	-	40,416	3,053	24,737	-	4,981	73,188
B.8 Currency translation adjustment	-	-	533	6,006	110	2,008	8,657
C. Decreases	256	57,243	73,412	81,305	2,084	10,957	225,257
C.1 Sales	-	94	252	33	108	118	606
C.2 Depreciation	-	28,017	76,885	69,107	1,975	9,629	185,615
of which of Rights of use	-	22,184	8,947	9,668	-	6,325	47,124
C.3 Impairment losses	-	-	-	4,901	-	-	4,901
C.4 Negative Fair Value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	-	-	-	-	-	-
C.6 Transfers	256	1,344	-	-	-	-	1,600
a) investment property	-	-	-	-	-	-	-
b) non-current assets held for sale and discontinued operations	256	1,344	-	-	-	-	1,600
C.7 Other decreases	-	26,205	(3,725)	7,264	-	1,210	30,953
C.8 Currency translation adjustment	-	1,582	-	-	-	-	1,582
D. Closing balance - Gross	44,388	295,392	495,302	475,124	19,783	51,838	1,381,827
D.1 Depreciation Fund	(2,213)	(130,717)	(324,181)	(338,242)	(12,379)	(26,250)	(833,979)
D.2 Net Closing balance	42,175	164,676	171,121	136,883	7,404	25,589	547,849

8.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned								
a) land	180	-	-	-	339	-	-	-
b) buildings	1,024	-	-	-	1,268	-	-	-
2. Rights of use acquired through leasing								
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	1,204	-	1,360	-	1,607	-	1,614	-



Notes to the Financial Statements - Statement of Financial Position

In 2023, following the signing of a preliminary sales agreement, the property located in San Giovanni al Natisone was classified as a "non-current asset held for sale".

As a result of the above, at the reporting date the item only includes the property located in Monteriggioni (SI) (Via delle Frigge) owned by Nexi Payments SpA.

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.

8.5 INVESTMENT PROPERTY: CHANGES

	Dec. 31, 2023		
	Land	Buildings	Total
A. Opening balance - Gross	339	1,803	2,142
A.1 Depreciation Fund	-	(535)	(535)
A.2 Net Opening balance	339	1,268	1,607
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			-
<i>of which of Rights of use</i>			-
B.8 Currency translation adjustment			-
C. Decreases	159	242	401
C.1 Sales			-
C.2 Depreciation		91	91
<i>of which of Rights of use</i>			-
C.3 Impairment losses			-
C.4 Negative Fair Value adjustments			-
C.5 Business combination			-
C.6 Transfers	159	151	310
a) property and equipment			-
b) non-current assets held for sale and discontinued operations	159	151	310
C.7 Other decreases			-
C.8 Currency translation adjustment			-
D. Closing balance - Gross	180	1,652	1,832
D.1 Depreciation Fund	-	(626)	(626)
D.2 Net closing balance	180	1,026	1,206



Notes to the Financial Statements - **Statement of Financial Position**

9. Intangible Assets

9.1 ATTIVITÀ IMMATERIALI: COMPOSIZIONE PER TIPOLOGIA DI ATTIVITÀ

	Dec. 31, 2023		Dec. 31, 2022 Restated	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill		11,999,223		13,041,982
A.2 Intangible assets - Customer contracts	3,241,122		3,647,188	
A.3 Other intangible assets	1,343,709		1,363,010	
- internally generated assets	723,081		740,029	
- externally purchased assets	610,624		622,981	
- leased intangible assets	10,005		-	
Total	4,584,831	11,999,223	5,010,198	13,041,982

Goodwill as at 31 December 2023 mainly arose from the following transactions (amounts shown are gross of impairment losses recognised in 2023):

- goodwill arising from the acquisition of the Nets Group amounting to Euro 7,098 million, already net of the Purchase Price Allocation process completed in 2022. Note that in 2023 goodwill was reduced by Euro 61 million due to the classification of goodwill related to the DBS business unit under "non-current assets held for sale and discontinued operations";
- goodwill from the acquisition of the SIA Group, amounting to Euro 2,394 million net of the Purchase Price Allocation process completed in 2022;
- goodwill related to acquiring books acquired in previous years by Nexi Payments for Euro 1,357 million, already net of the Purchase Price Allocation process;
- goodwill arising from the acquisition of Intesa Sanpaolo's acquiring book in Croatia, amounting to Euro 135 million, already net of the preliminary effects of the Purchase Price Allocation process described in section 39;
- goodwill arising from the acquisition in 2022 of BPER's acquiring book and Numera amounting to Euro 251 million, already net of the provisional valuation of intangible assets related to contracts with customers as described in Section 39 and for which the Purchase Price Allocation process has not yet been concluded;
- acquisition of Nexi Payments and Help Line in 2018 (Euro 927 million, already net of the Purchase Price Allocation process);
- acquisition of Mercury Payment Services in 2017 (Euro 591 million, already net of the Purchase Price Allocation process);
- goodwill recognised in the financial statements of Nexi Payments amounting (for the Group's share) to Euro 123 million referring mainly to the payment branch acquired from DEPObank in 2018 following the corporate reorganisation of the Nexi Group;
- goodwill of Euro 153 million related to the 2022 acquisition of Nexi Payments Greece, already net of the Purchase Price Allocation process concluded in 2023 as described in section 39;
- goodwill in the amount of Euro 99 million related to the acquisitions made in 2022 of Orderbird, PayTech and Team4U already net of the Purchase Price Allocation process and the 2023 acquisition of Split Tech-Solutions CmbH.

As in the financial statements for the year ended 31 December 2022, the following three Cash Generating Units were identified:

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

These CGUs correspond to the operating segments described in section 42.

With regard to the method of allocation of goodwill to the various CGUs identified, see Section 9.3 "Intangible Assets: Impairment Testing" below.



Notes to the Financial Statements - Statement of Financial Position

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 projects not yet completed amount to Euro 333 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 resulting from the Purchase Price Allocation processes already completed in previous years, amounting to Euro 3,105 million, of which Euro 1,403 million related to SIA's PPA and Euro 1,077 million to the Nets PPA;
 - contracts with customers and customer relationships resulting from the Purchase Price Allocation processes concluded during 2023 amounting to Euro 136 million as better described in Section 39.

Note that commitments already undertaken in connection with the purchase of intangible assets amount to Euro 25.8 million.

9.2 INTANGIBLE ASSETS: CHANGES

Dec. 31, 2023	Goodwill	Customer Contracts	Other intangible assets: other			Total
			internally generated assets	externally purchased assets	leased intangible assets	
A. Net opening balance restated	13,041,982	3,647,188	740,029	622,981	-	18,052,180
B. Increases	149,351	64,720	308,788	34,744	13,202	570,805
B.1 Purchases	-	-	305,246	29,853	-	335,099
B.2 Reversals of impairment losses	-	-	-	-	-	-
B.3 Positive Fair Value adjustments	-	-	-	-	-	-
B.4 Business combination	135,715	49,513	3,269	-	-	188,497
B.5 Other increases	-	-	272	4,891	13,202	18,365
<i>of which of Rights of use</i>	-	-	-	-	13,202	13,202
B.6 Currency translation adjustment	13,636	15,208	-	-	-	28,844
C. Decreases	1,192,110	470,786	325,736	47,102	3,197	2,038,931
C.1 Sales	-	-	127	-	-	127
C.2 Amortisation	-	344,655	309,639	46,897	3,183	704,374
<i>of which of Rights of use</i>	-	-	-	-	3,183	3,183
C.3 Impairment losses	1,130,640	126,131	-	-	-	1,256,771
C.4 Business combination	-	-	-	-	-	-
C.5 Negative Fair Value adjustments	-	-	-	-	-	-
C.6 Transfers to non-current assets held for sale and discontinued operations	61,470	-	6,124	-	-	67,594
C.7 Other decreases	-	-	6,155	205	-	6,359
C.8 Currency translation adjustment	-	-	3,691	-	14	3,705
D. Net closing balance	11,999,223	3,241,122	723,081	610,623	10,005	16,584,054

9.3 INTANGIBLE ASSETS: IMPAIRMENT TESTING

With regard to the impairment test, note that in consideration of the recommendations formulated by ESMA aimed at ensuring greater transparency of the methods adopted by listed companies within the scope of the impairment test procedures on goodwill and intangible assets with a finite useful life, as well as in line with the recommendations of the joint Bank of Italy-Consob-Isvap document no. 4 of 3 March 2010, the Company's Board of Directors expressly approved the compliance of the impairment test method with the requirements of international accounting standard IAS 36 following a favourable opinion issued in this regard by the Risk, Control and Sustainability Committee in January 2024, at a time prior to the approval of the financial statements for 2023. Moreover, as in previous years Nexi deemed it appropriate to assign the task of performing the impairment test to an Independent Expert.

As required by IAS 36.12, the Nexi Group subjected goodwill (as an intangible asset with an indefinite useful life) to an impairment test after checking for the existence of indicators of impairment on other intangible assets with a finite useful life. With regard to the latter, there was a reduction in the useful life of customer relationships in connection with a revision of attrition rates with customers, which led to an increase in amortisation and a reduction in the value of customer contracts from previous Business Combinations.



Notes to the Financial Statements - Statement of Financial Position

With regard to goodwill impairment testing, it was necessary to preliminarily allocate goodwill to eID Nets, the discontinued business unit reclassified under IFRS 5 among discontinued operations following the signing of the contract to transfer the business unit to IN Groupe. The allocation of goodwill to eID Nets (amounting to Euro 143.1 million) was made on the basis of the so-called relative fair value criterion prior to sale. Since the agreement between the Council and the European Parliament on the new European digital identity was reached during the negotiation, with negative effects on the prospects of the eID Nets business, goodwill was written down in a manner consistent with the reduction of offers from potential buyers before and after the new regulation. This resulted in a goodwill write-down of DBS Nets of Euro 81.6 million.

Goodwill before impairment testing as at 31/12/2023 was allocated to the following Cash Generating Units.

(Amounts in million euros)

Name of CGU	Goodwill ^(*)	Carrying Amount
Merchant Solutions	9,473	11,854
Issuing Solutions	3,424	4,574
Digital Banking Solutions	342	944
Total	13,239	17,372

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

Note that compared to 2022, the changes arising from the Bper and Nexi Payment Greece PPAs and the goodwill arising from the acquisition of ISP's acquiring book in Croatia only impacted the Merchant Solution CGU for an overall net increase (group share) of Euro 71 million (see section 39 for further details). In addition, the item decreased due to the above-described allocation of the eID business in IFRS 5.

An impairment loss exists whenever the carrying amount of an asset – either individually or as a Cash Generating Unit (CGU) – is greater than its recoverable amount.

As required by IAS 36, the recoverable amount of the CGUs coincides with the greater of:

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

For the purposes of this impairment test, in addition to the value in use, the Fair Value (income approach) of the CGUs defined above was also estimated in order to reflect the effects of future restructuring, the benefits of which must be neutralised from the estimated value in use pursuant to IAS 36.44.

To estimate Fair Value (income approach) and value in use, the unlevered version of the Discounted Cash Flow Method or "DCF" was used. This method represents the value of a business as the sum of the present value of:

- expected cash flows over the plan horizon;
- terminal value, equal to the present value of normalised cash flows expected beyond the explicit forecast period.

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:

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

where:

- K_e = cost of equity;
- $E/(D+E)$ = equity as a percentage of total enterprise value (equity + net financial debt);
- K_d = cost of debt capital before taxes;
- t = tax rate ("tax shield");
- $D/(D+E)$ = percentage of debt to total enterprise value.



Notes to the Financial Statements - Statement of Financial Position

The cost of equity represents the expected return on investments in shares of companies in the same sector as Nexi and is calculated using the Capital Asset Pricing Model, the formula of which is as follows:

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

where:

- R_f = risk-free rate, equal to the average yield to maturity of 10-year government bonds for the last month weighted with respect to the countries the Group operates in for each CGU identified;
- β = beta coefficient expressing systematic risk. 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 risk premium considered is 5.92%, applicable to European companies (source: Berec BoR (23) 90).

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 bond yields of comparable companies, 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 in which the CGUs operate estimated by IMF (World Economic Outlook) as at October 2023 was used.

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

- Merchant Solutions CGU: WACC = 9.59% and g = 2.03%.
- Issuing Solutions CGU: WACC = 9.72% and g = 2.02%.
- Digital Banking Solutions CGU: WACC = 9.69% and g = 1.84%.

In view of the share price trend and current market conditions, the estimated recoverable amount obtained from the updated four-year plan approved by the Board of Directors of Nexi SpA and the extrapolated cash flows for a further year was revised (2024-2028).

The recoverable amount of the Merchant Solutions CGU was lower than its carrying amount by an amount of Euro 1,049 million (impairment loss) resulting from the current economic context that has been reflected in all the parameters used. The Issuing Solutions and Digital Banking Solutions CGUs showed no impairment.

The recoverable amount of these last two CGUs appears to correspond to the carrying amount when the following changes (also extended to the terminal value) of the key parameters occur:

Name of CGU	Increase of WACC	Decrease of growth rate (g)	Shift parallel to decrease in EBITDA
Issuing Solutions	+0.41%	(0.55%)	(4.45%)
Digital Banking Solutions	+0.04%	(0.06%)	(0.37%)

With regard to the impairment test performed on the carrying amounts of equity investments, see the information in the separate financial statements.

10. Tax Assets and Liabilities

10.1 CURRENT TAX ASSETS AND LIABILITIES

At 31 December 2023 the financial statements show Euro 16 million (Euro 14.9 million at 31 December 2022) relating to current tax



Notes to the Financial Statements - Statement of Financial Position

assets and Euro 38 million (Euro 106.7 million as at 31 December 2022) for current tax liabilities. Current tax assets mainly consist of receivables for IRAP of Italian subsidiaries and receivables for taxes paid abroad. Current tax liabilities include payables for the balance of the domestic tax consolidation as well as taxes owed by foreign subsidiaries. Note that, in addition to the parent company Nexi SpA, the current national tax consolidation scheme involves the subsidiaries Mercury Payment Services SpA, Nexi Payments SpA, Help Line SpA, Service Hub SpA, SIApay Srl and Numera Sistemi e Informatica SpA.

10.2 DEFERRED TAX ASSETS: BREAKDOWN

	Dec. 31, 2023	Dec. 31, 2022
Deferred taxes assets		
- of which: recognised in equity	2,256	2,267
- of which: recognised in profit and loss	230,828	193,654
Total	233,085	195,922

Deferred tax assets amounted to Euro 233 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 residual 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 2023 the Group had unused tax losses of Euro 247 million, of which Euro 4 million can be carried forward for 3 years and Euro 243 million for more than 3 years.

With regard to these tax losses, according to available estimates, deferred tax assets of Euro 51 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 7 million, corresponding to tax losses of approximately Euro 52 million.

10.2.1 Changes in deferred tax assets (recognised in equity)

	Dec. 31, 2023	Dec. 31, 2022
1. Opening balance	2,267	3,482
2. Increases	158	184
2.1 Deferred tax assets recognised in the year	158	-
2.2 Business combination	-	-
2.3 Other increases	-	184
2.4 Currency translation adjustment	-	-
3. Decreases	169	1,399
3.1 Deferred tax assets derecognised in the year	169	58
3.2 Business combination	-	-
3.3 Other decreases	-	1,341
3.4 Currency translation adjustment	-	-
4. Closing balance	2,256	2,267



Notes to the Financial Statements - Statement of Financial Position

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

	Dec. 31, 2023	Dec. 31, 2022
1. Opening balance	193,654	213,682
2. Increases	86,611	19,494
2.1 Deferred tax assets recognised in the year	74,238	16,224
2.2 Business combination	-	-
2.3 Other increases	10,247	3,270
2.4 Currency translation adjustment	2,126	-
3. Decreases	49,437	39,521
3.1 Deferred tax assets derecognised in the year	43,000	39,200
3.2 Business combination	1,875	-
3.3 Other decreases	3,702	185
3.4 Currency translation adjustment	860	136
4. Closing balance	230,828	193,654

10.3 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2023	Dec. 31, 2022 Restated
Deferred tax liabilities		
- of which: recognised in equity	4,277	4,216
- of which: recognised in profit and loss	1,047,904	1,151,392
Total	1,052,181	1,155,608

Deferred tax liabilities amounted to Euro 1,052 million (Euro 1,156 million being the 2022 restated figure) and consisted mainly of deferred taxes recognised as a result of the Purchase Price Allocations, specifically of Nets and SIA completed in previous years.

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.

10.3.1 Changes in deferred tax liabilities (recognised in equity)

	Dec. 31, 2023	Dec. 31, 2022
1. Opening balance	4,216	3,166
2. Increases	2,974	2,018
2.1 Deferred tax liabilities recognised in the year	2,974	2,018
2.2 Business combination	-	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	2,913	968
3.1 Deferred tax liabilities derecognised in the year	2,913	968
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	4,277	4,216



Notes to the Financial Statements - Statement of Financial Position

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

	Dec. 31, 2023	Dec. 31, 2022 Restated
1. Opening balance	1,151,391	1,247,773
2. Increases	62,186	52,485
2.1 Deferred tax liabilities recognised in the year	33,210	12,477
2.2 Business combination	-	39,950
2.3 Other increases	23,684	58
2.4 Currency translation adjustment	5,292	-
3. Decreases	165,673	148,867
3.1 Deferred tax liabilities derecognised in the year	158,687	122,238
3.2 Business combination	-	1,062
3.3 Other decreases	-	23,087
3.4 Currency translation adjustment	6,986	2,480
4. Closing balance	1,047,904	1,151,391

11. Non-Current Assets Held for Sale and Discontinued Operations and Liabilities Associated with Assets Held for Sale and Discontinued Operations

	Dec. 31, 2023	Dec. 31, 2022
A. Assets held for sale		
A.1 Financial assets	362	621
A.2 Tangible assets	1,954	681
A.3 Intangible assets	67,838	269
A.4 Other assets	34,985	900
Total (A)	105,139	2,471
B. Liabilities associated with assets held for sale		
B.1 Financial liabilities	189	259
B.2 Other liabilities	14,585	462
Total (B)	14,774	721

As mentioned in the management report, in November 2023 Nexi signed an agreement with IN Groupe to sell the Digital Banking business in the Nordics region, referred to as the eID business. Consequently, as at 31 December 2023 these assets were classified as "non-current assets held for sale". Note in particular that this business includes the companies Nets DanID, Signaturgruppen and a business unit of Nets Denmark A/S.

This category also includes assets and liabilities related to Orbital Cultura and two properties held by the Group, for which sale contracts were signed at the end of 2023 and which will be disposed of in 2024.

Note that the item decreased as a result of the sale of a business unit by Nexi Greece Processing Services Single Member S.A. concerning customer operations services, for which a sale contract had been signed in October 2022 and whose closing took place in December 2023.



Notes to the Financial Statements - Statement of Financial Position

12. Other Assets

	Dec. 31, 2023	Dec. 31, 2022 Restated
Tax receivables	78,232	71,251
Other assets for commissions to be collected	755,982	753,707
Deferred costs	240,431	199,559
Inventory	52,094	53,699
Unsettled transactions	1,003,321	617,255
Other receivables	21,084	32,176
Total	2,151,143	1,727,647

Accounts relative to e-money settlements are excluded from the calculation of the working capital, and are presented, instead, under "Unsettled transactions", above.

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

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

The "Deferred costs" item includes deferred expenses relating to costs to fulfil contracts with customers and similar items for Euro 127.6 million and deferred expenses for costs paid but not yet accrued equal to about Euro 112.8 million.

The item "Unsettled transactions" refers to transaction associated with different processing stages of the settlement of transactions generally completed 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, 2023				Dec. 31, 2022 Restated			
	Carrying amount	Level 1	Fair Value Level 2	Level 3	Carrying amount	Level 1	Fair Value Level 2	Level 3
1. Financing	3,958,052	-	3,958,052	-	3,230,728	-	3,230,728	-
2. Other liabilities	172,492	-	172,492	-	264,561	-	264,561	-
3. Lease liabilities	-	-	-	-	2,155	-	2,155	-
Total	4,130,544	-	4,130,544	-	3,497,444	-	3,497,444	-

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

- the IPO Term line for Euro 999 million. The carrying amount as at the reporting date included direct residual transactions costs, not yet amortised, for Euro 5.5 million;
- the Term Loan for Euro 365 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 1.6 million;
- 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 0.7 million;
- the 2022 Term Loan for Euro 895 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 4.4 million. In 2023 the last drawdown of Euro 150 million (Euro 149 million net of related direct transaction costs) was made;
- the BPER loan agreement amounting to Euro 50 million;
- the payable to Alpha Bank in the amount of Euro 118 million for the deferred payment of the purchase of Nexi Payments Greece;
- Rate Pay funding supporting the operations of pay-later services in the amount of Euro 110 million.

Notes to the Financial Statements - Statement of Financial Position

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 2,738 million in bank financing included in the Net Financial Position discussed in the Management Report.

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

	Dec. 31, 2023				Dec. 31, 2022			
	Carrying amount	Level 1	Fair Value Level 2	Level 3	Carrying amount	Level 1	Fair Value Level 2	Level 3
1. Financing	189,775	-	189,775	-	223,054	-	223,054	-
2. Other liabilities	2,566,050	-	2,566,050	-	1,759,780	-	1,759,780	-
3. Lease liabilities	163,523	-	163,523	-	159,030	-	159,030	-
Total	2,919,348	-	2,919,348	-	2,141,864	-	2,141,864	-

The item "Financing" mainly refers for Euro 142 million to payables to the factoring company for advances on ordinary credit cards sold with recourse. The item also includes payables to merchants related to the Buy now pay later product (which are included for the purpose of calculating the effects of working capital) in the amount of Euro 22 million (net of the associated escrow accounts) (Euro 24 million as at December 2022).

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" of Euro 164 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.

