



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - 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: 01.01.2021 - 31.12.2021

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: Beate Kinn Frøysa
Dato for fastsettelse av årsregnskapet: 24.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 02.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		10 000 000	10 000 000
Sum inntekter		10 000 000	10 000 000
Kostnader			
Lønnskostnad	2	9 854 000	8 283 000
Annen driftskostnad		2 311 000	-10 200 000
Sum kostnader		12 165 000	-1 917 000
Driftsresultat		-2 165 000	11 917 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	4	20 358 961 000	0
Sum finansinntekter		20 358 961 000	
Annen finanskostnad	3	9 712 000	69 548 000
Sum finanskostnader		9 712 000	69 548 000
Netto finans		20 349 249 000	-69 548 000
Ordinært resultat før skattekostnad		20 347 084 000	-57 631 000
Skattekostnad på ordinært resultat	5	5 782 000	-13 667 000
Ordinært resultat etter skattekostnad		20 341 302 000	-43 964 000
Årsresultat		20 341 302 000	-43 964 000
Overføringer og disponeringer			
Ekstraordinært utbytte		20 358 960 000	
Overføringer til/fra annen egenkapital		-17 658 000	-43 964 000
Sum overføringer og disponeringer		20 341 302 000	-43 964 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		10 254 000	16 041 000
Sum immaterielle eiendeler		10 254 000	16 041 000
Finansielle anleggsmidler			
Investering i datterselskap	6	43 955 347 000	43 955 342 000
Sum finansielle anleggsmidler		43 955 347 000	43 955 342 000
Sum anleggsmidler		43 965 601 000	43 971 383 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer			37 324 000
Konsernfordringer	7	1 809 981 000	14 038 000
Sum fordringer		1 809 981 000	51 362 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	2 191 000	3 502 000
Sum bankinnskudd, kontanter og lignende		2 191 000	3 502 000
Sum omløpsmidler		1 812 172 000	54 864 000
SUM EIENDELER		45 777 773 000	44 026 247 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	9	80 000	80 000
Sum innskutt egenkapital		80 000	80 000



Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Avsatt utbytte		-518 914 000	-501 251 000
Annen egenkapital		43 763 585 000	43 763 585 000
Sum opptjent egenkapital		43 244 671 000	43 262 334 000
Sum egenkapital		43 244 751 000	43 262 414 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		116 000	221 000
Kortsiktig konserngjeld	11	2 527 493 000	760 642 000
Annen kortsiktig gjeld		5 413 000	2 970 000
Sum kortsiktig gjeld		2 533 022 000	763 833 000
Sum gjeld		2 533 022 000	763 833 000
SUM EGENKAPITAL OG GJELD		45 777 773 000	44 026 247 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 215611

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: 01.01.2021 - 31.12.2021

Konsern

Mørselskap 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: Beate Kinn Frøysa
Dato for fastsettelse av årsregnskapet: 24.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

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, 11.05.2022



Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		10 000 000	10 000 000
Sum inntekter		10 000 000	10 000 000
Kostnader			
Lønnskostnad	2	9 854 000	8 283 000
Annen driftskostnad		2 311 000	-10 200 000
Sum kostnader		12 165 000	-1 917 000
Driftsresultat		-2 165 000	11 917 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	4	20 358 961 000	0
Sum finansinntekter		20 358 961 000	
Annen finanskostnad	3	9 712 000	69 548 000
Sum finanskostnader		9 712 000	69 548 000
Netto finans		20 349 249 000	-69 548 000
Ordinært resultat før skattekostnad		20 347 084 000	-57 631 000
Skattekostnad på ordinært resultat	5	5 782 000	-13 667 000
Ordinært resultat etter skattekostnad		20 341 302 000	-43 964 000
Årsresultat		20 341 302 000	-43 964 000
Overføringer og disponeringer			
Ekstraordinært utbytte		20 358 960 000	
Overføringer til/fra annen egenkapital		-17 658 000	-43 964 000
Sum overføringer og disponeringer		20 341 302 000	-43 964 000



Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

BALANSE

Beløp i: NOK

	Note	2021	2020
--	------	------	------

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Utsatt skattefordel		10 254 000	16 041 000
Sum immaterielle eiendeler		10 254 000	16 041 000

Finansielle anleggsmidler

Investering i datterselskap 6	43	955 347 000	43 955 342 000
Sum finansielle anleggsmidler	43	955 347 000	43 955 342 000

Sum anleggsmidler	43	965 601 000	43 971 383 000
-------------------	----	-------------	----------------

Omløpsmidler

Varer

Fordringer

Andre fordringer			37 324 000
Konsernfordringer	7	1 809 981 000	14 038 000
Sum fordringer		1 809 981 000	51 362 000

Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter og lignende	8	2 191 000	3 502 000
Sum bankinnskudd, kontanter og lignende		2 191 000	3 502 000

Sum omløpsmidler		1 812 172 000	54 864 000
------------------	--	---------------	------------

SUM EIENDELER		45 777 773 000	44 026 247 000
---------------	--	----------------	----------------

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital	9	80 000	80 000
Sum innskutt egenkapital		80 000	80 000

Opptjent egenkapital

Avsatt utbytte		-518 914 000	-501 251 000
Annen egenkapital	43	763 585 000	43 763 585 000
Sum opptjent egenkapital	43	244 671 000	43 262 334 000

Sum egenkapital	43	244 751 000	43 262 414 000
-----------------	----	-------------	----------------

Sum langsiktig gjeld		0	0
----------------------	--	---	---



Kortsiktig gjeld			
Leverandørgjeld		116 000	221 000
Kortsiktig konserngjeld	11	2 527 493 000	760 642 000
Annen kortsiktig gjeld		5 413 000	2 970 000
Sum kortsiktig gjeld		2 533 022 000	763 833 000
Sum gjeld		2 533 022 000	763 833 000
SUM EGENKAPITAL OG GJELD		45 777 773 000	44 026 247 000



Organisasjonsnr: 918 953 620
NETS HOLDCO 5 AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper

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 SpA

Note
2

Antall årsverk i regnskapsåret
3.00

Note
2

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	8274000.00	
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	1270000.00	
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	309000.00	
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	1000.00	
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	9854000.00	

Note
3

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
------------	--------------



Balansført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
--	--------------	------------------

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
---	--------------	------------------

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
---	--------------	------------------

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
---	--------------	------------------

<u>Pantstillelse</u>	<u>Beløp</u>
----------------------	--------------

Note

9

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
	1000.00	80.00	100.00%

Erverv

Endringer i beholdning av aksjer i løpet av regnskapsåret

Avhendelse

Endringer i beholdning av aksjer i løpet av regnskapsåret

Samvirkeforetak

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

Mer om aksjer



Note

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



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 2021, 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 2021, 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 laws and regulations 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.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Nets Holdco 5 AS



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 legal 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.

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/revisjonsberetninger>

Oslo, 24 March 2022
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Auditor's report

Signers:

Name	Method	Date
Bauge, Jone	BANKID_MOBILE	2022-04-06 16:31

This document package contains:

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.



Nets Holdco 5 AS

Annual Report 2021

Adopted by the Annual General Meeting
on 24 March 2022

Chairman of the AGM:

Louise Rubæk Andersen



Board of Directors report

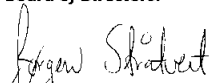
Business foundation	The objective of Nets Holdco 5 AS is to maintain ownership of Nets A/S. Headquarter is in Oslo.
2021 highlights	<p>In 2021, net result for the year was positive by NOK 20.341 million, compared to negative NOK 44 million in 2020. The result is driven by the dividends received from subsidiaries in 2021.</p> <p>Net result was in line with expectations.</p> <p>Equity amounted to NOK 43.245 million, compared to NOK 43.262 million ultimo 2020. Cash flow from operations was positive by NOK 20 billion, mainly driven by dividends received from subsidiaries.</p> <p>There are 3 employees in Nets Holdco 5 AS.</p>
Basis for preparation and going concern	<p>The financial statements have been prepared in accordance with the Norwegian Financial Statements Act.</p> <p>It is our opinion that the financial statements give a true and fair view of the financial position at 31 December 2021, the results of the operations for the financial year 1 January – 31 December 2021. 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.</p>
Financial risks	<p>Market risk</p> <p>The Company is indirectly exposed to market risk through the profitability and contributions received from subsidiaries.</p> <p>Liquidity risk</p> <p>The Company manages liquidity risk through the Nets group treasury system and obtains intra group short term financing when required.</p> <p>Foreign currency risk</p> <p>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.</p> <p>The company has entered a liability insurance policy to cover members of the board.</p>





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 2021 have occurred subsequently to 31 December 2021.
Outlook 2022	In 2021, we saw again that the COVID-19 pandemic made a significant impact on the payments industry in midst of cancellations, restrictions and lockdowns causing a lower level in the number of payment transactions performed. Nets expects a year with higher revenue and increasing operating result margins compared to 2021. Nets 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 Nets.

Oslo, 24 March 2022

Board of Directors:


Jørgen Stråtveit
Chairman


Janus Hillerup
Board member


Thorbjørn Grindhaug
Board member



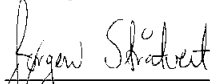
Income statement			
NOKt	Note	2021	2020
Revenue, net		10.000	10.000
External expenses		-2.311	10.200
Staff costs	2	-9.854	-8.283
Operating result (EBIT)		-2.165	11.917
Net financials	3	-9.712	-69.548
Result from subsidiaries	4	20.358.961	-
Result before tax		20.347.084	-57.631
Income Taxes	5	-5.782	13.667
Net result for the year		20.341.302	-43.964
Extraordinary dividends		20.358.960	-
Retained earnings		-17.658	-43.964
Total appropriation		20.341.302	-43.964

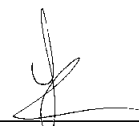


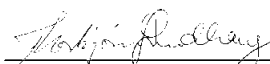
Balance Sheet			
NOKt	Note	2021	2020
Assets			
Non-current assets			
Prepaid financing fees		-	37.324
Investments in subsidiaries	6	43.955.347	43.955.342
Deferred tax asset		10.254	16.041
Total non-current assets		43.965.601	44.008.707
Current assets			
Receivables from group enterprises	7	1.809.981	14.038
Cash at banks	8	2.191	3.502
Total current assets		1.812.172	17.540
Total assets		45.777.773	44.026.247
Equity and liabilities			
Equity			
Share capital	9	80	80
Paid in capital		43.763.585	43.763.585
Retained earnings		-518.914	-501.251
Total equity	10	43.244.751	43.262.414
Liabilities			
Current liabilities			
Trade payables		116	221
Other payables		5.413	2.970
Payable to group enterprises	11	2.527.493	760.642
Total current liabilities		2.533.022	763.833
Total equity and liabilities		45.777.773	44.026.247

Oslo, 24 March 2022

Board of Directors:


Birgen Stråtveit
Chairman


Janus Hillerup
Board member


Thorbjørn Grindhaug
Board member



Cashflow statement	2021	2020
NOKt		
Result before tax	20.347.084	-57.631
Changes in Tax position	-	-
Changes in Trade payables	-105	220
Changes in net financing fees	37.324	13.745
Changes in other payables	2.443	-13.751
Changes in intergroup positions	-29.092	54.236
Cashflow from operations	20.357.654	-3.181
Dividends	-20.358.960	
Investments in subsidiaries	-5	-6.134
Cashflow from investments	-20.358.965	-6.134
Net change in cash and cash equivalents	-1.311	-9.315
Cash at banks 01.01	3.502	12.817
Cash at banks 31.12	2.191	3.502



Notes to the financial statement

1. Accounting policies

	<p>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.</p> <p>The accounting policies used are consistent with last year.</p> <p>Nets Holdco 5 AS and its subsidiaries are included in the consolidated financial statements of Nexi SpA</p>
Recognition and measurement	<p>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.</p> <p>Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.</p> <p>On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.</p> <p>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.</p> <p>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.</p>
Functional and presentational currency	<p>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.</p>
Foreign currency translation	<p>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.</p> <p>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.</p>
External costs	<p>External costs incurred in generating the revenue for the year comprise consulting and administration costs, as well as group management fee income.</p>

Nets Holdco 5 AS | Haavard Martinsens vei 54, NO-0978|0301 Oslo | Organisation nr. 918 953 620



Interest income, expense and similar items	Interest income, expense and similar items comprise interest income and expense and realised and unrealised gains and dividends and losses on transactions denominated in foreign currencies and securities.
Tax	<p>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.</p> <p>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.</p> <p>Current and deferred tax is computed at the tax rates applicable.</p> <p>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.</p>
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.



2. Payroll

NOKt	2021	2020
Payroll		
Wages	8.274	6.874
Pension and insurance	309	313
Payroll related taxes	1.270	1.095
Other payroll expenses	1	1
Total payroll	9.854	8.283

On the balance sheet day, the Company has 3 employees (2020: 3).

Remuneration of the Board of Directors

Remuneration for Board of Directors was total 200 tNOK 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.

3. Net financials

NOKt	2021	2020
Net financials		
Net foreign exchange gain/loss	37.169	-46.337
Net interest expense	-9.547	-9.452
Amortisation of loan fees	-37.324	-13.745
Other fees etc.	-10	-14
Total net financials	-9.712	-69.548

4. Result from subsidiaries

Nets Holdco 5 profit for the period was NOK 20.341 million. The result was generated primarily from dividends received from subsidiary Nets A/S, of DKK 20.359 million. Nets A/S approved the dividends on 19 May 2021, and as Nets Holdco 5 are the sole shareholders of Nets A/S.

The dividends received is a result of the income from the Nets Group's sale of the Account-to-Account business to Mastercard, generating basis for distributing dividends, which happened on 5 March 2021, and thus within the 2021 financial period.



5. Income taxes

NOKt	2021	2020
Deferred tax balance:		
Tax loss carry forwards	46.612	72.913
Total temporary differences	46.612	72.913
Deferred tax (-) / tax asset (+) 22 %	10.254	16.041
Tax payable:		
Result before tax	20.347.084	-57.631
Permanent differences	-20.321.636	-291
Temporary difference		57.922
Utilization of losses carried forward	-25.448	-
Basis for taxable income	-	-
Reconciliation tax expenses		
22 % of result before tax	4.476.359	-12.678
Prior year adjustment current tax	183	-925
22 % of permanent differences	-4.470.760	-64
22 % of temp differences	-	-
Total tax	5.782	-13.667

6. Investment in subsidiaries

NOKt	2021	2020
Investments in subsidiaries		
Accumulated cost as at 1 January	43.955.342	43.949.208
Addition during the year	5	6.134
Accumulated cost as at 31 December	43.955.347	43.955.342
Carrying amount as at 31 December	43.955.347	43.955.342

2021

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

2020

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

7. Receivables from group enterprises

NOKt	2021	2020
Receivables from group companies		
Nets Holdco 1 ApS	1.791.439	
Nets A/S	18.542	14.038
Total receivables from group companies	1.809.981	14.038



8. Restricted bank deposits

NOKt	2021	2020
Restricted bank deposits	300	498

9. Share capital note

The share capital is owned by Nets Holdco 1 A/S, Klausdalsbrovej 601, 2750 Ballerup, Denmark. No changes to share capital in 2021. The share capital of NOK 80 thousand consists of 1,000 shares with nominal value of NOK 80 each.

The ultimate parent company Nexi Spa 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	Paid in capital	Retained earning	Total equity
2021				
Equity 1 January	80	43.763.585	-501.251	43.262.414
Net profit for the year	-		20.341.302	20.341.302
Dividends distributed	-	-	-20.358.965	-20.358.965
Total changes in equity	-	-	-17.663	-17.663
Equity 31 December	80	43.763.585	-518.914	43.244.751
2020				
Equity 1 January (as per annual report)	80	43.763.585	-457.287	43.306.378
Net profit for the year	-		-43.964	-43.964
Total changes in equity	-	-	-43.964	-43.964
Equity 31 December	80	43.763.585	-501.251	43.262.414

11. Payables to group enterprises

NOKt	2021	2020
Payables to group companies		
Nets Holdco 1 Aps	-	86.976
Nassa TopCo AS	645.764	673.666
Nets Denmark A/S	2.000	
Nets A/S	1.879.729	
Total payables to group companies	2.527.493	760.642



12. Fee to statutory auditors

NOKt	2021	2020
Statutory audit	24	24
Other services	197	0

13. Events after the balance sheet date

No significant events affecting the annual report for 2021 have occurred subsequently to 31 December 2021.

14. Impact from Covid-19

In 2021, we saw again that the COVID-19 pandemic made a significant impact on the payments industry in midst of cancellations, restrictions and lockdowns causing a lower level in the number of payment transactions performed. Nets expects a year with higher revenue and increasing operating result margins compared to 2021. Nets will continue to streamline operations and processes and invest in innovative solutions with an ambition to create value.



Skatteetaten

Vår dato 24.04.2019	Din/Deres dato 19.03.2019	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Knut Aabøe	Telefon 800 80 000
Org.nr 974761076	Vår referanse 2019/5545799	Postadresse Postboks 9200 Grønland 0134 OSLO

NETS HOLDCO 5 AS
c/o Nets Branch Norway
0978 OSLO

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 forretningspråket 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 forretningspråket 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.



nexi

REPORTS
AND FINANCIAL
STATEMENTS





This is the English translation of the original Italian document "Relazioni e Bilancio 2021". 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 in order to facilitate the reading of the financial statements for investors and represents the true copy of the Nexi SpA Group's Annual Financial Report for the year 2021 published in XBRL format, in accordance with the provisions of European Commission Regulation 815/2019 (the European Single Electronic Format (ESEF) Regulation).



CONTENTS

LETTER FROM THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER CORPORATE BODIES AS AT MARCH 10, 2022

1. REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2021

1.1	Board of Directors' Management Report on Group Operations	11
1.2	Consolidated Financial Statements as at December 31, 2021	73
1.3	Notes to the Consolidated Financial Statements	81
1.4	Certification of the Consolidated Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/98	155
1.5	Report of the Independent Auditors on the Consolidated Financial Statements as at December 31, 2021	159

2. 2021 REPORTS AND FINANCIAL STATEMENTS OF THE PARENT COMPANY

2.1	Board of Directors' Management Report	175
2.2	Financial Statements as at December 31, 2021	183
2.3	Notes to the Financial Statements	189
2.4	Certification of the Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/98	217
2.5	Report of the Board of Statutory Auditors	221
2.6	Report of the Independent Auditors on the Financial Statements as at December 31, 2021	239



Letter from the Chairperson and Chief Executive Officer

LETTER FROM THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Dear Shareholders,

Not only did we achieve the targets communicated to the market in the first half of the year, confirming a solid performance and sustained growth in volumes despite the Covid-19 health emergency, but we also managed to finalise the two merger transactions with SIA and Nets, taking fundamental steps towards creating Europe's leading PayTech.

The year just ended was also important for sustainability, given the milestones we achieved and the commitments we made, and for the further boost we gave to innovation and digitisation. These are areas of development for our Group that have taken on even greater significance in this historical conjuncture for all stakeholders in terms of the use of essential services and adherence to values that require increasing attention.

In spite of the still uncertain economic environment, we have seen clear signs of acceleration in digital payments in the various geographical areas we operate in and in sectors less affected by the pandemic, further confirming the market's shift from cash to digital payments. Revenue and EBITDA growth was double-digit, benefiting from geographical diversification, our presence in high-potential markets and the greater weight of e-commerce in our product range.

These results testify to the progress towards building a Group whose scale and expertise is capable of leading the transition towards a cashless Europe, to the benefit of citizens, merchants, partner banks, companies, public administrations and institutions.



With this in mind, in 2021 we made significant investments at the highest level in Europe, focusing on innovation to bring the best collection and payment solutions to the market, continuing to work on modernising our infrastructure, boosting the control and security of the growing number of transactions handled, and investing in specialist skills, which are fundamental to being the market leader in digital payments in Europe.

In terms of products and services we have further developed our e-commerce platform, managing to serve both large and small companies and continuing with our multi-channel integration; we consolidated our range of services for large companies; together with our partner Banks we supported merchants in the development of their distribution models; we strengthened our corporate banking, open banking, self-banking and ATM, remote banking and processing offerings; we continued the technological development of our corporate banking services and consolidated our digital and mobile payment solutions for private individuals.

At the end of 2021, we further strengthened our expertise through the creation of Nexi Digital, a European hub of technological innovation that will accelerate our growth in Europe, hiring young talent and partnering with universities and research centres of excellence. Nexi Digital will also allow us to strengthen our proximity to the Countries we operate in, making a concrete contribution to the spread of digital innovation in Europe, and positioning us as prime movers on a path that is not only marked out by the market, but also by national and EU institutions, which are betting on this path to relaunch development, as witnessed by the huge investments planned by Next Generation EU.

The fundamental importance we place on the well-being and development of our people is evidenced by our constant focus on providing them with maximum safety, enabling remote working and maintaining training and development with new programmes that can be used remotely. A combination of action and commitment that has ensured the highest levels of service for all our customers. We also signed an agreement with trade unions that will govern teleworking for Nexi Payments and Help Line employees who, in compliance with the law, chose to sign the new individual agreement.



Letter from the Chairperson and Chief Executive Officer

2021 was a year of strong acceleration of the sustainability strategy, confirming the long-term commitment made by the Group and the will of all of us to generate a positive impact on the environment. We secured approval of CO2 reduction targets for Nexi in Italy from the Science-Based Target initiative, and thanks to a seven-point increase in the 2021 S&P Global Corporate Sustainability Assessment we significantly improved our ESG rating. These goals follow two other important objectives achieved by the Group in 2021: inclusion in the FTSE4Good index and in the MIB ESG index, the first Italian ESG blue chip index designed to spotlight the main Italian listed issuers that stand out for best ESG practices.

The current year proved to be a delicate one from the outset due to the continuing health emergency and the international crisis arising from the conflict in Ukraine. These two events underscore even more clearly the strategic importance of the market we operate in, and provide greater clarity of the role our Group plays in Europe. In fact, the use of digital payments proved to be a key element in ensuring the continuity of essential services for citizens and businesses during the pandemic, while the switch-off of a large part of digital payments in Russia is proving to be an important lever in the context of international sanctions. We therefore feel a strong responsibility to follow the development of these events, determined to guarantee the safety of our people and to ensure the continuity and efficiency of services to our customers.

We will continue to work to grow further in Europe, to improve our coverage of the entire digital payments value chain and to serve all market segments even more effectively, thanks to our portfolio of innovative solutions supported by our technology platforms and best-in-class professional expertise.



Letter from the Chairperson and Chief Executive Officer

Together with all the people of the Nexi Group, to whom our thanks go, we will work with our usual passion and dedication alongside our partner banks, customers, merchants and institutions to promote the adoption of digital payments and the growth of our Group. Taking care to include in this process the creation of value for all stakeholders, increasingly on a European scale, and the progress of the Countries we operate in, aware of the importance of payments in terms of access to services, support for the digitisation of the economy and society and simplification of daily life.



Chief Executive Officer
Paolo Bertoluzzo



Chairperson
Michaela Castelli



Board of Directors' Management Report on Group Operations

CORPORATE BODIES

at the date of the BoD meeting on March 10, 2022

Board of Directors

Term of office: approval of the financial statements as at December 31, 2021

Chairperson	Michaela Castelli (*) (**)
Deputy Chairperson	Fabio Massoli (**)
Chief Executive Officer	Paolo Bertoluzzo (*)
Directors	Luca Bassi (*)
	Maurizio Cereda (***) (****)
	Elisa Corghi (**) (***) (****)
	Federico Ghizzoni
	Stefan Goetz (*)
	Marina Natale
	Bo Nilsson (*)
	Jeffrey David Paduch (*)
	Antonio Patuelli (****)
	Francesco Pettenati (*)
	Marinella Soldi (***)
	Luisa Torchia resigned as of March 1

(*) Strategic Committee members

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

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

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

Board of Statutory Auditors

Chairperson	Piero Alonzo
Statutory auditors	Eugenio Pinto
	Mariella Tagliabue
Alternate auditors	Serena Gatteschi
	Emiliano Ribacchi

Office of the General Manager

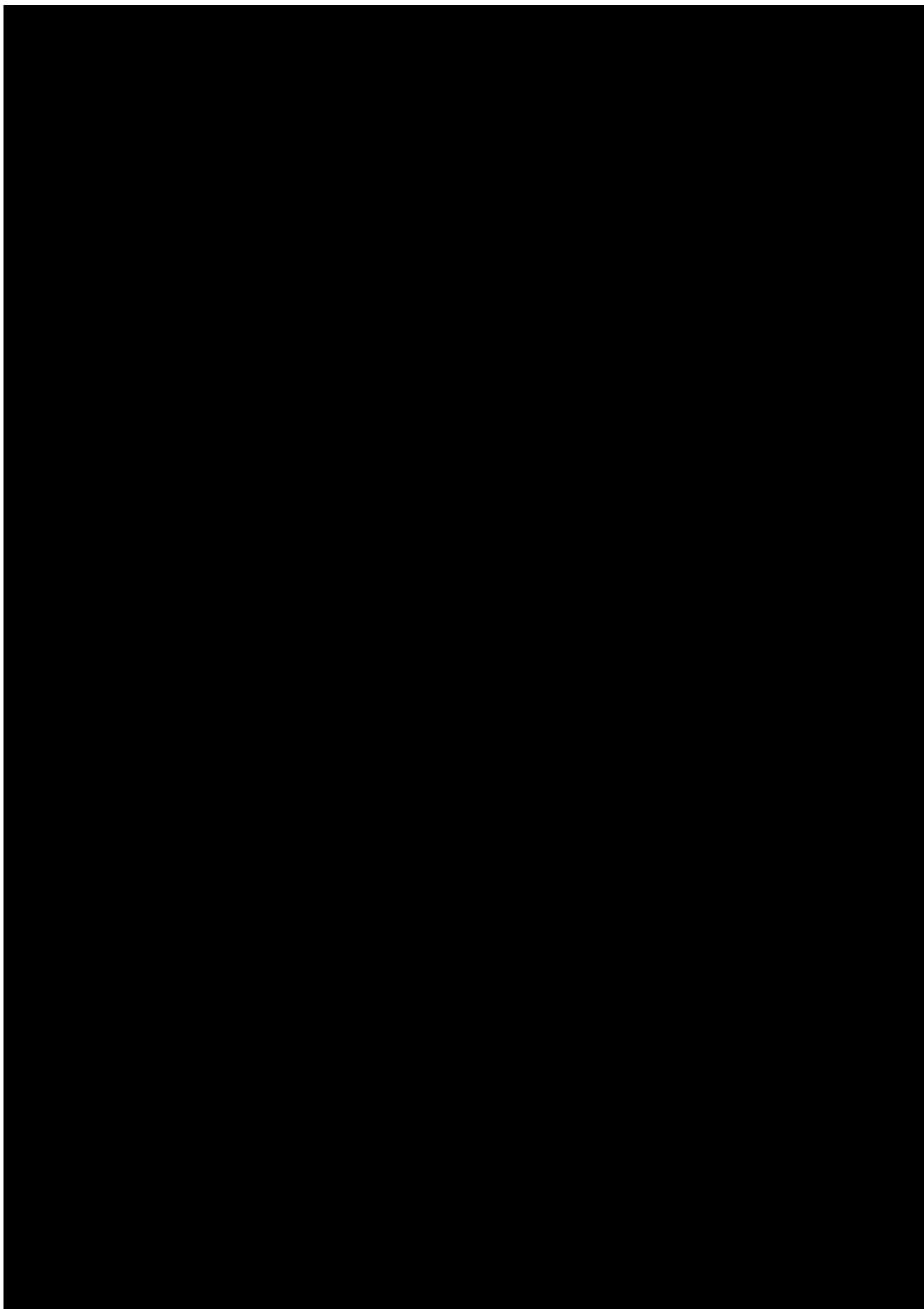
General Manager	Paolo Bertoluzzo
-----------------	------------------

Financial Reporting Manager

Enrico Marchini

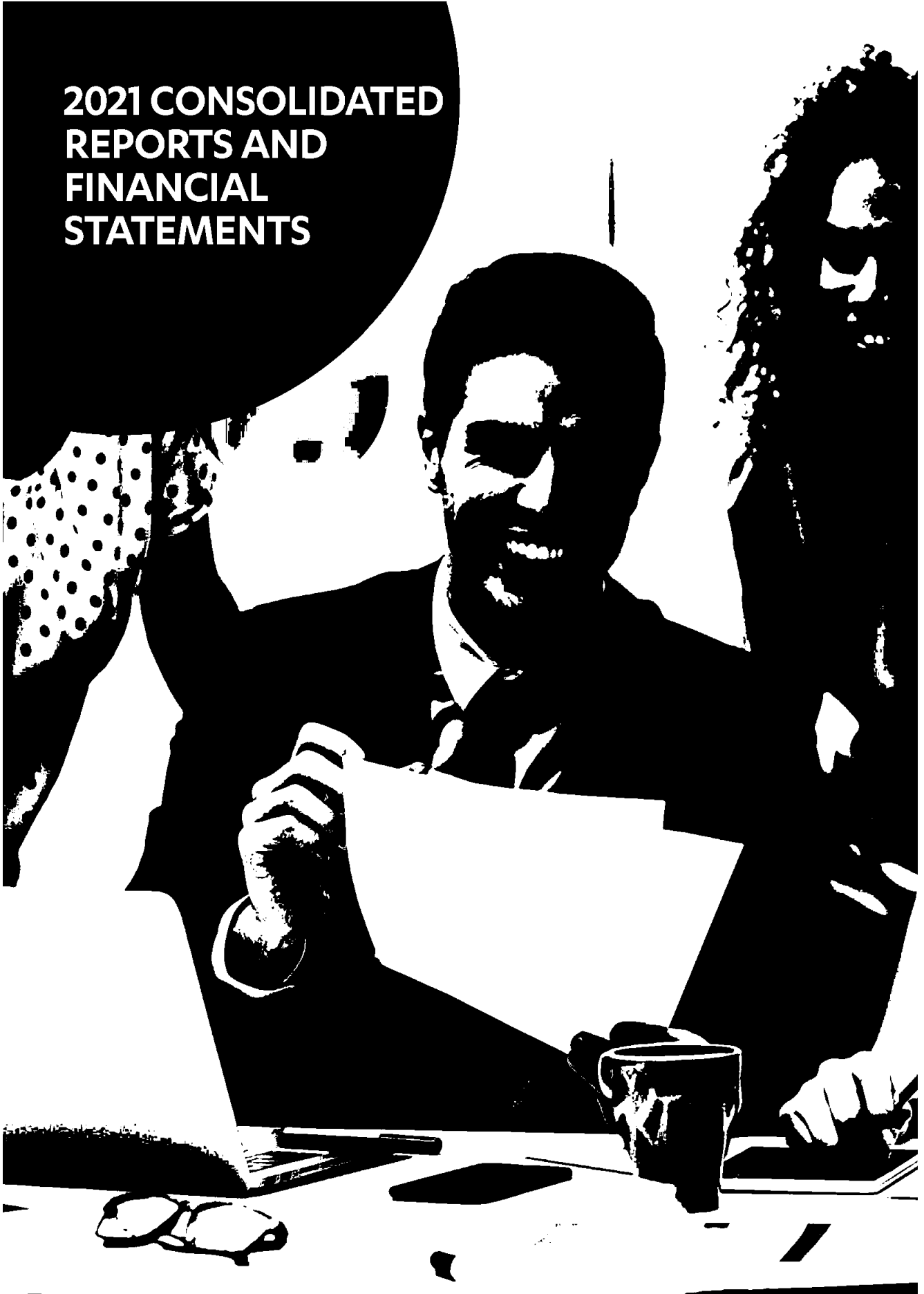
Independent Auditors

PricewaterhouseCoopers S.p.A.





2021 CONSOLIDATED REPORTS AND FINANCIAL STATEMENTS





1

1.1 Board of Directors' Management Report on Group Operations	11
1.2 Consolidated Financial Statements as at December 31, 2021	73
1.3 Notes to the Consolidated Financial Statements	81
1.4 Certification of the Consolidated Financial Statements Pursuant to article 154 Bis, paragraph 5 of Italian Legislative Decree 58/98	155
1.5 Report of the Independent Auditors on the Consolidated Financial Statements as at December 31, 2021	159





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



Publication of the 2021 financial statements in iXBRL format

Introduction

The consolidated financial statements of the Nexi Group were drafted, as per Italian Legislative Decree 38 of February 28, 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. The financial statements as at December 31, 2021 were also prepared taking into account the documents issued during the year by ESMA and Consob with reference to the impact of the Covid-19 pandemic and the topical areas of particular importance for the preparation of the 2021 annual financial statements.

Furthermore, during the 2021 financial year, Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation – European Single Electronic Format, hereinafter also only “Regulation”) was applied, which introduced a single electronic communication format for the annual financial reports of issuers whose securities are listed on EU regulated markets. Specifically, Directive 2004/109/EC (so-called Transparency Directive) regulates the harmonisation of transparency requirements concerning the information of issuers whose securities are admitted to trading on an EU regulated market. The Transparency Directive was amended by Directive 2013/50/EU, which established the obligation to adopt a harmonised electronic format for the preparation of issuers’ annual financial reports in order to facilitate the disclosure of financial information as well as the accessibility, analysis and comparability of financial statements. Specifically, under the aforementioned Regulation, in order to fulfil their disclosure obligations under the Transparency Directive issuers will have to draw up annual financial reports in XHTML (Extensible Hypertext Markup Language) format. Furthermore, where the annual financial report contains consolidated financial statements prepared in accordance with IFRS (International Financial Reporting Standards), the economic and financial information is marked using the XBRL language with the aim of further increasing the accessibility, analysis and comparability of the data contained therein. The Regulation requires the use of Inline XBRL technology (so-called iXBRL), which allows for the incorporation of XBRL markings in the annual financial reports in XHTML format. The Nexi financial statements as of December 31, 2021 in iXBRL format are made available to the public, as envisaged by the Regulations in the Financial Statements section of Nexi’s website at www.nexigroup.com.

The consolidated financial statements consist of a Statement of Financial Position, an Income Statement, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash Flows, the Notes to the Financial Statements and relevant comparative information, and also features the Management Report addressing the Group’s management, assets and liabilities, financial position and profit or loss performance. Moreover, the Financial Statements as of December 31, 2021 are audited by the company PwC, as is the expression of the opinion on the compliance of the financial statements and the consolidated financial statements with the provisions of the Regulations.

The information concerning corporate governance and the controlling structures called for by article 123a of the Italian Consolidated Law on Finance (i.e. *Testo Unico della Finanza*; hereinafter, “TUF”) are 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.nexi.it).

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

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

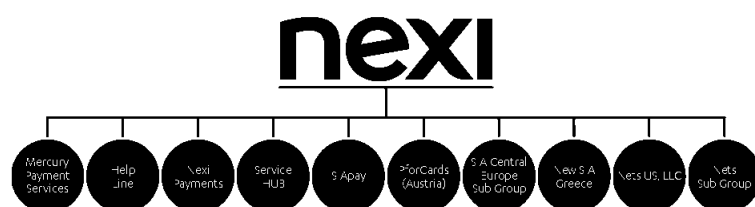
Nexi Group

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

In 2021, the Group's structure changed significantly following mergers with the Nets Group and the SIA Group, as detailed below.

Following these strategic transactions, the Nexi Group is the main operator in Italy and one of the main operators in Europe in the PayTech sector, and as at December 31, 2021 is comprised of the parent company Nexi SpA and the subsidiaries listed under section 6 of the Notes to the Financial Statements.

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



Based on representations provided pursuant to art. 120 of Italian Legislative Decree 58/1998 and on further information available, as at December 31, 2021, Nexi SpA's major shareholders are:

- H&F: 19.94%
- Cassa Depositi e Prestiti SpA: 13.58%
- Mercury Uk Holdco: 9.43%
- Eagle: 6.09%
- Intesa Sanpaolo: 5.13%
- Ab Europe: 4.02%
- Poste Italiane SpA: 3.55%
- Cic: 1.58%
- Float: 36.68%



**Merger with
Nets Group
and the SIA Group**

Macroeconomic Landscape

2021 was characterised by a close correlation between economic trends and the epidemic. The year opened with a lively recovery in international trade, especially in areas with a better health situation, such as China, and later the United States. The acceleration of the vaccination campaign then allowed the recovery of the European Union, thanks to the reopening of businesses that remained closed in the first part of the year. The following months were still characterised by diverse cyclical phases linked to health variables – infection trends, the start of vaccination campaigns and the emergence of virus variants – and to economic policy choices, in particular the implementation of fiscal and monetary stimuli. During the last part of 2021 inflation increased beyond expectations, albeit with significant differences in the various macro-areas: higher in the United States, less so in Europe, to a limited extent in China and Japan. According to leading research institutes, it is once again the ability to deal with the spread of virus variants that will determine the prospects for recovery in the near future.

On the other hand, any consideration of the consequences of the conflict between Russia and Ukraine on the outlook for the world economy is premature, and in particular on the impact that the sanctions – currently being defined by Europe and the United States – could have on a further increase in the cost of energy and on world financial stability, with the hypothesis of a complete or selective exclusion of Russia from SWIFT.

The European Economy

In Europe, after a period of growth that exceeded expectations during the second quarter, the resumption of infections that characterised the fall and the start of the winter led the governments of some of the Countries most affected to impose new measures to contain the pandemic. This contributed to increasing the uncertainty that had already permeated Europe's transition towards new equilibria of political and economic governance.

An analysis of the European Countries of most direct reference for Nexi's business shows how the performance of the economy depended on the choice and the possibility of introducing the necessary mitigating measures and stimuli to deal with the consequences of the pandemic, and on the effectiveness of the vaccination campaign in limiting the closure of businesses.

In particular, the robustness of the Nordic economies provided them with varying levels of buffers to better withstand the economic effects of the pandemic. Sweden's situation differed in that it had a less stringent approach to health containment, which resulted in an initial economic advantage from the lack of closures, although the impact of the crisis, which mainly affected young people and those born outside the country, was not lacking.

Germany, which has enjoyed solid economic performance over the past decade, saw the positive signs of its industry dampened by the resurgence of the pandemic, with economic indicators pointing to a deceleration in GDP at the end of 2021.

Among the Countries of Central Europe, Austria, which entered the crisis in a solid position, seems destined to pay for the suffering of the key sectors of tourism and hospitality due to a winter lockdown. Switzerland benefited from a timely economic and health response, which helped stem the economic downturn, although uncertainty and risk remain high.

Among the Eastern European Countries, Poland experienced a robust recovery in 2021, mainly driven by domestic consumption, but rising inflation and a deteriorating health situation are undermining the country's economic development prospects.



Robustness of economies of the Nordic Countries and Poland



Romania is consolidating the 2021 recovery with a series of structural reforms. Greece, which entered the pandemic with an unfinished recovery, has shown resilience in dealing with Covid-19. The government's considerable fiscal stimulus and the ECB's supervisory and accommodative measures protected the banking sector and maintained favourable funding conditions to support the economy. Despite the pandemic, reforms have progressed in a number of areas, albeit at a slower pace than in recent years.

The Italian Economy

The recovery of 2021, which followed the worst crisis in the post-war period, was above the European average: after a difficult winter, which saw consumption of services suffer due to the measures to contain the pandemic – while industry recorded a recovery never seen in previous expansionary phases – the acceleration of the vaccination campaign during the spring set the conditions for those progressive re-openings that laid the foundations for the recovery of GDP.

Due to a combination of factors – strong fiscal policy support for the economy, the specialisation of our manufacturing and our tourism sector, which benefited from the prevalence of the choice of destinations within the European Union by European citizens – the summer months consolidated the acceleration in growth. The year ended with a relative slowdown, driven by the worsening international environment following the spread of virus variants and the impact of inflation on household budgets.

GDP growth at the end of the year was 6.6%, consumption growth around 5.2%. Prometeia forecasts published before the outbreak of the conflict anticipated a recovery in consumption to pre-Covid levels in Q2 2023. Further forecasts are very difficult in the current situation, but it is reasonable to expect that consumption trends may flatten further in 2022.

Reference Markets

Digital Payments and Digital Banking Solutions

According to estimates for H1 by Milan Polytechnic, the digital payments market increased in terms of volumes (+23%) and even more so in terms of number of transactions (+41%), while by the end of the year growth in volumes is expected to range between +12.5% and +16.0%, and in the number of transactions up to +20%.

The reduction in the average ticket testifies to an increasingly everyday use. In particular, payments with prepaid cards increased, supported by the citizenship income and online purchases, while debit cards strengthened their 2020 pace thanks to the recovery in consumption. Credit cards, although recovering compared to last year, suffered from the drop in high-value consumption and restrictions on mobility, especially in the first part of the year (tourist and business travel). In-store mobile payments (with smartphones and wearables) achieved the best growth performance, following a well-established trend.

The events of the pandemic marked 2020, a year characterised by the emergence of hygiene fears in the use of cash and the boom in e-commerce purchases. This has given impetus to digital payments, so much so that their penetration of total household expenses went from 24% in 2019 to 27% in 2020 (Bankitalia/Istat/Prometeia data). This phenomenon is being confirmed in the partial data for 2021.

This is a positive trend that is reflected both in the main European Countries and in those of more direct reference to Nexi's business. Among these, the Nordics have confirmed their benchmarks for the use of digital payment instruments, the other Countries, such as Austria, Poland, Greece, Romania and Switzerland, with a significantly low-

+6.6%

Growth of 2021 GDP
in Italy

+23%

Volumes of the
digital payments



+0.8%

POS in 2020
in Italy

er proportion of digital payments out of total payments compared to more mature markets, have nevertheless shown growth or consolidation.

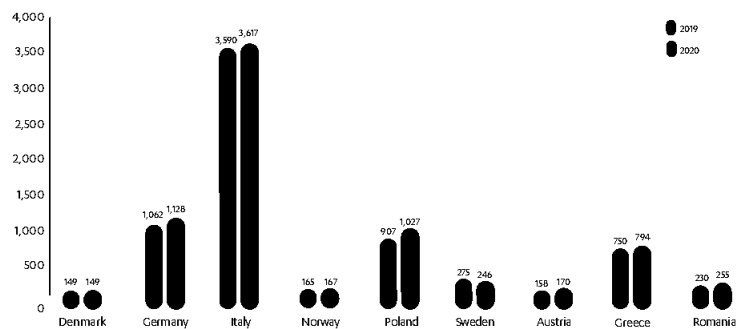
According to Assofin, cards with repayments in instalments recovered during the first eleven months of the year after the sharp slowdown experienced during 2020, with growth of 11.8% in value and 17% in number of transactions.

Regarding infrastructure, the latest available official figures (Bank of Italy Annual Report) show that in 2020 the use of POS devices of the Italian financial system increased by 0.8%, while the use of ATMs dropped by 2.2%.

The data of the European Central Bank relating to the Countries of direct reference of the Group attest to a heterogeneous situation, with a prevalent consolidation. Specifically, there are Countries that are growing in double digits, such as Poland +13.3% and Romania +11.1%; others to a significant extent, such as Austria +7.3%, Germany +6.2% and Greece +5.8%, and others still, characterised by an extremely advanced use of digital payments, such as Norway +1.0% and Denmark +0.1%, which remain substantially stable. Official data from Sweden also show a decrease of 10.5% in the POS infrastructure, which is explained by the growing popularity of innovative payment instruments that do not require the support of a POS reader.

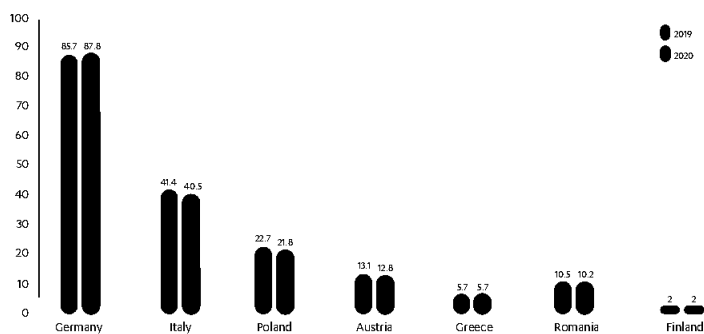
In the same markets, again according to official ECB data, the ATM network decreased or remained stable. Specifically, they decreased in Poland, -4.0%, in Romania, -2.9%, in Austria, -2.3%, remain unchanged in Finland and Greece, and increased very slightly in Germany, +0.3%.

Number of POS ('000) - ECB Source





Number of ATM ('000) - ECB Source



In Italy, the latest official data (Bankitalia Annual Report) on digital banking solutions in 2020 attest to the widespread use of home and corporate banking services. Specifically, 2,288,699 enterprises were corporate banking clients in 2020 (up +1.9% compared with 2019), while almost 50 million families (+7.9%) and more than 4 million businesses (+0.8%) resorted to home banking services and devices. The overall payment flows regulated by the TARGET2 system shrank by 3.4%, Interbank flows dropped by 4.3%.

Significant events during the reporting period

2021 was another critical year for Nexi's growth.

The integration with Nets first (July 1) and then with SIA (December 31) has led to the creation of one of the most important digital payments groups with a strong international focus. The integrations in themselves offer an exceptional possibility of creating value for shareholders and an opportunity to improve the quality of products and services for customers. The mergers are expected to achieve a higher level of profitability and cash generation, also thanks to the realisation of annual recurring synergies of approximately Euro 320 million at full capacity.



**Merger with Nets:
creation of a leading Group
in Europe**

Update on the Nets Merger

On July 1, 2021, following the receipt of all necessary authorisations, the merger of Nets into Nexi became fully effective. The integration process with the Nets Group – which is currently being implemented – allows the Nexi Group to extend its presence in international markets previously covered by the companies in the Nets Scope, thus becoming one of the leading companies in the PayTech sector also in Europe. In fact, with the Nets Merger the Nexi Group has the opportunity to welcome new distinctive skills, increase the reach of its distribution network, broaden its service range and achieve an expansion of its market space up to four times the size of Italy thanks to the entry into the new geographical areas where the Nets Group was operating. Indeed, the expansion and geographical diversification of the Nexi Group's exposure led to a lower concentration of customers, and in general to a greater resilience. Specifically, thanks to the Nets Merger, the Nexi Group has expanded its product range, now being able to, among other things:

- (i) offer omni-channel solutions, develop its e-commerce/m-commerce services and exploit the potential of the "buy-now-pay-later" business model through Ratepay for its Merchant Services & Solutions business line;
- (ii) focus on opening up to new domestic payment schemes (i.e. Dankort and BankAxept) where the main operator was the Nets Group, and new solutions for mobile payments (account-to-account payment solutions), limited to the Cards & Digital Payments business line; and
- (iii) include in the Digital Banking and Corporate Solutions business line the offer of eSecurity services concerning, in particular, electronic identification systems (eID) proposed in Denmark by the Nets Group, through MitID.

To service the Merger a total of 406,628,176 Nexi shares without expressed par value were issued to the shareholders of Nets for a capital increase of Euro 36,966,198.00.

Furthermore, on July 12 5,731,575 Nexi ordinary shares were issued as a total earn-out to the former shareholders of Nets Topco 2 S.à r.l. (the "Centurion Earn-out Shares"), in compliance with the provisions of the merger. Based on specific agreements concluded in the course of negotiations, all shares issued in connection with the merger are subject to lock-up agreements for certain periods of time.

As a result of the merger, Nexi CEO Paolo Bertoluzzo retained his role as Group CEO, while Nets CEO Bo Nilsson was appointed as Chairman of Nets and a non-executive member of Nexi's Board of Directors with effect from July 1, 2021, and Stefan Goetz, Chairman of Nets, joined the Group Board on the same date as a non-executive director.

The CFO of Nets, Klaus Pedersen, assumed the role of CEO of Nets, reporting to Paolo Bertoluzzo.

The merger was accounted for in accordance with IFRS 3 and therefore with Fair Value measurement of the assets acquired and the shares issued. Specifically, in the 2021 financial statements the provisional goodwill recorded pending the completion of the Purchase Price Allocation process amounted to Euro 8,237 million.

In 2021, the transaction resulted in the recognition of expenses of Euro 26.9 million (of which approximately Euro 2 million was recognised in equity, as it was directly related to the share capital increase).

For further details, see section 38.1 of the Notes to the Financial Statements.

Update on the SIA Merger

At 11.59 pm of December 31, 2021 the merger by incorporation of SIA into Nexi became effective, and in particular, considering the timing of the transaction, from the perspective of the 2021 financial statements the merger only involved the consolidation of assets and liabilities.

The merger with SIA allows the Nexi Group to ensure even more significant growth and greater resilience by diversifying its possible sources of revenue geographically and in terms of business offerings.

At the corporate level, the SIA Merger will allow development in business areas that are complementary to those managed by the Nexi Group after the Nets Merger, and more specifically the Group will be able to:

- expand its offerings in the electronic money business, with regard to profiles related to the creation of payment gateways and the personalisation of debit/credit cards managed on domestic and international schemes, loyalty, prepaid and petrol cards, and related anti-fraud and support services;
- internalise the processing services, which are now outsourced to third parties (including SIA itself);
- to an even greater extent, with reference to the Digital Banking & Corporate Solutions business line, exploit the consolidated presence of the SIA Group in the provision of clearing and settlement services; and
- count on the infrastructure and data centres available to the SIA Group.

To service the Merger a total of 270,054,058 Nexi shares without expressed par value were issued to the shareholders of SIA for a capital increase of Euro 24,415,087. As a result of this capital increase, the share capital of Nexi is equal to Euro 118,451,992.00, divided into 1,310,191,586 ordinary shares. These actions, in accordance with specific agreements contracted between the parties, are in part subject to lock-up agreements for certain periods of time.

The above merger was accounted for in accordance with IFRS 3 and therefore with Fair Value measurement of the assets acquired and the shares issued. Specifically, in the 2021 financial statements the provisional goodwill recorded pending the Purchase Price Allocation exercise amounted to Euro 3,596 million.

In 2021, the transaction resulted in the recognition of expenses of Euro 33.3 million (of which approximately Euro 1 million was recognised in equity, as it was directly related to the share capital increase).

For further details, see section 38.1 of the Notes to the Financial Statements.

As a result of the Merger, and in accordance with the provisions of the shareholders' agreement signed by CDP Equity SpA ("CDPE"), FSIA Investimenti S.r.l. ("FSIA"), PSIA S.r.l., Poste Italiane SpA, AB Europe (Luxembourg) Investment S.à r.l., Eagle (AIBC) & CY SCA, Mercury UK Holdco Limited and Evergood H&F Lux S.à r.l., signed on December 16, 2021 and in force from the Effective Date of the Merger, some changes were made to the governance.

Specifically, the Nexi Board members Giuseppe Capponcelli, Maurizio Mussi, Francesco Casiraghi and Simone Cucchetti resigned, and after obtaining the favourable opinion of the Board of Statutory Auditors, the Board of Directors approved the appointment by co-optation of Fabio Massoli, Francesco Pettenati, Marina Natale and Maurizio Cereda as new members of the Board of Directors, as an expression of the shareholders CDPE and FSIA.

The CEO of Nexi, Paolo Bertoluzzo, was also confirmed CEO of the Group resulting from the completed Merger.



**Merger with SIA:
geographical and business
diversification**

Sale of the Clearing Non-SEPA Business

On October 14, 2021, the Italian Competition and Market Authority ("AGCM") cleared the Nexi-SIA transaction discussed above, conditional on some "behavioural and structural measures in order to resolve the concerns that emerged during the preliminary assessment regarding the possible anti-competitive effects deriving from the transaction".

In this context, one of the remedies consists in the sale of the clearing non-SEPA business, whose revenues amount to approximately Euro 6 million.

The process is under way and the transaction is expected to close in H1 2022.

Acquisition of Former UBI Banca Merchant Acquiring Activities from Intesa Sanpaolo

On October 27, 2021 Nexi and ISP signed the transfer deed of the former UBI Banca merchant acquiring activities to Nexi Payments. On the same date Nexi paid an amount of Euro 170 million to purchase the Nexi Payments shares issued to ISP following the transfer.

The commercial agreements related to acquiring already in place between Nexi Payments and ISP have been extended to the former UBI activities being transferred.

The above business combination was accounted for in accordance with IFRS 3 and therefore with Fair Value measurement of the assets acquired. Specifically, in the 2021 financial statements the goodwill determined at the end of the Purchase Price Allocation exercise amounted to Euro 142 million. In 2021 the transaction led to the recording of charges totalling Euro 4.6 million.

For further details, see section 38.1 of the Notes to the Financial Statements.