13.3 SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	Dec. 31, 2023				Dec. 31, 2022			
	Carrying amount	Level 1	Fair Value Level 2	Level 3	Carrying amount	Level 1	Fair Value Level 2	Level 3
1. Fixed rate securities	4,045,744	-	3,841,097	-	4,011,514	-	3,535,460	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	4,045,744	-	3,841,097	-	4,011,514	-	3,535,460	-

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 923 million, including direct transaction costs not yet amortised in the amount of Euro 4.8 million;
- the 2029 Bonds in the amount of Euro 1,046 million, including direct transaction costs not yet amortised in the amount of Euro 7.8 million;
- the 2027 Convertible Loan, in the amount of Euro 470 million, including direct transaction costs not yet amortised in the amount of Euro 3.1 million attributed to the "Payable" component;
- the 2028 Convertible Loan, in the amount of Euro 910 million, including direct transaction costs not yet amortised in the amount of Euro 74 million attributed to the "Payable" component;
- the 2024 Bond Loan in the amount of Euro 477 million, including direct transaction costs not yet amortised in the amount of Euro 0.9 million;
- the Nassa Topco Bond Loan, in the amount of Euro 219 million.

This item is entirely included in the Net Financial Position shown in the Management Report.



Notes to the Financial Statements - Statement of Financial Position

14. Financial Liabilities at Fair Value through Profit or Loss

14.1 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN

	Dec. 31, 2023				Dec. 31, 2022 Restated			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities measured at Fair Value	1,033	-	1,033	-	1,133	-	1,133	-
Other financial liabilities mandatorily measured at Fair Value	245,280	-	244,591	689	248,506	-	233,835	14,671
Total	246,313	-	245,624	689	249,639	-	234,968	14,671

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 with respect to the sale of up to 39% of Nexi Payments Greece at a maximum strike of Euro 214 million.

This item is included in Net Financial Position for Euro 243 million reported in the Management Report.

15. Other Liabilities

	Dec. 31, 2023	Dec. 31, 2022 Restated
Tax liabilities and social security debts	88,994	51,325
Payables due to employees	155,695	180,063
Other liabilities for fees and commissions	714,796	732,477
Unsettled transactions	1,342,629	912,364
Deferred loyalty fees and other revenues	69,818	76,013
Other debts	1,201	911
Total	2,373,133	1,953,152

Accounts relative to e-money settlements are excluded from the calculation of the working capital, and are presented, instead, under "Unsettled transactions", above. It should be noted that for the purpose of calculating the effects of net working capital the items "Other assets" and "Other liabilities" were adjusted in order to exclude the effects of the classification of the eID assets under IFRS 5 for a net amount of Euro 18 million.

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 million, aside from the liabilities deriving from customer contracts, worth Euro 32.8 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.



Notes to the Financial Statements - Statement of Financial Position

16. Post-employment Benefits

	Dec. 31, 2023	Dec. 31, 2022
Defined benefit plan	32,000	30,996
Contribution plan	-	-
Total	32,000	30,996

The item includes defined benefit plans in place at the Group's operating companies based on local legislation or supplementary agreements.

16.1 POST-EMPLOYMENT BENEFITS: CHANGES

	Dec. 31, 2023	Dec. 31, 2022
A. Opening balance	30,996	39,847
B. Increases	3,504	1,746
B.1 Accruals for the year	1,632	1,354
B.2 Other changes	1,872	392
- Business combinations	21	298
- Other increases	1,852	94
C. Decreases	2,500	10,597
C.1 Payments	1,591	2,251
C.2 Other changes	910	8,346
- Business combinations	-	1,006
- Other decreases	910	7,340
D. Closing balance	32,000	30,996

16.2 MAIN DEMOGRAPHIC AND ACTUARIAL ASSUMPTIONS USED TO MEASURE DEFINED BENEFIT PLANS: SENSITIVITY ANALYSIS

	Assumptions		Sensitivity	
	Dec. 31, 2023	Dec. 31, 2022	(0.50%)	0.50%
- Discount rate	from 3.08% to 3.59%	from 3.63% to 4.04%	2.63%	-2.49%
- Inflation rate	from 2.00% to 2.20%	2.30%	n.a.	n.a.
- Turnover rate	from 1.01% to 2.83%	from 1.01% to 2.83%	-0.09%	0.09%

17. Provisions for Risks and Charges

17.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	Dec. 31, 2023	Dec. 31, 2022 Restated
1. Internal pension funds	-	-
2. Other provisions for risks and charges	176,409	148,186
2.1 Legal and tax disputes	107,438	55,133
2.2 Employees expenses	1,716	1,801
2.3 Other provisions	67,255	91,253
Total	176,409	148,186



Notes to the Financial Statements - Statement of Financial Position

The item "Legal and tax disputes" of Euro 107 million (Euro 55 million as at 31 December 2022) refers mainly to the provisions made for litigation and pre-litigation, including estimated legal fees, for which the risk is considered probable. The increase is related to provisions made in the period for current litigation and pre-litigation.

The item "Other provisions" of Euro 67 million (Euro 91 million as at 31 December 2022 restated) mainly refer to:

- Provision to cover contractual commitments undertaken at the time of the acquisition of the equity investment in Basilichi amounting to approximately Euro 5 million, slightly reduced compared to last year following a revision of the relative estimate;
- Provision to cover the cost of divesting the Basilichi Group's non-core equity investments, amounting to Euro 1 million in line with the previous year;
- Provision to cover risks mainly related to pending disputes and other disputes related to ordinary operations amounting to approximately Euro 19 million. The increase over the previous year (Euro 10 million) is related to provisions made during the year;
- Provision for fraudulent transactions, mainly in issuing, of Euro 1 million in line with the previous year;
- Provision to cover charge back and other risks related to the acquiring business in the amount of approximately Euro 17 million (Euro 23 million in 2022 Restated), which is being reduced as a result of the reduction in the related risks;
- Provisions to cover risks recorded as an adjustment to the opening balances related to the merger with Nets and with SIA equal to Euro 19 million (Euro 34 million as at 31 December 2022), the reduction of which is related to uses for the period as well as releases due to the receding of the relevant risks;
- Provisions related to onerous contracts and contractual penalties amounting to Euro 3 million (Euro 12 million as at 31 December 2022), the reduction of which is related to uses for the period.

17.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Internal Pension funds	Other provisions for risks and charges	Total
A. Opening balance	-	148,186	148,186
B. Increases	-	66,028	66,028
C. Business combination	-	-	-
D. Decreases for utilisation	-	(20,385)	(20,385)
E. Decreases for releases	-	(17,412)	(17,412)
F. Time value adjustment	-	(8)	(8)
C. Closing balance	-	176,409	176,409

18. Shareholders' Equity

	Dec. 31, 2023	Dec. 31, 2022 Restated
Share capital	118,647	118,583
Treasury shares	(7,013)	(4,440)
Share premium	11,587,260	11,587,260
Reserves	713,900	484,491
Valuation reserves	(132,390)	(90,226)
Profit (Loss) for the year	(1,005,989)	138,995
Equity attributable to non-controlling interests (+/-)	22,731	22,468
Total Shareholders' Equity	11,297,146	12,257,132



Notes to the Financial Statements - Statement of Financial Position

The shares of Nexi S.p.A. are listed in Italy (FTSE index). The Group provides itself with the necessary capital to finance its business development and operational needs; its sources of financing are a balanced mix of risk capital, contributed on a permanent basis by shareholders, and debt capital, to ensure a balanced financial structure and the minimisation of the overall cost of capital, thus benefiting all stakeholders. The debt capital is structured in different maturities to ensure adequate diversification of funding sources and efficient access to external sources of finance.

The remuneration of risk capital is proposed by the Board of Directors to the Shareholders' Meeting that is convened to approve the annual financial statements, based on market trends and business performance, once all other obligations, including debt service, have been met. Therefore, in order to ensure an adequate return on capital and safeguard business continuity and development, the Group constantly monitors the evolution of the debt and the marginality of operating activities.

The "Equity attributable to non-controlling entities" item of Euro 22.7 million mainly refers to minority stakes in Nexi Payments SpA (Euro 14.5 million), Help Line SpA (Euro 1.7 million) and Nexi Payments Greece (Euro 6 million).

The share capital as at 31 December 2023 consisted of 1,312,350,527 ordinary shares, all fully paid-up.

The treasury shares in portfolio amounted to no. 744,170. Specifically, during the year 625,000 treasury shares were purchased for a market value of approximately Euro 4.3 million, and 159,977 were used to service the LTI plan, for a market value of Euro 2.2 million.

The item "Reserves" increased mainly due to the effects of share-based plans (approximately Euro 20 million) and the carry-forward of the profit from the previous period.

The change in the item "Valuation reserves" is related to the decrease in the Valuation reserve related to Visa shares in portfolio, the negative effect of the Cash Flow Hedge Reserve, partially offset by the increase in the Conversion Reserve. Note that the reduction of the Visa share Reserve is related to the partial sale of the Visa shares and subsequent reclassification to profit reserves.

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/(Loss) for the year
Balance of accounts for Parent Company at December 31, 2023	11,945,198	(576,680)
Effect of consolidation of subsidiaries	(577,118)	163,017
Effect of measurement at equity method	3,273	715
Other adjustments including comprehensive income	(96,938)	-
Dividends collected in the year	-	(593,041)
Balance of consolidated accounts at December 31, 2023	11,274,415	(1,005,989)



Notes to the Financial Statements - **Income Statement**

19. INCOME STATEMENT

(Amounts in thousand euros)

20. Fees for Services Rendered and Commission Income

	2023	2022 Restated
Issuing & Acquiring fees:	3,933,074	3,507,963
- fees and commissions from counterparties	3,138,430	2,414,912
- fees and commissions from cardholders	794,644	994,954
Revenues from services	1,880,486	1,891,178
Total	5,813,560	5,301,044

The item "Issuing & acquiring fees" item mainly consists of:

- the item "Fees and commissions from counterparties", which include 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 include 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 322 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 2023 amounted to approximately Euro 4,664 million.

21. Fees for Services Received and Commission Expense

	2023	2022
Bank charges:	(2,254,176)	(1,713,348)
- fees due to correspondents	(1,912,118)	(1,299,387)
- fees due to banks	(342,058)	(413,961)
Other fees	(91,148)	(393,647)
Total	(2,345,323)	(2,106,995)

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.



Notes to the Financial Statements - Income Statement

22. Interest and Similar Income

	2023	2022
Interest income related to Financial assets measured at amortised cost:	103,490	15,637
Interest income related to Financial assets measured at FVTPL:	1,945	-
Differentials related to Hedging derivatives	1,044	-
Interest income related to Other assets	2,571	1,134
Other financial income	16,263	32,879
Total	125,313	49,650

Interest income with customers mainly refers to revolving credit card transactions and profits on exchange rates.

23. Interest and Similar Expense

	2023	2022 Restated
Interest expenses related to Financial liabilities measured at amortised cost:	(329,434)	(198,470)
- lease contracts	(6,632)	(8,984)
- due to banks and customers	(234,689)	(92,801)
- securities issued	(88,114)	(96,685)
Interest expenses related to Financial liabilities at Fair Value through profit or loss:	(24,235)	(10,142)
Differentials related to Hedging derivatives	-	(38)
Interest expenses related to Other liabilities/provisions	-	(147)
Other financial charges	(29,427)	(12,458)
Total	(383,097)	(221,256)

Interest expense mainly refers to:

- recourse credit facilities attached to the factoring agreement entered in 2018 by Nexi Payments SpA, included in the item "Financial liabilities measured at amortised cost";
- securities issued as described in the Directors' Report and Section 36;
- outstanding financing as described in the Directors' Report and section 14.1.



Notes to the Financial Statements - Income Statement

24. Profit/(Loss) on Hedging/Financial Assets and Liabilities at Fair Value through Profit or Loss/Derecognition of Assets and Liabilities at Amortised Cost

	2023	2022
Net result of financial assets measured at FVTPL	-	453
Net result of financial liabilities measured at FVTPL	48,642	(22,951)
Net hedging income	(426)	426
Net result on derecognition of asset and liabilities at Amortised cost	-	22,865
Total	48,216	793

This item mainly includes the effect of the valuation of the option related to Nexi Payments Greece (positive for about Euro 1.6 million) and the effect of the ineffectiveness of the hedging derivatives (positive for about Euro 0.2 million).

25. Dividends and Profit (Loss) from Sale of Assets at Fair Value through Other Comprehensive Income

	2023	2022
Dividends	516	457
Profit/(loss) from disposal of financial assets at FVTOCI	(86,641)	(20,954)
Net income	(86,124)	(20,496)

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

	2023	2022 Restated
1) Employees		
a) wages and salaries	(553,310)	(544,487)
b) social security charges and similar cost	(133,125)	(122,930)
c) post-employment benefits	(35,619)	(35,820)
- defined contribution plans	(12,910)	(12,438)
- defined benefit plans	(22,709)	(23,381)
d) costs of share-based payment plans	(19,642)	(38,081)
e) other employee benefits	(32,814)	(34,623)
2) Other personnel	(27,216)	(28,757)
Total	(801,725)	(804,698)

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. Furthermore, capitalised personnel costs amounted to Euro 105 million.



Notes to the Financial Statements - Income Statement

26.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2023	2022 Restated
1. Third-party services	(316,931)	(294,285)
2. Lease and building management fees	(17,643)	(19,422)
3. Insurance	(9,735)	(8,651)
4. Rentals ^(*)	(49,849)	(33,092)
5. Maintenance	(121,356)	(117,572)
6. Shipping costs	(20,539)	(24,630)
7. Telephone and telegraph	(33,315)	(34,755)
8. Cards and accessories	(17,090)	(11,004)
9. Printed matter and stationery	(2,803)	(4,246)
10. Other taxes	(31,438)	(23,522)
11. Legal, notary and consultancy services	(143,728)	(184,976)
12. Agents' commissions and expense reimbursement	(173)	(174)
13. Advertising	(11,842)	(12,793)
14. Promotional materials and competition prizes	(41,244)	(37,373)
15. Other commercial costs	(12,133)	(7,763)
16. Other general expenses	(215,289)	(226,977)
Total	(1,045,110)	(1,041,236)

(*) The item includes software rental fees in the amount of Euro 43.6 million and short-term rental contracts or contracts relating to low-value assets in the amount of Euro 6.2 million.

27. Other Operating Income/Expenses, Net

	2023	2022
Other operating income	11,467	12,301
Other operating expenses	(8,612)	(12,162)
Total	2,855	139

28. Net Value Adjustments on Assets Measured at Amortised Cost

	Impairment losses		Reversals of Impairment losses		2023	2022
	Stages 1& 2	Stage 3	Stages 1& 2	Stage 3	Total	Total
A. Loans and receivables with banks	-	-	801	-	801	-
B. Loans and receivables with customers	(1,689)	(2,506)	-	-	(4,194)	(13,159)
Total	(1,689)	(2,506)	801	-	(3,393)	(13,159)

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.



Notes to the Financial Statements - **Income Statement**

29. Net Accruals to Provisions for Risks and Charges

	2023	2022
Provisions for risks and charges	(66,028)	(5,882)
Releases	17,412	13,437
Total	(48,616)	7,556

The item reflects changes to the provision for risks and charges.

30. Net Value Adjustments/Write-backs on Tangible and Intangible Assets

	2023	2022 Restated
Depreciation and net impairment loss on tangible assets	(190,608)	(161,431)
Amortisation and net impairment loss on intangible assets	(1,961,145)	(772,233)
Total	(2,151,752)	(933,663)

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	(701,191)	(1,256,771)	-	(1,957,962)
- From acquisition	(391,552)	(1,256,771)	-	(1,648,323)
- Other	(309,639)	-	-	(309,639)
A.2 Rights of use acquired through leasing	(3,183)	-	-	(3,183)
A.3 Intangible assets held for sale	-	-	-	-
Total	(704,374)	(1,256,771)	-	(1,961,145)

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	(138,583)	(4,901)	-	(143,484)
- Property and equipment	(138,492)	(4,901)	-	(143,393)
- Investment property	(91)	-	-	(91)
A.2 Held under lease	(47,124)	-	-	(47,124)
- Property and equipment	(47,124)	-	-	(47,124)
- Investment property	-	-	-	-
A.3 Tangible assets held for sale	-	-	-	-
Total	(185,707)	(4,901)	-	(190,608)



Notes to the Financial Statements - Income Statement

31. Profit (Loss) from Equity Investments and Disposals of Investments

	2023	2022
Profit		
Profits on equity investments	1,122	3,463
Profits on sale of investments	1,345	67
Loss		
Loss on equity investments	(16,603)	-
Loss on sale of investments	(256)	(250)
Net Result	(14,391)	3,281

32. Income Taxes

	2023	2022 Restated
Current taxes	(281,682)	(233,693)
Changes in current taxes in previous years	9,040	-
Change in deferred tax assets	35,830	42,488
Change in deferred tax liabilities	102,482	64,445
Total	(134,331)	(126,760)

Income taxes amounted to Euro 134 million, compared to Euro 126 million in the previous restated period.

32.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE

	2023	2022
Theoretical Tax rate of the Parent Company	24%	-24%
Difference in subsidiaries' tax rates compared with Parent Company's tax rate	-4%	-19%
Permanent differences: not deductible cost	-43%	-12%
Permanent differences: not taxable revenues	9%	5%
Not recognised tax losses utilised or capitalised	-1%	-1%
Currency translation adjustment	1%	2%
Change in income tax rate on deferred taxes	-	-
Prior year adjustment	-1%	-1%
Other taxes	-	-1%
Effective tax rate	15%	-50%

33. Income (Loss) after Tax from Discontinued Operations

As mentioned in section 11, as at 31 December 2023 assets related to Nets's eID (DBS) business were classified as non-current assets held for sale.

Since these assets are separate business lines, they also fall under the definition of "discontinued operations", and consequently, as required by IFRS 5, the related economic values were reclassified under this item.

Furthermore, as required by IFRS 5, the comparative consolidated income statement and the comparative comprehensive income table were restated to show discontinued operations separately from continuing operations (see also section 43). Note that inter-company transactions between continuing and discontinued operations were eliminated and are therefore not included in the figures reported here.



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

	2023	2022 Restated
1. Revenues	88,374	120,163
2. Costs	(67,217)	(60,453)
3. Valuation of disposal group and associated liabilities	-	-
4. Profit (Loss) from disposal	-	-
5. Tax and duty	-	(12,004)
Profit (Loss)	21,156	47,706

34. Profit/Loss for the Year Attributable to Minority Interests

These are minorities mainly referring to Nexi Payments SpA for Euro 2.4 million, Nexi Payments Greece negative for Euro 0.5 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 Management Report.

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.

Notes to the Financial Statements - Information on Risks and Related Hedging Policies

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.

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 that may compromise Group operations.

The Group is also 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, which could also affect Nexi's creditworthiness and consequently the cost of raising financial resources on the capital market.

In order to ensure a prompt reduction of inflation to the 2% target in the medium term, the European Central Bank has adopted a restrictive monetary policy over the past two years by raising the level of key interest rates to 4.00%, 4.50% and 4.75% in September 2023 respectively for deposits at the central bank, main refinancing operations and marginal lending operations. However, at its last two meetings in 2023 the Governing Council chose to leave interest rates unchanged, considering them to be at levels that, if maintained for a sufficiently long period, will make a substantial contribution to the achievement of the 2% target.

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.

At 31 December 2023 approximately 24% of the Nexi Group's medium- to long-term Financial Liabilities expressed at nominal values net of the effect of rate risk hedging transactions 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 relevant variable rates, paying particular attention to trends relating to the 1/3/6-month Euribor rate. To mitigate the risk, it carries out interest rate risk hedging operations when deemed necessary using the appropriate financial instruments. In this regard, among other things the company performs interest rate sensitivity analyses, also considering stress scenarios of the forward rate curve, in order to monitor the related exposure and analyse the impact of potential increases in borrowing costs. With respect to the liabilities exposed to interest rate risk (certain term loans corresponding to 24% of the total medium-/long-term market financial debt), in 2023 the Nexi Group would have had to bear an increase in pre-tax financial expenses of around 16 million euros if the actual three- or six-month Euribor rates had been on average one percentage point higher.

Also 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 Group. Nevertheless, the Group has procedures in place to identify, monitor and manage liquidity and interest rate risk.



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

With particular regard to Nexi Payments, the following monitoring tools were set up, among others:

- a set of specific financial risk indicators, mainly aimed at containing liquidity risk by assessing and monitoring the main risk factors;
- a Contingency Funding Plan with indicators (1st and 2nd level), both specific and systemic, aimed at guaranteeing the company's business continuity in the event of serious and/or prolonged liquidity crises by defining a set of actions to be taken if the thresholds set for the indicators are exceeded.

BREAKDOWN OF ASSETS BETWEEN CURRENT AND NON-CURRENT

(Amounts in thousand euros)

	Current	Non-current	Total
Cash and cash equivalents	800,172		800,172
Financial receivables	5,705,326	3,259	5,708,585
Financial assets at Fair Value	34,530	96,230	130,760
Net trade receivables	751,118		751,118
Inventory	52,094		52,094
Other assets	1,352,541	17,449,379	18,801,920
Non-current assets held for sale and discontinued operations	105,139		105,139
Total	8,800,920	17,548,868	26,349,788

BREAKDOWN OF LIABILITIES BETWEEN CURRENT AND NON-CURRENT

(Amounts in thousand euros)

	Current	Non-current	Total
FINANCIAL LIABILITIES:			
Payables to:			
- Banks	1,562,882	2,567,662	4,130,544
- Financial entities and customers	2,799,914	119,434	2,919,348
of which Leasing liabilities	44,089	119,434	163,523
- Securities issued	695,982	3,349,762	4,045,744
Other financial liabilities	4,054	266,678	270,732
OTHER ITEMS OF LIABILITIES:			
Trade payables	715,408		715,408
Other liabilities	1,657,725		1,657,725
Provisions for risks and charges		176,409	176,409
Post-employment benefits		32,000	32,000
Deferred tax liabilities		1,052,181	1,052,181
Current tax liabilities	37,777		37,777
Liabilities associated with non-current assets held for sale and discontinued operations	14,774		14,774
Total	7,488,516	7,564,126	15,052,642



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

BREAKDOWN OF FINANCIAL LIABILITIES BY RESIDUAL MATURITY

(Amounts in thousand euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
FINANCIAL LIABILITIES:				
Payables to:				
- Banks	1,563,079	2,588,664	-	4,151,743
- Financial entities and customers	2,803,945	139,440	5,271	2,948,655
<i>of which Leasing liabilities</i>	48,119	139,440	5,271	192,830
- Securities issued	695,507	2,396,513	1,050,000	4,142,020
Other financial liabilities	4,054	304,665	-	308,719
Total	5,066,585	5,429,282	1,055,271	11,551,137

Note that the table above shows the amounts to be settled at maturity.