Establishment of a Long-Term Strategic Partnership with Alpha Bank

On August 3, 2021, Alpha Services and Holdings S.A. (the "Alpha Bank Group"), the parent company of Alpha Bank S.A. ("Alpha Bank"), and Nexi SpA announced the start of a strategic partnership with the signing of a memorandum of understanding ("MoU"). The parties agreed to the establishment of a new company ("NewCo") generated by the spin-off of Alpha Bank's merchant acquiring business. Nexi will acquire a 51% stake in the share capital of the NewCo for a cash consideration of Euro 157 million, which reflects an Enterprise Value (EV) of Euro 307 million (for 100% of the EV of Alpha Bank's merchant acquiring business), plus an earn-out of up to Euro 30.6 million (corresponding to a maximum total amount of Euro 60 million for 100% of the EV), subject to the achievement of predetermined financial objectives within the first four years of the NewCo's operation.

The strategic partnership is reinforced by the signing of a long-term distribution agreement through which the NewCo will have access to Alpha Bank's network for the promotion and distribution of payment acceptance services to Alpha Bank's customers (both large companies and SMEs) in Greece.

The NewCo is expected to provide the Nexi Group with over 150,000 POSs and Euro 9 billion in volumes, generate approximately Euro 93 million in revenues and Euro 18 million in EBITDA in 2022 on a pro-forma and pre-synergy basis. Nexi will finance the transaction entirely through available resources.

On November 10, 2021 the two companies signed the Framework Agreement, which complements the MoU by outlining the terms and conditions of the transaction. The transaction is expected to be closed in H1 2022.



Strategic partnership
in Greece



Acquisition of the Property at Corso Sempione 57, Milan

On May 11, 2021 Nexi concluded the acquisition of the property located in Corso Sempione 57, Milan, from the Bank of Italy for an amount of Euro 40 million, until then leased to Nexi Payments.

The transaction allowed the Group to become the sole owner of its headquarters (the property is in fact adjacent and communicating with that of Corso Sempione 55, already owned by the Group), consequently increasing its overall value.

Partial Demerger of Mercury Payment Services into Nexi Payments

On April 1, 2021, the partial demerger of Mercury Payment Services into Nexi Payments took effect.

This transaction had no significant impact for the purposes of Nexi's consolidated financial statements, having only resulted in an increase in the Nexi Group's stake in Nexi Payments.

Note that from the date of the demerger, Mercury Payment Services has ceased to be a regulated Payment Institution and primarily serves as help desk and card factory.

Changes in Group Debt

The financial structure of the Group changed during 2021 mainly as a result of the funding operations carried out by Nexi SpA to gather in advance the financial resources necessary to refinance (i) the financial debt of the Group headed by Nets Topco 2 S.à r.l. ("Nets") and its subsidiaries following the merger between Nets and Nexi (the "Nets Merger"), (ii) the financial debt of SIA SpA ("SIA") following the merger between SIA and Nexi (the "SIA Merger" and, together with the Nets Merger, the "Mergers"), as well as (iii) costs and charges relating to the Mergers and the issue of the financial instruments listed below. Specifically:

- On February 24, 2021, "senior unsecured equity-linked" bonds were issued with maturity on February 24, 2028 for a total of Euro 1,000 million in principal (the "2028 Convertible Loan"), which do not bear any interest. A share capital increase, excluding shareholder pre-emption rights pursuant to article 2441(5) of the Italian Civil Code, in service to the aforesaid conversion of the bond and involving the issue of a maximum of 40,729,049 Nexi SpA ordinary shares with regular dividend rights having the same characteristics as the ordinary shares in circulation, was approved by the Nexi SpA Extraordinary Shareholders' Meeting on October 15, 2021.

The 2028 Convertible Loan, whose initial conversion price was set at Euro 24.5525 per Nexi SpA share, was admitted to trading on the Vienna MTF market managed by the Vienna Stock Exchange on February 22, 2021, with the start of trading on February 24, 2021, coinciding with the date of issue and settlement of the 2028 Convertible Loan.

For details regarding the accounting treatment of the Bond, please refer to section 39 of the Notes to the Financial Statements.

- On April 29, 2021, two senior unsecured bond loans were issued for a total of Euro 2,100 million in principal, of which Euro 1,050 million due on April 30, 2026 (the "2026 Bonds") and Euro 1,050 million due on April 30, 2029 (the "2029 Bonds", and, together with the 2026 Bonds, the "Bonds"), both placed at their nominal value. The 2026 Bonds and the 2029 Bonds pay a semi-annual coupon of 1.625% and 2.125% respectively. The proceeds deriving from the issue of the Bonds were initially deposited in a segregated account pending the conclusion of the first of the Mergers, and thus released with the Nets Merger on July 1, 2021.



New funding for Nets and SIA operations



Consolidation of the gross financial debt of Nets and SIA

These bond loans are governed by the law of the State of New York and have been admitted to trading on the “Euro MTF” multilateral trading system of the Luxembourg Stock Exchange from the date of issue.

In addition to the Merger refinancing operations, on December 15, 2021 Nexi SpA signed a variable rate bank loan contract governed by Italian law (the “BBPM Loan Contract”) pursuant to which Banco BPM SpA granted Nexi SpA a credit line for a total amount of Euro 200 million (the “BBPM Credit Line”), fully disbursed on December 23, 2021.

The BBPM Credit Line must be repaid in two instalments, for an amount equal to 30% of the total in December 2024 and for the remaining 70% in December 2025.

During the year, as a result of the completion of the Nets Merger, the financial debt deriving from the Nets Merger and not repaid following its completion was consolidated. As at December 31, 2021, this debt consisted of funding to support the “pay-later” offer for Euro 135 million, as well as a bond loan recorded in the financial statements at a value of approximately Euro 218 million. This bond was issued on April 6, 2017 by Nassa Topco AS, expiring on the first business day following April 6, 2024, with a nominal amount currently equal to Euro 219.584 million (the “Nassa Topco Bond Loan”). The interest on the Nassa Topco Bond Loan is paid on a six-monthly basis in arrears, on January 15 and July 15 of each year, in cash, and accrues a fixed interest rate of 2.875% per annum.

As a result of the SIA Merger, on December 31, 2021 the SIA Group’s gross financial debt was consolidated for an amount equal to Euro 964 million (the “SIA Debt”), of which Euro 873 million relating to bank debt that were fully repaid on January 3, 2022.

Consequently, the Group’s gross financial debt at December 31, 2021 amounted to Euro 7,474 million and increased by about Euro 4,693 million compared with December 31, 2020 (Euro 2,781 million) and consists – in addition to the 2028 Convertible Loan, Bonds, the BBPM Credit Line, the debt acquired from the Nets Group and the SIA Debt – mainly in the following financing received by the Group, specifically Nexi SpA, in the previous years:

- a loan agreement signed by Nexi SpA on June 26, 2020, pursuant to which certain lending institutions have granted a so-called variable rate term credit line, for a total amount of Euro 466.5 million (the “Term Loan”). The Term Loan is fully used and will have to be reimbursed in a single instalment upon expiry on June 30, 2025;
- a “senior unsecured equity-linked” bond loan of a nominal amount of Euro 500 million, convertible into ordinary shares of Nexi SpA, issued at par on April 24, 2020, with a semi-annual fixed rate coupon of 1.75% p.a. and maturity on April 24, 2027 (the “2027 Convertible Loan”);
- a bond loan with a nominal amount of Euro 825 million, with a semi-annual coupon at a fixed rate of 1.75% p.a., issued at par by Nexi SpA on October 21, 2019 and expiring on October 31, 2024 (the “2024 Bond Loan”);
- a floating rate loan agreement (the “IPO Loan”) stipulated on March 20, 2019 by Nexi SpA together with its subsidiaries Nexi Payments and Mercury Payment Services (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 to Nexi SpA on December 31, 2021, having an original maturity in a single settlement on May 31, 2024; 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. On April 1, 2021, following the completion of the partial proportional demerger with Nexi Payments, Mercury Payment Services ceased to be a contractual party to the IPO Loan contract and was therefore fully



released from any obligation initially assumed. The IPO Loan was also modified on June 18, 2021, among other things to (a) extend its maturity to May 31, 2026, (b) extend the right to other entities of the Nexi Group (incorporated in Italy or Denmark) to become parties to the IPO Loan contract under certain conditions, (c) eliminate the status of Original Guarantor for Nexi Payments, which has therefore been fully released from any obligation initially assumed as Original Guarantor under the IPO Loan Contract. See section 39 of the Notes to the Financial Statements on the accounting impacts of this renegotiation of the IPO Loan.

At the time of publication of this report the financial debt is not backed by collateral. Furthermore, in 2021 there were no significant repayments of financial debt, except for the financial debt of the Nets Group and the SIA group, which were refinanced and repaid as a result of the Mergers as described above.

It should be noted that at time of publication all covenants provided for by the loans – as detailed in note 39 of the Notes to the Financial Statements - have been complied with.

In summary, as at December 31, 2021, the structure of gross debt is as follows:

(Amounts in million euros)

	Dec. 31, 2021	Dec. 31, 2020
2024 Bond Loan	822	820
2027 Convertible Bond	453	445
Term Loan	463	462
IPO Loan	993	995
2028 Convertible Bond	869	-
2026 Bonds	1,043	-
2029 Bonds	1,043	-
BBPM Loan Contract	198	-
Nassa Bond (Nets subgroup)	218	-
Rate Pay funding (Nets subgroup)	135	-
Former-SIA funding	874	-
Other financial liabilities	362	59
Total	7,474	2,781

Other financial liabilities are mainly comprised of lease contracts (Euro 186 million) accounted for as of 2019 following IFRS 16 first-time adoption, as well as liabilities associated with earn-outs or deferred prices associated with outstanding transactions (Euro 176 million).

Remuneration Policy

On March 12, 2019, the Shareholders' Meeting of parent company Nexi SpA, with reference to Group personnel remuneration policies, approved the long-term incentive plan ("LTI"), which envisages the allocation of Nexi SpA shares to a select panel of Nexi Group employees based on the internal broadbanding system and criteria applicable to individual performance. In the third quarter 2021, the rights referring to the third cycle were assigned to the employees recipients of such plan, as per the LTI Regulation. The cost accrued for in the 2021 financial statements, as a balancing entry in the state-



**Impact of the pandemic:
service quality unaffected**

ment of changes in equity, with reference to the LTI plan for the first, second and third cycle, was Euro 17.6 million, as further detailed within note 37.2 of the financial statements.

Furthermore, as also further detailed within note 37.1 of the financial statements, Mercury UK HoldCo has issued some share-based incentive plans ("Stock Grant" or "Plans") based on Nexi SpA shares, ascribable to over 400 Nexi Group employees with a balancing entry in the statement of changes in equity of Euro 29.2 million.

Business Environment Following the Covid-19 Outbreak

Impact on 2021 Business Performance

During 2021, the trend in business volumes provided further evidence of the shift under way from cash to digital forms of payment, especially in the Italian market where, despite the measures to contain the health crisis, acquiring transactions in the last six months of the year consistently recorded double-digit growth compared to the same period in 2019 (the last "pre-Covid" year), despite the continuing weakness of international cards.

In other geographical regions, in some cases severely affected by waves of infection, especially in the fall, the volumes managed by the Group in the acquiring business were slightly down compared to 2019 but up compared to 2020 (around +2% and +7%, respectively, in terms of number and value).

Overall, the close correlation between volume trends and the degree of opening/closing of social and economic activities – including mobility to and from abroad – was confirmed, as per local regulations in force during the year (Oxford Stringency Index).

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

During the initial phase of the Covid-19 pandemic the Nexi Group promptly set up remote working arrangements for almost all its employees and contractors, complying with the requirements of emergency regulations.

Subsequently, in October 2020 Nexi launched the Company Rules that governed teleworking for companies operating in Italy, which was replaced in December 2021 by the agreement signed with the trade unions on the matter. In 2021 remote working methods and platforms were refined, and then, starting in the second half of the year, "hybrid working" solutions were envisaged with a gradual, partial return to offices in safe conditions.

The Group's foreign companies implemented specific hybrid working guidelines from June and introduced plans to cover and reimburse expenses incurred by staff for remote working tools.

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

Furthermore, in view of the virtualisation of the work environment and the consequent potential increase in risks associated with cybersecurity, safeguards and operational tools were reinforced in order to prevent and limit incidents that may harm the security of systems and information flows.

From a strategic and commercial point of view, Nexi has made the utmost effort to meet customer expectations and new behavioural patterns, starting with a growing habit of using digital payment instruments, even for micro-transactions, and greater use of the e-commerce channel due both to demand factors (new "web shoppers", including on the



mobile channel) and supply factors (digitisation of traditional retailers). Finally, in the e-commerce sector, the growing demand for deferred payment solutions ("pay later") on specific customer segments opens up new opportunities, especially but not only in the DACH area despite a changing regulatory context.

As regards the impact of the pandemic on long-term economic and financial performance, with specific reference to the potential impairment of financial statement assets, see the information referred to in the sections "Tangible assets: Impairment" and "Nexi Group Risks" in the Notes to the Financial Statements.

Group Activities

The Nexi Group 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 recent combination with SIA, and a strong presence in the Scandinavian markets and in Central and South-Eastern Europe, overseen by the activities attributable to the Nets group.

It is recalled that in recent years, Nets had made investments of significant strategic value as part of its transformation and development plan, including the acquisition of Concardis (2019), which had ensured penetration into structurally attractive geographical areas such as Germany, Austria and Switzerland, and acquisitions in the fast-growing Polish area (2020).

With regard to the year ended December 31, 2021, directly or through its more than 350 partner banks, the Nexi Group managed a total amount of transactions relating to approximately 85 million payment cards and approximately 18.6 billion transactions for the entire value chain on the acquiring front and on the issuing front, with a combined volume of approximately Euro 935 billion.

The Group's core activities involve three business lines: Merchant Services & Solutions, Cards & Digital Payments, Digital Banking & Corporate Solutions

Merchant Services & 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). Moreover, the Group provides administrative and customer relationship services.

The services provided by this company unit can be subdivided into 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 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 in-

350

Partner banks

85 mln

Number of payment cards



cludes end-to-end solutions aimed at guaranteeing payment acceptance, such as to allow merchants to use the Nexi Group as a single supplier for all payment acceptance services. 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.

Cards & Digital Payments

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 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 Cards & Digital Payments division provides services for the issue of payment cards almost exclusively through partner banks (issuance in partnership with banks).

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

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

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

Digital Banking & Corporate Solutions

This business line of the Group provides three types of service: ATM Management, Clearing and Digital Corporate Banking. To cover this range of services, the division relies on dedicated professionals (belonging to different functions, such as: marketing, sales, ICT and operations) and three internal Digital Factories dedicated to the development of applications.

The Group is responsible for installing and managing ATMs (approximately 11,000 at the end of December 2021) 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). Recently the Group launched 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.



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. As at December 31, 2021, the Group provided approximately 450,000 e-banking platform licenses.
- *CBI, pension and collection services*: development of payment platforms capable of providing Group accounts and payment management services and provision of CBI, which has become a payment centre connected with public authorities.
- *CBI Globe – Open Banking*: provision of the service that allows the interconnection between banks and third parties through dedicated platforms to make the management of bank accounts by customers easier and more efficient, offering both information and instruction services, taking advantage of the business opportunities introduced by PSD2.
- *Digital and multichannel payments support services*: provision of software applications for invoice management and storage, prepaid card reloading, bill payments, postal payments and other services through the internet, smartphones and ATMs.

For the Scandinavian market, the business unit provides e-Security and digitisation services. More specifically, these services include the provision of e-Security solutions through "MitID" (Denmark), digitisation services that allow customers to simplify workflows, as well as services to support digital transformation.

Group Financial and Business Performance

In 2021 the Group recorded a solid financial performance despite the inevitable adverse effects of the pandemic on social and economic dynamics. Revenues amounted to Euro 2,269 million, up 10.0% annually, EBITDA amounted to Euro 1,095 million, up 12.1%, and the EBITDA margin exceeded 48%, up approximately 1 percentage point.

Main Group indicators for the year 2021

18.6 billion transactions managed (+12.0%)	Euro 2,269 million in Revenue (+10.0%)	Euro 330 million in Capex (+20.8%)
Euro 935 billion in transactions managed (+11.7%)	Euro 1,095 million in EBITDA (+12.1%)	Net Financial Position Euro -5,245 million

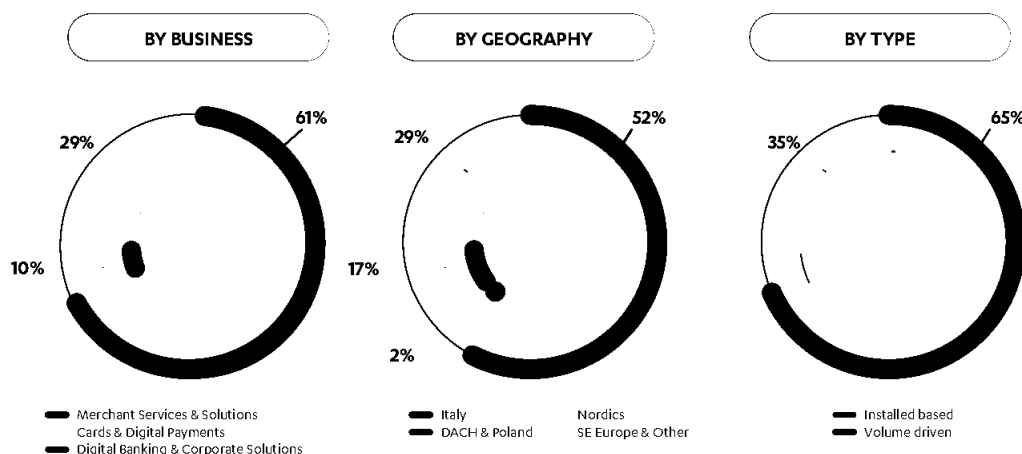
Please note: The changes indicated above have been calculated on a yearly basis. Revenue, EBITDA and Capex are shown on a pro-forma basis (please refer to the "Group Performance" and "Alternative Performance Measures" sections, which also include reported data)

+10%

Growth in Group revenues

Board of Directors' Management Report on Group Operations

Revenue breakdown "pro forma" incl. Nets 12-month contribution



+11%

Growth in Merchant Services & Solutions

Business Units: Financial and Business Performance

Merchant Services & Solutions reported revenues equal to Euro 1,383 million, +11.3% compared to the previous year.

In 2021, 8.8 billion transactions were managed, up 12.1%, for a value of Euro 474 billion, up 11.7% (approximately +16% in the Italian market). E-commerce performance further accelerated (+29% on an annual basis), driven mainly by APMs (A2A in Poland and Finland, "Buy Now Pay Later" in the German market) and Easy (PSP in the Nordic Countries).

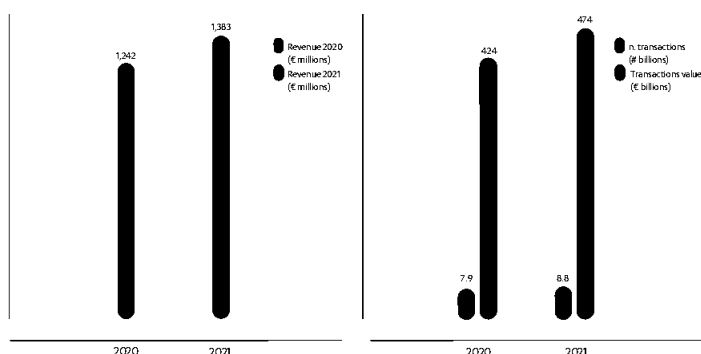
Pandemic-induced changes in consumer patterns led to an increased uptake of Easy, which saw substantial volume growth. This was supplemented by the successful launch of Now instalments and deferred payments in Poland and strong e-commerce growth driven by shift to online and market share expansion, complemented by strong customer wins including Amazon Poland, Samsung, and OBI. In the physical space, Nets recorded significant wins - the most notable one being the pan-European win of JYSK RFP for Terminal and Acquiring services in DACH, France and Italy, beating off 17 competitors to underline its market leading proposition. Additionally, Nets successfully retained majority of existing customers through renegotiations, while also de-risking the customer portfolio across both the Nordics and DACH region. Throughout the year, Nets successfully developed and launched new products, including the mid-range integrated mobile terminal (PAX A77) and the premium all-in-one Android based A920, Loyalty and eReceipts for Small and Medium customers, and the SoftPos solution that turns Android mobile phones into a Point-of-sale device in collaboration with large customers across the Nordics (Salling Group and Matas in Denmark, Sodexo in Finland) and Germany (Paulaner Goslar).

In the Italian SME segment, the commercial focus on mobility solutions continued, starting with the new Mobile POS offer, which accounted for 20% of the new activations. On the commercial side, the contribution of new direct non-banking distribution channels (in particular through Retail partners and via the Web) increased significantly, leveraging the Group's best practices. In the LAKA segment in Italy there was a significant progress in the roll-out of the new omni-channel gateway, also thanks to the integration with SIA payment solutions dedicated to the corporate market. The Group's performance in tenders in specific sectors (food retail, household goods, mobility, PA) improved significantly, also with



respect to cross-border merchants. Also in the Italian market, new e-commerce customer activations increased by 50% compared to the pre-Covid period. Partnerships with e-commerce enablers were extended, with more than 15 partners covering more than 75% of the market (e.g. Big Commerce). From the point of view of product developments, the extension of the "Alternative Payments Methods" (e.g. BancomatPay) continued.

Merchant Services & Solutions



Cards & Digital Payments recorded revenues equal to Euro 659 million, up 74% annually, with uneven dynamics on a geographical basis. While Italy recorded a double-digit increase, thanks to the contribution of both the installed base serving customers and volumes, and despite a modest recovery in international tourism, the other geographical regions were affected by the effects of the renegotiation of contractual terms with a counterparty, despite the recovery of transactions in the last quarter of the year.

Overall, 9.7 billion transactions were managed, corresponding to Euro 461 billion, up by 11.8% compared to 2020 both in volume and in value (excluding the Baltics). The growth of the Italian market was particularly robust, with growth rates of volume and value respectively exceeding 28% and 15%, reflecting the growing spread of small-ticket payments.

In the Italian market, Nexi continued to improve its commercial offerings through innovative solutions for both partner banks and end customers (e.g. digital issuing solutions, B2B virtual cards). With regard to private, commercial/business and "millennials" customers, 2021 saw new impetus in the sales of the new international debit product (+1.5 million cards, approximately +30% transaction value), sustained growth for prepaid cards, strong demand for "Buy Now Pay Later" solutions (800 thousand plans activated), further growth in the value of mobile payments transactions (3.3 million payment cards registered), growing interest in and demand for B2B corporate virtual cards (+118% in transaction value) despite the effects of Covid-19 restrictions on business tourism, and further development of the "YAP" customer base, an app dedicated to millennials for prepaid cards (around 1 million at year end, with +75% in transactions).

Nets made significant progress in expanding its geographical footprint beyond the Nordic Countries, by winning new customers especially in the DACH region, but also in Poland, the Baltics and the UK, confirming its market-leading proposition in supporting banks on their digital journey. Thanks to its modern, modular technology and tailored customer service solutions, the Group succeeded in growing the customer base and building a strong European pipeline of new issuers, and further strengthened its go-to-market approach echoed by a positive response from issuers across Europe, also from potentially large issuers. In the Nordic Countries, maximum efforts were made on the commercial front, with the aim of renegotiating and extending the main contracts in place, resulting in a de-risking of the customer portfolio and opening up business opportunities in a long-term perspective. In

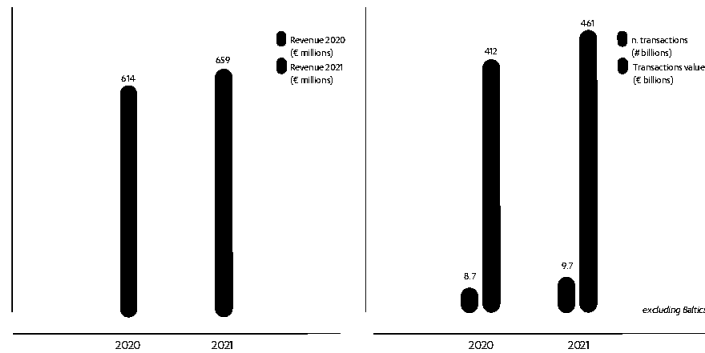
+7%

Revenues from Cards & Digital Payments



the area of renegotiations, specific mention should be made of the agreement with Danske Bank to allow cardholders to use Dankort cards via ApplePay and the extension of the long-term partnership with Nordea in both Denmark and Finland.

Cards & Digital Payments



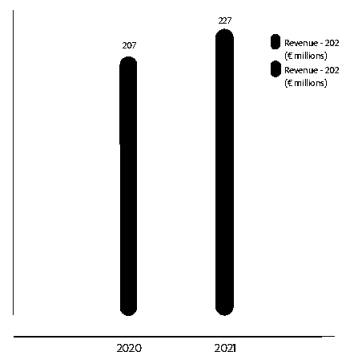
Digital Banking & Corporate Solutions reported revenues equal to Euro 227 million, with a growth close to 10%, mainly attributable to some business initiatives such as Open Banking and, in the Nordic Countries, digitisation services with modest elasticity with respect to the evolution of the pandemic.

In Italy, further efforts were made to promote the "ACH Instant Payments" service launched in 2018, development and on-boarding activities continued on the new Open Banking platform ("CBI Globe", launched in 2019), "Pago in Conto" (digital account-to-account payment system with Open Banking technology) was launched and the Dynamic currency conversion service was launched on Nexi ATMs.

In Denmark, Nets successfully launched the new digital identity solution ("MitID"), as mandated by the local government Agency for Digitisation and in close cooperation with the banking association. During 2022, MitID will gradually replace its 11 year-old predecessor, NemID, and will continue to be operated by Nets, thus maintaining the company's important role in providing critical parts of Denmark's digital infrastructure. MitID has been developed in a modular way, with a state-of-the-art authentication platform that can be readily applied to other execution environments, allowing Nets the option of delivering a comprehensive single solution, individual components or value-added services, depending on the needs of other customers. The app-based Nets Passport Reader was certified as compliant with the European electronic Identification, Authentication and Trust Services (eIDAS) regulation.

Throughout the year, Nets saw double-digit sales growth within selected digital propositions, such as the EdiEX invoice and payment service platform, confirming its potential on an international scale.

Digital Banking & Corporate Solutions



+10%

Revenues from Digital Banking & Corporate Solutions



Group Performance

Reclassified Consolidated Income Statement as at December 31, 2021

The reclassified consolidated income statement highlights, in a multi-step format, net profit determinants for the year by reporting items commonly used to provide a condensed overview of company performance.

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

The results shown in the table below include the contribution of the Nets group's activities:

- on a reported basis: in financial year 2021 only and with regard to the second half of the year, since said activities were consolidated as of the acquisition date (July 1, 2021) pursuant to the provisions set forth under IFRS 3 accounting standard;
- on a pro-forma basis: including the relevant economic effects as of January 1, 2020, for merely illustrative purposes up to and including EBITDA.

(Amounts in million euros)

	Reported Income Statement 2021	Proforma Adjustment (**)	Proforma Income Statement 2021	Reported Income Statement 2020	Proforma Adjustment (**)	Proforma Income Statement 2020	Delta% Reported	Delta% Proforma
Merchant Services & Solutions	1,026	357	1,383	500	742	1,242	105%	11%
Cards & Digital Payments	552	107	659	380	234	614	45%	7%
Digital Banking & Corporate Solutions	174	53	227	114	93	207	53%	10%
Operating revenues	1,752	517	2,269	994	1,069	2,062	76%	10%
Personnel-related costs	(328)	(161)	(488)	(155)	(314)	(469)	111%	4%
Operating costs	(494)	(192)	(686)	(285)	(332)	(617)	73%	11%
Total costs	(822)	(353)	(1,174)	(440)	(646)	(1,086)	87%	8%
EBITDA (*)	930	164	1,095	554	422	976	68%	12%
Amortisation and depreciation	(227)			(145)				57%
Customer Contracts D&A	(132)			(32)				310%
Interests and financing costs	(132)			(65)				102%
Non-recurring items	(380)			(102)				271%
Profit before taxes	59			209				-72%
Income taxes	(7)			(80)				-91%
Minorities	(1)			(1)				8%
Profit attributable to the Group	50			128				-61%

Note

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

(**) Data at constant FX.



Board of Directors' Management Report on Group Operations

EBITDA margin up to

48%

1,095 mln

EBITDA

Overall, Group revenues grew by 10.0% to Euro 2,269 million (pro-forma, including the Nets scope on a 12-month basis). This trend reflects the solid financial performance of the three business units in the different geographical areas, with Italy, the DACH region and Poland growing at double-digit rates compared to 2020.

In 2021, total costs (excluding depreciation and amortisation) amounted to Euro 1,174 million. Despite the usual control of the main expenditure items, the comparison with the previous year (+8.1% pro-forma, including the Nets scope on a 12-month basis) was affected by the increase in transaction volumes and the effects that the extraordinary cost containment plan to mitigate the exogenous shock linked to "Covid-19" had on 2020. More specifically, personnel-related costs increased by slightly more than 4%, reflecting higher variable salary components as well as investments in new professional skills in areas of strategic interest, while other operating costs rose by around 11%, in line with the double-digit trend in volumes managed, as well as specific project-related charges.

Including the contribution of the Nets scope on a 12-month basis, this resulted in an EBITDA of Euro 1,095 million, up 12.1% compared to 2020, with a margin (48.2%) up by approximately 1 percentage point.

EBITDA on a reported basis, and as such not comparable with 2020, amounted to Euro 930 million.

On a "reported" basis, transformation costs and other non-recurring expenses recorded under EBITDA amounted to about Euro 380 million. They include integration or M&A costs (Euro 130 million), the earn-out related to the acquisition of the ISP/UBI merchant book (Euro 107 million), and other expenses, including non-cash expenses arising from the LTI plan and the application of IFRS 2 (IPO costs incurred by the Sponsors) of approximately Euro 47 million.

As a result of the dynamics described above and net of income taxes and profit attributable to minority interests, net profit for the 2021 financial year amounted to Euro 50 million.

Financial Position Highlights

The main financial position indicators are listed below.

Capex

The following table details Capex investments as at December 31, 2021 and December 31, 2020.

(Amounts in million euros)

	2021	2020
Ordinary tangible and intangible assets	167.0	100.3
IT and Strategy Transformation projects	74.7	34.9
Property investments	40.0	-
Investments (Capex)	281.7	135.2



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 "Property investments" refers to the purchase of the property located in Milan at Corso Sempione 57.

Net Financial Position

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

The following table details the Group's Net Financial Position as at December 31, 2021 and 2020.

(Amounts in million euros)

	At December 31 2021	At December 31 2020
A. Cash equivalents (*)	2,230	499
B. Cash-like items		
C. Other current financial assets		
D. Liquidity (A) + (B) + (C)	2,230	499
E. Current financial debt	(18)	(15)
F. Current portion of long-term debt	(939)	
G. Current financial debt (E) + (F)	(957)	(15)
H. Net current financial debt (G-D)	1,273	484
I. Non-current financial debt	(1,908)	(1,457)
J. Debt instruments	(4,449)	(1,266)
K. Trade liabilities and other non-current financial liabilities	(160)	(44)
L. Non-current financial debt (I + J + K)	(6,517)	(2,766)
M. Net financial position (H) + (L)	(5,245)	(2,282)

(*) = 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 year by the operating companies (including that which was acquired as a result of business combinations), shown in the financial statements under "Financial assets at amortised cost".

It should be noted that, at the time of publication, all the covenants provided for by the financings have been complied with. Such covenants and the negative pledges are further described under note 39 of the Notes to the Financial Statements.



Board of Directors' Management Report on Group Operations

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

(Amounts in million euros)

	Statement of Cash Flows ⁽¹⁾	Reconciliation ^(*)	Group liquidity ⁽²⁾
Profit for the year	52	-	52
Depreciation/amortisation, unpaid taxes and other non-cash items	272	-	272
Cash flow of operations	324	-	324
Cash flow generated by financial assets/liabilities	-	344	344
Operating cash flow	324	344	668
Cash flow absorbed by investment activities	(526)	-	(526)
Cash flow generated by financing activities	1,589	-	1,589
Cash flow generated in the year	1,387	344	1,731
Opening cash and cash equivalents	159	340	499
Cash flow generated by Italian operating companies in the year	1,387	67	1,454
Cash flow generated by foreign operating companies including cash acquired through business combinations	-	276	276
Closing cash and cash equivalents	1,546	684	2,230

(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 generated by the Operating Companies.

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

- cash flow generated in 2021 by Italian operating companies (Euro 407 million) minus the cash flow generated in 2020 (Euro 340 million) and distributed in 2021;

- available cash from the foreign operating companies acquired during the year (Euro 276 million).

Alternative Performance Measures

In line with guidelines published on October 5, 2015 by the European Securities and Markets Authority (ESMA/2015/1415), and subsequent updates, and for the purposes of these consolidated yearly financial statements, Nexi Group, as well as reporting figures for income statement and net financial position envisaged under International Financial Reporting Standards (IFRS), also submits alternative performance measures derived from the aforesaid, providing management with a further means to evaluate Group performance. In 2021, 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. Note that the format used for the presentation of the Net Financial Position has been updated in order to incorporate the indications set out in Consob warning note 5/21.

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

Operating Revenues

Nexi defines Operating Revenues as the Financial and Operating Income normalised in respect of non-recurring expenses and income, excluding, where applicable, net financial charges on Bond Loans and Financing. The following table details the reconciliation of the financial and Operating income to operating revenues of financial years 2021 and 2020.

(Amounts in million euros)

	2021	2020
Financial and operating income	1,518	927
Net financial charges (*)	132	65
Non-recurring costs/(income)**	109	2
Operating costs/(income)	(7)	-
Operating Revenues	1,752	994

(*) For the year as at December 31, 2021, the item includes interest and commissions on Nexi SpA funding (Euro 74 million) and on borrowings of the operating companies (Euro 58 million, of which Euro 55 million related to the Nets Group). The item also includes the effect of the Fair Value measurement of the option implicit in the convertible bond loan issued in the first half-year. Such costs are reported under "Financial and operating income" in the income statement.

(**) For the year ended December 31, 2021 the item mainly consisted of non-recurring charges relating in particular to the Fair Value measurement of Earn-out liabilities that reduced the item "Financial and operating income" in the income statement.

Normalised EBITDA

Nexi defines Normalised EBITDA as profits for the year 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. The following table details reconciliation of Group annual profits and normalised EBITDA for the periods ended December 31, 2021 and 2020.

(Amounts in million euros)

	2021	2020
Profit for the year	52	129
Income (loss) after tax from discontinued operations	-	1
Income taxes	7	80
Profit (loss) from equity investments and disposals of investments	(1)	-
Interests and financing costs ^(*)	132	65
Net value adjustments/write-backs on tangible and intangible assets	358	175
Non-recurring financial and operating income ^(*)	109	2
Other non-recurring expenses/ income impacting EBITDA ^(*)	273	101
EBITDA	930	554

(*) Please refer to the previous table.

(**) For the year ended December 31, 2021 this item primarily consisted of non-recurring administrative expenses, mainly related to the stock grant assigned by Mercury UK and to LTI (Euro 47 million), including integration costs or costs related to M&A operations (Euro 130 million), in addition to other non-recurring costs mainly related to the Group's transformation plan.



Investments (Capex)

Nexi defines investments as tangible and intangible assets acquired in the period. These are detailed in the relevant table in the Notes to the Financial Statements, concerning changes to tangible and intangible assets. Such an Alternative Measure does not include tangible and intangible assets acquired following business combination transactions.

Net Financial Position

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

- bonds issued and loans 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".

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

Governance and Control Structures

Board of Directors

The breakdown of the Board of Directors as at December 31, 2021 is the following:

Chairperson	Michaela Castelli
Deputy Chairperson	Giuseppe Capponcelli
CEO and General Manager	Paolo Bertoluzzo
Directors	Luca Bassi
	Francesco Casiraghi
	Simone Cucchetti
	Federico Ghizzoni
	Stefan Goetz
	Elisa Corghi
	Maurizio Mussi
	Bo Nilsson
	Jeffrey Paduch
	Antonio Patuelli
	Marinella Soldi
	Luisa Torchia

Note that since January 1, 2022 the composition of the Board of Directors changed as reported in the section "Corporate bodies as at March 10 2022".



Internal Board Committees

The Internal Board Committees are composed as follows.

Remuneration and Appointment Committee (*)

Chairperson Elisa Corghi
Members Michaela Castelli
Marinella Soldi

Risk, Control and Sustainability Committee (*)

Chairperson Elisa Corghi
Members Michaela Castelli
Marinella Soldi

Related Party Transactions Committee (*)

Chairperson Elisa Corghi
Members Antonio Patuelli
Marinella Soldi

(*) Committees established as per the Corporate Governance code.

Strategic Committee

The breakdown of the Strategic Committee is the following.

Chairperson Paolo Bertoluzzo
Members Luca Bassi
Giuseppe Capponcelli
Michaela Castelli
Francesco Casiraghi
Simone Cucchetti
Stefan Goetz
Bo Nilsson
Jeffrey Paduch

Note that since January 1, 2022 the composition of the Strategic Committee changed as reported in section "Corporate bodies as at March 10, 2022".

Board of Statutory Auditors

Below is the composition of the Board of Statutory Auditors as of December 31, 2021.

Chairperson Piero Alonzo
Statutory auditors Mariella Tagliabue
Marco Giuseppe Zanobio
Alternate auditors Tommaso Ghelfi
Andrea Carlo Zonca

Note that since January 1, 2022 the composition of the Board of Statutory Auditors changed as reported in section "Corporate bodies as at March 10, 2022".

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 statutory financial statements and of the consolidated financial statements for the financial years 2019-2021 and the limited audit of the Group's consolidated statements for the half-years ending on June 30 of said financial years has been entrusted to PricewaterhouseCoopers SpA.

Group Internal Control Systems

The Group's development projects continued during the year, in particular as regards the entry of the SIA Group and the resources dedicated to controls within the scope of each Function.

The integration of the Audit Function with Nets was positively completed on the whole and has also defined the next steps useful for the uniform application of the identified methods.

The Audit Function has the duty of periodically assessing the completeness, functionality and suitability of the Internal Control System (ICS), including issues related to the information system. Its activity is based on the pre-emptive evaluation of the Internal Control System during the planning of all audit activities, on the constant evaluation of the risks concerning corporate activities and on the thoroughness and coverage of the Company's ICS. During the period, the Audit Function completed the adaptation of the ICS assessment process with the updating of the tool and method already in use in order to make it usable in the new Group scope. The standardisation and automation of information processing and analysis processes are in fact essential elements for a consistent, uniform assessment at a Group level.

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

On the subject of risk management, initiatives for discussion and cooperation with the Group Risk Management Function were continued. For example, the joint management of analysis and review of some Nexi Payments business processes worthy of a comprehensive review led to the subsequent reminder to the business functions involved to take action to remedy the shortcomings that emerged.

With regard to on-site audits, in Italy the plans included a significant number of unplanned activities (special audits, special investigations, external audits), which led to a review of the originally approved plan, although not altering the expected level of coverage. With regard to the Nets scope, while there were some slowdowns, the activities did not require revision.

The activities undertaken by the Function in the Nexi-SIA integration area led to facilitating the entry of resources and activities into the Function, without delays and without any particular problems. Interactions with Nets colleagues also continue on a regular basis, and the reporting flow is now consolidated.

Finally, with regard to the work programme defined with the Group SBs, the Audit Function conducted the audits envisaged in the period and supported the Body in the impact analysis assessments deriving from the integration. The updates of the Organisational and Control Models pursuant to Italian Legislative Decree 231/2001 were completed for all Nexi Group companies (i.e. Nexi SpA, Nexi Payments, Help Line SpA and Mercury Payment Services SpA) whose processes have been affected by significant changes in regulations in 2021. Now, in line with further developments, a new update will be made to include the entry of the SIA scope.

Second level controls for the Group's supervised companies, 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, which also features an Information Security Manager;
- the Compliance & AML Function, which includes the Anti-Money Laundering Function, the Officer Responsible for Reporting Suspicious Transactions and the Group DPO, which operate in specific reference to regulatory areas under their respective responsibilities;



- the Subject Matter Experts, namely business units with responsibility for continuously ensuring compliance of activities and processes with regulations under their respective responsibilities.

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

The Group's Enterprise Risk Management Policy, updated during 2021 so that it could also be applied to Nets through the definition of a Risk Management unit at the central and Legal Entity levels, outlines:

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

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

Moreover, in accordance with the relevant regulatory provisions and with the market best practices, Nexi also adopted a management framework specific for operational and security risks, with particular reference to the ICT risk assessment and its interaction with a broader range of operating risks, so as to ensure an increasingly efficient monitoring of risks. The Operational Risk Management Framework integrates and adds to the Enterprise Risk Management Framework; the results of the two methods, in terms of exposure to operational risks, converge consistently. Therefore, the Operational Risk Management Policy has been implemented at Nexi Payments to manage and mitigate operational risks.

With regard to recurring activities carried out during 2021, the Function continued to monitor the implementation of mitigation plans on priority risks on a monthly and/or quarterly basis and carried out the annual ERM risk assessment on the Nexi and Nets scope. Moreover, the Function ensured continuous monitoring of operational and IT risks (in cooperation with the CISO Area), the implementation and reporting of the reputational risks dashboard and managed the insurance package to cover the group's main risks. Furthermore, new activities undertaken during the year included the strengthening of credit risk assessment and monitoring, the analysis of risks and opportunities arising from climate change and the development of governance, processes and methods for the management and analysis of third-party risks. Lastly, with regard to the provision of payment services – for which operational risks are particularly important, including risks



Board of Directors' Management Report on Group Operations

relating to security and those of a legal and reputational nature, which may arise from relations with customers – in 2021 activities continued to adapt to the regulatory indications provided by the PSD2, which entailed the development of various areas focused on specific project streams, guided by the roadmap of temporal adaptation to the various deadlines established by EBA.

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

During 2021, as part of the integration with the Nets and SIA Groups, the Function defined the Group Compliance Model, prepared the Policies/documents pertaining to the Parent Company, and implemented periodic information flows on compliance that the Group companies are required to transmit to the Parent Company.

With reference to the recurring activities carried out during 2021, in addition to the measurement of non-compliance risks also through the execution of a multi-year risk-based plan of installation and operation tests, the Function continued to monitor the implementation of remedial actions on the non-compliance risks highlighted with the aim of ensuring the continuous monitoring of non-compliance risks. The Function's commitment to providing assistance and advice to top management bodies and corporate structures through the drafting of specific opinions was important and continuous. As part of the project initiatives and in light of new products and services, the relevant assessments were carried out in advance and the appropriate instructions were provided to ensure the implementation of compliant initiatives.

During the period, the Function perfected the methods of reporting and providing guidance to Nexi Payments Management through a clear and timely snapshot of the risks of non-compliance, the state of progress of the corrective measures under way, as well as of regulatory changes and the related adaptation measures. Fine tuning aimed at improving the performance of information tools supporting the Function also continued in all scopes managed by the Function itself, but with particular reference to the management of regulatory risk assessments.

The Function was also dedicated to ensuring compliance with the e-commerce payment system through the analysis of the proposed solutions and their consequent orientation towards choices that comply with current regulations. During the year, attention was also paid to the compliance of the information system, improving the management of logical accesses and company IT assets in cooperation with the CISO Area and the Risk Management Function.

As part of the consolidation of data protection pursuant to Regulation (EU) 2016/679 ("GDPR"), during the year great attention was paid to the subject of data retention. Specifically, the mapping of electronic tools that process personal data was reviewed and updated, prioritised according to the level of risk related to the processing and the technical security measures present, and a multi-year plan was prepared for the deletion of the data of all the electronic tools still in scope. Similarly, personal data stored on paper on company premises and in archives were analysed, and, maintaining a risk-based approach to the processing of personal data, controlled shredding campaigns were launched.

During 2021, the Function examined the laws and regulations regarding data protection relating to the management of third-party suppliers appointed as data processors in order to better assess and govern the associated risk. Furthermore, in light of the Judgment of the Court of Justice of the European Union of July 16, 2020 (so-called "Schrems II Judgement") that invalidated the adequacy decision of the Privacy Shield, the Function acted with particular focus on suppliers that process data in non-EU Countries to assess the risk of the transfer of data outside the European Union and to initiate the updating of



contractual clauses. Good efficiency was achieved in the management of recurring activities required by privacy regulations thanks to the adoption of automated tools, which facilitate the operational management of the GDPR's prescriptive requirements. During H2 2021, the Function also directed the updating of cookies on the Company's websites and portals to the new Guidelines on the subject issued in July 2021 by the Privacy Authority. The Function also paid particular attention to identifying solutions aimed at raising internal awareness of personal data protection issues through simple and effective training courses focused on the topics of Privacy by Design and Privacy by Default, fundamental in an evolving context. With regard to the Parent Company, the Function created a community among the Data Protection Officers of the various Group companies with the aim of sharing best practices on the protection of personal data, ensuring consistency on the subject within the Group.

With regard to the anti-money laundering regulations, during H2 2021 the Policy and the Manual were updated in order to incorporate the latest regulatory changes, the introduction of some efficiency improvements to the enhanced due diligence processes, the regulation of the anti-money laundering profiles connected to the new Payment Initiation Services (PIS) as well as regulating the new role of Nexi Payments' "group for anti-money laundering purposes" following the extraordinary Nexi-SIA transaction, with particular reference to the SIAPay company, subject to the relevant obligations. With regard to the activities carried out for the monitoring of the risk of money laundering and terrorism financing, in 2021 the Function implemented further solutions to strengthen the safeguards aimed at profiling customers and identifying unexpected events. In particular, the Function adopted: new tools for the monthly and prospective monitoring of operations; new tools for periodic control of the phenomena considered to be at higher risk of money laundering according to thresholds of relevance (so-called SOS Dashboard); a new organisational structure through the entry of managerial profiles, the reorganisation of the AML Compliance Office and the implementation of a widespread governance model that has allowed a strong and constant governance of the most relevant processes both before and after; efficiencies to the enhanced due diligence processes in light of the new transaction monitoring safeguards put in place during 2021, with the aim also of identifying new conduct attributable to money laundering, such as behaviour related to the Covid-19 health emergency. Finally, the results achieved in 2021 in terms of improving the quality of the data collected by placement agents during the due diligence phase were important, also thanks to the creation of a new monitoring tool and new features on the digital channels available to customers for the collection and/or updating of data, which will be operational during 2022.

In 2021 the maturity of compliance governance was a significant area of focus as three Lines of Defence (LoD) were established among the entities of the Nets scope. Moreover, emphasis was placed on the continuous development of the compliance framework through the implementation of Group policies, the division of responsibilities between 1LoD and 2LoD, the development of independent monitoring in the 2LoD compliance domains and continuous 2LoD reporting. More specifically, the Group policies subject to annual review were updated during the year to reflect legislative changes, the results identified during the AML/CTF risk assessment and the level of maturity of the compliance setup across the Networks scope, as well as input from Nexi Group Compliance to ensure maximum alignment.

Nexi Group Organisational Structure

Following integration with Nets, the organisational structure of the Group was reviewed, with the revision and establishment of certain staff functions that were centralised in the parent company. These functions were operationally populated through partial or full secondments of employees of Legal Entities controlled by the Group.

The organisational structure was designed according to the following guiding principles:

- centralise only staff functions in the parent company, keeping business operations within each Legal Entity, in line with market practices;
- comply with regulatory requirements at both Group and local levels, primarily for the Control functions (Audit, Risk Management and Compliance);
- set up centralised Group units where the centralisation of resources and specialised skills are functional, avoiding unnecessary additional levels of governance and limiting the risks of organisational complexity;
- maintain responsibilities and resources at a local level if the activities carried out are strongly characterised by local specificities or if the centralisation of activities jeopardises the achievement of plans at the level of individual Legal Entities;
- balance the optimisation of the organisational structure with the need to preserve and involve key talent in the transformation and integration process.

Moreover, the proposed new organisational design took into account the guidance received from the Supervisory Bodies during the formal discussions held with them.

In line with the aforementioned guiding principles, the following first-level organisational structures were defined:

1. Organisational structure for the control functions

The design of the new organisational structure for the Control functions (Audit, Risk Management and Compliance) had the primary objective of strengthening the coordination and the system of Group controls.

To this end, the new organisational model was developed along four lines:

- strong oversight of control functions in all companies regulated through direct reporting to local CEOs/BoDs;
- setting up of central Group supervisory bodies with the aim of acting as a single point of coordination and collection of information flows from supervised companies according to policies defined at a Group level and guaranteeing coordinated control strategies and guidelines;
- coordinating activities and ensuring a common orientation between the control functions at the Legal Entity and Group oversight levels by setting up functional reports;
- possibility of adopting a secondment model to ensure full leverage of specialised skills across the Group.

Specifically:

Group Audit (reporting to the BoD) with main responsibilities for:

- definition of audit guidelines and monitoring of the evolution of both Business Audit and IT Audit plans and activities;
- collection of information flows from subsidiaries, to be presented to the BoD and to the endogenous Committees of Nexi S.p.A.;



Group Risk Management reporting to the Group CEO) with main responsibilities for:

- definition of risk management policies and frameworks;
- consolidation of information flows and related reporting;
- management of the Group's insurance coverage;
- support to the Group Audit unit;
- possible establishment of specialised clusters related to the definition of specific guidelines on the management of specific risks (e.g. credit risk).

2. Group Corporate & External Affairs (reporting to the Group CEO) with main responsibilities for:

- definition of institutional and external communication objectives and strategies;
- legal activities relating to M&A transactions;
- monitoring and developing relations with external institutional stakeholders;
- management of corporate governance aspects and corporate secretarial activities for the Corporate Bodies;
- definition of the methodological approach and high-level guidelines/policies on matters relating to Group compliance (where relevant and deemed necessary) as well as Focal Point on GDPR, anti-corruption and administrative liability of entities - Italian Law 231/01 etc.); definition of the contents of information flows from subsidiaries, and their consolidation.

3. Group CFO (reporting to the Group CEO) with main responsibilities in the area of:

- implementation of the Group's strategies on ordinary and extraordinary transactions and related compliance and corporate simplification activities;
- treasury management and financial planning for the Group and for individual Legal Entities;
- procurement management for the Group and for individual Legal Entities;
- market communication and investor relations management;
- optimisation and standardisation of the main processes in the CFO area and of the accounting systems for the Group;
- definition, planning and forecasting of the Group's budget (including the Business Plan) and consolidated reporting;
- definition of Group policies on tax and financial reporting issues, and preparation of consolidated financial statements.

4. Group HR (reporting to the Group CEO) with main responsibilities in the area of:

Hr Orga & Change

- organisational design for Group functions, leading and managing organisational projects having an impact on the Group;
- management of activities related to change management and business integration processes;
- definition of internal communication policies and initiatives at a Group level;
- HR management vis-à-vis employees of Group functions (e.g. promotions, performance management, incentives, selection and appointment process for defined Group units).

Hr Governance & Reward

- management of Group rules and procedures and assessment of the compliance of the evolution of the Group's organisational model with the Group Regulations;
- management of appointment, remuneration and succession planning processes for BoD, CEO, GM and ExCo members and definition of related policies;
- definition of career development guidelines;
- definition of Group banding policy.

5. Group Transformation & Strategy (reporting to the Group CEO) with main responsibilities in the area of:

- overall definition of the Group's strategy on highly innovative and cross-cutting issues;
- coordination of activities related to transformation (i.e. integration of the standalone companies within the Nexi SpA Group);
- definition of a Group strategic vision for brand management, and ensuring coordination on key strategic issues.

6. Group CIO (reporting to the Group CEO) with main responsibilities in the area of:

- centralised governance for the areas of Information Security, IT Infrastructures and IT Strategy Transformation, while maintaining oversight of operations within the Legal Entities;
- definition of Group policies and procedures for IT security, acting as a control function supervising Business Continuity and IT risks, and managing interactions at a Group level with the Audit, Compliance and Risk functions;
- implementation of IT Infrastructures in line with the Group's strategy, and monitoring of the synergies achieved;
- coordination of strategic IT initiatives at a Group level.

Help Line SpA

There were no organisational changes worthy of note with respect to the reference context.

Nexi Payments SpA

As at April 1, 2021, the resources of the Mercury Payment Services branch (hereinafter MePS) merged into Nexi Payments have joined, according to the respective area of competence, the new organisational structure, also in order to reinforce current functions through knowledge sharing and ensuring continuity in areas previously managed by MePS, in full compliance with the contract with Intesa Sanpaolo.

Furthermore, in order to optimise the process of integrating the activities of MePS, the following changes have been made to the organisational structure of Nexi Payments:

- the ISP Accounting Operations structure was created in the CFO area, reporting to Administration, focused on overseeing the administration of the services provided to Intesa Sanpaolo customers;
- the Commercial ISP structure was created in the Commercial area, overseeing commercial relations with Intesa Sanpaolo customers;
- the Core Platform & Authorisation structure was created in the CIO area, aimed at monitoring the authorisation and processing, acquiring and issuing systems acquired through the merger.

To further strengthen Nexi Payments' organisational model and streamline the allocation of facilities, the following additional organisational changes were made:

- as part of the control functions, changes were implemented to increase the focus on the parent company and business risk controls (in the Audit area creating the Holding Processes Audit staff; in the Compliance area creating the two teams: Advisory and Assessment & Reporting; in the Risk Management area through the new Insurance & ERM structure focused in particular on ESG risks);
- in the Compliance area, the AML Compliance structure was reorganised into the AML Quality Assurance and AML Advisory & Monitoring structures in order to optimise activities related to anti-money laundering oversight;



- the new CTSO (Chief Transformation & Strategy Office) area was created to accompany the Nexi-SIA-Nets integration process. This area maintained some structures of the Business Development area, while the other Business Development structures were reallocated by competence within the various BUs;
- within the CFO Area (BP Comm & Bus Dev), the activities and people previously assigned to the International Card Schemes structure (within the Operations Department) were reassigned in order to increase their focus and control;
- within the CAO Area, reward management was entrusted to the new "Reward & Compensation" structure, and activities related to the management of resource requests and the HR budget were assigned to the Organisation & Processes function;
- within the Cards & Digital Payments BU, to better support Banks in the "go to market", contribute to the acquisition of new customers and develop the new Group positioning, the Brand & Communication function was reorganised into 3 new structures plus one staff structure: C&DP & DBS Communication, MS&S Communication, Communication Services, Content & Social Media Communications;
- in the Merchant Services & Solutions BU, organisational changes were made to reinforce LAKA product coverage;
- with regard to Commercial Management, the organisational changes concerned the timely attribution of Banks customers to Executive Partnership Managers and the definition of structures focused on development and supervision in the area of channels/territories;
- finally, in the Operations Department, changes were introduced in the Business Operations & Risk Prevention structure aimed at strengthening the control of fraud management and credit management. Furthermore, within Operations Merchant Services & Solutions the new Supply Chain & Logistic structure was created;
- also in the Operations Department, activities and teams that make up the three structures of the Operations Digital Banking Solutions function were reorganised with the aim of improving operational efficiency and effectiveness through a customer-oriented organisational model and creating specialised competence centres for business structures and Territorial Hubs for the three areas: ATM & Self Banking, Digital Corporate Banking, and ACH & Payments Platform.

Furthermore, note that as of January 1, 2022, with regard to the merger with SIA, the main change in the organisational structure is the creation of a business unit called International Markets, which will cover all the foreign activities within the SIA's scope.

Mercury Payment Services SpA

From April 1, 2021, after the partial integration of activities and people into Nexi Payments, the "Card Factory" and "Contact Unit" organisational units remain in the company (subject to the management and coordination of Nexi SpA), which continue to carry out the following activities:

- production and shipment of payment cards;
- management of the telephone support service for merchants and cardholders.



Nets

The main organisational changes during 2021 were as follows:

- within Merchant Services, a strong, integrated centre of expertise was created within the new MS Risk and Compliance Management team covering merchant credit risk, fraud, AML and GDPR;
- within Merchant Services, Scheme Management was moved to a new department (Strategic Partnership);
- marketing and branding have been merged into the Group Communication unit;
- CTO was established within Issuer & eSecurity Services Technology to lead strategic initiatives and support decision-making through Finance Technology and Portfolio management;
- the Discovery team was created within Product Management;
- the New Value Stream unit was eliminated in product management and the teams were distributed into Processing Operations (team working on digital solutions) and Risk Management Services (team working on the 3DS solution);
- Customer Implementation was created within IeS Tech;
- within Issuer & eSecurity Services Finance, the Finance BI and Reporting Factory unit was transformed, with the transfer of the reporting factory to the Finance Shared Service Centre and Finance BI to Product Management, into a new unit called Data Productivity, which continues to work on strengthening the data value proposition for Issuer & eSecurity Services;
- the CFO Area has been integrated into Nexi (with the exception of Legal, Compliance & Risk Management and Finance).

With regard to the major subsidiaries of Nets, there were no major organisational changes to report with respect to the context of reference.

Regulatory Compliance

During 2021:

- the **Group Code of Ethics** and **Anti-Corruption Policy** were updated to take into account the specificities of the new companies that joined the Group;
- there was no need to update the Organisational Models as per Italian Legislative Decree 231/2001 of the companies Nexi, Nexi Payments, Help Line and Mercury Payments, reviewed during 2021;
- with regard to the former Nets Group, the Group policy on Whistleblowing was updated and implemented in December 2021; a reporting tool was launched at the Group level, thus completing the implementation of the new EU Directive on Whistleblowing. This has made it possible to establish a strong and independent reporting scheme throughout the Group's scope;
- the project of complying with the new regulations introduced by the **Payment Services Directive (PSD2)** on payment services in the internal market and concerning ensuing secondary regulations issued by the EBA with particular reference to "Fraud Reporting" and the upgrading of technological solutions that guarantee compliance of payment services in the e-commerce sector was completed. Specifically:
 - following the issuance of the new "EBA guidelines on major incident reporting under PSD2", in force since January 2022, Nexi Payments concluded the activities to comply with the classification and reporting of serious operational or security incidents;



- with regard to fraud data reporting, specific working groups were set up to define the actions necessary to comply with the provisions of the ECB Regulation on Payment Services Statistics (in force since January 1, 2022) which updates the reporting laws with the transposition of fraud data within supervisory reporting. From March 2022, in compliance with the deadlines dictated by the legislation, the reports will be sent according to the new schemes;

With specific reference to Nexi Payments:

- during the first quarter the technical modifications and updates were completed for the application of Strong Customer Authentication (SCA) to online card payments, and activities were started to proceed with the application of the exemptions to strong customer authentication in compliance with the requirements governed by Delegated Regulation EU 2018/389;
- in view of the clarifications published by EBA and recalled by the Bank of Italy with respect to the method of authentication by signing the receipt for card payments, specific activities were initiated and will be completed in December 2023;
- a further adaptation plan, which was completed during 2021, was implemented in the area of Open Banking in order to comply with the EBA Opinion on barriers to the provision of third-party services;

As for the former Nets Group, in July 2021 the Nets Nordic Compliance and Regulatory team was strengthened through the addition of the open position of PSDII Expert. In H2 2021, the focus was on increasing the level of PSD2 compliance maturity, updating Group policies and developing monitoring activities, which were successfully launched in Q4 2021 in the Nordic Countries. Central Europe will follow in 2022. Furthermore, the second-level control structure supported first-level control structures in initiating activities to strengthen first-level controls on PSD2, support that will be continued also in 2022.

- with specific regard to Nexi Payments, the necessary measures were implemented to ensure the updates introduced by the Bank of Italy's regulations on reporting to the **Interbank Register of Bad Cheques and Payment Cards (CAI)**.
- on December 14, 2021, the updates issued by the Bank of Italy regarding the "**Provisions on surveillance of payment systems and technological or network infrastructures**" entered into force, which will be supplemented by an Operating Guide and an annex containing business continuity measures currently under review (documents not yet issued by the Supervisory Authority). Specific working groups involving Nexi Payments' operations and those acquired by SIA were launched in order to incorporate the new features introduced.
- with the extension of the **Stanca Law** to private entities such as Nexi, a working Group was set up to define the actions necessary to ensure the accessibility of Nexi's website and mobile devices by persons with disabilities, including the technical verification of the accessibility of IT tools necessary to then proceed to send the declarations of accessibility of applications and the website, which must be carried out in accordance with the AGID guidelines.
- analyses are under way to understand what adjustments may be necessary following integration with SIA, following the publication of Italian Decree-Law no. 82 of June 14, 2021, "**Urgent provisions on cybersecurity, definition of the national cybersecurity architecture and establishment of the National Cybersecurity Agency**".

By H1 2022 Nexi Payments will complete the steps necessary to inform customers of **currency charges applied to cross-border payments** as required by **Regulation (EU) 2019/518 of 19 March 2019**.



With regard to **Regulation (EU) 2016/679 on data protection (so-called GDPR)**:

- Nexi continues to consolidate its data protection activities as set out in the GDPR, as well as monitoring activities to ensure that the solutions adopted ensure compliance.
 - efforts continued in 2021 to increasingly identify and delete personal data stored on electronic or paper instruments which have exceeded the retention periods envisaged by law. For the personal data stored on electronic tools, the applications that process personal data were fully identified, prioritised according to the level of risk related to the processing and technical security measures present, and the "risk-based" plan for the deletion of the applications in the scope was made operational. Personal data stored on paper on company premises and in archives were analysed, and, maintaining a risk-based approach to the processing of personal data, controlled shredding campaigns were launched;
 - in light of the Judgment of the Court of Justice of the European Union of July 16, 2020 (so-called "Schrems II Judgment") that invalidated the adequacy decision of the Privacy Shield, adopted in 2016 by the European Commission, and of the Recommendations of the European Committee of Guarantors on the transfer of data to non-EU Countries, an assessment was made of the management of third-party suppliers appointed as data processors, with particular focus on suppliers that process data in non-EU Countries. During H2, particular attention was paid to ensuring compliance with the new guidelines on Cookies issued by the Privacy Authority to protect users;
- With regard to the former Nets Group, in 2021 considerable efforts were made in terms of time and resources to develop, align and strengthen the GDPR governance and framework across the scope of the Networks, including second-level monitoring of all entities, including newly acquired entities in Poland. GDPR training materials were also updated for the onboarding of resources. To better manage activities, additional resources were added to the DPO Office in 2021 to cover an increasing number of tasks under the GDPR framework and increased regulatory complexity, such as the changed regulatory requirements for the international transfer of personal data under the June 2021 Final Recommendations of the European Data Protection Board (following the "Schrems II Judgment"). This includes, among other things, the establishment of a framework for performing impact assessments of the transfers of the personal data concerned.

With regard to the regulatory framework on **anti-money laundering**, Nexi Payments continued to take steps to improve controls to combat emerging phenomena. Following the Bank of Italy's transposition in October 2021 of the new version of the "EBA Guidelines on simplified and enhanced customer due diligence measures and on factors to be taken into account when assessing the money laundering and terrorist financing risks associated with individual ongoing and occasional transactions", Nexi Payments took the necessary steps to comply. Moreover, following the European Commission's issuance of a package of proposals to consolidate EU anti-money laundering and counter-terrorist financing legislation and regulations in July 2021 in order to establish a unified European regulatory framework, the main impacts were analysed and a contribution to the consultation was provided.

With regard to the former Nets Group, the priorities in the area of financial crime prevention compliance for 2021 were driven by the mitigation activities initiated following the Danish FSA inspection in 2020. These activities have served as a catalyst for improvements across the Group, particularly with regard to updating policies, developing monitoring plans and implementing monitoring activities. The joint work between the first- and second-level control structures led to a significant improvement in compliance



maturity, including further clarification of the roles and responsibilities of first- and second-level controls. Particular attention was paid to the prevention of financial crime in the Baltic states, where opportunities for improvement were identified and attention was paid to strengthening the local presence of first-level control structures.

Group IT Systems

During 2021, the IT function's activities were focused on the implementation of the Group's technological transformation programme and on the continuation of IT projects aimed at supporting business objectives and guaranteeing optimal customer service levels at an individual company level (Nexi Payments, Nets).

With regard to the Group's technological transformation programme, architectural and technological guidelines were defined – also taking into account the scenarios arising from the planned integration of SIA SpA – and the first projects were launched in the Infrastructure and Security, Payments and Digital areas. Key achievements in 2021 also include the launch of Nexi Digital, the European innovation hub that will fully develop digital payment services for all Group companies.

With regard to the **Nexi Payments** scope, the main activities carried out in 2021 are shown below (excluding activities related to ordinary operations for the management of the services).

On the **Issuing systems** front, the following activities were carried out:

- development of the International Debit product and expansion of the customer base through the integration of new banks;
- activation of new products/developments on BANCOMAT®, PagoBANCOMAT®, Bancomat PAY® circuits;
- management and evolution of Issuing platforms for Intesa Sanpaolo customers, also in light of the implications deriving from mergers in the Italian banking system.

In the area of **Acquiring systems**, activities focused on:

- implementation of the new Acquiring platform and full integration with Nexi IT system components; migration of customer banks to the new platform;
- evolutionary measures on the Merchant OnBoarding platform and continuation of activation of said platform at client banks as scheduled;
- management and evolution of Acquiring platforms for Intesa Sanpaolo customers, also in light of the implications deriving from mergers in the Italian banking system.

Regarding **Payments systems**, the following activities were carried out:

- functional updates of the Remote Corporate Banking platform and extension of the Instant Payments service to new customer banks;
- functional updates of the Nexi Open platform and expansion of commercial products for the Corporate/SME segment;
- evolution of the ATM commercial offering and consolidation of the payment terminals' management platform.



Board of Directors' Management Report on Group Operations

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

- update of the Dispute management platform for the functions of the Issuing (Servicing) and Acquiring products;
- development of a single CRM software based on market technologies (SaaS);
- functional update of Nexi's authorisation platform and integration with the components of the Nexi IT system;
- implementation of actions envisaged for the merger by incorporation of UBI into Intesa Sanpaolo and the transfer of 600 branches to BPER;
- consolidation of Corporate Systems at a Group level in light of corporate operations.

In the **IT Digital** area, activities mainly focused on:

- continuous development of the properties and technological architecture of digital channels (apps, portals); activation of Mobile Payment services with additional customer banks;
- updating of the new Marketing Automation platform;
- functional update of the new POS terminal life-cycle management platform and completion of the activation of maintenance companies;
- updating of the target platform for the Nexi Payment Gateway and continuation of the merchant migration;
- updating of Instant Lending @SmartPOS and Omni-Payments Mobile Wallet services for the Large Customers segment.

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

- continuous optimisation of Big Data infrastructure to reduce refresh and access times of company data;
- development of data analytics tools for partner banks and business units supporting commercial actions;
- continuation of the development of technological and organisational solutions for the transition to a data-driven company model.

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

- updating of virtual collaboration and networking technological tools necessary for remote working;
- consolidation of the Mercury Payments and Basilichi Data Centres into Nexi Blue;
- unification and rationalisation of infrastructure in light of corporate operations;
- monitoring on an ongoing basis of the evolution of the Group's systems architecture, so as to ensure its alignment with strategic guidelines and with the market's best practices.

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

- technical certification of the main Group applications in respect of compliance with IT Security and Business Continuity regulations (PCI-DSS, PCI Card Production, PCI 3-D Secure, PCI PIN Security, ISO 27001, ISO 22301, etc.);
- ongoing activities aimed at improving IT Security and reducing potential vulnerabilities within the Group IT systems (e.g. database firewall, identity management for networks, network segregation) and within services offered to end Customers (e.g. multifactor authentication, identity & access);
- boosting of the 24/7 security events monitoring service and further development of the centralised security warnings platform.



In the area of **IT Strategy & Governance**, activities focused on the following:

- monitoring and reporting of Nexi Payments and Group IT Strategy programmes;
- overseeing the projects portfolio and relevant operational and management reporting, with a specific focus on the governance of priority programmes/initiatives;
- supporting IT Competence in the definition of the investment budget and monitoring of spending review initiatives;
- overseeing organisational changes in the CIO Area; implementing People Management and Skill Management initiatives in cooperation with the competent Group functions.

With regard to the **Nets** scope, the main activities carried out in 2021 are shown below (excluding activities related to ordinary operations for the management of the services).

In the **POS Terminals** area, activities focused on:

- launch of a new Thin Client system with lower hardware costs, initially in the Finnish market (rollout to other markets planned for 2022);
- pilot of a software-only terminal capable of transforming a normal Android phone into a device capable of accepting payments of any value without additional hardware;
- launch of a new app for Petrol payments to support the acquisition of new customers in the Nordics market;
- launch of a series of Android terminals in the DACH market (Germany-D, Austria-A, Switzerland-CH) capable of supporting integration with the management software used by merchants (e.g. systems for electronic orders and cash registers for restaurants, etc.);
- evolution of terminal management platforms in the Nordics, with a focus on the priorities requested by Customers.

In the area of **Issuing and Acquiring systems**, the main activities were:

- implementation of the new Acquiring Nordics platform, on which transactions relating to the new DACH customers (Germany-D, Austria-A, Switzerland-CH) will be processed. Existing merchants will be migrated to the new platform over the next few years;
- evolution of the platform that allows German merchants to accept account-to-account payments using Girocard as a token;
- launch of Merchant Finance products in Finland and Denmark, in partnership with external suppliers.

The main activities in the area of **Onboarding and Digital Services** focused on:

- completion of new automated onboarding capabilities for new SME customers, with ongoing support throughout their relationship with Nets;
- launch of a new automated KYC/AML solution to support new businesses, and subsequent updates to support the automation of customer back book control processes;
- development of applications (on Android and iOS platforms) to support SME customers, based on research performed on the user experience;
- launch of a new data analytics service to support SME customers and data insights to support specific Corporate customers in the Nordics.

In the **Nets Technology** area, activities focused on the following:

- implementation and rollout of Agile work methods using the SAFe (Scaled Agile Framework) framework in all IT geographies/structures;



Board of Directors' Management Report on Group Operations

- continuation of the path of convergence of Operations in end-to-end service centres, leveraging the creation of strategic partnerships within the technological ecosystem;
- improvement of IT Security through the revision of Cyber Security KPIs and the improvement of the Security architecture;
- maintenance of PCI DSS certification for Nets CEE assets;
- implementation of the latest-generation mainframe technologies;
- release of updates for the benefit of users, especially in terms of e-security with the launch of MitID (new Digital ID app) and the migration of the BankID infrastructure with consequent technological decommissioning;
- achieving the key requirements for successful integration with other Nexi Group companies by fostering cooperation between different IT structures.

In the area of **IoT Technology**, activities were focused on:

- launch of MitID and subsequent migration from NemID (legacy platform) to a new platform;
- definition of the roadmap for the Uni platform;
- support to the response activities of relevant RFPs in Germany and France, and activities related to EPI (European Payments Initiative);
- continuous investments aimed at supporting the growth of the organisation;
- consolidation of vendors for Nets CEE;
- delivery of the WNC portfolio.

The activities of the **Governance** area focused on:

- adoption of the SAFe framework in order to increase the agility of development processes and at the same time reduce process "recycling";
- improvement of governance processes with the aim of ensuring greater alignment between technological developments and "generated value", also guaranteeing high transparency on the process of prioritising activities;
- strengthening of the training dedicated to Product Management and Development personnel, with the aim of ensuring that each team member is fully aware of the impact of their work in terms of value created for the end Customer.

Human Resources

The Group's workforce increased significantly during 2021 as a result of the merger with Nets and SIA.

	Dec. 31, 2021	Dec. 31, 2020
Average number of employees (*)	9,842	1,969
Total employees	9,929	1,996

(*) = pro-forma data.

External Communication and Media Relations

With regard to the communication plan implemented in 2021, the following are of particular note: - media activities to ensure communications consistent with the integration project between Nexi and SIA; - media activities aimed at promoting the European strategic combination between Nexi and Nets; - press office activities with the

aim of consolidating the role of European PayTech capable of leading the transition to a cashless Europe; media activities to promote Nexi's technological platform and best-in-class professional skills in the sector, in addition to products and services and commercial and business agreements; - media relations at industry events and conventions, including digital versions, with the aim of promoting the company's participation; - formal and informal engagement aimed at disseminating Nexi's culture and values internally and speeding up the company's transformation process; - organisation of meetings on Nexi's projects and ongoing activities; - content management and distribution of the internal newsletter; - content management of the media relations area of the websites www.nexi.it and www.nexigroup.com.

Main Risks and Uncertainties

This section describes the main risks the Group is exposed to; such risks emerged within the scope of the Enterprise Risk Management and have been broken down into several aspects and put in the current macroeconomic, political and regulatory framework.

For further details concerning financial, operating and reputational risks linked to the type of business handled by the Group, please refer the relevant Notes to the Financial Statements, which also describe the relevant risk management policies.

Strategic Risks

Risks related to Covid-19 (Coronavirus)

With an eye to 2022, global economic growth forecasts are underpinned by significant vulnerabilities and downside risks, both of which issuing from uncertainty as to the recovery in global trade and manufacturing and to the enduring geopolitical tensions spawned by the Covid-19 pandemic which, given its impacts on public health, business and retail, can adversely impact Nexi Group performance following its merger with the Nets Group and with the SIA Group.

Despite the ongoing vaccination campaign and the initial drop in the infection curve, in 2021 we saw the spread of new variants of the virus (such as the so-called "Delta" and "Omicron" variants that spread in the last part of the year, even in Italy). The resurgence of the pandemic could lead the government and/or local authorities to adopt further stringent and/or restrictive measures to combat the pandemic.

If the economic crisis linked to the pandemic is exacerbated, also due to further stringent and/or restrictive measures to combat the pandemic that the government and/or local authorities could adopt, revenues of the Nexi Group after the SIA Merger could suffer as a result of a general drop in transaction volumes. In this regard, note that about half of the revenues of the Nexi Group depend on the volume of transaction flows actually managed in a given period.

The macroeconomic uncertainties due to the Covid-19 pandemic may also impact the ability of the Nexi Group to pursue the synergies expected from the Nets Merger in the amounts and times envisaged.

Risks related to the Nets Merger

With regard to the Nets Merger, the Nexi Group is exposed to the typical risks associated with extraordinary merger and acquisition operations and the integration of the target company within the pre-existing corporate structures and entities. Among other things, these risks relate to the coordination of management and personnel, the integration



Board of Directors' Management Report on Group Operations

and rationalisation of the existing IT systems, policies, structures and services of the Nexi Group and those of the acquired and/or incorporated companies.

The synergies deriving from the Nets Merger should mainly relate to the services provided to merchants, as far as synergies relating to revenues are concerned, as well as to synergies generated outside the Italian territory, as far as cost synergies are concerned. Specifically, approximately Euro 170 million of recurring annual synergies are expected at full capacity.

Over 80% of the synergies at the EBITDA level are expected to be fully operational in 2024 and the total integration costs, which will be incurred during the integration period, are estimated to be around Euro 170 million (equal to about 1x the synergies at the operating cash flow level). It is still believed that the Nets Merger will generate such synergies notwithstanding the Covid-19 epidemiological emergency.

Due to the above, it is possible that the Nexi Group will not be able to fully or partially manage the functional processes and an effective integration of the Nets Group in an efficient manner, with consequent negative effects on the margins of the Nexi Group and its capacity to generate cash flows in support of the overall debt of the Nexi Group.

Risks related to the SIA Merger

The process of integration between the Nexi Group and the SIA Group is expected to lead to a review of the organisational structure, of certain key processes for conducting business and of certain IT systems supporting them.

Nexi believes that - thanks to the SIA Merger - it will achieve the objective of creating a PayTech company with a prominent position in Europe that is able to cover the entire digital payments value chain and serve all market segments with the most complete and innovative range of solutions: from digital payment acceptance services for large and small merchants to the most sophisticated omni-channel and e-commerce solutions, from issuing and management of all types of cards to mobile payment apps, from B2B digital payment solutions to open banking, from local public transport solutions to interbank networks and clearing and trading services for major Italian and international institutions. The strategic aggregation between the Nexi Group and the SIA Group will also allow for the achievement of important industrial and financial synergies.

The synergies deriving from the SIA Merger are mainly focused on the issuance side of the electronic money sector and on Digital Corporate Banking solutions when it comes to turnover synergies, and on synergies generated in Italy as far as cost synergies are concerned. In particular, synergies of approximately Euro 150 million per year are expected once fully implemented (i.e. from 2025) at the level of operating cash flow (cost synergies, revenue synergies and capital expenditure synergies).

The achievement of the objectives and synergies underlying the SIA Merger could be limited, delayed or prevented by a number of circumstances, some of which are beyond the control of the companies participating in the SIA Merger, including by way of example (i) any delays in the completion of the same, (ii) changes in the general economic conditions, (iii) the SIA Group's ability after the SIA Merger to react to any market changes, (iv) unanticipated investments in IT infrastructure or, more generally, related to the integration between the two businesses.



Risks related to macroeconomic conditions and political uncertainty in Italy and Europe, in the Countries where the Group operates

The merger with the Nets Group also exposed Nexi to the European market and the related economic and political conditions of the Countries where the Group operates. Indeed, after the Nets Merger the Nexi Group has more operations in the Nordic Countries, Germany, Austria, Switzerland, Poland, Central-Eastern Europe and South-Eastern Europe. On the one hand, the SIA Merger will lead Nexi to a further concentration of its presence in Italy, and on the other to an expansion of its geographical presence in the foreign markets where the SIA Group operates, including South Africa, with the relative subjection to their various macroeconomic conditions.

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 overall spending of consumers, businesses and public administration in Europe.

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

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

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

Risks related to customer concentration

A significant part of the activities of the Nexi Group is carried out through commercial relationships with more than 350 banks, thanks also to their network and branch networks.

The concentration of relationships with partner banks leaves the Nexi Group exposed to the additional 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 Nexi Group. Lastly, the extent of Nexi Group's dependence on partner banks increases with the latter's size, such that the loss of even one partner bank stands to breed a substantial impact on revenue, profitability and cash flow.

Moreover, due to the recent global health crisis caused by Covid-19 and the consequences on the economy, non-performing assets could potentially increase with negative effects on the balance sheets of financial institutions. Should a partner bank of the Nexi Group be the subject of forced liquidation or of crisis resolution measures, said bank may be unable to provide for the performance of contracts entered into with Nexi and, therefore, to fulfil its obligations.



The loss of commercial relations with one or more of the major customers - including due to external factors, such as, with specific regard to the partner banks of the Nexi Group and the Nets 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.

With regard to the activities originating from the former SIA Group, revenues from sales and services are concentrated in a limited number of customers. The loss of one or more of the SIA Group's main customers could have a negative impact on the results and prospects of the Nexi Group.

Risks linked to competition within Nexi Group's operations

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

The European market is becoming increasingly competitive and is undergoing a period of rapid transformation due to customer habits, technological innovation and the recent harmonisation of legislation at an international level. Furthermore, in view of the increase in needs and expectations of customers (also taking into account the new generations that are entering the market), the attention to the end customer – consumer and business – and the management of the user experience are becoming increasingly important.

On the other hand, the Nexi Group may face increased competition with the entry into the market of new national and international players and the expansion of services by existing competitors. A growing trend in Europe – recently seen also in Italy – involves specific initiatives for individual domestic sectors where successful cloud-based digital Fintech operators (e.g. Klarna) and Neobanks (such as Revolut, N26) try to establish themselves working with "best-in-class" technological partners and adopting advanced digital solutions that respond quickly and flexibly to customer needs, including payment services. Another trend involves companies progressively entering the payments market, and e-commerce operators are also growing rapidly thanks to the spread of digital/online purchases.

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

Further new competitors are emerging among providers of non-traditional payment services such as big tech (for example, Apple, Google and Amazon), which are developing real "ecosystems" of payments that in the future could allow them to further monetise relations with customers, also taking advantage of the huge data available to them.

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



Risks linked to the Group's ability to attract, retain and motivate skilled professionals

The Group's performance and the future success of its businesses are significantly dependent on its ability to attract, retain and motivate certain very specific skills sets in middle and senior management, namely individuals with significant levels of specialisation and technical knowhow. Therefore, the loss of one or more key figures in either middle or senior management and/or failure to attract and retain highly qualified and/or highly experienced managers, 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 position of the Group.

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

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

Furthermore, the incomplete cultural integration with the acquired companies Nets and SIA or an inadequate organisational structure of the Group after the Merger could lead to operational inefficiencies, poor reactivity to changes in business scenarios and poor decision-making processes.

Operating Risks

Risks Linked to Personal Data Storage and Processing

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

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



Board of Directors' Management Report on Group Operations

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

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

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

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

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

Breach of contractual and/or regulatory obligations with reference to consumers' personal data, whether by the Nexi Group or by third parties, may lead to the loss of cardholder data by merchants of the Group and third parties for whom the Group is ultimately liable. In such instances, the Group may have to terminate contract with the merchants responsible for the breach, leading to reputational damage, fines and/or penalties issued by payment card schemes and/or loss of international credit card scheme membership, negatively impacting the economic, equity and/or financial position of the Group. For the purposes of partly mitigating the prospective adverse impact of this type of risk has secured coverage with leading insurance companies. For completeness, note that a company attributable to the Nets Scope was subject to a theft of merchant data (so-called "data leakage") by an employee of the company in question and publication thereof. This information does not in any way concern information relating to the payment instruments of customers. The company concerned promptly informed the competent authorities (including the local privacy authority which - given the nature of the data involved - did not consider it necessary for the company to provide formal notification of the event pursuant to the applicable regulations).



Finally, note that in the context of the Covid-19 pandemic, the Nexi Group has resorted to remote or teleworking arrangements for its employees and contractors, as per current emergency regulations. The widespread use of teleworking and remote links may bring about an increase in IT security risks for enterprises. In such a context, it is becoming increasingly important to be prepared to deal with cyberattacks in order to minimise impact. To face teleworking-related cyber threats, Nexi has implemented specific IT security measures and enhanced training and information concerning Covid-related risks and the relevant conduct to be followed. Besides, the Group has continued to put in place the IT security measures provided for by the strategic plan for mitigating IT risks, and it has regularly monitored their implementation.

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, terminal and payment services management – all of which subject to interbank standards, involving, among other requirements, features such as two-way messaging, transactions and notifications, as well as Digital Corporate Banking systems.

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

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

With particular regard to malfunctions attributable to migrations to new technological or application environments, note that the Nexi Group – due to the integration with the Nets Group and the SIA Group – will have to undertake 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.

Regarding the Covid-19 pandemic and the health emergency in the whole country, Nexi promptly implemented effective business continuity plans in order to ensure the regular functioning of its business, while ensuring the safety and security of all its staff as well as top level services to partner banks and to end customers. Ever since the

very first day of the emergency, Nexi has fielded a number of initiatives, consistent with both the directives issued by the relevant Authorities and with internal continuity plans, which immediately secured all activities, ensuring teleworking for over 95% of staff, including call centre staff, in a few days and the implementation of the necessary precautions for the limited number of employees that necessarily had to come to work at the head office.

Nexi has adopted an IT risk management model that is integrated with the operational risk management framework and consistent with the overall system of internal controls. This model is based on the three lines of defence (operational units and second- and third-level control functions) and includes specialised units to counter any critical IT and security issues. Specifically, a unit is dedicated to IT security, which defines strategies to protect systems and information, governs business continuity and security incident management processes and verifies the application of security standards and processes. The infrastructure management unit is responsible for the continuity of IT services, the control and management of IT incidents, the transition of new services, systems, applications and changes into production, and the design, implementation and technical operation of Nexi's technological infrastructures.

Should the latter provisions prove inadequate in the face of service and system disruption, that may result in failure to deliver on agreed service levels with reference to either availability of service or transaction processing reliability. That, in turn, may lead to loss of earnings as well as clients opting for another payment services provider, compensation fees, damage to reputation, additional operating expenses in light of repairs, as well as other losses and liabilities.

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

Risks associated with dependence on suppliers

In order to conduct its business, the Nexi Group relies on third-party service providers and product suppliers. Its main suppliers include (i) payment processors, (ii) providers of smart cards compliant with the EMV (Europay Mastercard Visa) standard and card personalisation services, including Idemia (formerly Oberthur), a company in the Advent portfolio, (iii) Poynt, SmartPOS provider, for advanced terminals featuring an advanced, flexible Android-based operating system, (iv) suppliers of traditional POS terminals (such as Ingenico Italia) and (v) suppliers of ATMs.

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

Partnering with third parties allows Nexi to attain greater efficiency, to optimise operating costs and to focus on its core business. However, increased reliance on third parties may breed levels of dependence that may expose Nexi to risks in respect of service level oversight, data management and protection, systems continuity, concentration, compliance and reputation.

Outsourcing procedures are subject to the Group's policy on outsourcing and business functions, whose rules provide a frame of reference via which to ensure that procedures pertaining to supplier selection and to risk monitoring and mitigation with respect to activities carried out by suppliers are subject to specific oversight and accountability criteria.



While to date no appreciable issues have arisen in respect of outsourced activities, Nexi Group cannot rule out that outsourcers may, in future, breach contractual obligations, or fall short of consistently delivering to Nexi Group's required quality standards, to an extent such as to compromise Nexi Group's operations, all of which with clear negative impacts.

With reference to the Covid-19 emergency, no impact was detected with respect to the continuity and/or quality of the services provided by Nexi outsourcers and/or suppliers.

Risks linked to exposure to credit/counterparty risk

The Nexi Group is exposed to credit risk in the issuing and acquiring business vis-à-vis several counterparties.

As an Issuer, Nexi manages retail credit cards in the name of individuals and corporate credit cards in the name of legal entities for the payment of goods and services.

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.

The model of issuing credit cards in partnership with banks (bank issuance) provides for the latter to assume the risk of insolvency of their account holders. Nexi retains the credit risk limited to transactions carried out by the cardholders from the sixth day after the bank's notification of revocation of the card.

In contrast, Nexi bears the risk of insolvency of credit card holders issued with direct placement (direct issuance). The risk depends on the ceiling granted and the exposure period that vary according to the type of product and the terms for reimbursement of the expenditures. These are charge cards, which envisage the payment of the entire monthly exposure by the date associated with the product, without prejudice to the possibility for retail cardholders alone to activate the option that allows some expenses to be paid in instalments. With regard to retail customers, there are relatively few revolving cards and cards with an additional revolving credit line (allowing payment in instalments) in the direct issue portfolio, and no renewals or new issues are planned.

As an Acquirer, Nexi is exposed to counterparty risk vis-à-vis merchants with regard to:

- fees (in cases of gross settlement) and POS fees with credit position for Nexi
- the amounts of goods/services that are then contested by cardholders (chargeback) or for any reason charged back to the merchant (e.g. transactions reversed by the merchant).

The counterparty risk gives rise to a credit risk in cases where the charge is unpaid.

With regard to the activities arising from the merger with the Nets Group, note that the Nets Group, also as an acquirer, is exposed to counterparty risk (especially chargebacks) due to its strong presence in sectors (e.g. travel and transportation) subject to insolvencies, which have worsened as a result of the Covid-19 pandemic. Note however that the Group has implemented policies aimed at managing the risk of non-recovery of merchants' credit, including, where necessary, the request for collateral (collateral and rolling reserves) in order to mitigate its exposure to credit risk. As regards the risk of non-payment of POS fees and commissions, the exposure to this risk is residual since in almost all cases the Nets Group applies a net settlement, thus eliminating the credit risk.



Finally, the Nets Group is exposed to credit risk for the "Ratepay" product for retail customers, which allows the customer to purchase the good and pay on delivery. The Company pays the merchant up front, thus being exposed to the risk that the consumer will not be able to repay the loan within the agreed terms. With regard to the risks arising from the merger with the SIA Group, note that the latter is marginally exposed to credit risk for its operations and for the management of financial resources and cash.

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 Services & Solutions and Cards & Digital Payments business lines.

Examples of commercial fraud may include 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, detection and alert systems that allow for verification of suspicious transactions and potential fraud, these may not prevent all and any fraud instances and are liable to technical malfunction. Furthermore, fraud may increase in the future. Increased charge-backs or any other liability arising from these events may negatively impact profitability and the economic, equity and/or financial position of the Nexi Group.

Also with regard to the operations of the former SIA Group, Nexi could also incur liability and may therefore suffer damages, including reputational damages, in connection with fraudulent digital payment transactions.



Compliance Risks

Risks Linked to Continuous Developments in the Regulatory Environment

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

In the normal course of business, the Nexi Group is subject to extensive regulation and supervision by the competent national authorities, including (i) the Bank of Italy for (a) Nexi Payments and SIApay respectively as an electronic money institution and payment institution, and (b) the activities of the former SIA for the supervision of services, technological and network infrastructure for payment systems (the latter in its capacity as systemically important payment system operator, is also subject to supervision by the European Central Bank), as well as (ii) the German, Danish, Finnish and Polish supervisory authorities, each within the scope of their respective jurisdictions, with reference to the regulated companies attributable to the Nets Scope.

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

With reference to the IV & V Anti-Money Laundering directives as well as new EBA Guidelines on related risk factors, Nexi Group is under obligations to introduce new controls and procedures for customer due diligence and to expand compliance with anti-money laundering and terrorist financing regulations, also in relation to local and alternative payment methods such as electronic money.

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

Within the context of commercial ties to International Card Schemes, among which Visa and Mastercard, and as part of its acquiring and issuing activities, the Nexi Group operates under specific licensing agreements according to which the Group has to comply with binding rules (i.e. mandates, which are periodically updated by the international scheme operators themselves), and to maintain certification with respect to the PCI's "Payment Card Industry Data Security Standards".

With reference to regulations issued by the Bank of Italy on the transparency of banking and financial sector transactions and services and on fair relations between intermediaries and customers, the Nexi Group continues to implement actions designed to maintain full compliance. Its efforts focus especially on payment services transparency, customer pre-contract information and claims management.

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



Board of Directors' Management Report on Group Operations

department entrusted with preventing and fighting unlawful actions in respect of anti-trust rules and regulations is the "Legal Affairs & Strategic Projects" function.

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

In general, the Nexi Group is exposed to the risk that additional restrictions and/or constraints will be applied to operators in the PayTech sector, or that oversight will increase by the Supervisory Authorities (also as a result of the events surrounding Wirecard, which, as a result of the financial scandals related to its operations, has recently filed for insolvency), thus increasing the costs that the Nexi Group must incur to comply with these new regulations and/or in relation to the results of such oversight.

Note that the risks described above also apply to the operations of the former SIA Group.

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

With respect to Nets, note that over the past three years certain companies within the Nets Scope have been subject to inspections or administrative proceedings, both of an ordinary nature (mostly) and of an extraordinary nature by competent authorities including the German Federal Financial Supervisory Authority (BaFin), the Danish Financial Supervisory Authority (FSA) and the Polish Financial Supervisory Authority (KNF) in relation to various areas, including anti-money laundering.

Non-compliance risk management is entrusted to the organisational and operational functions established with a view to averting any departures from standing rules and regulations. More specifically, within the context of Internal Control System, the Compliance & AML Function oversees compliance risk management. There are also Subject Matter Experts (SME), namely corporate units tasked with ensuring continuing regulatory compliance in respect of its activities and processes.

Financial Risks

Risks Linked to Debt Refinancing

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

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



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

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

Risks Connected to Interest Rate Fluctuations

At December 31, 2021 the Nexi Group had a gross financial debt of Euro 7,474 million. At the same date, approximately 26% of the Nexi Group's medium-long term Financial Liabilities expressed at nominal value (excluding the financial debt deriving from the SIA Merger and other financial liabilities) were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index.

Nexi periodically monitors the forward curves of the variable rates of reference, paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is exposed to. In light of this monitoring – also taking into account the maturity of the related payables and the presence of a floor of zero for the Euribor rate applied to the IPO Loan, Term Loan and BBPM Loan – the Nexi Group decided against hedging the interest rate risk.

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

Risks Related to the Rating Assigned to Nexi and its Bond Loans

As at December 31, 2021 the Fitch, Moody's and S&P rating agencies assigned a rating to Nexi and the issued Bond Loans that is below investment grade (i.e. the rating attributed to debt instruments issued by companies with high creditworthiness), and Nexi Group debt is classified as "sub-investment grade", thus requiring a higher return (so-called "high yield") to attract investors. Issuers of high yield debt instruments may face greater difficulties in accessing credit, especially in times of financial market volatility, therefore there is a risk of not being able to easily access new financing if necessary and/or refinance its existing debt. The rating assigned to Nexi and the Bond Loans by the agencies could be influenced by several factors, including external factors such as any worsening of the yield differential of Italian government bonds (spreads) compared to other reference European government bonds and/or the rating attributed to the Italian State as well as the performance of the national and international macroeconomic context. In this sense, even the worsening of Italy's sovereign rating could lead to the decrease of one or more ratings attributed to Nexi or to the Bond Loans, with possible negative effects on access to various liquidity instruments, not to mention its ability to compete in the capital markets, with an increase in financing costs and consequent negative effects – even significant – on the assets, equity, economic and/or financial position of the Nexi Group.



Business Outlook

Although uncertain in relation to developments in the international geo-political framework (Russia-Ukraine crisis) and the pandemic, the macro scenario remains underpinned by growth expectations in all the main geographic areas that the Group operates in.

In Italy, in particular, the latest available estimates on household consumption trends point to a moderate slowdown compared to 2021, despite the effects of inflation. In the Nordics, and especially in Norway, it is estimated that economic activities will continue to benefit from growth in domestic demand and exports.

In the DACH and Southern European markets, further significant progress towards the digital transition is expected, with a consequent positive impact on the penetration of cards and other non-cash means of payment. In Italy, benefits are expected from the start of the reforms of the NRRP (digital agenda, PA payments, etc.), as well as from the regulations for combating tax evasion by tracking monetary flows.

Operating along the lines outlined during 2021 within the various integration areas, the Group remains committed to the construction of "One Nexi" downstream of the strategic transactions with Nets and SIA, and the consequent delivery of synergies of costs and revenues through the initiatives initiated or planned (cross-selling, integrated approach to multinational customers, harmonisation of the product portfolio, consolidation of technological platforms, efficiency actions, etc.). Taking into account the progress of the integration plans and based on the information currently available, the Group, including the SIA contribution, expects to generate cash synergies of approximately Euro 100 million in the year 2022.

Assuming exit from Covid-19 from the beginning of the second quarter, the economic-financial forecasts for the year 2022, including the contribution of former SIA business, can be summarised as follows:

- annual revenue growth of between 7% and 9%, with double-digit increase in Merchant Services & Solutions;
- annual growth of EBITDA in the range 13%-16% (growth of 2 p.p. of the EBITDA margin and partial reinvestment of delivered synergies in E-commerce and acceleration in Germany);
- ordinary Capex corresponding to 8-10% of the revenues generated during the year;
- transformation and integration costs down by about 50% compared to 2021 (Euro 300 million of transformation and integration Capex by 2024-25);
- net financial position, equal to about 2.5x EBITDA, including run-rate synergies.

As evidenced by 2020, the Group has a broad range of levers that can be readily activated in the event of unexpected market stress scenarios.

Finally, work continues on the preparation of the Nexi Group's combined business plan, which will detail medium- and long-term strategic and financial objectives with a view to capturing its full potential for growth and value creation.

+ 7-9%

2022 forecast
for revenue growth



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 December 10, 2020 effective from July 1, 2021.

With regard to the "Nets Merger", qualified in 2020 as a major transaction, please refer to the section "Significant Events during the Reporting Period" for an update on the latest developments. Note also that in order to implement the refinancing of the Nets Group envisaged as part of that transaction, Nexi SpA granted a loan of Euro 2,044 million to the sub-holding company Nets Holdco 1 ApS, which qualifies as a major intercompany transaction for the purposes of the aforementioned Consob regulations. This loan, which has a duration of 5 years, is regulated at market conditions.

Note that other than the above agreement, no related-party transactions were carried out that significantly influenced either Nexi Group's consolidated balance of assets and liabilities or its business performance throughout the reference period.

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 36 of the Notes to the Financial Statements), to which reference should be made.

Unusual or Non-Recurring Transactions

No unusual or non-recurring transactions, other than those described under section "Significant Events during the Reporting Period", were carried out in 2021.

Research & Development

Note that the Group did not undertake any research and development activities in 2021.

Treasury Shares

In the period between May 14 and May 18, 2021 the Parent Company Nexi SpA purchased 325,000 treasury shares (equal to 0.05% of the total shares outstanding) at an average unit price of Euro 15.905545, for a total value of Euro 5,169,302.05, as part of the authorisation approved by the Shareholders' Meeting on May 5, 2021. These shares were partly used in settlement of the share-based remuneration plan granted by the parent company Nexi (LTI). The remaining shares as of December 31, 2021 amount to 282,475 recorded in the financial statements at a value of Euro 4,492,918.78

At December 31, 2021 no treasury shares of the Nexi Group were held by the other companies of Group.



Financial Instruments

As well as receivables from operating companies, the Group holds Visa Class C shares convertible into ordinary shares. Furthermore, the Group issued two convertible bond loans during 2020 and 2021. Regarding the convertible bond loan issued in 2021, please see section 39 of the Notes to the Financial Statements.

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.

Regarding the Covid-19 pandemic, Nexi promptly implemented effective business continuity plans in order to ensure the regular functioning of its business, while ensuring the safety and security of all its staff as well as top level services to partner banks and to end customers. Ever since the very first day of the emergency, Nexi has fielded a number of initiatives, consistent with both the directives issued by the relevant Authorities and with internal continuity plans, which immediately secured all activities, ensuring teleworking for over 95% of staff, including call centre staff, in a few days and the implementation of the necessary precautions for the limited number of employees that necessarily had to come to work at the head office.

Rating

Nexi SpA ratings at the reporting date are listed in the table below.

	Moody's	S&P Global Ratings	Fitch Ratings
LT Corporate Family Rating			
LT Issuer Credit Rating	Ba3	BB	BB
LT Issuer Default Rating			
Outlook	Positive	Positive	Stable
Last Review Date	Jul 13, 2021	Jan 4, 2022	Feb 16, 2022



Significant Events after the Reporting Period

The merger of SIA SpA into Nexi SpA, which took place on December 31, 2021, is part of a broader and more extensive operation within the scope of which Nexi Payments and Service HUB – Nexi's subsidiaries – with effect subject to the effectiveness of the merger, and specifically from 00.01 am on January 1, 2022, received the assets, liabilities and contractual relationships previously held by SIA and transferred to Nexi following and as a result of the merger. More specifically: (i) some specific non-regulated activities (e.g. Help Desk & Customer Operations and Card Factory services) and part of the branches that carry out these activities were transferred to Service HUB; and (ii) all the remaining assets, liabilities and contractual relationships held by the SIA Group prior to the merger, including the investment in SIApay Srl and the branches that carry out the related activities, were transferred to Nexi Payments. Finally, the following elements among others were excluded from the transfers, and therefore remained the responsibility of the parent company Nexi: (i) the financial debt of SIA; and (ii) the equity investments held in the foreign subsidiaries of SIA.

The recent action of the Russian armed forces has intensified tensions between Russia and the US, NATO, the EU and the UK. The US imposed financial and economic sanctions and export controls on certain Russian organisations and/or individuals, and similar actions were subsequently implemented by the EU and the UK. In the week of February 21, 2022, the US, UK and EU imposed financial and economic sanctions packages that invariably constrain transactions with numerous Russian companies and individuals, transactions on Russian sovereign debt, and investment, trade and financing to, from or in certain regions of Ukraine. Russia's actions and any other measures taken by the United States, the EU and other jurisdictions could have negative effects on regional and global financial markets.

Management is constantly monitoring the events, and while marginal operational and economic impacts are expected in the short term, it is not yet possible to reliably assess the medium - long-term period impacts in light of the evolution of the conflict and its effects on macroeconomic variables.