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. During 2023 ICT Key Risk Indicators were developed with reference to the scope of Nexi Payments and monitored on a monthly basis in order to detect anomalies at an early stage and strengthen IT&Security controls.

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.

Notes to the Financial Statements - Information on Risks and Related Hedging Policies

Credit Risk

For 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 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.

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 include:

- inclusion of contractual provisions 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 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 mainly stemming from macroeconomic turbulence, timely risk management, monitoring and applicable mitigation actions are effective tools in maintaining a low risk profile.

More specifically, with regard to 2023 note that:

- The development of charge-backs allocated to merchants was stable compared to 2022.
- The value of total outstanding amounts from merchants gross of recoveries worsened slightly compared to 2022 due to an increase in the case of risk deriving from commissions on transactions and POS fees in Italy.
- Insolvencies in the Buy Now, Pay Later business are decreasing sharply compared to 2022.



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

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					2,225,657	2,225,657
b) Loans and receivables with financial entities and customers		20,070			3,462,858	3,482,928
Hedging derivatives					1,571	1,571
Financial assets held for sale					105,139	105,139
Total as at December 31, 2023	-	20,070	-	-	5,795,225	5,815,294
Total as at December 31, 2022	-	20,002	-	-	4,341,725	4,361,727

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	2,225,657				2,225,657
Bad debt provision	-				-
Net exposure	2,225,657		-		2,225,657
Loans and receivables with financial entities and customers					
Gross exposure	3,467,708		61,743		3,529,451
Bad debt provision	(4,851)		(41,673)		(46,523)
Net exposure	3,462,857		20,070		3,482,928
Hedging derivatives					
Gross exposure	1,571				1,571
Bad debt provision	-				-
Net exposure	1,571		-		1,571
Non-current financial assets held for sale					
Gross exposure	105,139				105,139
Bad debt provision	-				-
Net exposure	105,139		-		105,139
Total as at December 31, 2023	5,795,224	-	20,070	-	5,815,294
Total as at December 31, 2022	4,341,725	-	20,002	-	4,361,727



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

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	61,582	
- of which: transferred exposures not derecognised		
B. Increases	7,377	-
B.1 Inflow from unimpaired exposures	3,490	
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	3,887	
C. Decreases	7,216	-
C.1 Outflows to unimpaired exposures		
C.2 Write-offs		
C.3 Collections	139	
C.4 Profits from sales		
C.5 Losses from sales	7,023	
C.6 Transfers to other impaired exposure categories		
C.7 Contractual changes without derecognition		
C.8 Other decreases	53	
D. Final gross exposure	61,743	-
- 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	41,580	
- of which: transferred exposures not derecognised		
B. Increases	7,117	-
B.1 Value adjustments from purchased or originated credit-impaired financial assets	2,870	
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	4,247	
C. Decreases	7,023	-
C.1 Reversals of impairment losses from revaluation		
C.2 Reversals of impairment losses from collections	-	
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	7,023	
D. Final gross adjustments	41,673	-
- of which: transferred exposures not derecognised		



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

Market Risk (Price and Currency)

The Nexi Group is exposed to the risk of unfavourable movements in the price of shares in its portfolio, especially the 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. 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 also 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, it was deemed unnecessary to hedge the market risk described above via financial instruments.

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 CHF (Swiss franc). The risk exposure to Danish krone is considered to be low as it is a currency that has historically seen low volatility against the euro, while for the remaining currencies mentioned the exposure is not sufficiently significant to justify the adoption of countermeasures to date.

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)

	2023		
	Any change in the exchange rate	Net Revenue	EBITDA
NOK	10%	13.60	8.11
SEK	10%	6.33	4.11
DKK	1%	3.70	0.92
PLN	10%	15.51	10.62
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	2023						
	NOK	SEK	DKK	PLN	RSD	CZK	EUR
Main currencies							
Average exchange rate	8.76	8.72	13.42	22.03	0.85	4.17	1.00
End of year exchange rate	8.90	9.02	13.42	23.05	0.85	4.04	1.00
Change for the year	-6.4%	0.3%	-0.2%	8.0%	-	-2.6%	-

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 assessed the risks and opportunities related to climate change in Nexi, although no risk area related to environmental aspects was identified.

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. The identified risks 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.



Notes to the Financial Statements - Statement of Comprehensive Income

36. Statement of Comprehensive Income

(Amounts in thousand euros)

	2023	2022 Restated
Profit (Loss) for the year	(1,002,761)	141,906
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at FVTOCI		
a) Fair Value changes	19,629	35,576
b) transfers to other equity components		
Defined benefit plans	(1,492)	8,503
Income taxes related to high income components without profit and loss reversal	499	(5,154)
Items that will be reclassified subsequently to profit or loss		
Conversion reserve		
a) Fair Value changes	23,802	(165,946)
b) income statement reversal		
c) other changes		
Cash flow hedges:		
a) fair value variances	(23,135)	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)	19,303	(126,796)
Comprehensive income	(983,458)	15,110
Comprehensive income attributable to non-controlling interests	3,357	3,184
Comprehensive income attributable to the owners of the parent	(986,815)	11,926

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, 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.



Notes to the Financial Statements - Related Parties

37.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

Below are the fees due 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	1,527	548	-
Short-term benefits	-	-	5,656
Benefits subsequent to the termination of employment	-	-	373
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,527	548	6,029

37.2 INFORMATION ON RELATED-PARTY

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		104,172	
Financial asset at Fair Value		30,460	
Tangible assets		-	
Intangible assets		2,160	
Other assets		95,798	1
Financial liabilities measured at amortised cost		158,491	
Other liabilities		20,952	-
Fees for services rendered and commission income		168,657	7
Fees for services received and commission expense		4,999	
Interest and similar income		508	
Interest and similar expense		753	
Other administrative expenses		34,340	
Other operating income/expenses		-	-

Credit and debit balances with related parties as of 31 December 2023 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 financing received from and services provided by 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.

Notes to the Financial Statements - Share-Based Payments

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"), which ended in 2021.

In addition, during 2020, 2021 and 2023, Mercury UK together with other financial sponsors of Nexi 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, 1 July 2024 and 30 June 2025. 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 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 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 these Plans, 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	11,126,772
Rights assigned definitively in accordance with the Plans	(9,195,680)
Rights forfeited from the Plans	(443,682)
Outstanding rights at December 31, 2023	1,487,410

Based on the above, the overall cost of the Plans for 2023 is about Euro 4 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). The first two cycles of this Plan have already been granted, the second having been granted in October 2023.

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



Notes to the Financial Statements - Share-Based Payments

2023, respectively), as have the first two cycles of the Second Plan for which the vesting period expires respectively on 31 December 2024 and 31 December 2025.

More specifically, the process of assigning the rights to receive shares was carried out as follows:

- First tranche (First Plan): for most of the employees, in July 2019, and for new hires, on September 30, 2019;
- Second tranche (First Plan): for most of the employees, in July 2020, and for new hires, on September 30, 2020;
- Third tranche (First Plan): for most of the employees, in July 2021, and for new hires, 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 hires, in October 2022.
- Second tranche (Second Plan): in October 2023.

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 Shares 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 at the reporting date are reported below:

Description	No. of Performance Share Rights	No. of Restricted Share Rights	Total
Outstanding rights to receive shares at the grant date	6,083,958	3,595,480	9,679,438
Right assigned definitively in accordance with the Plans	(1,687,912)	(749,878)	(2,437,790)
Rights forfeited from the Plans	(286,241)	(231,181)	(517,422)
Outstanding rights at December 31, 2023	4,109,805	2,614,421	6,724,226

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,

Notes to the Financial Statements - Business Combination Operations

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.

The simulations were carried out by assuming a rate of return on the Nexi share calculated using the swap curve and a historical volatility of the share calculated with reference to the valuation date. Specifically, for the cycle assigned in 2023 these parameters respectively stand at 3.7% and about 35%.

For these components, with regard to the rights assigned during 2023 the unit value at the grant date was approximately Euro 3.8.

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 this component, with regard to the rights assigned in 2023, the Fair Value per unit is Euro 5.67 and Euro 5.79.

The total cost pertaining to the financial year 2023 is approximately Euro 16 million.

39. Business Combination Operations

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, also calculating the value of the minority interests of the entity acquired, 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 Merchant Acquiring Activities from Intesa Sanpaolo - Croatia

The acquisition of Intesa Sanpaolo's merchant acquiring business in Croatia was completed on 28 February 2023.

The transaction was carried out through the acquisition by Nexi Croatia d.o.o. (a company incorporated under Croatian law belonging to the Nexi Group and controlled by Concordis Holding GmbH) of the merchant acquiring business unit of PBZ Card d.o.o. ("PBZ Card"), a company incorporated under Croatian law indirectly controlled by Intesa Sanpaolo S.p.A. ("ISP") through Privredna banka Zagreb d.d. ("PBZ Bank").

The agreement also provides for a long-term business partnership between Nexi Croatia, 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 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, completed on 30 June 2020.

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. In this regard, note that the Purchase Price Allocation was carried out and included in the financial statements at 31 December 2023.

Specifically, the price allocation process mainly concerned the valuation of customer contracts, the Fair Value of which was determined using the Multi-Period Excess Earnings method (MPEEM), which calculates the value of customer relationships based on the present value at the acquisition date of the extra-earnings over the remaining life of the customer relationships. The extra-income from cus-



Notes to the Financial Statements - Business Combination Operations

tomter relationships is derived from total income minus income from other assets (so-called contributory assets). Furthermore, the Fair Value of the earn-out envisaged in the agreement with ISP was calculated, estimated at Euro 27.7 million and included in the overall transaction price.

Following an accounting for the effects of the Purchase Price Allocation, the goodwill arising from said business combination totals about Euro 135 million broken down as follows:

(Amounts in thousand euros)

	Carrying amount	Adjustments	Fair Value
Cash consideration paid	196,840	-	196,840
Contingent consideration/deferred price	2,154	27,672	29,826
Minority interests	-	-	-
Cash and cash equivalents	42,250	-	42,250
Intangible assets	1,691	49,513	51,204
Other assets	100,759	-	100,759
Other liabilities	(102,450)	-	(102,450)
Net assets	42,250	49,513	91,763
Goodwill	156,744	(21,841)	134,903
Cash consideration	198,994	27,672	226,666
Cash acquired	42,250	-	42,250
Net cash consideration	156,744	27,672	184,416

(*) = the price paid includes a Euro 16.8 million price adjustment already settled at the date of this report.

Acquisition of the Company Split Tech-Solutions GmbH

On 24 February 2023 via Concardis GmbH the closing took place for the acquisition of Split Tech-Solutions GmbH, a SaaS company based in Frankfurt, Germany, offering innovative solutions in the catering industry.

The Purchase Price Allocation was determined on 31 December 2023, which led to the revaluation of the IT platforms owned by the company.



Notes to the Financial Statements - Business Combination Operations

At the date of this report, goodwill was composed as follows:

(Amounts in thousand euros)

	Carrying amount	Adjustments	Fair Value
Cash consideration paid	1,875	-	1,875
Contingent consideration/deferred price	300	-	300
Minority interests	-	-	-
Intangible assets	296	1,282	1,578
Other liabilities	-	(218)	(218)
Net assets	296	1,064	1,360
Goodwill	1,879	(1,064)	815
Cash consideration	1,875	-	1,875
Cash acquired	-	-	-
Net cash consideration	1,875	-	1,875

39.2 RETROSPECTIVE ADJUSTMENTS

Purchase Price Allocation Nexi Payments Greece

On 30 June 2023 the Purchase Price Allocation process related to the 2022 acquisition of Nexi Payments Greece was completed.

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:

- the price allocation process concerned the valuation of contracts with customers, whose Fair Value was determined using the MPEEM method (Multi-Period Excess Earnings), the valuation of the provision for risks and charges related to the so-called chargebacks, estimated based on the methodology adopted by the group for this type of risk, as well as the estimate of the Fair Value of the earn-outs envisaged in the contract;
- the Purchase Price Allocation process led to the identification of the following adjustments shown in the table with respect to the carrying amounts of the assets and liabilities of the acquired company.

The residual goodwill from the business combination amounts to approximately Euro 153 million, broken down as follow

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	156,870	-	156,870
Contingent consideration/deferred price	15,038	7,834	22,871
Minority interests	5,126	20,225	25,350
Cash and cash equivalents	-	-	-
Financial assets	202,621	-	202,621
Tangible assets	1,188	-	1,188
Intangible assets	-	47,575	47,575
Financial liabilities	(889)	-	(889)
Other liabilities	(192,458)	(6,300)	(198,758)
Net assets	10,461	41,275	51,736
Goodwill	166,573	(13,216)	153,356



Notes to the Financial Statements - Business Combination Operations

The aforementioned intangible assets have an average useful life of about 18 years with regard to customer relations. The valuation of the provision for risks and charges related to so-called chargebacks was estimated based on the methodology adopted by the group for this type of risk.

The residual goodwill arising from the business combination amounts to approximately Euro 153 million, and is mainly attributable to the workforce and its highly qualified know-how, as well as the synergies expected from the integration of the business within the Nexi group and future growth prospects, none of which qualify as identifiable intangible assets.

Purchase Price Allocation Acquisition of BPER Merchant Acquiring and Numera Sistemi e Informatica SpA

On 31 December 2023 the Purchase Price Allocation process relating to the 31 December 2022 acquisition of the two merchant acquiring business units of BPER Banca S.p.A. and Banco di Sardegna S.p.A. was completed definitively. At the same time, Nexi Payments S.p.A. acquired 100% of Numera Sistemi e Informatica S.p.A., a company that manages POSs, held with a total shareholding by Banco di Sardegna S.p.A.

The price allocation process involved the valuation of customer contracts included in the acquiring book, whose Fair Value was determined using the Multi-Period Excess Earnings (MPEEM) method. Furthermore, the Fair Value of the earn-out envisaged in the agreement with BPER was calculated, estimated at Euro 11.4 million and included in the overall transaction price.

The goodwill resulting from the business combination is broken down as follows:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	313,750	-	313,750
Contingent consideration/deferred price	-	11,377	11,377
Minority interests	(1,538)	311	(1,227)
Cash and cash equivalents	-	-	-
Financial assets	4,896	-	4,896
Tangible assets	5,072	-	5,072
Intangible assets	149	91,172	91,322
Tax assets	541	-	541
Other assets	5,449	-	5,449
Financial liabilities	(16)	-	(16)
Tax liabilities	-	(30,151)	(30,151)
Other liabilities	(3,902)	-	(3,902)
Net assets	12,188	61,022	73,210
Goodwill	300,024	(49,333)	250,690
Cash consideration	313,750	11,377	325,127
Cash acquired	-	-	-
Net cash consideration	313,750	11,377	325,127

(*) = the price paid includes a Euro 1.4 million price adjustment settled in 2023.



Notes to the Financial Statements - **Group Funding Transactions - Result per Share**

39.3 Other information

As required by IFRS 3, for business combinations executed during the year, pro-forma figures for revenues and expenses at current exchange rates are shown below as if the transactions had been executed at the beginning of the year

(Amounts in thousand euros)

	Income Statement 2023	ISP Croatia	Proforma 2023
Operating revenues	3,331	5	3,336
Operating costs	(1,601)	(1)	(1,602)
EBITDA	1,730	4	1,733
Profit/(Loss) before taxes	(869)	3	(866)
Profit/(Loss) for the year	(1,006)	2	(1,004)

39.4 Transactions after the reporting period

Nothing to report.

40. Group 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. Obligations primarily include:

- financial maintenance covenant: at each "test date" (i.e. June 30 and December 31 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 of (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 as at 31 December 2023 all the obligations envisaged in the loan agreements described above have been met.

41. Result 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.



Notes to the Financial Statements - Segment Reporting (Segment Disclosure)

Furthermore, as envisaged by IAS 33, below are details of earnings per share, deriving from the result of the continuing and discontinued operations:

BASIC RESULT PER SHARE

	2023	2022 Restated
Profit/(Loss) from continuing operations attributable to the company's ordinary shares	(0.78)	0.07
Income/(Loss) after tax from discontinued operations	0.02	0.04
Total Basic result per share attributable to the company's ordinary shares	(0.76)	0.11

DILUTED RESULT PER SHARE

	2023	2022 Restated
Profit/(Loss) from continuing operations attributable to the company's ordinary shares	(0.74)	0.07
Income/(Loss) after tax from discontinued operations	0.02	0.03
Total Diluted result per share attributable to the company's ordinary shares	(0.72)	0.10

RESULT ATTRIBUTABLE TO ORDINARY SHARES

(Amounts in thousand euros)

	2023	2022 Restated
Profit/(Loss) from continuing operations	(1,023,917)	94,200
Income/(Loss) after tax from discontinued operations	21,156	47,706
Total net income	(1,002,761)	141,906

AVERAGE NUMBER OF ORDINARY DILUTED SHARES

(No. of shares in thousands)

	2023	2022
Average number of ordinary shares used to compute basic earnings per share	1,311,358	1,310,754
Deferred Shares ^(*)	70,211	70,215
Average number of ordinary and potential shares used to compute diluted earnings per share	1,381,569	1,380,969

(*) = shares attributed to employees according to the first tranche of the LTI Plan and potential shares in issue upon conversion of the convertible bond loan issued on 29 June 2020 and 17 February 2021.

42. Segment Reporting (Segment Disclosure)

The segment disclosure has been prepared in compliance with the IFRS 8 international accounting standard. Consistent with the Group's organisational structure as well as the related management reporting methods, the following Operating Sectors were thus identified, coinciding with the CGUs used for the purposes of the Impairment Test (see paragraph 9.3):

- 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: through this business line, working with its partner banks the Group provides a broad spectrum of issuing services, i.e. relating to the procurement, issuing 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.



Notes to the Financial Statements - Segment Reporting (Segment Disclosure)

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	1,863	1,085	383	3,331
Personnel expenses	(428)	(208)	(94)	(730)
Other administrative expenses	(479)	(273)	(142)	(894)
Adjustments and net operating provisions	14	5	4	23
Operating costs net of amortization	(893)	(476)	(232)	(1,601)
EBITDA	969	609	151	1,730
Amortization and depreciation				(895)
Operating margin				834
Interest and financial costs				(245)
Non-recurring items				(1,459)
Profit/(Loss) before taxes				(869)
Income taxes				(133)
Profit/(Loss) for the year				(1,003)
Profit for the year attributable to non-controlling interests				(3)
Profit/(Loss) attributable to the Group				(1,006)

The EBITDA presented above is the "normalised EBITDA" as described in the "Alternative Performance Measures" 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	931	425	392	115	1,863
Issuing Solutions	749	172	42	122	1,085
Digital Banking Solutions	285	6	5	87	383
Operating Revenues	1,966	602	440	324	3,331

(*) DACH includes Germany, Austria and Switzerland.



Notes to the Financial Statements - Segment Reporting (Segment Disclosure)

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	3,331	(158)	3,173
Personnel expenses	(730)	(72)	(802)
Other administrative expenses	(894)	(151)	(1,045)
Adjustments and net operating provisions	23	(72)	(49)
Operating costs net of amortization	(1,601)	(295)	
EBITDA	1,730	(453)	
Amortization and depreciation	(895)	(1,256)	(2,152)
Operating margin	834	(1,709)	
Interest and financial costs	(245)	245	-
Non-recurring items	(1,459)	1,466	7
Profit/(Loss) before taxes	(869)	1	(868)
Income taxes	(133)	(1)	(134)
Profit/(Loss) for the year	(1,003)	-	(1,003)
Profit for the year attributable to non-controlling interests	(3)	-	(3)
Profit/(Loss) attributable to the Group	(1,006)	-	(1,006)



Notes to the Financial Statements - **Restatement of the 2022 Financial Statements**

43. Restatement of the 2022 Financial Statements

In 2023 the Purchase Price Allocation (PPA) for the business combinations related to the acquisition of Nexi Payments Greece and BPER was completed. 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 2022 financial year.

Moreover, following the classification of DBS eID as a discontinued operation, the comparative Income Statement figures were restated.