Board of Directors' Management Report on Group Operations

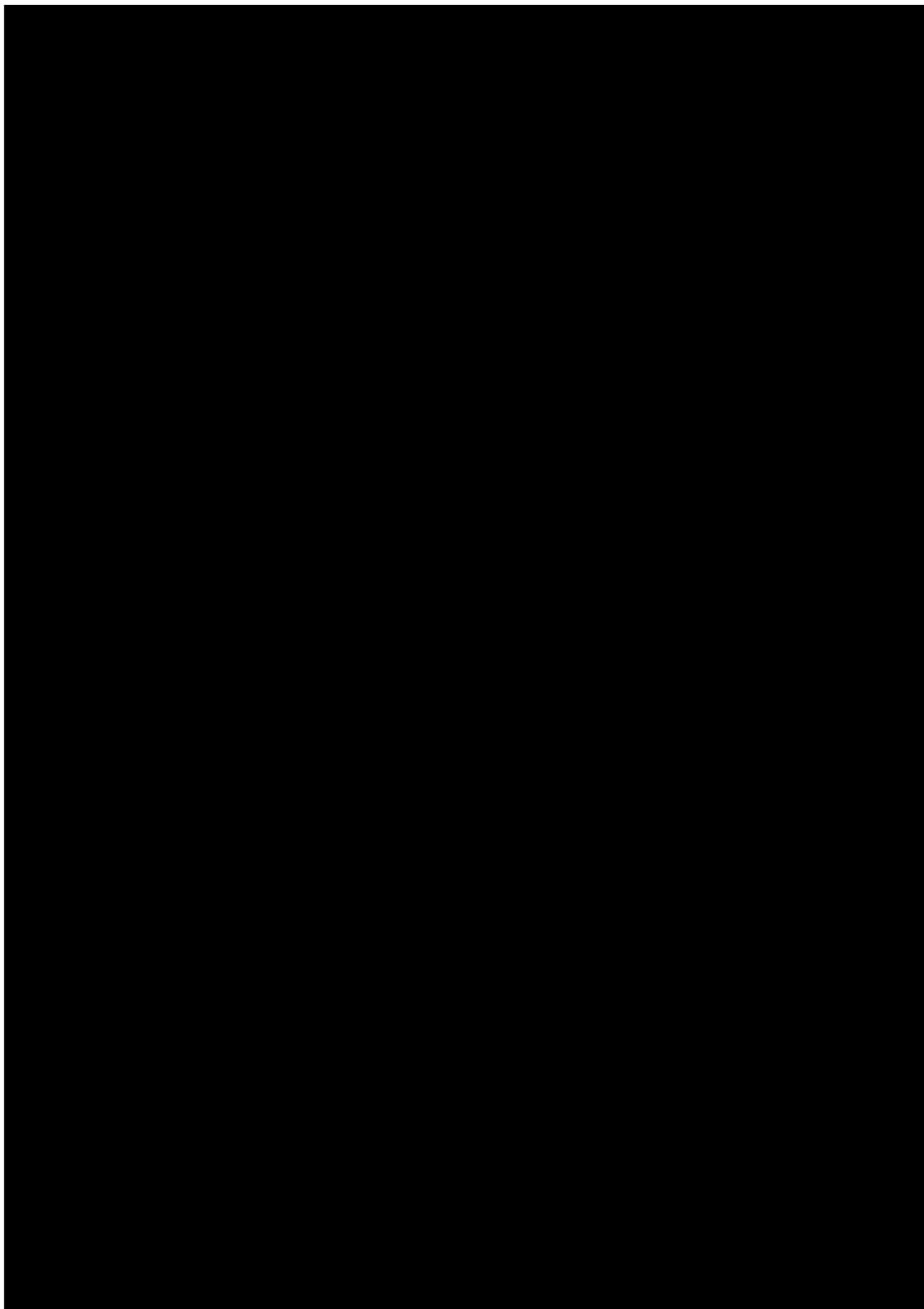
Reconciliation Summary

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

(Amounts in thousand euros)

	Shareholders' equity	Profit for the year
Balance of accounts for Parent Company at December 31, 2021	12,295,714	196,969
Effect of consolidation of subsidiaries	(21,182)	191,367
Effect of measurement at equity method	-	2
Other adjustments including comprehensive income	41,448	-
Dividends collected in the year	-	(338,105)
Balance of consolidated accounts at December 31, 2021	12,315,980	50,233

Milan, March 10, 2022
The Board of Directors







1.2

Consolidated statement of financial position	74
Consolidated income statement	75
Statement of consolidated comprehensive income	76
Consolidated statement of changes in equity in 2021	77
Consolidated cash flow statement (indirect method)	78



Consolidated Financial Statements as at December 31, 2021

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousand euros)

ASSETS	Notes	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	3	1,546,116	159,084
Financial assets at Fair Value	4	74,508	151,700
Financial assets measured at amortised cost	5	3,398,230	1,540,583
a) loans and receivables with banks		1,595,782	578,696
b) loans and receivables with financial entities and customers		1,802,448	961,887
Equity investments	6	59,779	-
Tangible assets	7	549,532	189,007
Intangible assets	8	17,230,476	3,707,369
of which: Goodwill		14,831,647	2,856,460
Tax assets	9	232,956	54,991
a) current		25,080	4,447
b) deferred		207,876	50,544
Non-current assets held for sale and discontinued operations	10	1,790	1,697
Other assets	11	1,275,150	481,670
Total assets		24,368,537	6,286,101

(Amounts in thousand euros)

LIABILITIES	Notes	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortised cost	12	9,912,122	3,862,904
a) due to banks		3,649,309	2,226,418
b) due to financial entities and customers		1,813,534	370,753
c) securities issued		4,449,279	1,265,733
Financial liabilities at Fair Value through profit or loss	13	168,529	22,912
Tax liabilities	9	478,126	243,274
a) current		47,571	19,125
b) deferred		430,555	224,149
Liabilities associated with non-current assets held for sale and discontinued operations	10	641	509
Other liabilities	14	1,284,285	557,511
Post-employment benefits	15	39,847	14,808
Provisions for risks and charges	16	159,596	26,433
Share capital	17.1	118,452	57,071
Treasury shares (-)	17.2	(4,493)	-
Share premium	17.3	11,587,260	1,082,204
Reserves	17.4	523,080	236,846
Valuation reserves	17.5	41,448	44,018
Profit (Loss) for the year	18	50,233	127,926
Equity attributable to non-controlling interests (+/-)	17.6	9,411	9,685
Total liabilities and equity		24,368,537	6,286,101



Consolidated Financial Statements as at December 31, 2021

CONSOLIDATED INCOME STATEMENT

(Amounts in thousand euros)

	Notes	2021	2020
Fees for services rendered and commission income	19	3,052,658	1,644,025
Fees for services received and commission expense	20	(1,280,180)	(637,796)
Net fee and commission income		1,772,478	1,006,229
Interest and similar income	21	20,399	15,375
Interest and similar expense	22	(199,864)	(87,930)
Net interest income		(179,465)	(72,555)
Profit (loss) on trading activity / hedging/financial assets and liabilities designated at Fair Value through profit or loss	23	(67,969)	(119)
Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income	24	(6,997)	(6,574)
Financial and operating income		1,518,047	926,981
<i>Personnel-related costs</i>	25.1	(407,991)	(180,572)
<i>Other administrative costs</i>	25.2	(665,399)	(350,015)
Total administrative expenses	25	(1,073,390)	(530,587)
Other operating income/expenses, net	26	3,098	(4,388)
Net value adjustments on assets measured at amortised cost	27	(4,995)	(6,880)
Net accruals to provisions for risks and charges	28	(26,851)	157
Net value adjustments/write-backs on tangible and intangible assets	29	(358,219)	(175,315)
Operating margin		57,690	209,968
Profit (loss) from equity investments and disposals of investments	30	1,441	(212)
Profit (loss) before taxes from continuing operations		59,131	209,756
Income taxes	31	(7,372)	(79,709)
Income (loss) after tax from discontinued operations	32	(34)	(739)
Profit for the year		51,725	129,308
Profit (loss) for the year attributable to the parent company		50,233	127,926
Profit (Loss) for the year attributable to non-controlling interests	33	1,492	1,382
Basic earnings per share	40	0.06	0.21
Diluted earnings per share	40	0.06	0.20



Consolidated Financial Statements as at December 31, 2021

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(Amounts in thousand euros)

	2021	2020
Profit (Loss) for the year	51,725	129,308
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at fair value through other comprehensive income	(8,707)	30,823
Hedging of equity instruments measured at fair value through other comprehensive income		
Defined benefit plans	(90)	(158)
Items that will be reclassified subsequently to profit or loss		
Exchange rate changes	6,071	-
Other comprehensive income (net of tax)	(2,726)	30,665
Total comprehensive income	48,999	159,973
Consolidated comprehensive income attributable to non-controlling interests	1,336	1,638
Consolidated comprehensive income attributable to the parent company	47,663	158,335



Consolidated Financial Statements as at December 31, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN 2021

(Amounts in thousand euros)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN 2020

(Amounts in thousand euros)

	Balance as at January 1, 2020	Change in opening balance	Allocation of prior year profit		Changes in the year		2020 comprehensive income		Shareholders' equity as at December 31, 2020
			Reserves	Dividends	Change in reserves	Transaction on net equity	Profit (Loss) for the year	Other comprehensive income items	
1. Group equity:	1,317,479	-	-	-	72,251	-	127,926	30,409	1,548,065
Share capital	57,071								57,071
Share premium	1,082,204								1,082,204
Reserves	29,429		135,166		72,251				236,846
Valuation reserves	13,609							30,409	44,018
Profit for the year	135,166		(135,166)				127,926		127,926
2. Shareholders' equity attributable to non-controlling interests	7,072	-	-	(573)	1,548	-	1,382	256	9,685
Total shareholders' equity	1,324,551	-	-	(573)	73,799	-	129,308	30,665	1,557,750

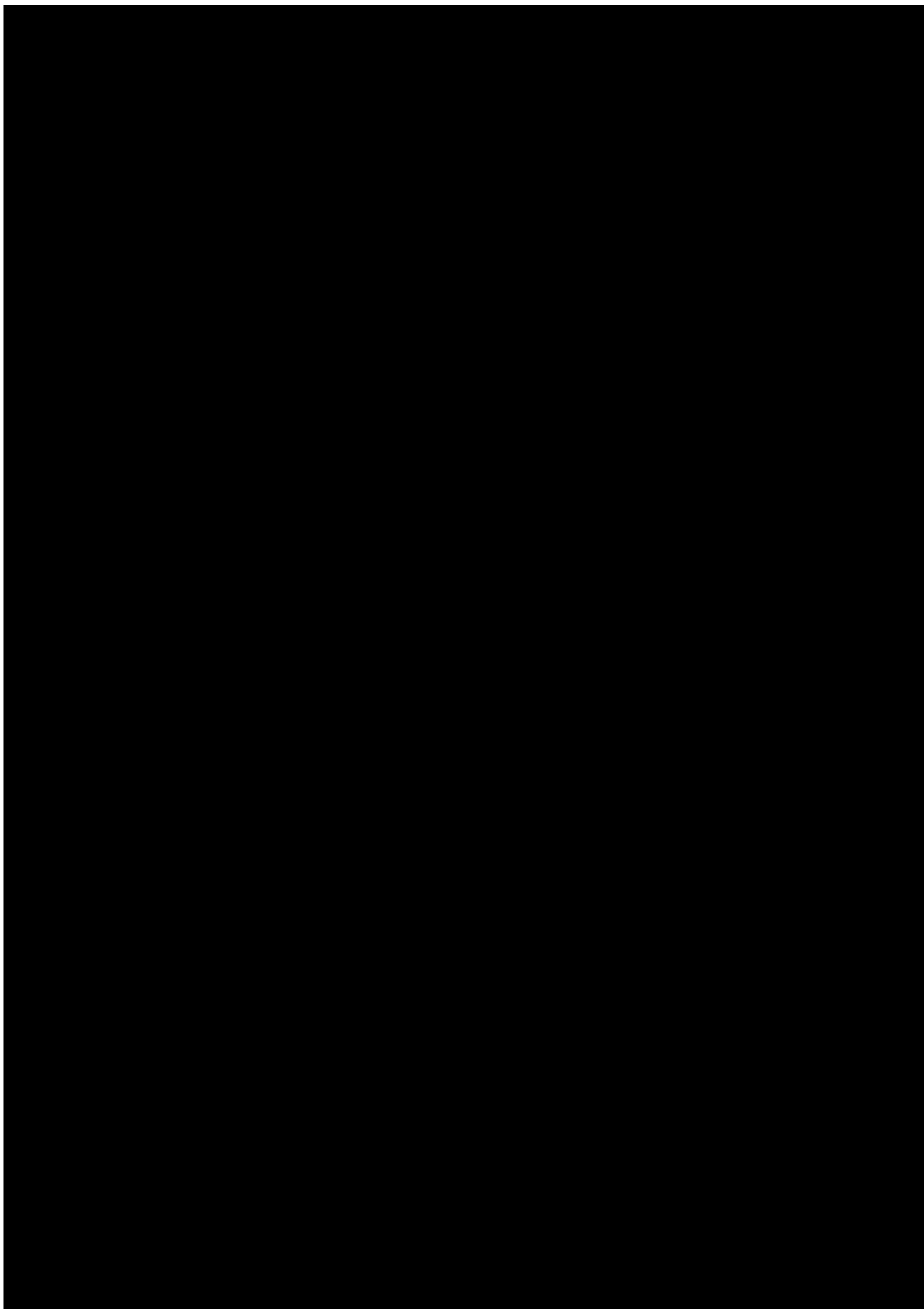


Consolidated Financial Statements as at December 31, 2021

CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

(Amounts in thousand euros)

	2021	2020
A. OPERATING ACTIVITIES		
1. Operations	323,707	390,127
Profit for the year	51,725	129,308
Net losses on financial assets held for trading and other financial assets/liabilities measured at Fair Value through profit or loss and hedged assets	-	276
Net accrual to provisions for risks and charges and other costs/revenues	1,303	(157)
Net impairment losses on assets held for sale and disposal group	-	-
Amortisation, depreciation and net impairment losses on tangible and intangible assets	358,219	175,315
Unpaid taxes, duties and tax assets	(250,299)	64,551
Other adjustments	162,759	20,834
2. Cash flows generated/(used) by financial assets	(310,386)	77,973
Financial assets at Fair Value through OCI	-	-
Financial assets measured at Fair Value through profit or loss	-	-
Loans and receivables with banks	81,464	(71,672)
Loans and receivables with customers	(183,292)	144,240
Assets held for sale	-	-
Other assets	(208,558)	5,405
3. Cash flows generated/(used) by financial liabilities	310,645	(289,596)
Payables to banks	188,219	(194,245)
Payables to customers	3,205	(4,415)
Financial liabilities	-	-
Liabilities associated with disposal groups	-	-
Other liabilities	119,221	(90,936)
Net cash flows generated by operating activities	323,966	178,504
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	(100,917)	(38,658)
Acquisitions of intangible assets	(180,744)	(96,540)
Sale/purchase of subsidiaries, business units and other non-current assets	(244,343)	(945,191)
Net cash flows used in investing activities	(526,004)	(1,080,389)
C. FINANCING ACTIVITIES		
Repayment of loans	(1,653,740)	(8,391)
Dividends (paid)/received	-	-
Issues/purchases of equity instruments	(5,055)	-
Issues of debt instruments and new loans	3,249,756	954,545
Distribution of dividends to non-controlling interests	(1,891)	(573)
Sale/purchase of non-controlling interests	-	-
Net cash flows generated/(used) by financing activities	1,589,070	945,581
NET CASH FLOWS GENERATED/(USED) FOR THE YEAR	1,387,032	43,696
Net cash generated/used during the year	1,387,032	43,696
Cash and cash equivalents at the start of the year	159,084	115,388
Cash and cash equivalents at the end of the year	1,546,116	159,084







1.3

Accounting policies	84
Statement of financial position	104
Income statement	124
Information on risks and related hedging policies	132
Related parties	140
Share-based payments	142
Business combinations	145
Group funding transactions	149
Earnings for share	151
Fees for audit and non-audit services	153



Notes to the Consolidated Financial Statements - Accounting Policies

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.
Country of registration	Italy
Address of the entity's registered office	Corso Sempione 55
Main place of business	Milan - Corso Sempione 55
Description of the nature of the entity's business and its main operations:	Holding of equity investments. Operating companies operate in the electronic money (acquiring and issuing) and payments sector
Company name of the controlling entity	Nexi SpA
Company name of the parent company	S.p.A.
Duration of the entity established 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	2021





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

In accordance with the provisions of art. 154 of Italian Legislative Decree no. 58 of February 24, 1998, the Group has prepared these Consolidated Financial Statements as at December 31, 2021 in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and subject to interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and, as such, ratified by the European Commission and transposed into Italian Law via Italian Legislative Decree 38/2005 pursuant to Regulation (EC) No 1606/2002.

The Consolidated Financial Statements as at December 31, 2021 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 and the Notes to the Financial Statements, which include the criteria used for their preparation. The Consolidated Financial Statements also include the Board of Directors' Management Report setting out the operating performance, economic results achieved and equity and financial position of the Group.

In addition to the amounts for the reporting period, the Financial Statements and the Notes thereto present comparative figures as at December 31, 2020.

The Consolidated Financial Statements as at December 31, 2021 are prepared in euros which is the Company's functional currency. Unless otherwise specified, figures in the Financial Statements and the Notes thereto are stated 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.

The Management Report and the Notes to the Financial Statements provide the information required by international accounting standards and the law, as well as any additional information that, although not mandatory, is considered equally necessary in order to assure a correct, truthful representation of the Group's results. In continuity with what was done during the drafting of the 2020 annual financial statements and the 2021 half-yearly report; also for the purposes of the Consolidated Financial Statements as at December 31, 2021, reference was made to the ESMA documents of May 20, 2020 and October 28,



Accounting Policies - Notes to the Consolidated Financial Statements

2020 and to the Consob documents of July 16, 2020 and February 16, 2021 relating to the information on the impacts deriving from the Covid-19 pandemic, in addition to Consob warning notice no. 5/21 of April 29, 2021 where it is clarified that the Guidelines on reporting obligations pursuant to Regulation EU 2017/1129 published by ESMA update the previous CESR Recommendations, and consequently from May 5, 2021 the references contained in previous CONSOB communications to the CESR Recommendations are intended to be replaced with the ESMA Guidelines. Account was also taken of the indications contained in the Public Statement "European common enforcement priorities for 2021 annual financial reports" issued by ESMA on October 29, 2021 and the corresponding call for attention by Consob.

These Consolidated Financial Statements have been prepared in accordance with the IAS/IFRS international accounting standards in force to date.

These standards have changed from those used to prepare the 2020 financial statements, following the mandatory application, starting January 1, 2021 (for companies whose reference period is the calendar year), of the following new standards or amendments:

- amendment to International Accounting Standard IAS 39 and International Financial Reporting Standards IFRS 4, 7, 9 and 16. The amendments provide for a specific accounting treatment to spread over time the changes in the value of financial instruments or lease contracts due to the replacement of the index of reference for determining interest rates.
- amendments to IFRS 4 and deferral of application of IFRS 9. The amendments extend the expiry of the temporary exemption from IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17, and thus address the temporary accounting consequences that may arise if the two standards become effective on different dates.
- amendments to international accounting standard IFRS 16. Following the 2021 Amendment, the practical expedient introduced on May 28, 2020 with the publication of the document "Covid-19-Related Rent Concessions (amendment to IFRS 16 Leases)" is also applicable to rent concessions that provide for a partial or total reduction of the lease payments originally due until June 30, 2022.

The amendments to the aforesaid accounting standards have not significantly impacted the Consolidated Financial Statements.

As at January 1, 2022, the application of the amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 is mandatory, following the European Union endorsement.

From January 1, 2023 it will be mandatory to apply the international accounting standard "IFRS 17 Insurance Contracts", the amendments to the international accounting standards "IAS 1 Presentation of Financial Statements" and "IFRS Practice Statement 2: Disclosure of Accounting policies" and amendments to international accounting standard "IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" following the European Union endorsement.

These amendments are not expected to have significant impacts on the Group's financial statements.

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
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	23/01/2020 – 15/07/2020
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single transaction	07/05/2021
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	09/12/2021

Since none of these has been approved by the European Commission, they have not impacted the preparation of the Consolidated Financial Statements.

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



Notes to the Consolidated 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.

Statement of Changes in Equity

The Statement of Changes in Equity shows the changes to shareholders' equity accounts that took place during the reference period of the financial statements, 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.

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 give the information considered necessary to provide a correct, truthful representation of the economic and financial position.

The measurement criteria, described below, were adopted to determine all information given in the Consolidated Financial Statements.

Other aspects

Risks, uncertainties and impacts of the Covid-19 pandemic

Regarding Covid-19, it caused no significant impacts on the financial risks the Group is exposed to, hence no relevant modifications had to be made to the management, risk control and risk assessment systems.

As for operational risks, effective corporate continuity plans were promptly put in place to ensure the regular operating of the business while also guaranteeing employee health and safety, as well as top service level for clients.

Further information on the topic is available under the Management Report and under Note 35.



Amendment to accounting standard IFRS 16

This case is not provided for, since the leasing contracts enforced have not been amended over the period in point.

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 entity;
- has the ability to affect those returns through its power over the entity.

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

Assessment of whether control exists may be more complex in other circumstances and 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. The preparation of the Consolidated Financial Statements as at December 31, 2021, required the use of i) the annual financial statements of the Parent Company Nexi SpA and, ii) the financial statements, as at December 31, 2021, of the in-scope companies, approved by the competent corporate bodies and functions after reclassifications and adjustments to comply with the accounting standards of the Group.

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

- the carrying amount of equity investments in the in-scope subsidiaries and the Parent Company's share of their shareholders' equity have been eliminated;
- non-controlling interests in shareholders' equity and the Profit (Loss) for the year have been recognised 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 in item "Intangible Assets" as at the date of first consolidation. Any negative differences are recognised in the Income Statement.

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

Revenue and costs of the subsidiaries are included in the consolidated financial statements from their acquisition date. Revenue and costs of a subsidiary that is sold are included in the Income Statement up to the sales date, at which time the parent ceases to control the subsidiary.

Pursuant to the reference accounting standards (IAS 28), the Group Financial Statements also include the results of investees, i.e., entities over which the Group has significant influence and the power to participate in directing its financial and operating policies without having control or joint control. Such equity investments are measured using the shareholders' equity method which entails the initial recognition of the investment at cost and its subsequent adjustment based on the Group's share of the investee's shareholders' equity. The Group's share of the associate's profit or loss 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.

At the reporting date the Nexi Group is not party to any joint arrangements that would fall under IFRS 11 definitions of joint ventures (co-venturers having rights to the arrangement's net assets).



Notes to the Consolidated 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 year. The translation exchange differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is disposed of in full or when the investee ceases to qualify as a subsidiary. On partial disposal, without loss of control, the portion of exchange rate differences relating to the portion of the equity investment disposed of is allocated to the shareholders' equity of the minority interests. In preparing the consolidated statement of cash flows, the cash flows of consolidated foreign companies expressed in currencies other than the euro are translated using the average exchange rates for the year. Goodwill and Fair Value adjustments generated when allocating the purchase cost of a foreign company are recognised in the related currency and are translated using the year-end exchange rate.

Investments in subsidiaries

The following table shows Nexi Group's scope at December 31, 2021:

Company	Structure	Currency	Investor	Ownership%	Registered Office	Share Capital	Net Equity	Net Profit
Nexi Payments S.p.A	subsidiary	EUR	Nexi SpA	99.29	Milan, Italy	76,445,207	2,283,832,000	143,950,044
Mercury Payment Services S.p.A	subsidiary	EUR	Nexi SpA	100	Milan, Italy	7,108,800	162,594,467	79,611,000
Help Line S.p.A.	subsidiary	EUR	Nexi SpA	69.24	Milan, Italy			
Help Line S.p.A.	subsidiary	EUR	Nexi Payments SpA	1.06	Milan, Italy	2,139,000	3,093,920	72,088
Orbital Cultura srl (ex Bassmart)	subsidiary	EUR	Nexi Payments SpA	95	Florence, Italy	855,000	1,187,972	-738,896
Service HUB S.p.A.	subsidiary	EUR	Nexi SpA	100	Milan, Italy	50,000	n/a	n/a
SIAPay S.r.l.	subsidiary	EUR	Nexi SpA	100	Milan, Italy	600,000	18,504,526	4,393,492
SIA Central Europe, a.s.	subsidiary	EUR	Nexi SpA	100	Bratislava, Slovakia	4,906,062	41,338,217	6,187,169
New SIA Greece S.A.	subsidiary	EUR	Nexi SpA	100	Athens, Greece	43,851,715	38,165,236	(8,909,716)
PforCards GmbH	subsidiary	EUR	Nexi SpA	100	Wien, Austria	35,000	1,515,142	(548,141)
SIA RS d.o.o. Beograd	subsidiary	RSD	SIA Central Europe a.s.	100	Beograd, Serbia	40,201	74,776,217	11,313,522
SIA Croatia d.o.o.	subsidiary	HRK	SIA Central Europe a.s.	100	Zagreb, Croatia	20,000	4,271,818	723,523
SIA Czech Republic, s.r.o.	subsidiary	CZK	SIA Central Europe a.s.	100	Prague, Czech Republic	3,600,000	6,468,373	1,253,366
SIA Romania Payment Technologies S.r.l.	subsidiary	RON	SIA Central Europe a.s.	100	Bucharest, Romania	430,000	811,570	87,706
SIA Payment Services, s.r.o.	subsidiary	EUR	SIA Central Europe a.s.	100	Bratislava, Slovakia	250,000	250,000	-
Nets US LLC	subsidiary	USD	Nexi SpA	100	Delaware, USA	n/a	n/a	n/a
Nets Topco 3 Sarl	subsidiary	DKK	Nexi SpA	100	Luxembourg	11,000,000	1,158,468,876	-26,437,965
Billbird S.A.	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlanosci S.A	100	Krakow, Poland	4,490,368	44,185,300	15,944,724
Centrum Rozliczen Elektronicznych Polskie ePlanosci S.A.	subsidiary	PLN	Rementi Investments S.A.	100	Tajęcina, Poland	42,259,019	57,662,303	-12,393,563
Checkout Finland Oy	subsidiary	EUR	Paytrail Oyj	100	Tampere, Finland	125,000	7,074,265	-3,429,504
Concardis GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Eschborn, Germany	2,609,000	157,899,979	-
Concardis Austria GmbH	subsidiary	EUR	Concardis GmbH	100	Vösedorf, Austria	600,000	795,513	197,022
Concardis Holding GmbH	subsidiary	EUR	Evergood Germany 1 GmbH	100	Eschborn, Germany			
CPG Sales GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Köln, Germany	25,000	416,842	393,105
CPG Service GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Köln, Germany	25,000	121,299	97,616
eCard S.A.	subsidiary	PLN	P24 Dotcard Sp. z o.o.	100	Warszawa, Poland	30,259,488	26,085,032	2,832,633
EDIGard AS	subsidiary	NOK	Nets Denmark A/S	100	Kristiansand, Norway	3,695,376	48,616,665	31,271,218
Evergood Germany 1 GmbH	subsidiary	EUR	Nets Topco 3 Sarl	100	Eschborn, Germany	25,000	698,092,737	-13,030
ITP Baltic SIA (Latvia)	subsidiary	EUR	EDIGard AS	100	Ventspils, Latvia	2,845	212,382	7,834
Nassa A/S	subsidiary	DKK	Nassa Topco AS	100	Ballerup, Denmark	171,000,000	19,475,000,000	866,000,000
Nassa Topco AS	subsidiary	DKK	Nets A/S	100	Oslo, Norway	50,000,000	13,539,000,000	1,226,000,000
Nets A/S	subsidiary	EUR	Nets Holdco SAS	100	Ballerup, Denmark	26,900,000	1,386,100,000	68,100,000
Nets Cards Processing A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark	21,500,000	37,900,000	6,000,000



Accounting Policies - Notes to the Consolidated Financial Statements

Company	Structure	Currency	Investor	Ownership%	Registered Office	Share Capital	Net Equity	Net Profit
Nets CEE d.o.o. (Croatia)	subsidiary	HRK	Concardis Holding GmbH	100	Zagreb, Croatia	30,863,000	328,537,000	15,891,000
Nets CEE d.o.o. (Slovenia)	subsidiary	EUR	Nets CEE d.o.o. (Croatia)	100	Ljubljana, Slovenia	5,618,761	7,229,259	-417,818
Nets DanID A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark	50,000,000	82,000,000	-17,000,000
Nets Denmark A/S	subsidiary	DKK	Nets Holding A/S	100	Ballerup, Denmark	264,000,000	5,494,000,000	383,000,000
Nets Estonia AS	subsidiary	EUR	Nets Denmark A/S	100	Tallinn, Estonia	504,902	41,615,618	2,583,704
Nets Holdco 1 ApS	subsidiary	DKK	Nets Topco 3 Sarl	100	Ballerup, Denmark	50,000	8,854,808,000	-59,551,000
Nets Holdco 5 AS	subsidiary	DKK	Nets Holdco 1 ApS	100	Oslo, Norway	80,000	43,262,414,000	-43,964,000
Nets Holding A/S	subsidiary	DKK	Nassa A/S	100	Ballerup, Denmark	184,000,000	1,530,000,000	203,000,000
Nets Sweden AB	subsidiary	SEK	Nets Denmark A/S	100	Stockholm, Sweden	20,000,000	75,623,000	7,297,000
Nets Schweiz AG	subsidiary	CHF	Concardis GmbH	100	Wallisellen, Switzerland	100,000	4,166,965	985,797
P24 Dotcard Sp. z o.o.	subsidiary	PLN	Nets Denmark A/S	100	Poznań, Poland	50,000	160,809,731	-572,676
PayPro S.A.	subsidiary	PLN	P24 Dotcard Sp. z o.o.	100	Poznań, Poland	4,500,000	85,269,214	74,946,816
Paytrail Oyj	subsidiary	EUR	Nets Denmark A/S	100	Jyväskylä, Finland	142,500	9,512,032	4,525,643
Paytrail Technology Oy	subsidiary	EUR	Paytrail Oyj	100	Jyväskylä, Finland	2,500	75,363	71,842
Polskie ePłatności Sp. z o.o. (former PayLane)	subsidiary	PLN	Centrum Rozliczeń Elektronicznych Polskie ePłatności S.A.	100	Warszawa, Poland	12,000,000	n/a	n/a
Poplatek Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland	2,500	1,586,952	520,918
Poplatek Payments Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland	2,500	523,454	1,212,347
Ratepay GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Berlin, Germany	3,051,000	11,598,407	4,679,489
Rementi Investments S.A.	subsidiary	PLN	Nets Denmark A/S	100	Warszawa, Poland	16,218,371	1,611,351,756	-504,812
Signaturgruppen A/S	subsidiary	DKK	Nets Denmark A/S	100	Aarhus, Denmark	510,000	41,618,978	23,896,448
Storebox ApS	subsidiary	DKK	Nets Denmark A/S	100	Copenhagen, Denmark	88,000	18,834,020	1,099,411
TopCard Sp. z o.o.	subsidiary	PLN	Centrum Rozliczeń Elektronicznych Polskie ePłatności S.A.	100	Tajęcina, Poland	3,000,000	-16,853,996	-1,154,682

The consolidation area of the Consolidated Financial Statements as at December 31, 2021 of Nexi Group includes not only the companies listed above and consolidated on a line-by-line basis, but also the following companies, which, considering the percentage held and/or related relevance, are measured using the shareholders' equity method:

Company	Structure	Currency	Investor	Ownership%	Registered Office
ATS S.p.A.	significant influence	EUR	Nexi SpA	30	Milan, Italy
Rs Record store	significant influence	EUR	Nexi Payments SpA	30	Genova, Italy
e-Boks Development A/S	joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks GCC ApS	joint control	DKK	e-Boks International A/S	50	Hellerup, Denmark
e-Boks Group A/S	joint control	DKK	Nets Denmark A/S	50	Hellerup, Denmark
e-Boks International A/S	joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks Nordic A/S	joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
Orderbird AG	significant influence	EUR	Concardis GmbH	44	Berlin, Germany
WEAT Electronic Datenservice GmbH	significant influence	EUR	Concardis GmbH	40	Düsseldorf, Germany

Significant judgements and assumptions adopted to define the consolidation scope

As clarified above, since control is primarily exercised through majority stakes, no circumstances arose that would have required making either judgements or significant assumptions to determine the scope and method of consolidation.



Notes to the Consolidated Financial Statements - Accounting Policies

Significant restrictions

Note that as for significant restrictions applicable to the transfer of resources within the Nexi Group, Nexi Payments SpA is subject to prudential rules under supervisory regulations. The ability of that company 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 a different date to that of the Consolidated Financial Statements.

At the date of the Consolidated Financial Statements, no other undertakings connected to equity investments in associated companies are in place with reference to the regulation in force.

Main Accounting Policies

Financial assets at Fair Value through OCI

Classification criteria

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

Under IFRS 9 general requirements on the reclassification of financial assets (excluding equity securities, for which no reclassification is allowed), reclassifications to other categories of financial assets is only permitted if the Group changes its business model within which the financial assets are held. Such cases, the occurrence of which should be extremely infrequent, allow reclassification of financial assets measured at Fair Value through other comprehensive income to one of two categories designated by IFRS 9 (i.e. "Financial assets measured at amortised cost" or "Financial assets at FVPL"). The transfer value, which is applied prospectively from the reclassification date, is recognised as the Fair Value at time of reclassification. Where financial assets at FVTOCI are reclassified to amortised cost, the Fair Value of the financial asset at the reclassification date is adjusted by the cumulative profit or losses presented in the valuation reserve. Where financial assets at FVTOCI are reclassified to financial assets at FVTPL, the cumulative profit or loss previously recognised in the valuation reserve is reclassified from shareholders' 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, any impairment loss and any profit or loss from their sale is not recognised in the Income Statement.



Derecognition criteria

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

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

Financial assets measured at amortised cost

Classification criteria

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

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

Recognition criteria

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

Measurement criteria

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

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

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



Notes to the Consolidated Financial Statements - Accounting Policies

Regarding the trade receivables under the item in point, mainly consisting of merchant fees charged to the merchants, the Group resorted to the possibility of implementing the "simplified approach provided for by IFRS 9" which consists in measuring the depreciation of performing loans based on the expected lifetime losses, with no need to distinguish between Stage 1 and Stage 2.

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;
- with regard to impaired exposures (stage 3), since the IFRS definition of exposures at default is now aligned with the regulatory definition, the approach used to classify exposures as credit-impaired, which are now allocated to stage 3, has not changed.

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

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

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

Derecognition criteria

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

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

Equity investments

This item includes equity investments in associates, measured using the shareholders' equity method, as described in the "Consolidation criteria" section.

After applying the shareholders' equity method, the investment is subjected to an impairment test if there is objective evidence of impairment that could have an impact on the investee's cash flows and therefore on the recoverability of the carrying amount of the investment itself.

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.

Property, equipment and investment property

Classification criteria

Property, equipment and investment property include land, instrumental properties, furniture, furnishings, valuable artistic heritage, POSs and ATMs, electronic machinery and equipment of all types, expected to be used for more than one year. The item also includes rights of use acquired through lease contracts, as envisaged by IFRS 16.

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



Recognition criteria

Property, equipment and investment property 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. The rights of use recognised in accordance with IFRS 16 are entered according to the current value of payments due, net of any transaction costs and prepaid charges. The entry is made when the asset is available for use.

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, equipment and investment property with a finite useful life are subsequently measured at cost, adjusted for accumulated depreciation and any impairment losses or reversals thereof.

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 main categories of property, equipment and investment property is as follows:

- instrumental property: maximum 33 years;
- electronic office equipment: 5 years;

Physical ATMs and POSs, which are classified as electronic equipment, are respectively depreciated in 3 and 7 years, as this period is considered representative of the useful life of the assets.

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.

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 term of the lease contract.

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

Derecognition criteria

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

Intangible assets

Classification criteria

The assets recognised among intangible 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.

Notes to the Consolidated Financial Statements - **Accounting Policies****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 measured. If not, the cost is recognised as profit and loss 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 capable of generating future economic benefits.

Further intangible assets include those issuing from relationships with customers, as with business combinations and the valuation of contracts or the valuation of stable business relationships.

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 over a period of no more than 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.

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

The Group tests the intangible assets for impairment at every reporting date. If there is indication of impairment, it compares the asset's carrying amount to its recoverable amount being the higher of Fair Value and value in use.

Derecognition criteria

An intangible asset is derecognised when disposed of or when no further future economic benefit is expected from its use or de-commissioning.

Goodwill

The goodwill arising during a business combination is the difference between the purchase cost, including accessory expenses, and the Fair Value, as at the date of acquisition, of the Group's assets and liabilities acquired. If positive, it is entered at cost as an asset (goodwill), representing a payment made by the buyer in view of future economic benefits deriving from assets that cannot be identified individually and recorded separately. If negative, it is recognised directly as profit and loss (surplus on cost).

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

Even if there is no indication of impairment, goodwill is impairment tested once a year.

The goodwill deriving from a business combination is allocated to the Cash Generating Units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination. The value able to be recovered on an asset or CGU is the greater of its value in use ("VIU") and its Fair Value less costs of disposal ("FVLCD"). A loss of value is recognised if the carrying amount of the CGU exceeds its recoverable value. Impairment of goodwill is recognised on the consolidated Income Statement and not restored in subsequent years.



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

"Non-current assets held for sale and discontinued operations" (in the assets) and "Liabilities associated with non-current 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 carrying amount and Fair Value net of disposal costs. Income and expenses (net of the tax effect) attributable to groups of assets held for disposal or recognised as such during the year, are presented in the Income Statement in a separate item.

Other assets

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 determined based on seniority), 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.

Current and deferred tax

The provisions made for income tax are determined on the basis of a forecast of the current, prepaid and deferred tax expense.

Current tax expenses, determined on the basis of the "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 as profit and loss under "Income taxes" with the exception of those relating to profit or loss 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".

The provision for income taxes is determined on the basis of a forecast of the current and deferred tax expense. Deferred tax assets are computed in respect of the temporary differences arising between the value assigned to an asset or a liability, according to statutory criteria, and their corresponding assumed value for tax purposes. For temporary deductible differences that will reverse over the next few years and for previous tax losses that have not been used, deferred tax assets are recognised insofar as, on the basis of the strategic plans, it is considered likely that over that timeframe taxable income will be recognised against which the deferred tax asset can be used.

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 year in which the tax asset is realised or the tax liability will be extinguished, in accordance with current tax legislation.

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.



Notes to the Consolidated 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. 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 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. Lease liabilities are initially recognised at the current value of payments due, calculated considering the implicit rate in the contract, where existing. Alternatively, the incremental rate is determined according to the market rates curves and the lessee's spread.

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 held for trading and financial liabilities measured at Fair Value through profit or loss

As at December 31, 2019, the item "Financial liabilities held for trading" included the negative value of derivative trading contracts.

As at December 31, 2021, the "Financial liabilities measured at FVTPL" comprise the contingent consideration deriving from the Purchase Price Allocation process of the acquiring books and the option separated from the Convertible Bond Loan issued in 2021 which was classified under this item since, at the time, the Shareholders' Meeting had not yet met to approve the related share capital increase.

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 are recognised in the Income Statement with a corresponding increase in shareholders' equity, on the basis of the Fair Value of the financial instruments attributed at the assignment date, breaking up the expense throughout the plan period.



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

Employee benefits

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

- short-term benefits (other than benefits due to employees for the termination of the contract of employment and remunerative benefits in the form of a share in the capital), expected to be paid in full within twelve months of the end of the period during which the employees worked and recorded fully on the Income Statement at the time they are accrued (this category includes, for example, wages, salaries and "extraordinary" provisions);
- post-employment benefits due after the termination of the contract of employment that oblige the company to make a future payment to employees. These include post-employment benefits and pension funds, which, in turn, can be divided up into defined contribution plans and defined benefits plans or corporate retirement funds;
- 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.

Post-employment benefits

Post-employment benefits are a form of deferred staff remuneration paid at the end of the contract of employment. They accrue proportionally to the duration of the contract and is an additional element of the payroll costs.

As payment is certain, but when it will be made is not, just like for defined benefits plans, they are classified as a post-employment benefit ("TFR").

Following the complementary welfare reform, as per Italian Legislative Decree 252 of December 5, 2005, portions of post-employment benefits accrued by staff starting January 1, 2007, are determined without applying any actuarial method, as the expense, paid by the companies, is limited to the contribution at their charge, as defined by the provisions of the Italian Civil Code (defined contributions plan in accordance with IAS 19).

Post-employment benefits, accrued as at December 31, 2006, instead continue to be recognised as a defined benefits plan, in accordance with the provisions of IAS 19. Actuarial gains and losses are recognised to the Statement of Comprehensive Income, whilst interest accrued on the net liabilities is carried as profit and loss.

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, as long as a reliable estimate can be made of the relevant amount.

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. 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.



Notes to the Consolidated Financial Statements - Accounting Policies

Foreign currency transactions

Initial recognition

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

Subsequent recognition

At the time of recognition, at the next reporting date:

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

Exchange differences relative to monetary items are recognised to profit and loss when they arise; those relating to non-monetary items are entered as shareholders' equity or profit and loss 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 client 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 client 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 client, or
- over time, gradually, as the entity fulfils the obligation to do, transferring the good or service promised to the client.



Accounting Policies - Notes to the Consolidated Financial Statements

The asset is transferred when, or during the period in which, the client 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 clients and new products are recorded throughout the expected term of the contracts;
- revenues for design activities specifically requested by clients are recorded during development (overtime), if any of the following conditions apply:
 - a. the client simultaneously receives and uses the benefits deriving from the provision, as it is made;
 - b. the provision is provided on client's assets;
 - c. the asset produced has no alternative uses and Nexi has the right to be paid for the work carried out up to that point; 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 client. The unitary Fair Value is applied to the number of points in circulation, net of the points that, on the basis of the analysis performed, are expected not to be redeemed (on the basis of the redemption estimates). Deferred commission is recognised in the Income Statement according to point redemption.

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

Commission expense

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

Fees for services received

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

Costs for the implementation of the contract with the client (such as, for example, costs for the emission of cards and ICT services incurred during the start-up of new clients/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.

More specifically, although the Nexi Group identifies more CGUs, it relates to a single operating segment, i.e. that of electronic money and the technological services related to the payments segment.

More specifically, the identification of a single operating segment is based on the consideration that the information 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, is prepared exclusively on a consolidated basis.

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".



Notes to the Consolidated Financial Statements - Accounting Policies

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

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

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

Use of Estimates and Assumptions in Preparing the Consolidated Financial Statements

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

The estimates and relevant assumptions are based on previous experiences and take due account of all the information available at the financial statements drafting date. Such processes are largely based on estimates of future recoverability of the amounts recognised in the balance sheet according to the rules provided for by the current laws and have been implemented with a view to corporate continuity.

The measurement process is particularly complex, considering how uncertain the macroeconomic and market contexts are, hence it is not possible to rule out that the envisaged hypotheses, while being reasonable, may not be confirmed in the future scenarios in which the Group shall operate. The parameters and information used to check the aforesaid amounts are therefore considerably affected by such factors, which may quickly change in a way that is not currently foreseeable, to the point that future balance sheet amounts might be affected.

Among the several elements of uncertainty that may impact the future scenarios for the Group are the effects of the Covid-19 pandemic, further detailed within the relevant section of the Management Report and the Notes to the Financial Statements.

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 year 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 and of share-based payments;
- valuation of shares issued in connection with merger transactions executed during the year;
- measurement of the financial assets measured at amortised cost and loan commitments;
- measurement of inventory and intangible assets, including goodwill and the relevant Purchase Price Allocation;
- measurement and estimated useful life of tangible assets;
- quantification of provisions made for risks and charges and payables for Loyalty programmes;
- quantification of deferred taxation.



Events After the Closing of the Financial Statements as at December 31, 2021

Since the reference date of these financial statements no significant events have taken place over and above those described in the Management Report.

Transfers of Financial Assets Between Portfolios

No transfers of financial assets between portfolios occurred.

Fair Value Disclosure

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

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

More specifically, the Fair Value is the price that would be received for the sale of an asset, or which would be paid for the transfer of a liability in a regular transaction between market operators (i.e. not in a compulsory liquidation or sale below cost) as at the valuation date.

In determining the Fair Value of a financial instrument, IFRS 13 establishes a hierarchy of criteria in terms of the reliability of the Fair Value, according to the degree of discretion applied to businesses, giving precedence to the use of parameters that can be observed on the market, which reflect the assumptions that the market participants would use in the valuation (pricing) of the asset/liability. Three different levels of input are identified:

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

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

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

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

Qualitative Disclosure

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

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



Notes to the Consolidated Financial Statements - Accounting Policies

Assets and Liabilities measured at Fair Value on a recurring basis

At the date of the Consolidated Financial Statements, the following instruments were measured at Fair Value:

- *Preferred Class C Visa Shares*: these are measured according to the market value of Visa Inc Class A shares, listed on active markets where the portfolio shares (class C) will be converted, adjusting the value to reflect both the liquidity risk of class C shares and the potential adjustments to the conversion ratio, as communicated by Visa under the specific section of the company's website, which varies depending on potential future liabilities of the European merchants of Visa Europe, a company that has been incorporated into Visa Inc US. *Share-Based Payments*: the Group has implemented variable remuneration plans similar to Share-Based Payments. For further details on the measurement processes adopted for determining the amounts to be recognised in the Financial Statements, please see the Notes thereto.
- *Contingent consideration*: Fair Value is the current value, based on the market rates and spread at measurement date, of the expected cash-outs based on the earn-out mechanisms provided for by contracts.
- *Option on Nexi shares (implicit in the Convertible Bond Loan issued in 2021)*: the Fair Value was estimated using the indirect method, that is, as the difference between the Fair Value of the hybrid instrument and the Fair Value of the "standalone" debt component. This valuation process was implemented from the date of issue of the Bond to the date of the shareholders' meeting that approved the related share capital increase (October 15, 2022), as the option was subsequently reclassified to "Shareholders' Equity" as described in more detail in section 39.

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

Not applicable due to the absence of level 3 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: DISTRIBUTION BASED ON FAIR VALUE LEVELS

	Dec. 31, 2021			Dec. 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at Fair Value through profit or loss		3,322			-	
Financial assets at Fair Value through OCI		71,186			151,700	
Total	-	74,508	-	-	151,700	-
Financial liabilities at Fair Value through profit or loss		168,529			22,912	
Hedging derivatives		-	-		-	-
Total	-	168,529	-	-	22,912	-

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

The item "Financial assets at Fair Value through OCI" consists of capital assets not held for trading, which the company, at initial recognition, has irrevocably chosen to classify and measure at FVTOCI. Specifically, note that the Class A Preferred shares held at December 31, 2021 were sold during 2022.

The item "Financial liabilities at Fair Value through profit or loss" consists of, in addition to the liability described above, liabilities related to the recognised contingent considerations with reference to the purchase transactions that envisage earn out mechanisms.

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

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

No variations.

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

No variations.



Notes to the Consolidated Financial Statements - Statement of Financial Position

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

	Dec. 31, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount
Loans and receivables with banks	-	1,595,782	-	1,595,782	-	578,696	-	578,696
Loans and receivables with customers	-	1,764,075	38,372	1,802,448	-	958,632	3,255	961,887
Investment property	-	1,800	-	2,257	-	2,204	-	2,101
Total	-	3,361,657	38,372	3,400,486	-	1,539,532	3,255	1,542,684
Payables to banks	-	3,649,309	-	3,649,309	-	2,226,417	-	2,226,417
Payables due to financial entities and customers	-	1,813,534	-	1,813,534	-	370,753	-	370,753
Securities issued	-	4,635,783	-	4,449,279	-	1,457,227	-	1,265,733
Total	-	10,098,626	-	9,212,122	-	4,054,397	-	3,862,903

Information on “Day One Profit or Loss”

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

2. Statement of Financial Position

(Amounts in thousand euros)

ASSETS

3. Cash and cash equivalents

	Dec. 31, 2021	Dec. 31, 2020
a) Cash	53	27
b) Deposits and current accounts	1,546,063	159,057
Total	1,546,116	159,084

The item “Deposits and current accounts” refers to the liquid funds in the current accounts of Nexi SpA. The change in the item is mainly attributable to the cash deriving from the new funding (see section 39) contracted by Nexi SpA in the period related to the Nets and SIA transactions, not yet used, and the cash acquired through the Nets and SIA mergers. The item also includes the effects deriving from the collection of dividends from subsidiaries, from the payment of interest expenses for the financing stipulated and from the other expenses incurred during the year.

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



Statement of Financial Position - Notes to the Consolidated Financial Statements

4. Financial assets valued at Fair Value

4.1 BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Dec. 31, 2021	Dec. 31, 2020
Financial assets measured at Fair Value through profit or loss	3,322	-
Financial assets at Fair Value through OCI	71,186	151,700
Total	74,508	151,700

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

	Dec. 31, 2021	Dec. 31, 2020
Financial assets held for trading	-	-
Financial assets measured at Fair Value	3,322	-
Other financial assets mandatorily valued at Fair Value	-	-
Total	3,322	-

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

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

	Dec. 31, 2021			Dec. 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Debt instruments	-	-	-	-	-	-
Equity instruments	-	71,186	-	-	151,700	-
Financing	-	-	-	-	-	-
Total	-	71,186	-	-	151,700	-

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

	Dec. 31, 2021	Dec. 31, 2020
a) Banks	41	41
b) Financial institutions	70,533	151,659
- Visa Inc.	70,489	151,615
- Other financial companies	44	44
c) Non-financial institutions	612	-
Total	71,186	151,700



Notes to the Consolidated Financial Statements - Statement of Financial Position

The item "Financial assets at Fair Value through OCI" mainly refers to Visa Inc Class C Shares held by the Group's operating companies over which the Group does not exercise control, joint control or significant influence. Specifically, the item consists of Visa Series C Shares eligible for conversion into Visa Series A ordinary Shares at a variable conversion rate dependent on expenses arising from contingent liabilities associated with the former Visa Europe.

The reduction compared to December 31, 2020 is related to the sale of Visa Preferred Class A Shares, which resulted in a gain of approximately Euro 88 million compared to the original value recognised in equity net of the related tax effects and those deriving from the increase in value of the Visa Series C Shares.

5. Financial assets measured at amortised cost

5.1 LOANS AND RECEIVABLES WITH BANKS: BREAKDOWN BY PRODUCT

	Dec. 31, 2021					Dec. 31, 2020				
	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	1,426,610	-	-	1,426,610	-	438,642	-	-	438,642	-
Prepaid cards liquidity	49,474	-	-	49,474	-	49,624	-	-	49,624	-
Restricted deposits	119,295	-	-	119,295	-	57,878	-	-	57,878	-
Other assets	403	-	-	403	-	32,553	-	-	32,553	-
Total	1,595,782	-	-	1,595,782	-	578,696	-	-	578,696	-

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 as separate from operational liquidity to the extent that it is deposited in a restricted current account, transactions on which are limited to covering uses of prepaid cards by cardholders.

The item "Time deposits" includes the escrow accounts connected with the Nexi Payments factoring transactions on the balances of credit cards (Euro 3 million compared to Euro 53 million as at December 31, 2020) as well as Euro 22 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 94 million).

The total of the item includes Euro 684 million of liquidity in the operating companies' bank accounts, which has been included in the Group's Net Financial Position.



Statement of Financial Position - Notes to the Consolidated Financial Statements

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

	Dec. 31, 2021						Dec. 31, 2020					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stages 1 & 2	Purchased	Stage 3 Other	Level 1	Level 2	Level 3	Stages 1 & 2	Purchased	Stage 3 Other	Level 1	Level 2	Level 3
Ordinary credit cards	324,240	-	-	-	324,240	-	335,728	-	2,157	-	335,728	2,157
Receivables from circuits	791,986	-	-	-	791,986	-	244,888	-	-	-	244,888	-
Revolving credit cards	255,101	-	781	-	255,101	781	233,327	-	-	-	233,327	-
Receivables from "buy now and pay-later" solution	174,271	-	36,629	-	174,271	36,629	-	-	-	-	-	-
Receivables from merchants	118,861	-	-	-	118,861	-	71,003	-	-	-	71,003	-
Other assets	99,617	-	962	-	99,617	962	73,685	-	1,098	-	73,685	1,098
Total	1,764,076	-	38,372	-	1,764,076	38,372	958,632	-	3,255	-	958,632	3,255

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 December 31, 2021 included Euro 200.2 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 "Pay later receivables" refers to receivables arising from the "Buy Now Pay Later" solution provided through the Nets Group.

The item Receivables from "Buy Now Pay Later" solution refers to trade receivables from merchants for commissions to be collected.

The item "Revolving credit cards" mainly includes receivables guaranteed by partner banks.

"Other assets" mainly include the amount due from the factoring company of Nexi Payments SpA of Euro 67.3 million (Euro 70.2 million in 2020), connected with the balance to be settled daily with the counterparty.



Notes to the Consolidated Financial Statements - Statement of Financial Position

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

	Dec. 31, 2021			Dec. 31, 2020		
	Gross value	Fund	Net value	Gross value	Fund	Net value
Performing loans						
- Stage 1	1,767,398	(3,322)	1,764,076	960,339	(1,706)	958,633
- Stage 2	-	-	-	-	-	-
Non-performing loans						
- Stage 3	71,270	(47,001)	24,269	12,824	(9,569)	3,255
Total	1,838,668	(50,323)	1,788,346	973,163	(11,275)	961,888

6. Equity Investments

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

Name	Direct ownership	% held	Carrying amount
A. Companies subject to joint control			
e-Boks A/S, Denmark (*)	Nets Denmark A/S	50%	40,385
B. Companies subject to significant influence			
ATS S.p.A.	Nexi SpA	30%	754
RS-Record store	Nexi Payments SpA	30%	-
orderbird AG, Germany	Concardis GmbH	44%	16,268
WEAT Electronic Dataservice GmbH, Germany	Concardis GmbH	40%	2,372
Total			59,779

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

The item changed significantly compared to the previous year due to the effect of the strategic transactions that led to the acquisition of all the aforementioned equity investments with the exception of RS-Record Store. Note also that the liquidation of Bassnet Srl and K Red was completed in 2021.

7. Tangible assets

7.1 TANGIBLE ASSETS: BREAKDOWN OF ASSETS BY DESTINATION

	Dec. 31, 2021	Dec. 31, 2020
Property and equipment	547,732	186,906
Investment property	1,800	2,101
Total	549,532	189,007

The tangible assets held by the Group increased significantly as a result of strategic transactions, as detailed in the tables below.

7.2 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST



Statement of Financial Position - Notes to the Consolidated Financial Statements

	Dec. 31, 2021	Dec. 31, 2020
Owned		
a) Land	42,700	18,228
b) Buildings	80,235	44,521
c) POS and ATM	117,058	57,033
d) Machinery and electronic equipment/systems	114,543	36,753
e) Furniture and furnishings	5,978	1,961
f) Other	1,391	50
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	123,798	18,357
c) POS and ATM	25,105	-
d) Machinery and electronic equipment/systems	28,443	8,929
e) Furniture and furnishings	-	-
f) Other	8,482	1,073
Total	547,732	186,906

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 increase in the items "Land" and "Buildings" in 2021 includes not only the effects of the business combinations carried out during the year, but also the effects deriving from the purchase during the year of the property located in Milan at Corso Sempione 57, which was previously under a lease contract. The allocation of the price paid between land (Euro 22 million) and buildings (Euro 18 million) and the useful life of this new property was determined based on a specific external appraisal.
- The item "POS and ATM" refers to assets acquired by the Group and covered by contracts with customers. The increase in the item is mainly related to the business combinations carried out during the year as shown in the table with the changes in the item.
- 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. The increase is mainly due to the business combinations carried out in the year.

At the date of publication there are no restrictions as to the usage of such rights of use. The reduction of the item is connected to the closing of the lease contract for the property located in Milan, Corso Sempione 57, which was purchased. The cancellation of the related right of use had an impact on the income statement of approximately Euro 0.154 million. Furthermore, there are no contracts for which the Nexi Group resorted to the possibility of exclusion from IFRS 16 for less than 12 months and/or contract value worth less than Euro 5,000.



Notes to the Consolidated Financial Statements - Statement of Financial Position

7.3 PROPERTY AND EQUIPMENT: CHANGES

Dec. 31, 2021	Land	Buildings	POS and ATM	Machinery and Electronic equipment/systems	Furniture and furnishings	Other	Total
A. Opening balance	18,228	62,878	57,033	45,682	1,961	1,123	186,906
B. Increases	24,472	165,881	129,271	124,492	4,862	10,561	459,540
B.1 Purchases	22,000	18,217	48,548	11,323	828	-	100,917
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-	-
B.4 Positive fair value adjustments	-	-	-	-	-	-	-
B.5 Business combination	2,472	141,361	80,723	101,949	4,031	8,051	338,587
B.6 Transfers from investment property	-	-	-	-	-	-	-
B.7 Other increases	-	6,303	-	6,171	-	2,312	14,787
B.8 Currency translation adjustment	-	-	-	5,049	3	197	5,249
C. Decreases	-	24,726	44,141	27,190	846	1,810	98,714
C.1 Sales	-	-	-	358	-	-	358
C.2 Depreciation	-	16,319	45,081	25,888	842	1,810	89,941
of which of Rights of use	-	12,658	-	3,781	-	1,786	18,226
C.3 Impairment losses	-	-	-	-	-	-	-
C.4 Negative fair value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	-	-	-	-	-	-
C.6 Transfers	-	-	-	-	-	-	-
C.7 Other decreases	-	8,263	-	-	-	-	8,263
C.8 Currency translation adjustment	-	144	(940)	944	4	-	152
D. Net closing balance	42,700	204,033	142,163	142,985	5,978	9,873	547,732

7.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
1. Owned								
a) land	366	-	-	-	413	-	-	-
b) buildings	1,434	-	-	-	1,688	-	-	-
2. Rights of use acquired through leasing								
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	1,800	-	2,257	-	2,101	-	2,204	-

The decrease in this item reflects depreciation for the period as well as the write-down of the Colle di Val D'Elsa property, sold at the beginning of 2022.