The effects on the 2022 financial statements are shown below:

(Amounts in thousand euros)

ASSETS	Dec. 31, 2022	PPA NPG	PPA Bper	Dec. 31, 2022 Restated
Cash and cash equivalents	448,778			448,778
Financial assets at Fair Value	146,904			146,904
Financial assets measured at amortised cost	4,358,386			4,358,386
a) loans and receivables with banks	1,875,404			1,875,404
b) loans and receivables with financial entities and customers	2,482,982			2,482,982
Hedging derivatives	870			870
Equity investments	41,820			41,820
Tangible assets	563,354			563,354
Intangible assets	17,977,577	33,216	41,387	18,052,180
of which: Goodwill	13,104,984	(13,216)	(49,786)	13,041,982
Tax assets	210,818			210,818
a) current	14,896			14,896
b) deferred	195,922			195,922
Non-current assets held for sale and discontinued operations	2,471			2,471
Other assets	1,724,483		3,164	1,727,647
Total assets	25,475,461	33,216	44,551	25,553,228



Notes to the Financial Statements - Restatement of the 2022 Financial Statements

(Amounts in thousand euros)

LIABILITIES	Dec. 31, 2022	PPA NPG	PPA Bper	Dec. 31, 2022 Restated
Financial liabilities measured at amortised cost	9,649,341		1,481	9,650,822
a) due to banks	3,495,963		1,481	3,497,444
b) due to financial entities and customers	2,141,864			2,141,864
c) securities issued	4,011,514			4,011,514
Financial liabilities at Fair Value through profit or loss	230,428	7,834	11,377	249,639
Hedging derivatives	256			256
Tax liabilities	1,232,172		30,151	1,262,323
a) current	106,715			106,715
b) deferred	1,125,457		30,151	1,155,608
Liabilities associated with non-current assets held for sale and discontinued operations	721			721
Other liabilities	1,951,924		1,228	1,953,152
Post-employment benefits	30,996			30,996
Provisions for risks and charges	141,886	6,300		148,186
Share capital	118,583			118,583
Treasury shares (-)	(4,440)			(4,440)
Share premium	11,587,260			11,587,260
Reserves	468,390	16,101		484,491
Valuation reserves	(90,226)			(90,226)
Profit (loss) for the year	140,023	(1,028)		138,995
Equity attributable to non-controlling interests (+/-)	18,147	4,009	313	22,469
Total liabilities and equity	25,475,461	33,216	44,551	25,553,228



Notes to the Financial Statements - Restatement of the 2022 Financial Statements

INCOME STATEMENT

(Amounts in thousand euros)

	2022	PPA NPG	PPA Bper	DBS Nets	2022 Restated
Fees for services rendered and commission income	5,399,141			(98,097)	5,301,044
Fees for services received and commission expense	(2,106,995)				(2,106,995)
Net fee and commission income	3,292,146	-	-	(98,097)	3,194,049
Interest and similar income	49,650				49,650
Interest and similar expense	(221,310)			54	(221,256)
Net interest income	(171,660)	-	-	54	(171,606)
Profit (loss) on hedging/ financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at amortised cost	793				793
Dividends and profit (loss) from sale of assets at Fair Value through other comprehensive income	(20,496)				(20,496)
Financial and operating income	3,100,783	-	-	(98,043)	3,002,740
Administrative expenses	(1,895,730)	-	-	49,796	(1,845,934)
Personnel-related costs	(819,030)			14,332	(804,698)
Other administrative costs	(1,076,700)			35,464	(1,041,236)
Other operating income/expenses, net	139				139
Net value adjustments on assets measured at amortised cost	(13,159)				(13,159)
Net accruals to provisions for risks and charges	7,556				7,556
Net value adjustments/write-backs on tangible and intangible assets	(932,770)	(1,142)		249	(933,663)
Operating margin	266,819	(1,142)	-	(47,998)	217,679
Profit (loss) from equity investments and disposals of investments	3,281				3,281
Profit (loss) before taxes from continuing operations	270,100	(1,142)	-	(47,998)	220,960
Income taxes	(134,753)			7,993	(126,760)
Income (loss) after tax from discontinued operations	7,701			40,005	47,706
Profit (loss) for the year	143,048	(1,142)	-	-	141,906
Profit (loss) for the year attributable to the parent company	140,023	(1,028)			138,995
Profit (loss) for the year attributable to non-controlling interests	3,025	(114)			2,911
Basic earnings per share	0.11				0.11
Diluted earnings per share	0.11				0.10



Notes to the Financial Statements - Fees for Audit and Non-Audit Services

44. Fees for Audit and Non-Audit Services pursuant to Article 149 duodecies of Consob Regulation no. 11971

(Amounts in thousand euros)

	Nexi S.p.A.		Nexi's Group Entities	
	PwC SpA	Rete PwC	PwC SpA	Rete PwC (**)
Audit	299		559	4,259
Other certifications(*)	90			233
Other services:	-	-	-	18
due diligence				-
agreed verification procedures				17
other services				1
Total	389	-	559	4,510

(*) Include attestation services assigned to PwC network companies in accordance with specific regulatory requirements, ISA 800/805 and ISAE 3000 attestation services, the limited audit services of the Non-Financial Consolidated Statement, services for signing tax returns.

(**) 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.

Note that the contractual audit fees include the adjustment for inflation, voluntary assignments made by some Group companies for which an audit of the financial statements is not mandatory under local civil law (Euro 0.2 million) and additional fees contracted in 2023 for work performed on the previous year's financial statements (Euro 1.1 million).





1.4

CERTIFICATION OF THE CONSOLIDATED
FINANCIAL STATEMENTS PURSUANT
TO ARTICLE 154-BIS OF ITALIAN
LEGISLATIVE DECREE NO. 58/98



Certification of the Consolidated Financial Statements pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 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 2023.

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, 2024

Paolo Bertoluzzo
(Chief Executive Officer)

Enrico Marchini
(Manager in charge of preparing the
corporate accounting documents)





1.5

REPORT OF THE INDEPENDENT
AUDITORS ON THE CONSOLIDATED
FINANCIAL STATEMENTS
AS AT 31/12/2023



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 2023***



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 2023, 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 financial statements, including material accounting policies information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, 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 Trullo 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

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<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
Allocation of the price paid for the acquisition of the merchant acquiring businesses of Alpha Bank and of the BPER Group (Purchase Price Allocation) <i>Notes to the consolidated financial statements</i> <i>“Main accounting policies”, section titled “Business Combinations”</i> <i>Section 39. “Business Combination Transactions”</i> <i>Section 43. “Restatement of the 2022 financial statements”</i> In the course of 2023 the Group completed the purchase price allocation (“PPA”) process relating to the acquisitions of the merchant acquiring business of Alpha Bank and of the merchant acquiring business of the BPER Group, inclusive of Numera Sistemi e Informatica SpA, a POS system operator, the consideration paid for which was equal to Euro 156.9 million and Euro 313.8 million, respectively. The transactions became effective for accounting purposes on 30 June 2022 and 31 December 2022, respectively. As required by IFRS 3 “Business combinations”, in the consolidated financial statements as of 31 December 2022 the Group determined the fair values of the assets acquired and liabilities assumed on a provisional basis; in 2023 it completed the PPA exercise and restated the comparative financial and other information for the year 2022 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. The PPA process 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:	As part of our audit we performed the following main procedures, also using the support of business valuation experts from the PwC network. We verified the correct determination of the purchase price, in light of the provisions of the agreements made in connection with the business combinations executed in the course of the previous year and we verified the appropriate identification of the assets acquired and liabilities assumed underlying those transactions. We assessed the expertise and objectivity of the external expert retained by the Company, and the methods used for the purpose of the PPA process. We performed a critical analysis of the adequacy of the methods adopted and the reasonableness of the key assumptions and inputs used in determining the fair values of the assets acquired and liabilities assumed. We verified that the adjustments posted with reference to the provisional period were reflected in the consolidated financial statements, and we verified the related restatement of the comparative information as of 31 December 2022. 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 and the restatement of the 2022 comparative information.



Key Audit Matters

Auditing procedures performed in response to key audit matters

- the estimation of the purchase price, including the related price adjustment mechanisms and/or earn-out clauses;
- the forecast 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;
- 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;
- the financial parameters used to determine the discount rate to be applied to the cash flows attributable to the customer relationships identified during the PPA.

In consideration of the materiality 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 in the business combinations executed in the previous year a key matter in our audit of the Group's consolidated financial statements as of December 2023.



<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
Acquisition of the merchant acquiring business of Intesa Sanpaolo – Croatia <i>Notes to the consolidated financial statements</i> <i>“Main accounting policies”, section titled “Intangible assets”</i> <i>Section 39. “Business Combination Transactions”</i> On 28 February 2023 the Nexi Group completed the acquisition of the merchant acquiring business of Intesa Sanpaolo – Croatia, which resulted in the recognition of a customer relationship and goodwill amounting to Euro 49,5 million and Euro 134,9 million, respectively, as of 31 December 2023. For this transaction, which qualifies as a business combination as defined by IFRS 3 “Business combinations”, the directors, with the support of an external expert, defined the fair values of the assets acquired and liabilities assumed by the Group. The recognition of extraordinary transactions in accordance with IFRS 3 requires the directors to apply significant elements of judgement, specifically with reference to: - 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. In consideration of the materiality of the transaction and of the element of judgement inherent in the recognition process illustrated above we considered this a key audit matter in our audit of the Group’s consolidated financial statements as of December 2023.	As part of our audit we performed the following main procedures, also using the support of business valuation experts from the PwC network. We met with the Company’s management to obtain an understanding of the structure of the transaction and we analysed the agreements between the parties. We verified the consistency of the accounting treatment adopted by the Company with the requirements of IFRS 3. We assessed the expertise and objectivity of the external expert retained by the Company, and the methods used for the purpose of the PPA process. We understood and evaluated the estimation process and the method used by the directors for: - the determination of the purchase consideration, in light of the agreements made in connection with the business combination; - the identification and measurement of the assets acquired and liabilities assumed, as well as the recognition of goodwill. We performed a critical analysis of the reasonableness of the key assumptions and inputs used in determining the fair values of the assets acquired and liabilities assumed. Moreover, we verified the correct recognition of the business combination, including the adjustments defined in the PPA process and the related goodwill. 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.



Key Audit Matters

Auditing procedures performed in response to key audit matters

Measurement of indefinite-lived tangible assets – Goodwill

Notes to the consolidated financial statements

“Main accounting policies”, section titled “Intangible assets”

“Statement of Financial Position”, section 9.3 “Intangible assets: Impairment Test”

“Income statement”, section 30 “Net value adjustments/write-backs on tangible and intangible assets”

As of 31 December 2023 goodwill reported in the consolidated financial statements within intangible assets totalled Euro 11,999 million (accounting for 45.5 per cent of total consolidated assets). The goodwill 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”.

The recoverable amounts of goodwill tested for impairment were calculated, with the support of an external expert, as the higher of fair value less costs to sell and value in use, both estimated using the Discounted Cash Flow (“DCF”) method, i.e. discounting the estimated future cash flows, determined on the basis of the updated business plan for the four years 2024-2028, to the present value at the testing date.

The impairment test required the directors to develop estimates that, by their nature, involve significant elements of judgement with regard to:

- the identification of the cash generating units (“CGUs”) relevant for the purposes of impairment testing and related allocation of goodwill amounts;
- the definition of the assumptions underlying the estimation of the future cash flows from the CGUs identified and of the other relevant assumptions, for instance the discount rate and the growth rate, for the purposes of determining the recoverable amounts of the assets.

As part of our audit we performed the following main procedures, also using the support of business valuation experts from the PwC network.

We met with the Company’s management and with the external expert to obtain an understanding of the procedure applied by the Company with regard to the method and criteria used for impairment testing of goodwill, in order to verify compliance with the requirements of IAS 36.

We assessed the expertise and objectivity of the external expert retained by the Company, as well as the methods used for the allocation of goodwill and related impairment testing.

We verified the consistency of the assets and liabilities allocated to the CGUs, including goodwill, with the cash flows used to determine the related recoverable amounts.

We analysed the reasonableness of the forecasts used to determine the future cash flows from the CGUs identified and their general consistency with the updated business plan for the four years 2024-2028 approved by the board of directors, including consideration of inputs and forecasts from industry and from analysts.

We performed a critical analysis of the reasonableness of the key assumptions used in the valuation process, notably the discount rate and the growth rate.

We performed an independent recalculation and sensitivity analyses to determine the changes in the above-mentioned key assumptions that could have a significant impact on the measurement of the recoverable amounts of the goodwill amounts, also in response to the current uncertainty in the macro-economic environment.



Key Audit Matters

Auditing procedures performed in response to key audit matters

In consideration of the complexity and the element of judgement inherent in the estimation of the future cash flows and of the financial parameters used in the valuations, of the materiality of the goodwill amounts recognised, and of the impairment loss recognised as of 31 December 2023 for a total amount of Euro 1,049 million as a result of the impairment test, and in light of the current macro-economic uncertainties and the stock market performance of the payments industry, we considered the valuation of goodwill a key matter in our audit of the Group's consolidated financial statements as of 31 December 2023.

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
Revenue recognition	
<i>Notes to the consolidated financial statements</i> <i>“Main accounting policies”, section titled “Fees for services rendered and commission income”</i> <i>“Income statement”, section 20. “Fees for services rendered and commission income”</i> ‘Fees for services rendered and commission income’ of Nexi Group for the year ended 31 December 2023 was equal to Euro 5,814 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 several, 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, also outsourced to third party service providers, are key to an accurate revenue recognition process. ‘Fees for services rendered and commission income’ was considered a key audit matter in consideration of the structured nature and complexity of the revenue recognition and measurement process, as well as the materiality of the amount.	As part of our audit we performed the following main procedures, also with the support of IT experts from the PwC network who supported us in the understanding, evaluation and validation of: - general IT controls over the IT systems supporting payment acceptance and processing (the “Acquiring” business) and the 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. We verified 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 for the main financial statements items related to revenue from services in the digital payments business. 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. We verified, on a test basis, the accuracy of revenues recognised against contractual information, and whether they were billed in the appropriate reporting period. Moreover, on a test basis, we sent balance confirmation requests to certain customers. 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.

***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 2023, 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 2023 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 2023, 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 2023 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 2023 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, 4 April 2024

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.



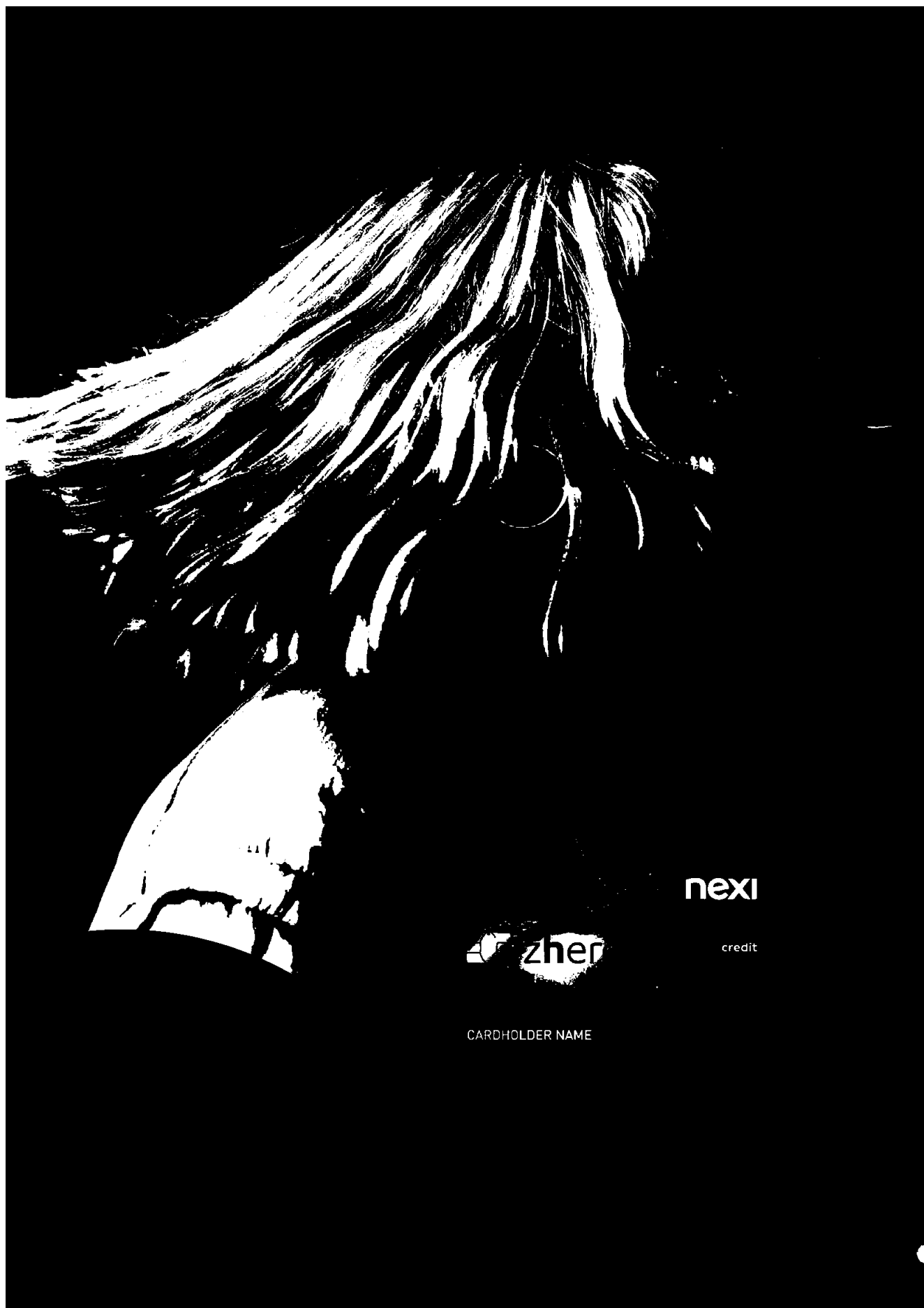
2023 REPORTS AND FINANCIAL STATEMENTS OF THE PARENT COMPANY





2

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2.1

BOARD OF DIRECTORS'
MANAGEMENT REPORT



Board of Directors' Management report

BOARD OF DIRECTORS' MANAGEMENT REPORT

Financial year 2023 closed with a loss for the period of Euro 577 million, following a Euro 210 million profit in 2022. Equity stood at Euro 11,945 million, compared with Euro 12,542 million at 31 December 2022.

Note that at the beginning of 2023 Nexi introduced a new operating and organisational model that laid new foundations for the design and implementation of the Nexi Group's strategy: the adoption of the new operating model led to a strengthening of the governance of the Group's structures in all the countries it operates in, putting in place service contracts with the subsidiaries where needed.

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 2023 the Company's workforce stood at 111 resources.

	Dec.31, 2023	Dec.31, 2022
Executives	36	25
Middle management	59	9
Employees	16	-
Other	-	-
Total	111	34

With reference to seconded staff, note that said staff is head-counted within the relevant group company if and when their percentage secondment is $\geq 50\%$.



Board of Directors' Management report

Information on Personnel and the Environment

Health and Safety

As in the previous years, 2023 was dedicated to ensuring that so-called "co-workers vulnerable to Covid-19" were afforded maximum protection against the risk of contagion. This was done in collaboration with the Company Physician who, being the only person entitled to examine the health records of co-workers, was able to follow the matter closely by accompanying co-workers upon their return to work, or where this was not possible, by implementing constant monitoring of their health. The attention also focused on co-workers who, despite not being particularly vulnerable to Covid, presented a complexity of psycho-physical pathologies worthy of careful medical assessment.

Throughout 2023 H&S continued to offer individual psychological support to co-workers, guaranteeing free access and confidentiality as it is fully managed by the team of psychologists of the Company Physician.

In 2023 a Work-Related Stress Risk Assessment was implemented through focus groups to identify the presence of any stress factors and taking action where necessary.

Furthermore, in view of the considerations of the psychologists who managed the Individual Psychological Support, it was decided to offer specific training for managers called upon to manage co-workers with psychological/psychiatric fragilities.

In 2023 there were no injuries.

The monitoring of work environments continued in order to ensure the best possible health and safety conditions.

Evacuation drills were carried out at all locations and emergency teams were reinforced, also being trained in the use of AEDs (Automated External Defibrillator).

Once again this year, a Flu Vaccination Campaign was promoted at all Italian locations with the support of the Company Physician's organisation.

Training

Training is a strategic factor for the Nexi Group. It is an integrated system of differentiated processes, methods and innovative approaches defined to develop and enhance the skills, aptitudes and passions of all co-workers. It uses a variety of training instruments and customised content inspired by the best market practices and the experiences of our people.

In December 2023, our brand new PayTech University was launched across the organisation, representing a first step towards an integrated method for managing training and skill development throughout the Group. PayTech University symbolises our joint commitment to shape our payment services by leveraging the expertise and representing the values of the Nexi Group. It reflects our collective passion for development and growth, building skills and exploring new trends, and fostering a culture of continuous learning and improvement. With our University, we aim to provide employees with the tools, inspiration and content to boost their own learning and curiosity. Other training plans will be progressively integrated in the coming years via the single learning platform launching in 2024, to ensure consistent and needs-based skills development opportunities.

The Nexi Group's training is divided into the following areas:

- **mandatory training:** to always comply with current regulations, to protect ourselves, the company and customers. This area includes courses ranging from privacy to anti-money laundering to occupational health and safety, and aims to provide knowledge on how to comply with legal and industry regulations (e.g. privacy, security, etc.).



Board of Directors' Management report

- specialised/technical training:

- Activities aimed at acquiring, maintaining and developing technical and professional skills that are useful for doing one's job.
- Participation in courses, events and conferences with third parties and earning certifications.
- Specialised language training provided in different ways: small classes of 2-5 Nexi Group employees taught by a native speaker; online training aimed at the entire workforce via a language learning platform with courses differentiated by level and the possibility of participating in language conversation rooms, including with the participation of users from outside the Nexi Group.

- **"One Nexi" training:** activities aimed at pursuing a common, shared direction, developing and improving the personal skills of all ("soft skills"), the management of people and "knowing how to be" in a dynamic and constantly evolving organization.

- **business training:** designed to keep workers up to date with the business, to learn about the market and its trends, and the positioning, strategy, products and services of the Nexi Group. This training area was revolutionized and updated with the launch of the new Pay-Tech University in December 2023.

In 2023 the total training hours for Nexi SpA personnel amounted to 2,436, of which 15.7% were compulsory, 32.9% specialised, 47.8% One Nexi and 3.6% business.

In view of the launch of PayTech University, aimed at improving training on business topics in 2024, the topic of cultural integration was of great importance this year, with the organisation of numerous events, webinars and newsletters.

Consistent with the values and business strategy of the Nexi Group, the 2023 Training Plan set itself the objective of supporting the entire workforce in building and sharing a new way of working together, providing opportunities for discussions, listening and strengthening the spirit of belonging and teamwork.

The application of these principles can be seen in the great attention that Nexi SpA has paid to the topics of communication and listening, involving many employees in a variety of training sessions aimed at improving various aspects:

- Public communication
- Conflict management
- Creation of trust in employees
- Active listening

The year's training programmes focused on spreading knowledge of the English language, which is becoming increasingly important to support the Group's international expansion. In fact, group training courses were provided to some co-workers and the platform for independent learning was made available to the entire workforce.

Furthermore, in 2023 courses were provided to managers in all areas of the Group aimed at supporting the co-creation of new Group values and related expected conduct, and communication and training campaigns were launched with the aim of familiarising the entire workforce with the content using videos, newsletters, interviews and group sessions.

Finally, all the mandatory training planned at the beginning of the year was provided.

Where possible and in compliance with regulations, some of the course content was updated and revised in accordance with current laws.

Operating Performance

The loss for the year, amounting to Euro 576,7 million, was mainly due to the write-downs of the equity investments in Service Hub, Nexi Central Europe, Nets HoldCo 1, Nexi Payments Greece, Nexi Greece Single Member, and PforCards, dividends received from subsidiaries in the amount of Euro 593 million, all net of commission income in the amount of Euro 15.7 million, interest



Board of Directors' Management report

income in the amount of Euro 88.2 million, and interest expense in the amount of Euro 226 million, as well as the positive effect of taxes for the year in the amount of Euro 42.3 million. As detailed below, other net expenses mainly consist of administrative expenses of Euro 77 million net of other financial income of Euro 4.1 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 2023 are compared with the closing figure for the previous year.

The balance sheet at 31 December 2023 presents Total assets at Euro 18,585 million, compared with Euro 18,941 million at 31 December 2022.

ASSETS

(Amounts in million euros)

	Dec.31, 2023	Dec.31, 2022
Cash and cash equivalents	800	449
Financial assets	2,569	2,328
Hedging derivatives	2	1
Equity investments	15,066	15,996
Tangible and intangible assets	8	1
Other assets	140	167
Total assets	18,585	18,941

LIABILITIES

(Amounts in million euros)

	Dec.31, 2023	Dec.31, 2022
Financial liabilities	6,491	6,291
Hedging derivatives	24	-
Post-employment benefits	1	-
Other liabilities	124	108
Equity	12,522	12,332
Profit (Loss)	(577)	210
Total liabilities	18,585	18,941

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 Holdco;
- hedging derivatives amounted to Euro 2 million and related to the hedges executed in 2022 on certain variable-rate financing lines;



Board of Directors' Management report

- "Equity investments" total Euro 15,066 million, versus Euro 15,996 million as at 31 December 2022; the reduction is due to the write-downs of some Group companies during the year;
- "Tangible and intangible fixed assets" amounting to Euro 8 million as at 31 December 2023 increased compared to the previous period (Euro 1 million as at 31 December 2022) as a result of purchases made during the year;
- the item "Other assets" totals Euro 140 million, compared with Euro 167 million for the previous year. The balance at 31 December 2023 is mainly represented from tax consolidation receivables of Euro 36.6 million, tax assets current and deferred for Euro 42.4 million. The item also includes receivables from Mercury UK in the amount of Euro 28.5 million, related to withholding taxes on 2018 dividends settled in 2023 through a tax audit report.

Regarding liabilities:

- "Financial liabilities" stood at Euro 6,491 million compared with Euro 6,291 million of the previous year. The increase is mainly related to the stipulation of a new loan related to the Term Loan and Earn out;
- hedging derivatives amounted to Euro 24 million and related to long-term hedges on certain financing lines;
- defined benefit plans for personnel amounted to Euro 1 million compared to Euro 0 million last year; the increase is mainly related to transfers of personnel at the beginning of the year from other group companies;
- "Other liabilities" amounted to Euro 124 million compared to Euro 108 million as at 31 December 2022 and mainly refer to tax payables for current and deferred tax expenses, payables to suppliers and invoices to be received, and to the increase in the provision for risks and charges (related to provisions made during the period);
- "Shareholders' equity", including loss for the year, stood at Euro 11,945 million, compared to Euro 12,542 million as at 31 December 2022. The change is mainly related to the loss 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, to the increase in treasury shares and the change in the valuation reserves.



Board of Directors' Management report

Income Statement

The following table shows the Income Statement at 31 December 2023 compared with the previous year.

As at 31 December 2023, the Company's loss stood at Euro 576.7 million, compared with a profit of Euro 209.8 million at 31 December 2022.

INCOME STATEMENT

(Amounts in million euros)

	2023	2022
Net fee and commission income	15.6	-
Net interest income	(137.9)	(79.0)
Profit (Loss) on hedging/financial assets and liabilities at Fair Value through profit or loss/derecognition of assets and liabilities at Amortised cost	4.1	21.7
Dividends and profit/loss from sale of assets at fair value through OCI (former AFS)	593.0	315.5
Financial and operating income	474.9	258.3
Total administrative expenses	(77.0)	(72.6)
Other operating income/expenses, net	-	0.1
Net accruals to provisions for risks and charges	(15.0)	-
Net value adjustments/write-backs on tangible and intangible assets	(0.4)	-
Profit (loss) from equity investments and disposals of investments	(1,001.5)	(11.2)
Profit (loss) before taxes from continuing operations	(618.9)	174.6
Income taxes	42.3	35.2
Profit/(Loss) for the year	(576.7)	209.8

In view of such data, below are listed the items that concurred in forming the result for the year:

- the commission and service margin amounted to Euro 15.6 million and consisted mainly of revenue from intercompany administrative services;
- the net interest income of Euro -137.9 million versus Euro -79 million in 2022 consists of:
 - interest income equal to Euro 88.2 million for financing to subsidiaries compared to 66.2 million in 2022;
 - interest and similar expense equal to Euro -226 million, compared with Euro -145.2 million in 2022 and mainly consisted of interests on issued securities and current financing;
- positive gain/loss on assets and liabilities measured at fair value of Euro 4.1 million includes the effects of the fair value measurement of the earn-outs and the option on shares in Nexi Payments Greece;
- dividends of Euro 593 million compared to Euro 315.5 million in 2022 refer to dividends paid by the subsidiaries Nexi Payments, Nexi Central Europe and Nexi Payments Greece;
- administrative expenses of Euro -77 million, compared to Euro -72.6 million in 2022, are mainly related to general management expenses, personnel costs and the development of ongoing projects;
- impairment/reversal of tangible and intangible assets of Euro -0.4 million related to IFRS 16 amortisation of rights of use.
- losses on equity investments amounted to Euro -1,001.5 million compared to Euro -11.2 million in the previous year, and refer to write-downs made during the year on certain Group companies.

Such items, net of the positive effects of income tax for Euro 42.3 million, bring the loss for the year to Euro -576.7 million.



Board of Directors' Management report

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 Company 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.

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. Specifically, the company will continue to act as the Group's holding company in keeping with the existing organisational model.

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 2023 Nexi SpA did not carry out any research and development activities.

Treasury Shares

In 2021 Nexi SpA purchased 325,000 treasury shares for a total value of Euro 5,169,302.05, and in 2023, 625,000 treasury shares for a total value of Euro 4,734,859.

In the 2021, 2022 and 2023 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 2023 amount to 744,170 recorded in the financial statements at a value of Euro 7,013,484.



Board of Directors' Management report

Coverage of Losses for the Year

Dear Shareholders,

The Financial Statements submitted for your examination and which you are invited to approve show a loss for the year amounting to Euro 576,680,143, in respect of which we propose to pass the following resolutions:

- to cover the loss of Euro 576,680,143 resulting from the financial statements as of 31 December 2023 through the use of the "Retained earnings" reserve in the amount of Euro 517,582,861, and for the remaining amount of Euro 59,097,282 of the "Share premium" reserve;
- to allocate part of the "Share premium" reserve, as reduced following the previous resolution, to the legal reserve in the amount of Euro 1,826,618, with the remaining part amounting to Euro 11,526,335,990 consequently being designated as "Other reserves".

Milan, 6 March 2024
The Board of Directors





2.2

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023



Financial Statements as at 31 December 2023

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

(Amounts in euros)

ASSETS	Note	Dec.31, 2023	Dec.31, 2022
Cash and cash equivalents	3	800,126,689	448,730,534
Financial assets at Fair Value	4	41,072,001	52,088,988
Financial assets measured at amortised cost	5	2,528,217,400	2,275,531,881
a) loans and receivables with banks		1,327,829	1,327,829
b) loans and receivables with financial entities and customers		2,526,889,570	2,274,204,052
Hedging derivatives	6	1,571,206	869,943
Equity investments	7	15,065,832,622	15,995,564,584
Tangible assets	8	924,156	43,525
Intangible assets	9	7,018,093	1,230,734
of which: Goodwill		-	-
Tax assets	10	42,423,239	69,400,634
a) current		7,375,582	9,944,500
b) deferred		35,047,657	59,456,134
Other assets	11	98,015,120	97,711,620
Total assets		18,585,200,524	18,941,172,443

LIABILITIES	Note	Dec.31, 2023	Dec.31, 2022
Financial liabilities measured at amortised cost	12	6,454,620,745	6,261,341,518
a) due to banks		2,627,464,241	2,468,670,772
b) due to financial entities and customers		857,048	42,551
c) securities issued		3,826,299,456	3,792,628,195
Financial liabilities at Fair Value through profit or loss	13	36,101,683	29,935,555
Hedging derivatives	6	24,418,908	255,576
Tax liabilities	10	21,222,601	63,854,550
a) current		20,514,459	63,854,550
b) deferred		708,142	-
Other liabilities	14	87,984,960	43,936,420
Post-employment benefits	15	616,985	-
Provisions for risks and charges	16	15,037,056	-
Share capital	17	118,647,177	118,582,844
Treasury shares (-)	17	(7,013,484)	(4,439,985)
Share premium	17	11,587,259,890	11,587,259,890
Reserves	17	858,436,292	631,246,330
Valuation reserves	17	(35,452,145)	(573,770)
Profit (Loss) for the year	17	(576,680,143)	209,773,516
Total liabilities and equity		18,585,200,524	18,941,172,443



Financial Statements as at 31 December 2023

INCOME STATEMENT

(Amounts in euros)

	Note	2023	2022
Fees for services rendered and commission income	19	15,692,693	-
Fees for services received and commission expense	20	(48,513)	-
Net fee and commission income		15,644,180	-
Interest and similar income	21	88,159,657	66,244,901
Interest and similar expense	22	(226,033,211)	(145,199,778)
Net interest income		(137,873,554)	(78,954,878)
Profit (Loss) on hedging/financial assets and liabilities at Fair Value through profit or loss/ derecognition of assets and liabilities at Amortised cost	23	4,090,351	21,680,271
Dividends and profit (loss) from sale of assets at FVTOCI	24	593,040,900	315,548,713
Financial and operating income		474,901,877	258,274,107
Administrative expenses	25	(76,961,506)	(72,589,793)
Personnel-related costs	25.1	(32,209,028)	(9,472,693)
Other administrative costs	25.2	(44,752,478)	(63,117,100)
Other operating income/expenses, net	26	4,230	86,577
Net accruals to provisions for risks and charges	27	(15,037,056)	-
Net value adjustments/write-backs on tangible and intangible assets	28	(372,952)	(9,287)
Operating margin		382,534,594	185,761,605
Profit (loss) from equity investments and disposals of investments	29	(1,001,479,848)	(11,158,990)
Profit (Loss) before taxes from continuing operations		(618,945,255)	174,602,615
Income taxes	30	42,265,111	35,170,901
Profit (Loss) for the year		(576,680,143)	209,773,516



Financial Statements as at 31 December 2023

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in euros)

	2023	2022
Profit (Loss) for the year	(576,680,143)	209,773,516
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at FVTOCI	(11,725,130)	(800,000)
Defined benefit plans	(18,096)	-
Items that will be reclassified subsequently to profit or loss		
Cash flow hedges	(23,135,148)	226,230
Other comprehensive income (net of tax)	(34,878,374)	(573,770)
Total comprehensive income	(611,558,518)	209,199,746

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2023

(Amounts in euros)

	Balance at January 1, 2023	Change in opening balance	Allocation of prior year profit		Changes for the year		2023 comprehensive income		Balance at December 31, 2023
			Reserves	Dividends	Change in reserves	Transactions on net equity	Profit/(loss) for the year	Other comprehensive income items	
Share capital	118,582,844	-	-	-	-	64,333	-	-	118,647,177
Treasury shares	(4,439,985)	-	-	-	(2,573,499)	-	-	-	(7,013,484)
Share premium	11,587,259,890	-	-	-	-	-	-	-	11,587,259,890
Reserves	631,246,330	-	209,773,516	-	17,480,778	(64,333)	-	-	858,436,292
Valuation reserves	(573,770)	-	-	-	-	-	-	(34,878,374)	(35,452,145)
Profit (loss) for the year	209,773,516	-	(209,773,516)	-	-	-	(576,680,143)	-	(576,680,143)
Total Shareholders' Equity	12,541,848,825	-	-	-	14,907,279	-	(576,680,143)	(34,878,374)	11,945,197,586

STATEMENT OF CHANGES IN EQUITY 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/(loss) 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



Financial Statements as at 31 December 2023

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Amounts in thousand euros)

	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	(155,725)	(182,088)
Result for the year	(576,680)	209,774
Gains/losses on hedging/ financial assets and liabilities measured at FVTPL/ derecognition of assets and liabilities at amortised cost	(4,090)	(21,642)
Net accrual to provisions for risks and charges and other costs/revenues	15,037	-
Amortisation, depreciation and net impairment losses on tangible and intangible assets	373	-
Unpaid taxes, duties and tax assets	34,600	15,887
Other adjustments	375,035	(386,107)
2. Cash flows generated/(used) by financial assets	-	-
3. Cash flows generated/(used) by financial liabilities	-	-
Net cash flows generated/(used) by operating activities	(155,725)	(182,088)
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	-	-
Acquisitions of intangible assets	(5,840)	(1,231)
Sale/purchase of subsidiaries, business units and other non- current assets	(4,720)	(550,955)
Dividends from equity investments	593,041	315,549
Net cash flows generated/(used) in investing activities	582,480	(236,637)
C. FINANCING ACTIVITIES		
Repayments of loans and securities	4,376	(1,424,801)
Intercompany financing	(225,000)	(48,399)
Issues/purchases of equity instruments	(4,735)	-
Issues of debt instruments and new loans	150,000	794,568
Net cash flows generated/(used) by financing activities	(75,359)	(678,633)
NET CASH FLOWS GENERATED/(USED) FOR THE YEAR	351,396	(1,097,358)
Net cash flows generated/(used) during the year	351,396	(1,097,358)
Cash and cash equivalents at the start of the year	448,731	1,546,089
Cash and cash equivalents at the end of the year	800,127	448,731





2.3

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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

1. Declaration of Compliance with the International Financial Reporting Standards

The Company has prepared these Financial Statements for the year ended 31 December 2023 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. No derogations were made from the IAS/IFRS standards.

The IAS/IFRS standards in force as at 31 December 2023, including the SIC and IFRS-IC interpretative documents, were applied in the preparation of the financial statements.

In 2023 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 2023.

Specifically, the following changes in accounting standards apply from 1 January 2023:

- IFRS 17 Insurance Contracts and subsequent amendments - In May 2017 the IASB published the new IFRS 17 "Insurance Contracts" accounting standard, which was subsequently amended on 25 June 2020 and endorsed by EU Regulation no. 2036/2021 of 19 November 2021. IFRS 17 superseded IFRS 4 and applies to all types of insurance contracts (e.g. life, non-life, direct insurance, reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features, and allows for a single way of representing insurance contracts. IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
 - a specific adjustment for contracts with direct participation (the variable fee approach);
 - a simplified approach (the premium allocation approach) mainly for short-term contracts.

In December 2021 the IASB also issued the initial application of IFRS 17 and IFRS 9 – Comparative information (amendment to IFRS 17). The amendment is a transition option relating to comparative information on financial assets presented in connection with the first-time application of IFRS 17.

The amendment is intended to help insurers avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for users of financial statements. IFRS 17, which takes account of this amendment, is effective for financial years beginning on or after 1 January 2023.

During the year, the Group carried out an assessment involving all its companies with the aim of checking the applicability of the standard. Given that the Group does not include insurance companies or companies engaged in the insurance business, the analysis focused on any other cases, also taking into account exclusions from application envisaged by the standard.

Notes to the Financial Statements - Accounting Policies

As a result of this assessment, IFRS 17 is not applicable within the Nexi Group.

- Definition of accounting estimate – Amendments to IAS 8 – In February 2021 the IASB issued amendments to IAS 8, introducing a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
- Disclosures of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to disclosures of accounting policies. The amendments aim to help entities provide more useful accounting standard disclosures by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting standards. Moreover, guidance is added on how entities apply the concept of materiality in making accounting standard disclosure decisions.
- Deferred taxes relating to assets and liabilities arising from a single transaction - Amendments to IAS 12 - In May 2021 the IASB issued amendments to IAS 12, narrowing the scope of the initial recognition exception included in IAS 12, which is no longer to be applied to those transactions that give rise to taxable and deductible temporary differences in equal measure. The changes are applied to transactions occurring after or at the beginning of the comparative period presented. Furthermore, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognised for all deductible and taxable temporary differences associated with leases and restoration provisions.
- International Tax Reform - Pillar Two Model - Amendments to IAS 12 - At the end of 2021 more than 135 countries, accounting for more than 90% of global GDP, reached an agreement on international tax reform introducing a Global Minimum Tax for large multinational corporations. In detail, these countries adhered to the OECD Inclusive Framework on Base Erosion and Profit Shifting, which introduces a two-pillar model to address tax issues arising from the digitisation of the economy. In Europe, the Directive to implement the minimum tax component of the OECD reform was approved by the European Commission on 12 December 2022. Following the overcoming of reservations by some Member States, unanimous agreement was reached in the EU for the adoption of the proposed EU Directive to achieve a minimum level of effective taxation of 15% for multinational groups with total revenues exceeding Euro 750 million per year. Directive No. 2523/2022 was published in the EU Official Journal on 22 December 2022 and applies from the 2024 tax year. Other non-EU countries where the Group is present may implement the same internationally derived legislation in their national laws. With the publication of the amendments to IAS 12, the IASB intends to respond quickly to the concerns of several stakeholders on the potential implications of the application of the Pillar Two rules on tax accounting, given the imminent entry into force of the new tax provisions in some jurisdictions. Specifically, the amendments to the standard introduce a mandatory temporary exception not to recognise deferred taxation resulting from the implementation of the Pillar Two Framework. The exception is immediately applicable and retroactive. Specific disclosure requirements are also envisaged for the companies affected (applicable starting from the annual financial statements that commence with 1 January 2023), with different disclosure obligations to be fulfilled in periods when the Pillar Two regulations are enacted or substantially enacted but not yet in force and in periods in which the tax reform is in force. This new obligation falls on the parent company Nexi SpA, and analyses are currently under way to identify the most appropriate methods for managing it. Indeed, taking into account the involvement of more than 20 jurisdictions and more than 70 companies and subsidiaries of the Group in this obligation, the activities also include the identification of a tool that is suitable for this corporate structure. Efforts are also under way to estimate the likelihood that the simplified Safe Harbour requirements are applicable in the jurisdictions the Group operates in (using 2024 figures), which - if met - would not result in tax payments arising from the application of the aforementioned new law.

These changes had no impact on the Group with respect to the balances of the Financial Statements as at 31 December 2023 and comparative balances.

From 1 January 2024 amendments to IFRS 16 are mandatory, which specify how the lessee-seller subsequently assesses sale and lease-back transactions that meet the requirements of IFRS 15 to be accounted for as a sale, and amendments to IAS 1, which mainly clarify the distinction between current and non-current liabilities. It is expected that these changes will have no significant impact on the Group.

Specifically, with regard to the amendments to IFRS 16, note that a sale and leaseback transaction consists of the sale of an asset by a seller and the repurchase of that same asset by entering into a lease. A characteristic of sale and leaseback transactions is that the sale price and lease payments are usually interdependent. The key issue is to define whether the transaction represents a true sale, in which most of the risks and rewards are transferred to the buyer, while the seller continues to use the asset, exposing itself to some (but not substantially all) of the risks and rewards, or whether it is merely a transaction for financial, tax or other purposes, in which the risks/benefits of ownership of the asset essentially remain with the seller/lessee. IFRS 16 governs this topic: if the selling lessee transfers the asset to another entity (the purchasing lessor) and leases back the asset from the purchasing lessor, both the selling lessee and the purchasing lessor must account for the transfer agreement and the lease under IFRS 16. To determine whether the transfer of the asset constitutes



Notes to the Financial Statements - Accounting Policies

a sale, entities shall apply the requirements for determining when the obligation to do something is discharged under IFRS 15. Similarly, IFRS 15 shall be applied to determine whether the transfer of the asset is accounted for as a sale of the asset. A sale and leaseback qualify as a sale if the lessor purchaser obtains control of the underlying business.

The seller-lessee measures a leaseback asset as the percentage of the former carrying amount of the asset that relates to the retained right of use. The gain (or loss) recognised by the seller is limited to the percentage of the total gain (or loss) that relates to the rights transferred to the buyer-lessee. Any difference between the sale proceeds and the Fair Value of the asset is a prepayment of lease instalments (if the purchase price is below market terms) or additional financing (if the purchase price is above market terms). The same logic applies if the lease payments are not at market rates.

The amendments to IAS 1 clarify that an entity must classify a liability as current when:

- a) it is expected to settle the liability in its normal operating cycle;
- b) it possesses it primarily for the purpose of negotiating it;
- c) the liability must be discharged within 12 months after the end of the financial year; or
- d) at the end of the reporting period it does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All other liabilities are to be classified as non-current.

Liabilities arising from financing arrangements may be classified as non-current when the entity's right to defer settlement of those liabilities is subject to the entity's compliance with the terms within twelve months after the reporting period. In such situations the entity must disclose information in the notes that enables users of its financial statements to understand the risk that the liabilities may become repayable within twelve months after the reporting period. Specifically, the entity must disclose information about the terms (including the nature of the terms and when the entity is required to comply with them) and the carrying amount of the related liabilities and information about any facts and circumstances that indicate that the entity may have difficulty complying with the terms. The amendments also clarify that for the purposes of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of cash or other economic resources, e.g. goods or services or equity instruments of the entity. The terms of a liability that, at the option of the counterparty, could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, in applying IAS 32, the entity classifies the option as an equity instrument and recognises it separately from the liability as a component of equity in a compound financial instrument.

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 document IASB publication date	Date of publication by IASB
Amendment to IAS 7 "Statement of Cash Flows": Supplier Finance Arrangements	25/05/2023
Amendment to IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements	25/05/2023
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	15/08/2023

Since none of these has been approved by the European Union, they have not impacted the Financial Statements as of 31 December 2023.



Notes to the Financial Statements - Accounting Policies

Basis of Preparation

The Financial Statements as at 31 December 2023 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 of the Company.

The financial statements as at 31 December 2023 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 2023 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 2022.

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. 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.



Notes to the Financial Statements - Accounting Policies

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, SIAPay S.r.l. and Numera Sistemi e Informatica SpA have adopted so-called "national tax consolidation", governed by Articles 117-129 of the Italian 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 Numera Sistemi e Informatica SpA, which will become eligible from 1 January 2024) 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.