Statement of Financial Position - Notes to the Consolidated Financial Statements

7.5. INVESTMENT PROPERTY: ANNUAL CHANGES

	Dec. 31, 2021		
	Land	Buildings	Total
A. Opening balance	413	1,688	2,101
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 investment property	-	-	-
B.7 Other increases	-	-	-
B.8 Currency translation adjustment	-	-	-
C. Decreases	47	253	300
C.1 Sales	-	-	-
C.2 Depreciation	-	127	127
C.3 Impairment losses	47	126	173
C.4 Negative Fair Value adjustments	-	-	-
C.5 Business Combination	-	-	-
C.6 Transfers	-	-	-
C.7 Other decreases	-	-	-
C.8 Currency translation adjustment	-	-	-
D. Net closing balance	366	1,434	1,800

The item includes the following properties:

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

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

As at the date of reference, there are no:

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

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

8. Intangible assets

8.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	Dec. 31, 2021		Dec. 31, 2020	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill		14,831,647		2,856,460
A.2 Intangible assets - Customer contracts	1,471,702		631,762	
A.3 Other intangible assets	927,127		219,147	
Total	2,398,829	14,831,647	850,909	2,856,460

Goodwill as at December 31, 2021 is as follows:

- goodwill of Euro 2,999 million related to the Nexipayment CGU which includes goodwill arising from:
 - acquisition of Nexi Payments and Help line in 2018 (Euro 931 million, already net of the purchase price allocation process)
 - acquisition of Mercury Payment Services in 2017 (Euro 590.8 million, already net of the purchase price allocation process)
 - goodwill recognised in Nexi Payments SpA's Financial Statements for the Group interest, in the amount of Euro 1,477 million, mainly consisting as follows:
 - Euro 1,357 million relative to the acquiring books of Monte dei Paschi di Siena, Deutsche Bank, Banca Carige and ISP (including the former UBI acquiring activities), net of the allocated amounts, upon completion of PPA as detailed below;
 - Euro 120 million relative to the payments business unit acquired from DEPObank in 2018 following the reorganisation of Nexi Group.
- goodwill of Euro 8,237 million related to the merger with the Nets Group, which took place on July 1, 2021. This value is provisional pending completion of the purchase price allocation process
- goodwill of Euro 3,596 million related to the merger with the SIA Group, which took place on December 31, 2021. This value is provisional pending completion of the purchase price allocation process.

The other intangible assets consist of:

- software purchases and technological developments;
- intangible assets with a finite useful life as resulting from the above PPA processes, in addition to those acquired as part of the business combinations carried out during 2021. More specifically, said assets, net of amortisation accrued as at the date of reference, consist of:
 - customer contracts and customer relationships deriving from the Purchase Price Allocation processes already completed (including for the former UBI acquiring book acquired in 2021), amounting to Euro 641 million;
 - customer contracts arising from the merger with Nets and SIA amounting to Euro 832 million, the value of which will be updated based on the results of the purchase price allocation process which will be completed within 12 months of the acquisition dates as required by IFRS 3.



Statement of Financial Position - Notes to the Consolidated Financial Statements

8.2 INTANGIBLE ASSETS: CHANGES

Dec. 31, 2021	Other acquired intangible assets			Other intangible assets: other		Total
	Goodwill	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Net opening balance	2,856,460	631,762	-	219,147	-	3,707,369
B. Increases	11,975,187	928,765	-	892,012	-	13,795,964
B.1 Purchases	-	-	-	180,744	-	180,744
B.2 Reversals of impairment losses	-	-	-	-	-	-
B.3 Business combination	11,975,187	933,981	-	708,549	-	13,617,716
B.4 Other increases	-	-	-	-	-	-
B.5 Currency translation adjustment	-	(5,216)	-	2,720	-	(2,496)
C. Decreases	-	88,825	-	184,032	-	272,857
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	89,762	-	177,823	-	267,585
C.3 Impairment losses	-	-	-	340	-	340
C.4 Business combination	-	-	-	-	-	-
C.5 Other decreases	-	-	-	1,332	-	1,332
C.6 Currency translation adjustment	-	(937)	-	4,536	-	3,599
D. Closing balance	14,831,647	1,471,702	-	927,127	-	17,230,476

8.3 INTANGIBLE ASSETS: IMPAIRMENT TESTING

Nexi Group ran the impairment test on intangible assets with indefinite useful life only, since no triggers were detected with reference to intangible assets with definite useful life.

At the reference date, the following three distinct CGUs (cash-generating units) were identified during the impairment test for 2021:

(million euros)

Name of the CGU	Carrying value (Group share)	of which Goodwill
Monetica Nexi Payments SpA CGU	4,166	2,999
Nets CGU	7,068	8,237
SIA CGU	3,515	3,596
Total	14,749	14,832

Note that pending the completion of the Purchase Price Allocation process, the Nets and SIA CGUs have been provisionally identified with the entire scope of their respective groups. At the end of this process and taking into account the future evolution of the governance system and consequently of the reporting as well as the overall integration process of the Group, a different configuration of the CGUs identified to date may be considered.

Note that the scope of the Nexi Payments CGU changed compared to last year as a result of the demerger of Mercury Payment Services SpA and the acquisition of the acquiring book from Intesa Sanpaolo previously held by UBI Banca. Furthermore, with regard to the SIA CGU, taking into account that the business combination was closed on December 31, 2021, it was deemed sufficient to verify the absence of impairment indicators. Therefore, for the 2021 financial year the impairment test was performed with the support of independent experts, only for the Monetica Nexi Payments CGU and the Nets CGU.

Notes to the Consolidated Financial Statements - Statement of Financial Position

The valuation analyses took the form of identifying the "recoverable amount" of the carrying values of the Monetica Nexi Payments and Nets CGUs in Nexi's consolidated financial statements. The recoverable value of a CGU is the greater of the following:

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

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

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

In order to reflect the specific growth expectations of the reference sector and of the CGUs being tested, the H-model variant of the DCF was implemented, assuming two growth stages beyond the explicit planning period. More in detail, the first stage entails a gradual and linear decrease of the growth rate expected in the latest explicit planning period, which ends up aligning to the long-term growth rate (second phase).

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:

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

where:

- K_e = cost of equity;
- $E/(D+E)$ = percentage of equity capital in the total invested capital (equity + 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 (equity + debt capital).

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

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

where:

- R_f = is the risk-free rate, equivalent to the medium-long term yield of risk-free investments such as government bonds. Specifically:
 - for the Monetica Nexi Payments CGU, equal to the yield offered in the medium to long term by investments such as Italian government bonds. The adopted parameter, which refers to December 31, 2021, is 1.2%;
 - for the Nets CGU, equal to the return offered in the medium to long term by investments such as German government bonds, appropriately adjusted to take into account the weighted average parameters of Country Risk Premium and expected long-term inflation of the individual Countries that the Nets Group operates in. The adopted parameter, which refers to December 31, 2021, is 0.05%;
- Beta = "beta" coefficient expressing the risk of the specific enterprise in the market. The considered observations refer to a sample of similar companies and to a 5-year period, on a monthly basis. The parameter is 1.42 for the Monetica Nexi Payments CGU and 1.44 for the Nets CGU on a levered basis;
- $R_m - R_f$ = 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 considered parameter is 4.55% (source: Prof. A. Damodaran).

The cost of financial debt (K_d) is the interest rate with which the company may finance itself. This rate is usually estimated based on market rates, considering a spread to reflect the bargaining power of companies before debt capital suppliers. The debt cost must be considered net of the tax rate "t", in order to take into account the tax shield on interest costs. The above parameter is 1.65% (before taxation) for the Monetica Nexi Payments CGU and 2.90% (before taxation) for the Nets CGU.



Statement of Financial Position - Notes to the Consolidated Financial Statements

Cost of Equity	NP CGU	Nets CGU
Risk-free rate as at Dec. 31, 2021	1.20%	0.05%
Equity market risk premium	4.55%	4.55%
Average Beta (levered)	1.42	1.44
Ke	7.60%	6.60%
Kd (after taxation)	1.20%	2.20%
WACC	6.40%	5.80%
Growth rate	2.00%	1.90%

The overall estimated WACC was 6.4% for the Monetica Nexi Payments CGU and 5.8% for the Nets CGU. For the purposes of estimating the long-term growth rate, reference was made for the Monetica Nexi Payments CGU to the target inflation rate of the ECB for the euro area, equal to 2.0% and for the Nets CGU to the weighted average of the long-term inflation rates of the individual Countries in which the Nets Group operates, equal to 1.9%.

In light of the macro-economic scenario resulting from the global health emergency due to Covid-19 and in accordance with the guidelines issued by ESMA in October 2021, in continuity with what had already been communicated in October 2020, for the sole purpose of the Impairment Testing of the Monetica Nexi Payments CGU, multiple scenarios were developed by Nexi's management in order to reflect the volatility resulting from the current macro-economic landscape:

- Baseline Scenario: the DCF was developed starting from the 2022-2023 economic, financial and equity projections underlying the 2022 Budget and the 2019-2023 Business Plan of the Nexi Group approved by the Nexi SpA Board of Directors and from the 2024 projections prepared by Nexi management as part of the authorisation process with the competent authorities for the so-called "X-Factor" transaction, relating to the merger with the SIA group, approved by the Nexi SpA Board of Directors.
- ESMA Scenario: compared to the Baseline Scenario, the DCF in the ESMA Scenario has been developed by forecasting an adjustment from 2023 onwards based on the average reduction in EBITDA in 2021 (actual v Business Plan) and in 2022 (Budget v Business Plan) at the level of the individual CGU.

Regarding Fair Value, the Equity Market Multiples method was referred to; in particular EV/EBITDA market multiples were adopted, from the same peer Group used to estimate the discount rate.

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

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

In particular, we tested the impact – on the Value in Use – of a change of up to 25 bps more (for discount rates) and less (for growth rates) in terms of Terminal Value. Plus, we conducted analyses on the change of Value in Use following a negative change of cash flows used for Terminal Value. No cases of impairment emerged for any of the CGUs being tested. The following table shows the sensitivity (in percentage terms) of the Value in Use of the CGUs for which intangible assets with an indefinite useful life remain, to changes of growth rate "g" or of the discount rate by +/- 25 bps, and to the 10% negative change of cash flows used to calculate Terminal Value.

	Growth rate (g) -25 bps	Discount rate (WACC) +25 bps	Flow of the Terminal Value -10%
Nexi Payments CGU	(5.00%)	(5.40%)	(9.00%)
Nets CGU	(6.70%)	(7.60%)	(11.30%)



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

9. Tax Assets and Liabilities

9.1 CURRENT TAX ASSETS AND LIABILITIES

At December 31, 2021 the financial statements show Euro 25.1 million (Euro 4.4 million at December 31, 2020) relating to current tax assets of Nexi Spa for Euro 17.1 million and of the operating companies for Euro 8.0 million.

Note that the current national tax consolidation scheme refers not just to the parent company Nexi SpA, but extends to subsidiaries Mercury Payment Services SpA, Nexi Payments SpA and Help Line SpA. From 2022, the company Service Hub, established in 2021, will also be included in the tax consolidation.

9.2 DEFERRED TAX ASSETS: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets		
- of which: recognised in shareholders' equity	3,482	548
- of which: recognised in profit and loss	204,394	49,996
- of which: recognised in the profit and loss statement due to elimination of the equity investments	-	-
Total	207,876	50,544

Deferred tax assets comprise the following:

- tax recognised in equity mainly arising from deferred tax assets relating to the severance pay. The increase mainly relates to the acquisition of the SIA Group (Euro 3 million) and the Nets Group (Euro 6 million). Deferred tax assets relating to the SIA Group mainly relate to severance pay.
- tax recognised in the income statement mainly arising from adjustments to loans, and tax assets issuing from the transfer to Nexi of certain DEPObank SpA equity investments. The item increased in 2021 by Euro 40 million as a result of deferred tax assets recognised following the realignment of the tax value of goodwill recorded in the Nexi Payments financial statements, by Euro 79 million for the merger with SIA, whose deferred tax assets mainly refer to the realignment of the tax value of goodwill recorded in the financial statements of the former SIA SpA, and by Euro 38 million relating to the Nets Group, whose deferred tax assets mainly refer to temporary differences relating to provisions for risks and other cash-deductible charges in addition to deferred tax assets on tax losses.

At 31 December 2021, the Group had unused tax losses equal to Euro 153.8 million, which can be carried forward unlimited. With reference to these tax losses, according to the available estimates, a deferred tax asset of Euro 24.9 million. The valuation of tax assets related to tax losses is based on expected positive taxable income within the next 3-5 years.

Unrecognized tax assets, for which there is no evidence of use in the short term, have not been accounted for and amount to Euro 99 million, corresponding to tax losses equal to Euro 42.9 million.



Statement of Financial Position - Notes to the Consolidated Financial Statements

9.2.2 changes in deferred tax assets (recognised in equity)

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	548	553
2. Increases	2,933	6
2.1 Deferred tax assets recognised in the year	-	6
2.2 Business combination	2,933	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	-	11
3.1 Deferred tax assets derecognised in the year	-	11
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	3,481	548

9.2.3 changes in deferred tax assets (recognised in profit and loss)

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	49,996	63,742
2. Increases	183,726	9,428
2.1 Deferred tax assets recognised in the year	54,388	7,421
2.2 Business combination	129,338	-
2.3 Other increases	-	2,007
2.4 Currency translation adjustment	-	-
3. Decreases	29,328	23,174
3.1 Deferred tax assets derecognised in the year	29,208	23,174
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	120	-
4. Closing balance	204,394	49,996

9.3 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Deferred tax liabilities		
- of which: recognised in equity	3,166	7,026
- of which: recognised in profit and loss	346,930	133,211
- of which: recognised in the profit and loss statement due to elimination of the equity investments	80,459	83,911
Total	430,555	224,148



Notes to the Consolidated Financial Statements - Statement of Financial Position

Deferred tax liabilities comprise the following:

- tax recognised in equity mainly arising from deferred tax relative to the Fair Value measurement of the Visa Shares in portfolio; the reduction is linked to the sale of the Preferred Class A Shares in portfolio.
- tax recognised in the income statement arising from temporary differences in goodwill and deferred taxes identified in the Purchase Price Allocation of the merchant book business acquired from Intesa Sanpaolo (including the former UBI branch). The contribution of the former SIA Group and the former Nets Group, amounting to Euro 36 million and Euro 187 million respectively, mainly refers to deferred taxes for customer contracts recognised.
- tax recognised in the Income Statement arising from the elimination of equity investments in Mercury Payment Services SpA and the allocation of part of the purchase price to intangible assets with a finite useful life.

9.3.1 Changes in deferred liabilities (recognised in equity)

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	7,026	4,725
2. Increases	737	2,301
2.1 Deferred tax liabilities recognised in the year	737	2,301
2.2 Business combination	-	-
2.3 Other increases	-	-
2.4 Currency translation adjustment	-	-
3. Decreases	4,597	-
3.1 Deferred tax liabilities derecognised in the year	4,597	-
3.2 Business combination	-	-
3.3 Other decreases	-	-
3.4 Currency translation adjustment	-	-
4. Closing balance	3,166	7,026

9.3.2 Changes in deferred tax liabilities (recognised in profit and loss)

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	217,122	125,350
2. Increases	275,112	101,638
2.1 Deferred tax liabilities recognised in the year	20,595	8,407
2.2 Business combination	251,670	-
2.3 Other increases	-	93,231
2.4 Currency translation adjustment	2,847	-
3. Decreases	64,845	9,866
3.1 Deferred tax liabilities derecognised in the year	39,967	9,866
3.2 Business combination	-	-
3.3 Other decreases	24,878	-
3.4 Currency translation adjustment	-	-
4. Closing balance	427,389	217,122

10. Non-current Assets Held for Sale and Discontinued Operations and Liabilities Associated with Non-current Assets Held for Sale and Discontinued Operations

	Dec. 31, 2021	Dec. 31, 2020
A. Assets held for sale		
A.1 Financial assets	1,458	1,474
A.2 Tangible assets	16	27
A.3 Intangible assets	229	102
A.4 Other assets	88	94
Total (A)	1,790	1,697
B. Liabilities associated with assets held for sale		
B.1 Other liabilities	312	509
B.2 Payables	329	-
Total (B)	641	509

These are assets and liabilities referring to Orbital Cultura Srl (formerly BassmArt Srl). Concerning said company, a decision to carry through with the sale has been reached.

There are no circumstances warranting the recognition of impairment on assets held for disposal in respect of the expected value of the sale.

11. Other Assets

	Dec. 31, 2021	Dec. 31, 2020
Tax receivables	68,331	57,489
Other assets for commissions to be collected	653,879	221,867
Deferred costs	174,712	84,085
Inventory	23,164	8,751
Other assets	355,064	109,478
Total	1,275,150	481,670

The item "Other assets for commissions to be collected" refers to receivables net of the relevant risk provisions. The increase is mainly related to receivables from the Nets merger (about Euro 177 million) and the SIA merger (about Euro 217 million).

Inventory mainly relates to ATMs, POSs and spare parts (of which approximately Euro 14 million relates to the Nets scope and Euro 3 million to the former SIA scope), net of the related amortisation fund.

The item "deferred costs" refers to prepayments of costs related to contracts with customers and similar for Euro 91 million (of which approximately Euro 18 million arising from the merger with Nets) as well as prepayments for costs paid but not yet accrued amounting to Euro 83 million (of which approximately Euro 66 million arising from the mergers with Nets and SIA).

The item "Other assets" includes accounts relative to e-money settlement.

LIABILITIES

12. Financial liabilities measured at amortised cost

12.1 FINANCIAL LIABILITIES DUE TO BANKS: BREAKDOWN BY PRODUCT

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	3,358,371	-	3,358,371	-	2,039,253	-	2,039,253	-
2. Other liabilities	281,815	-	281,815	-	177,306	-	177,306	-
3. Lease liabilities	9,123	-	9,123	-	9,860	-	9,860	-
Total	3,649,309	-	3,649,309	-	2,226,418	-	2,226,418	-

The item "Financing" refers to:

- the IPO facility for Euro 993 million, namely a syndicated loan granted by a Group of leading banks, with an original maturity of five years, lengthened to seven years in 2021. The carrying amount as at the reporting date includes direct residual transactions costs, not yet amortised, for Euro 9.3 million, of which approximately Euro 2 million related to the extension of the maturity negotiated in the first half of 2021, as detailed in Note 39;
- the Term Loan for Euro 463 million, namely a variable rate loan granted June 30, 2020 by a Group of leading banks, with maturity in June 2025. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 3.6 million.
- the BBPM Loan Contract, which is a bank loan contracted in 2021, which must be repaid in two instalments, for an amount equal to 30% of the total in December 2024 and for the remaining 70% in December 2025. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 1.6 million.
- Funding of the Nets Group related to the offer of financing in the form "Buy Now Pay Later" for Euro 135 million;
- Funding of the former SIA Group, amounting to Euro 873 million, fully reimbursed on January 3, 2022.

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 2,663 million in bank financing, Euro 18 million in other liabilities, principally lease debts, and Euro 9 million in debts for deferred price included in the Net Financial Position.

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

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying Amount	Fair Value			Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	434,699	-	434,699	-	300,838	-	300,838	-
2. Other liabilities	1,202,184	-	1,202,184	-	49,684	-	49,684	-
3. Lease liabilities	176,651	-	176,651	-	20,231	-	20,231	-
Total	1,813,534	-	1,813,534	-	370,753	-	370,753	-

The item "Financing" refers for Euro 261 million to payables to the factoring company for advances on ordinary credit cards sold with recourse and for Euro 173 million to settlement payables related to the "Buy Now Pay Later" solution.

The item "Other liabilities" increased mainly as a result of the merger with the Nets Group (the balance of which is approximately Euro 1.1 million), and is related to the settlement procedures for the acquiring carried out by the relevant operating companies. This item also includes balances relating to prepaid cards.

The item "Lease liabilities" 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.

Statement of Financial Position - Notes to the Consolidated Financial Statements

12.3 SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying Amount	Level 1	Fair Value Level 2	Level 3	Carrying Amount	Level 1	Fair Value Level 2	Level 3
1. Fixed rate securities	4,449,279	-	4,635,783	-	1,265,733	-	1,457,227	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	4,449,279	-	4,635,783	-	1,265,733	-	1,457,227	-

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

As further detailed in the Board of Directors' Report, the year 2021 saw the issue of a convertible bond of aggregate principal amount of Euro 1,000 million with zero coupon and maturing in April 2028. As required under IAS 32, the company has recognised the debt and derivative components separately (see Note 39). The liability component as at December 31, 2021 amounted to Euro 869 million, including direct transaction costs, not yet amortised, for Euro 10.7 million and recognised as debt.

As noted in section 39, during 2021 two fixed-rate bonds were issued for a total value as at December 31, 2021 of Euro 2,086 million, including direct transaction costs of Euro 20.6 million.

Moreover, the item included Euro 822 million relating to the bond loan issued in 2019 and Euro 453 million relating to the convertible bond loan issued in 2020, including direct transaction costs not yet amortised for Euro 5.2 million and Euro 4.8 million, respectively, at the reporting date.

Finally, as detailed in the Management Report, the item includes bonds issued by the Nets Group for Euro 218 million.

The total for said item is included in Net Financial Position.

13. Financial liabilities at Fair Value through profit or loss

13.1 FINANCIAL LIABILITIES AT FVTPL: BREAKDOWN

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying Amount	Level 1	Fair Value Level 2	Level 3	Carrying Amount	Level 1	Fair Value Level 2	Level 3
Financial liabilities held for trading	-	-	-	-	-	-	-	-
Financial liabilities measured at Fair Value	1,572	-	1,572	-	-	-	-	-
Other financial liabilities mandatorily measured at Fair Value	166,957	-	166,957	-	22,912	-	22,912	-
Total	168,529	-	168,529	-	22,912	-	22,912	-

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 increase is related both to the merger with Nets (Euro 18 million) and to the revaluation performed in 2021 with reference in particular to the contingent consideration related to the acquisition of the acquiring book from ISP as a result of the positive performance of the book itself.

This item is included in Net Financial Position.

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

14. Other liabilities

	Dec. 31, 2021	Dec. 31, 2020
Tax liabilities	55,307	8,906
Payables due to employees	169,674	29,547
Other liabilities for fees and commissions	651,287	243,972
Unsettled transactions	242,693	141,882
Other liabilities	98,002	46,950
Deferred loyalty fees and other revenues	66,181	55,268
Prepaid-card unsettled transactions	1,142	1,108
Cash advance to be settled	-	29,878
Total	1,284,285	557,511

The item "Other liabilities for fees and commissions" includes payables to suppliers and other counterparties for commercial services received. The increase is mainly related to the Nets and SIA mergers (approximately Euro 220 million and Euro 102 million, respectively).

The item "Deferred loyalty fees and other revenues" mainly includes liabilities associated with Loyalty programmes in place, worth Euro 37.2 million, aside from the liabilities deriving from customer contracts, worth Euro 29 million, mainly associated with revenues invoiced in advance and one-off revenues for projects concerning the goodwill of new clients or new products. The item increased mainly as a result of the Nets and SIA mergers (approximately Euro 11.7 million and Euro 2.9 million, respectively).

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.

The item "Cash advance to be settled" refers to "cash advance" transactions yet to be settled on international schemes.

15. Post-employment benefits

The item includes defined benefit plans in place at the Group's operating companies based on local legislation or supplementary agreements. As at December 31, 2021, amounts payable pursuant to IAS 19 requirements for post-employment benefits totalled Euro 39.8 million (Euro 14.8 million as at December 31, 2020). As shown in the table below, the increase is related to the mergers with Nets and SIA.

15.1 POST-EMPLOYMENT BENEFITS: CHANGES

	Dec. 31, 2021	Dec. 31, 2020
A. Opening balance	14,808	14,528
B. Increases	29,728	468
B.1 Accruals for the year	416	-
B.2 Other changes	29,312	468
- Business combinations	28,181	81
- Other increases	1,131	387
C. Decreases	4,689	188
C.1 Payments	581	145
C.2 Other changes	4,108	43
- Business combinations	-	-
- Other decreases	4,108	43
D. Closing balance	39,847	14,808



Statement of Financial Position - Notes to the Consolidated Financial Statements

15.2 MAIN DEMOGRAPHIC AND ACTUARIAL ASSUMPTIONS USED TO MEASURE POST-EMPLOYMENT BENEFITS: SENSITIVITY ANALYSIS

	Assumptions		Sensitivity (*)	
	Dec. 31, 2021	Dec. 31, 2020	(0.50%)	0.50%
- Discount rate	from 0.98% to 1.07%	0.34%	4.67%	-6.43%
- Inflation rate	from 1.75% to 2.08%	0.80%	n.d.	n.d.
- Turnover rate	from 0.00% to 4.39%	from 1.1% to 2.83%	0.41%	-0.39%

(*) Please fill in the section with the amount of absolute value of sensitivity analysis

16. Provisions for risks and charges

16.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
1. Internal pension funds	-	-
2. Other provisions for risks and charges	159,596	26,433
2.1 Legal and tax disputes	61,638	2,250
2.2 Employees expenses	3,257	2,008
2.3 Other provisions	94,701	22,175
Total	159,596	26,433

The item "Legal and tax disputes" of Euro 61.6 million (Euro 2.25 million as at December 31, 2020) refers mainly to the provisions made for litigation, including estimated legal fees, for which the risk is considered probable. The increase is attributable to the mergers with Nets and SIA (Euro 60 million in total).

The item "Other provisions" of Euro 94.7 million (Euro 22.2 million as at December 31, 2020) mainly refer to:

- Provision for contractual commitments made during the acquisition of the equity investment held in Bassilichi, for Euro 7.2 million, down compared with December 31, 2020 (Euro 10.5 million) due to use in the period;
- Provision to cover the cost of divesting the Bassilichi Group's non-core equity investments of Euro 2.5 million (Euro 2.1 million as at December 31, 2020); the increase is connected with allocations made during the year net of uses for the period;
- Provision to cover risks mainly related to pending transactions and other disputes related to ordinary operations amounting to approximately Euro 14.8 million (Euro 8.5 million as at December 31, 2020). The item increased mainly as a result of the merger with SIA (approximately Euro 6 million).
- Provision for fraudulent transactions, mainly in issuing, of Euro 1.3 million (Euro 1.2 million as at December 31, 2020);
- Provision to cover chargebacks and other risks related to the acquiring business of approximately Euro 26.8 million, of which Euro 21.9 million refers to the merger with Nets (of which Euro 15 million is accounted for as an adjustment of the opening balances acquired during the merger);
- Provisions to cover only possible risks recorded as an adjustment to the opening balances related to the merger with Nets (Euro 10 million);
- Provisions related to onerous contracts and contractual penalties of Euro 32 million arising from the mergers with Nets and SIA.

With reference to the ongoing arbitration against Cedacri, central to which is Cedacri's request of a Euro 74.1 million price adjustment, please note that the Group, also based on the opinion of its legal advisers, cannot rule out the risk of an adverse ruling.



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

16.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Provisions for other commitments and guarantees issued	Pension provisions	Other provisions for risks and charges	Total
A. Opening balance	-	-	26,433	26,433
B. Increases	-	-	47,384	47,384
C. Business combination	-	-	108,859	108,859
D. Decreases	-	-	(23,080)	(23,080)
E. Closing balance	-	-	159,596	159,596

17. Shareholders' Equity

	Dec. 31, 2021	Dec. 31, 2020
Share capital	118,452	57,071
Treasury shares	(4,493)	-
Share premium	11,587,260	1,082,204
Reserves	523,080	236,846
Valuation reserves	41,448	44,018
Profit (Loss) for the year	50,233	127,926
Equity attributable to non-controlling interests (+/-)	9,411	9,685
Total Shareholders' Equity	12,325,391	1,557,750

The "Equity attributable to non-controlling entities" item of Euro 9.4 million, mainly refers to minority stakes in Nexi Payments SpA (Euro 8.1 million) and Help Line SpA (Euro 1 million).

The increase in the items "Share capital" and "Share premium" is related to the Nets and SIA merger transactions, as detailed in section 38 on business combinations. Specifically, as at December 31, 2021 share capital comprised 1,310,191,586 ordinary shares, all fully paid up.

The treasury shares in portfolio purchased during 2021 amounted to 282,475.

The item "Reserves" increased mainly due to the effects of defined benefit plans (approximately Euro 46 million), the option implicit in the Bond Loan issued in 2021 (Euro 98 million), and retained earnings (Euro 128 million).

18. Income Statement

(Amounts in thousand euros)

Note that the income statement figures are not comparable with those for the 2020 financial year due to the extraordinary transactions executed in 2021.



19. Fees for services rendered and commission income

	2021	2020
Issuing & Acquiring fees:	2,285,758	1,254,653
- Fees and commissions from counterparties	1,543,787	1,043,616
- Fees and commissions from cardholders	741,971	211,037
- Other fees	-	-
Revenues from services	766,900	389,372
Total	3,052,658	1,644,025

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 recognised, in accordance with the provisions of IFRS 15 "At a point in time" mainly refer to revenues connected with transaction volumes, which, as at December 31, came to approximately Euro 2,339 million.

Note that, as required by IFRS 15.116, fees and commission income for services rendered include revenues recognised during the period, included in the opening balance of liabilities from customer contracts for Euro 15 million.

20. Fees for services received and commission expense

	2021	2020
Bank charges:	1,091,819	632,779
- Fees due to correspondents	782,305	423,191
- Fees due to banks	309,514	209,588
Other fees	188,361	5,017
Total	1,280,180	637,796

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 Consolidated Financial Statements - **Income Statement**

21. Interest and similar income

	2021	2020
Financial assets measured at amortised cost	20,277	15,305
- loans and receivables with banks	6,492	-
- loans and receivables with financial entities and customers	13,785	15,305
Other assets and other financial income	123	70
Total	20,399	15,375

Interest income with customers mainly refers to revolving credit card transactions.

22. Interest and Similar Expense

	2021	2020
Financial liabilities measured at amortised cost	187,669	86,961
- lease contracts	3,234	919
- due to banks and customers	102,576	58,538
- securities issued	81,859	27,504
Financial liabilities at Fair Value through profit or loss	-	-
- financial liabilities held for trading	-	-
- financial liabilities measured at Fair Value	574	-
- other financial liabilities mandatorily measured at Fair Value	-	-
Hedging derivatives	-	-
Other liabilities/provisions and other financial charges	11,622	969
Total	199,864	87,930

Interest expense mainly refers to:

- recourse credit facilities attached to the factoring agreement entered in 2018 by Nexi Payments SpA;
- securities issued which, as detailed in the Board of Directors' Report and Note 39, increased during 2021 as a result of new funding operations and the merger with Nets;
- outstanding financing which, as detailed in the Board of Directors' Report and section 12.1, increased during 2021 as a result of new funding operations.



23. Profit (loss) on trading activity / hedging/financial assets and liabilities designated at Fair Value through profit or loss

	2021	2020
Net result of financial assets measured at FVTPL	-	-
Net result of financial liabilities measured at FVTPL	(67,969)	(119)
Net hedging income on financial assets	-	-
Total	(67,969)	(119)

The item mainly includes the effect of the Fair Value measurement of the option separated from the Convertible Bond Loan, which, as detailed in Note 39, was measured at Fair Value from the issue date to October 15, 2021, the date on which the Nexi SpA Shareholders' Meeting approved the capital increase related to the potential conversion of the Bond Loan.

24. Dividends and Profit (Loss) from investments and sale of assets measured at FVTOCI

	2021	2020
Dividends	1,383	204
Profit/(Loss) from disposal of financial assets at FVTOCI	(8,380)	(6,778)
Net income	(6,997)	(6,574)

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".



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

25. Administrative Expenses

25.1. PERSONNEL-RELATED COSTS: BREAKDOWN

	2021	2020
1) Employees		
a) wages and salaries	261,602	109,239
b) social security charges	47,103	28,952
c) post-employment benefits	1,768	1,414
d) pension and similar costs	9,679	28
e) accrual for post-employment benefits	1,468	538
f) accrual for pensions and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to supplementary pension funds:	-	-
- defined contribution plans	9,115	7,864
- defined benefit plans	4,081	-
h) costs of share-based payment plans	47,506	26,362
i) other employee benefits	12,290	5,218
2) Other personnel	13,378	957
Total	407,991	180,572

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 37.

25.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2021	2020
1. Third-party services	221,011	154,353
2. Lease and building management fees	8,426	2,443
3. Insurance	(1,368)	2,438
4. Rentals	12,433	8,635
5. Maintenance	46,181	43,557
6. Shipping costs	27,642	16,667
7. Telephone and telegraph	15,144	12,654
8. Cards and accessories	4,151	5,266
9. Printed matter and stationery	6,655	5,005
10. Other taxes	13,188	6,964
11. Legal, notary and consultancy services	161,254	46,704
12. Agents' commissions and expense reimbursement	121	78
13. Advertising	7,265	2,888
14. Promotional materials and competition prizes	31,506	17,320
15. Other commercial costs	1,704	463
16. Other general expenses	110,085	24,580
Total	665,399	350,015

As required by IFRS 15.128, note that the costs for the execution of customer contracts recognised during the period and included in the opening balance of assets deriving from customer contracts, amounted to approximately Euro 24 million.



26. Other operating income/expenses, net

	2021	2020
Other operating income	26,463	2,925
Other operating expenses	(23,365)	(7,313)
Total	3,098	(4,388)

The item includes the effects of the waiver of the credit by BFF Bank SpA (formerly Depobank) related to the deferred tax assets arising from the partial spin-off of Depobank to Nexi in 2018.

27. Net value adjustments on assets measured at amortised cost

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.

	Impairment losses		Reversals of impairment losses		2021 Total	2020 Total
	Stages 1 & 2	Stage 3	Stages 1 & 2	Stage 3		
A. Loans and receivables with banks					-	-
B. Loans and receivables with customers	(1,031)	(4,497)	511	22	(4,995)	(6,880)
Total	(1,031)	(4,497)	511	22	(4,995)	(6,880)

28. Net Accruals to Provisions for Risks and Charges

The item totalling a Euro 26.9 million reflects changes to the provision for risks and charges.

	2021	2020
Net provisions for risks and charges	26,851	(33)
Net accrual to provisions for fraud	-	(124)
Total	26,851	(157)

29. Net value adjustments/write-backs on tangible and intangible assets

	2021	2020
Depreciation and net impairment loss on tangible assets	90,241	59,244
Amortisation and net impairment loss on intangible assets	267,978	116,071
Total	358,219	175,315



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

29.1. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS: BREAKDOWN

	Amortisation	Impairment losses	Reversals of impairment losses	Net income
A. Intangible assets				
A.1 Owned	267,638	340		267,978
- From acquisition	10,438	-		10,438
- Other	257,200	340		257,540
A.2 Rights of use acquired through leasing	-	-		-
Total	267,638	340	-	267,978

29.2 VALUE ADJUSTMENTS ON TANGIBLE ASSETS: BREAKDOWN

	Depreciation	Impairment losses	Reversals of impairment losses	Net income
A. Tangible assets				
A.1 Owned				
- Property and equipment	70,126	-	-	70,126
- Investment property	287	173	-	460
A.2 Held under lease				
- Property, equipment	19,656	-	-	19,656
- Investment property	-	-	-	-
Total	90,068	173	-	90,241

30. Profit (loss) from equity investments and disposals of investments

	2021	2020
Profit		
Profits on equity investments	1,585	-
Profits on sale of investments	240	7
Loss		
Loss on equity investments	-	-
Loss on sale of investments	(384)	(219)
Net Result	1,441	(212)



31. Income taxes

Income taxes amounted to Euro 74 million, compared to Euro 79.7 million in the previous year.

	2021	2020
Current taxes	(90,367)	(62,193)
Changes in current taxes in previous years	(723)	152
Change in deferred tax assets	30,696	(17,407)
Change in deferred tax liabilities	53,022	(261)
Total	(7,372)	(79,709)

31.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE RECOGNISED

IRES	Dec. 31, 2021
Theoretical tax rate	24.0%
Difference in subsidiaries' tax rates compared with Nexi's tax rate	15.0%
Permanent differences: not deductible cost	81.1%
Permanent differences: not taxable revenues (*)	-122.1%
Not recognised tax losses utilised or capitalised	-7.7%
Currency translation adjustment	2.1%
Other taxes (**)	19.6%
Effective rate	12.0%

(*) It includes the effects of "Ace" benefit for Italian subsidiaries.

(**) It includes the effects of "Ace" benefit for Italian subsidiaries.

32. Income (Loss) after tax from discontinued operations

The item refers to the positive and negative items of income from assets held for disposal (see Note 10).

33. Profit (Loss) for the year attributable to non-controlling interests

These are minorities mainly referring to Nexi Payments SpA for Euro 1.2 million and Help Line SpA for Euro 0.1 million.

34. 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.

In the Companies of the Nexi Group, the Audit Function is placed under the direct authority of the Board of Directors and does not directly take part in the provision of the services they are required to audit.

The second- and third-level Control Functions have the authority, resources and skills necessary for the performance of their tasks. These Functions may intervene in corporate activities, including those that have been outsourced, have access to all the documentation necessary for the performance of their duties and, if necessary, promote the involvement of other Organisational Units concerned by any issues that may arise.

The subsidiaries of Nexi SpA ensure the establishment and maintenance of an adequate and effective RMICS, implementing the Guidelines defined by the Parent Company in compliance with the regulations applicable to each Subsidiary and Supervised Company.

Nexi Group Risks

Liquidity and interest rate risks

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

Sustainability of Nexi Group's debt level is correlated, first and foremost, to its operating results and thus to its capacity to generate sufficient liquid funds and to refinance debt at maturity.

The risk profiles correlated with the provided guarantees are associated with any defaults on the underlying loan contracts and, consequently, the possibility that lenders may, through the contract remedies available, enforce any guarantees to protect their credit rights, thus negatively impacting Nexi Group's economic, equity and financial position. The risk is limited by clauses in the contracts that come under the "standard" conditions used in similar transactions.

The Group is exposed to the risk that significant changes may take place with respect to interest rates and that the policies adopted to neutralise such changes may prove inadequate. The fluctuation of interest rates depends on various factors, which are outside the Group's control, such as monetary policies, macroeconomic performance and economic and political conditions in Italy.

Changes in interest rates impact the market value of the company's financial assets and liabilities and the level of interest expenses, as some of the loans subscribed are variable rate.

At December 31, 2021 the Nexi Group had a gross financial debt of Euro 7,474 million. At the same date, approximately 26% of the Nexi Group's medium-long term Financial Liabilities expressed at nominal value (excluding the financial debt deriving from the SIA Merger and other financial liabilities) were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index.

Nexi periodically monitors the forward curves of the variable rates of reference, paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is exposed to. In light of this monitoring – also taking into account the maturity of the related payables and the presence of a floor of zero for the Euribor rate applied to the IPO Loan, Term Loan and BBPM Loan – the Nexi Group decided against hedging the interest rate risk.

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 has set up procedures aimed at identifying, monitoring and managing liquidity and interest rate risks, which include the regular monitoring of the interest rates market curve to which the debt is indexed, the performance of its listed securities and the country risk, as well as other macroeconomic market indicators.

Notes to the Consolidated Financial Statements - Information on risks and related hedging policies

BREAKDOWN OF ASSETS IN TERMS OF RESIDUAL LIFE

(Amounts in thousand euros)

	Current	Non-current	Total
Cash and cash equivalents	1,546,116		1,546,116
Financial receivables	3,394,954	3,276	3,398,230
Financial assets at Fair Value		74,508	74,508
Net trade receivables	654,062		654,062
Inventory	23,164		23,164
Other assets	623,004	18,047,663	18,670,667
Assets held for sale	1,790		1,790
Total	6,243,090	18,125,447	24,368,537

BREAKDOWN OF LIABILITIES IN TERMS OF RESIDUAL LIFE

(Amounts in thousand euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Payables to:				
- Banks	3,649,309			3,649,309
- Financial entities and customers	1,813,534			1,813,534
- Securities issued		1,040,474	3,408,805	4,449,279
Other financial liabilities	17,972	150,557		168,529
Trade payables	651,206			651,206
Other liabilities	681,291	159,596	470,402	1,311,289
Total	6,813,312	1,350,627	3,879,207	12,043,146

Covid-19 pandemic impacts on liquidity and interest rate risks

At the date of these Notes to the Financial Statements there are no indications as to significant critical issues related to the Group's funding liquidity risk, insofar as available liquidity is deemed consistent with the Group's medium-term financing and investment needs. For this assessment due consideration was given both to the direct consequences of the economic crisis caused by the Covid-19 pandemic and to the debt refinancing operations of the Group headed by Nets and SIA, following the mergers with these companies.

Regarding interest rate risks, there are no critical points, including in view of the current context, which shows generally negative short-/medium-term interest rates.

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).

Information on risks and related hedging policies - Notes to the Consolidated Financial Statements

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.

Note that as a result of an operational error that occurred during the management and maintenance of software used to manage prepaid cards, the Nexi Group suffered a loss of approximately Euro 4.3 million, net of the insurance reimbursement.

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.

Covid-19 pandemic impacts on operational risk

The ongoing measures taken to counter and manage the pandemic on a national level, although gradually loosening due to the progressive decrease in the level of health risk, called for the continuation of the measures envisaged by the Business Continuity plan for addressing the risk of business interruption. Said measures made it possible for almost all staff to safely carry on working remotely and set up prevention initiatives aimed at preserving the health of employees and at efficiently communicating and planning the handling of the transition period that will lead to a new situation of normality.

The awareness of an exposure to the Business Interruption risk also gave further momentum to the initiatives previously started in terms of vendor risk management, in particular the development of identification and assessment procedures for the critical areas of the supply chain and a more thorough, permanent monitoring of outsourced functions, especially of key or relevant functions.

Cyber risk is a crucial risk and a growing threat, globally speaking. The widespread use of remote work and the strong drive fostering the digitalisation of activities and services, sparked by the pandemic, further boosted, in all spheres, the IT security risks companies and users are exposed to.

In this context, Nexi Group's major risks are the possible direct attacks on infrastructure and corporate IT systems, or on technological providers; other risks stem from the weak points of remote working (e.g. the use of non-duly protected remote connections).

Hence, the Group – aside from pursuing the IT security initiatives provided for by the strategic plan and periodically checking its efficacy – has taken specific countermeasures in terms of governance and IT security, also organising staff training and awareness-raising sessions on the emerging risks and conduct to be followed.

Notes to the Consolidated Financial Statements - Information on risks and related hedging policies

Credit risk

For the Nexi Group, credit risk originates in the acquiring activity, in the issuing activity and in the Buy Now Pay Later activity ("BNPL"). The credit risk in the acquiring business derives from the following cases:

- Chargeback risk: in the event of payment in advance of delivery of the purchased product/service, customers may receive a refund via chargeback if it is not delivered. The acquirer is exposed to a credit risk vis-à-vis the merchant if it is insolvent.
- Return risk: if the customer decides to exercise the right of withdrawal and get a refund for purchases of products/services. Following the repayment, the acquirer is exposed to a credit risk vis-à-vis the merchant if it is insolvent.

Furthermore, the Group is exposed to credit risk with respect to the fees of International Payment Card Schemes and its own fees payable by merchants in the acquiring business if net settlement with the merchant is not adopted.

For both Retail and Corporate issuing, Nexi is exposed to credit risk if a cardholder is unable to pay their debt.

For the "Buy Now Pay Later" business, on the other hand, credit risk arises in two different circumstances: (i) risk on "returns" relating to the acquiring business, as described above, and (ii) credit risk where cardholders are given the opportunity to purchase a product or service and pay for it later/in instalments.

Credit risk mitigation and monitoring

The Group is committed to assessing and implementing all mitigation measures deemed necessary and/or most effective depending on the specific circumstances, based on risk-return analyses.

The main mitigation measures that the Group can adopt include the following:

- Request for bank, insurance or cash collateral guarantees from the customer
- Inclusion of clauses in the contractual terms and conditions requiring bank or insurance guarantees if the customer exceeds certain risk thresholds

Moreover, with specific reference to acquiring, we note the following:

- Use of net settlement to credit the merchant with the amounts due, net of commissions, chargebacks, any refunds
- Deferral of payments due, depending on business model and characteristics of the merchants.

In selected cases, following a risk-based analysis, the Group may also decide to reduce or terminate the relationship with the customer.

Within each Legal Entity, the first-level functions are responsible for the continuous monitoring of credit risk, initiating the appropriate mitigation and/or escalation measures in the event of signs of anomalies. Moreover, the local 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.

BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNTS)

(Amounts in thousand euros)

	Non-performing exposures	Unlikely to pay	Other unimpaired exposures	Total
1. Financial assets measured at amortised cost	-	24,269	3,373,961	3,398,230
2. Financial assets measured at FVTOCI	-	-	71,186	71,186
3. Financial assets measured at Fair Value through profit and loss	-	-	3,322	3,322
4. Financial assets held for sale	-	-	1,790	1,790
Total at December 31, 2021	-	24,269	3,450,259	3,474,528
Total at December 31, 2020	-	5,813	1,688,166	1,693,979



Information on risks and related hedging policies - Notes to the Consolidated Financial Statements

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
1. Financial assets measured at amortised cost	-	-	-	-	-
Gross exposure	3,377,283	-	71,270	-	3,448,553
Bad debt provision	(3,322)	-	(47,001)	-	(50,323)
Net exposure	3,373,961	-	24,269	-	3,398,230
2. Financial assets valued at Fair Value	-	-	-	-	-
Gross exposure	74,508	-	-	-	74,508
Bad debt provision	-	-	-	-	-
Net exposure	74,508	-	-	-	74,508
3. Non-current financial assets held for sale	-	-	-	-	-
Gross exposure	1,790	-	-	-	1,790
Bad debt provision	-	-	-	-	-
Net exposure	1,790	-	-	-	1,790
Total at December 31, 2021	3,450,259	-	24,269	-	3,474,528
Total at December 31, 2020	1,688,166	-	5,813	-	1,693,979

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	12,824	-
- of which: transferred exposures not derecognised	-	-
B. Increases	63,042	-
B.1 income from unimpaired exposures	260	-
B.2 income 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	62,782	-
C. Decreases	4,596	-
C.1 outflows to unimpaired exposures	-	-
C.2 write-offs	-	-
C.3 collections	104	-
C.4 profits from sales	-	-
C.5 losses from sales	4,485	-
C.6 transfers to other impaired exposure categories	-	-
C.7 contractual changes without derecognition	-	-
C.8 other decreases	7	-
D. Final gross exposure	71,270	-
- of which: transferred exposures not derecognised	-	-

Notes to the Consolidated Financial Statements - Information on risks and related hedging policies

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	9,569	
- of which: transferred exposures not derecognised	-	
B. Increases	41,924	
B.1 value adjustments from purchased or originated credit-impaired financial assets	-	
B.2 other value adjustments	-	
B.3 losses from sales	-	
B.4 transfers from other impaired exposure categories	-	
B.5 contractual changes without derecognition	-	
B.6 other increases	41,924	
C. Decreases	4,492	
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	4,492	
D. Final gross adjustments	47,001	
- of which: transferred exposures not derecognised	-	

Covid-19 pandemic impacts on credit risk

The current socio-economic and health scenario in Italy is characterised by a confluence of conflicting phenomena, making it difficult to develop reliable forecasts on the medium-term evolution of a situation that is still very uncertain.

On the one hand, the incisive stimulation of government measures (substantial measures to support people's incomes and the liquidity of businesses, the adoption of expansionary and accommodating fiscal policies) and the progress of the vaccination campaign support a gradual recovery of consumption and investment. The national economy will be able to benefit from the substantial public resources allocated to financing the investments and the reform programme envisaged in the National Recovery and Resilience Plan (NRRP). Moreover, production will benefit from an overall growth in commerce.

On the other hand, the overall strengthening of industrial production is accompanied by persistent weaknesses in some segments and in the service sector. Bankruptcies could increase at the end of the debt moratoria, since the ability of the debtors to bear their burdens will depend on the general conditions of the economy and the recovery of individual and corporate income. Any increase in bad debts could impose restructuring, further delay the time of procedures and increase losses by default, negatively affecting bank financial statements and access to credit. Employment growth is expected to remain modest, especially for the lower skilled. Last but not least, it is unknown how the pandemic will evolve in the future, depending on the spread and infectivity of virus variants.

While the quantification of the expected credit losses is therefore greatly affected by uncertainty, 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. The set of internal risk indicators was also expanded in order to identify any unlikely-to-pay exposures, trying to differentiate between temporary financial difficulties, eligible for relief, and structural impairment of credit.

At the date of publication of these Notes to the Financial Statements, despite facing situations that are still potentially critical, the impact of the pandemic is limited, owing to the proper and prompt handling of credit risk, to the monitoring activities and to the mitigation measures taken.



Information on risks and related hedging policies - Notes to the Consolidated Financial Statements

More specifically, with regard to 2021:

- The trend in chargebacks was down from the previous year. This phenomenon, stemming from the card issuer's possibility to charge the acquirer the amount of non-rendered services or goods not delivered to the cardholder, or the amount of transactions in any case disputed by the cardholder, was very high in 2020 for the Travel industry because of the restrictions called for by the health emergency, although it did not result in a significant increase in the losses incurred by the Nexi Group.
- The value of outstanding amounts from merchants, gross of recoveries, was down compared to the value of 2020. Therefore, no relevant risks are foreseen in the short term.
- The value of outstanding payments by cardholders, gross of recoveries, is in line with the previous year.

Market risk (price and exchange rate risk)

The Nexi Group is exposed to the risk of unfavourable movements in the price of its Visa Inc. Class C shares, as well as negative effects on the value of said shares due to movements in the EUR/USD exchange rate. Such shares (convertible into Visa ordinary Class A shares at a conversion factor that varies based on the costs deriving from potential liabilities of the former Visa Europe, acquired by Visa Inc.), are illiquid financial instruments and, as such, are characterised by possible obstacles (in law or de facto) or restrictions on divestment within a reasonable time and at fair market conditions. The Class A Preferred Visa shares, which were held in Nexi Payments' portfolio, were sold in full during the first half of 2021.

As at the reference date of these Notes to the Financial Statements, based on the measurement at Fair Value of the stock in the context of the reference markets, hedging against market risks via a derivative instrument was deemed unnecessary.

Market risks have not been significantly impacted by the Covid-19 pandemic.

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 HRK (Croatian dinar), and to a lesser extent to its operations in USD (US dollar), CHF (Swiss franc), GBP (British pound) and ISK (Icelandic krona). The risk exposure in Danish kroner is considered to be low, as it is a currency that has seen relatively low volatility against the euro in the past.

The following table shows the theoretical impact on the Group's revenues and EBITDA in the event of changes in the exchange rates of the currencies indicated below.

(Amounts in million euros)

Currency	2021		
	Any change in the exchange rate	Net revenue	Ebitda
NOK	10.0%	9.13	4.61
SEK	10.0%	3.20	1.61
DKK	1.0%	1.78	0.98
PLN	10.0%	6.09	4.15
HRK	10.0%	0.98	(0.30)
EUR	1.0%	-	-

The following table shows the differences recorded during the year between the average exchange rate (used to convert the income statement) and the exchange rate of the end of the year (used to convert the balance sheet figures).

(Euro per 100)

Exchange rate	2021					
	NOK	SEK	DKK	PLN	HRK	EUR
Main currencies						
Average exchange rate	9.86	9.85	13.45	21.78	13.32	1.00
End of year exchange rate	10.04	9.77	13.45	21.75	13.30	1.00
Change for the year	6.4%	(1.4%)	0.1%	(1.2%)	0.8%	0.0%

Notes to the Consolidated Financial Statements - Statement of comprehensive income - Related Parties

Climate Change

According with the recommendations given by the Task Force for Climate-related Financial Disclosures (TCFD) and to the Non-Binding Guidelines on Climate Information Reporting of the European Commission, the Nexi Group has conducted an analysis to identify and evaluate the risks and the opportunities related to the climate changes in Nexi, even though there has not been identified any risk related to environmental changes.