Notes to the Financial Statements - Accounting Policies

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 Company has opted to measure at FVTOCI.

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 Company 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).

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 meas-



Notes to the Financial Statements - Accounting Policies

ured 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.



Notes to the Financial Statements - Accounting Policies

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 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

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.

Notes to the Financial Statements - Accounting Policies

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.

Tangible Assets**Classification Criteria**

Tangible assets 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. Tangible assets held for use in production or for the supply of goods and services are classified as "Property and equipment" 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 tangible assets 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.



Notes to the Financial Statements - Accounting Policies

Derecognition Criteria

Tangible assets 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.

Notes to the Financial Statements - Accounting Policies

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.



Notes to the Financial Statements - Accounting Policies

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.

Financial Liabilities Measured at Fair Value through Profit or Loss

As at 31 December 2023 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, result in the recognition of an increase in equity, calculated on the basis of the Fair Value of the financial instruments attributed at the assignment date, breaking up the expense throughout the plan period. This increase is recorded as an offsetting entry under item "Equity investment" for the Plans granted to employees of subsidiaries and in the Income Statement for the Plans granted to its own employees.

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.

Notes to the Financial Statements - Accounting Policies

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.

Notes to the Financial Statements - Accounting Policies

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 represented by services rendered by the Parent Company to other Group companies and 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 has been 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.

Commission Expense

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

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.

Notes to the Financial Statements - Accounting Policies

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 the 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, the main estimates concern, on the one hand, 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) are estimated.

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.

Notes to the Financial Statements - Accounting Policies

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 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 financial statements, the following instruments valued at Fair Value were mainly in place:

- Acorns shares in the portfolio, Fair Value was estimated using models generally used by market operators (Discounted Cash Flow) based partially on market-driven parameters;
- Monte dei Paschi di Siena shares in portfolio, listed on active markets and valued according to market prices.
- Contingent consideration: Fair Value is estimated as the present value of expected cash outflows, based on contractually agreed Earn-out mechanisms, using the weighted average cost of capital (WACC) at the valuation date.
- Derivatives 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.
- 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.



Notes to the Financial Statements - Accounting Policies

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 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.
- 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

Acorns shares and derivatives on shares of unlisted companies represent instruments whose Fair Value is Level 3. See the consolidated financial statements for sensitivity analyses of the Fair Value of these instruments.

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, 2023			Dec.31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at Fair Value through profit or loss	-	-	-	-	-	-
Financial assets at Fair Value through OCI	30,460,000	612,000	10,000,001	19,200,000	612,000	32,276,988
Hedging derivatives	-	1,571,206	-	-	869,943	-
Total	30,460,000	2,183,206	10,000,001	19,200,000	1,481,943	32,276,988
Financial liabilities at Fair Value through profit or loss	-	35,412,961	688,722	-	15,264,371	14,671,184
Hedging derivatives	-	24,418,908	-	-	255,576	-
Total	-	59,831,869	688,722	-	15,519,947	14,671,184



Notes to the Financial Statements - Statement of Financial Position

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 the 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 and Liabilities Measured at Fair Value on a Recurring Basis (Level 3)

Assets measured at Level 3 Fair Value in 2023 include the shares in the company Acorns - received in 2023 as a result of the acquisition of CoHenry.

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, 2023				Dec.31, 2022			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Loans and receivables with banks	-	1,327,829	-	1,327,829	-	1,327,829	-	1,327,829
Loans and receivables with customers	-	2,526,889,570	-	2,526,889,570	-	2,274,204,052	-	2,274,204,052
Investment property	-	-	-	-	-	-	-	-
Total	-	2,528,217,400	-	2,528,217,400	-	2,275,531,881	-	2,275,531,881
Payables to banks	-	2,627,464,241	-	2,627,464,241	-	2,468,670,772	-	2,468,670,772
Payables due to financial entities and customers	-	857,048	-	857,048	-	42,551	-	42,551
Securities issued	-	3,81,096,516	-	3,826,299,456	-	3,318,598,145	-	3,792,628,195
Total	-	6,469,417,805	-	6,454,620,745	-	5,787,311,468	-	6,261,341,518

Information on "Day One Profit or Loss"

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

2. Statement of Financial Position

(Amounts in euros)

ASSETS

3. Cash and Cash Equivalents

	Dec.31, 2023	Dec.31, 2022
a) Cash	-	-
b) Deposits and current accounts	800,126,689	448,730,534
Total	800,126,689	448,730,534

The change in the item is mainly attributable to funding transactions during the period, the collection of dividends from subsidiaries, the interest expenses for the financing stipulated and the other expenses incurred during the period.



Notes to the Financial Statements - **Statement of Financial Position**

4. Financial Assets Measured at Fair Value

4. BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Dec.31, 2023	Dec.31, 2022
Financial assets measured at FVTPL	-	-
Financial assets measured at FVTOCI	41,072,001	52,088,988
Total	41,072,001	52,088,988

The item includes minority equity investments in companies that are not subsidiaries or subject to significant influence. More specifically, the item includes shares in Banca MPS for Euro 30 million and the minority investment in Acorns – received in 2023 following the acquisition of CoHenry – for Euro 10 million, a financial technology company.

4.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI: BREAKDOWN BY PRODUCT

	Dec.31, 2023	Dec.31, 2022
1. Debt instruments	-	-
2. Equity instruments	41,072,001	52,088,988
3. Financing	-	-
Total	41,072,001	52,088,988

4.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI: BREAKDOWN BY ISSUER

	Dec.31, 2023	Dec.31, 2022
a) Banks	30,460,000	19,200,000
b) Financial institutions	10,000,001	32,276,988
- Visa Europe Limited	-	-
- Visa Inc.	-	-
- Other financial companies	10,000,001	32,276,988
c) Non-financial institutions	612,000	612,000
Total	41,072,001	52,088,988

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, 2023					Dec. 31, 2022				
	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	-	1,327,829	-	-	1,327,829	-
Total	1,327,829	-	-	1,327,829	-	1,327,829	-	-	1,327,829	-



Notes to the Financial Statements - Statement of Financial Position

5.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: LOANS AND RECEIVABLES WITH FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec. 31, 2023					Dec. 31, 2022				
	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	2,526,889,570	-	-	2,526,889,570	-	2,274,204,052	-	-	2,274,204,052	-
Total	2,526,889,570	-	-	2,526,889,570	-	2,274,204,052	-	-	2,274,204,052	-

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 OR CUSTOMERS: GROSS AND NET VALUES AND WRITE-OFFS OF PERFORMING AND NON-PERFORMING LOANS

	Dec. 31, 2023			Dec. 31, 2022		
	Gross value	Fund	Net value	Gross value	Fund	Net value
Performing loans						
- Stage 1	2,526,889,570	-	2,526,889,570	2,274,204,052	-	2,274,204,052
- Stage 2	-	-	-	-	-	-
Non-performing loans						
- Stage 3	-	-	-	-	-	-
Total	2,526,889,570	-	2,526,889,570	2,274,204,052	-	2,274,204,052

6. Hedging Derivatives

	Dec. 31, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Carrying amount	Fair Value Level 1	Level 2	Level 3
Derivatives with positive Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	1,571,206	-	1,571,206	-	869,943	-	869,943	-
Total	1,571,206	-	1,571,206	-	869,943	-	869,943	-
Derivatives with negative Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	24,418,908	-	24,418,908	-	255,576	-	255,576	-
Total	24,418,908	-	24,418,908	-	255,576	-	255,576	-

Hedging derivative assets and liabilities relate to the hedges executed in 2022 on certain variable-rate loan facilities.



Notes to the Financial Statements - **Statement of Financial Position**

7. Equity Investments

7.1 EQUITY INVESTMENTS: INFORMATION ON EQUITY INVESTMENT RELATIONS

Name	% held	Carrying amount
A. Subsidiaries:		
Mercury Payment Services SpA	100.00%	8,352,698
Nexi Payments SpA	99.49%	8,349,021,882
Help Line SpA	69.24%	2,389,493
Service HUB SpA	100.00%	28,775,000
Nets HoldCo 1 ApS	100.00%	6,274,941,603
PforCards GmbH	100.00%	3,551,415
Nexi Central Europe a.s.	100.00%	86,080,000
Nexi Greece Single Member S.A.	100.00%	52,039,720
Nexi Payments Greece S.A.	90.01%	260,675,909
B. Companies subject to significant influence:		
Nexi Digital S.r.l.	49.00%	4,900
Total		15,065,832,622

For the purposes of the 2023 financial statements, equity investments that showed indicators of impairment were tested, as were those deemed of significant importance even in the absence of such indicators. The test was conducted in a manner consistent with the models used for the purposes of the consolidated financial statements.

As in previous years, Nexi deemed it appropriate to assign the task of performing the impairment test to Independent Experts once again for the financial year ending 31 December 2023.

The recoverable amount is equal to the higher of Fair Value (income approach) and value in use, estimated net of benefits to be neutralised in accordance with paragraph 44 of IAS 36. 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 Enterprise Value estimate was based on the DCF asset-side criterion, starting from the update of the four-year plan and the cash flows extrapolated for another year of each equity investment contributing to the Nexi Group plan.

For the purpose of impairment testing equity investments in accordance with IAS 36, the recoverable amount was compared with the carrying amount.

Consistent with the requirements of international accounting standard IAS 36, the method employed for the impairment test was expressly approved by the Company's Board of Directors following a favourable opinion issued in this regard by the Risk, Control and Sustainability Committee in January 2024, at a time prior to the approval of the financial statements for 2023.

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:

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

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).



Notes to the Financial Statements - Statement of Financial Position

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 month weighted by the countries the company operates in (German bund increased by the Greek country risk premium in the case of Nexi Payments Greece);
- β = "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 5.92%, applicable to European companies (source: Berec BoR (23) 90) (5.0% for Nexi Payments Greece, source: Damodaran).

The measures of cost of capital and long-term growth rate are as follows:

	WACC	g
Nets Holdco 1 ApS	9.26%	2.06%
Nexi Payments	9.82%	1.97%
Nexi Payments Greece	10.09%	1.65%
Nexi CE	10.38%	2.36%
Service HUB	9.82%	1.97%

The Nexi Payments equity investment did not show any impairment, while for the other equity investments indicated above there was a need to record write-downs.

Furthermore, with regard to the equity investments in PforCards and Nexi Greece, as in 2022 and consistent with the fact that at the time of the PPA - Purchase Price Allocation these equity investments had been attributed a Fair Value equal to Equity, they were written down based on the losses recorded in 2023.

Overall, the value adjustments booked amounted to approximately Euro 1 billion, of which Nets Euro 851 million Euro, Nexi Central Europe Euro 97.8 million, Nexi Payments Greece Euro 37.8 million, Nexi Greece Euro 9.9 million, Service Hub Euro 3.3 million and PforCards 1.6 million.

8. Tangible Assets

	Dec.31, 2023	Dec.31, 2022
Property and equipment	924,156	43,525
Investment property	-	-
Total	924,156	43,525

The item Tangible assets includes only property and equipment.

The increase over the previous period relates to purchases made during the year.



Notes to the Financial Statements - Statement of Financial Position

8.1 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS VALUED AT COST

	Dec.31, 2023	Dec.31, 2022
Owned		
a) Land	-	-
b) Buildings	-	-
c) POS and ATM	-	-
d) Machinery and electronic equipment/systems	-	-
e) Furniture and furnishings	-	-
f) Other	-	-
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	559,218	-
c) POS and ATM	-	-
d) Machinery and electronic equipment/systems	-	-
e) Furniture and furnishings	-	-
f) Other	364,938	43,525
Total	924,156	43,525

8.2. PROPERTY AND EQUIPMENT: CHANGES

31.12.2023	Land	Buildings	Furniture and furnishings	Other	Total
A. Opening balance - Gross	-	-	-	60,272	60,272
A.1 Depreciation Fund	-	-	-	(16,748)	(16,748)
A.2 Net Opening balance	-	-	-	43,525	43,525
B. Increases	-	790,530	-	494,103	1,284,633
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	-	790,530	-	494,103	1,284,633
<i>of which of Rights of use</i>	-	790,530	-	409,758	1,200,288
B.8 Currency translation adjustment	-	-	-	-	-
C. Decreases	-	231,312	-	172,689	404,001
C.1 Sales	-	-	-	-	-
C.2 Depreciation	-	200,262	-	172,689	372,952
<i>of which of Rights of use</i>	-	200,262	-	172,689	372,952
C.3 Impairment losses	-	-	-	-	-
C.4 Negative Fair Value adjustments	-	-	-	-	-
C.5 Business combination	-	-	-	-	-
C.6 Transfers	-	-	-	-	-
a) <i>investment property</i>	-	-	-	-	-
b) <i>non-current assets held for sale and discontinued operations</i>	-	-	-	-	-
C.7 Other decreases	-	31,049	-	-	31,049
C.8 Currency translation adjustment	-	-	-	-	-
D. Closing balance - Gross	-	759,480	-	554,375	1,313,856
D.1 Depreciation Fund	-	(200,262)	-	(189,437)	(389,699)
D.2 Net Closing balance	-	559,218	-	364,938	924,156



Notes to the Financial Statements - **Statement of Financial Position**

9. Intangible Assets

9 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	Dec. 31, 2023		Dec. 31, 2022	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	-	-	-	-
A.2 Intangible assets - Customer contracts	-	-	-	-
A.3 Other intangible assets	7,018,093	-	1,230,734	-
- internally generated assets	7,018,093	-	1,230,734	-
- externally purchased assets	-	-	-	-
- leased intangible assets	-	-	-	-
Total	7,018,093	-	1,230,734	-

The increase compared to the previous period relates to investments made during the year, referring to ongoing projects.

10. Tax Assets and Liabilities

10.1 CURRENT TAX ASSETS AND LIABILITIES: BREAKDOWN

	Dec.31, 2023	Dec.31, 2022
Current IRES receivables	4,326,553	4,389,243
Current IRAP receivables	3,049,029	5,555,257
Total	7,375,582	9,944,500

	Dec.31, 2023	Dec.31, 2022
Current IRES payables	20,514,459	63,854,550
Current IRAP payables	-	-
Total	20,514,459	63,854,550

10.2 DEFERRED TAX ASSETS: BREAKDOWN

	Dec.31, 2023	Dec.31, 2022
Deferred taxes assets		
- of which: recognised in shareholders' equity	-	-
- of which: recognised in profit and loss	35,047,657	59,456,134
Total	35,047,657	59,456,134



Notes to the Financial Statements - Statement of Financial Position

10.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

	Dec.31, 2023	Dec.31, 2022
1. Opening balance	-	1,556,704
2. Increases	-	-
2.1 Deferred tax assets recognised in the year	-	-
2.2 Business combination	-	-
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	-	-

10.4 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN THE INCOME STATEMENT)

	Dec.31, 2023	Dec.31, 2022
1. Opening balance	59,456,134	98,002,507
2. Increases	8,893	-
2.1 Deferred tax assets recognised in the year	8,893	-
2.2 Business combination	-	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	24,417,371	38,546,373
3.1 Deferred tax assets derecognised in the year	24,417,371	24,103,671
3.2 Business combination	-	14,442,702
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	35,047,657	59,456,134

10.5 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec.31, 2023	Dec.31, 2022
Deferred tax liabilities		
- of which: recognised in equity	708,142	-
- of which: recognised in profit and loss	-	-
Total	708,142	-



Notes to the Financial Statements - Statement of Financial Position

10.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

	Dec.31, 2023	Dec.31, 2022
1. Opening balance	-	570,690,234
2. Increases	-	-
2.1 Deferred tax liabilities recognised in the year	-	-
2.2 Business combination	-	-
2.3 Other increases	-	-
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	-	-

10.7 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN EQUITY)

	Dec.31, 2023	Dec.31, 2022
1. Opening balance	-	-
2. Increases	708,142	-
2.1 Deferred tax liabilities recognised in the year	708,142	-
2.2 Business combination	-	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	-	-
3.1 Deferred tax liabilities derecognised in the year	-	-
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	708,142	-

11. Other Assets

	Dec.31, 2023	Dec.31, 2022
Tax receivables	9,681,750	7,696,693
Other assets for commissions to be collected	47,716,045	55,718
Deferred costs	2,829,978	3,904,934
Inventory	-	-
Other receivables	1,209,191	229,951
Receivables for tax consolidation	36,578,157	85,824,324
Total	98,015,120	97,711,620

"Other assets" consist mainly of tax consolidation receivables and receivables from Mercury UK related to withholding taxes on 2018 dividends finalised in 2023 through a tax audit report.



Notes to the Financial Statements - **Statement of Financial Position**

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, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	2,627,464,241	-	2,627,464,241	-	2,468,670,772	-	2,468,670,772	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	-	-	-	-	-	-	-	-
Total	2,627,464,241	-	2,627,464,241	-	2,468,670,772	-	2,468,670,772	-

12.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: FINANCIAL LIABILITIES DUE TO FINANCIAL ENTITIES AND CUSTOMERS: BREAKDOWN BY PRODUCT

	Dec.31, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	-	-	-	-	-	-	-	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	857,048	-	857,048	-	42,551	-	42,551	-
Total	857,048	-	857,048	-	42,551	-	42,551	-

12.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	Dec.31, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Fixed rate securities	3,826,299,456	-	3,841,096,516	-	3,792,628,195	-	3,318,598,145	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	3,826,299,456	-	3,841,096,516	-	3,792,628,195	-	3,318,598,145	-

13. Financial Liabilities Measured at Fair Value

13.1 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	Dec.31, 2023				Dec. 31, 2022			
	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	-	-	-	-	-	-	-	-
Other financial liabilities mandatorily measured at Fair Value	36,101,683	-	35,412,961	688,722	29,935,555	-	15,264,371	14,671,184
Total	36,101,683	-	35,412,961	688,722	29,935,555	-	15,264,371	14,671,184

The item mainly refers to contractually agreed earn-outs. For further details, see the Consolidated financial report.



Notes to the Financial Statements - Statement of Financial Position

14. Other Liabilities

	Dec.31, 2023	Dec.31, 2022
Tax liabilities and social security debts	31,724,140	82,741
Payables due to employees	8,754,712	4,045
Other liabilities for fees and commissions	32,258,853	32,114,507
Deferred loyalty fees and other revenues	-	-
Other debts	11,104,258	7,067,059
Payables for tax consolidation	4,142,997	4,668,068
Total	87,984,960	43,936,420

"Other liabilities" mainly refer to trade payables and tax payables.

15. Post-employment benefits

15.1 POST-EMPLOYMENT BENEFITS: BREAKDOWN

	Dec.31, 2023	Dec.31, 2022
Defined benefit plan	616,985	-
Contribution plan	-	-
Total	616,985	-

The increase is mainly related to the transfer of personnel at the beginning of the year from other group companies.

15.2 POST-EMPLOYMENT BENEFITS: CHANGES

	Dec.31, 2023	Dec.31, 2022
A. Opening balance	-	-
B. Increases	630,432	-
B.1 Accruals for the year	21,841	-
B.2 Other changes	608,591	-
- Business combinations	-	-
- Other increases	608,591	-
C. Decreases	13,447	-
C.1 Payments	-	-
C.2 Other changes	13,447	-
- Business combinations	-	-
- Other decreases	13,447	-
- Liabilities held for sale and discontinued operations	-	-
D. Closing balance	616,985	-



Notes to the Financial Statements - Statement of Financial Position

15.3 MAIN DEMOGRAPHIC AND ACTUARIAL ASSUMPTIONS FOR THE ASSESSMENT OF THE SEVERANCE INDEMNITY: SENSITIVITY ANALYSIS

	Assumptions	Sensitivity	
	Dec.31, 2023	(0.50%)	0.50%
- Discount rate	3.08%	637,959	597,065
- Inflation rate	2.00%	na	na
- Turnover rate	1.86%	616,304	617,642

16. Provisions for Risks and Charges

16.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	Dec.31, 2023	Dec.31, 2022
1. Internal pension funds	-	-
2. Other provisions for risks and charges	15,037,056	-
Total	15,037,056	-

16.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Internal Pension funds	Other provisions for risks and charges	Total
A. Opening balance	-	-	-
B. Increases	-	15,037,056	15,037,056
C. Business combination	-	-	-
D. Decreases for utilisation/payment	-	-	-
E. Decreases for releases	-	-	-
F. Time value adjustment	-	-	-
G. Closing balance	-	15,037,056	15,037,056

The increase is related to provisions made during the period.

17. Shareholders' Equity

	Dec.31, 2023	Dec.31, 2022
Share capital	118,647,177	118,582,844
Treasury shares	(7,013,484)	(4,439,985)
Share premium	11,587,259,890	11,587,259,890
Reserves	858,436,292	631,246,330
Valuation reserves	(35,452,145)	(573,770)
Profit (Loss) for the period	(576,680,143)	209,773,516
Total Shareholders' Equity	11,945,197,586	12,541,848,825



Notes to the Financial Statements - Statement of Financial Position

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, 2023	Dec.31, 2022
Treasury shares	(7,013,484)	(4,439,985)
Total	(7,013,484)	(4,439,985)

The treasury shares in portfolio amounted to 744,170.

17.3 SHARE PREMIUM: BREAKDOWN

The share premium equal to Euro 11,587 million did not change in 2023.

17.4 RESERVES: BREAKDOWN AND CHANGES

	Legal	Retained earnings	Other reserves	Total
Possible use (*)	B	A, B, C	D	
A. Opening balance	11,414,141	318,438,300	301,393,889	631,246,330
B. Increases	10,488,676	199,284,840	17,480,778	227,254,295
B.1 Allocation of profit for the year	10,488,676	199,284,840		209,773,516
B.2 Other changes	-		17,480,778	17,480,778
C. Decrease	-	(64,333)	-	(64,333)
C.1 Utilisation	-	-	-	-
C.2 Other changes	-	(64,333)	-	(64,333)
D. Closing balance	21,902,817	517,658,806	318,874,668	858,436,292

(*) A: capital increase; B: to cover losses; C: dividend distribution; D: non-available

The increase in other reserves mainly includes the 2022 profit carry-forward and the effects of the IFRS 2 valuation of share-based plans granted to Group employees.

Other Information

Nothing to report.



Notes to the Financial Statements - **Income Statement**

18. INCOME STATEMENT

(Amounts in euros)

19. Fees for Services Rendered and Commission Income

	2023	2022
Issuing & Acquiring fees:	-	-
- fees and commissions from counterparties	-	-
- fees and commissions from cardholders	-	-
- other fees	-	-
Revenues from services	15,692,693	-
Total	15,692,693	-

This item mainly comprises revenue from intercompany administrative services.

20. Fees for Services Received and Commission Expense

	2023	2022
Bank charges:	(48,513)	-
- fees due to correspondents	(48,513)	-
- fees due to banks	-	-
Other fees	-	-
Total	(48,513)	-

21. Interest and Similar Income

	2023	2022
Financial assets measured at amortised cost:	87,115,800	65,697,766
- loans and receivables with banks	-	-
- loans and receivables with financial entities and customers	87,115,800	65,697,766
Financial assets measured at FVTOCI	-	-
Financial assets measured at FVTPL:	-	-
- financial assets held for trading	-	-
- financial assets measured at Fair Value	-	-
- Other financial assets mandatorily measured at Fair Value	-	-
Hedging derivatives	1,043,752	-
Other assets	-	527,917
Other financial income	105	19,218
Total	88,159,657	66,244,901

This item mainly refers to interest income accrued on intercompany loans granted to Group companies.



Notes to the Financial Statements - **Income Statement**

22. Interest and Similar Expense

	2023	2022
Financial liabilities measured at amortised cost:	(216,488,706)	(144,593,308)
- lease contracts	(24,729)	(270)
- due to banks and customers	(128,350,283)	(47,908,222)
- securities issued	(88,113,695)	(96,684,817)
Financial liabilities at FVTPL:	(7,086,255)	(566,941)
- financial liabilities held for trading	-	-
- financial liabilities measured at Fair Value	(7,086,255)	(566,941)
- other financial liabilities mandatorily measured at Fair Value	-	-
Hedging derivatives	-	(38,173)
Other liabilities/provisions	-	-
Other financial charges	(2,458,250)	(1,356)
Total	(226,033,211)	(145,199,778)

23. Profit/(Loss) on Hedging/Financial Assets and Liabilities at Fair Value through Profit or Loss/Derecognition of Assets and Liabilities at Amortised Cost

	2023	2022
Net result of financial assets measured at FVTPL	-	-
Net result of financial liabilities measured at FVTPL	4,516,661	(1,610,668)
Net hedging income	(426,310)	426,310
Net result on derecognition of asset and liabilities at Amortised Cost	-	22,864,629
Total	4,090,351	21,680,271

24. Dividends and Profit (Loss) from Sale of Assets at Fair Value through Other Comprehensive Income

	2023	2022
Dividends	593,040,900	315,548,713
Profit/(loss) from disposal of financial assets at FVTOCI	-	-
Total	593,040,900	315,548,713

This item mainly refers to dividends paid by the subsidiaries Nexi Payments, Nexi Payments Greece and Nexi Central Europe.



Notes to the Financial Statements - **Income Statement**

25. Administrative Expenses

25.1 PERSONNEL-RELATED COSTS

	2023	2022
1) Employees		
a) wages and salaries	(18,680,413)	-
b) social security charges and similar cost	(4,306,748)	-
c) post-employment benefits	(2,015,345)	-
- defined contribution plans	(1,882,507)	-
- defined benefit plans	(132,838)	-
d) costs of share-based payment plans	(5,148,081)	-
e) other employee benefits	(1,362,597)	-
2) Other personnel	(695,844)	(9,472,693)
Total	(32,209,028)	(9,472,693)

The increase is mainly related to the transfer of personnel at the beginning of the year from other group companies.

25.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2023	2022
1. Third-party services	(5,971,211)	(4,131,724)
2. Lease and building management fees	(80,435)	-
3. Insurance	(663,481)	(444,561)
4. Rentals	(323,709)	(13,812)
5. Maintenance	(434)	-
6. Shipping costs	-	-
7. Telephone and telegraph	(8,606)	-
8. Cards and accessories	-	-
9. Printed matter and stationery	-	-
10. Other taxes	(1,400,136)	(650,744)
11. Legal, notary and consultancy services	(30,765,364)	(54,286,842)
12. Agents' commissions and expense reimbursement	-	-
13. Advertising	-	-
14. Promotional materials and competition prizes	(1,297,229)	-
15. Other commercial costs	-	-
16. Other general expenses	(4,241,875)	(3,589,416)
Total	(44,752,478)	(63,117,100)

26. Other Operating Income/expenses, Net

	2023	2022
Other operating income	4,230	86,577
Other operating expenses	-	-
Total	4,230	86,577



Notes to the Financial Statements - **Income Statement**

27. Net Accruals to Provisions for Risks and Charges

	2023	2022
Provisions for risks and charges	(15,037,056)	-
Releases	-	-
Total	(15,037,056)	-

The increase in this item is related to provisions made during the period.

28. Net value adjustments/write-backs on Tangible and Intangible Assets

	2023	2022
Depreciation and net impairment loss on tangible assets	(372,952)	(9,287)
Amortisation and net impairment loss on intangible assets	-	-
Total	(372,952)	(9,287)

The increase in this item is related to the new purchases of fixed assets during the year.

28.1 DEPRECIATION AND NET IMPAIRMENT LOSSES ON TANGIBLE ASSETS: BREAKDOWN

	Depreciation	Impairment losses	Reversals of impairment losses	Net income
A. Tangible assets				
A.1 Owned	-	-	-	-
- Property and equipment	-	-	-	-
- Investment property	-	-	-	-
A.2 Held under lease	(372,952)	-	-	(372,952)
- Property and equipment	(372,952)	-	-	(372,952)
- Investment property	-	-	-	-
A.3 Tangible assets held for sale	-	-	-	-
Total	(372,952)	-	-	(372,952)

29. Profit (Loss) from Equity Investments and Disposals of Investments

	2023	2022
Profit		
Profits on equity investments	-	-
Profits on sale of investments	-	-
Loss		
Loss on equity investments	(1,001,479,848)	(11,158,990)
Loss on sale of investments	-	-
Net Result	(1,001,479,848)	(11,158,990)



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

30. Income Taxes

	2023	2022
Current taxes	67,629,093	55,695,015
Changes in current taxes in previous years	(955,504)	3,579,557
Change in deferred tax assets	(24,408,477)	(24,103,671)
Change in deferred tax liabilities	-	-
Total	42,265,111	35,170,901

30.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE RECOGNISED

	2023	2022
Theoretical Tax rate	24%	-24%
Permanent differences: not deductible cost	-40%	-2%
Permanent differences: not taxable revenues	23%	44%
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	7%	20%

Non-taxed revenues mainly refer to dividends collected from Nexi Payments Spa. The non-deductible costs mainly refer to write-downs on equity investments.

31. 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.

31.1 BREAKDOWN OF ASSETS BETWEEN CURRENT AND NON-CURRENT

(Amounts in euros)

	Current	Non-current	Total
Cash and cash equivalents	800,126,689		800,126,689
Financial receivables	2,528,217,400		2,528,217,400
Financial assets at Fair Value	41,072,001	-	41,072,001
Hedging derivatives	1,571,206	-	1,571,206
Net trade receivables	47,716,045	-	47,716,045
Inventory	-	-	-
Other assets	57,674,657	15,108,822,527	15,166,497,185
Non-current assets held for sale and discontinued operations	-	-	-
Total	3,476,377,997	15,108,822,527	18,585,200,524



Notes to the Financial Statements - Information on Risks and Related Hedging Policies

31.2 BREAKDOWN OF LIABILITIES BETWEEN CURRENT AND NON-CURRENT

(Amounts in euros)

	Current	Non-current	Total
FINANCIAL LIABILITIES:			
Payables to:			
- Banks	59,802,109	2,567,662,132	2,627,464,241
- Financial entities and customers	317,223	539,825	857,048
<i>of which Leasing liabilities</i>	317,223	539,825	857,048
- Securities issued	476,537,021	3,349,762,434	3,826,299,456
Other financial liabilities	-	36,101,683	36,101,683
Hedging derivatives	-	24,418,908	24,418,908
OTHER ITEMS OF LIABILITIES:			
Trade payables	32,258,853	-	32,258,853
Other liabilities	55,726,107	-	55,726,107
Provisions for risks and charges	-	15,037,056	15,037,056
Post-employment benefits	-	616,985	616,985
Deferred tax liabilities	-	708,142	708,142
Current tax liabilities	20,514,459	-	20,514,459
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-
Total	645,155,771	5,994,847,167	6,640,002,938

31.3 BREAKDOWN OF LIABILITIES BY RESIDUAL LIFE

(Amounts in euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
FINANCIAL LIABILITIES:				
Payables to:				
- Banks	60,000,000	2,588,663,736	-	2,648,663,736
- Financial entities and customers	358,070	599,337	-	957,407
<i>of which Leasing liabilities</i>	358,070	599,337	-	957,407
- Securities issued	476,062,000	2,396,513,250	1,050,000,000	3,922,575,250
Other financial liabilities	-	45,367,516	-	45,367,516
Hedging derivatives	-	24,418,908	-	24,418,908
Total	536,420,070	5,055,562,746	1,050,000,000	6,641,982,816

31.4 DISTRIBUTION 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	-	-	-	-	2,526,889,570	2,526,889,570
Hedging derivatives	-	-	-	-	1,571,206	1,571,206
Financial assets held for sale	-	-	-	-	-	-
Total as at 31.12.2023	-	-	-	-	2,529,788,605	2,529,788,605
Total as at 31.12.2022	-	-	-	-	2,276,401,824	2,276,401,824



Notes to the Financial Statements - **Information on Risks and Related Hedging Policies**

32. Related-Party Transactions

32.1 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	1,527	432	-
Short-term benefits	-	-	5,656
Benefits subsequent to the termination of employment	-	-	373
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,527	432	6,029

32.2 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:

- a) 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);
- 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.

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 at Fair Value		30,460	
Financial assets measured at amortised cost	2,526,890		
Other assets	56,679	28,545	
Financial liabilities measured at amortised cost		151,007	
Other liabilities	17,500	71	
Fees for services rendered and commission income	15,671		6
Interest and similar income	76,822		
Other administrative costs	3,178	570	

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.



Notes to the Financial Statements - **Information on Risks and Related Hedging Policies**

33. Group Funding Transactions

The Company's financial structure changed in 2023 as a result of the new funding.

For further information, please refer to section 40 of the Notes to the Consolidated Financial Statements.

34. Share-Based Payments

Please refer to the Notes to the Consolidated Financial Statements for a description of the share-based payments outstanding at the reporting date and the criteria used to determine the total value of the plans and to allocate it over the vesting period.

Specifically, with regard to the Plans granted to employees of subsidiaries, which, as previously indicated, entail the accounting of the share of Fair Value as an increase in the carrying amount of the equity investments, the following are the increases pertaining to 2023:

(Amounts in euros)

	LTI	Stock Grant	Total
Help Line S.p.A.	55,205		55,205
Mercury Payment Services S.p.A.	12,800		12,800
Nexi Payments S.p.A.	4,608,969	2,707,236	7,316,206
Nets Holdco 1 ApS	6,378,441	505,450	6,883,891
Nexi Greece Single Member SA	102,842		102,842
PforCards GmbH	23,328		23,328
Service HUB S.p.A.	(16,667)		(16,667)
Nexi Central Europe A.S.	114,886		114,886
Nexi Payments Greece	1,567		1,567
Total	11,281,371	3,212,686	14,494,058

With regard to the Plans granted to its own employees, for which total costs of Euro 5 million were recorded in the 2023 financial statements, the following are the details of the number of rights assigned:

Stock Grant Plan

Description	Number of Based shares
Outstanding rights to receive shares at the grant date	1,312,053
Rights assigned definitively in accordance with the Plans	-
Rights forfeited from the Plans	(281,849)
Outstanding rights at December 31, 2023	1,030,204

LTI Plan

Description	No. of Performance Share Rights	No. of Restricted Share Rights	Total
Outstanding rights to receive shares at the grant date	1,386,668	260,555	1,647,223
Right assigned definitively in accordance with the Plans	-	-	-
Rights forfeited from the Plans	-	-	-
Outstanding rights at December 31, 2023	1,386,668	260,555	1,647,223





2.4

CERTIFICATION OF THE FINANCIAL
STATEMENTS PURSUANT TO ARTICLE
154-BIS OF ITALIAN LEGISLATIVE DE-
CREE NO. 58/98



Certification of the Financial Statements pursuant to Art. 154-bis of Italian Legislative Decree no. 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 2023.

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, 2024

Chief Executive Officer
Paolo Bertoluzzo

Manager in charge of preparing the
corporate accounting documents
Enrico Marchini





2.5

REPORT OF THE BOARD
OF STATUTORY AUDITORS



Report of Nexi S.p.A.'s Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of the TUF

Dear Shareholders,

the Board of Statutory Auditors (hereinafter, also the "Board") is held to report to the Shareholders' Meeting of Nexi S.p.A. (hereinafter, also the "Company" or "Nexi") with reference to the supervisory activity conducted throughout the year and any omissions or reprehensible actions detected, pursuant to Article 153 of Legislative Decree 58/1998 (Consolidated Law on Finance or "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.

During the 2023 financial year the Board of Statutory Auditors carried out its institutional duties in compliance with current regulations and taking into account the provisions of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies (National Council of Chartered Accountants and Accounting Experts - Update 21.12.2023) as well as the relevant indications provided by Consob and the Corporate Governance Code for Listed Companies.

1. The Board of Statutory Auditors, its composition and its activities

With regard to the current composition of the Board of Statutory Auditors, note that it was appointed on 5 May 2022 by the Issuer's Ordinary Shareholders' Meeting until the approval of the financial statements as of 31 December 2024, in the persons of Messrs: Giacomo Bugna - Chairman; Eugenio Pinto - Standing Auditor; Mariella Tagliabue - Standing Auditor; Serena Gatteschi - Alternate Auditor; Sonia Peron - Alternate Auditor.

The Board also acts as the Supervisory Body pursuant to Legislative Decree 231 of 2001. The Board of Statutory Auditors also acts as the Internal Control and Accounting Audit Committee pursuant to Article 19 of Italian Legislative Decree no. 39/2010.

This Report is prepared based on the activities and audits carried out during 2023 and up to the date this Report was issued.

In 2023 the Board of Statutory Auditors met 20 times (of which 4 in person with the Risk Control and Sustainability Committee "RCSC") and to date a further 9 times and attended all 11 meetings of the Board of Directors as well as the only meeting of the Shareholders' Meeting. In addition, in 2023 the Board attended 7 meetings of the RCSC, 8 meetings of the Appointment and Remuneration Committee and 2 meetings of the Related Parties Committee. The average attendance of Statutory Auditors at meetings of the Board of Directors was 94%. The Board of Statutory Auditors also participated in the induction activities of the Nexi Board of Directors.

At its meeting of 15 February 2024, after having previously established the qualitative-quantitative criteria and the methods to be used to carry out its self-assessment on the basis of the information provided by its



members, the Board of Statutory Auditors finalised the 2023 Self-Assessment process by preparing the "Self-Assessment Report", which was submitted to the Company's Board of Directors at its meeting of 6 March 2024. The Board did not make use of external consultants.

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 of the members meet the requirements set forth in Article 2399 of the Italian Civil Code, the independence requirements set forth pursuant to the combined provisions of Articles 147-quinquies and 148 of the TUF and Article 2 of the Corporate Governance Code, there are no impediments pursuant to Article 36 of Decree-Law no. 201 of 2011 converted into Law no. 214 of 2011 (interlocking). The requirements of professionalism (as defined pursuant to Ministerial Decree No. 162 of 20 March 2000) are met;
- appointments in other companies by members of the Board of Statutory Auditors do not restrict the proper functioning of the supervisory board and comply with the limits on the number of concurrent directorships and auditing appointments pursuant to current law;
- The composition of the Board of Statutory Auditors ensures the diversity of its members, especially with regard to gender, experience and professional background. There is a plurality of skills and experience in complex supervised and unsupervised Groups.
- each Statutory Auditor has good knowledge and experience in the areas of expertise outlined in the questionnaire, and each member has appropriate time available to carry out the task. The Board has an adequate overall expertise.

The size of the Board appears to be adequate for the performance of its functions, although a different balance between the size of the Board and its remuneration should be considered in light of the significant time that the function requires. On the whole, operational and information flows between the Board of Statutory Auditors and the other corporate bodies are adequate and free of issues or critical areas.

In December 2023, the Board also defined and disseminated Guidelines for the interaction between the Parent Company's Board of Statutory Auditors and the control bodies or equivalent bodies of the foreign and Italian subsidiaries in order to ensure effective coordination between the control bodies of the companies belonging to the Nexi group. For this activity the Board also made use of external consultants.

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

2023 saw the implementation of the new organisational model called TOM (Target Operating Model - approved concurrently with the 2022-2025 Business Plan in 2022), which among other things involved the support and governance functions, and among them the second- and third-level control functions. The new model guided the redesign of the Nexi Group's management processes, which were divided into Business Units (Merchant Solutions, eCommerce, Issuing Solutions, Digital Banking Solutions) and Group Corporate Functions and Region Units (Italy, Nordics, DACH, CSEE). Taking into account the evolutions of the Nexi Group's corporate landscape and the go-live of the TOM, the Board of Statutory Auditors has taken note of and is monitoring this process of continuous organisational adaptations in accordance with the Group's general objectives and the consequent impacts, in particular on the control functions.

As verified during the meetings with the Financial Reporting Officer and with reference to the main transactions that changed the Group's scope and consolidation area during 2023, the main ones are i) the acquisitions of a controlling interest in the company Split Tech-Solution GmbH, ii) the acquisition of minority interests in Computop Paygate GmbH, QRTAG Sp z.o.o. and Digital Commerce Finland Oy (belonging to the subgroup "Nets HoldCo 1 Aps").

Some significant transactions were also worthy of note:

- Establishment of a Long-Term Strategic Partnership with Banco Sabadell On 27 February 2023, Nexi and Banco Sabadell S.A. 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).
- Acquisition of Merchant Acquiring Activities from Intesa Sanpaolo - Croatia The closing of the transaction took place on 28 February 2023.
- Agreement signed on 9 November 2023 with IN Groupe, a specialist in secure digital identities and services, which will take over ownership of the eID business.
- Agreement signed on 29 December 2023 with Cassa di Risparmio di Bolzano S.p.A. ("Sparkasse") and subsidiary Banca di Cividale S.p.A. (together with Sparkasse, the "Sparkasse Group") for the transfer of merchant acquiring activities to the Nexi Group and for the creation of a long-term partnership aimed at the promotion and exclusive placement of all merchant acquiring products and services of the Nexi Group through the Sparkasse Group's commercial network. The closing of the transaction is subject to certain preparatory activities and obtaining the necessary authorisations from the relevant authorities and is expected to take place in H1 2024. Nexi Payments S.p.A. was designated as the final buyer of the aforementioned activities.



- The treasury shares in portfolio as at 31 December 2023 amounted to 796,950. Specifically, during 2023 625,000 treasury shares were purchased for a market value of approximately Euro 4.3 million, and 159,977 were used to service the LTI plan, for a market value of Euro 2.2 million.

For more details and information on transactions carried out during the year that affected the Nexi Group and the Group's new corporate structure, see the financial statements.

The Group's gross financial debt as of 31 December 2023 amounted to Euro 7,215 million compared to Euro 6,971 million as at 31 December 2022 mainly due to the disbursement of the remaining principal of Euro 150 million of the 2022 Term Loan. The net financial position as at 31 December 2023 amounted to Euro 5,326 million compared to Euro 5,482 million as at 31 December 2022 and decreased by about Euro 150 million (about -3%), as detailed in the Report to the Financial Statements.

Lastly, as in 2022, with regard to the crisis created by the Russian invasion of Ukraine, the Board of Statutory Auditors acknowledges that the Company (i) adopted timely countermeasures aimed at removing or mitigating the related risks and (ii) carefully monitored the evolution of the events. In the Report to the Financial Statements the Company notes that the events did not produce significant direct effects on the performance of economic and financial operations for the period. See the contents of the specific sections of the Board of Directors' Report on Group Management for details.

The Board of Statutory Auditors took note of the changes that took place during the financial year with regard to the members of the Board of Directors and the Committees, and of the checks performed by the Board of Directors when appointments were made.

3. Significant events after the closing of the 2023 financial year

Among the events of which the Board of Statutory Auditors became aware, also through its participation in the meetings of corporate bodies, committees and specific induction activities organised by the company, is the updating of the 2023-2027 Business Plan, finalised also with the involvement of the Italian and foreign Group management. The update of the Plan also takes into account the 2024 right-sizing initiatives that the Board was informed and took note of. In this context, as also mentioned in the "Human Resources" section of the Report to the Financial Statements, on 28 February an agreement was signed with the Italian trade union representatives for the voluntary departure of 400 employees. The Board has been monitoring this issue since January 2024, as discussed in Point 6 below. At the meeting of 5 March 2024, the Board and the RCSC analysed the document referring to the Risks related to the Plan itself.

It is also reported that on 6 March 2024 the Board of Directors of Nexi resolved to propose a stock buyback programme to the Shareholders' Meeting of 30 April for a period of 18 months from the date of authorisation by the Shareholders' Meeting and therefore until 31 October 2025 and within the limits of a maximum disbursement of Euro 500,000,000.

4. 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.

5. Supervision of Related-Party Transactions

Pursuant to relevant rules and regulations, the Company has set up a Procedure for related-party transactions. The Board of Statutory Auditors monitored both the 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 Management, the Board of Directors states that in 2023 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) to which we refer. During the year, the Group did not execute any transactions qualifying as "major" or "minor" transactions or transactions that had a material impact on the financial position or results of the Nexi Group.

To the best of the Board of Statutory Auditors' knowledge, there were no intra-group or related party transactions in 2023 in conflict with the Company's interests.