The identified risks did not exceed the materiality threshold that would have determined the inclusion of the risks in the ERM assessment activities.

However, the risks related to climate changes are important for the Group, considering the high potential strategic and reputational impacts that such risks could have on the company and the speed of which such changes are occurring.

Climate-related risks are integrated into the risk management process at company level and assessed regularly, through analyses that covers short, medium and long terms.

35. Statement of comprehensive income

(Amounts in thousand euros)

	2021	2020
Profit (Loss) for the year	51,725	129,308
Items not to be reclassified to profit or loss		
Equity instruments measured at FVTOCI:		
a) change in Fair Value	(9,358)	33,124
b) transfers to other equity components		
Defined benefit plans	(123)	(216)
Income taxes related to other income components not to be reclassified to equity	684	(2,243)
Items to be reclassified to profit or loss		
Exchange rate changes		
a) change in Fair Value	6,071	-
b) reclassification to profit or loss		
c) other changes		
Income taxes related to other income components with reclassification to profit or loss	-	-
Other comprehensive income (net of tax)	(2,726)	30,665
Total comprehensive income	48,999	159,973
Consolidated comprehensive income attributable to non-controlling interests	1,336	1,638
Consolidated comprehensive income attributable to the parent company	47,663	158,335

36 Related Parties

The purpose of IAS 24 (Related Party Disclosures) is to make sure that the financial statements of an entity provide the additional information necessary to highlight the possibility that its equity-financial position and economic results stand to have been altered by the existence of related parties and transactions and balances applicable to said parties.

In accordance with these indications, applied to the organisational structure and governance 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 the Economy and Finance);



Related Parties - Notes to the Consolidated Financial Statements

- 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 the favour of employees of Nexi SpA or its related entities.

36.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

Below are the fees paid, in the reference period, to the directors and managers and key management personnel.

(Amounts in thousand euros)

	Directors	Board of Statutory Auditors	Executives holding strategic responsibility
Corporate bodies remunerations	1,523	769	-
Short-term benefits	-	-	2,612
Benefits subsequent to the termination of employment	-	-	158
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,523	769	2,769

36.2 INFORMATION ON RELATED-PARTY TRANSACTIONS

The effects of transactions with related parties, over and above the fees described above, are summarised in the table below:

(Amounts in thousand euros)

	Controlling company	Other related parties	Directors, Executives and other Supervisory Bodies
Tangible assets		23	
Intangible assets		1,846	
Other assets		11	
Other liabilities		3,257	-
Fees for services rendered and commission income		133	
Other administrative expenses		8,289	-
Other income/expenses		-	6

The table above does not include balances relating to relationships with Cassa Depositi e Prestiti, the MEF (Italian Ministry of the Economy and Finance) and their subsidiaries as such entities have become Nexi's related parties as of December 31, 2021. Therefore, at the reporting date, there were no transactions stipulated with such entities.

Note that these contracts are regulated by terms and conditions in line with market terms and conditions.

The main contracts, all of which falling within ordinary operations, mostly refer to services received from related parties (especially consulting, software development and card production services) that are regulated by conditions in line with market conditions.

37. Share-Based Payments

37.1 STOCK GRANT

Mercury UK HoldCo Ltd ("Mercury UK") in 2019 adopted two incentive plans (the "Plans"), based on the shares of Nexi SpA ("Nexi"). The Plans are reserved to certain selected employees (the "Beneficiaries") of Nexi Payments SpA, Help Line SpA and Mercury Payment Services SpA (together with Nexi, the "Group").

The Plans give Beneficiaries the right to receive free of charge a certain number of Nexi shares (the "Benefit in Shares"), for which Beneficiaries are not required to pay any strike price. The Benefit in Shares consists of ordinary shares in Nexi for which no restrictions are envisaged with respect to either voting rights or dividend distributions.

The Benefit in Shares is subject to a period of deferral.

More specifically, for some Beneficiaries, the shares are assigned as follows:

- 50% of the Benefit in Shares is assigned at the date of Nexi's stock exchange listing, which occurred on April 16, 2019;
- 25% of the Benefit in Shares is assigned after the first anniversary of Nexi's stock exchange listing;
- 25% of the Benefit in Shares is assigned after the second anniversary of Nexi's stock exchange listing.

With the second anniversary of Nexi's listing, which occurred on April 16, 2021, the rights have been definitively assigned.

For other Beneficiaries, however, the Plan envisaged delivery of 100% of the Benefit in Shares with a deferral period of at least 100 days from the date of Nexi's stock exchange listing.

In all cases of termination of the contract of employment before the first date of share assignment in accordance with the Plans, the Beneficiary forfeits the right to receive the entire Benefit in Shares. In the event of termination of the contract of employment after the first date of share assignment for certain selected causes not the fault of the Beneficiary, if the Benefit in Shares is deferred in multiple tranches, the Beneficiary maintains the right to the assignment of part of the deferred Benefit in Shares (on a pro-rata temporis basis throughout the deferral period). By contrast, in all other cases of suspension of the contract of employment (other than those specified above), after the first assignment date, the Beneficiary forfeits the right to the assignment of the deferred Benefit in Shares.

In addition, during 2020 and 2021, Mercury UK adopted some new incentive plans based on the shares of Nexi SpA ("Nexi") and with a vesting period until April 16, 2022 and July 1, 2024. These plans are made available only to certain selected employees (the "Beneficiaries") of the Group companies, the main characteristics of which (e.g. in the event of termination of the relationship) are similar to those of the existing plans except for the presence of additional shares that can be assigned to employees according to the performance of the market price of Nexi shares.

The shares allocated to the Plans are reported below:

Description	Number of shares
Total shares allocated to the Plans	10,546,916
Shares assigned definitively in accordance with the Plans	(6,951,561)
Shares forfeited from the Plans in 2019 and 2020	(161,833)
Bonuses as at December 31, 2021	3,433,522

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 from them on the basis of the Fair Value of the representative instruments as at the assignment date;
- book the Fair Value of the services received, throughout the accrual period, making a counter-entry as an increase in Shareholders' Equity on the basis of the best estimate available of the number of equity instruments expected to accrue;
- review this estimate, if the subsequent information indicates that the number of equity instruments to be accrued differs from previous estimates.



Share-Based payments - Notes to the Consolidated Financial Statements

The Fair Value has been determined, for the Plans of 2019, taking into account the price of the IPO, which has also determined the time of delivery to most Beneficiaries of 50% of the granted shares and that, considering the short space of time that has passed between the assignment of the shares and the IPO, is considered a consistent indicator in terms of representing the share value at the grant date. For the 2020 and 2021 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.

Based on the above, the overall cost of the Plans for 2021 is Euro 29.2 million.

37.2. LONG-TERM INCENTIVE

In 2019, the medium/long-term incentive Plan was implemented, as approved by the Shareholders' Meeting on March 12, 2019, in implementation of the remuneration policy adopted by the Company by Board of Directors' resolution passed on February 13, 2019. This plan, 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. The Plan is structured into three cycles, each with a three-year duration (2019-2021/2020-2022/2021-2023) and envisages 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. As at the date of these financial statements, all three cycles of the Plan have been assigned in regard to which a vesting period is envisaged ending respectively on December 31, 2021, December 31, 2022 and December 31, 2023.

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

- First tranche: for most of the employees, in July 2019, and for employees hired later, on September 30, 2019;
- Second tranche: for most of the employees, in July 2020, and for employees hired later, on September 30, 2020;
- Third tranche, for most of the employees in July 2021, and for employees hired later, in October 2021.

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; and
- restricted Share Rights, i.e. the rights to receive ordinary shares in the Company, which accrue (and the same applies to the attribution of the related shares to the employee) regardless of whether or not the predetermined business performance objectives are achieved. These rights will accrue after the vesting period, subject to the beneficiary remaining in the Company.

A condition for the accrual of the rights and, therefore, the attribution of the shares for both the types described above is that the employee remains in service until the delivery date of the share attribution letter.

More specifically, with reference to Performance Share Rights:

- accrual is first and foremost subject to achieving - at the end of the Vesting Period of each Cycle - at least 80% of the Operating Cash Flow Target (the "Entry Gate");
- once the Entry Gate is satisfied, accrual of Performance Share Rights is also subject to achieving specific objectives at the end of the related Vesting Period, comprising two components:
- a market-based component, linked to the achievement of objectives related to the performance of the market price of Nexi shares with respect to a benchmark, during the measurement period (weighing for 50%). The benchmark is determined as the mathematical average of three market indicators identified in the Plan regulation;
- a non-market-based component, linked to the achievement of the Company's performance objectives in terms of Operating Cash Flow (weighing for 50%).



Notes to the Consolidated Financial Statements - Share-Based payments

Changes in the number of rights assigned for the three cycles are reported below:

Description	No. of Performance Share Rights	No. of Restricted Share Rights	Total
Outstanding rights to receive shares at the grant date	2,454,094	1,267,106	3,721,200
Accrued rights	(32,234)	(5,454)	(37,688)
Forfeited rights in 2019 and 2020	(72,080)	(46,790)	(118,870)
Outstanding rights at December 31, 2021	2,349,780	1,214,862	3,564,642

The rights assigned were measured reflecting the financial market conditions valid as at the grant date. Determination of the total plan value, as established by IFRS 2, is impacted by the number of rights that will accrue in accordance with the rules set out by the performance and Fair Value conditions of each right. Measurement was carried out considering the two components of the Performance Shares and Restricted Shares included in the plan, separately. Moreover, within the Performance Share component, consideration was given to the presence of the aforesaid specific objectives.

More specifically, the market-based component was estimated using the Monte Carlo Method, a stochastic simulation technique which, based on a set of starting conditions, produced a wide array of outcomes within a specified time horizon. More specifically, for each outcome scenario, share price projections are computed as of the initial value according to geometric Brownian motion. In this case it is:

$$\Delta S = \mu \cdot S \cdot \Delta t + \sigma \cdot S \cdot \varepsilon \cdot \Delta t$$

and that is the change in the price of the share S over a period of time depends on the expected average change (μ) and its variability (σ) as well as on a random parameter (ε) with standardised normal distribution.

The simulations were carried out assuming a rate of return on Nexi share returns of 1% p.a. and a share price volatility of 25% for the first tranche, 47% for the second tranche and 40% for the third tranche (reasonable estimates based on historical volatility as at the measurement date).

At the grant date the simulation delivered a unit value of Euro 11.9, Euro 11.6 for the first tranche, Euro 25.87 and Euro 25.71 for the second tranche and Euro 20.17 and Euro 17.63 for the third tranche (respectively, with reference to the shares issued in July and September).

As for the likelihood of beneficiaries leaving, the annual exit probability was assumed to be zero. In accordance with IFRS 2, the non-market-based component is a condition that rather than be measured at the time of assignment is to be updated periodically at each reporting date, so as to take into account the expectations in relation to the number of rights that may accrue. For these components the unit Fair Value is Euro 9.57 and Euro 9.36 for the first tranche, Euro 15.59 and Euro 17.12 for the second and Euro 18.22 and Euro 17.03 for the third tranche (respectively, with reference to the shares issued in July and September).

The total cost pertaining to 2021 is approximately Euro 17.6 million.



38. Business Combination Operations

38.1. TRANSACTIONS CARRIED OUT DURING THE PERIOD

Nexi-Nets merger

The deed of merger relating to the cross-border merger by incorporation of Nets Topco 2 S.à.r.l., the Luxembourg holding company of the Nets Group, was signed on June 16, 2021, with effect, from a legal, tax and accounting point of view, from July 1, 2021 (the "Effective Date of the Merger"). In accordance with IFRS 3, this date was identified as the moment of acquisition of control and therefore the moment from which the accounting values of the company being acquired are transferred to the acquiring company.

Pursuant to the agreements signed with the counterparty, the shareholders of Nets Topco 2 received a total of 412,359,751 Nexi SpA ordinary shares, for a share capital increase of Euro 37 million. The total amount of Nexi ordinary shares includes 5,731,575 shares issued on July 12, 2021 as a result of the "Centurion Earn out" determined on the basis of the proceeds that Nets collected from the disposals that took place as part of the Centurion Project.

Since the merger described above can be defined as a business combination, it has been accounted for in accordance with the provisions of international accounting standard IFRS 3: Business Combinations. The latter defines a business combination as "a transaction or other event in which an acquirer obtains control of one or more businesses" and states that any assets acquired (including any intangible assets not featured in the acquiree's statements at the date of acquisition) and any liabilities assumed or contingent are subject to Fair Value consolidation as at the acquisition date, and that the same applies for measurement at goodwill of the difference between the Fair Value of the net assets acquired and the considerations transferred during the transaction.

In accordance with IFRS 3, Nexi SpA was identified as the buyer of the Business Combination, taking into account the powers attributed in the appointments of the board of directors and the composition of the management.

The determination of the consideration for the net assets acquired was made, in accordance with the provisions of IFRS 3, based on the Fair Value at the date on which control was acquired (in this case July 1, 2021) of the business, of the assets transferred, the liabilities assumed and the equity instruments issued, and for the combination between Nexi and Nets the cost of the acquisition is represented by the Fair Value at the date of the exchange of the shares that Nexi issued to service the merger, which coincides with the date on which the transaction became legally effective.

More specifically, considering certain lock-up agreements applicable to the shares issued as a result of the agreements entered into in the context of the merger, the Fair Value of the Nexi security was determined by recalling specific valuation models typically used in such circumstances applied to the stock exchange listing of the day before the legal effects of the merger occurred.

The cost was thus calculated to be Euro 7,051 million.

The Purchase Price Allocation process, as also permitted by international accounting standard IFRS 3, will be completed within 12 months of the closing date (July 1, 2021).

Pending completion of the Purchase Price Allocation process, the Nexi Group has recognised as Provisional Goodwill the difference between the transaction's Transfer Consideration (determined in accordance with the above at Euro 7,051 million) and the value of the Nets Group's book shareholders' equity at July 1, 2021, adjusted to reflect certain effects already estimated as part of the preliminary Purchase Price Allocation process. Specifically, the shareholders' equity of the Nets Group was adjusted by Euro 26.2 million mainly to reflect the recognition of additional provisions for risks and charges based on information that became available after July 1, 2021 pertaining to risks already existing and prior to the Effective Date of the Merger.

The ancillary charges associated with the transaction described were recognised in the income statement at the date the services were received. Specifically, the costs incurred in 2021 amounted to Euro 26.9 million, in addition to the additional costs of Euro 11.2 million recognised in the financial statements as at December 31, 2020 for services already received in the previous year.

As previously described, in compliance with the provisions of IFRS 3, the Merger was accounted for on the date of acquisition (July 1, 2021) with the consequence that the contribution of the results of the Nets Group to the Nexi Group's consolidated income statement showed its effects only in the second half of 2021.

Notes to the Consolidated Financial Statements - Business Combination

The provisional goodwill arising from the business combination amounts to approximately Euro 8,237 million and is composed as follows:

(Amounts in thousand euros)

	Provisional Fair Value
Cash consideration paid	7,051,352
Contingent/deferred consideration	-
Minority interests	-
Cash and cash equivalents	1,116
Financial assets	1,709,718
Equity investments	41,031
Tangible assets	171,868
Intangible assets	1,176,619
Tax assets	49,708
Other assets	242,535
Financial liabilities	(3,683,709)
Tax liabilities	(392,044)
Other liabilities	(484,369)
Equity attributable to non-controlling interests	(17,930)
Net assets	(1,185,456)
Goodwill	8,236,808
Cash consideration paid	7,051,352
Cash acquired	1,116
Net cash consideration	7,050,235

Nexi-SIA merger

The deed of merger between Nexi SpA and SIA SpA was signed on December 16, 2021, with the legal, accounting and fiscal effects taking effect from December 31, 2021 at 11.59 pm, and in accordance with IFRS 3 this date was identified as the moment of acquisition of control and therefore the moment from when the accounting values of the company being acquired were transferred to the acquiring company.

To service the Merger a total of 270,054,060 Nexi shares were issued to the shareholders of SIA, corresponding to a capital of Euro 24 million.

The merger described above was accounted for in accordance with the provisions of international accounting standard IFRS 3: Business Combinations. More specifically, the transaction in question falls within the scope of a "merger of equals", however IFRS 3 requires that an acquirer be identified for any combination transaction, and Nexi has been identified as the acquirer of the Business Combination, taking into account in particular the following elements:

- Nexi is the entity that issued the shares serving the transaction and was not extinguished following the merger;
- Nexi is the aggregating entity whose relative size is larger than that of the other entity involved.

The determination of the consideration for the net assets acquired was made based on the Fair Value at the date on which control was acquired (in this case December 31, 2021) of the business, of the assets transferred, the liabilities assumed and the equity instruments issued, and for the combination between Nexi and SIA the cost of the acquisition is represented by the Fair Value at the date of the exchange of the shares that Nexi issued to service the merger, which coincides with the date on which the transaction became legally effective.

More specifically, considering certain lock-up agreements applicable to certain shares issued as a result of the agreements entered into in the context of the merger, the Fair Value of the Nexi security was determined by making use of specific valuation models typically used in such circumstances applied to the stock exchange listing of the day before the legal effects of the merger occurred. The cost was thus calculated to be Euro 3,515 million.

Business Combination - Notes to the Consolidated Financial Statements

Pending completion of the Purchase Price Allocation process, the Nexi Group has recognised as Provisional Goodwill the difference between the transaction's Transfer Consideration (determined in accordance with the above at Euro 3,515 million) and the value of the SIA Group's book shareholders' equity at December 31, 2021.

The ancillary charges associated with the transaction described were recognised in the income statement at the date the services were rendered. Specifically, the costs incurred in 2021 amounted to Euro 33.3 million, in addition to the additional costs of Euro 4.4 million recognised in the financial statements as at December 31, 2020 for services already received in the previous year.

Considering the Effective Date of the Merger (December 31, 2021 at 11.59 pm), only the equity accounting values of the company being acquired were transferred to the acquiring company.

The provisional goodwill arising from said business combination totals about Euro 3,596 million broken down as follows:

(Amounts in thousand euros)

	Provisional Fair Value
Cash consideration paid	3,515,085
Contingent/deferred consideration	-
Minority interests	-
Cash and cash equivalents	145,014
Financial assets	107,690
Equity investments	754
Tangible assets	166,717
Intangible assets	430,559
Tax assets	101,247
Other assets	285,510
Financial liabilities	(1,032,157)
Tax liabilities	(36,583)
Other liabilities	(249,789)
Equity attributable to non-controlling interests	
Net assets	(81,040)
Goodwill	3,596,125
Cash consideration paid	3,515,085
Cash acquired	145,014
Net cash consideration	3,370,072

Acquisition of the acquiring book of the former UBI of Intesa San Paolo

As detailed in the Management Report, the acquisition of Intesa Sanpaolo Group's former UBI merchant acquiring business was completed on October 27, 2021.

As a result of the transaction, Nexi Payments has acquired the merchant contracts with reference to both traditional and alternative payment methods and POS terminal management. With Nexi leading on the innovative product and services development front, Intesa Sanpaolo will ensure placement of such products and services.

The acquisition resulted in the transfer of the business unit into Nexi Payments for Euro 170 million, an amount reflected in a like increase in the transferee's shareholders' equity.

Since the transaction falls within the scope of a business combination, it has been accounted for pursuant to international accounting standard IFRS 3 - Business Combinations.

Note that the Purchase Price Allocation process, as required by IFRS 3, was concluded with reference to December 31, 2021.

The purchase price allocation mainly addressed the valuation of contracts with customers. Furthermore, the contract also provides for the Fair Value of the earn-out mechanism, included in the overall value of the transaction estimated to be worth Euro 18 million.



Notes to the Consolidated Financial Statements - Business Combination

Following an accounting for the effects of the Purchase Price Allocation, the goodwill arising from said business combination totals about Euro 142 million broken down as follows:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	170,000	-	170,000
Contingent/deferred consideration	26,408	-	26,408
Minority interests	(1,185)	168	(1,017)
Cash and cash equivalents	21,442	-	21,442
Financial assets	1,101	-	1,101
Equity investments	-	-	-
Tangible assets	-	-	-
Intangible assets	-	35,351	35,351
Tax assets	-	-	-
Other assets	8,337	-	8,337
Financial liabilities	-	-	-
Tax liabilities	-	(11,691)	(11,691)
Other liabilities	(1,404)	-	(1,404)
Equity attributable to non-controlling interests	-	-	-
Net assets	29,476	23,661	53,137
Goodwill	165,747	(23,493)	142,254
Cash consideration paid	196,408	-	196,408
Cash acquired	21,442	-	21,442
Net cash consideration	174,966	-	174,966

38.2 Retrospective adjustments

During the year no retrospective adjustments were carried out.

38.3 Other information

As provided for by IFRS 3, the following table shows, for the aforesaid corporate transactions, the pro-forma figures of revenues and costs, at current exchange rates, as if the transaction had been completed at the beginning of the year:

(Amounts in million euros)

	Income Statement 2021	Nets	ISP business line (former UBI)	SIA	Pro-forma 2021
Operating Revenues	1,752	498	14	773	3,037
Operating costs	(822)	(352)	(1)	(445)	(1,619)
EBITDA	930	146	14	327	1,418

The cumulative pro-forma effect of the extraordinary operations described above is also reported below, up to the net result:

(Amounts in million euros)

	Income Statement 2021	Total pro-forma effect	Pro-forma 2021
Operating Revenues	1,752	1,285	3,037
Operating costs	(822)	(797)	(1,619)
EBITDA	930	487	1,418
Profit before taxes	59	964	1,023
Net profit	50	929	980

38.4 Transactions after the reporting period

There were no transactions after the end of the year.

39. Group Funding Transactions

As shown in the Management Report, the Group's financial structure changed significantly during the year. The following is a summary of the accounting impacts deriving from the refinancing transactions executed during the year ended December 31, 2021.

ISSUE OF CONVERTIBLE BONDS

Nexi SpA (the "Issuer") issued the 2028 Convertible Loan with the following main characteristics during 2021:

- settlement date: February 24, 2021
- nominal amount: Euro 1,000 million
- issue and repayment price: 100% of par value
- maturity date: February 24, 2028
- coupon: no interest
- conversion rights for settlement in the Issuer's ordinary shares at a conversion price of Euro 24.5525 per share.

A share capital increase, excluding shareholder pre-emption rights pursuant to article 2441(5) of the Italian Civil Code, in service only to the conversion of the aforementioned Convertible Loan Bond and involving the issue of a maximum of 40,729,049 ordinary shares of the Issuer with regular dividend rights, on terms equal to ordinary shares in issue, was approved by the Extraordinary Shareholders' Meeting of the Issuer on October 15, 2021.

This bond loan is classified as compound financial instruments under IAS 32 and pursuant to it the debt host contract and the equity component for the Fair Value of the conversion rights into Nexi SpA shares are recognised separately. Initial recognition values for the individual components were determined as follows:

- the host contract component is the present value of the bond, calculated based on a discount rate equivalent to the interest rate that the company would have secured had it issued bond loans of equal maturity but barring conversion rights. This component is subsequently valued at the amortised cost, which as at December 31, 2021 amounted to Euro 869 million.
- the option component is equal to the difference between the face value of the bond and the value of the host contract. Considering that the shareholders' meeting for the resolution of the share capital increase to support the potential conversion was held on October 15, 2021, this component was classified as "Derivative" and measured at Fair Value with a balancing entry in the income statement until the date of the shareholders' meeting with the recognition of income of approximately Euro 37 million. Subsequently, this component was reclassified to Equity. The value of this component at December 31, 2021 amounted to Euro 98 million.

Direct costs associated with the issue of the Convertible Bond Loan were allocated to debt (approx. Euro 12 million) and equity (approx. Euro 2 million) in amounts proportional to the abovementioned initial value. They were accounted for respectively in the amortised cost and in the income statement.

ISSUE OF BONDS

Nexi SpA (the "Issuer") issued two bond loans with the following main characteristics during 2021:

- settlement date: April 29, 2021
- nominal amount: Euro 2,100 million in principal, of which Euro 1,050 million due in 2026 (the "2026 Bonds") and Euro 1,050 million due in 2029 (the "2029 Bonds")
- issue and repayment price: 100% of par value
- maturity: April 30, 2026 for the 2026 Bonds and April 30, 2029 for the 2029 Bonds
- coupon: semi-annual at a fixed rate of 1.625% per annum and 2.125% per annum respectively for the 2026 Bonds and the 2029 Bonds.



Notes to the Consolidated Financial Statements - Group funding transactions

These bonds are measured at amortised cost, including the direct transaction costs of approximately Euro 11 million for each bond issued. The related carrying amount as at December 31, 2021 amounts to approximately Euro 1,042.9 million for the 2026 Bonds and Euro 1,043.3 million for the 2029 Bonds.

IPO FACILITY EXPIRY EXTENSION

Note that the IPO Loan was modified on June 18, 2021, among other things to (a) extend its maturity to May 31, 2026, (b) extend the right to other entities of the Nexi Group (incorporated in Italy or Denmark) to become parties to the IPO Loan contract under certain conditions, (c) eliminate the status of Original Guarantor for Nexi Payments, which has therefore been fully released from any obligation initially assumed as Original Guarantor under the IPO Loan contract.

This renegotiation transaction was booked without "derecognition" of the previous liability as the changes were found to be non-substantial. Consequently, in accordance with the provisions of IFRS 9, the effect of the change of approximately Euro 1.3 million was recorded in the Income Statement, calculated as the difference between the book value and the current value of the new flows determined using the original internal rate of return. Furthermore, costs of Euro 2 million directly related to the renegotiation were included in the amortised cost.

BBPM CREDIT LINE

On December 15, 2021, the Issuer signed a floating rate bank loan agreement governed by Italian law pursuant to which Banco BPM SpA granted Nexi SpA a credit line without any collateral for a total amount of Euro 200 million (the "BBPM Credit Line"), fully used on December 23, 2021.

The BBPM Credit Line will be repaid in two instalments: (i) for an amount equal to 30% of the total of the BBPM Credit Line in December 2024, and (ii) for the remaining 70% in December 2025.

This facility is measured at amortised cost, including direct transaction costs. The related carrying amount as at December 31, 2021 amounts to approximately Euro 198 million.

COVENANTS AND OTHER GUARANTEES LINKED TO FUNDING TRANSACTIONS

In line with financing transactions of a similar complexity and nature, the Nexi Group's financial indebtedness is characterised by clauses containing commitments, limitations (including negative pledge clauses) and restrictions, representations and warranties, as well as cases of early repayment (in whole or in part), and events of default linked to contractual breaches. Obligations include:

- i. 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 and the BBPM Credit Line;
- ii. negative pledge: the Issuer must abstain from establishing or allowing for the maintenance of (and the Issuer must ensure that no other member of the Nexi Group establishes or maintains) restrictions or collateral against its assets, with the exception of certain expressly permitted collateral and restrictions;
- iii. prohibition against dispositive actions related to assets (sales, leases, transfers or other dispositive actions), except as expressly permitted under the relevant contracts.

Note that at the closure of these financial statements as at December 31, 2021 all obligations attached to the abovementioned loan contracts have been fulfilled.



40. Earnings for Share

The share capital of Nexi SpA is made up entirely of ordinary shares.

The indicator "Earnings per share" (or "EPS") is presented on both basic and diluted basis: the basic EPS is calculated by considering the ratio of profit theoretically attributable to shareholders to the weighted average of the shares issued, whilst the diluted EPS also takes into account the effects of any future issues.

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

BASIC EARNINGS PER SHARE

	2021	2020
Profit from continuing operations attributable to the company's ordinary shares	0.06	0.21
Income (Loss) after tax from discontinued operations	0.00	0.00
Total Basic earnings per share attributable to the company's ordinary shares	0.06	0.21

DILUTED EARNINGS PER SHARE

	2021	2020
Profit from continuing operations attributable to the company's ordinary shares	0.06	0.20
Income (Loss) after tax from discontinued operations	0.00	0.00
Total Diluted earnings per share attributable to the company's ordinary shares	0.06	0.20

PROFIT ATTRIBUTED TO ORDINARY SHARES

Below is a reconciliation of the profit attributed to ordinary shares, divided up between the result deriving from the continuing operations and the result deriving from discontinued operations.

	2021	2020
Profit from continuing operations	51,759	130,047
Income (Loss) after tax from discontinued operations	(34)	(739)
Total net income	51,725	129,308

AVERAGE NUMBER OF ORDINARY DILUTED SHARES

The average number of outstanding shares used for the calculation of diluted earnings includes the effects of future potential issues of shares in service to the LTI Plan (for the tranches already allocated to employees) and of Convertible Bond Loans issued.

(Amounts in share thousand)

	2021	2020
Average number of ordinary shares used to compute basic earnings per share	834,754	627,778
Deferred Shares (*)	64,321	14,787
Average number of ordinary shares and potential ordinary shares used to compute diluted earnings per share	899,074	642,564

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

41. Segment Reporting

The segment disclosure has been prepared in compliance with the IFRS 8 international accounting standard. The disclosure by business segment reflects the organisational and business structure with which the Nexi Group operated during the year. The comparative data shown below refers to pro-forma data that is consistent with that stated in the Management Report.

Consistent with the current method of reporting to management, two areas of activity are envisaged at the current stage of integration of the new Group companies: Italy and International both in the one segment that the Group operates in, namely electronic money and payment services. A greater level of breakdown is given for net revenues from operations, which are divided up into three business lines that can be identified under the scope of the Nexi Group organisation and, therefore, specifically:

- Merchant Services & Solutions;
- Cards & Digital Payments;
- Digital Banking & Corporate Solutions

Allocation of the financial results to the various business lines is based on the accounting standards used in the preparation and presentation of the Consolidated Financial Statements.

The tables below thus provide a net revenue breakdown by business lines, since the current structure does not require specific allocations by service line at the equity level.

Section 41.3 presents a reconciliation of the income statement drafted by means of segment disclosure and the income statement prepared in the Financial Statements that, in addition to including the effects of the various classifications, also highlights the impact deriving from the different contribution of the companies affected by the spin-off and the Payments BU, as described above. There is no provision for any alternative allocation of net revenues by geographic distribution, to the extent that business is conducted with reference to a nationwide customer base, which is thus managed as a whole.

41.1 SEGMENT REPORTING: INCOME STATEMENT FOR THE YEAR

(Amounts in thousand euros)

	Italy	Rest of Europe	Total segment reporting
Merchant Services & Solutions	613,580	412,437	1,026,018
Cards & Digital Payments	428,756	123,267	552,023
Digital Banking & Corporate Solutions	122,794	51,060	173,854
Operating revenues	1,165,130	586,764	1,751,894
Personnel expenses			(327,727)
Administrative expenses			(479,256)
Adjustments and net operating provisions			(14,655)
Operating costs			(821,638)
EBITDA			930,257
Amortization and depreciation			(226,997)
Operating margin			703,260
Amortization and depreciation (Customer contracts)			(132,205)
Interests financing costs			(132,204)
Non-recurring items			(379,754)
Profit before taxes			59,097
Income taxes			(7,372)
Profit for the year			51,725
Profit for the year attributable to non-controlling interests			(1,492)
Profit attributable to the Group			50,233

The EBITDA presented above is the "normalised EBITDA" as described in the "Alternative Performance Indicators" section of the Management Report. Pursuant to IFRS 8 requirements, it is hereby disclosed that more than 10% of Group revenues was accounted for by a single customer.



Fees for audit and non-audit services - Notes to the Consolidated Financial Statements

Below is a breakdown of revenues by geographical area:

(Amounts in thousand euros)

	Italy	Nordics	DACH and Poland (*)	Other Countries	Total
Merchant Services & Solutions	613,580	202,622	209,815	-	1,026,017
Cards & Digital Payments	428,756	97,835	-	25,432	552,023
Digital Banking & Corporate Solutions	122,794	51,060	-	-	173,854
Total Operating Revenues	1,165,130	351,517	209,815	25,432	1,751,894

(*) DACH includes Germany, Austria e Switzerland

41.2 SEGMENT REPORTING: RECONCILIATION OF SEGMENT REPORTING ON THE INCOME STATEMENT WITH THE INCOME STATEMENT FOR THE YEAR

(Amounts in thousand euros)

	Segment reporting	Reconciliation	Financial Statements
Operating revenues/Financial and operating income	1,751,894	(233,847)	1,518,047
Personnel expenses	(327,727)	(80,264)	(407,991)
Other administrative expenses	(479,256)	(186,143)	(665,399)
Adjustments and net operating provisions	(14,655)	(14,093)	(28,748)
Operating costs net of amortization	(821,638)		
EBITDA	930,257		
Amortization and depreciation	(226,997)	(131,222)	(358,219)
Operating margin	703,260		
Amortization and depreciation (Customer contracts)	(132,205)	132,205	
Interest and financial costs	(132,204)	132,204	
Non-recurring items	(379,754)	381,160	1,407
Profit before taxes	59,097	-	59,097
Income taxes	(7,372)	-	(7,372)
Profit for the year	51,725	-	51,725
Profit for the year attributable to non-controlling interests	(1,492)	-	(1,492)
Profit attributable to the Group	50,233	-	50,233

42. Fees for audit and non-audit services pursuant to Article 149 duodecies of Consob Regulation no. 11971

(Amounts in thousand Euros)

Type of service	Nexi SpA		Nexi's Group Entities (***)	
	PwC	PwC network	PwC	PwC network
Audit (*)	371	-	940	-
Other certifications (**)	1,546	-	971	-
Other services:	-	-	-	-
- Due diligence	-	298	-	110
- Agreed verification procedures	-	-	-	-
- Methodological support on specific issues	-	-	-	-
Total	1,917	298	1,911	110

(*) including legal audit of consolidated financial statements and limited audit of the interim financial statements.

(**) including certification services assigned to audit firms pursuant to specific provisions and laws, aside from the audit of the non-financial statement and ISAE 3000 attestation

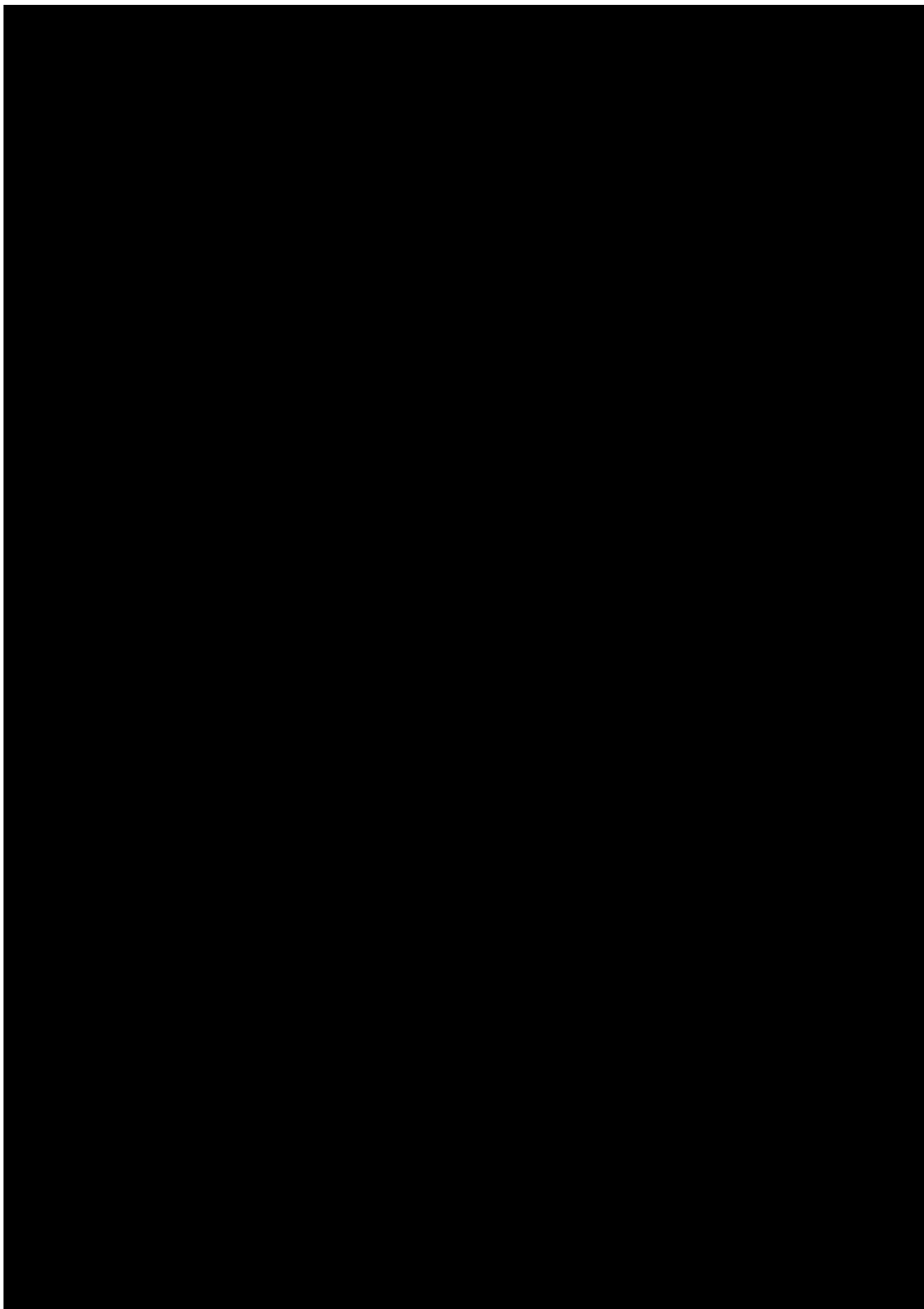
(***) Nets entities balance are included starting from 1 July 2021.





1.4

CERTIFICATION OF THE CONSOLIDATED
FINANCIAL STATEMENTS PURSUANT
TO ARTICLE 154 BIS OF ITALIAN
LEGISLATIVE DECREE 58/98





Certification of the Consolidated Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/98

Certification of the Consolidated Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/98

1. The undersigned Paolo Bertoluzzo, as Chief Executive Officer of Nexi S.p.A., and Enrico Marchini, as Financial Reporting Manager 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 24, 1998:

- the adequacy with respect to the nature of company;
- the effective application

of administrative and accounting procedures for the preparation of consolidated financial statements as at December 31, 2021.

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 19 July 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 of all the companies included in the scope of consolidation;

3.2 the Management Report includes reliable analysis on the performance, the result of operations, the business of the issuer and of all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Milan, March 10, 2022

Chief Executive Officer
Paolo Bertoluzzo

Financial Reporting Officer
Enrico Marchini





1.5

REPORT OF THE INDEPENDENT
AUDITORS ON THE CONSOLIDATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021



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 2021***



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 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Nexi SpA (the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Feliscent 90 Tel. 0422 666911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Postolle 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

www.pwc.com/it



Key Audit Matters

Auditing procedures performed in response to key audit matters

Nets and SIA business combinations

Notes to the consolidated financial statements, paragraph titled "Business Combinations"

Notes to the consolidated financial statements, section 38. Business Combinations

In the course of 2021 Nexi SpA completed the acquisitions of the Nets group and the SIA group, in detail:

- On 3 March 2021 the shareholders of Nexi SpA in general meeting approved a capital increase to service the cross-border merger of Nets Topco 2 S.à.r.l, the Luxemburg-based holding company of the Nets group. The transaction became effective for legal, fiscal and accounting purposes as from 1 July 2021 (the "effective date of the Merger"), for a consideration of Euro 7,051 million;
- On 21 June 2021 the shareholders of Nexi SpA in general meeting approved a capital increase to service the merger of SIA SpA, the holding company and operating entity of the SIA group. The transaction became effective for legal, fiscal and accounting purposes as from 31 December 2021 (the "effective date of the Merger"), for a consideration of Euro 3,515 million.

For the above mergers, which qualify as business combinations under IFRS 3 - *Business Combinations*, the directors defined the fair values of the assets acquired and liabilities assumed on a provisional basis.

In consideration of the fact that the purchase price allocation process is still ongoing, the difference between the price paid for the acquisition and the preliminarily determined fair values of the assets acquired and liabilities assumed was recognised as provisional goodwill for Euro 8,237 million in relation to Nets and Euro 3,596 million in relation to SIA.

The recognition of the extraordinary transactions in accordance with IFRS 3 required the directors

We discussed with management to obtain an understanding of the structure of the transactions and we analysed the agreements between the parties.

We analysed the consistency of the accounting treatment adopted by the Company with the provisions of IFRS 3.

We understood and evaluated the estimation process and method used by the directors to:

- determine the purchase consideration based on the fair values at the acquisition date in light of the agreements made in connection with the merger transactions, also with the support of our experts in the measurement of financial instruments;
- identify and preliminarily measure the assets acquired and liabilities assumed, as well as to recognise provisional goodwill.

Moreover, we verified the process of migration of the accounting records for the purpose of their inclusion in the Company's financial statements and performed specific audit procedures on opening balances.

Finally, we verified the adequacy and completeness of disclosures provided in the notes to the consolidated financial statements in relation to the business combinations.



Key Audit Matters

Auditing procedures performed in response to key audit matters

to apply significant elements of judgement, with particular reference to the identification of the acquiror and the acquisition date; the determination of the consideration amount; the identification and measurement of the assets acquired and liabilities assumed.

In consideration of the materiality of the transactions and of the element of judgement inherent in the recognition process illustrated above we considered this a key audit matter.

Measurement of indefinite-lived tangible assets – Goodwill

Note to the consolidated financial statements titled “Main accounting policies”, paragraph titled “Intangible assets”

“Balance sheet”, paragraph 8. Intangible assets – Goodwill

As of 31 December 2021 goodwill recognised in the consolidated financial statements under ‘Intangible assets’ is equal to Euro 14,832 million, accounting for around 61% of total consolidated assets. The goodwill amounts, recognised in connection with the business combinations executed in the year under examination and in previous years, are tested annually for impairment in accordance with IAS 36 – *Impairment of assets*.

For the Nets and SIA transactions the process of identification and fair value measurement of the assets acquired and liabilities assumed is still ongoing, therefore provisional goodwill was recognised.

The recoverable amount of goodwill is determined on the basis of value in use.

The directors of the parent company allocated goodwill, in accordance with IFRS 3 – *Business Combinations*, identifying three cash generating units (“CGUs”): Monetica Nexi Payments, Nets

In performing our audit procedures in this area we also used the support of our business valuation experts.

We obtained an understanding of the assessments made and measurement criteria used by the directors to identify the CGUs and in allocating goodwill provisionally, verifying their consistency with management reporting and the Group’s current organisational and operating structure, also in light of the business combinations executed during the year.

We obtained an understanding of the process adopted in the preparation of the estimates of future cashflows used for impairment testing.

We verified the reasonableness of the forecasts used to determine the future cash flows from the identified CGUs.

We carried out a critical analysis of the reasonableness of the key assumptions used by the directors in determining the recoverable amounts of the CGUs, through specific sensitivity analyses, also in response to the current uncertainty in the macro-economic environment.



Key Audit Matters

Auditing procedures performed in response to key audit matters

and SIA. Those CGUs reflect the provisional allocation of goodwill relating to the business combinations executed during the year, as well as the change resulting from the demerger of Mercury Payment Services SpA and the acquisition of the former UBI Banca merchant book from Intesa Sanpaolo. Impairment testing was carried out with the support of external experts with reference only to the CGUs Monetica Nexi Payments and Nets, in light of the timing of the merger of SIA, which was finalised on 31 December 2021.

Determining the recoverable amounts of assets being tested for impairment requires the directors to develop estimates that, by their nature, involve significant elements of judgement with regard to:

- the identification of the CGUs for impairment testing purposes, and
- the definition of the assumptions underlying the estimation of the future cash flows from the identified CGUs and the discount rates, for the purpose of determining the recoverable amounts of the assets.

In consideration of the complexity and subjectivity of the estimation of the future cash flows and financial parameters, and of the materiality of the goodwill amounts recognised, and in light of the existing macro-economic uncertainties, we considered impairment testing of goodwill a key matter in our audit of the Group's consolidated financial statements as of 31 December 2021.

We assessed the expertise, capabilities and relative objectivity of the external experts retained by the Company, and the methods they used for the purpose of impairment testing.

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 carried out.

Allocation of the price paid for the acquisition of the former UBI Banca merchant book from Intesa Sanpaolo (Purchase Price Allocation)

Note to the consolidated financial statements titled "Main accounting policies", paragraph titled "Intangible assets"

As part of our audit we performed the following activities, also with the support of our business valuation experts.



Key Audit Matters

Auditing procedures performed in response to key audit matters

Notes to the consolidated financial statements, section 38. Business Combinations

In the course of 2021 the Nexi Group executed the acquisition of the former UBI Banca merchant bank from Intesa Sanpaolo for a consideration of Euro 170 million.

The extraordinary transaction took place through the contribution by Intesa Sanpaolo of the merchant acquiring business (hereinafter also the "Acquiring Business") to the subsidiary Nexi Payments.

The acquisition of the Acquiring Business was recognised under the acquisition method in accordance with IFRS 3 - *Business Combinations* and involved the recognition at fair value, at the acquisition date, of the assets acquired and liabilities assumed referred to the Acquiring Business (the Purchase Price Allocation process, hereinafter also "PPA"). The process ended with the recognition of residual goodwill.

The Group's directors, with the support of external experts, determined the fair values of the identified assets and liabilities using methods based on discounting to present value the estimated future cash flows and the related commission payable to Intesa Sanpaolo. The valuation method applied requires the use of information and assumptions which involve a high degree of complexity in the estimation processes, with particular reference to:

- the estimated development of business volumes related to the accounts being transferred based on their estimated remaining useful lives and estimated future cash flows;
- the financial parameters used to determine the discount rate.

In consideration of the materiality of the transaction, the values emerging from the PPA and the complexity of the assumptions used to determine the fair values of the assets acquired

We verified the appropriate identification of the assets acquired and liabilities assumed underlying the Acquiring Business and the correct determination of the amount of consideration transferred (purchase price).

We carried out a critical analysis of the reasonableness of the key assumptions used by the directors in determining the fair values of the assets acquired and liabilities assumed, as well as the purchase price allocation.

We assessed the expertise, capabilities and relative objectivity of the external experts retained by the Company, and the methods they used for the purpose of the PPA.

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 price for the acquisition.



Key Audit Matters

Auditing procedures performed in response to key audit matters

and liabilities assumed, we considered the process of allocation of the price paid for the acquisition of the Acquiring Business from Intesa Sanpaolo a key matter in our audit of the Group's consolidated financial statements as of 31 December 2021.

Revenue recognition

Note to the consolidated financial statements titled "Main accounting policies", paragraph titled "Fees for services rendered and commission income"

"Income statement", section 19. Fees for services rendered and commission income

'Fees for services rendered and commission income' of the Nexi Group for the year ended December 2021 is equal to Euro 3,053 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 interfacing of various, complex Information Technology (IT) platforms. The integrity, reliability and operating performance of the Group's Information Communication Technology (ICT) and of its technological network, mainly outsourced to third party service providers, are key to an accurate revenue recognition process.

Moreover, the billing process for the services is characterised by steps performed manually.

'Fees for services rendered and commission income' was considered a key audit matter in consideration of the structured nature and complexity of the recognition and measurement process, as well as the materiality of the amount.

In performing our audit procedures we involved our IT experts who supported us in the understanding, evaluation and validation of:

- general IT controls over the ICT systems supporting payment acceptance (the "Acquiring" business) and issuance and management of payment cards (the "Issuing" business); and
- relevant controls in place for managing transactions and the consequent generation of commission income and fees for services rendered.

For the main sales offerings we verified that the accounting policies and measurement criteria applied in revenue recognition were in compliance with IFRS 15 - *Revenue from contracts with customers*.

We reconciled management reporting information to the general ledger data for the main financial statements items related to revenue from services in the digital payments segment.

We carried out a trend analysis for certain types of commission income paid to the Nexi Group in the Acquiring and Issuing businesses under the various service models, in correlation with volumes and physical holdings.

We verified, on a test basis, consistency between the accounting records, contractual information, billing and evidence that the



Key Audit Matters

Auditing procedures performed in response to key audit matters

service was actually provided in the 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 IFRS.

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, related safeguards.

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, 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 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.

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 2021, 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 2021 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 2021 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.

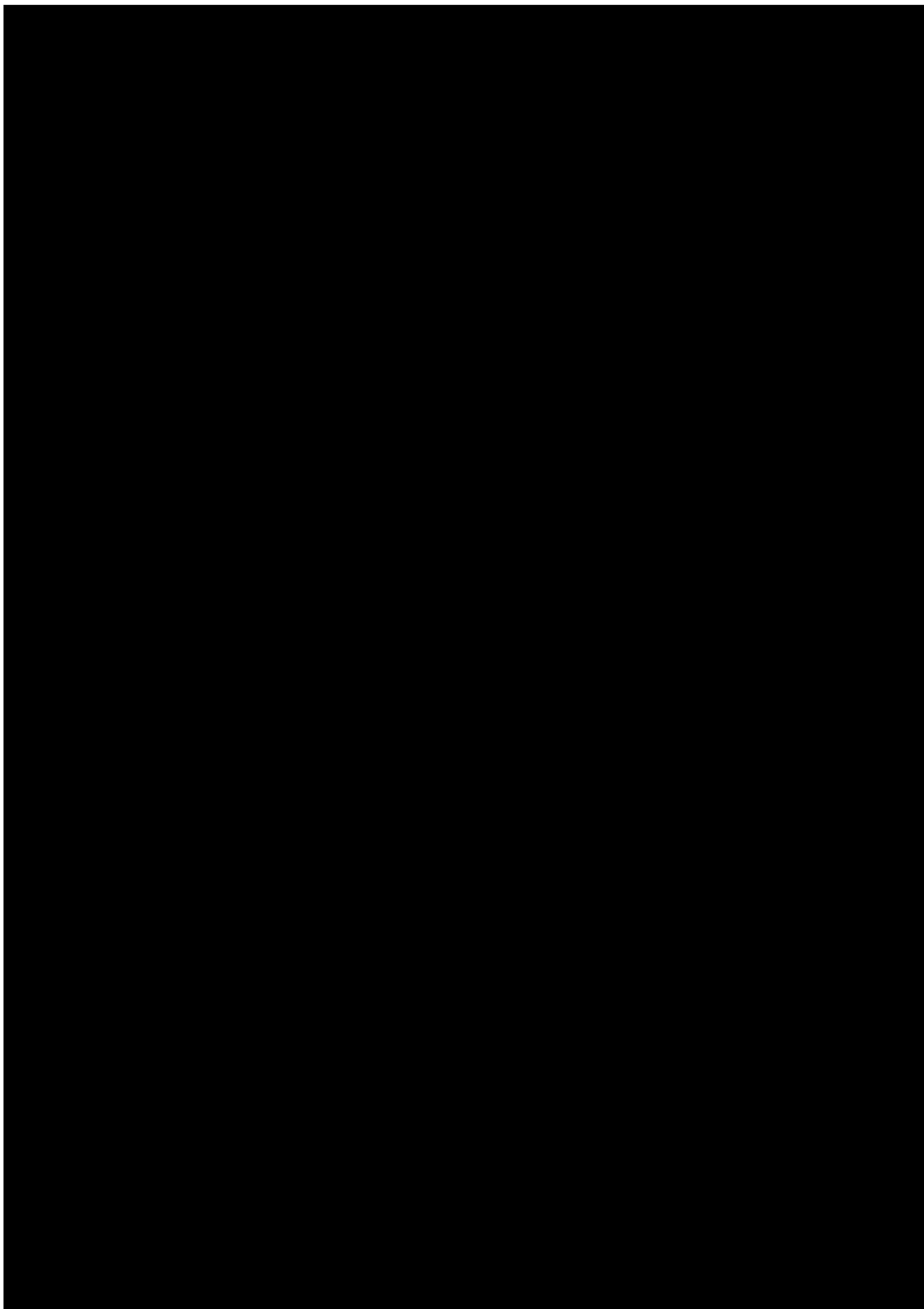
Milan, 7 April 2022

PricewaterhouseCoopers SpA

Signed by

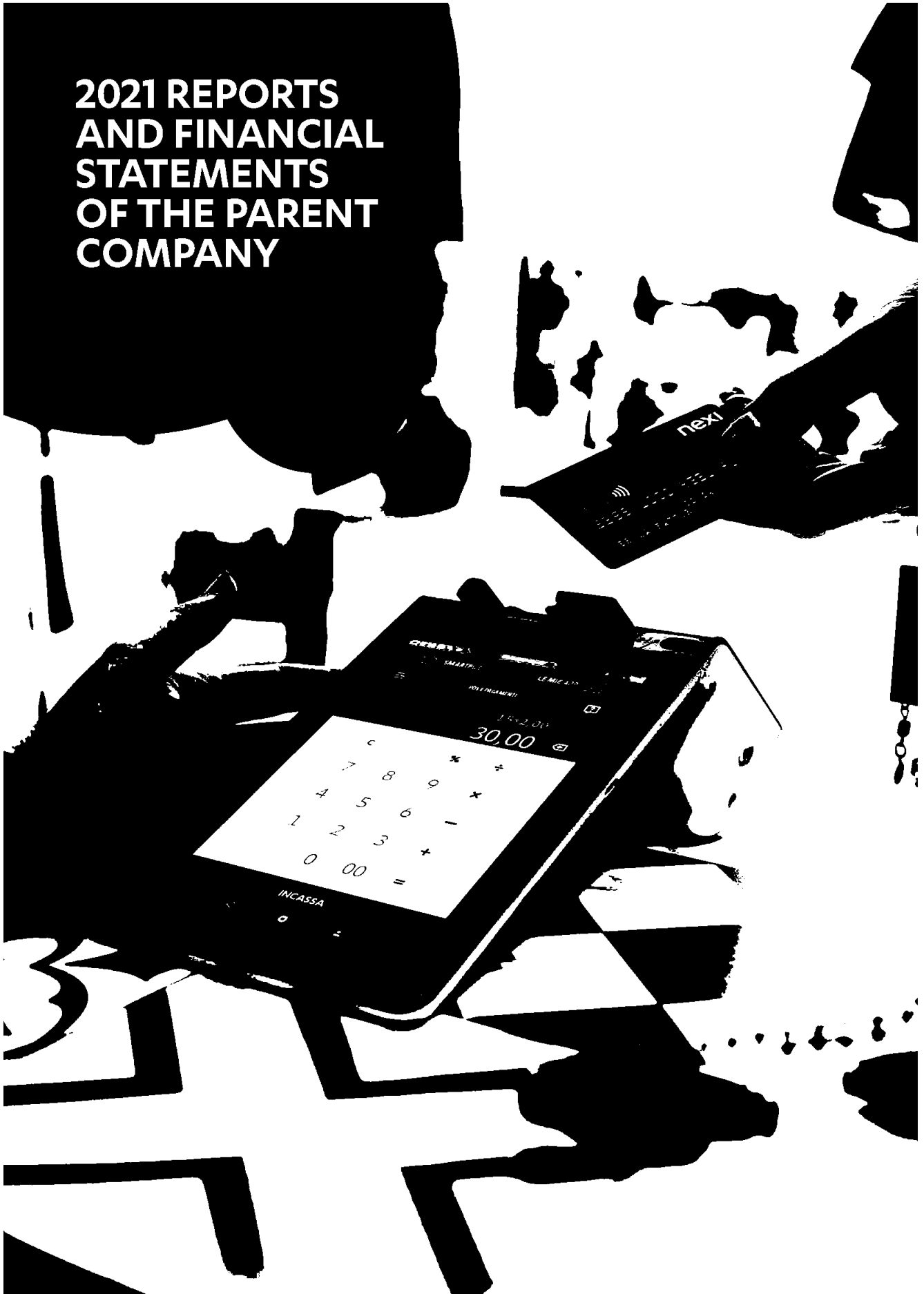
Lia Lucilla Turri
(Partner)

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





2021 REPORTS AND FINANCIAL STATEMENTS OF THE PARENT COMPANY





2

2.1 Board of Directors' Management Report	175
2.2 Financial Statements as at December 31, 2021	183
2.3 Notes to the Financial Statements	189
2.4 Certification of the Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/98	217
2.5 Report of the Board of Statutory Auditors	221
2.6 Report of the Independent Auditors on the Financial Statements as at December 31, 2021	239





2.1

BOARD OF DIRECTORS'
MANAGEMENT REPORT



Board of Directors' Management Report

BOARD OF DIRECTORS' MANAGEMENT REPORT

12,296
mln

Equity

Financial year 2021 closed with a profit for the period of Euro 197 million, following a Euro 49.8 million profit in 2020. Equity stood at Euro 12,295.7 million, compared with Euro 1,395.1 million at December 31, 2020.