6. 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, the new organizational structure called Target Operational Model (TOM) involves the updating of both business and control functions. By participating in the meetings of the Corporate Bodies and through its own oversight, the Board monitored the TOM consolidation process (go live on 1 January 2023). Also taking into account the Group audits and the feedback received from the individual Functions with respect to the implementation of the TOM, which highlighted areas for improvement in the Subsidiaries, the Board recommended that specific activities be finalised to allow for an adequate implementation and grounding of the new processes, with particular attention to the design of Group, Regional and Local roles and responsibilities.

The Board of Statutory Auditors recommends ensuring rapid completion of intercompany contracts.



With regard to the aforementioned 2024 Right-sizing Plan, in January 2024, by means of a specific verification with the Group HR function, the Board of Statutory Auditors took note of i) the current situation in terms of sizing and the impact of the Plan, in particular on the Control Functions and the Financial Reporting Officer, as well as ii) the criteria that were applied in determining the sizing. The Board also found during the analysis of the 2024 Control Function Plans that the Control Functions accounted for the current adequacy of their structures as well as the "target" resource requirements.

On the whole the organisational set-up designed appears to be adequate with respect to the Group's structure, company size and the type of business conducted, although further fine-tuning efforts are under way.

7. 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 Risk Management function, the Compliance function and the Anti-Money Laundering function so as to assess the adequacy of the structures, the work planning methods, based on the identification and evaluation of the major risks in organisational units and processes;
- meetings with company management;
- 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 RCSC as permanent invitees, and when specific agenda items called for it, jointly addressing them with the Committee; During the course of the year the Board coordinated its verification activities with the Committee, sharing guidance and information flows and ensuring constant alignment on the various matters dealt with and the relevant guidance.
- meeting with the Financial Reporting Officer, with the independent Advisor appointed by the Company to review the methods adopted for the Purchase Price Allocation and with the Independent Auditors;
- specific meetings with the independent Advisor appointed by the Company and with the Independent Auditors for activities related to the impairment test with respect to the half-year and annual financial reports.
- 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.

In carrying out its control activities, the Board of Statutory Auditors maintained an ongoing dialogue with the Control Functions, during which it received information from the Function Heads on initiatives aimed at strengthening the Nexi Group's risk management and control system, with a focus on the evolution of the structures of the individual functions in light of the new organisational structure.

During the 2023 financial year and in January and February 2024, the Board of Statutory Auditors also met with the Boards of Statutory Auditors of the Italian companies and the control or similar bodies of the foreign companies identified as "substantial". This was done in order to strengthen the general system of internal controls and ensure effective coordination between the Parent Company's Control Bodies and the control or similar bodies (Supervisory Board, Audit Committee and/or in their absence the bodies/functions in charge of supervising and managing the internal control system) of the directly and indirectly controlled companies. At these meetings the Board shared views and opinions on the control activities carried out, with a particular focus on the supervision of the ICS, over the past 12 months. As already mentioned, the new TOM organisational model in force from 1 January 2023 was implemented during 2023. The Board paid particular attention to the evolution of the organisational structure of the 2nd- and 3rd-level control functions and the framework of reference, methodologies and tools made available to the subsidiaries.

With regard to the **Internal Audit** function, during its frequent meetings with the Audit Function the Board of Statutory Auditors was able to verify the evolution of the activities in the 2023 Plan, the status of the Audit Reports issued and the activity of updating the structure.

Among other things the Board examined the Annual Report for 2023 and the activity plan with an annual action plan for 2024 and an outline plan for 2025-2028. The Report shows that the Audit Function of Nexi S.p.A. and the Audit Functions of the Group have substantially complied with their plans of action, even though some audits have had to be rescheduled, and also that the progress of the remedies identified is not on schedule. The Board recommended that initiatives be identified with management to address the prompt completion of actions.

The 2023 annual assessment of the ICS by Internal Audit saw an expansion of the panel of companies in the scope to progressively include all regulated and "relevant" companies based on the criteria defined by the RCSC. The exercise resulted in a generally positive summary integrated assessment of the companies' Internal Control System.

The Head of the Function confirmed that, based on the current scope and demands, the resources of the Audit Function are deemed to be adequate to cover the activities planned.

The Board took note of the findings of Internal Audit and recommended a close monitoring of corrective actions, shared with the management of the audited companies to reduce the overdue actions and the closure of those still ongoing.

For the **Risk Management** function, the Board also took note of the 2024 activity plan 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. Both during the specific meetings held with the function and during the presentations to the other Corporate Bodies and Committees in which it participated, the Board of Statutory Auditors noted that following the implementation of the TOM the function has revised its organisational structure over time, including through the strengthening of Risk Management frameworks, the strengthening of central-level supervision of significant risks and the increasing operation of Regional Oversight (the point of contact between the local risk teams and the Group), in addition to the progressive evolution of IT Risk Management and the Risk Capacity and Appetite Framework in the area of credit and the related reporting flows. The Board examined the results of the Report on the activities carried out in 2023. With regard to recurring activities carried out in 2023, among other things the Risk Management Function ensured the continuous monitoring of operational and IT risks (in cooperation with the CISO Area). In addition, it continued and updated the assessment and monitoring of credit risk, the analysis of risks related to ESG issues. In early 2024 the Risk Management 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.

At its meeting on 5 March 2024, the Board received information from the Group **CISO** about the results of the 2023 business continuity test plan, the findings of the Group Business Impact Analysis and the 2024 business continuity test plan. It noted from the CISO that the business continuity tests for 2023, which focused on Business Continuity and Disaster Recovery simulations, revealed areas requiring improvement. The BIA analyses carried out did not reveal any particular issues.

With regard to the **Compliance** function, a new group manager was appointed at the beginning of 2023. The Board examined the 2024 Activity Plan and the 2023 Group Compliance Annual Report. The Board received information on the progress of the 2023 Plan, with a focus on the implementation of the new Group Compliance Operating Model. The Board also took note of: i) the progress of the activities carried out in 2023 versus the expectations of the relevant Annual Plan; ii) the compliance risk profile at the Group level; iii) the risk profiles in place in the main Subsidiaries and the ongoing discussions with local authorities. The Group Compliance Transformation Plan is currently being implemented, which the Board monitors, including through its participation in the meetings of the Corporate Bodies and the RCSC. At its meeting on 5 March 2024, the Board examined the DPO's report for 2023. The year's checks were carried out substantially as planned.

In this context, as also described in the Management Report, the Board of Statutory Auditors recalls the information updates received from time to time regarding the fact that some companies belonging to the Nexi Group have been subject to inspections or administrative procedures, both of an ordinary nature (mostly) and of an extraordinary nature by competent authorities including the German Federal Financial Supervisory Authority (BaFin), the Italian Supervisory Authority (Bank of Italy), the Danish Financial Supervisory Authority (FSA) and the Polish Financial Supervisory Authority (KNF) in relation to various areas, including anti-money laundering, and the provisions introduced by PSD2.

The Board of Statutory Auditors monitored the issue and received said updates both during its own audits and with those of the RCSC, and, specifically with regard to Nexi Payments, also by means of notices regarding the evolution of the discussions with the Bank of Italy and the status of the remediation efforts carried out in response to the requests of the supervisory authority, received directly from the company's Board of Statutory Auditors. The Board of Statutory Auditors recommended that the implementation deadlines of the agreed improvement plans be met. In summary, the Board of Statutory Auditors acknowledges that from the analysis of the 2024 Plans and the 2023 Annual Reports of the Control Functions a substantially favourable opinion on the overall internal control structure emerges.

The Board of Statutory Auditors acknowledged the certifications of adequacy of the organisational, administrative and accounting structure – with particular reference to the internal control and risk management system – of the Subsidiaries of significant strategic value, issued by the subsidiaries themselves, as envisaged under the Nexi Group General Regulation on the exercise of management and coordination and the Guidelines on the Internal Control and Risk Management System of the Nexi Group.

In conclusion, based on the assessments performed, the information acquired, including during the participation in the meetings of the Board and the RCSC, and the content of the Reports of the control functions, the Board of Statutory Auditors deems the internal control and risk management system to be substantially adequate.

8. Oversight of accounts administration and of financial reporting

The Board of Statutory Auditors, acting as Internal Control and Accounting Audit 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 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 checked the preparation of the instructions given to the subsidiaries for the consolidation process.

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 Board met with the Financial Reporting Officer and the Independent Auditors, including in the presence of the RCSC. In this context, the Financial Reporting Officer presented the methodology used for the impairment test, the results of said test as well as the financial disclosure.

No critical issues arose concerning the correct use of the accounting policies adopted for the preparation of the financial statements and, with respect to the subsidiaries, their uniformity. The Board of Statutory Auditors also 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 2023, 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 2023.

Finally, the Board of Statutory Auditors acknowledged the declarations of the Chief Executive Officer and of the Financial Reporting Officer, pursuant to the provisions set forth under Article 154 bis of the TUF.

With specific reference to the impairment test activities, as part of the preparation of the consolidated and separate financial statements of Nexi S.p.A. as at 31 December 2023, as in previous years the Governing Body made use of support from independent experts.

With regard to the preparation of the separate and consolidated financial statements, the guidelines for the impairment procedure were presented to the Board of Statutory Auditors and the RCSC, with the Independent Auditors also present, on 22 January 2024. They were approved by the Board of Directors at its meeting of 25 January 2024.

The Board of Statutory Auditors met with the independent expert and the Financial Reporting Officer at its meeting of 23 February 2024 for an update on the progress of the impairment test, and then, at its meeting of 5 March 2024, acknowledged the final results of the impairment test for the purpose of preparing the consolidated and separate financial statements of Nexi S.p.A. as at 31 December 2023. The Board devoted particular attention to the methodology followed, including with specific in-depth and monitoring sessions.

For the purpose of preparing the financial statements as at 31 December 2023, the Company also made reference to the Recommendations on Accounting for Goodwill published by IOSCO (an international organisation of financial market Supervisory Authorities) on 15 December 2023 and the related Consob reminders.

For the matters within its purview, the Board of Statutory Auditors took steps during its discussions with management and the Independent Auditors to gather the appropriate information regarding the reliability, faithful representation and transparency of the financial information on goodwill as recorded and represented in the financial statements.

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 2023, also with particular reference to impairment testing and 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 2023 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 substantially adequate on the whole and complies with the current laws of reference.

9. ESEF - European Single Electronic Format

The Board noted that, as required by the applicable regulations, Nexi's Consolidated Financial Statements are made available to the public in XHTML format as required by Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation). In particular, the Regulation requires the use of iXBRL technology, which allows for the incorporation of XBRL markings in annual financial reports in XHTML format. As in 2022, the Administrators and the Independent Auditors note that due to some technical limits of the main tools used in the market, some information contained in the Notes to the Consolidated Financial Statements, 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.

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.

10. Enforcement of Corporate Governance rules

While performing its tasks, as envisaged by Article 149(1)(c-bis) 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 123 bis of the TUF, the annual "2023 Report on Corporate Governance and Ownership 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 123 bis of the TUF.

The Board of Directors approved this Report on 6 March 2024.

The meeting of the Board of Directors held on 6 March 2024 also performed 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 2023 Corporate Governance Report. Concurrently, the Board of Directors confirmed that the directors and statutory auditors meet the requirements of independence. 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.

On 6 March 2024 the Board of Directors also approved the Succession Planning process for strategic roles, as proposed by the Remuneration and Appointment Committee.

11. Oversight of independent audits

The Board recalls that the assignment for 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 S.p.A., which is also the independent auditor for the Group.

In May 2023, an update of the procedure for appointing the Independent Auditors was approved, to take into account the expansion of the Group's scope and changes in the organisational structure, and to define the information and authorisation flows in greater detail.

Pursuant to Article 19(2) of Italian 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 independent audit of annual accounts and of consolidated financial statements.

The Board of Statutory Auditors regularly met with the Independent Auditors, 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 in particular assessment-related issues, as well as the main implications relating to the extraordinary transactions of 2023.



Whilst supervising the 2023 Financial Statements, the Board met with the Independent Auditors on 19 June 2023 and 28 July 2023, to examine the activities concerning the limited audit of the half-yearly consolidated financial report as of 30 June 2023. On 4 August 2023 the Independent Auditors issued their report on the limited audit of the half-yearly condensed consolidated financial statements, finding no issues of note.

Subsequently, the Board met several times with the Independent Auditors to analyse the audit plan for the Financial Statements as at 31 December 2023 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 2023, featuring the Board of Directors' Report on Group Management 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 2024, and was concurrently made available to the Independent Auditors and the Board of Statutory Auditors.

On 4 April 2024, the Independent Auditors published, pursuant to Article 14 of Italian Legislative Decree 39/2010 and Article 10 of Regulation (EU) 537/2014, the audit reports of Nexi S.p.A.'s separate financial statement and Nexi Group's consolidated financial statement at 31 December 2023, with no issues of note.

On 4 April 2024, the Independent Auditors also submitted to the Board of Statutory Auditors the additional report envisaged by Article 11 of Regulation (EU) 537/2014 which noted 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 Italian 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 have received in 2023 the following 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 thousand euros)

	NEXI S.p.A.		Società del Gruppo	
	PwC S.p.A.	Rete PwC	PwC S.p.A.	Rete PwC **
Revisione contabile	299		559	4.259
Altre attestazioni *	90			233
Altri servizi:	-	-	-	18
due diligence				-
procedure di verifica concordate				17
altri servizi				1
Totale	389	-	559	4.510

* includono servizi di attestazione attribuiti a società della rete PwC in conformità a specifiche previsioni normative, servizi di attestazione ISA 800/805 e ISAE 3000, i servizi di revisione contabile limitate della Dichiarazione consolidata non finanziaria, servizi per la sottoscrizione delle dichiarazioni fiscali

** Include anche le società estere della rete PwC che svolgono servizi di revisione legale o volontaria a favore delle società controllate e consolidate estere del Gruppo Nexi

The Board of Statutory Auditors notes an increase of compensation that will be the subject of careful consideration.

12. Non-Financial Information Statement

In its meetings the Board of Statutory Auditors monitored the drafting of the Non-Financial Statement, including in the presence of the RCSC, in the meetings of the Board of Directors (which approved the Statement on 6 March 2024) and through periodic exchanges with the Independent Auditors.

The Consolidated Non-Financial Statement was prepared by the Company pursuant to Legislative Decree No. 254 of 30 December 2016 and Consob Resolution No. 20267 of 18 January 2018.

The Board of Statutory Auditors also noted that, similar to what was done for the 2022 Statement, Nexi: (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 Management Report accompanying the consolidated financial statements as required by Article 5 of the Decree.

The activity of certifying the conformity of the Statement with the criteria indicated by the "International Standard on Assurance Engagement 3000 Revised" in the form of limited assurance is carried out by the Independent Auditors PricewaterhouseCoopers S.p.A. The Board of Statutory Auditors has examined the Report issued on 4 April 2024 in which it acknowledged that no evidence has come to its attention to suggest that the Statement itself was not prepared in all material respects in accordance with the regulations and quality principles required by the Global Reporting Initiative (GRI) Reporting Standards.



13. 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.

On 6 March 2024 the Company's Board of Directors approved the "Report on the Remuneration Policy and Compensation Paid" prepared pursuant to Articles 123-ter of Legislative Decree No. 58 of 24 February 1998 and 84-quater of the Issuers' Regulation.

As explained in more detail in Note 38.1 to the consolidated financial statements, to which we refer, in 2023 Mercury UK together with Nexi's other financial sponsors adopted a number of new incentive plans, with Nexi S.p.A. shares as underlying assets. These plans are reserved for selected employees of the Group companies.

The Board of Statutory Auditors took note, including through meetings with the Group HR function, of the corporate processes that led to the definition of the Company's remuneration policies, also with the support of the checks carried out by the Internal Audit function, with a specific focus on the remuneration criteria for the Chief Executive Officer, top management and the heads of the control functions.

As illustrated in Note 38.2 of the consolidated financial statements, to which we refer, in 2022 the Shareholders' Meeting of Nexi S.p.A. approved a Second Long-Term Incentive Plan (LTI). This Plan provides for 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, 2024-2026).

The Board of Statutory Auditors acknowledges that, both internally and in its dealings with the Board of Directors and the Board of Statutory Auditors, 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.

14. Omissions or reprehensible actions and opinions issued

During the 2023 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.

15. Conclusions

In light of the foregoing, considering the contents of the reports prepared by the Independent Auditors, and having acknowledged the attestations issued jointly by the Chief Executive Officer and the Financial Reporting



Officer, pursuant to Article 153 of the TUF, the Board of Statutory Auditors finds no reasons to prevent the approval of the separate financial statements of Nexi S.p.A. as at 31 December 2023, which show a loss for the year of € 576,680,143, and the proposal to cover this loss through the use of the "profit reserve" in the amount of € 517,582,861 and, for the remaining portion equal to € 59,097,282, of the "share premium reserve", as well as to allocate part of the "share premium reserve", as reduced following the previous resolution, to the legal reserve in the amount of € 1,826,618, with the consequent denomination of the remaining portion, equal to € 11,526,335,990, as "other reserves".

In conclusion of this Report, the Board of Statutory Auditors wishes to thank the Board of Directors, the Management, the Staff of the Company and Nexi Group for the remarkable commitment and for the fruitful cooperation shown throughout the activities carried out.

* * *

This Report was unanimously approved by the Board of Statutory Auditors.

Milan, 4 April 2024

For the Board of Statutory Auditors

The Chair

Mr. Giacomo Bugna





2.6

REPORT OF THE INDEPENDENT
AUDITORS ON THE FINANCIAL
STATEMENTS AS AT 31/12/2023



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 2023



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 2023, 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 material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, 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

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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”

“Statement of financial position”, section 7. “Equity investments”

Income statement, section 29. “Profit (Loss) from equity investments and disposals of investments”

Nexi SpA holds investments in subsidiaries for an amount of Euro 15,066 million (accounting for 81.1 per cent of total assets).

Equity investments are recognised at acquisition cost less any impairment losses, determined in accordance with IAS 36 “Impairment of assets”.

Whenever indicators exist that an equity investment may have become impaired, the directors estimate its recoverable amount, equal to the higher of fair value less costs to sell and value in use, both estimated using the Discounted Cash Flow (“DCF”) method, i.e. discounting the estimated future cash flows, determined on the basis of the updated business plan for the four years 2024-2028, to the present value at the testing date.

In consideration of the significant element of judgement inherent in the process of estimating the recoverable amounts of equity investments, determined with the support of external experts, of their materiality relative to the Company’s total assets and of the impairment loss recognised as of 31 December 2023 on the line ‘Profit (Loss) from equity investments and disposals of investments’ for a total amount of Euro 1,001 million as a result of the impairment test, and also in light of the current macro-economic uncertainties and the stock market performance in the payment sector, we considered that process a key matter in our audit of the financial statements as of 31 December 2023.

As part of our audit we performed the following main procedures, also using the support of business valuation experts from the PwC network.

We met with the Company’s management and with the external expert to obtain an understanding of the procedure applied by the Company with regard to the method and criteria used to identify impairment indicators and then determine the recoverable amounts of equity investments, in order to verify compliance with the requirements of IAS 36.

We assessed the expertise and objectivity of the external experts retained by the Company to determine the recoverable amounts of equity investments for the purposes of impairment testing.

We analysed the reasonableness of the forecasts used to determine the future cash flows from the individual equity investments tested for impairment.

We performed a critical analysis of the reasonableness of the key assumptions used in the valuation process, notably the discount rate and the growth rate.

We performed an independent recalculation and sensitivity analyses to determine the changes in the above-mentioned key assumptions that could have a significant impact on the measurement of the recoverable amounts of the investments, also in response to the current uncertainty in the macro-economic environment.

We verified the adequacy and completeness of disclosures provided in the notes to the financial statements in relation to equity investments, with particular reference to the description of the method of performance of impairment testing and the key assumptions used in the valuation process.

***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 2023, 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 2023 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 2023, 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 2023 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 2023 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, 4 April 2024

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.



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nexi



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Din/Deres dato
19.03.2019

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Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk for Nets Holdco 5 AS, org.nr. 918 953 620

Vi viser til deres brev av 19. mars 2019 og etterfølgende e-post av 12. april 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Nets Holdco 5 AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Nets Holdco 5 AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknad av 19. mars 2019 gjengis:

Begrunnes i at årsregnskapet utarbeides i Danmark og at forretningsspråket er engelsk.

Fra e-post av 12. april 2019 gjengis:

NETS Holdco 5 AS er et mellomliggende holdingselskap som eneste aktivitet er å eie 1 aksje i Nets Holdco 4 aps. Selskapet har ingen ansatte eller drift for øvrig.

Eiere: Legger først og fremst med selskapsstrukturen i NETS der dette aksjeselskapet Nets Holdco AS (tidligere Evergood 5 AS) inngår. Som dere ser inngår selskapet i et internasjonalt konsern der forretningsspråket er engelsk. Alle Årsrapporter skrives på engelsk eller på begge språk. Vi har tidligere fått innvilget engelsk på selskapet NASSA Topco AS og det er samme begrunnelse - så jeg håper på tilsvarende for dette selskapet. Ultimate eiere er i toppselskapet Nets Topco 1 S.a.r.l. og eiere er private equity selskapet Hellman & Friedman fra USA. Nets Holdco AS er altså et norsk datterselskap av et dansk selskap som igjen er eid av selskap i Luxemburg.

Antall eiere: 1 eier (Nets Holdco 4 aps)



Type eier: Heleid datterselskap i konsern, Ultimate eiere er private equity selskap i USA (Hellmann& Friedman).

AS eller ASA: Selskapet er AS.

Kunder: Selskapet har ingen omsetning i Norge – ingen virksomhet utover å eie aksjer.

Hjørnesteinsbedrift: Selskapet har ingen omsetning i Norge – ingen virksomhet utover å eie aksjer.

Andre brukere av regnskap: Med den strukturen som er satt opp i Nets er det kun utenlandske interesser i å lese regnskapet.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er indirekte eid av et utenlandsk selskap. Eierkretsen er begrenset. I tillegg opererer selskapet i en internasjonal bransje, og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



To the General Meeting of Nets Holdco 5 AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Nets Holdco 5 AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisionsberetninger>

Oslo, 02 July 2024

PricewaterhouseCoopers AS

Jone Bauge

State Authorised Public Accountant

(This document is signed electronically)



Revisjonsberetning

Signers:

Name	Method	Date
Bauge, Jone	BANKID	2024-07-02 14:13

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