Note that the increase in shareholders' equity includes capital increases related to the merger operations with Nets and SIA, as detailed below.

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 with respect to its subsidiaries Nexi Payments, SIAPay, Mercury Payment Services, Service HUB and Help Line SpA.

Note that following the mergers with Nets and SIA, the Group's scope increased significantly. Please refer to the consolidated notes 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.

For information concerning developments in the Group's organisational structure refer to the Management Report on Group Operations.

Regulatory Compliance

Please refer to the relevant section in the Management Report on Group Operations.

Human Resources

The Company workforce, as at December 31, 2021, stood at 24 resources.

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

	Dec. 31, 2021	Dec. 31, 2020
Executives	18	6
Middle management	6	1
Employees	-	-
Other	-	-
Total	24	7
Open-ended	24	7
Fixed-term	-	-



Covid-19 Impacts

Please refer to the relevant section in the Management Report on Group Operations.

Operating Performance

Profit for the period stood at Euro 197 million and was largely ascribable to dividends received from subsidiaries totalling Euro 338.1 million, all of which net of interest expenses for Euro 141.3 million, other expenses for Euro 72.5 million and interest income for Euro 29.8 million, and to the positive effects of taxes for the period equal to Euro 42.9 million. As detailed below, other net expenses mainly consist of administrative expenses of Euro 125.3 million net of other financial income of Euro 37.2 million and other operating income of Euro 15.6 million.

The Statement of Financial Position and the Income Statement are reported below.

Financial Statement Results

Statement of Financial Position

The balance sheet figures as at December 31, 2021 are compared with the closing balance sheet figure for the previous year.

Note that the balance sheet figures as at December 31, 2021 include the accounting balances resulting from the cross-border merger by incorporation of Nets Topco 2 S.à.r.l, the Luxembourg holding company of the Nets Group on July 1, 2021 and the merger between Nexi SpA and SIA SpA on December 31, 2021.

Since the mergers mentioned above can be defined as a business combination, they were accounted for in the individual financial statements of Nexi SpA in accordance with the provisions of the international accounting standard IFRS 3: Business Combinations. For further information on the accounting of the merger see the "Business combinations" section.

197
mln

Profit for the year



Board of Directors' Management Report

ASSETS

(Amounts in million euros)

	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	1,546.1	159.1
Financial assets	2,109.9	-
Equity investments	11,564.9	3,970.0
Tangible and intangible assets	3,885.5	-
Other assets	385.1	35.3
Total assets	19,491.5	4,164.4

LIABILITIES

(Amounts in million euros)

	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortised cost	6,854.1	2,722.5
Post-employment benefits	20.9	-
Other liabilities	320.8	46.8
Equity	12,098.7	1,345.3
Profit (Loss)	197.0	49.8
Total liabilities	19,491.5	4,164.4

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 Holdco4;
- the item "Equity investments" totals Euro 11,565 million, versus Euro 3,970 million as at December 31, 2020. The increase mainly relates to the value of equity investments acquired as a result of the Nets and SIA SpA mergers. In fact, Nets Topco 2 only held the equity investment in the sub-holding Nets Topco 3. For the purposes of the individual financial statements all goodwill has been allocated to the value of this investment. As a result of this allocation, the value of this equity investment amounts to Euro 7,066 million. The equity investments resulting from the merger with SIA, amounting to Euro 311 million, mainly refer to the stakes in SIA Greece, SIA CEE, SIApay and PforCards;
- the item "Tangible and intangible fixed assets" consists entirely of assets relating to SIA and Euro 3,384.6 million of goodwill deriving from the business combination of SIA SpA;
- the item "Other assets" totals Euro 385.1 million, compared with Euro 35.3 million for the previous period. They mainly consist of trade receivables, tax consolidation receivables, current tax assets and deferred tax assets.



Regarding liabilities:

- the item "Financial liabilities measured at amortised cost" stood at Euro 6,854 million compared with Euro 2,722 million the previous year. The increase is linked to funding operations carried out in 2021, as further detailed in the Management Report of the consolidated financial statements;
- the item "Other liabilities" totals Euro 321 million, compared with Euro 47 million at December 31, 2020 and mainly consists of payables to suppliers and invoices to be received, whose increase is mainly related to the merger with SIA SpA;
- the item "Shareholders' equity", including profit for the period, stood at Euro 12,296 million, up from Euro 1,395 million as at December 31, 2020. The increases relate mainly to capital increases in connection with the mergers.

The change is mainly due to:

- share capital increase and share premium reserve to service the mergers with Nets and SIA (Euro 10,566 million);
- a 2020 profit carryover of Euro 50 million;
- recognition of the IFRS2 reserve, totalling Euro 47 million, following the stock grant assigned by holding company Mercury UK and the LTI plan the company assigned to the employees of Nexi Group companies;
- recognition of Euro 98 million as the value of the convertible bond loan's equity component at the date of the shareholders' meeting that approved the increase in share capital;
- profit for the year of Euro 197 million.

Income Statement

The following table shows the income statement at December 31, 2021 vis-à-vis the previous year. Note that the merger with SIA, having taken place on December 31, 2021, had no impact on the income statement for the year.

As at December 31, 2021, the Company's profit stood at Euro 197 million, compared with a profit of Euro 49.7 million at December 31, 2020.

INCOME STATEMENT

(Amounts in million euros)

	2021	2020
Net interest income	(111.5)	(63.2)
Profit/loss on trading activity / hedging on financial assets and liabilities designated at Fair Value through profit or loss	37.3	-
Dividends and profit/loss from investments and sale of assets at Fair Value through OCI (former AFS)	338.1	132.4
Financial and operating income	263.9	69.2
Total administrative expenses	(125.4)	(41.3)
Other operating income/expenses, net	15.6	-
Net accruals to provisions for risks and charges	-	-
Net value adjustments/write-backs on tangible and intangible assets	-	-
Profit (loss) from equity investments and disposals of investments	-	(3.4)
Profit (loss) before taxes from continuing operations	154.1	24.5
Income taxes	42.9	25.2
Income (loss) after tax from discontinued operations	-	-
Profit for the year	197.0	49.7



Board of Directors' Management Report

42.9 mln

Income tax

In view of such data, with reference to the items that concurred in forming the profit for the year:

- net interest income amounted to Euro -111.5 million compared to Euro -63.2 million in 2020 and is composed of:
 - interest income amounted to Euro 29.8 million
 - interest and similar expense totalled Euro -141.3 million, compared with Euro -63.2 million in 2020 and mainly consisted of interests on issued securities and current financing;
- gain/loss on assets and liabilities measured at Fair Value of Euro 37.3 million related to the valuation of the option embedded in the Convertible Bond Loan issued in February 2021. Note that this option was classified as Derivative until October 15, 2021, the date on which the Company's shareholders' meeting was held to approve the related increase in share capital. After this resolution, the option was classified under equity instruments;
- dividends of Euro 338.1 million compared to Euro 132.4 million in 2020 refer to dividends paid by the subsidiaries Nexi Payments and Mercury Payment Services;
- administrative expenses totalled Euro 125.4 million, versus Euro 41.3 million in 2020 and are mainly arising with respect to the extraordinary transactions of the company, on top of other general expenses;
- other income amounting to Euro 15.6 million refers to the income related to the waiver by BFF Bank SpA of the receivable from Nexi for the DTAs associated with the Bank/Payco demerger executed in 2018.

Such items, net of the positive effects of income tax for Euro 42.9 million, bring profit for the year to Euro 197 million.

Joint Document of the Bank of Italy/Consob/Isvap No. 4 of March 3, 2010 - and No. 2 of February 6, 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 their reasonable expectation that the Company will continue to operate as a going concern into the foreseeable future. The Directors also wish to point out 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.

With reference to the Covid-19 pandemic and the nationwide lockdown, Nexi Group promptly implemented effective business continuity plans in order to ensure the regular functioning of its business, while ensuring the safety and security of all its staff as well as top level services to partner banks and to end customers. Ever since the very first day of the emergency, the Nexi Group has fielded a number of initiatives, consistent with both the directives issued by the relevant Authorities and with internal continuity plans, which immediately secured all activities, ensuring teleworking for over 95% of staff, including call centre staff, in a few days and the implementation of the necessary precautions for the limited number of employees that necessarily had to come to work at the head office.



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 Management Report on Group Operations. In fact, the company will continue to act as the Group's holding company, also as a result of the contribution transactions carried out on January 1, 2022 with respect to assets, liabilities and contractual relationships previously held by SIA and merged into Nexi following and as a result of the merger.

Significant Events after the Reporting Period

Please refer to the relevant section in the Management Report on Group Operations, where the aforementioned contribution transactions are described in detail.

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 2021 Nexi SpA did not carry out any research and development activities.

Treasury shares

In the period between May 14 and May 18, 2021 Nexi SpA purchased 325,000 treasury shares (equal to 0.05% of the total shares in circulation) at an average unit price of Euro 15.905545, for a total value of Euro 5,169,302.05, as part of the authorisation approved by the shareholders' meeting on May 5, 2021. These shares were partly used in settlement of the share-based remuneration plan granted by the parent company Nexi (LTI). The remaining shares as of December 31, 2021 amount to 282,475 recorded in the financial statements at a value of Euro 4,492,918.78

Distribution of Financial Year Profit (Loss)

Dear Shareholders,

the financial statements submitted to you, which we ask you to approve, show a profit of Euro 196,968,923.

We propose that the financial year profits be carried forward.

Milan – March 10, 2022
The Board of Directors





2.2

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021



Financial Statements as at December 31, 2021

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

STATEMENT OF FINANCIAL POSITION

(Amounts in thousand euros)

ASSETS	Notes	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	3	1,546,089	159,058
Financial assets at Fair Value	4	612	-
Financial assets measured at amortised cost	5	2,109,276	-
a) loans and receivables with banks		-	-
b) loans and receivables with financial entities and customers		2,109,276	-
Equity investments	6	11,564,822	3,970,004
Tangible assets	7	111,124	6
Intangible assets	8	3,774,373	-
of which: Goodwill		3,384,644	-
Tax assets	9	111,756	21,069
a) current		17,191	1,412
b) deferred		94,565	19,657
Other assets	10	273,533	14,255
Total assets		19,491,585	4,164,392

LIABILITIES	Notes	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortised cost	11	6,854,124	2,722,481
a) due to banks		2,527,508	1,456,741
b) due to financial entities and customers		95,665	6
c) securities issued		4,230,951	1,265,733
Financial liabilities valued at Fair Value	12	500	-
Tax liabilities	9	61,212	10,377
a) current		25,662	10,377
b) deferred		35,550	-
Other liabilities	13	244,856	36,447
Post-employment benefits	14	20,859	-
Provisions for risks and charges	15	14,320	-
Share capital	16	118,452	57,071
Treasury shares	16	(4,493)	-
Share premium	16	11,587,260	1,082,204
Reserves	16	397,526	206,068
Profit (Loss) for the year	16	196,969	49,744
Total liabilities and equity		19,491,585	4,164,392



Financial Statements as at December 31, 2021

INCOME STATEMENT

(Amounts in thousand euros)

	Notes	2021	2020
Interest and similar income	17	29,787	-
Interest and similar expense	18	(141,308)	(63,201)
Net interest income		(111,521)	(63,201)
Profit/loss on trading activity / hedging on financial assets and liabilities designated at Fair Value through profit or loss	19	37,327	(4)
Dividends and profit (loss) from investments and sale of assets at FVTOCI	20	338,105	132,384
Financial and operating income		263,911	69,180
Personnel-related costs	21.1	(7,172)	(2,452)
Other administrative expenses	21.2	(118,215)	(38,846)
Total administrative expenses		(125,387)	(41,298)
Other operating income/expenses, net	22	15,559	-
Net value adjustments on assets measured at amortised cost		-	-
Net accruals to provisions for risks and charges		-	-
Net value adjustments/write-backs on tangible and intangible assets	23	(7)	(12)
Operating margin		154,076	27,870
Profit (Loss) from equity investments and disposals of investments	24	-	(3,375)
Profit (Loss) before taxes from continuing operations		154,076	24,495
Income taxes	25	42,893	25,249
Profit (Loss) after tax from discontinued operations		-	-
Profit for the year		196,969	49,744

OTHER COMPREHENSIVE INCOME

(Amounts in thousand euros)

	2021	2020
Profit (Loss) for the year	196,969	49,744
Items that will not be reclassified subsequently to profit or loss	-	-
Items that will be reclassified subsequently to profit or loss	-	-
Other comprehensive income (net of tax)	-	-
Total comprehensive income	196,969	49,744



Financial Statements as at December 31, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand euros)

	Balance at Jan. 1, 2021	Change in opening balance	Allocation of prior year profit		Changes in the year		2021 comprehensive income		Balance at Dec. 31, 2021
			Reserves	Dividends	Change in reserves	Transactions on net equity	Profit for the year	Other comprehensive income items	
1. Equity:	1,395,087	-	-	-	137,221	10,566,437	196,969	-	12,295,714
Share capital	57,071	-	-	-	-	61,381	-	-	118,452
Treasury shares	-	-	-	-	(4,493)	-	-	-	(4,493)
Share premium	1,082,204	-	-	-	-	10,505,056	-	-	11,587,260
Reserves	206,068	-	49,744	-	141,714	-	-	-	397,526
Valuation reserves	-	-	-	-	-	-	-	-	-
Profit for the year	49,744	-	(49,744)	-	-	-	196,969	-	196,969
Equity	1,395,087	-	-	-	137,221	10,566,437	196,969	-	12,295,714

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in thousand euros)

	Balance at Jan. 1, 2020	Change in opening balance	Allocation of prior year profit		Changes in the year		2020 comprehensive income		Balance at Dec. 31, 2020
			Reserves	Dividends	Change in reserves	Transactions on net equity	Profit for the year	Other comprehensive income items	
1. Equity:	1,264,345	-	-	-	26,362	54,636	49,744	-	1,395,087
Share capital	57,071	-	-	-	-	-	-	-	57,071
Share premium	1,082,204	-	-	-	-	-	-	-	1,082,204
Reserves	21,099	-	103,971	-	26,362	54,636	-	-	206,068
Valuation reserves	-	-	-	-	-	-	-	-	-
Profit for the year	103,971	-	(103,971)	-	-	-	49,744	-	49,744
Equity	1,264,345	-	-	-	26,362	54,636	49,744	-	1,395,087



Financial Statements as at December 31, 2021

CASH FLOW STATEMENT (INDIRECT METHOD)

(Amounts in thousand euros)

	2021	2020
A. OPERATING ACTIVITIES		
1. Operations		
Profit (loss) for the year	196,969	49,744
Amortisation, depreciation and net impairment losses on property, equipment and intangible assets	-	12
Unpaid taxes, duties and tax assets	(6,995)	(25,249)
Other adjustments	(403,502)	(99,935)
	(213,528)	(75,428)
2. Cash flows generated by financial assets		
Other assets	(1,236)	-
	(1,236)	-
3. Cash flows used by financial liabilities		
Payables to customers	-	(12)
Other liabilities	78,858	32,208
	78,858	32,196
Net cash flows generated by operating activities	(135,906)	(43,232)
B. INVESTING ACTIVITIES		
1. Cash flows used by:		
Dividends from equity investments	338,105	132,384
Sale/purchase of subsidiaries, business units and other non-current assets	(23,922)	(1,000,000)
Net cash flows used in investing activities	314,183	(867,616)
C. FINANCING ACTIVITIES		
repayment of loans and securities	(2,764)	-
intercompany financing	(2,044,000)	-
Issues/purchases of equity instruments	(5,169)	-
Issues of debt instruments and new loans	3,260,686	954,544
Net cash flows generated (used) by financing activities	1,208,753	954,544
NET CASH FLOWS GENERATED (USED) FOR THE YEAR	1,387,031	43,696
Net cash flows generated (used) for the year	1,387,031	43,696
Opening cash and cash equivalents	159,058	115,362
Cash and cash equivalents at the end of the year	1,546,089	159,058





2.3

Accounting policies	190
Statement of financial position	196
Income statement	206
Information on risks and related hedging policies	210
Related-party transactions	211
Group funding transactions	212
Share-based payments	213
Transactions carried out during the period	213



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

In compliance with the provisions of Regulation (EC) No 1606/2002 of 19 July 2002, the Company has prepared these annual financial statements as at December 31, 2021 in compliance with the international accounting standards, international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB), as approved by the European Commission and adopted by the Italian legislator with Italian Legislative Decree no. 38/2005.

In preparing the financial statements, the IAS/IFRS standards in force as at December 31, 2021, were applied. No derogations were made from the IAS/IFRS standards.

Basis of Preparation

The financial statements as at December 31, 2021 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, which include the criteria used for their preparation; it is also accompanied by a Board of Directors' Management Report, the economic results achieved and the Company's equity and financial position.

The financial statements as at 31 December 2021 are drawn up using the Euro as the currency of account and the financial statements and the notes to the financial statements are expressed in thousands of Euro.

The financial statements as at December 31, 2021 are prepared with the application of the recognition and measurement criteria envisaged by the international accounting standards approved by the European Commission and in line with the general assumptions envisaged by the Systematic Framework for the preparation and presentation of the financial statements, prepared by the IASB.

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.

These Financial Statements, in addition to the amounts reported for the current year, also include comparative information in respect of the year ended December 31, 2020.

These Financial Statements have been prepared in accordance with the international accounting standards (IAS/IFRS) in force to date.

These standards have changed from those used to prepare the 2020 financial statements, following the mandatory application, starting January 1, 2021 (for companies whose reference period is the calendar year), of the following new standards or amendments:

- amendment to International Accounting Standard IAS 39 and International Financial Reporting Standards IFRS 4, 7, 9 and 16. The amendments provide for a specific accounting treatment to spread over time the changes in the value of financial instruments or lease contracts due to the replacement of the index of reference for determining interest rates.
- amendments to IFRS 4 and deferral of application of IFRS 9. The amendments extend the expiry of the temporary exemption from IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17, and thus address the temporary accounting consequences that may arise if the two standards become effective on different dates.



Accounting Policies - Notes to the Financial Statements

- amendments to international accounting standard IFRS 16. Following the 2021 Amendment, the practical expedient introduced on May 28, 2020 with the publication of the document "Covid-19-Related Rent Concessions (amendment to IFRS 16 Leases)" is also applicable to rent concessions that provide for a partial or total reduction of the lease payments originally due until June 30, 2022.

The amendments to the aforesaid accounting standards have not significantly impacted the Financial Statements.

As at January 1, 2022, the application of the amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 is mandatory, following the European Union endorsement.

From January 1, 2023 it will be mandatory to apply the international accounting standard "IFRS 17 Insurance Contracts", the amendments to the international accounting standards "IAS 1 Presentation of Financial Statements" and "IFRS Practice Statement 2: Disclosure of Accounting policies" and amendments to international accounting standard "IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" following the European Union endorsement.

These changes are not expected to have significant impacts on the annual financial statements.

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

IASB documents	IASB publication date
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	23/01/2020 – 15/07/2020
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single transaction	07/05/21
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	09/12/21

Since none of these has been approved by the European Commission, they have not impacted the preparation of the annual Financial Statements.

Contents of the accounting statements

Statement of Financial Position, 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.

Statement of Changes in Equity

The Statement of changes in equity shows changes to the shareholders' equity accounts made during the reference period.



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.

Considering that liquid funds include Cash and cash equivalents, the period changes are all financial movements.

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 these financial statements.

Events after the reporting period

After the reporting date of these financial statements no significant events have occurred over and above those described in the Management Report, with particular reference to the transfer operations carried out on January 1, 2022 relating to the assets, liabilities and contractual relationships deriving from the merger with SIA SpA.

Other aspects

These financial statements are subject to the independent audit of PricewaterhouseCoopers SpA.

Main Accounting Policies

Equity investments

Equity investments held in subsidiaries and associates are entered and measured at cost, which is equal to the Fair Value of the price paid, save for any subsequent impairment losses as may be applied.

At each reporting date, the investment is subjected to an impairment test if there is objective evidence of impairment that may have an impact on the investee's cash flows and therefore on the recoverability of the carrying amount of the investment itself.

In order to establish whether or not there is control over the subsidiaries and significant influence in associates, no situations are noted that called for any specific assessments or significant assumptions.

Property and equipment

Classification criteria

Property and equipment refers to rights of use assets acquired through lease contracts, as envisaged by IFRS 16.



Recognition criteria

The rights of use recognised in accordance with IFRS 16 are entered according to the current value of payments due, net of any transaction costs and prepaid charges. The entry is made when the asset is available for use.

Measurement criteria

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 term of the lease contract.

Derecognition criteria

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

Current and deferred tax

Current and deferred tax expenses are recognised as profit and loss under "Income taxes" with the exception of that relating to profit or loss 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".

The provision for income taxes is determined on the basis of a forecast of the current and deferred tax expense. Deferred tax assets and liabilities are computed in respect of the temporary differences arising between the value assigned to an asset or a liability, according to statutory criteria, and their corresponding assumed value for tax purposes. For temporary deductible differences that will reverse over the next few years and for previous tax losses that have not yet been used, a deferred tax asset has been recognised insofar as, on the basis of the strategic plans, it is considered likely that over that time frame, taxable income will be recognised against which said asset can be used.

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 year in which the tax asset is realised or the tax liability will be extinguished, in accordance with current tax legislation.

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 position.

Other assets

Other assets essentially include items that cannot be traced to other items of the statement of financial position, including tax items other than those recognised under their own item (e.g. connected with tax substitute activities), accrued income other than that capitalised on the related financial assets and deferred expenses.



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. 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 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.

Other liabilities

This category includes:

- intragroup liabilities, such as non-derivative financial liabilities other than those held for trading;
- other liabilities, mainly relating to payables to suppliers.

These liabilities are measured at cost or amortised cost.

Provisions for risks and charges

Provisions for risks and charges include all provisions made in relation to past events for which an economic outlay is probable, as long as a reliable estimate can be made of the relevant amount.

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 reversed to the income statement. 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.

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 on the Income Statement on an accruals basis; costs relating to the obtaining and fulfilment of contracts with customers are recognised on the Income Statement in the periods in which the related revenues are recognised.

Use of estimates and assumptions in preparing the financial statements

Financial statement aggregates are measured according to the standards set out above.

The application of these standards sometimes involves the adoption of estimates and assumptions that can have a significant impact on the values entered on the statement of financial position and income statement.

In stressing that the use of reasonable estimates is an essential part of preparing 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:

- quantification of provisions made for risks and charges;
- determination of the Fair Value of shares issued in connection with business combinations;
- determination of the Fair Value of the option component unbundled from the convertible bonds issued;
- quantification of deferred taxation.

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 year in which the change is made and, potentially, those of future years.





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

Statement of Financial Position

(Amounts in thousand euros)

ASSETS

3. Cash and cash equivalents

	Dec. 31, 2021	Dec. 31, 2020
a) Cash	27	-
b) Deposits and current accounts	1,546,063	159,058
Total	1,546,089	159,058

The item "Deposits and current accounts" refers to the liquid funds in the current accounts of Nexi SpA. The change in the item is mainly attributable to the cash deriving from the new funding (see section 39 of the Notes to the Consolidated Financial Statements) contracted by Nexi SpA in the period related to the Nets and SIA transactions, not yet used, and the cash acquired through the Nets and SIA mergers. The item also includes the effects deriving from the collection of dividends from subsidiaries, from the payment of interest expenses for the financing stipulated and from the expenses incurred during the year.

4. Financial assets valued at Fair Value

4. FINANCIAL ASSETS VALUED AT FAIR VALUE

	Dec. 31, 2021	Dec. 31, 2020
Financial assets measured at Fair Value	-	-
Financial assets at Fair Value through OCI	612	-
Total	612	-

The item includes shares acquired through the merger with SIA in companies that are not subsidiaries of or subject to significant influence by Nexi.

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

	Dec. 31, 2021			Dec. 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Debt instruments		-			-	
Equity instruments		612			-	
Financing		-			-	
Total	-	612	-	-	-	-

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

	Dec. 31, 2021	Dec. 31, 2020
a) Banks	-	-
b) Financial institutions	-	-
c) Non-financial institutions	612	-
Total	612	-

5. Financial assets measured at amortised cost

The item mainly includes the loan of Euro 2,044 million 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.

This item also includes the balance of receivables acquired as a result of the merger with SIA.

5.1 LOANS AND RECEIVABLES WITH CLIENTS: GROSS AND NET VALUES AND WRITE-OFFS OF PERFORMING AND NON-PERFORMING LOANS

	Dec. 31, 2021			Dec. 31, 2020		
	GROSS	FUND	NET	GROSS	FUND	NET
Performing loans						
- Stage 1	2,109,276	-	2,109,276	-	-	-
- Stage 2	-	-	-	-	-	-
Non performing loans						
- Stage 3	-	-	-	-	-	-
Total	2,109,276	-	2,109,276	-	-	-

6. Equity investments

6.1 EQUITY INVESTMENTS: INFORMATION ON EQUITY INVESTMENT RELATIONS

Name	% Held	Carrying amount
A. Subsidiaries		-
a. Mercury Payment Services S.p.A.	100.0%	8,321
b. Nexi Payments S.p.A.	99.3%	4,173,903
c. Help Line S.p.A.	69.2%	2,256
d. Service HUB S.p.A.	100.0%	50
e. Nets Topco 3 S.à r.l. (*)	100.0%	7,068,810
f. Nets HF US, LLC (*)	100.0%	-
g. SIApay S.r.l. (**)	100.0%	13,207
h. PforCards GmbH (**)	100.0%	5,100
i. SIA Central Europe a.s. (**)	100.0%	249,322
l. New SIA Greece S.A. (**)	100.0%	43,099
B. Companies subject to significant influence		
a. ATS S.p.A. (**)	30.0%	754
Total		11,564,822

(*) = companies resulting from the Merger with Nets Topco 2 S.à r.l

(**) = equity investments arising from the Merger with SIA SpA

No indicators of impairment were found with regard to the values of the equity investments. Specifically, with regard to the equity investments related to the former SIA Group, acquired on December 31, 2021, the values are to be considered provisional pending the completion of the purchase price allocation process.

Furthermore, with regard to the equity investments in Nexi Payments and Nets Topco II, the impairment testing carried out on the consolidated financial statements also supports the full recovery of the carrying values of the separate financial statements. Indeed, as better described in the notes to the consolidated financial statements, to which we would refer you, the values in use calculated exceed the carrying amounts listed in the separate financial statements.



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

7. Tangible assets

The item Tangible assets only include property and equipment.

7.1 PROPERTY AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

	Dec. 31, 2021	Dec. 31, 2020
Owned		
a) Land	-	-
b) Buildings	-	-
c) POS and ATM	4,092	-
d) Machinery and electronic equipment/systems	18,521	-
e) Furniture and furnishings	1,067	-
f) Other	491	-
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	51,087	-
c) POS and ATM	16,693	-
d) Machinery and electronic equipment/systems	17,701	-
e) Furniture and furnishings	-	-
f) Other	1,473	6
Total	111,124	6

The increase in this item is mainly due to the merger with SIA.

7.2 PROPERTY AND EQUIPMENT: ANNUAL CHANGES

	Land	Buildings	POS and ATM	Machinery and Electronic equipment/systems	Furniture and furnishings	Other	Total
A. Opening balance	-	-	-	-	-	6	6
B. Increases	-	51,087	20,784	36,221	1,067	1,966	111,126
B.1 Purchases	-	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-	-
B.4 Positive Fair Value adjustments	-	-	-	-	-	-	-
B.5 Business combination	-	51,087	20,784	36,221	1,067	1,966	111,126
B.6 Transfers from investment property	-	-	-	-	-	-	-
B.7 Other increases	-	-	-	-	-	-	-
C. Decreases	-	-	-	-	-	7	7
C.1 Sales	-	-	-	-	-	-	-
C.2 Depreciation	-	-	-	-	-	7	7
of which of Rights of use	-	-	-	-	-	7	7
C.3 Impairment losses	-	-	-	-	-	-	-
C.4 Negative Fair Value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	-	-	-	-	-	-
C.6 Transfers	-	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-	-
D. Net closing balance	-	51,087	20,784	36,221	1,067	1,965	111,124

8. Intangible assets

8.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	Dec. 31, 2021		Dec. 31, 2020	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	-	3,384,644	-	-
A.2 Intangible assets - Customer contracts	283,910	-	-	-
A.3 Other intangible assets	105,819	-	-	-
Total	389,729	3,384,644	-	-

The goodwill recognised in 2021 relates entirely to the merger with SIA, the goodwill relating to the merger with Nets being entirely allocated to the equity investment in Nets Topco II. Customer contracts are entirely related to the merger with SIA and refer to values already recorded in the financial statements of the merged company.

8.2 INTANGIBLE ASSETS: CHANGES

	Other acquired intangible assets			Other intangible assets: other		
	Goodwill	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	Total
A. Net opening balance	-	-	-	-	-	-
B. Increases	3,384,644	283,910	-	105,819	-	3,774,373
B.1 Purchases						-
B.2 Reversals of impairment losses						-
B.3 Business combination	3,384,644	283,910		105,819		3,774,373
B.4 Other increases						-
C. Decreases	-	-	-	-	-	-
C.1 Sales						-
C.2 Amortisation						-
C.3 Impairment losses						-
C.4 Business combination						-
C.5 Other decreases						-
D. Closing balance	3,384,644	283,910	-	105,819	-	3,774,373

9. Tax Assets and Liabilities

9.1 CURRENT TAX ASSETS: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Current IRES receivables	11,608	57
Current IRAP receivables	5,583	1,355
Total	17,191	1,412



Notes to the Financial Statements - Statement of Financial Position

9.2 CURRENT TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Current IRES payables	25,662	10,377
Current IRAP payables	-	-
Total	25,662	10,377

9.3 DEFERRED TAX ASSETS: BREAKDOWN

Deferred tax assets	Dec. 31, 2021	Dec. 31, 2020
- of which: recognised in equity	1,557	-
- of which: recognised in profit and loss	93,008	19,657
- of which: recognised in profit and loss due to elimination of the equity investments	-	-
Total	94,565	19,657

9.4 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	-	-
2. Increases	1,557	-
2.1 Deferred tax assets recognised in the year	-	-
2.2 Business combination	1,557	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred tax assets derecognised in the year	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	1,557	-

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

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	19,657	30,210
2. Increases	78,952	3,645
2.1 Deferred tax assets recognised in the year	-	2,717
2.2 Business combination	78,952	928
2.3 Other increases	-	-
3. Decreases	5,601	14,198
3.1 Deferred tax assets derecognised in the year	5,601	14,198
3.2 Business combination	-	-
3.3 Other decreases	-	-
4. Closing balance	93,008	19,657



Statement of Financial Position - Notes to the Financial Statements

9.6 DEFERRED TAX LIABILITIES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Deferred tax liabilities		
- of which: recognised in equity	-	-
- of which: recognised in profit and loss	35,550	-
- of which: recognised in profit and loss due to elimination of the equity investments	-	-
Total	35,550	-

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

	Dec. 31, 2021	Dec. 31, 2020
1. Opening balance	-	-
2. Increases	35,550	-
2.1 Deferred tax liabilities recognised in the year	-	-
2.2 Business combination	35,550	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred tax liabilities derecognised in the year	-	-
3.2 Business combination	-	-
3.3 Other decreases	-	-
4. Closing balance	35,550	-

10. Other Assets

	Dec. 31, 2021	Dec. 31, 2020
Tax receivables	11,650	36
Other assets for commissions to be collected	198,179	-
Deferred costs	27,688	4,308
Inventory	1,913	-
Other assets	34,104	9,911
Total	273,533	14,255



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

LIABILITIES

11. Financial liabilities measured at amortised cost

11.1 FINANCIAL LIABILITIES DUE TO BANKS: BREAKDOWN BY PRODUCT

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	2,527,508	-	2,527,508	-	1,456,741	-	1,456,741	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	-	-	-	-	-	-	-	-
Total	2,527,508	-	2,527,508	-	1,456,741	-	1,456,741	-

The increase in the item mainly reflects the effects of the refinancing operations described in the Management Report as well as the effects of the merger with SIA and Nets.

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

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	13,484	-	13,484	-	-	-	-	-
2. Other liabilities	-	-	-	-	-	-	-	-
3. Lease liabilities	82,180	-	82,180	-	6	-	6	-
Total	95,665	-	95,665	-	6	-	6	-

The increase in this item mainly reflects the effects of the mergers with SIA and Nets.

11.3 SECURITIES ISSUED

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Fixed rate securities	4,230,951	-	4,417,456	-	1,265,733	-	1,457,227	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	4,230,951	-	4,417,456	-	1,265,733	-	1,457,227	-

The increase in the item mainly reflects the effects of the issue of the convertible bond loan, as well as two bond loans aimed at financing the aggregation operations executed during the year. For further details, see the Management Report on the consolidated financial statements.



12. Financial liabilities valued at Fair Value

12.1 FINANCIAL LIABILITIES VALUED AT FAIR VALUE

	Dec. 31, 2021				Dec. 31, 2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial liabilities held for trading	-	-	-	-	-	-	-	-
Financial liabilities measured at Fair Value	500	-	500	-	-	-	-	-
Other financial liabilities mandatorily measured at Fair Value	-	-	-	-	-	-	-	-
Total	500	-	500	-	-	-	-	-

13. Other liabilities

	Dec. 31, 2021	Dec. 31, 2020
Tax liabilities	25,494	2,258
Payables due to employees	24,786	-
Other liabilities for fees and commissions	190,120	17,708
Unsettled transactions	-	-
Other liabilities	3,933	16,481
Deferred loyalty fees and other revenues	523	-
Prepaid-cards unsettled transactions	-	-
Cash advance to be settled	-	-
Total	244,856	36,447

The increase in the item mainly refers to the merger with SIA, which took place on December 31, 2021.

With reference to the ongoing arbitration against Cedacri, central to which is Cedacri's request of a Euro 74.1 million price adjustment, please note that the Group, also based on the opinion of its legal advisers, cannot rule out the risk of an adverse ruling.

14. Post-employment benefits

	Dec. 31, 2021	Dec. 31, 2020
Post-employment benefits	20,859	-
Total	20,859	-



Notes to the Financial Statements - Statement of Financial Position

14.1 POST-EMPLOYMENT BENEFITS: CHANGES

	Dec. 31, 2021	Dec. 31, 2020
A. Opening balance	-	-
B. Increases	20,859	-
B.1 Accruals for the year	-	-
B.2 Other changes	20,859	-
- Business combinations	20,859	-
- Other increases	-	-
C. Decreases	-	-
C.1 Payments	-	-
C.2 Other changes	-	-
- Business combinations	-	-
- Other decreases	-	-
D. Closing balance	20,859	-

15. Provisions for risks and charges

15.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
1. Internal pension funds	-	-
2. Other provisions for risks and charges	14,320	-
2.1 Legal and tax disputes	6,649	-
2.2 Employees expenses	225	-
2.3 Other provisions	7,446	-
Total	14,320	-

The provisions for risks and charges, resulting entirely from the merger with SIA, mainly refer to:

- Provisions for legal and tax disputes: outstanding disputes including relevant estimated legal fees;
- Personnel expenses: seniority bonuses for employees of the former SIA Group;
- Other charges related to disputes concerning the company's normal operations (Euro 6 million), as well as provisions for onerous contracts (Euro 1 million).

15.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Provisions for other commitments and guarantees issued	Pension provisions	Other provisions for risks and charges	Total
A. Opening balance	-	-	-	-
B. Increases	-	-	-	-
C. Business combinations	-	-	14,320	14,320
D. Decreases	-	-	-	-
E. Closing balance	-	-	14,320	14,320

The increases relate entirely to the merger with SIA.



Statement of Financial Position - Notes to the Financial Statements

16. Shareholders' Equity

	Dec. 31, 2021	Dec. 31, 2020
Share capital	118,452	57,071
Treasury shares	(4,493)	-
Share premium	11,587,260	1,082,204
Reserves	397,526	206,068
Valuation reserves	-	-
Profit (Loss) for the year	196,969	49,744
Total Shareholders' Equity	12,295,714	1,395,087

16.1 SHARE CAPITAL: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Ordinary shares	118,452	57,071
Other shares	-	-
Total	118,452	57,071

The increase in the items "Share capital" and "Share premium" is related to the Nets and SIA merger transactions, as detailed in the section on business combinations. Specifically, as at December 31, 2021 Share Capital comprised 1,310,191,586 ordinary shares, all fully paid up.

16.2 TREASURY SHARES: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Treasury shares	(4,493)	-
Total	(4,493)	-

The treasury shares in portfolio purchased during 2021 amounted to 282,475

16.3 SHARE PREMIUM: BREAKDOWN

	Dec. 31, 2021	Dec. 31, 2020
Share premium reserve	11,587,260	1,082,204
Total	11,587,260	1,082,204

The increase in the items "Share capital" and "Share premium" is related to the Nets and SIA merger transactions, as detailed in the section on business combinations.



Notes to the Financial Statements - Income Statement

16.4 RESERVES: BREAKDOWN AND CHANGES

	Legal	Other - Extraordinary reserve	Other	Total
Possible use (*)	B	A, B, C	A, B, C	
A. Opening balance	11,414	71,856	122,798	206,068
B. Increases	-	49,744	144,488	194,232
B.1 Allocation of profit for the year	-	-	-	-
B.2 Other changes	-	49,744	144,488	194,232
C. Decreases	-	-	2,773	2,773
C.1 Utilisation	-	-	-	-
C.2 Other changes	-	-	2,773	2,773
D. Closing balance	11,414	121,600	264,512	397,526

(*) A: capital increase; B: to cover losses; C: dividend distribution

The increase in other reserves includes the 2020 profit carryover, the effects of the valuation of the share-based plans granted to Group employees under IFRS 2, as well as the effects arising from the accounting of the option implicit in the issued Bond Loan and the accounting of direct costs related to the share capital increase transactions connected to the mergers with SIA and Nets.

Other Information

Nothing to report.

Income statement

(Amounts in thousand euros)

17. Interest and similar income

	2021	2020
Financial assets measured at amortised cost	29,787	-
a) loans and receivables with banks	-	-
b) loans and receivables with financial entities and customers	29,787	-
Financial assets at Fair Value through OCI	-	-
Financial assets at FVTPL	-	-
- financial assets held for trading	-	-
- financial assets valued at Fair Value	-	-
Other financial assets mandatorily valued at Fair Value	-	-
Hedging derivatives	-	-
Other assets	-	-
Total	29,787	-

The item refers to interest income accrued on the intercompany loan granted to the Nets Group indicated in section 11.



Income Statement - Notes to the Financial Statements

18. Interest and similar expense

	2021	2020
Financial liabilities measured at amortised cost	141,308	63,201
a) due to banks and customers: Leases	-	-
b) due to banks and customers	62,665	35,697
c) securities issued	78,643	27,504
Financial liabilities at Fair Value through profit or loss	-	-
Financial liabilities held for trading	-	-
Financial liabilities measured at Fair Value	-	-
Other financial liabilities mandatorily measured at Fair Value	-	-
Hedging derivatives	-	-
Other liabilities and accruals	-	-
Total	141,308	63,201

19. Profit (loss) on trading activity / hedging/financial assets and liabilities designated at Fair Value through profit or loss

	2021	2020
Net trading income on financial assets	-	(4)
Net result of valuation of financial liabilities at Fair Value	37,327	-
Net hedging income on financial assets	-	-
Total	37,327	(4)

The item mainly includes the effect of the Fair Value measurement of the option separated from the Convertible Bond Loan, which, as detailed in the Consolidated Financial Statements, was measured at Fair Value from the issue date to October 15, 2021, the date on which the Nexi SpA Shareholders' Meeting approved the capital increase related to the potential conversion of the Bond Loan.

20. Dividends and profit (loss) from sale of assets at FVTOCI

	2021	2020
Dividends	338,105	132,384
Profit/loss from disposal of financial assets at Fair Value through OCI	-	-
Net income	338,105	132,384

This item includes dividends received during the year from Nexi Payments and Mercury Payment Services.



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

21. Administrative Expenses

21.1 PERSONNEL-RELATED COSTS

	2021	2020
1) Employees		
a) wages and salaries	-	-
b) social security charges	-	-
c) post-employment benefits	-	-
d) pension and similar costs	-	-
e) accrual for post-employment benefits	-	-
f) accrual for pension and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
h) costs of share-based payment plans	-	-
i) other employee benefits	-	-
2) Other personnel	7,172	2,452
Total	7,172	2,452

21.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	2021	2020
1. Third-party services	2,290	2,028
2. Lease and building management fees	-	-
3. Insurance	658	522
4. Rentals	13	9
5. Maintenance	-	-
6. Shipping costs	-	-
7. Telephone and telegraph	-	-
8. Cards and accessories	-	-
9. Printed matter and stationery	-	-
10. Other taxes	369	2,155
11. Legal, notary and consultancy services	112,909	30,836
12. Agents' commissions and expense reimbursement	-	-
13. Advertising	-	-
14. Promotional materials and competition prizes	-	-
15. Other commercial costs	-	-
16. Other general expenses	1,976	3,295
Total	118,215	38,846



22. Other Operating Income/Expenses, Net

	2021	2020
Other operating income	15,559	-
Other operating expenses	-	-
Total	15,559	-

The item includes the effects of the waiver of the credit by BFF Bank SpA (formerly Depobank) related to the deferred tax assets arising from the partial spin-off of Depobank to Nexi in 2018.

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

	2021	2020
Depreciation and net impairment loss on tangible assets	7	12
Amortisation and net impairment loss on intangible assets	-	-
Total	7	12

23.1 VALUE ADJUSTMENTS 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				
- Property and equipment	7	-	-	7
- Investment property	-	-	-	-
Total	7	-	-	7

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

	2021	2020
Profit		
Profits on equity investments	-	-
Profit on sale of investments	-	-
Loss		
Loss on equity investments	-	(3,375)
Loss on sale of investments	-	-
Net result	-	(3,375)



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

25. Income taxes

	2021	2020
Current taxes	44,025	39,929
Changes in current taxes from previous periods	(5)	(482)
Change in deferred tax assets	(1,127)	(14,198)
Change in deferred tax liabilities	-	-
Taxes for the year	42,893	25,249

25.1 RECONCILIATION BETWEEN THEORETICAL TAX CHARGE AND EFFECTIVE TAX CHARGE RECOGNISED

	2021	2020
Theoretical tax rate	24%	24%
Non-deductible costs	0%	7.2%
Non-taxed revenues and other decreases	-52%	-134%
Effective rate	-28%	-103%

Non-taxed revenues mainly refer to dividends collected from the subsidiaries Mercury Payment Services SpA and Nexi Payments SpA.

26. 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.

26.1 BREAKDOWN OF ASSETS IN TERMS OF RESIDUAL LIFE

(Amounts in thousand euros)

	Current	Non-current	Total
Cash and cash equivalents	1,546,089	-	1,546,089
Financial receivables	2,109,276	-	2,109,276
Financial assets at Fair Value	612	-	612
Net trade receivables	198,179	-	198,179
Inventory	1,913	-	1,913
Other assets	90,632	15,544,884	15,635,516
Assets held for sale	-	-	-
Total	3,946,701	15,544,884	19,491,585



Related-Party Transactions - Notes to the Financial Statements

26.2 BREAKDOWN OF LIABILITIES IN TERMS OF RESIDUAL LIFE

(Amounts in thousand euros)

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Payables to:				
- Banks	2,527,508	-	-	2,527,508
- Financial entities and clients	95,665	-	-	95,665
- Securities issued	-	822,147	3,408,804	4,230,951
Other financial liabilities	500	-	-	500
Trade payables	190,120	-	-	190,120
Other liabilities	80,399	14,320	56,410	151,129
Total	2,894,191	836,467	3,465,214	7,195,872

26.3 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
1. Financial assets measured at amortised cost	-	-	-	-	2,109,276	2,109,276
2. Financial assets at Fair Value through OCI	-	-	-	-	612	612
3. Financial assets at FVTPL	-	-	-	-	-	-
4. Financial assets held for sale	-	-	-	-	-	-
Total at December 31, 2021	-	-	-	-	2,109,888	2,109,888
Total at December 31, 2020	-	-	-	-	-	-

27. Related-Party Transactions

27.1 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.

	Directors	Board of Statutory Auditors	Executives holding strategic responsibility
Corporate bodies remunerations	1,043,842	285,480	-
Short-term benefits	-	-	-
Benefits subsequent to the termination of employment	-	-	-
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	1,043,842	285,480	-



Notes to the Financial Statements - Group funding transactions

27.2 INFORMATION ON RELATED-PARTY TRANSACTIONS

The purpose of international accounting standard no. 24 (Related Party Disclosures) is to make sure that the financial statements of an entity contain the additional information necessary to highlight the possibility that the equity-financial position and economic results may have been altered by the existence of related parties and transactions and balances applicable with said parties.

In accordance with these indications, applied to the organisational and governance structure of the Nexi Group, the following are considered as related parties:

- parties that directly or indirectly, de jure or de facto, including through subsidiaries, trusts or intermediaries, exercise significant influence over Nexi; in particular, note that following the SIA Merger, these parties include, in addition to Bain Capital Investors LP, Advent International Corporation and Hellman & Friedman LLC, also Cassa Depositi e Prestiti and its direct parent company represented by the MEF (Italian Ministry of the Economy and Finance);
- the subsidiaries or entities under the joint control of the entities listed at the point above;
- the subsidiaries, associates or entities under the joint control of Nexi SpA;
- key management personnel of the Nexi Group and its direct Parent Company and its subsidiaries, entities under its joint control or subject to its significant influence;
- close family members of the natural persons included under letters a) and d) above;
- the complementary pension fund established in 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)

	Controlling company	Other Group companies	Other related parties	Directors, Executives and other Supervisory Bodies
Financial assets measured at amortised cost		2,109,276		
Other assets		61,156		
Financial liabilities measured at amortised cost		13,484		
Other liabilities		19,320		-
Interest and similar income		29,787		
Interest and similar expense		41		
Other administrative costs		8,978	2	-

The table above does not include balances relating to relationships with Cassa Depositi e Prestiti, the MEF (Italian Ministry of the Economy and Finance) and their subsidiaries as such entities have become Nexi's related parties as of December 31, 2021. Therefore, at the reporting date, there were no transactions stipulated with such entities.

Please note that these transactions are governed by terms and conditions which are in line with market terms and conditions and, for the purposes of intercompany service contracts, are governed taking into account actual recourse to such contracts by each Group company.

Transactions with Group companies mainly refer to the national tax consolidation scheme and the loan disbursed to the Nets Group in 2021.

28. Group funding transactions

The Company's financial structure changed significantly in 2021, primarily as a result of the transactions put in place to finance the mergers with Nets and SIA.

For further information, please refer to section 39 of the Notes to the Consolidated Financial Statements.



29. Share-Based Payments

Please refer to the Notes to the Consolidated Financial Statements for a description of share-based payments in place as at the reporting date.

In particular, please note the following:

- in accordance with IFRS 2, plans must be recognised within both the parent's financial statements and the consolidated financial statements as "Equity-settled transactions";
- the measurement criteria applied to the full amount of the grant-date Fair Value of the plans and to its breakdown throughout the vesting period are described in the Notes to the Consolidated Financial Statements;
- in the parent company Nexi financial statements, since the beneficiaries of said plans are employees of the parent company, the Shareholders' Equity increase is recognised through "Equity investments", not, as in the consolidated financial statements, within the Income Statement.

Increases in equity investments as recognised within the individual 2021 financial statements break down as follows:

	LTI	Stock Grant	Total
Help Line	75	5	80
Mercury Payment Services	120	324	444
Nexi Payments	15,098	28,854	43,952
Nets Topco 3	2,338	15	2,353
Total	17,631	29,198	46,829

30. Transactions carried out during the period

Nexi-Nets merger

The deed of merger relating to the cross-border merger by incorporation of Nets Topco 2 S.à.r.l., the Luxembourg holding company of the Nets Group, was signed on June 16, 2021, with effect, from a legal, tax and accounting point of view, from July 1, 2021 (the "Effective Date of the Merger"). For further details on the transaction, please see the Consolidated Financial Statements. For further information on the transaction, see the notes to the consolidated financial statements.

The transaction described above, for the purposes of the separate financial statements, qualifies as an acquisition of a group of assets that does not constitute a business, and the difference between the cost of the group and the net assets identified as the difference between assets acquired and liabilities assumed was allocated to the equity investment.

As described in the Consolidated Financial Statements, the consideration for the transaction was determined to be Euro 7,051 million.



Notes to the Financial Statements - Transactions carried out during the period

For the purposes of the Group's consolidated financial statements, the Purchase Price Allocation process, as also permitted by international accounting standard IFRS 3, will be completed within 12 months of the closing date (July 1, 2021). However, considering that the company acquired as a result of the merger is a holding company that in fact only holds the equity investment in the sub-holding Nets Topco 3, for the purposes of the individual financial statements all goodwill has been allocated to the value of this investment, as shown below:

(Amounts in thousand euros)

	Provisional Fair Value	Adjustments	Final Fair Value
Cash consideration paid	7,051,352		7,051,352
Contingent/deferred consideration			-
Minority interests	-		-
Cash and cash equivalents	1,116		1,116
Financial assets			-
Equity investments	3,448,338	3,618,119	7,066,457
Tangible assets	-		-
Intangible assets			-
Tax assets			-
Other assets	18		18
Payables to banks			-
Financial liabilities	(16,208)		(16,208)
Other liabilities	(31)		(31)
Net assets	3,433,233	3,618,119	7,051,352
Goodwill	3,618,119	(3,618,119)	-
Cash consideration paid	7,051,352	-	7,051,352
Cash acquired	1,116	-	1,116
Net cash consideration	7,050,235	-	7,050,235

Nexi-SIA merger

The deed of merger between Nexi SpA and SIA SpA was signed on December 16, 2021, with legal, accounting and fiscal effects from December 31, 2021 at 11.59 pm. For further details on the transaction, please see the Nexi Group's consolidated financial statements. For further information on the transaction, see the notes to the consolidated financial statements.

Since the merger described above can be defined as a business combination, it has also been accounted for in the individual financial statements of Nexi SpA in accordance with the provisions of the international accounting standard IFRS 3: Business Combinations.

More specifically, the transaction in question falls within the scope of a "merger of equals", however IFRS 3 requires that an acquirer be identified for any combination transaction, and Nexi has been identified as the acquirer of the Business Combination, taking into account in particular the following elements:

- Nexi is the entity that issued the shares serving the transaction and was not extinguished following the merger;
- Nexi is the aggregating entity whose relative size is larger than that of the other entity involved.

As described in the Consolidated Financial Statements, the consideration for the transaction was determined to be Euro 3,515 million.

For the purposes of the Group's consolidated financial statements, the Purchase Price Allocation process, as also permitted by international accounting standard IFRS 3, will be completed within 12 months of the closing date.



Transactions carried out during the period - Notes to the Financial Statements

The provisional goodwill arising from said business combination totals about Euro 3,385 million broken down as follows:

(Amounts in thousand euros)

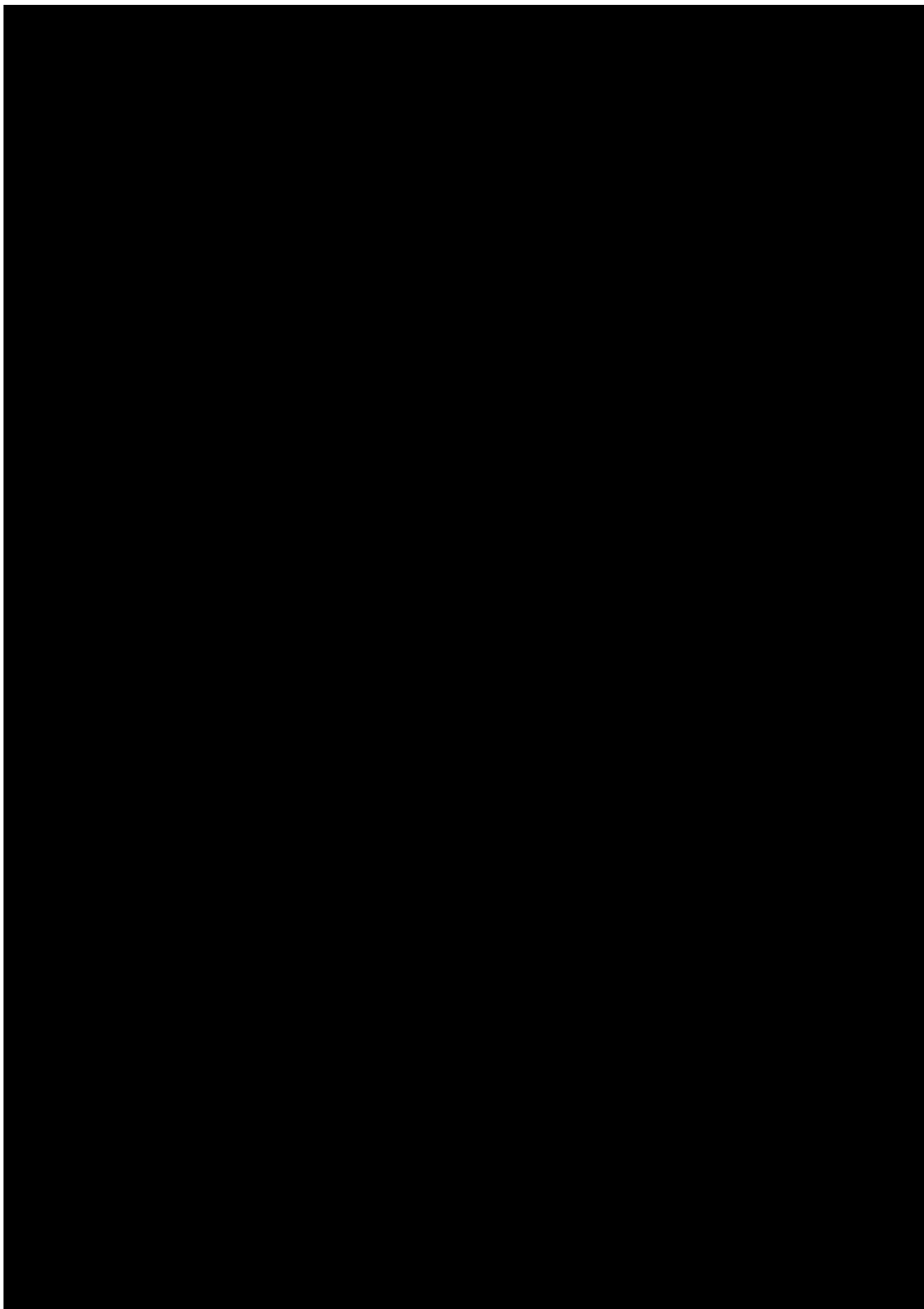
	Provisional Fair Value
Cash consideration paid	3,515,085
Contingent/deferred consideration	-
Minority interests	-
Cash and cash equivalents	145,012
Financial assets	36,100
Equity investments	311,481
Tangible assets	111,122
Intangible assets	389,729
Tax assets	96,293
Other assets	235,833
Financial liabilities	(956,159)
Tax liabilities	(35,550)
Other liabilities-	(203,420)
Equity attributable to non-controlling interests	-
Net assets	130,442
Goodwill	3,384,644
Cash consideration paid	3,515,085
Cash acquired	145,012
Net cash consideration	3,370,074





2.4

CERTIFICATION OF THE FINANCIAL
STATEMENTS PURSUANT TO ARTICLE
154 BIS, PARAGRAPH 5 OF ITALIAN
LEGISLATIVE DECREE NO. 58/98





Certification of the Financial Statements pursuant to article 154 bis of Italian Legislative Decree 58/988

1. The undersigned Paolo Bertoluzzo, as Chief Executive Officer of Nexi S.p.A., and Enrico Marchini, as Financial Reporting Manager 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 24, 1998:

- the adequacy with respect to the nature of company;
- the effective application

of administrative and accounting procedures for the preparation of financial statements as at December 31, 2021.

2. To this purpose, no significant issues were recorded.

3. It is also certified that:

3.1 the Financial Statements:

- d) 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 19 July 2002;
- e) correspond to the information contained in the accounting ledgers and records;
- f) provide a true and fair representation of the equity, economic and financial situation of the issuer;

3.2 the Management Report includes reliable analysis on the performance, the result of operations and the business of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Milan, March 10, 2022

Chief Executive Officer
Paolo Bertoluzzo

Financial Reporting Officer
Enrico Marchini





2.5

REPORT OF THE BOARD
OF STATUTORY AUDITORS



**Report of Nexi SpA's Board of Statutory Auditors
to the Shareholders' Meeting
pursuant to Article 153 of Legislative Decree 58/1998**

To the Shareholders.

The Board of Statutory Auditors (hereinafter, also the "Board") is held to report to the Shareholders' Meeting of Nexi SpA (hereinafter, also the "Company" or "Nexi") with reference to the supervisory activity conducted throughout the year and the omissions and censurable actions detected, pursuant to Article 153 of Legislative Decree 58/1998 (TUF). The Board may also remark upon and make proposals concerning the financial statements, their approval and other matters within the scope of its competence.

Throughout the financial year 2021, the Board of Statutory Auditors carried out its statutory tasks in compliance with governing laws and taking due account of the Rules of Conduct set forth by the National Councils of Tax Consultants and Accounting Experts, and by Consob and by the Corporate Governance Code for listed companies.

1. Appointment and meetings of the Board of Statutory Auditors

The Board of Statutory Auditors in office during 2021 was composed of the following members appointed by the Shareholders' Meeting on February 13, 2019, for the three-year period 2019-2021:

- Piero Alonzo – Chairman;
- Mariella Tagliabue – Statutory Auditor;
- Marco Zanobio – Statutory Auditor.

Following the resignation of Marco Zanobio, the Shareholders' Meeting on October 15, 2021, appointed Eugenio Pinto as Statutory Auditor, starting from the effective date of the merger by incorporation of SIA S.p.A. (hereinafter also "SIA") into Nexi S.p.A, completed at 23:59 on December 31, 2021.

Therefore, this report was also drafted based on the activities implemented by the Board of Statutory Auditors in office until December 31, 2021, in consideration of the audits conducted in 2022 and until the date of issue of this Report.

The current Board of Statutory Auditors, whose term of office will expire on the approval of the financial statements for the financial year ending December 31, 2021, is composed of:

- Piero Alonzo – Chairman;
- Mariella Tagliabue – Statutory Auditor;
- Eugenio Pinto – Statutory Auditor;
- Serena Gatteschi – Alternate Auditor

Nexi SpA

Corso Sempione 55, 20149 Milano • T. +39 02 3488.0 • F. +39 02 3488.4180 • www.nexi.it
Reg. Imprese Milano, Monza Brianza e Lodi, C.F. 09469470965 • Rappresentante del Gruppo: V.A. Nexi P. IVA 10540790968 • R.F.A. Milano 2093x1P
Capitale Sociale € 57.070.707,00 i.v.



nexi

- Emiliano Ribacchi – Alternate Auditor

Note that the Board of Statutory Auditors also acts as the Supervisory Board, as per Legislative Decree 231 of 2001.

The Board met 21 times in 2021 and attended all 17 meetings of the Board of Directors held in 2021, as well as the 4 Shareholders' Meetings also held in 2021.

Furthermore, in 2021 the Board attended all 13 meetings of the Risk, Control and Sustainability Committee, all 10 meetings of the Remuneration and Appointments Committee and all 2 meetings of the Related Parties Committee.

During 2021, the Board of Statutory Auditors participated in the induction activities organised by Nexi.

The Board wishes to further note that, on June 25, 2019, it established the qualitative and quantitative criteria and procedures applicable to its self-assessment, based on the information provided by its members. During the meeting held on February 8, 2022, the Board of Statutory Auditors conducted the Self-Assessment of the Board in office until December 31, 2021, the results of which were included in the Board's 2021 Self-Assessment Report. Moreover, having arrived at the end of its term, the Board of Statutory Auditors, in its composition in office as of December 31, 2021, requested the support of Spencer Stuart, an independent advisor who also follows the self-assessment of the Company's Board of Directors, for the transparency of the process of formulating guidance to shareholders on the renewal of the Board of Statutory Auditors.

With regard to the Report, the Board has also drafted a summary, entitled the Self-Assessment Report, which was submitted, along with the analysis conducted by Spencer Stuart, to the company's Board of Directors during the meeting held on March 10, 2022. 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 Statutory Auditors, as well as meeting integrity and professionalism requirements and not falling within the situations of incompatibility provided for by the governing laws, also possess required independence envisaged under the Corporate Governance Code;
- the Board of Statutory Auditors' membership provides for diversity with respect to gender, age, professional backgrounds and know-how;
- each Statutory Auditor has firm knowledge and experience in several fields of expertise;
- the Board of Statutory Auditors' overall expertise is suited to its mandate.

Size, operations and reporting are adequate and show no shortfalls or critical areas.

2. Significant events of the financial year

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



nexi

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 assure 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 bylaws. In 2021, the Group's structure changed significantly following mergers with the Nets Group and the SIA Group, as detailed below. As of December 31, 2021, the structure comprised the Company and the following subsidiaries, for which the Company also provides management and coordination activities:

- Mercury Payment Services SpA;
- Nexi Payments SpA;
- Help Line SpA;
- Siapay Srl;
- Service Hub SpA;
- PforCards (Austria);
- SIA Central Europe Sub Group;
- New SIA Greece;
- Nets US LLC;
- Nets Sub Group.

For more details on the composition of the Group, including with particular reference to the 'Nets Sub-Group' and the 'SIA Central Europe Sub-Group', see section 6 of the Notes to the Financial Statements.

Following the mergers indicated above, the Nexi Group became the main operator in Italy and one of the main in Europe in the digital payments sector.

The Company and the Group's most sizeable transactions and operations in 2021 have included:

the merger of Nets into Nexi, effective from July 1, 2021. The integration process with the Nets Group allows the Nexi Group to extend its presence in international markets previously covered by the companies in the Nets Scope, thus becoming one of the leading companies in the paytech sector also in Europe;

the merger of SIA into Nexi, effective from December 31, 2021, at 23:59. The merger with SIA allows the Nexi Group to ensure even more significant growth and greater resilience by diversifying its possible sources of revenue geographically and in terms of business offerings;

the acquisition of the former UBI Banca merchant acquiring activities from Intesa Sanpaolo for an amount of Euro 170 million;

the establishment of a long-term strategic partnership with Alpha Bank in Greece which provides for the constitution of a vehicle company into which the merchant acquiring branch of Alpha Bank



will be conferred with an investment from the Nexi Group of Euro 157 million;
the acquisition of the property at Corso Sempione 57, Milan, from the Bank of Italy for an amount of Euro 40 million;
the partial spin-off of Mercury Payment Service into Nexi Payments concerning the Payment Institution activities with the former retaining the help desk and card factory activities;
the financial structure of the Group changed during 2021, chiefly as a result of the funding operations carried out by Nexi to gather the financial resources necessary to refinance (i) the financial debt of the group headed by Nets Topco 2 S.à r.l. ("Nets") and its subsidiaries following the merger between Nets and Nexi announced on November 15, 2020 and carried out on July 1, 2021, (ii) the financial debt of SIA following the merger between SIA and Nexi announced on October 5, 2020 and executed on December 31, 2021, as well as (iii) the costs and charges relating to the mergers and the issue of financial instruments – the debt structure at December 31, 2021 may be summarised as follows:

(Amounts in Euro million)

	December 31, 2021	December 31, 2020
2024 Bond Loan	822	820
2027 Convertible Bond	453	445
Term Loan	463	462
IPO Loan	993	995
2028 Convertible Bond	869	-
2026 Bonds	1,043	-
2029 Bonds	1,043	-
BBPM Loan Contract	198	-
Nassa Bond (Nets subgroup)	218	-
Rate Pay funding (Nets subgroup)	135	-
Former-SIA funding	874	-
Other financial liabilities	362	59
Total	7,474	2,781

For a complete list and detailed description of significant events during the financial year ended December 31, 2021, see the Board of Directors' Report on Group Operations, which – to the Board of Statutory Auditors' best of knowledge – provides a comprehensive review of major events at Nexi Group for 2021 and for the period up to the approval of these financial statements.

3. The Covid pandemic

Right from the initial phase of the COVID-19 pandemic, the Companies and the Group have



nexi

implemented all the provisions called for by the legislation in force aimed at protecting their employees and contractors, while also reinforcing the oversights and operational tools aimed at preventing and limiting potential incidents that might cause prejudice to the security of systems and information flows. During 2020, the Company approved the Company Rules that governed teleworking for companies operating in Italy, which were then replaced in December 2021 by the agreement signed with the Trade Unions. Procedures and platforms were improved during 2021 to enable remote working, and procedures introduced during the second half of the year to enable a gradual return to conditions of security. The Group's foreign companies have implemented specific procedures for the management of remote working with plans to cover the costs incurred by employees for remote working tools. In any case, even during the most serious phases of the healthcare emergency, the Company and the Group guaranteed services to their customers consistent with the customary standards of quality and timeliness.

In Italy, the switch to the ever-greater use of digital payments forms compared with cash continued in 2021, while during the final part of the year, acquiring transactions grew by double digits compared with the same period of 2019. Within the Group's international context, there were slight contractions compared with 2019 but a recovery compared with 2020.

For more details on issues connected with the COVID-19 pandemic, including as regards business continuity and strategic risks, see the details indicated in the specific sections of the Report on Operations and the Notes to the Financial Statements from the Board of Directors.

4. Significant events after the reporting period

Following the merger of SIA into Nexi on December 31, 2021, certain activities which were previously the responsibility of SIA were entrusted, from January 1, 2022, into the companies Nexi Payments and Service Hub. More specifically: (i) some specific non-regulated activities (e.g. Help Desk & Customer Operations and Card Factory services) and part of the branches that carry out these activities were transferred to Service HUB; and (ii) all the remaining assets, liabilities and contractual relationships held by the SIA Group prior to the merger, including the investment in SIA Pay S.r.l. and the branches that carry out the related activities, were transferred to Nexi Payments. Finally, the following elements among others were excluded from the transfers, and therefore remained the responsibility of Nexi: (i) the financial debt of SIA; and (ii) the equity investments held in the foreign subsidiaries of SIA. Moreover, as regards the crisis triggered by the conflict between Russia and Ukraine, it should be noted that the Company's management constantly monitors events and wishes to state that, while marginal operational and economic impacts are expected in the short term, it is not yet possible to reliably assess the medium- to long-term impacts in light of the evolution of the conflict and its effects on macroeconomic variables.

5. Atypical or unusual operations



The financial statements, the information received during the Board of Directors' meetings and the information received from the Chairman and the Chief Executive Officer, from the management and the Independent Auditors provide no indication of any atypical and/or unusual operations, including any with an intragroup or related-party scope, except for those specifically indicated in the Significant Events during the Reporting Period section of the Report on Operations and summarised above in paragraph 2 of this Report.

6. Related-party transactions

Pursuant to Article 2391a of the Italian Civil Code and to regulations issuing from Consob Resolution 17221 of March 12, 2010, the Company arranged and adopted a 'Procedure for Related-Party Transactions' (hereinafter, also the "RPT Procedure"), updated during 2021 to adopt the amendments introduced in Consob Resolution 21624 of 10/12/2020, and set up a 'Related Parties Committee'.

The Board of Statutory Auditors monitored both the RPT Procedure's compliance in respect of any rules and regulations applicable from time to time, and its full and proper implementation. The Board attended all 2 meetings of the Related Parties Committee and was regularly updated concerning all and any transactions carried out.

In the relevant section of the Report on Operations, the Board of Directors indicated the most significant transactions, referring to the merger with Nets and stating that, in order to implement the refinancing of the Nets Group envisaged as part of that transaction, Nexi granted a loan of Euro 2,044 million to the sub-holding company Nets Holdco 1 ApS, which qualifies as a major intercompany transaction for the purposes of the aforementioned Consob regulations. This loan, which has a duration of 5 years, is regulated at market conditions.

In its Report on Group Operations, the Board of Directors expressly states that, as in 2021, no related-party transactions were carried out that significantly affected the Group's consolidated assets or financial performance during the reporting period.

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 (Note 36).

7. Oversight of management standards and organisational structure

Pursuant to Article 114(2) of the TUF, the Board of Statutory Auditors secured knowledge and provided oversight as to organisational structure, as to compliance with the standards of proper management, and as to the appropriateness of any instructions provided by the Company to any subsidiaries, by securing information both from relevant corporate officers and at meetings held with the Independent Auditors in the context of mutual reporting on relevant data and information.

Below are the Company's main governance instruments, which also comply with the legal and regulatory provisions, the provisions of the Corporate Governance Code and domestic and international best practice:



nexi

- the Articles of Association;
- the Shareholders' Meeting Regulation;
- the Board of Directors' Regulation;
- the Guidelines for the Strategic Committee's Operations;
- the Control, Risk and Sustainability Committee Regulation;
- the Remuneration and Appointment Committee Regulation;
- the Related-Party Transactions Procedure and the Related Parties Committee Regulation (pursuant to Article 2391a of the Italian Civil Code and to the RPT Regulation);
- the Nexi Group General Regulation on Management and Coordination;
- the Regulation on Relevant or Privileged Information and on the Drafting and Keeping of the RIL and of the Insiders and Internal Dealing List;

The Board of Statutory Auditors attended the meeting during which the Board of Directors examined the outcomes of the Board Review performed with the assistance of an external advisor. The manner in which the Board Review was conducted and the positive findings issuing from the review are detailed in Nexi's Report on Corporate Governance, as requested in the 'Recommendations of the Committee for 2021', issued by the Corporate Governance Committee. The Board also wishes to highlight how the mandate conferred on the Board of Directors will expire at the approval of the financial statements for the year 2021 and, therefore, that the Shareholders' Meeting shall decide on the appointment of the new Board of Directors. This aspect was taken into account in the Board Review indicated above.

During 2021, following the integration with the Nets Group, the organisational structure of the Nexi Group was reviewed, with the revision and establishment of certain staff functions that were centralised in the parent company. These functions were operationally populated through partial or full secondments of employees of Legal Entities controlled by the Group.

Organisational structure is deemed suitable to the Company's size and to the conduct of its business. Please further note that the herein mentioned business combinations will lead to a further change with respect to organisational structure, to certain key management processes at the Company, and to supporting IT systems.

Also during 2021, the Group Code of Ethics and Anti-Corruption Policy were updated to take into account the specific characteristics of the new companies that joined the Group. As regards the former Nets Group, December 2021 saw the updating and implementation of the Group Whistleblowing Policy. In addition, the project to ensure alignment with the new regulations introduced by the Payment Services Directive (PSD2) was completed.

The Reports on Operations, the information gathered in the Board of Directors' meetings and the information received from the Chief Executive Officer, from management, from the subsidiaries' Boards of Statutory Auditors and from the Independent Auditors, revealed no evidence of atypical and/or unusual operations conducted with Group companies, third parties or related parties.

Finally, the Board of Statutory Auditors has reviewed the corporate processes that led to the

nexi

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.

8. Oversight of the internal control and risk management system

The Board of Statutory Auditors has monitored the appropriateness of the internal control and risk management systems by:

- meeting with the Company's top managers to examine the internal control and risk management system;
- regularly meeting with the Internal Audit function, the Compliance function and the Anti-Money Laundering function so as to assess work planning methods, based on the identification and evaluation of the major risks in organisational units and processes;
- meeting with the Chief Executive Officer, the CFO, the Group HR Manager, the Risk Manager, the Chief Information Officer and the CISO;
- reviewing the Control function's periodical reports, including the ones concerning the outcome of activities supervising the implementation of the identified adjustments;
- meeting with the Control Committee Chairman;
- meeting with the Financial Reporting Officer and with the independent advisors the Company entrusted to review the methods adopted as to Purchase Price Allocation and Impairment Test;
- meeting with the Company's Investor Relator;
- 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;
- regularly attending the Company's Control, Risk and Sustainability Committee, and when specific agenda items called for it, jointly addressing them with the committee.

Whilst performing its audit activity, the Board of Statutory Auditors constantly liaised with the Control Functions.

The Group's development projects continued during 2021, in particular as regards the entry of the SIA Group and the resources dedicated to controls within the scope of each Function. The integration of the Audit Function with Nets was positively completed on the whole and has also defined the next steps useful for the uniform application of the identified methods.

The Internal Audit function operates on the basis on a yearly plan. This annual plan defines the activities and processes to be audited with a risk-based approach. The plan is approved every year by the Board of Directors. The activities carried out by the Function during the financial year encompassed the entire planned scope, supplementing the adaptation of the internal control system assessment process to make it usable within the new Group scope. Such activity revealed no significantly critical profiles.

During 2021, as part of the integration with the Nets and SIA Groups, the Compliance Function

nexi

defined the Group Compliance Model, prepared the Policies/documents pertaining to the Parent Company, and implemented periodic information flows on compliance that the Group companies are required to transmit to the Parent Company. During the year, the Function focused, inter alia, on guaranteeing compliance with e-commerce payment systems, reviewing and updating the mapping of the electronic systems that process personal data and issues pertaining to data protection legislation, while with regard to anti-money laundering regulations, the Policies and Manual were updated to adopt the latest legislative developments.

The Risk Management Function has an Enterprise Risk Management (ERM) Framework that – in line with top management's vision and the recommendations within the Code of Corporate Governance for Listed Companies pertaining to risk management and control – focuses on the identification and handling of top risks impinging on value creation and protection. To that end, it is tasked with injecting a risk management culture and practices thereto pertaining in corporate processes relevant to strategic planning and performance management. The Group's Enterprise Risk Management Policy was updated during the first half of 2021 so that it could also be applied to Nets through the definition of a Risk Management unit at the central and Legal Entity levels. What is more, Nexi has also adopted a specific framework for the management of operating and security risks.

The Board of Statutory Auditors acknowledges that the yearly reports of the Control Functions give a favourable opinion on the overall internal controls structure.

Based on the activities carried out, on the information gathered, on the contents of the Control Functions' Reports, the Board of Statutory Auditors reckons there are no critical elements that may undermine the structure of the control and risk management system.

9. Oversight of accounts administration and of financial reporting

The Board of Statutory Auditors, acting as Internal Control and Accounting Auditing Committee, has monitored the process and checked the efficacy of the internal control and risk management systems as far as financial reporting is concerned.

The Board of Statutory Auditors points out that, pursuant to Article 154b of the TUF, the Board of Directors, in the meeting held on February 25, 2019, it appointed Mr Enrico Marchini (previously Head of Administration at subsidiary Nexi Payments S.p.A.) as manager in charge of drafting accounting documents ("Financial Reporting Officer"), effective as of the commencement date of the Company shares trading on Borsa Italiana's MTA equities market. 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.

The administrative and accounting procedures for the drafting of the individual and consolidated financial statement, as for any other financial communication, have been set up



nexi

under the responsibility of the Financial Reporting Officer who, together with the Chief Executive Officer, certifies its adequacy and effective implementation.

During the regularly held meetings, the Financial Reporting Officer reported no shortfalls, in the operational and control process, that may negatively affect the judgement of adequacy and effective enforcement of the administrative-accounting procedures, for a correct economic, asset-related and financial representation of management, in compliance with the international accounting standards.

As regards the impacts connected with COVID-19, account was taken, in the drafting of the financial report of December 31, 2021, of the information contained in the ESMA documents (ESMA Public Statement of October 29, 2021 'European common enforcement priorities for 2021 annual financial reports') and the CONSOB bulletin of November 8, 2021. During 2021, the Financial Reporting Officer updated the Administrative and Accounting Control Model through integration of the Rules of the Financial Reporting Officer.

Among the main features, the Financial Reporting Officer called for the introduction of '262 Focal Points' to be made responsible for activities connected with the implementation, maintenance, monitoring and reporting of the local Administrative and Accounting Control Model. With the objective of guaranteeing the effective implementation of the Administrative and Accounting Control Model pursuant to law no. 262/05, a Road Map was defined for the financial years 2021 and 2022. This map outlined the following main activities aimed at enhancing and consolidating the existing control practices within the Nexi Group.

The Board of Statutory Auditors has also reviewed the declarations of the Chief Executive Officer and of the Financial Reporting Officer, pursuant to the provisions set forth under Article 154a of the TUF.

As regards the drafting of the consolidated financial statements, the Board of Statutory Auditors acknowledges that the Board of Directors, at the meeting held on February 10, 2022, approved (as called for by the joint Bank of Italy/CONSOB/Isvap document of March 3, 2010) the procedure of impairment.

The Nexi Group relied on an independent external consultancy firm for the review of the impairment test, the provisional allocation of the PPA (Purchase Price Allocation) for the NETS and SIA business combinations and for the PPA of the acquisition of the Merchant Book of Intesa Sanpaolo S.p.A., previously held by UBI Banca. More specifically, as regards the review of the impairment test and the purchase price allocation activities with reference to the acquisition of the Merchant Book of Intesa Sanpaolo S.p.A., the consultancy firm issued Nexi with its independent reports on March 3, 2022.

The heads of the Independent Auditors, in the meetings held regularly with the Board of Statutory Auditors, reported no critical situation that may undermine the internal control system concerning administrative and accounting procedures.

In view of the information gathered and of the conducted review, the Board reckons that the administrative and accounting system in place is adequate on the whole and complies with the

nexi

current laws of reference.

In any case, it recommends continuing without delay in coordinating and implementing the actions planned for 2022 by the management, so as to increase the efficiency of the financial information processes, including in the light of the extraordinary integration operations which occurred during 2021.

10.ESEF (European Single Electronic Format)

Nexi falls into the category of Issuers whose transferable securities are admitted for trading on a European Union regulated market and is therefore subject to the provisions in Article 154b of Italian Legislative Decree no. 58/98 on financial reporting. It has drafted its financial statements in compliance with the provisions of Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic format (ESEF). The financial statements were approved by the Board of Directors on March 10, 2022. Based on Delegated Regulation (EU) 2019/815, starting from the financial year starting January 1, 2021, Issuers are obliged to:

- draft the annual financial statements in XHTML format that can be read by human users;
- draft the IFRS consolidated financial statements using the XBRL reporting language.

In this regard, the Board of Statutory Auditors checked that the Company had adopted a suitable procedure for drawing up the financial statements electronically (using XHTML and XBRL technologies), in accordance with the provisions of the ESEF Regulation. Moreover, the Board of Statutory Auditors expressed a favourable opinion with regard to the PwC considerations variation letter, resulting from the longer times needed to verify the compliance of the financial statements with the provisions of Delegated Regulation (EU) 2019/815, deeming the request for integration of the auditing activities consistent with the legal auditing process under the existing mandate, adjusted in response to the updating of the regulatory framework, consistent with respect to the professional commitment required and in line with the conditions already in place, resolved upon by the Nexi Shareholders' Meeting in February 2019.

11.Enforcement of Corporate Governance rules

While performing its tasks, the Board of Statutory Auditors, as provided for by Article 149 of the TUF, monitored the modalities of a concrete enforcement of the Corporate Governance rules envisaged by the codes of conduct, which Nexi declares to abide by. Nexi complies with the Corporate Governance Code promoted by Borsa Italiana SpA and has drafted, pursuant to Article 123a of the TUF, the annual Report on Corporate Governance and Controlling Structures, which provides information on:

- i. the Corporate Governance practices effectively set in place;
- ii. the main characteristics of the risk management and internal control systems;
- iii. the operating mechanisms of the Shareholders' Meeting, its main powers, the Shareholders'

nexi

rights and the exercise modalities of such rights;

iv. the composition and functioning of administration and control bodies and of the Internal Board Committees, as well as other information provided for by Article 123a of the TUF.

The Board of Directors carried out a self-assessment of its own functioning, size and breakdown, and of the Internal Board Committees, assisted by an independent advisor. The outcome of said process is illustrated in the Corporate Governance Report. Concurrently, the Board of Directors also ascertained whether the independence requisites connected to the risk of conflicts of interest were met.

The Board of Statutory Auditors also verified the appropriate implementation of the verification criteria and procedures adopted by the Board of Directors for evaluating the independence of its members.

On March 10, 2022, the Board of Directors approved the 'Report on Corporate Governance and Controlling Structures', which also transposes some recommendations provided for under the new Corporate Governance Code (9th edition - January 2022).

The Board of Statutory Auditors also verified the appropriate implementation of the verification criteria and procedures adopted by the Board of Directors for evaluating the independence of its members.

12. Oversight of independent audits

The Board points out that, on February 13, 2019, the Shareholders' Meeting appointed PricewaterhouseCoopers SpA (hereinafter, also "PWC") as Independent Auditors for the nine-year period spanning from 2019 to 2027, following the expiry of the term ascribed to independent auditors KPMG SpA. The Independent Auditors PricewaterhouseCoopers SpA are also the independent auditors of the Group, since they were also appointed legal auditors by the subsidiaries.

The Board stresses that, in 2019, the Company approved the internal procedure for the approval of services to be entrusted to the company tasked with the legal audit and to its network.

Pursuant to Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also acts as Internal Control and Accounting Audit Committee and carried out said supervision of the legal audit of annual accounts and of consolidated financial statements.

The Board of Statutory Auditors regularly met with the Independent Auditors PWC, as provided for by Article 150(3) of the TUF, in order to share information. During such meetings, PWC reported no actions, nor facts, deemed reprehensible, nor any irregularity that required specific flagging, pursuant to Article 155(2) of the TUF. During such meetings, the Board was informed about the fundamental issues that emerged during the audit, which concerned assessment-related issues, in particular the impairment test and the purchase price allocation, as well as the main implications relating to the extraordinary transactions of 2021.

Whilst supervising the 2021 Financial Statements, the Board of Statutory Auditors met with



nexi

PWC on June 23, 2021, to examine the activities concerning the limited audit of the interim consolidated financial statements as of June 30, 2021. Throughout the subsequent period and until the date of publication of this Report, the Board of Statutory Auditors met four more times to examine the progress of the audit plan for the interim financial statement of Nexi Group (July 28, 2021), to analyse the 2021 audit plan of Nexi and the Nexi Group (December 17, 2021) and to further assess progress as to auditing and impairment test auditing (March 8 and April 5, 2022).

The project concerning the financial statements closing on December 31, 2021, featuring the Board of Directors' Report on Group Operations and the certification of the Chief Executive Officer and of the Financial Reporting Officer, was submitted to the approval of the Board of Directors at the meeting held on March 10, 2022, and was concurrently made available to the Board of Statutory Auditors.

On March 10, 2022, the Company's Board of Directors approved the financial statement and the consolidated financial statement.

On April 7, 2022, the Independent Auditors published, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) 537/2014, the audit reports of Nexi's financial statement and Nexi Group's consolidated financial statement at December 31, 2021. With reference to the judgement and certifications, in its Accounting Audit Report the Independent Auditors have:

- published a judgement which states that Nexi's financial statements and Nexi Group's consolidated financial statements give a true and fair view of the assets and financial situation of Nexi and Nexi Group as at December 31, 2021, of the economic performance and cash flows of the financial year ending on said date, in accordance with the International Financial Reporting Standards adopted by the European Union and of the issued measures for the enforcement of Article 9 of Legislative Decree 38/2005;
- presented the key elements of accounting and auditing that, from their professional standpoint, are foremost and factor in the formulation of an overall assessment of the financial statements;
- issued a judgement on the compliance of the annual financial statements of Nexi and the consolidated financial statements of the Nexi Group with the provisions of Delegated Regulation (EU) 2019/815;
- published a judgement of coherence, which states that the Board of Directors' Reports on Group Operations, which are part of the financial statements and consolidated financial statements as of December 31, 2021 and the information of the Report on Corporate Governance and Controlling Structures indicated under Article 123a(4) of the TUF, which fall within the responsibility of Nexi Board of Directors' members, are consistent with the financial documents and compliant with the laws;
- declared, with reference to potential significant errors in the Board of Directors' Reports on Group Operations, based on the Company's knowledge and understanding and on the



pertinent context that emerged during the audit, that they have nothing to report.

On April 7, 2022, the Independent Auditors also submitted, to the Board of Statutory Auditors, the additional report provided for by Article 11 of Regulation (EU) 537/2014, which shows no significant shortfalls in the internal control system, with reference to the financial reporting, worth signalling to the heads of governance activities.

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 revealed that there are no situations that are prejudicial to independence.

The Independent Auditors were assigned the following further tasks in 2021, remuneration for which was included in the attachment to the financial statement, as provided for by Article 149-L of the Issuers Regulation, and recognised in the Income Statement:

(Amounts in Euro thousand)

Type of service	Nexi SpA		Nexi's Group Entities (***)	
	PwC	PwC network	PwC	PwC network
Audit (*)	371	-	940	-
Other certifications (**)	1,546	-	971	-
Other services:	-	-	-	-
- Due diligence	-	298	-	110
- Agreed verification procedures	-	-	-	-
- Methodological support on specific issues	-	-	-	-
Total	1,917	298	1,911	110

(*) including legal audit of consolidated financial statements and limited audit of the interim financial statements.

(**) including certification services assigned to audit firms pursuant to specific provisions and laws, aside from the audit of the non-financial statement and ISAE 3000 attestation

(***) Nets entities balance are included starting from 1 July 2021

13. Non-Financial Statement

In drafting the Non-Financial Statement as per Legislative Decree 254/2016 and as per Consob Resolution 20267 of January 18, 2018 (hereinafter, also "NFS"), the Company followed the GRI (global reporting initiative) reporting standards.

The Board monitored the drafting of the NFS, not only checking the mere fulfilment of the tasks imposed by the regulation, but also, and above all, the adequacy of reporting, in order for systems devised to collect, treat and consolidate the data required for drafting the NFS to ensure completeness, accuracy, truthfulness and verifiability of the entire data reporting. The Board attended meetings of the Risk and Sustainability Committee, which the Board of Directors tasked with specific, sustainability-related duties. Attending the Committee meetings, the Board of Directors acknowledged the attention it gave to the proper management reporting

nexi

(needed for the drafting of the NFS) with subsidiaries, focusing, in this context, on the Nexi Group structure and on the drafting of the NFS.

The Board viewed the Report drafted by the Independent Auditors on the consolidated Non-Financial Statement, for which PWC was given the task of conducting a limited assurance engagement, following which they declared that it revealed no elements that lead to believe that such statement was not drafted, in all its relevant aspects, in compliance with the laws and with the *Global Reporting Initiative Sustainability Reporting Standards* defined in 2016 by the *Global Reporting Initiative*.

14. Remuneration policy

The Board of Statutory Auditors has checked the corporate processes that led to the definition of the Company's remuneration policies, with particular reference to the remuneration criteria for the Chief Executive Officer, the CFO, the managers holding strategic responsibility and the heads of the Control Functions.

During the third quarter of 2021, employees that were beneficiaries of the 2019-2021 Medium-to Long-Term Incentive Plan, approved by the Shareholders' Meeting on March 12, 2019, were assigned the relevant third-cycle sums (see the relevant paragraph in the Notes to the Financial Statements). Furthermore, as further detailed in note 37.1 of the financial statements, Mercury UK HoldCo has issued some share-based incentive plans based on Nexi shares. Nexi Group took on no obligations with said subjects and has recognised the plan in its financial statement, complying with accounting standard IFRS2, being the recipient of its services (for further details, see the pertinent paragraph of the Consolidated Financial Statement). On March 10, 2022, the Board of Directors approved, in response to a reasoned proposal from the Remuneration Committee, the Report on the remuneration policy and remuneration paid (the 'Report on Remuneration'), drafted in accordance with Article 123b of Italian Legislative Decree no. 58 of February 24, 1998, as subsequently amended and supplemented (the Consolidated Law on Finance, or "TUF") and Article 84c of the regulation adopted through Consob resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented (the "Issuers Regulation").

15. Omissions or reprehensible actions, opinions given and initiatives undertaken

During the financial year 2021, no reports were filed pursuant to Article 2408 of the Italian Civil Code against the Board of Statutory Auditors, nor was it sued by third parties.

The Board of Statutory Auditors released the opinions requested by the governing laws.

During the activities undertaken, and on the basis of the information gathered, no omissions, reprehensible actions, irregularities or significant circumstances worth reporting to the Supervisory Authority or signalling in this Report, emerged.

16. Conclusions



Taking into account all the above, the Board of Statutory Auditors, considering the contents of the reports drafted by the Independent Auditors, having acknowledged the certifications jointly provided by the Chief Executive Officer and by the Financial Reporting Officer, backs the approval of Nexi's financial statement as at December 31, 2021 and the carry-forward of the financial year profit of Euro 196,968,923 proposed by the Board of Directors.

Concluding, with this Report the Board of Statutory Auditors wishes to thank the Board of Directors, the Management, the Company and Nexi Group Staff for the remarkable commitment and for the constant, fruitful cooperation shown throughout the activities carried out.

Milan, April 7, 2022

The Board of Statutory Auditors

Mr. Piero Alonzo

Ms. Mariella Tagliabue

Prof. Eugenio Pinto





2.6

REPORT OF THE INDEPENDENT
AUDITORS ON THE
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021



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 2021



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 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissant 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Postolle 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

www.pwc.com/it



Key Audit Matters

Auditing procedures performed in response to key audit matters

Nets and SIA business combinations

Notes to the financial statements, section "Transactions carried out during the year"

In the course of 2021 Nexi SpA completed the acquisitions of the Nets group and the SIA group, in detail:

- On 3 March 2021 the shareholders of Nexi SpA in general meeting approved a capital increase to service the cross-border merger of Nets Topco 2 S.à.r.l, the Luxemburg-based holding company of the Nets group. The transaction became effective for legal, fiscal and accounting purposes as from 1 July 2021 (the "effective date of the Merger"), for a consideration of Euro 7,051 million. The transaction qualifies as the acquisition of a group of assets that is not a business;
- On 21 June 2021 the shareholders of Nexi SpA in general meeting approved a capital increase to service the merger of SIA SpA, the holding company and operating entity of the SIA group. The transaction became effective for legal, fiscal and accounting purposes as from 31 December 2021 (the "effective date of the Merger"), for a consideration of Euro 3,515 million. The transaction qualifies as the acquisition of a business and therefore falls into the scope of application of IFRS 3 - *Business Combinations*.

The method of recognition of those extraordinary transactions required the directors to apply significant elements of judgement with particular reference to the determination of the purchase consideration.

Moreover, with reference to the SIA transaction, the directors defined the fair values of the assets acquired and liabilities assumed on a provisional basis and the difference between the price paid for the acquisition and the fair value of the liabilities assumed was recognised as provisional goodwill for an amount of Euro 3,385 million.

We discussed with management to obtain an understanding of the structure of the transactions and we analysed the agreements between the parties.

We understood and evaluated the estimation process and method used by the directors to recognise the merger transactions executed in the course of 2021.

We verified the method applied to determine the purchase consideration based on the fair values at the acquisition date in light of the agreements signed as part of the merger transactions. We performed performing our audit procedures also with the support of our experts in the measurement of financial instruments.

With reference to the Nets transaction we verified the process of migration of the accounting records for the purpose of their inclusion in the Company's financial statements and performed specific audit procedures on opening balances.

With reference to the SIA transaction we verified the consistency of the accounting treatment adopted by the Company with the provisions of IFRS 3 - *Business Combinations*, specifically the identification and preliminary measurement of the assets acquired and liabilities assumed, as well as the recognition of provisional goodwill. We also verified the acquisition of the accounting data and carried out specific audit procedures on the opening balances.

We verified the adequacy and completeness of disclosures concerning the business combination provided in the notes to the financial statements.



Key Audit Matters

Auditing procedures performed in response to key audit matters

In consideration of the materiality of the transactions and of the element of judgement inherent in the recognition process illustrated above we considered this a key audit matter.

Measurement of investments and impairment testing process

Note to the financial statements titled "Main accounting policies"

"Balance sheet", section 6. Equity investments

Nexi SpA holds investments in subsidiaries for an amount of Euro 11,565 million (accounting for 59% of total assets).

Investments are recognised at cost less any impairment losses, determined in accordance with IAS 36 – *Impairment of assets*.

Whenever indicators exist that the value of an investment may have become impaired, the directors estimate its recoverable amount, using the value in use method, which reflects the estimated future cash flows from the investee, discounted to the testing date.

In consideration of the significant element of judgement inherent in the process of estimating the recoverable amounts of investments, and of their materiality relative to the Company's total assets, and in light of the existing macro-economic uncertainties, we considered that process a key audit matter.

In performing our audit procedures in this area we also used the support of our business valuation experts.

We obtained an understanding of the measurement criteria adopted by the directors and of their consistent application in the process of determination of the recoverable amounts of investments.

We examined the reasonableness of the forecasts used to determine the future cash flows from individual investments.

We assessed the reasonableness of the key assumptions used by the directors in determining the recoverable amounts of investments, also through specific sensitivity analyses performed independently.

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, related safeguards.

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, 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 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 2021, 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 2021 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 2021 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.

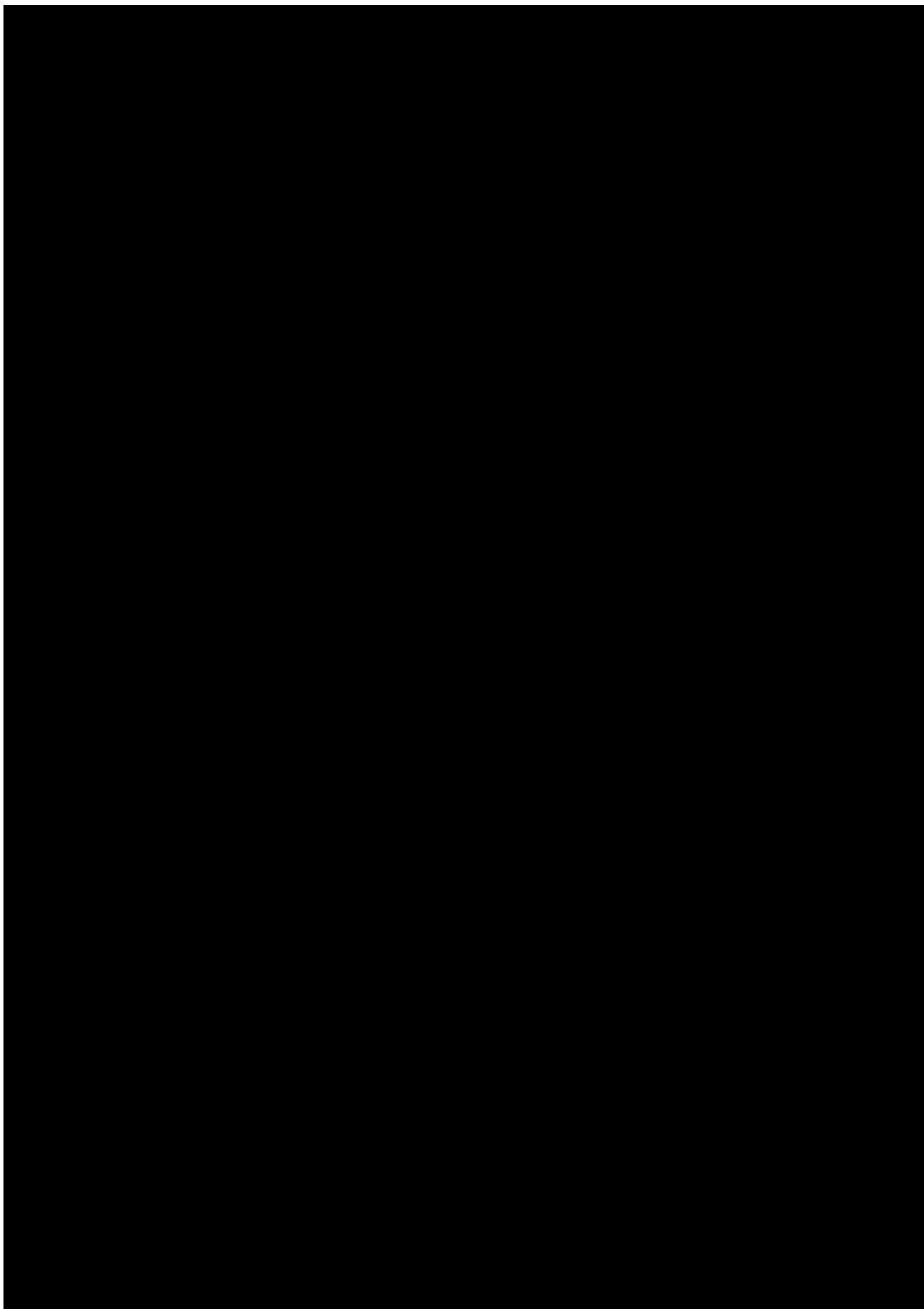
Milan, 7 April 2022

PricewaterhouseCoopers SpA

Signed by

Lia Lucilla Turri
(Partner)

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian is authoritative







Nexi S.p.A.

Corso Sempione 55, 20149 Milano
T. +39 02 3488.1 • F. +39 02 3488.4180

www.nexigroup.com

Milano, Monza Brianza and Lodi Registry of Companies, Tax Code 09489670969

Representative of Nexi Vat Group - VAT n. 10542790968

Register of Economic Activities (REA) Milano 2093618

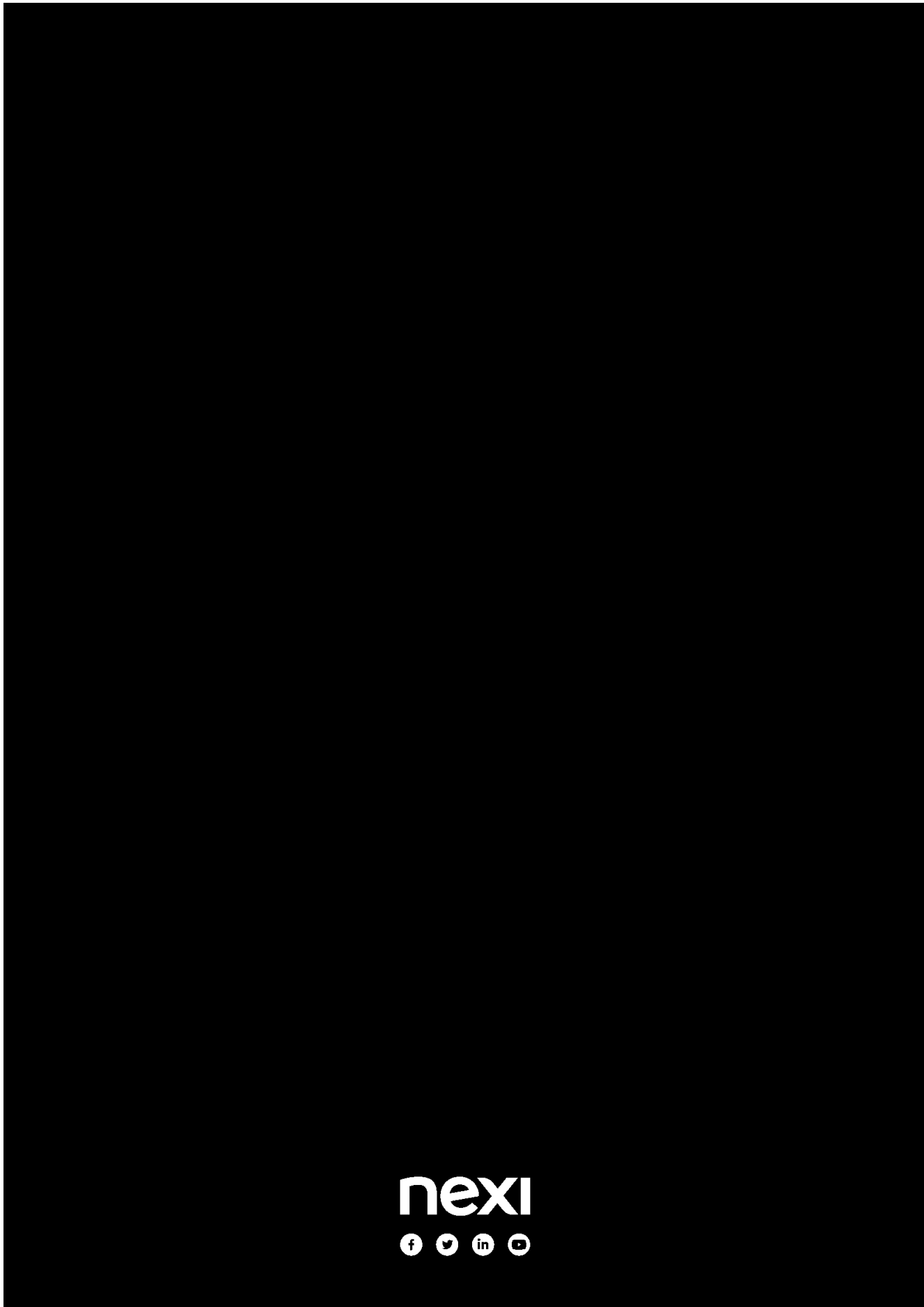
Share Capital € 118,451,992.00 fully paid in

Concept, Graphic design



MERCURIO^{GP}

www.mercuriogp.eu



nexi

